

Corporate Sustainability

Major Achievements and ESG Highlights

International Recognition for Our Sustainability Performance



MSCI¹ ESG Rating of **BBB**



Rated **Low ESG Risk** by Sustainalytics since 2019



- Global Real Estate Sustainability Benchmark ("GRESB") 2022 **Regional Sector Leader** for Asia in the Diversified Office/Retail category
 - Received the maximum **5-star rating** since 2019



Achieved highest ever CDP scores in 2022:

- A-** in Climate Change Assessment
- A-** in Water Security Assessment

Sustainability Yearbook Member 2023
S&P Global ESG Score

- S&P Global's **Sustainability Yearbook Member** since 2021
- Top 15%** of real estate industry globally

《可持续发展年鉴（中国版）》
入选企业
中国企业标普全球 ESG 评分 2022

One of 88 companies to be included in the first edition of S&P Global's **Sustainability Yearbook (China)**



- Constituent of **Dow Jones Sustainability World Index** in 2022
- Constituent of **Dow Jones Sustainability Asia Pacific Index** since 2019



Constituent of **FTSE4Good Index Series** since 2020



- Constituent of **Hang Seng Corporate Sustainability Index** since 2014-2015
 - Rated **AA** since 2022

NWD is a signatory/member of



In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office



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Climate Action Highlights



Continued to implement Climate Resilience Guideline to further incorporate climate resilience into assets



Reviewed our physical and transitional climate risks and opportunities to enhance our understanding of their potential business and financial implications

One of the first companies to purchase carbon credits on the HKEX Core Climate marketplace



Partnered with tenants, customers and startups to foster circular economy and energy efficiency initiatives and practices



Community Highlights

- More than 300,000 beneficiaries supported by the Share for Good crowd-donation platform, which has connected more than 200 enterprises and donors with 120 NGO partners



- More than 500 people ran 2,000 kilometres to raise HKD\$540,000 for the Kai Tak Sports Initiative, which promotes physical and mental health through sports and fitness



- 37 startups supported through Impact Kommons, resulting in 38 successful business integrations across four cohorts



Governance Highlights

- 35.3% female representation on our Board, exceeding our 30% target



- Over 12,000 sustainability-related training hours



- Responsible Investment Policy approved to guide integration of sustainability into investment decisions



Sustainable Finance



- Issued NWD's first Social Loan to support Kai Tak Sports Park development
- Sustainable Finance Framework updated in July 2022 with Second-Party Opinion obtained
- Conducted limited assurance on green and social financing



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 FY2015 baseline¹)

New World Construction (against FY2015 baseline²)

FY2023:



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

↓ 22%



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

↓ 40%

FY2023:



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

↓ 64%



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

↓ 62%

Green Buildings



- **39** LEED building certifications³, of which **37** achieved Gold or above
- **32** BEAM Plus building certifications⁴, of which **28** achieved Very Good/Gold or above
- **1** China Green Building Evaluation Labels⁵ ('Two Star' or above)
- **2** SITES certificates at Gold level



WELLNESS – Promoting health in body and mind



SDG 3.4 Promote physical / mental health and well-being

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



Improved the well-being of **22 million** stakeholders⁶
 (FY2030 target: 20 million)



Lost-time injury rate⁷ (LTIR) **0.4**
 (FY2030 target: at/below 3.0 annually)



WELL Buildings: **14** building certifications⁸, with **13** rated Gold or above



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 **156 million** stakeholders⁶
 (FY2030 target: 300 million)



Provided **>301,000** volunteering hours⁶
 (FY2030 target: >340,000)



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



> 400 active patents⁹



38 integrations via Impact Commons¹⁰

¹ 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.

² Covers New World Construction Company Limited only. With the disposal of NWCON in FY2023, NWCON data presented in this report is thus up to the close of transaction.

³ Includes both pre-certified and certified projects as at 30 June 2023 and excludes expired pre-certificates.

⁴ Includes Provisional Assessment and Final Assessment certificates for both New Buildings and Existing Buildings as at 30 June 2023.

⁵ Excludes expired labels as at 30 June 2023.

⁶ Cumulative number from baseline year FY2015 to FY2023 covering the SV2030 Reporting Scope.

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

⁸ Includes both pre-certified and certified projects as at 30 June 2023.

⁹ Includes the number of active patents granted since FY2015 and held by New World Group under the SV2030 Reporting Scope as at 30 June 2023, excluding design registrations/patents.

¹⁰ Cumulative integrations from FY2020 to FY2023 between Impact Commons startups and New World Ecosystem.

Leadership and Governance

Message from Management

Sustainability remains an important focus for NWD despite cyclical fluctuations in our operating environment, the property sector and the broader economy. Our sustainability efforts and investments today are for the long-term – their benefits extend well beyond market cycles and create lasting value for our investors, communities, partners and stakeholders.

Our corporate mission of Creating Shared Value (“CSV”) is ingrained in how we do business and is enriching the lives of communities where we operate. Our sustainability strategy gives effect to this commitment, with our targets embedded in our ways of working so that we can create shared value for all stakeholders. We continue to participate in the UN Global Compact and support its ten principles for responsible business. The oversight of our Board, dedication of our leadership team, and the efforts of our employees are essential to our progress towards these common goals.

Addressing climate change remains integral to our long-term growth and is a critical area of focus. Reducing our emissions is an important contribution to government action plans to achieve carbon neutrality in Mainland China by 2060 and HKSAR by 2050. We disclose our climate-related risks and opportunities within this chapter, aligned with the recommendations of the Task Force for Climate-related Financial Disclosures (“TCFD”). We are known for our climate ambition and have plans in place to reduce our emissions, increase renewable energy use, and collaborate with suppliers, customers, and stakeholders to achieve our sustainability targets. The decarbonisation of our assets is an important contribution to the transition to a low-carbon future. Our approved near-term 1.5°C science-based targets (“SBTs”) cement that ambition and will further accelerate our drive to decarbonise.

Innovative thinking is central to finding new solutions to challenges like climate change. I am proud of our passion for innovation and our desire to explore and co-create ideas within the New World ecosystem through our Impact Kommons and GBA Accelerator initiatives. We will continue to collaborate with startups and scaleups to cultivate innovation and partnerships that empower younger generations.

For NWD to perform strongly, we must foster a work environment in which our people feel included, trusted and valued – and work safely each day. We surpassed our target of 30% female representation on our Board during the year, enhancing the diversity of our boardroom. We know that a diverse workforce that operates equitably and inclusively will elevate our business. We have trialled a range of flexible work practices to enhance the employee experience and will continue to explore new approaches to work-life integration to improve the physical and mental wellbeing of our employees.

Contributing to the communities we operate in is part of our CSV mission and sustainability strategy. Our Share for Good crowd-donation platform has joined hands with 120 NGOs, 200 enterprises and logistic partners to provide support to over 300,000 beneficiaries. NWD continued to support initiatives that nurture future leaders in the fields of sport, culture and sustainability. Looking forward, we will focus more efforts on impact measurement and development of a social value framework to better deliver outcomes.

In the year ahead, the opening of 11 SKIES will showcase how our CSV mindset, sustainability strategy, and passion for innovation combine to create spectacular places that communities enjoy and support economic development. We plan to further develop our decarbonisation plan and deliver initiatives that improve our environmental performance. We are deepening our understanding of the climate-related risks and opportunities across our property portfolio, to guide our efforts to increase portfolio resilience. We continue to embed sustainability across all aspects of our strategy and operations.

I would like to thank our employees for their dedication and commitment to delivering our sustainability targets, and our partners and stakeholders for their collaboration and support. The year ahead will be an exciting one, as we continue to show that we can be both ambitious and impactful by living our CSV principles for both business success and social progress.

Dr. Cheng Chi-Kong, Adrian

*Executive Vice-chairman and Chief Executive Officer
Chairperson, Sustainability Committee
Hong Kong, China, 29 September 2023*

Governance Structure

The management of ESG matters is integrated into the Group’s corporate governance structure, from board-level committees to management-level group functions and business units (“BUs”).

The Board is responsible for overseeing the Group’s material ESG issues and delegates five board-level committees to manage the Group’s business operations. Details of each committee are included in the Corporate Governance Report section of this Annual Report.

NWD complies with the HKEX Revised Corporate Governance Code and Listing Rules. NWD closely monitors the latest market trends and regulations in corporate governance to ensure compliance and provides recommendations and international best practice updates to the Board on priority topics, including board independence, refreshment and diversity. The Board is committed to ensuring ongoing compliance and takes appropriate actions in line with best practice.

MATERIAL TOPICS:

- Bribery and Corruption
- Corporate Governance
- Ethics and Integrity
- Product Safety and Quality
- Risk and Crisis Management

The Sustainability Committee oversees the Group’s sustainability issues and risks and the delivery of targets. It assists the Board in overseeing our sustainability management approach and policies, ESG reporting strategy and management, any non-compliance with policies, procedures and regulations, and identifying sustainability improvement areas. It makes appropriate recommendations to and seeks advice from the Board. Directors are appointed to the Sustainability Committee by the Board. The Committee is chaired by the NWD CEO and comprises four independent non-executive directors and one executive director. Management reports progress against sustainability goals and targets to the Committee when it meets twice each year.



Governance Structure

Chaired by Group Head of Sustainability, the Group Sustainability Steering Committee assists the Sustainability Committee in realising the Group's sustainability targets and is responsible for driving the implementation of sustainability initiatives. It oversees the training provided to all employees and supports action planning and budgeting across the business. Progress is reported to the Sustainability Committee by management.

CEO and employee remuneration are linked to sustainability performance to encourage everyone to contribute to our targets. Sustainability is integrated into the business plans for subsidiary CEOs, department heads and employees to guide their contributions to the Group's sustainability performance.

In view of the urgent need for climate action and the Group's responsibilities to mitigate climate impacts in our operations, the Board fully supports the ongoing assessment and disclosure of the Group's climate-related risks and opportunities in line with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations. The Board is updated twice a year on climate-related risks and opportunities to provide guidance on the overall ESG strategies. Find our climate-related disclosure in Ensuring a Climate-resilient Future section on page 66.

Board Renewal Increases Diversity

A programme of Board renewal has brought new perspectives, experience, and skills to the Group's corporate governance and increased female representation on the Board to 35.3%. As a result of these changes, we exceeded our target for 30% female Board representation by FY2023.

Four directors joined the Board in December 2022, Mrs. Fanny Law Fan Chiu-Fun, Ms. Anthea Lo Wing-Sze and Ms. Fonia Wong Yeung-Fong as independent non-executive directors, and Mr. Brian Cheng Chi-Ming as a non-executive director. Mr. Cheng Chi-Heng was redesignated from an executive director to a non-executive director. Three independent non-executive directors concluded their terms in late 2022, each having served on the Board for more than 15 years.

Together, the newly appointed directors bring different experience and fresh perspectives to the Board, in fields such as civil service, finance, marketing, and business management. Enhanced Board diversity will allow the Group to identify new business opportunities, enhance the corporate sustainability agenda and create shared value for society.

Director biographies can be found in the Directors' Profile section of this Annual Report.

“ A diverse boardroom can bring together talent from different age groups, backgrounds and perspectives, which can significantly strengthen management and decision-making capability, bringing great benefits in terms of corporate sustainability. ”

– Dr. Adrian Cheng, Executive Vice-chairman and CEO

Managing ESG Risks and Opportunities

NWD actively manages material environmental and social risks and opportunities, and monitors and responds to emerging economic challenges. We believe that integrating sustainability into our business practices creates a long-term competitive advantage.

Our enterprise risk management (“ERM”) framework governs our approach to managing risks. Enhancements to the ERM framework in FY2021 and FY2022 integrated sustainability and climate resilience considerations across the property lifecycle. The ERM framework has adopted “Applying enterprise risk management to environment, social and governance-related risks” guidelines published by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) and the World Business Council for Sustainable Development (“WBCSD”). It is regularly reviewed to ensure ongoing alignment with NWD’s strategic direction, sustainability commitments, regulatory obligations, and market practice.

Our Climate Resilience Guideline was established with reference to our ERM framework, bringing climate mitigation and adaptation measures into the consideration of risk across our asset locations and across the property lifecycle. This Guideline also forms part of our Sustainable Building Policy and standardises our climate resilience approach across our portfolio.

Our Responsible Investment Policy was approved and guides how we integrate sustainability commitments, standards, guidelines and risk considerations into investment decisions across the Group.



Visit our website for details of our Responsible Investment Policy.

Approach to Identify, Assess and Manage ESG Risks

We have a robust system for identifying, assessing and managing the ESG risks and opportunities that may impact our business, shown in the process diagram below. This includes climate-related risks that have potentially extensive implications for our assets and our business. ESG risks are integrated into our ERM risk analysis process either as a stand-alone risk and/or cross-referenced with business risks, such as insurance and crisis management.

ESG risks are identified and evaluated using the same criteria as other key risks as part of our standardised approach. ESG risks are managed through:

- Governance – management oversight across the Group and regular communication with the Board, in accordance with our risk governance structure and risk management process
- Strategic focus – delivering our sustainability strategy in alignment with TCFD recommendations, regulatory requirements, best practices and stakeholder expectations
- Operations – having policies and procedures in place to avoid or mitigate risks, including Anti-Fraud Policy, Whistleblowing Policy, and Climate Change Policy, and using our Issue Alert System to identify emerging issues or crises.

Find out more about our risk management structure and approach in the Risk Management and Internal Control section of this Annual Report.



Managing ESG Risks and Opportunities

ESG Opportunities

NWD is well positioned to capitalise on ESG opportunities. Our corporate mission and innovative spirit provide the foundation for identifying and developing new lines of business and increasing the environmental and social outcomes we create for society.

ESG opportunities are identified through our ERM and materiality assessment processes, as well as through engagement with the Sustainability Committee, internal and external stakeholders.

Our sustainability commitments and ambitions encourage us to both operate more efficiently and create new business opportunities. Goals such as our near-term science-based targets (“SBTs”), which were approved by the Science Based Targets initiative (“SBTi”) in FY2022, focus our innovative efforts to develop new solutions and approaches that result in lower emissions.

Sustainability education and training ensures that our Board, management and employees are equipped with the knowledge to identify ESG opportunities and consider how we can benefit from or contribute to them. We are a founding member of the Climate Governance Initiative Hong Kong Chapter, detailed in Driving Decarbonisation section on page 73.

Culture

NWD’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.

Together with our mission, our corporate vision – “we create, we are artisans, we are CSV” – inspires creative thinking and expression, encouraging our people to explore new ideas. People and culture are integral to achieving this vision and creating innovative solutions that improve environmental and social outcomes for future generations. Our culture of continuous learning and development empowers our employees to collaborate, innovate and realise their potential.

Programmes such as the New World Innovation Challenge and Group VOC (Voice-of-Customer) Innovation Programme encourage employees to develop innovative solutions and test their feasibility and appeal with customers. Since launching in 2022, these programmes have generated more than 300 new business ideas from employees, with 20% moving to development and prototyping. Find out more in the Our Collaborative Ecosystem section on page 79.

Creating Shared Value

Creating Shared Value is a critical component of NWD’s corporate mission. It demonstrates our commitment to understanding the needs of the communities where we operate and leveraging our assets and strengths for their benefit. CSV creates new business opportunities for the Group by encouraging continuous innovation and shapes the overall business strategy. “Shared Value” is the outcome of the combination of three drivers: social and environmental needs, corporate assets and business opportunities.

CSV guides our business strategy and activities. Our efforts to create shared value are underpinned by our focus on ecosystem, partnership, innovation, and digitalisation. Case studies and initiatives described in this Chapter illustrate the role these drivers play in our progress towards our sustainability goals.

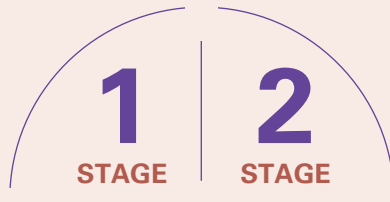


Creating Shared Value through NWD’s Property Lifecycle

Standardised sustainable practices drive the four key stages of property development, advancing our sustainability strategy and creating shared value.

DESIGN & BUILD

NWD’s policies and guidelines set out our commitment to sustainable development for new and existing projects, including sustainable building certifications. Policies such as our Responsible Investment Policy, Sustainable Building Policy, and Sustainable Procurement Policy govern our approach to managing climate risks, environmental and social impacts throughout the supply chain.



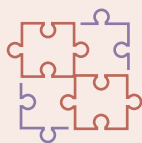
SUSTAINABLE FINANCE

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



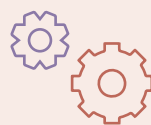
ENGAGEMENT

Collaboration is vital to creating shared value. We actively engage tenants, customers and other stakeholders to promote and support the adoption of sustainable practices within the communities we serve.



OPERATIONS

We are determined to reduce the adverse environmental and social impacts of our property operations. Our building operations and resource efficiency measures are refined and enhanced to improve the health and wellbeing of our customers, tenants and users.



Stakeholder Engagement and Materiality Assessment

The expectations and needs of our stakeholders play a critical role in NWD’s sustainability strategy, helping us to identify and prioritise current and emerging risks and opportunities across our business and the communities in which we operate.

We maintain ongoing, open and transparent dialogue with our stakeholders to provide opportunities to discuss their perceptions and experiences. We carry out this engagement in a range of ways, including surveys, interviews, focus groups, site visits, mobile apps, email newsletters, meetings and forums, events, hotlines, and through media and social media channels. Find out more about how we engage with key stakeholder groups on our sustainability website.

Materiality Assessment

NWD regularly conducts a comprehensive materiality assessment to determine the importance and relevance of ESG matters to our business. The assessment gathers information through detailed research and engagement with internal and external stakeholders to identify where ESG topics may have changed in importance to NWD.

Participating internal stakeholders represent significant business units and varying levels of seniority, while

participating external stakeholders may include customers, tenants, suppliers, service providers, academic and professional institutions, NGO partners, financial institutions, and government. Assessment outcomes give insight into emerging ESG risks and opportunities and inform the continuous improvement of our sustainability approach and reporting.

Global standards and best practice in assessing materiality continue to evolve as international ESG disclosure standards develop. In line with those developments, we have expanded our materiality approach to identify ESG topics that are material to our business (financial materiality) and topics that materially impact people, the environment and the economy (impact materiality). This aligns with best practice guidance from the International Financial Reporting Standards (“IFRS”), Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”), COSO and WBCSD.

We engaged an external consultant to complete a double materiality assessment, which was underway as at the reporting date. The preliminary results will be presented to the Group Sustainability Steering Committee and Sustainability Committee for validation. Insights gathered during the assessment informed our review of material ESG topics and reporting for FY2023, with the assessment outcomes to be reported in FY2024.

Material ESG Topics (in alphabetical order)	How The Topic is Addressed in This Chapter
Bribery and Corruption	Leadership and Governance
Climate Change Actions	Accelerating Towards Net Zero
Community Development and Engagement	Creating Sustainable Communities
Community Wellness	Creating Sustainable Communities
Corporate Governance	Leadership and Governance
Customer and Tenant Engagement	Our Collaborative Ecosystem
Customer Wellness, Health and Safety	Our Collaborative Ecosystem
Diversity and Equal Opportunities	Our People
Employee Wellness and Engagement	Our People
Energy Efficiency and Carbon Reduction	Accelerating Towards Net Zero
Ethics and Integrity	Leadership and Governance
Green Building Construction and Renovation	Green Building Leadership
Innovation	Affirming our Pioneering Efforts
Occupational Health and Safety	Our People
Privacy and Data Security/Information Privacy	Our Collaborative Ecosystem
Product Safety and Quality	Leadership and Governance
Responsible Supply Chain Management	Our Collaborative Ecosystem
Risk and Crisis Management	Leadership and Governance
Talent Management	Our People
Waste Reduction and Recycling	Accelerating Towards Net Zero

Affirming Our Pioneering Efforts

Sustainable Development

NWD strives to be a sustainability leader, pioneering new approaches to enhance social and environmental wellbeing in the communities in which we operate. Sustainability considerations shape our projects at each stage of the project lifecycle. The following projects show this commitment in action.

MATERIAL TOPICS:

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

11 SKIES

We are proud to present 11 SKIES, a mixed-use game-changing destination that embodies our commitment to sustainable development. Strategically located near Hong Kong International Airport and the Hong Kong-Zhuhai-Macao Bridge, 11 SKIES is set to become a premier retailtainment and commercial landmark, fostering greater connectivity within the Greater Bay Area and driving economic prosperity in the SKYCITY precinct.

Spanning across 3.8 million square feet, 11 SKIES features Hong Kong’s largest indoor entertainment hub, catering to visitors of all ages. It will house over 800 shops, offering a diverse range of shopping experiences. Comprising three state-of-the-art Grade A office buildings, K11 ATELIER 11 SKIES encompasses a total of over 570,000 square feet themed around professional services. Both 11 SKIES and K11 ATELIER 11 SKIES have earned esteemed green and healthy building credentials, with the retail portion achieving triple Gold pre-certifications through BEAM Plus, LEED, and WELL, and the K11 ATELIER 11 SKIES office towers receiving final Platinum certifications from BEAM Plus and WELL, along with a LEED Platinum pre-certification.

The retail centre will launch in phases. K11 ATELIER 11 SKIES had its grand opening in July 2022, and tenants there can adopt the CSV Lease and partner with NWD to reduce their environmental impact and enhance their sustainability practices. Find out more on page 74.

1 Designed for the whole development
Sustainable development is central to the design and construction of 11 SKIES, with innovative solutions used to reduce its environmental impact. 11 SKIES is utilising new adaptive comfort temperature model developed by Hong Kong Polytechnic University (“PolyU”), which adjusts indoor temperatures based on outdoor weather conditions to provide comfort while minimising energy used for heating, ventilation and cooling.

2 Designed for car park
Through another collaboration between NWD and PolyU, 11 SKIES’ car park adopts artificial intelligence (AI) to power electric vehicle charging points. The load management system improves charging point energy efficiency using AI, enabling 12 fast and 232 medium EV chargers to operate simultaneously. The system is estimated to result in a 53% electricity provision saving and deliver almost 100% energy utilisation.



3 Designed for skylight
High performance glazing allows natural daylight in while limiting the solar heat impacts to reduce energy use for lighting, heating and cooling. An innovative electrochromic skylight, with a total area of 953 square metres in the retail centre adjusts its tint throughout the day to utilise natural daylight and save energy, in the technology’s first large-scale commercial application in Hong Kong.

4 Designed for the office towers
The precinct is home to Asia’s largest hybrid solar photovoltaic and thermal (“PVT”) system, in which panels spanning over 400 square metres generate both electricity and hot water for greater efficiency. The system can generate around 200,000 kWh of energy per year, equivalent to approximately 1.2% of the office buildings’ operations and enough to charge 2,500 electric vehicles per year.

NEW METROPOLIS

New Metropolis is creating places for people to live, work, shop and connect with nature in easy walking distance. A joint venture between NWCL and Guangzhou Metro, New Metropolis is a premium transport-oriented development in Guangzhou's Panyu district, part of the Greater Bay Area, that aims to seamlessly integrate residential, commercial, and public facilities with well-designed leisure spaces.

New Metropolis will bring together a variety of green spaces, ranging from the urban green park to the towering office building with extensive green terraces and meticulously designed gardens. The New Metropolis Mansion residential building and New Metropolis Centre commercial building will benefit from ground-level landscaping, rooftop and vertical gardens that integrate nature into the built environment.



New Metropolis Mansion will deliver around 1,300 homes overlooking green parklands including the Chimelong Tourist Resort. The development is the first to adopt NWCL's "smart cabinet" shoe sanitisation technology. The cabinet uses Nano Confined Catalytic Oxidation ("NCCO"), which is integrated into the Smart Home System by LifeSmart to improve the lives of residents.

At the Grade A New Metropolis Centre, the 33-storey tower's unique 'zig zag' design brings nature into the workplace, with sky gardens for tenants to enjoy. The K11 Select retail mall will host retailers across four levels with large skylights and atrium drawing in natural light and minimising energy consumption.

Sustainable development principles shape the project, with high performance glazing to reduce indoor heat and a 'sponge city' to manage rainfall and stormwater. The project is targeting LEED Gold and China Green Building Evaluation Label (Three Star) in recognition of its high-quality sustainable features and initiatives.

Construction is currently underway with the project expected to be completed in May 2025.

Enriching Life through Culture

MATERIAL TOPICS:

- Community Development and Engagement
- Energy Efficiency and Carbon Reduction
- Green Building Construction and Renovation
- Innovation

STATE THEATRE



The iconic State Theatre is returning as a new cultural performing arts landmark. Its restoration and development showcases NWD's dedication to enriching life through art, culture and sustainable development.

Located in North Point, the Theatre became an instant landmark when it opened in 1952. Its bridge-like arched external concrete roof trusses are unique in Hong Kong and enhanced the interior acoustics. The Theatre was the heart of Hong Kong pop culture until a major fire in 1995. Its conversion into a billiards hall in 2000 destroyed many of the historic site's original features. It is currently one of the few remaining international-class theatres in Hong Kong. NWD acquired the site in 2020 as the first private developer to conserve a Grade I historic site in Hong Kong. As a cultural and heritage preservation project, the Theatre is eligible for sustainable finance under our Sustainable Finance Framework.

Uncovering the Theatre's history has been central to both ensuring its conservation and inspiring its future use. Dozens of oral history interviews have been conducted and hundreds of artefacts salvaged for further study. The Theatre's history will be displayed for visitors when completed, sitting alongside the work of local craftspeople that will feature in the interiors.

We are marrying the Theatre's original design and structure with modern building standards to create a sustainable, enjoyable and innovative theatre experience for patrons. Comprehensive engagement with the artistic and local community has explored how the space can be enhanced. The restored Theatre is targeting triple Platinum certifications from BEAM Plus, LEED and WELL to solidify its sustainability credentials.

Two new buildings will sit alongside the Theatre, a 10,000 square metre office building and a 19,000 square metre residential tower, on top of a 6,600 square metre retail podium. Both are designed to meet high sustainability standards, with the residential building targeting a Gold BEAM Plus rating and the retail and office building targeting Gold or above BEAM Plus, LEED and WELL ratings. Rooftop solar panels will generate onsite renewable energy while efficient building systems will minimise energy and water use. The project is expected to be completed in 2026.

We recreated the Theatre's golden era with an event celebrating its 70th anniversary in November 2022. Held at K11 MUSEA, the evening showcased the Theatre's entertainment history in a vintage Hong Kong experience that fostered an appreciation of its historical cultural value and the future that lies ahead.

To deepen community understanding of conservation, we co-hosted the Heritage Innovation Symposium with the United Nations Educational, Scientific and Cultural Organization (UNESCO) at The University of Hong Kong in June 2023. The event brought together policymakers, industry experts and scholars to explore innovation and trends in heritage conservation and exchange ideas.



“ With our conservation project, the State Theatre will return once again as a culture and arts landmark with more riveting stories to tell. ”

– Dr. Adrian Cheng, Executive Vice-chairman and CEO

Investing in Purposeful Tech Innovation

MATERIAL TOPICS:

- Customer Wellness, Health and Safety
- Employee Wellness and Engagement
- Energy Efficiency and Carbon Reduction
- Innovation

We support and collaborate with startups and creators through our Eureka Nova open innovation platform and accelerator programmes to invest in and incubate new sustainable products and solutions in the NWD ecosystem.

Impact Kommons – Asia’s first UNSDGs-focused accelerator programme – continues to support startups developing solutions to global sustainability challenges. Impact Kommons offers startups and emerging technology companies the opportunity to collaborate with New World Group businesses to develop and test their products.

Startups selected for Cohort 4 address topics such as energy storage, wastewater treatment, low embodied carbon constructions materials, waste solutions and upcycling. This year, seven startups were selected from 75 applications across 12 countries. Now in its fourth year, Impact Kommons has supported 37 startups and generated 38 successful integrations into the New World ecosystem.

Powering Up the Low-carbon Transition with Electric Vehicles and Robotics

K11 collaborated with a battery company to pilot robotic electric vehicle (“EV”) chargers to simplify and streamline the charging experience. The autonomous robotic charger can fast charge EVs, providing 150 km runway in just 10 minutes. The technology eliminates the need for drivers to seek out available EV charging stations by providing a smooth experience at the customer’s location, supporting them in using low-carbon transport options.

Piloted at a retail site’s car park, EV users scanned a QR code on arrival to place a charging order through a mobile app, which then shares the car’s location as well as communicates with the autonomous charging arm via Bluetooth. The robot automatically disconnects when charging is complete and notifies the EV user via the app. NWD tested the solution’s customer appeal, with 878 customers using 17,033 kWh of electricity to charge their EVs during the three-month pilot.

In addition to being quick and convenient for EV users, this robotic innovation contributes to NWD’s sustainability goals and our commitment to develop smart technologies that enhance customer experience.

Keeping Temperatures Cool Using Innovative Paint Technology

An innovative paint technology is reducing our energy use for air-conditioning while maintaining indoor comfort. The radiative cooling paint technology is inspired by the Saharan silver ant (*Cataglyphis bombycina*), which thrives in the desert under extreme temperatures. Developed by a member of Impact Kommons’ fourth cohort, the paint replicates the ant’s heat resilient hair structure, reflecting solar radiation and emitting mid-infrared radiation to achieve cooling effects.

NWD piloted the innovative paint on the exterior of several construction site offices to test its effect on indoor temperatures. Over two weeks, we recorded indoor cooling of up to 7.8°C below ambient temperatures while it was 25°C to 31°C outside, reducing demand for air-conditioning. This initiative highlights our commitment to decarbonisation through innovation, exploring new solutions and supporting new businesses.

Green Building Leadership

MATERIAL TOPIC:

- Green Building Construction and Renovation

NWD is committed to reducing the environmental impact of our buildings and enhancing the health and wellbeing of their users. We design, build and renovate new and existing buildings to meet this ambition, utilising innovative technologies and solutions to optimise building construction and performance. Our efforts contribute to creating sustainable cities and communities, preparing them to be more climate-resilient.

Our Sustainable Building Policy applies our commitment to sustainability and climate resilience considerations to the building lifecycle, from the identification and acquisition of project sites to building design, construction and property management. The Policy also incorporates stakeholder engagement and risk management practices.

Our Responsible Investment Policy guides how we integrate the Group’s sustainability commitments, standards, guidelines and risks into our investment decisions. This includes identifying capital expenditure, retrofitting, building certifications or other initiatives required to ensure that new investments contribute to our goals.

NWD received the prestigious Pioneer Award for Green Building Leadership at the biennial Green Building Award 2021, co-organised by the Hong Kong Green Building Council and the Professional Green Building Council. The award recognised our efforts and leading practice in integrating our sustainability targets into our corporate and business strategy at all levels.

Our Green Building Benchmarks

Building ratings and certifications provide independent verification of our buildings’ performance on a range of environmental and social factors. They are an important part of our Sustainable Building Policy and enable us to benchmark building performance.

NWD strives to achieve:

- BEAM Plus Gold-level or above for new projects in Hong Kong
- LEED Gold-level or above for new K11 commercial/retail projects in Hong Kong and the Mainland

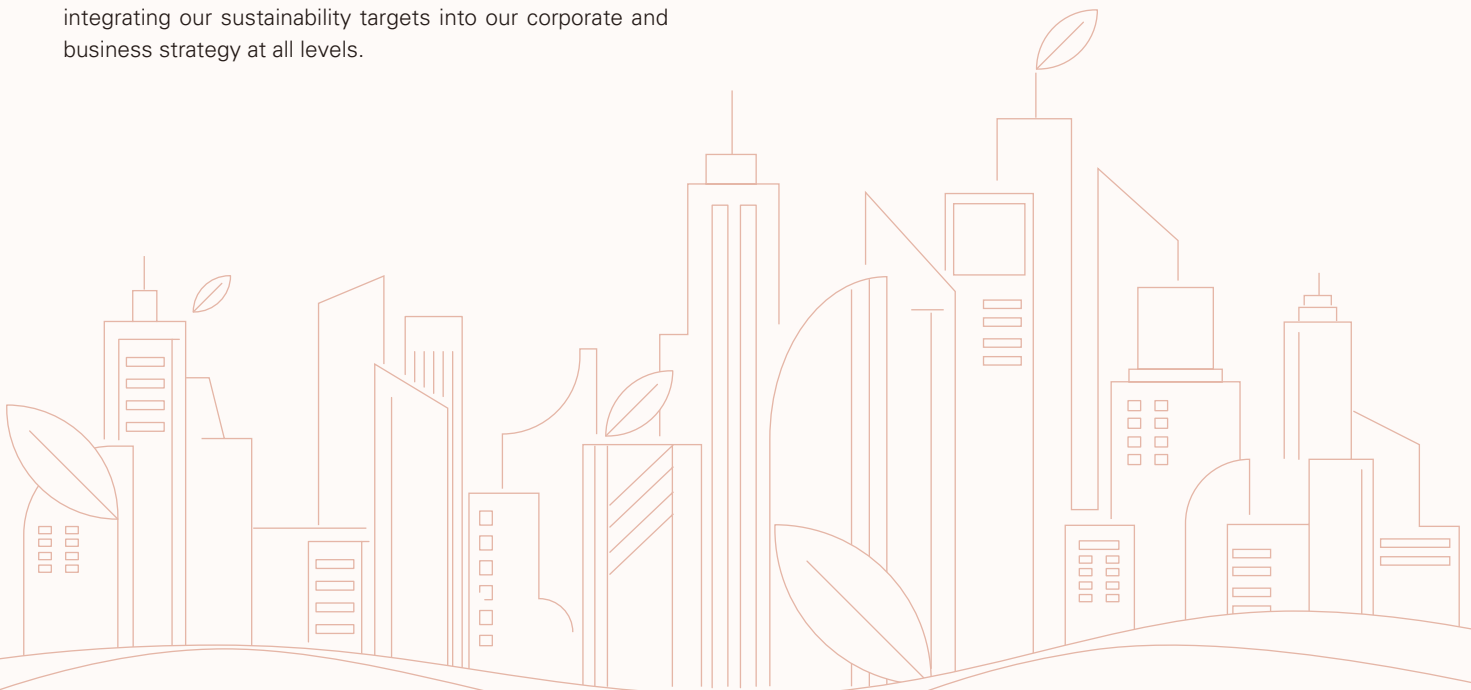
Where feasible, we seek certifications under:

- China Green Building Evaluation Labels (‘Two Star’ or above) for Mainland China projects
- WELL Building Standard at any level
- Sustainable SITES Initiative at any level for climate-resilient landscaping



Visit our website for details of our Sustainable Building Policy.

Find out more about our green buildings in the Affirming our Pioneering Efforts section on page 58.



Stepping up Our Sustainable Finance Ambition

NWD utilises sustainable finance to fund projects that aim to improve the environmental performance and social impact of our buildings and landscapes, creating value with our financial partners.

Sustainable finance instruments incentivise NWD to continue to improve our sustainability performance. Funding from green and social instruments directly supports eligible projects such as green buildings, energy efficiency and renewable energy, access to basic infrastructure and essential services, and socio-economic advancement and employment generation. Sustainability-linked loans incentivise us to achieve agreed targets, such as the development of green buildings, environmental impact reduction, and our performance in global sustainability ratings and benchmarks.

Our Sustainable Finance Framework sets out how NWD uses sustainable finance and is informed by international principles and guidelines. The Framework is regularly reviewed, most recently in July 2022, to ensure we continue to meet partner and stakeholder expectations. It is supported by a positive Second-Party Opinion. Applicable performance metrics are externally verified.

Sustainable Finance Review Panels are formed to assess and recommend eligible projects for sustainable finance under our Framework, and evaluate and manage their environmental and social risks. Review Panels consist of representatives of the Finance and Accounts, Group Audit and Management Services, and Sustainability functions. Representatives of other functions and BUs, including NWCL and K11, also participate where relevant. Review Panels are involved in selecting and proposing eligible projects for funding to the CFO or CEO for approval. The Sustainability Committee is informed of funding decisions and oversees their implementation.

We list our sustainable finance offerings on the HKEX Sustainable and Green Exchange ("STAGE"), which was Asia's first multi-asset sustainable investment product platform – continuing our support for the development of sustainable financing markets in the region.

We share sustainable finance best practice with our listed subsidiaries. NWSH has created its own sustainable finance opportunities which are detailed in its annual report.

Find out more about selected eligible projects funded by sustainable finance on the following page.

Key Milestones

NWD issued six sustainable finance instruments in FY2023, capitalising on continued investor and financier demand and commitment to financing environmental and social objectives and outcomes.

In November 2022, the Group issued our first social loan with proceeds allocated to Kai Tak Sports Park ("KTSP"), the largest sports infrastructure project ever undertaken in Hong Kong. The three-year, revolving trade facility of up to HK\$800 million loan supports the development of the 28-hectare sports and entertainment precinct, which will include recreation, retail, wellness and community spaces that enhance sports participation and social inclusion when completed. Loan proceeds may fund the construction, development, and refurbishment of KTSP's public sports ground and neighbourhood park, as well as facilities with hiring charges such as badminton and basketball courts. This social loan has obtained external pre-issuance review to assess the loan's compliance with the criteria of our Sustainable Finance Framework.

Two green loans were issued in October 2022 and May 2023 with proceeds allocated to 11 SKIES, our 3.8 million square foot mixed-use development, including retail and office assets, next to Hong Kong International Airport at the gateway to the Greater Bay Area.

During FY2023, we conducted our first external post-issuance limited assurance on proceeds allocated to eligible green and social projects via active green and social bonds and loans as at 30 June 2023.



Visit our website for our financing frameworks, details of our sustainable finance transactions, and our sustainable finance limited assurance report.

Sustainable Finance Transaction Summary

Green and Social Bonds

Instrument Number	Issue Date	Issuer	ISIN	Principal Amount	Coupon	Maturity Date
Green Perpetual Bond						
GPB1	June 2022	NWD Finance (BVI) Limited	XS2435611327	US\$500 million	6.15%	N/A
Green Bonds						
GB3	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
GB1	December 2018	New World China Land Limited	XS1915712233	US\$310 million	4.75%	December 2023
Social Bond						
SB1 ¹	June 2022	NWD (MTN) Limited	XS2488074662	US\$200 million	5.875%	June 2027

Green and Social Loans

Instrument Number	Execute Date	Borrower	Loan Amount	Maturity Date
Green Loans				
GL9	May 2023	New World Finance Company Limited	HK\$4,000 million	May 2028
GL8	April 2023	New World Finance Company Limited	HK\$500 million	April 2026
GL7	October 2022	New World Finance Company Limited	HK\$300 million	October 2027
GL6	May 2022	Super Record Limited	HK\$5,700 million	March 2024
GL5	March 2022	Spotview Development Limited	HK\$500 million	March 2027
GL4	December 2021	Spotview Development Limited	HK\$6,000 million	December 2026
GL3	May 2021	New World Finance Company Limited	HK\$1,400 million	May 2026
GL2	March 2021	New World Finance Company Limited	HK\$300 million	March 2024
GL1	December 2019	Full Asset Enterprises Limited	HK\$5,000 million	December 2024
Social Loan				
SL1	November 2022	Kai Tak Sports Park Limited	HK\$800 million	November 2025

Proceeds Allocation²

As at 30 June 2023, 100% of green bond and green loan proceeds have been allocated to green buildings in Hong Kong and Mainland China that meet the eligibility criteria of our sustainable financing frameworks. Key eligible project details are regularly updated on the Sustainable Finance section of the NWD Sustainability Website.

Social bond proceeds will be allocated to eligible projects in accordance with the terms of the offer documents. Please refer to our website for regular updates.

Eligible Projects: Green Buildings	Instrument	Allocated Amount
New World Canton Centre, The New Canton Mansion	GB1	US\$207.7 million
Qianhai CTF Finance Tower	GB1	US\$102.3 million
K11 ATELIER King's Road	GL1	HK\$4,000 million
NCB Innovation Centre	GB3	HK\$780.0 million
	GB2	HK\$550.0 million
	GL5	HK\$27.0 million
	GL4	HK\$1,000.0 million
	GL2	HK\$300.0 million
	GL1	HK\$1,000.0 million
Wing Hong Street, Cheung Sha Wan	GL8	HK\$500.0 million
	GL3	HK\$1,400.0 million
	GL9	HK\$4,000.0 million
11 SKIES	GL7	HK\$300.0 million
	GL5	HK\$473.0 million
	GL4	HK\$5,000.0 million
	GL6	HK\$5,700.0 million
PORTAS	GL6	HK\$5,700.0 million
	GPB1	US\$500.0 million
Eligible Projects: Access to Basic Infrastructure and Essential Services		
Kai Tak Sports Park	SL1 ³	HK\$311.9 million

¹ As at 30 June 2023, the proceeds of SB1 have yet to be allocated.

² Unless otherwise specified, all bonds and loans have been 100% allocated. All issued green and social bonds and loans listed in this section were outstanding as of 30 June 2023.

³ As at 30 June 2023, HK\$311.9 million of SL1 was allocated, with HK\$488.1 million unallocated.

Sustainable Finance Transaction Summary

Sustainability-linked Loans and Bonds

Date	Amount	Issuer/Borrower	Term	Purpose/Use of Proceeds
Sustainability-linked Loan				
February 2023	HK\$2,000 million	Spotview Development Limited	5-year	<ul style="list-style-type: none"> Linked to S&P CSA performance and CSV Lease adoption
July 2022	HK\$4,110 million	Spotview Development Limited	3-year	<ul style="list-style-type: none"> Linked to selected environmental impact reduction targets, S&P CSA performance, and CSV Lease adoption
June 2022	HK\$500 million	New World Finance Company Limited	3-year	<ul style="list-style-type: none"> Linked to S&P CSA performance
April 2022	HK\$1,500 million	New World Finance Company Limited	3-year	<ul style="list-style-type: none"> Linked to selected environmental impact reduction targets and S&P CSA performance
September 2021	HK\$500 million	Spotview Development Limited	3-year	<ul style="list-style-type: none"> Linked to S&P CSA performance
June 2021	HK\$1,500 million JP¥13,500 million	Spotview Development Limited	5-year 7-year	<ul style="list-style-type: none"> Linked to S&P CSA performance
December 2020	HK\$2,000 million	Legarleon Finance Limited	5-year	<ul style="list-style-type: none"> Linked to selected environmental impact reduction targets and GRESB performance
November 2019	HK\$1,000 million	Spotview Development Limited	5-year	<ul style="list-style-type: none"> Linked to selected environmental impact reduction targets and GRESB performance Interest rate swap linked to the UN SDGs (November 2020), hedging against the interest rate risk of the loan
Sustainability-linked Bond (Private)				
February 2021	HK\$1,500 million (coupon rate: 3.50%)	NWD (MTN) Limited	10-year	<ul style="list-style-type: none"> Driving NWD's Renewable Energy Roadmap and linked to FY2026 progress
Sustainability-linked Bond (Public)				
January 2021	US\$200 million (coupon rate: 3.75%)	NWD (MTN) Limited	10-year	<ul style="list-style-type: none"> Driving NWD's Renewable Energy Roadmap and linked to FY2026 progress

Accelerating towards Net Zero

Ensuring a Climate-resilient Future

Increasingly frequent extreme weather events such as typhoons and flooding in Mainland China and Hong Kong show the significant threat that climate change poses to humanity. Companies are expected to contribute to global efforts to identify, plan for and mitigate the adverse impacts of climate change, and lead by example in their markets.

Our stakeholders see climate action as a material topic for NWD to address, reflected in our latest materiality assessment. This aligns with our accelerated efforts to implement our Climate Resilience Guideline and enhance our approach to integrate climate-related risks and opportunities into our strategy, investments and operations. Identifying and assessing climate-related risks and opportunities equips NWD in better understanding the associated financial effects, such as potential financial losses and returns, and make informed financial decisions and strategic plans for sustainable business growth.

MATERIAL TOPICS:

- Climate Change Actions
- Energy Efficiency and Carbon Reduction

We have taken action to mitigate and adapt to the risks brought on by climate change. This includes progressively conducting climate risk assessments across our investment portfolio, developing our Renewable Energy Roadmap and continuing to further integrate climate-related risks into our investment decision-making.

This section contains our climate-related disclosure against the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations. We have been disclosing our efforts in alignment with the TCFD since FY2019 and aim to satisfy the incoming HKEX climate reporting requirements.



Governance Board Oversight



The NWD Board is responsible for overseeing the management of climate-related risks and opportunities, as part of its oversight of the Group’s material ESG issues and key risks. The Board considers these risks when reviewing our corporate strategy, budgets and business planning, and when making major capital investment and acquisition decisions in accordance with our Responsible Investment Policy, approved by the Sustainability Committee.

The **Sustainability Committee** is a subcommittee of the Board tasked with overseeing the Group’s sustainability issues and risks and the delivery of our sustainability targets. This includes the risks and opportunities presented by climate change.

Details of the Board’s oversight of sustainability-related risks and opportunities are in the Leadership and Governance section on page 52.

The Role of Management

Our sustainable governance management structure monitors ESG risk and performance across the Group. Under the Sustainability Committee, our Group Sustainability Steering Committee and Group Sustainability Department drive the ESG initiatives across the Group.

Ensuring a Climate-resilient Future

Reporting to the Sustainability Committee twice a year, the **Group Sustainability Steering Committee** is responsible for the 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 and incentivises progress towards sustainability targets and coordinates responses across our business units for the disclosure of climate-related risks and opportunities. The Steering Committee closely monitors the enforcement of NWD's sustainability-related practices across the Group and regularly reviews policy updates. The Steering Committee is chaired by our Group Head of Sustainability, the executive with ultimate responsibility for the delivery of our climate-related actions, and directly reports to our CEO.

The **Group Sustainability Department** is responsible for steering our sustainability strategy and relevant Group-wide policies and initiatives across major businesses and functions. The Department coordinates BUs to assess and monitor the climate risks and opportunities for strategic planning, contributing to developing sustainable property lifecycles.

Find out more about management's role in assessing and managing sustainability-related risks and opportunities in the Leadership and Governance section on page 52.

Strategy



Our Climate Commitment

We are committed to managing our impacts on the climate and the changing climate's impact on our business. Our Climate Change Policy guides how we manage climate-related risks and opportunities in our operations and states our "no coal" commitment. We have received approval of near-term SBTs with the 1.5°C pathway and have committed to SBTi's Net-Zero Standard.

We have integrated ESG and climate-related risks into the Group's ERM framework. By embedding climate risks into our robust risk management process, we assess, monitor and manage climate risks through the Group and all BUs. For detailed description of the climate change risk, please refer to Risk Management and Internal Control section of this Annual Report.

Identification of Key Climate-related Risks and Opportunities

In addition to our ongoing management under the ERM, in FY2023, we completed a comprehensive review of the climate risks and opportunities material to our business. Informed by recent publications from international organisations and benchmarking, we updated our list of material climate-related risks and opportunities for our property development and investment businesses in key operating locations in Hong Kong, Mainland China and Southeast Asia. A summary of the key climate-related risks and opportunities is provided in the table on the following two pages.

We also assessed the business implications and potential financial impacts of the material risks and opportunities, which will serve as key inputs to our scenario analysis exercise planned for FY2024.

Ensuring a Climate-resilient Future

Type of Risk/ Opportunity	Material Risk/Opportunity	Business Implications	Potential Financial Impacts	Resilience Measures
Physical: Acute	Drought Prolonged period of dry weather conditions.	<ul style="list-style-type: none"> Shortage of water supply affecting or suspending business operations 	<ul style="list-style-type: none"> Increased operational and insurance costs Increased capital expenditure to install water efficient and storage devices 	<p>Strategy</p> <ul style="list-style-type: none"> Conducted market review of preliminary climate risk assessment solutions to enhance our enterprise-wide approach to risk categorisation and identification <p>Risk Management</p> <ul style="list-style-type: none"> Group-wide Climate Resilience Guideline covers climate risks relevant to major business locations, such as flooding, water stress, extreme temperatures, and extreme wind, and suggests resilience improvement measures Incorporated key aspects of the Climate Resilience Guideline into Responsible Investment Policy, Climate Change Policy, Sustainable Procurement Policy and Sustainable Building Policy to standardise implementation Conducted detailed physical climate risk assessments across selected major projects in planning, development and operational phases Implemented mitigation and adaptation measures into building designs and operational plans where relevant Properties and assets with high physical risk exposure to conduct detailed asset-level assessment for better resilience planning
	Flood Flooding caused by overflowing rivers and streams, extreme rainfall events or ineffective drainage.	<ul style="list-style-type: none"> Increased potential for damage to property and assets More frequent and severe disruption to business continuity 	<ul style="list-style-type: none"> Reduced asset values due to increased damage to property Reduced revenue from rental portfolio Increased operational and insurance costs Increased capital expenditure for features resilient to floods and strong winds Increased market valuation due to adoption of climate resilience measures 	
	Storm surge Coastal flooding due to extreme rise in sea level during typhoons, typhoon tracks, elevation and climate change.			
	Tropical cyclone Strong gusts and heavy rainstorms caused by intense storms originating over warm tropical oceans.			
Physical: Chronic	Heat stress Prolonged period of high temperature and humidity.	<ul style="list-style-type: none"> Lowered labour productivity Increased health hazards to workforce Higher demand for cooling and energy 	<ul style="list-style-type: none"> Increased cooling cost Reduced productivity leading to increased labour cost 	
	Change in precipitation patterns Changing temperature leading to long-term shift in precipitation patterns.	<ul style="list-style-type: none"> Shortage of water supply in areas with reduced precipitation 	<ul style="list-style-type: none"> Increased capital expenditure associated with building upgrades related to water retention and efficiency Increased operational costs for alternative water sources in areas with reduced precipitation 	
	Rising sea level Rise in average sea level due to climate change.	<ul style="list-style-type: none"> Increased potential for damage to property and assets Need to relocate assets 	<ul style="list-style-type: none"> Reduced asset values due to increased damage to property Increased potential for stranded assets 	
Transition: Policy and Legal	Carbon pricing Increased use of policy instruments to apply an explicit price on GHG emissions, through carbon taxes or emission trading schemes.	<ul style="list-style-type: none"> Increased need to optimise operational efficiency to reduce resource consumption Increased need to optimise building construction to reduce resource consumption and materials use 	<ul style="list-style-type: none"> Increased operational costs Increased capital expenditure to install energy-efficient facilities and green retrofits Lower operational costs associated with improved energy efficiency Increased procurement cost for low carbon alternatives for construction materials 	<p>Strategy</p> <ul style="list-style-type: none"> Building organisational understanding of laws and regulations (including HKEX climate disclosure obligations) associated with climate-related risks and opportunities for our industry Commenced development of green transition plan for our company vehicle fleet Explored the use of eco-friendly refrigerant Investigated phase-out of carbon-intensive fossil fuels, such as coal and diesel, in operations by adopting alternative energy sources <p>Risk Management</p> <ul style="list-style-type: none"> Conducted carbon pricing sensitivity analysis pilots on selected new investment opportunities and on existing operational asset energy profiles

Ensuring a Climate-resilient Future

Type of Risk/ Opportunity	Material Risk/Opportunity	Business Implications	Potential Financial Impacts	Resilience Measures
Transition: Policy and Legal (cont'd)	<p>Building codes and standards</p> <p>More stringent regulations on building energy performance and emissions in a lifecycle approach.</p>	<ul style="list-style-type: none"> Increased need to optimise operational efficiency to reduce resource consumption Increased need to obtain green building certifications across the portfolio 	<ul style="list-style-type: none"> Increased capital expenditure to install energy-efficient facilities and green retrofits Lower operational costs associated with improved energy efficiency 	<p>Governance</p> <ul style="list-style-type: none"> Continuously monitor upcoming environmental regulations on the built environment Regularly review Group-wide Sustainable Building Policy and retrofitting guideline in anticipation of future policy change <p>Risk Management</p> <ul style="list-style-type: none"> Engaged with government and industry organisations to understand, align and advocate for internationally consistent industry standards <p>Metrics and Targets</p> <ul style="list-style-type: none"> Leveraged proceeds from sustainable finance instruments to support green retrofit projects Conducted cradle-to-grave lifecycle assessments on representative new projects to manage building lifecycle emissions
Transition: Reputation	<p>Stakeholder concern and feedback</p> <p>Higher expectation on ESG and climate risk management and disclosure.</p>	<ul style="list-style-type: none"> Comprehensive disclosures expected on climate change actions and metrics, including alignment with the ISSB and other emerging standards 	<ul style="list-style-type: none"> Increased operational costs to implement changes in climate risk management and disclosure 	<p>Governance</p> <ul style="list-style-type: none"> Continuously monitor upcoming climate disclosure requirements Increased transparency in reporting on sustainability performance and further alignment with relevant standards
Transition: Market	<p>Consumer preference</p> <p>Increased market demand for low-carbon and resilient buildings.</p>	<ul style="list-style-type: none"> Increased demand for buildings with lower carbon footprint and higher energy efficiency Increased need to assess and improve existing buildings' energy and environmental performance Increased need to obtain green building certifications across the portfolio 	<ul style="list-style-type: none"> Increased revenue due to rental and sales premium of green buildings Increased capital expenditure to install green retrofits and climate-resilient features 	<p>Strategy</p> <ul style="list-style-type: none"> Engaged tenants and residents to understand their needs and support their low-carbon transition journeys <p>Metrics and Targets</p> <ul style="list-style-type: none"> Launched CSV Lease to support tenants' energy saving and carbon reduction efforts Commenced profiling the corporate sustainability and decarbonisation targets of our tenants and partners to better understand this market risk and opportunity
	<p>Increased cost of raw material</p> <p>Cost premium for low-carbon materials and increased price for traditional materials due to supply chain disruption from changing climate conditions and policy.</p>	<ul style="list-style-type: none"> Increased fluctuations in cost and supply of raw materials 	<ul style="list-style-type: none"> Increased procurement cost for traditional construction materials due to policy transition Increased procurement cost for low-carbon alternatives for construction materials 	<p>Risk Management</p> <ul style="list-style-type: none"> Explored the use of low-carbon alternative construction materials such as recycled steel As part of Renewable Energy Roadmap, we regularly monitor renewable energy pricing, solutions and options for adoption across the portfolio <p>Metrics and Targets</p> <ul style="list-style-type: none"> Developed a low-carbon material specification and implemented during tendering on selected Hong Kong projects to better understand material pricing, availability and suitability for use

Ensuring a Climate-resilient Future

Scenario Analysis

Climate science and regulation are developing at pace. Following the publication of Intergovernmental Panel on Climate Change's ("IPCC") Sixth Assessment Report and rapid market changes due to the low-carbon transition, we are currently refreshing the scenario analysis¹ conducted in FY2019 to test our resilience to the key climate-related risks and opportunities we have identified.

The scenario analysis is assessing physical and transition risks using both qualitative narratives and quantitative modelling, supplemented by the latest literature and data. The scope of properties considered under the analysis includes over 100 key asset locations in Hong Kong, Mainland China and Southeast Asia².

The scope and scenarios to be adopted in this scenario analysis are outlined below. To allow a meaningful analysis, we have selected scenarios with high contrast, as they demonstrate the best-case and worst-case in which to consider and assess climate-related risks. We have started considering the potential impacts to our business under the different climate scenarios at the regional level and will continue to refine this at the asset level. We anticipate sharing our findings and analysis in our FY2024 report.

Physical Risk Scenarios³

IPCC SSP1-2.6 – limit warming to 2°C

A low GHG emissions scenario with CO₂ emissions declining to net zero around or after 2050, followed by varying levels of net negative CO₂ emissions. This scenario aligns with NWD's decarbonisation commitment to reach science-based net zero by 2050.

IPCC SSP5-8.5 – exceed warming of 4°C

A very high GHG emissions scenario with CO₂ emissions roughly doubling from current levels by 2050. This is a pessimistic scenario portraying the conditions where physical risks are the most severe to assess our resilience and exposure against extreme climate change.

Transition Risk Scenarios⁴

NGFS Net Zero 2050 – limit warming to 1.5°C

Global warming is limited to 1.5°C through stringent climate policies and innovation, reaching global net zero CO₂ emissions around 2050. This scenario aligns with NWD's decarbonisation commitment to reach science-based net zero by 2050.

NGFS Current Policies – exceed warming of 3°C

This scenario assumes that only currently implemented policies are preserved, leading to low transition risks to assess impacts in business-as-usual settings.

Time Horizons

Short-term: 2030 – This short timeframe aligns with the target year of our SV2030 and near-term SBTs.

Medium-term: 2050 – This medium timeframe aligns with NWD's net zero commitment and the Paris Agreement.

Long-term: 2080 – This longer timeframe extends beyond our net zero commitment, the Paris Agreement and Mainland China's commitment to achieve carbon neutrality by 2060.

Geographical Coverage

Over 100 key NWD asset locations will be further assessed for exposure to physical risks.

Distribution of asset locations:

- 66% in Mainland China
- 32% in Hong Kong
- 2% in Southeast Asia

¹ The FY2019 scenario analysis exercise examined the impact of four major climate-related physical risks (flooding, extreme wind, water stress and extreme temperatures) on 14 major properties in the Greater Bay Area.

² Including Vietnam, Thailand and the Philippines.

³ IPCC published a new set of climate scenarios which consider both emissions level and socio-economic developments in different future states in its Sixth Assessment Report. The scenarios are referred to as SSPx-y, where 'SSPx' refers to the Shared Socio-economic Pathway describing the socio-economic trends underlying the scenario, and 'y' refers to the approximate level of radiative forcing.

⁴ The Network of Central Banks and Supervisors for Greening the Financial System ("NGFS") partnered with an expert group of climate scientists and economists to design a set of hypothetical scenarios to demonstrate how climate change (physical risk), climate policy and technology trends (transition risk) could evolve in different futures.

Ensuring a Climate-resilient Future

Preliminary Assessment of Climate-related Risks

As a preliminary assessment, we have researched indicators at a regional level (including macro-economic, climate-related, or impact-level indicators) to evaluate how selected climate-related risks may change in each scenario compared to current inherent risk. Results of this preliminary assessment are summarised in the table below, providing a snapshot of the potential future change in each risk across regions against the current inherent risk. For example, riverine flood risk in Hong Kong is currently considered insignificant, however a major increase in this risk is expected by 2050 under the SSP5-8.5 scenario. Across all risk types, we expect some degree of increase in risk level under the climate scenarios, and some more than others.

The absolute value of each risk’s impact is not included in this exercise. We will further understand the risks and opportunities and their implications to our business and financial performance in the FY2024 scenario analysis currently underway.

How current inherent risks may change under different scenarios

Inherent risk				Rate of change of risk					
 Insignificant Minor Moderate Major				 Insignificant Minor Moderate Major					
Type of Risk/ Opportunity	Material Risk ¹	Location	Current Inherent Risk ²	SSP1-2.6/Net Zero 2050			SSP5-8.5/Current Policies		
				2030	2050	2080	2030	2050	2080
Physical: Acute	Drought	Hong Kong	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant
		Mainland China	Insignificant	Insignificant	Minor	Insignificant	Minor	Minor	
		Southeast Asia	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant	
	Flood	Hong Kong	Insignificant	Major	Major	Insignificant	Major	Major	Major
		Mainland China	Insignificant	Minor	Major	Insignificant	Major	Major	Major
		Southeast Asia	Insignificant	Major	Major	Minor	Major	Major	Major
	Storm surge	Hong Kong	Insignificant	Major	Major	Major	Major	Major	Major
		Mainland China	Insignificant	Minor	Major	Minor	Major	Major	Major
		Southeast Asia	Insignificant	Major	Major	Major	Major	Major	Major
Tropical cyclone	Hong Kong	Insignificant	Minor	Minor	Minor	Minor	Minor	Minor	
	Mainland China	Insignificant	Minor	Minor	Minor	Minor	Minor	Minor	
	Southeast Asia	Insignificant	Minor	Minor	Minor	Minor	Minor	Minor	
Physical: Chronic	Heat stress	Hong Kong	Minor	Minor	Minor	Minor	Minor	Minor	Minor
		Mainland China	Insignificant	Minor	Minor	Minor	Major	Major	Major
		Southeast Asia	Major	Minor	Minor	Minor	Minor	Minor	Minor
Transition: Policy and Legal	Carbon pricing	Hong Kong	Insignificant	Major	Major	Major	Minor	Minor	Minor
		Mainland China	Minor	Major	Major	Minor	Minor	Minor	Minor
		Southeast Asia	Insignificant	Major	Major	Major	Minor	Minor	Minor
Transition: Market	Increased cost of raw material	Hong Kong	Major	Major	Major	Major	Minor	Minor	Minor
		Mainland China	Major	Major	Major	Major	Minor	Minor	Minor
		Southeast Asia	Major	Major	Major	Major	Minor	Minor	Minor

¹ List of indicators reviewed include annual Standardised Precipitation-Evapotranspiration Index (SPEI) (drought), annual expected urban damage of riverine flood (flood), annual expected affected GDP of coastal flood (storm surge), annual expected damage from tropical cyclone (tropical cyclone), cooling degree days (heat stress), carbon price (carbon pricing) and cement price (increased cost of raw materials).

² Inherent risk is determined using risk assessment criteria of the Group’s ERM whenever applicable. In cases where the risk assessment criteria do not apply to the particular risk, macro data is used as substitute.

Ensuring a Climate-resilient Future

Risk Management



To enhance our readiness for emerging climate-related risks, we regularly monitor and review our risk management approach. Our ERM framework incorporates environmental considerations into risk management procedures to help identify, assess and manage these risks. We 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.

Our Climate Resilience Guideline strengthens our risk management approach by ensuring new development projects incorporate sustainability and climate resilience into their design. Eight development projects including both new and existing buildings have adopted these guidelines, including State Theatre.

To fulfil our Scope 3 capital goods reduction target, we have completed comprehensive cradle-to-grave lifecycle assessments on representative projects from different asset classes (such as commercial, residential, hotel) to baseline the embodied carbon of our developments. We will continue to apply this method to estimate the embodied carbon emission profile and strategy to achieve our ambitious targets while we expand our Scope 3 emissions data.

We have developed a set of sustainability guidelines for development projects to standardise sustainable practices across our portfolio and BUs, which complement our existing Climate Resilience Guideline. These guidelines are currently being piloted.

The ongoing integration of climate-related risks into our corporate strategy, governance and disclosure during FY2024 will provide further performance metrics for our assessment of likelihood and impact within the ERM. The results are expected to strengthen our efforts to prioritise, quantify and manage climate-related risks and other enterprise risks.

Metrics and Targets



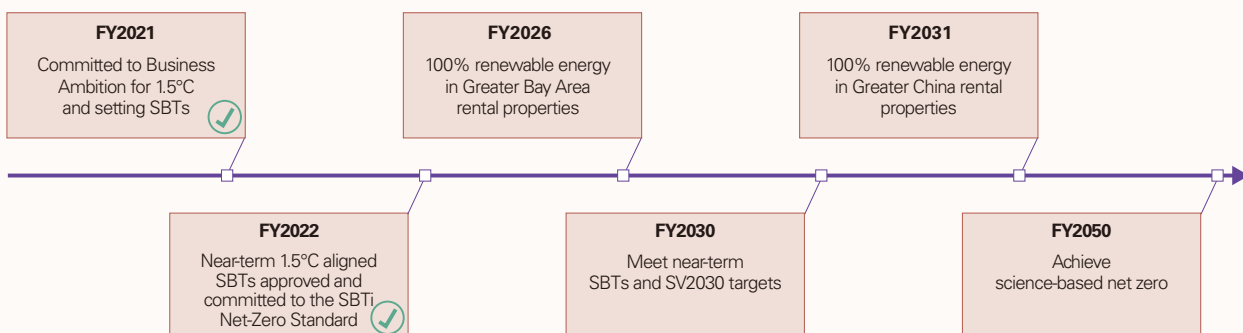
We have been working towards our sustainability targets, which contribute to the UN SDGs, since 2018. Our SV2030 Green targets include halving the Group’s energy and carbon emissions intensity by FY2030 against a FY2015 baseline.

To reinforce NWD’s 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 FY2019 baseline:

- Absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 46.2%
- Scope 3 GHG emissions from capital goods by 22.0% per square metre of construction floor area
- Scope 3 GHG emissions from downstream leased assets by 29.8% per square metre of gross floor area

Our Renewable Energy Roadmap supports the transition to a low-carbon economy and implements our commitment to reduce Scope 2 emissions by adopting 100% renewable energy in our Greater Bay Area rental properties by FY2026 and our Greater China rental properties by FY2031. We are progressively installing renewable energy systems such as PV, solar thermal, and wind at assets including K11 ATELIER 11 SKIES, K11 ATELIER King’s Road, and PORTAS, with further installations planned.

For details of our Scope 1, 2 and 3 emissions, please refer to the Driving Decarbonisation section on the following page and to our Sustainability Performance Data Table 2023, available on our website.



Driving Decarbonisation

MATERIAL TOPICS:


- Energy Efficiency and Carbon Reduction
- Innovation


NWD has set ambitious goals to decarbonise and strives to accelerate the low-carbon transition. Our Climate Change Policy outlines our commitments to reduce energy consumption and emissions throughout the property lifecycle, use renewable energy, and support responsible practices along our supply chain. ISO 14001 accredited Environmental Management Systems for our construction businesses support our systematic approach.

Our SV2030 target is to halve NWD’s energy and emissions intensity by FY2030 against a FY2015 baseline. We are reducing our energy footprint by installing and utilising energy-saving measures, such as the recent LED lighting upgrade at Youth Square, which will save around 13,000 kWh in energy each year. We are also optimising our existing buildings’ performance, including a retro-commissioning project to enhance New World Tower’s energy efficiency.

Central to our decarbonisation efforts are our near-term 1.5°C aligned SBTs, which cover our major properties and construction activities in Hong Kong and Mainland China. With the targets approved by the SBTi in June 2022, we are developing our net zero strategy and long-term SBT-aligned targets. To manage our Scope 3 emissions from capital goods, we apply the Construction Industry Council Carbon Assessment Tool to track embodied carbon in construction materials for our new developments, including the State Theatre development.

FY2023 Performance of SV2030¹ Compared to FY2015

Carbon emissions intensity
(tCO₂e/million HK\$ revenue): **↓ 40%** 
(FY2030 target: ↓ 50%)

Energy intensity
(MWh/million HK\$ revenue): **↓ 22%** 
(FY2030 target: ↓ 50%)

This year, we have disclosed additional metrics for Scope 1, 2 and 3 emissions. We have adjusted our reporting scope to better align with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standards (“GHG Protocol”), with NWSH and NWDS reclassified as investments contributing to our Scope 3 emissions. Detailed energy and emissions performance reporting can be found in our Sustainability Performance Data Table 2023, available on our website.

NWD participates in industry groups and initiatives to support climate action. We are a founding member of the Climate Governance Initiative Hong Kong Chapter, which aims to advance knowledge, action and board practice in climate governance, and a HKSAR Environmental Bureau Carbon Neutrality Partner, taking the lead to deepen and accelerate the low-carbon transition.



Visit our website for details of our Climate Change Policy.

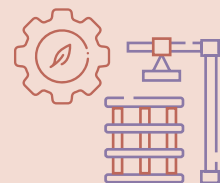
Reducing Our Construction Site Carbon Emissions



Approximately **3,200** tonnes of carbon emissions reduced in FY2023

We’re leveraging technology to electrify our construction sites. We have extended the use of battery-based energy storage systems (“BESS”) to reduce onsite diesel generator use and carbon emissions. BESS store energy from different sources and discharge it when needed.

19 BESS units are in use across our construction businesses, replacing diesel fuel in powering tower cranes, material hoists and other key plant and equipment. The BESS units have helped to avoid more than 1,700,000 litres of diesel fuel consumption and approximately 3,200 tonnes of carbon emissions. At some sites, BESS are used alongside a smart system in mobile electricity to synchronise load sharing across multiple onsite generators to further reduce energy and fuel use. BESS also deliver additional benefits, including improved site productivity and reduced noise impacts for workers and neighbours.



¹ 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.

Driving Decarbonisation

Collaborating with Tenants through Our CSV Lease



>70% of leased floors at K11 ATELIER Victoria Dockside have signed our CSV Lease

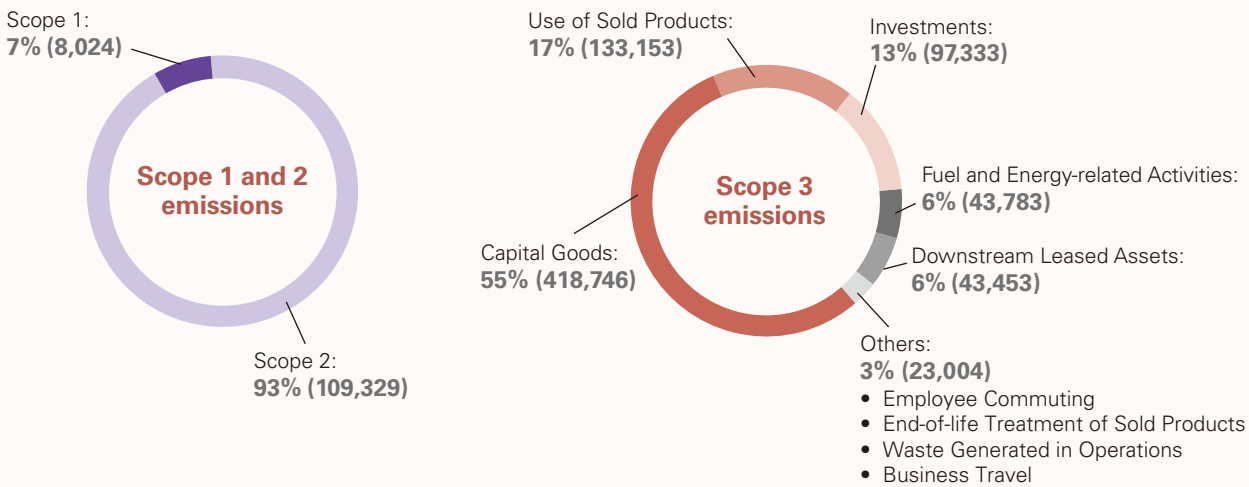
Collaboration is key to our decarbonisation efforts. Through our CSV Lease, we continue to support and incentivise the carbon reduction and sustainability practices of our tenants to reduce our Scope 3 emissions.

The CSV Lease includes agreed targets for tenants to reduce their environmental impact and rewards their achievement with incentives from NWD. CSV Lease has been introduced to K11 ATELIER tenants, including at Victoria Dockside, King’s Road, and 11 SKIES – several of whom initially joined our Sustainable Tenancy Pledge. More than 70% of K11 ATELIER Victoria Dockside’s leased floors has a CSV lease in place, with pledged tenants reducing their energy consumption by approximately 64,000 kWh in FY2023. Our engagement programme supports our CSV Lease tenants in making further sustainability gains and furthers our efforts to manage Scope 3 emissions.



FY2023 Performance

Sustainability Reporting Scope – Total Carbon Emissions (tCO₂e)



We enhanced our emissions reporting in FY2023 to include Scope 3 emissions from our activities. This includes improvements to our data collection methods and calculation approach, and a revised reporting scope in which NWSH and NWDS are reclassified as investments contributing to our Scope 3 emissions to better align with the GHG Protocol. We report against nine of the 15 Scope 3 emissions categories in the GHG Protocol. We are currently refining the calculation methodology for our Scope 3 emissions in Downstream Leased Assets, and will continue to enhance our disclosure in our future reports.

Our calculation methods are detailed in the Sustainability Performance Data Table 2023, with our selected environmental data subject to independent limited assurance. Both the Sustainability Performance Data Table 2023 and limited assurance report are available on our website.

Driving Decarbonisation

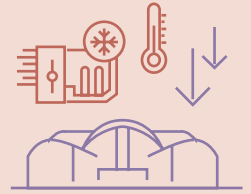
Enhancing Operational Efficiency at Hong Kong Convention and Exhibition Centre



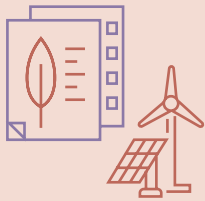
20% increase in energy efficiency

With sustainability integrated across our property lifecycle, capital equipment upgrades can improve the efficiency of our existing properties. Heating, ventilation and cooling, or HVAC, system upgrades enable us to reduce our energy consumption and costs.

Located on a prime waterfront site, HKCEC completed the first phase of chiller replacement with seawater-cooled models in FY2022, with the remaining five chillers replaced in FY2023. With this initiative, the system's energy efficiency is expected to increase by 20% with an annual energy saving of approximately 2.84 million kWh. The new chillers use less refrigerant more efficiently, eliminating the use of drinking-quality water for cooling and contributing to our total Scope 3 emissions reduction.



Supporting the New Hong Kong Carbon Credit Market



NWD was one of the first companies to purchase voluntary carbon credits on Core Climate, the international carbon marketplace launched by HKEX in October 2022.

The Core Climate platform connects capital with climate-related products and opportunities in Hong Kong, Mainland China and across the region. Carbon credits available on the platform are independently verified and generated from forestry, solar, wind, hydropower and biomass initiatives.

In NWD's first carbon trade, we sourced and purchased high-quality voluntary carbon credits verified against the Verra Verified Carbon Standard. The purchased credits support forestry initiatives in Mainland China that also benefit local biodiversity and environmental systems. The projects also create employment opportunities for local farmers and communities.

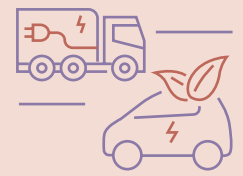
As at 30 June 2023, NWD held and has yet to retire all purchased carbon credits.

Enabling Greater Electric Vehicle Use

The New World Green Transport Alliance ("NWGTA") leverages NWD's property portfolio and strengths in fostering collaboration and building ecosystems to support increased electric vehicle ("EV") use and reduce vehicular emissions.

Formed by NWD and partners, the NWGTA is a HK\$50 million initiative to scale up EV usage and advocate for greener lifestyles. The NWGTA supports the HKSAR Government's Roadmap on Popularisation of Electric Vehicles, which targets zero vehicular emissions in Hong Kong before 2050 along with other measures.

The Alliance will equip the NWD portfolio with more than 100 multi-model EV charging points over three to five years at selected locations. The first charging points were installed at K11 MUSEA, K11 Art Mall, and K11 ATELIER King's Road in November 2022, with over 40 charging points now installed across the portfolio through this initiative alone.



Water Management

MATERIAL TOPIC:

- Climate Change Actions

Water is an essential resource for our business activities and customers. Our Water Policy sets out our commitments and practices that ensure water is responsibly managed across the Group.

We seek to reduce our water footprint by installing and utilising water-saving features, such as low-flow taps and toilets, and encouraging our tenants to implement water-saving initiatives. Rainwater and freshwater recycling systems and rooftop rainwater harvesting reduce our use of drinking-quality water, including at several NWCL sites and K11 developments. We regularly monitor water consumption to identify efficiency improvements to reduce water use across our portfolio and throughout the property lifecycle.

We also focus on ensuring that high quality water is supplied to our tenants and customers. Guidelines and policies support our property management teams to identify potential contamination risks and implement measures to safeguard drinking water quality. Most of our core commercial properties participate in the HKSAR Government’s voluntary Quality Water Supply Scheme for Buildings, which assesses maintenance and performance of building water systems.

Policies and guidelines are also in place to ensure wastewater from our offices, properties and sites satisfy

all regulatory and licensing requirements. We regularly monitor our wastewater discharge procedures to avoid contamination. No material non-compliant wastewater discharge was recorded in FY2023.

NWD continues to enhance the water data collected across the portfolio. We intend to develop a Group-wide water target informed by our growing water dataset. Detailed water performance reporting can be found in our Sustainability Performance Data Table 2023, available on our website.



Visit our website for details of our Water Policy.

FY2023 Performance of SV2030¹ Compared to FY2015

Our SV2030 target is to reduce the water intensity of NWCON by 25% by FY2030 against a FY2015 baseline. NWCON achieved a 62% reduction in water intensity in FY2023, an improvement over FY2022 due to the completion of several construction phases. We will set and report against a new water target to reflect our updated reporting scope following the sale of NWCON effective FY2023.

Water Intensity
 (m³/million HK\$ revenue)
 (FY2030 target: ↓ 25%)



Ensuring High Water Quality at Youth Square

New World Facilities Management Company has adopted a Water Safety Plan for Buildings (“WSPB”) to safeguard drinking water quality for the users who perform, visit and stay at Youth Square.

The WSPB is a Hong Kong Water Supplies Department initiative that assists property owners and managers in maintaining water quality through regular monitoring and maintenance. Plans set risk management measures to identify and control potential contamination risks in internal plumbing systems to safeguard drinking water quality. They include regular system inspection and maintenance and require regular external audit and review.

The Youth Square WSPB obtained a Gold Certificate in recognition of our continuing participation and tenure in the scheme.



¹ SV2030 Water Targets cover NWCON only and is a subset of our Sustainability Reporting Scope.

Waste Management

MATERIAL TOPICS:

- Responsible Supply Chain Management
- Waste Reduction and Recycling

We use resources and generate waste through our diverse business activities. Our Waste Management Policy captures our commitments to waste reduction, diversion and management across the Group's operations. The Policy guides our engagement with employees, suppliers, contractors and tenants on waste reduction and our partnerships to develop innovative solutions for the transition to a circular economy.

The Waste Management Policy requires all BUs to act in accordance with regulatory requirements. This includes the Solid Waste Law in Mainland China, which requires that entities generating solid wastes (such as construction, industrial, and domestic waste) establish and improve measures to prevent and treat pollution, and the HKSAR Government's Waste Disposal Ordinance. To prepare for the upcoming Municipal Solid Waste Charging Scheme, our Hong Kong operations teams are piloting tenant waste collection and recording methods in collaboration with our external waste contractors.

The use of building information modelling ("BIM") by NWCON and NWCL has increased the materials efficiency of construction projects by simulating and optimising resource requirements. This is complemented by our adoption of the 4R principles – Reduce, Reuse, Recycle and Replace – to minimise waste impacts throughout the property lifecycle.

We are focused on reducing waste in our corporate operations and supply chain. Digitalisation of business processes has reduced our paper use across the Group. Our Sustainable Procurement Policy encourages suppliers to minimise waste in corporate activities and product and

service delivery. The Policy also encourages the use of local suppliers and manufacturers to reduce transport emissions. Find out more in the Collaborating with Supply Chain Partners section on page 82.

Through our Impact Commons accelerator, we partner with a range of startups to explore innovative circular economy solutions and increase awareness of environmental sustainability. Our partnership with social enterprise V Cycle started in FY2022 and has produced 1,500 branded umbrellas using over 1,900kg of upcycled plastic waste collected from over 60 K11 MUSEA and K11 ATELIER Victoria Dockside tenants who participated in this initiative.

Detailed waste performance reporting can be found in the Sustainability Performance Data Table 2023, available on our website.



Visit our website for details of our Waste Management Policy.

FY2023 Performance of SV2030¹ Compared to FY2015

Our target is to reduce the waste-to-landfill intensity of NWCON by 15% by FY2030 against a FY2015 baseline. We achieved a 64% reduction in FY2023, an improvement over FY2022 due to the completion of several construction phases. We will set and report against a new waste target to reflect our updated reporting scope following the sale of NWCON effective FY2023.

Waste-to-landfill intensity

(tonnes/million HK\$ revenue):
(FY2030 target: ↓ 15%)



Encouraging NWDS Customers to be Part of the Circular Economy

Promoting sustainable lifestyles is an important part of NWD's sustainability strategy. NWDS' Northern China Region locations launched the "Be the Earth's Probiotics" programme to encourage customers to participate in the circular economy and support the health of the environment.

Launched in June 2022, the programme's "Empties" Scheme encouraged recycling in collaboration with beverage brands. Customers recycled disposable cups and empty plastic cosmetic and drink bottles at participating retailers in exchange for store coupons. More than 4,000 bottles were recycled, with some stores transforming them into creative artworks to further encourage recycling.

The programme's "Old for New" Book Exchange encouraged the sharing and reuse of books and a love of reading. More than 3,500 NWDS customers donated over 4,000 books to reading corner charities for children and young people, and received a reading app access pass in return. The initiative raised environmental awareness while encouraging a culture of reading and sharing.



¹ SV2030 Waste-to-Landfill Targets cover NWCON only and is a subset of our Sustainability Reporting Scope.

Conserving Biodiversity

Preserving the natural environment and maintaining healthy ecosystems is our shared responsibility for future generations, and critical to our economy and society. NWD is committed to minimising the impact of our developments on natural habitats and protecting biodiversity.

Our Biodiversity Policy states our commitments and guides our actions to protect the natural environment and prevent potential biodiversity loss. It applies across the property lifecycle and to our corporate operations. The Policy affirms our commitment to avoid development activity in World Heritage areas¹ and International Union for Conservation of Nature Category I-IV protected areas².

We meet or exceed relevant statutory requirements and refer to international developments and guidelines to ensure that we continue to support sustainable development and meet stakeholder expectations. Ecological assessments are conducted at the project pre-development stage, where applicable, to understand the local natural environment and biodiversity. We are actively monitoring developments regarding the Taskforce on Nature-related Financial Disclosures (“TNFD”) and the management and disclosure of nature-related risks and opportunities.

NWCL is conserving and enhancing the biodiversity of 13 residential communities across the Greater Bay Area, through maintaining or enhancing local species diversity through landscaping, tree planting targets and regular tree surveys, and expanding community planting programmes to encourage greater appreciation of biodiversity and nature.



Visit our website for details of our Biodiversity Policy.

Encouraging Biodiversity Conservation

NWD promotes the need for greater biodiversity conservation with our stakeholders. Nature Discovery Park (“NDP”) brings biodiversity into the urban environment. Sitting atop K11 MUSEA, the park is home to rare local plants, tropical and native plants, an aquarium and naturally attracted butterflies to showcase Hong Kong’s ecological value and importance. It entices its visitors to appreciate the beauty of nature and learn more about conservation.

NDP provides tours, workshops, and educational experiences for our tenants, customers and visitors to encourage sustainable living and biodiversity conservation. The Little Nature Ambassador Programme promotes local biodiversity to young children.

¹ For listed World Heritage Areas, visit: <https://whc.unesco.org/en/list/>

² For International Union for Conservation of Nature Category I-IV protected areas, visit: <https://www.iucn.org/our-work/protected-areas-and-land-use>

Our Collaborative Ecosystem

Caring for Our Customers

MATERIAL TOPICS:

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

NWD's holistic ecosystem of sustainable communities, infrastructure, services and lifestyle-related businesses enriches the lives of our stakeholders.

Promoting Customer Health, Safety and Wellbeing

We aim to lead the property development industry in product and service quality. NWD complies with all relevant regulations, codes, and guidelines for buildings and planning in Hong Kong and the Mainland. This ensures our buildings are safe, user-friendly, and have minimal negative environmental and social impact. Building certifications recognise our efforts to embed green and wellness features into building design and construction to deliver safe and healthy places and promote customer wellbeing.

Building certifications assess features that enhance customers' experience as well as their environmental credentials. For example, the WELL Building Standard assesses how buildings support occupant health, including mental and emotional health, nourishment, and fitness. We provide comfortable indoor environments in our WELL-certified buildings, with monitoring sensors providing real-time air quality data at the Gold certified Qianhai CTF

Finance Tower and Platinum certified K11 ATELIER King's Road. We attain WELL Building Standard certifications to demonstrate our efforts to promote customer health, safety and wellbeing. Recommended certifications are set out in our Sustainable Building Policy. Find out more in the Green Building Leadership section on page 62.

Our Customer Relationship Management ("CRM") approach enhances the customer experience by delivering tailored information that aligns with their interests and preferences. Leveraging AI and big data, our CRM solutions offer personalised customer programmes through the various platforms within our ecosystem.

Group Customer Ecosystem Team has conducted our first cross-BU campaign focused on customer wellness in FY2023, extending our health and wellbeing offer for our customers. The campaign supported customers' wellness journey with health and fitness offers from Humansa; wellness product offers from K11 retailers; services from Gleneagles Hospital, etc. Two online wellness webinars provided customers with insights into nutrition, health and medical protection. The campaign reached more than 1.1 million customers and generated HK\$45 million in sales, with over 330 customers attending the webinars. Meanwhile, to better understand customers' diverse needs and expectations at different life stages and develop persona so as to inform our future products and communications, the team conducted and completed a life stage survey with three key business units and more than 9,500 respondents.

The continued development of our innovative CSV Lease promotes sustainable lifestyles to our customers, raising awareness and effort towards a more sustainable future. Find out more on page 74.

Connecting Tenants with Startups to Promote Sustainable Lifestyles

Our ecosystem provides opportunities to connect and collaborate with our stakeholders to deliver on our CSV mission. We brought our K11 tenants together with two Impact Kommons startups in workshops exploring sustainable practices that can reduce our collective environmental impact.

The team behind food-saving app CHOMP, a startup working to reduce food waste, spoke with tenants about food consumption and sustainable living at a workshop held at K11 MUSEA's Nature Discovery Park. Part of Impact Kommons' third cohort, CHOMP connects food and beverage businesses with consumers to manage

food surpluses and avoid sending it to landfill. Workshop participants took away tips to reduce their own food waste and sampled food surplus products.

Sustainable fashion brand Earthero, a member of Impact Kommons' fourth cohort, hosted two workshops showcasing how to repurpose old or unwanted clothes using embroidery for participating tenants. Participants successfully created stylish embroidered coasters as a demonstration of how to avoid sending clothes to landfill, with several planning to continue using these upcycling techniques at home.

Caring for Our Customers

Upholding Business Responsibility

NWD is committed to a high level of business ethics for the benefit of our stakeholders. Being a responsible business is the foundation for our business activities and essential to our future performance. We have formalised this commitment as a member of the United Nations Global Compact (“UNGC”).

PERSONAL DATA PRIVACY AND CYBERSECURITY

Data privacy and cybersecurity considerations are central to the new technologies and innovations we explore and use to enhance the customer experience. During FY2023, Key Risk Indicators were set for both data privacy and cybersecurity to provide any early signals of increasing risk exposures.

Our Privacy Policy Statement describes our approach to managing the personal data of our stakeholders in compliance with Hong Kong’s Personal Data (Privacy) Ordinance (“PDPO”) and Mainland China Personal Information Protection Law (“PIPL”).

In September 2023, a Data Protection and Compliance Committee was established to enhance governance and oversight of our compliance with data privacy and protection laws and regulations. The Committee comprises NWD Personal Data Privacy Officer and executives from our Technology, Group Audit and Management Services, Finance and Accounts, Group Customer Ecosystem and Relationship Management, and Human Resources functions. The Committee is overseeing the development and implementation of a Privacy Management Programme to foster a culture that protects and respects personal data, and reports to the Audit Committee of the Board of Directors.

Cybersecurity has been identified as one of the top ten risks through our latest ERM assessment during FY2023, and therefore remains a key risk that we monitor and manage. The Group-wide Cybersecurity Committee includes senior IT management representatives from each BU and acts as a single channel for discussion and handling of cybersecurity matters, as well as setting our long-term strategy and goals.

Our data security management systems were certified against the ISO/IEC 27001:2022 Information Security Management Systems standards during FY2023, satisfying international standards for secure data handling.

During the year, we introduced a Corporate Services IT Policy to protect NWD’s information assets and guide employees’ responsible use of information technology. The policy applies to all employees across the Group. We have a comprehensive employee training programme that was further enhanced in FY2023, with regular webinars, simulations and quizzes used to ensure ongoing awareness of cyber threats and responses as a supplement to annual training.

We engage suppliers to support our cybersecurity efforts, assessing the suitability of technology solutions through our cyber-related procurement procedure. Where a solution’s structure or security measures do not meet our requirements, we work with the supplier to address gaps to our satisfaction before proceeding with the engagement.

In the past three years, NWD has not experienced any cybersecurity breaches. In FY2023, we received no complaints regarding customer privacy, and no customer data leaks, thefts or losses were identified. We identified no instances of non-compliance with relevant laws and regulations during the year.

We continuously review the Group’s cybersecurity position and framework to ensure our IT defences remain sustainable and effective.

RESPONSIBLE MARKETING

We are committed to marketing responsibly and in accordance with advertising standards and relevant legislation across our marketing, advertising and sales activities. Loyalty club members receive privileges, events and newsletters from internal and external partners in accordance with the applicable terms and conditions. Relevant employees completed more than 10,000 training hours on responsible marketing to ensure they understand these requirements.



>10,000 hours of
Responsible Marketing training



Visit our website for our Privacy Policy Statement, which includes details of our commitment to customer data privacy.

Caring for Our Customers

Delivering Quality Products and Services through Innovation and Sustainability

Our passion for innovation is underpinned by our commitment to quality and continuous improvement. We develop solutions and enhance them over time to meet the needs of our customers and encourage them to make sustainable choices.

Through our PropTech platform, the property-purchase blockchain creates efficiencies for our customers and is an example of our innovative spirit. The platform enhances our customers' property purchase journey by integrating mortgage services into the purchase process. Seven banks are participating in the platform alongside lawyers, property management teams and other parties for selected NWD residential projects. The platform saved an estimated 5,118 hours in FY2023 when compared to traditional property purchase administration.

PROTECTING PATENTS AND INTELLECTUAL PROPERTY RIGHTS

As an innovative organisation, NWD develops solutions that include Intellectual Property and co-Intellectual Property opportunities when suitable. We continue to monitor the status of our intellectual property to ensure they remain protected. We respect the intellectual property rights of others and are always looking for new approaches to enhance wellness and performance, and partnerships to develop and scale new solutions that support our CSV mission.

Engaging our Customers and Valuing their Feedback

We engage with our customers to understand their expectations and use their feedback to improve our products, services and customer experience.

We conduct regular tenant and customer surveys across the Group, with more than 52,000 customers and tenants taking part during FY2023. Most customer-facing BUs conducted customer satisfaction surveys in FY2023, and we achieved an average 90% satisfaction rating. In addition, K11 engages daily with its club members to obtain "Voice-of-Customer" insights.

New World CLUB, our loyalty programme, conducted online surveys to better understand members' interests and preferences. More than 850 members completed the profile enrichment survey, with insights used to match our activities, offers and communications with their interests and preferences.

Standardised complaint handling procedures ensure customer feedback is addressed in a timely manner. We received around 2,900 valid complaints during the year, a slight reduction compared with previous year. Complaints received are investigated by dedicated staff within a reasonable timeframe and they regularly update the customer throughout the process.

Enhancing Customer Experience and Driving Behavioural Change

We focus on delivering great in-person customer service and great online customer experiences to generate revenue by satisfying and retaining customers. The application of new technologies is also enhancing our customer experience. We use a range of mobile applications and digital tools across our BUs to support customers with property access, products and services, ecommerce, activity registration, loyalty points management, and more.

In the Kai Tak Sports Park project, we developed a digital twin to bring the future KTSP to life for our stakeholders during its construction. The digital twin is a virtual replica of the entire development that uses real-time data from the projects' building information modelling ("BIM") system to create the twin in the "Unreal 4" gaming engine. We use the digital twin on screen and through virtual reality ("VR") goggles to give customers and stakeholders a sense of the scale, features and experience of the future KTSP.

Our Group-wide Customer Committee meets monthly and draws on the insights and creativity of our employees to explore and develop innovations that meet our customers' needs. Shortlisted ideas are presented to senior management to further explore their application and potential integration across our ecosystem. In FY2023, 35 ideas were discussed by the Committee, with three showing imminent potential for Intellectual Property development to meet customer needs and contribute to our ecosystem.

Our Group VOC ("Voice-of-Customer") Innovation programme continues to generate ideas to enhance the customer experience and support our CSV mission. Using the insights from customer feedback, employees are encouraged to apply their entrepreneurial skills and identify ideas that benefit both NWD and our customers. Workshops on design thinking and other training materials help employees to turn their ideas into functioning products and eventually commercialise them. Since the programme launched in 2022, our employees have submitted 300 new business ideas, 20% of which have progressed to prototype development. As a next step, the prototypes will be evaluated for commercialisation.

Collaborating with Supply Chain Partners

MATERIAL TOPIC:

- Responsible Supply Chain Management

Collaborating with our suppliers is important to delivering our CSV mission, achieving our Scope 3 emissions reduction goals, and demonstrating leading practice in sustainability.

Our Sustainable Procurement Policy sets out how NWD's sustainability commitments and goals shape our procurement decisions. This includes our preference to support local economies through local procurement and reducing transportation emissions. NWD has a total of 3,812 suppliers, 1,399 from Hong Kong, 2,395 from Mainland China, and 18 from other countries.



Visit our website for details of our Sustainable Procurement Policy.

Supply Chain Management

Sustainability considerations are incorporated throughout our supply chain management approach, from supplier screening and tendering to engagement, performance monitoring and evaluation. Our Group Sustainability Policy complements the Sustainable Procurement Policy to outline the new supplier selection process requirements.

Our Supplier Code of Conduct sets out the minimum standards we expect from suppliers and contractors on topics including ethical conduct, labour rights, privacy and data protection, and environmental impacts. Through procurement, we encourage the use of environmentally preferable products and services in our scopes of work, proposal and tendering processes. This includes products certified by the Forest Stewardship Council ("FSC") or Marine Stewardship Council ("MSC"), that are from fair trade organisations, and that use biodegradable packaging.

We assess supplier performance against a range of factors, including quality, environmental protection, occupational health and safety and product sustainability beyond regulatory compliance requirements. We provide suppliers with quality assurance training to support them in this evaluation process, which includes details of our environmental and social sustainability requirements.

We evaluate supplier performance quarterly or annually for long-term relationships and at least once during shorter term supplier engagements. Consequences of poor supplier performance include verbal and written warnings, having goods returned or exchanged with compensation, removal from our vendor list, and the development of an improvement plan with NWD. Contracts may be terminated where supplier performance fails to improve after these measures.



Visit our website for details of our Supplier Code of Conduct.

Our Group-wide ERM considers supply chain, outsourcing and third-party management and supports our monitoring of external audits and due diligence activities on new and existing suppliers. We maintain records of suppliers' compliance status, including that they have appropriate policies and systems in place. We check for continued compliance, including current certificates or accreditations, through our supplier performance assessment process.

Collaborating to Reduce Scope 3 Emissions

Our development activities require construction materials, and we engage with their suppliers to review production processes and raw materials selection to identify opportunities to reduce carbon emissions. We monitor Scope 3 emissions from embodied carbon in construction materials by using the Construction Industry Council ("CIC") Carbon Assessment Tool in Hong Kong and continue to obtain embodied carbon footprint data from suppliers in Mainland China.

Tender requirements include lifecycle assessments for major components of building structures, such as concrete and steel, to enable examination of the embodied carbon footprint in accordance with green building certification requirements. Where materials do not have primary data available, we reference the National Standard for Building Carbon Emission Calculation (GBT 51366-2019) and international standards and databases such as ISO 14067:2018 Carbon Footprint of Products and the Bath Inventory of Carbon and Energy (ICE). We continue to enhance our monitoring requirements to further reduce Scope 3 emissions and enhance the sustainable procurement of our construction businesses.

Find out more about our Scope 3 emissions in the Driving Decarbonisation section on page 73 and the Sustainability Performance Data Table 2023, available on our website.

Sustainable Procurement Charter

NWD was a founding member of the Sustainable Procurement Charter in 2018, when it was established by the Green Council to promote sustainable procurement in Hong Kong. As of FY2023, NWD continues to meet the Sustainable Procurement Charter Level 3 criteria, demonstrating leading performance. All NWD employees involved in purchasing were trained in sustainable procurement. The Sustainable Procurement Charter is recognised by the United Nations' One Planet Network as an initiative supporting SDG 12 Responsible Consumption and Production.

Our People

Talent Attraction, Retention and Development

MATERIAL TOPICS:

- Diversity and Equal Opportunities
- Talent Management

The success of NWD is a result of the skill and dedication of our people. We seek to employ a diverse team that works collaboratively and fosters a culture of continuous learning – empowering our employees to be industry-leading professionals.

Building an organisation with the right people is essential to NWD’s growth and continuity. We integrate diversity and inclusion considerations into our recruitment and talent development processes. As an equal opportunity employer, we recruit people from all backgrounds and experiences regardless of age, gender, race, nationality, religion, family status, background, expertise, or any other characteristics protected by law.

EMPLOYEE ENGAGEMENT

Having held our comprehensive Group-wide Employee Satisfaction Survey in FY2022, this year we conducted a Learning Needs Survey in early 2023 to explore how we can best support our peoples’ performance. 82% of our employees responded to our 2023 survey. Employees were eager to build their professional skills in areas such as communication, leadership and time management, and to learn from our management team. Leadership and influence were also identified as key skills for further development by heads of departments and senior leaders across the Group. These insights will inform our learning initiatives in FY2024.

Our Employee Satisfaction Taskforce continued during the year. The Taskforce brings together representatives of different departments and BUs and is consulted on proposals to better align our employee experience with business requirements. Taskforce members from frontline staff to managers and leaders provided valuable insights to inform new incentives and measures prior to their launch – validating that our approach is aligned with the needs of our employees and ultimately creating a better place to work.

Detailed workforce data, including workforce characteristics and turnover, can be found in the Sustainability Performance Data Table 2023, available on our website.

SKILLS DEVELOPMENT

Professional development builds the capabilities of our employees while ensuring NWD has the skills we need for the future. We offer training and development suited to different skill levels and interests across our BUs, with an average 18.2 training hours completed per employee in FY2023. These include operational programmes about our CSV mission, corporate culture, and policies such as Anti-Fraud Policy and Health and Safety Policy. Our employees and directors completed more than 2,700 hours of anti-corruption training in FY2023, covering topics such as business integrity and ethical business practices delivered by external trainers including the Community Relations Department of ICAC.

Our Group-wide sustainability training programme supports all employees and directors to understand our sustainability policies, SV2030 targets and sustainable business practices. Increased understanding of our sustainability focus also supports the delivery of our sustainability strategy. Sustainability is also part of the mandatory orientation training module for new employees. In FY2023, employees and directors completed over 12,000 hours of sustainability training.



Average training hours per employee:

18.2 hours



Sustainability-related training hours:

>12,000 hours

Career development programmes, such as our High Potential (“HiPo”), Entrepreneur Trainee and Technopreneur Trainee, and Management Associate internship programmes support advancement of new and existing talent. Find out more in the case study on the following page.

Talent Attraction, Retention and Development

Annual performance appraisals are essential to employee development. Our structured and open appraisal system includes 360-degree feedback and encourages employees to reflect on their performance and identify growth opportunities. Sustainability-related KPIs are included in our employees' objectives and key results ("OKR"), with performance evaluated in the year-end review. We periodically review and enhance our appraisal system to align with leading practice. Voluntary turnover was 13% in FY2023, a decrease on FY2022.

Employees are also encouraged to engage with customers and develop innovative solutions through our Voice-of-Customer initiatives. Find out more in the Our Collaborative Ecosystem section on page 79.

Detailed training data can be found in the Sustainability Performance Data Table 2023, available on our website.

Building Careers within the NWD Ecosystem

Our development programme provides new and existing talent with opportunities to gain new skills, experience new businesses, and progress their careers within the NWD ecosystem – increasing attraction and retention while building capability.

Fostering innovative thinking, our two-year Entrepreneur Trainee and Technopreneur Trainee Programme continued in FY2023. Thirteen trainees from Hong Kong and nine trainees from Mainland China in this cohort are completing job rotations in various BUs to broaden their horizons and gain a comprehensive understanding of our ecosystem. Through work experience, learning workshops and projects, trainees actively develop their entrepreneurial leadership skills.

In 2023, we kickstarted "Open Dialogues with Senior Leaders", where our employees have the opportunity to engage in frank and open discussions about our organisation's values and culture, enable our employees to gain a deeper understanding of our values to be embodied in daily work. They are also empowered to share their ideas and perspectives, helping to shape our organisation's culture and direction. As of June 2023, a total of 5 sessions have been held with over 150 participating employees.

Our Young Artisan Club guides younger employees as they explore our corporate culture. More than 230 employees participated in 38 Club events during FY2023, including site tours, activities exploring our values and ecosystem, dialogues with senior leaders, and networking events. The Young Artisan Club fosters connection and nurtures young employees to embody and uphold our values.

Attracting new talent to the Group, the New World Management Associate internship offers higher education students practical work experience and the chance to explore what we offer as an employer. Students completed a 6-8 week internship in 2023, visiting iconic projects, learning from senior executives and contributing to special projects. The programme provided unique exposure and opportunities to students from a variety of backgrounds representing a wide range of perspectives and skills, which allows us to foster an inclusive, innovative culture and tap into undiscovered potential.

By investing in our people and helping them reach their full potential, we are building a stronger and more resilient organisation that is better equipped to enrich our customers' daily lives and create shared value with society.



More than 69 mentors participated in this year's HiPo programme, which supports talented future leaders on their New World career journey. The HiPo programme combines on-the-job learning, mentorship and group-based learning with individual development plans for each participant. HiPo participants reported a satisfaction rating of over 90% with the programme.

Diversity in the Workplace

Prioritising Human Rights

NWD upholds the fundamental principles of human rights in places where we operate. We are a signatory to the UNGC principles on Human Rights and Labour and guided by international human rights principles and standards, such as the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work.

Our Group-wide Human Rights Policy aligns with these principles and international standards. The Policy lays out our human rights commitments to employees, suppliers and other stakeholders to maintain equitable and safe workplaces and engage in business conduct free from discrimination and harassment. The Policy forbids the employment of illegal and forced labour, including child labour. We are committed to complying with applicable local laws and regulations in the locations where we operate.

Respect for human rights is expected throughout our business and supply chain. Human rights risk factors are part of our Risk Management Policy and assessment checklist to monitor human rights impacts arising from our business activities and relationships. Risks are evaluated every six months and reported to the Audit Committee and Sustainability Committee in a timely manner. Key executives are informed if issues or violations arise, in accordance with our Human Rights Policy.

Our Supplier Code of Conduct incorporates human rights principles and applies to all supply chain partners, including suppliers, contractors, subcontractors, vendors, and service providers. Find out more in the Collaborating with Supply Chain Partners section on page 82.



Visit our website for details of our Human Rights Policy.

Promoting Diversity, Equity and Inclusion

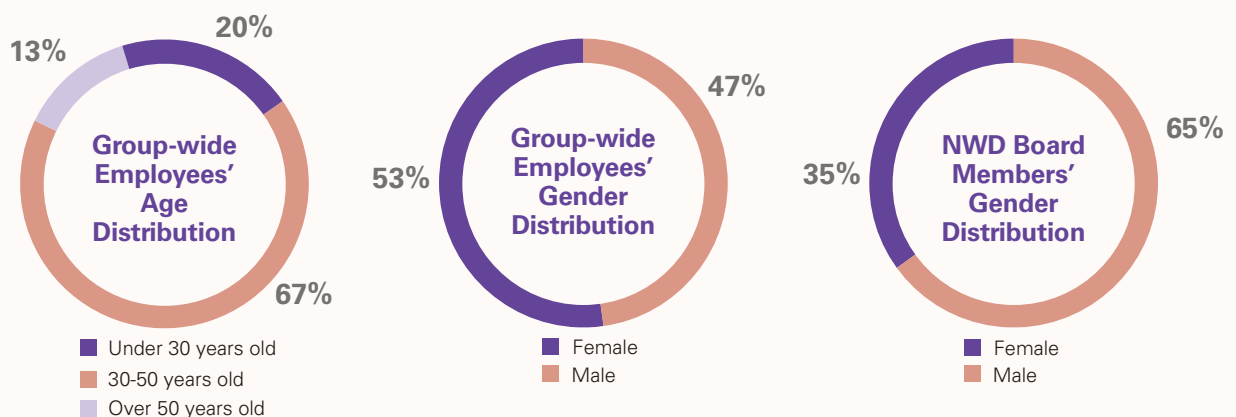
NWD has made public commitments to express our support for diversity and inclusion. We endorsed the UN Women’s Empowerment Principles in 2020 and are a signatory to the Racial Diversity and Inclusion Charter for Employers, which is governed by Hong Kong’s Equal Opportunities Commission.

We support the principles of racial diversity and promote diversity in terms of age, gender, race, nationality, religion, family status, background, expertise and other characteristics in our workforce. We monitor and disclose our efforts to achieve greater diversity, such as the gender diversity of the Board and workforce, in addition to indicators such as the gender pay gap. Our workforce is 53% female and the average gender pay ratio is 1.2 as at 30 June 2023. We will strive to maintain a gender balanced workforce. Female Board member representation exceeded our 30% target during FY2023, increasing to 35.3%.

Five senior leaders from across the Group were members of the Male Allies Initiative during the 2022–2023 cycle. The Initiative is convened by The Women’s Foundation to advance workplace gender diversity and support women in decision-making roles. As part of the initiative, senior male leaders commit to actively create a more inclusive community and advocate for gender equality in their organisation.

Our parenting policies strive to enable all parents to pursue fulfilling and successful careers while raising children. For Hong Kong employees, we offer parents 14 weeks of full-pay maternity leave and five days of full-pay paternity leave, both exceeding statutory requirements. Our Family Care for Good initiative piloted new measures to further support our family-friendly culture. Find out more in the Promoting Employee Wellness section on the following page.

Detailed diversity data can be found in the Sustainability Performance Data Table 2023, available on our website.



Promoting Employee Wellness

MATERIAL TOPICS:

- Employee Wellness and Engagement
- Occupational Health and Safety

Wellness is a pillar of our sustainability strategy, and the wellbeing of our employees is an important priority. We consider wellness at work to include occupational health and safety and wellbeing, the key elements of employee satisfaction, productivity and sustainable business growth.

Ensuring Healthy and Safe Workplaces

**Lost-time Injury Rate
(per 100 employees)**

↓ 0.3



The safety of our employees is our number one priority, and we endeavour to always provide a safe and healthy work environment. In FY2023, the Group recorded a Lost-time Injury Rate (per 100 employees) (“LTIR”) of 0.3 within the reporting scope. We are fully committed to achieving zero fatalities at our workplace.

Our Health and Safety Policy guides our actions to ensure that our employees, contractors, tenants and visitors are safe at our buildings, facilities and construction sites in compliance with all applicable laws and regulations. The policy is regularly updated and available to all visitors to our premises.

We have robust mechanisms in place that measure, monitor and evaluate our safety performance and that of our suppliers, aligned to industry-specific standards and referencing international best practice. Hazard identification and risk assessments are carried out using standardised procedures, including hazard identification, mitigation measures, hazardous materials assessment and audit. We are as transparent as possible in our investigation and reporting of incidents, as well as on any remedial and improvement actions that have been taken. NWCL’s safety management system is ISO 45001 accredited for its office management and construction activities to support both office and frontline employees and stakeholders and has achieved its target to attain certification by the end of 2022.

Regular health and safety training for employees and contractors is conducted at all construction sites to ensure common safety practices. Our employees regularly attend training in topics such as first aid, fire safety and prevention, and avoiding back injuries to upskill asset teams. We also supported the Labour Department and the Occupational Safety and Health (“OSH”) Council’s joint Heart Caring Campaign this year to raise awareness of the prevention of cerebro-cardiovascular diseases.

Detailed health and safety data can be found in the Sustainability Performance Data Table 2023, available on our website.



Visit our website for details of our Health and Safety Policy.

Supporting Employee Wellness and Wellbeing

Workplace wellbeing continues to increase in importance for our employees, customers and across society. We promote workplace wellness by providing physical and virtual programmes that encourage healthy and active lifestyles.

During the year, more than 400 employees participated in physical wellness activities. The New World Sports Club encourages employees to take part in sports activities organised by the Group, providing opportunities to experience the benefits of exercise, work-life balance, trust, and team spirit.

BUs also coordinated physical wellness activities to release stress and appreciate the importance of exercise to mental and physical health. Highlights in FY2023 include a seven-a-side soccer tournament for 180 employees and partners, and a Muay Thai Experience for 59 employees that motivated many to start a regular exercise routine.

To keep employees safe and prevent heat stroke during the record-breaking hot summer, we distributed over 5,880 bottles of iced, heat-relieving herbal teas to frontline construction employees on particularly hot days.

Supporting a Family-Friendly Culture

Acting on feedback from our FY2022 Employee Satisfaction Survey, we launched the Family Care for Good initiative in July 2022 as a three-month pilot programme to explore new approaches to work arrangements. The initiative offered both office and frontline employees range of work arrangements that best suit their circumstances.

The pilot provided useful insights into employee preferences regarding work arrangements. We will continue to explore new approaches to work-life integration to improve the physical and mental wellbeing of our employees, and are now trialling a wellness initiative that allows employees more autonomy and flexibility in selecting physical and mental wellness benefits, activities and support that best suit their needs.

Creating Sustainable Communities

Caring through Sharing

MATERIAL TOPICS:

- Community Development and Engagement
- Community Wellness

We strive to create vibrant, resilient communities that celebrate the convenience, beauty and creativity of their people and environment, and improve quality of life. We invest in and engage with local communities to support their wellbeing and ongoing development through programmes and initiatives. By developing strong partnerships and fostering creativity and innovation for a brighter future, we aim to achieve long-term positive community impacts.

>11,000
Volunteering hours



>300,000
Share for Good beneficiaries



Caring is a pillar of our sustainability strategy and reflects our focus on creating shared value for our communities and culture. Sharing our time and resources to support those in need is an important contribution we can make, and one that our employees enthusiastically support. We focus on areas including art and culture promotion, health and wellbeing, social mobility and youth development.

Now in its second year, more than 300,000 beneficiaries have benefitted from the Share for Good crowd-donation platform, which has connected more than 200 enterprises

with 120 NGO partners. Launched in March 2022 during the pandemic, support from across society has expanded the platform's reach to a wider group of beneficiaries.

Employee volunteering is another contribution we make to our communities and society. Employees completed more than 11,000 hours of volunteering in FY2023 through initiatives coordinated by our BU volunteering teams. In December 2022, our Volunteering Day brought more than 100 employees and their families together to support community groups and organisations. Find out more about our volunteering efforts in the case studies on the following page.

We support community groups through charitable foundations, donations and partnerships. NWCL continued several successful partnerships during FY2023, including with Wilber Foundation to deliver a series of Wonderful Star Market events to support critically ill children in Guangzhou. NWCL also supports the St. James Settlement Green Smart Warrior programme, which provides STEM and sustainability education to children from low-income families in Hong Kong. 90 students completed the two-year programme in FY2023, with 81% reporting improved problem-solving and decision-making skills, and increased motivation to learn.

Kai Tak Sports Park hosted the 100KM Treadmill Charity Challenge, Hong Kong's first large-scale indoor treadmill ultra-marathon, to raise funds for the Kai Tak Sports Initiative. More than 500 runners came together to run 2,000 kilometres, including elite athletes, celebrities as well as representatives from enterprises, institutions, and running clubs. The two-day event raised more than HK\$540,000 for the Kai Tak Sports Initiative, which promotes physical and mental health through sports and fitness.

We believe everyone can contribute to the sustainable development of society. We apply our passion for innovation to social challenges and community causes to empower future generations.

Creating Sustainable Communities through Innovative Housing Solutions

New World Build for Good is our not-for-profit social housing enterprise working to address the housing affordability challenge in Hong Kong. The enterprise brings together experts from different fields to develop innovative housing solutions.

New World Build for Good is developing Hong Kong's first ever not-for-profit privately subsidised housing project, which aims to build and sell around 300 flats at a below-market price to assist young families in purchasing an affordable home.

Four transitional housing projects are now in different planning and construction phases and will create approximately 3,000 affordable units on land donated by NWD to the HKSAR Government. Among them, the first

two projects are scheduled for completion and move-in between Q4 2023 and Q1 2024.

Adhering to our vision of CSV, we also created Hong Kong's first "Smart Community" in transitional housing projects, collaborating with four major corporations and organisations. This initiative will bring together enterprises and NGOs in the fields of innovative technology, education, healthcare and emergency support, and introduce a range of next-generation solutions to address the housing needs and promote the upward mobility of the grassroots community.

NWD will continue to collaborate with NGOs and government to improve housing opportunities. Our leading position in the real estate market and focus on social impact provide a unique opportunity to advance housing initiatives and create shared value for future generations.

Caring through Sharing

Solidarity through Volunteering

We celebrated International Volunteering Day by joining together for a Group-wide Volunteering Day. The event echoed the UN theme “solidarity through volunteering” and our collective power to drive positive change through volunteerism. More than 100 employees and their families provided volunteer services for 320 beneficiary groups across Hong Kong.



Some volunteers visited Impact Kommons social enterprise V Cycle’s headquarters in Tuen Mun, where they helped sort plastic waste and joined a sharing session by V Cycle and their elderly employees, who were formerly waste

pickers, on their daily sorting work and green tips. Through this volunteering activity, our employees also learned about plastic waste and upcycling and the challenges faced by underprivileged elderly, highlighting the importance of sustainable development.

Another group of volunteers participated in a Community Cultural Tour and Folk Cuisine Workshop at the Blue House with ten underprivileged families from Hong Kong Christian Service. Docents from St. James Settlement shared the Blue House Cluster’s history, the lives of its early residents, and community development during the tour. The families and our volunteers then learned about Wan Chai’s social history as they prepared authentic local folk cuisine.



Contributing to Communities in Need

Our volunteering efforts include smaller local acts of caring to make a difference to the communities where we operate.

NWDS employees shared messages and care packages with the elderly residents in Beijing to celebrate the Dragon Boat Festival. Store employees volunteered to support sanitation workers, expressing our respect for their hard work and contribution to our cities. The NWDS Beijing Chongwen Store coordinated with the local authority to donate 800 sets of clothes to a small remote community in Inner Mongolia, assisting the community to withstand below freezing winter temperatures.

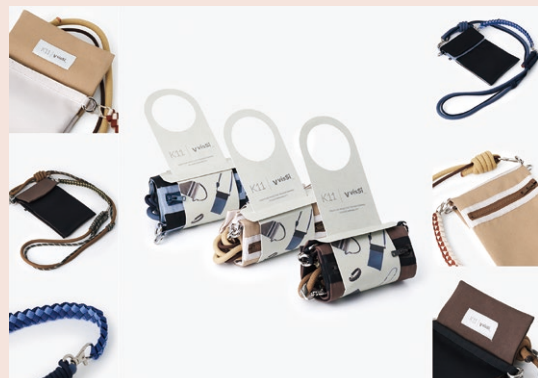
Through its “Love ASAP” initiative, NWCON provided 22,000 hot meals from social enterprise Holy Café to local elderly across six months and funded four festive activities at the café for locals to enjoy. The NWCON team also offered door-to-door repair services, warm clothes and daily essentials for underprivileged elderly in Cheung Sha Wan, providing support, conversation and care for residents.

We continue to provide diverse volunteering opportunities for our employees to promote volunteerism and create shared value for the communities we serve.

Combining Upcycling and Upskilling to Create Shared Value

In collaboration with V Visionary Design Studio, a startup under Cohort 3 of Impact Kommons, we co-created a social inclusion programme to upskill underprivileged women and promote genuine sustainability in the fashion industry.

Together with retired professionals and volunteers from New World Group, more than 200 underprivileged women and students have gained skills in sewing, weaving and upcycling since February 2022. The programme has produced more than 300 crossbody bags made from upcycled materials, which was launched on the K11 eShop in March 2023.



Empowering the Next Generation through Creative Thinking

Nurturing Future Leaders

Education and leadership development are important elements to encourage young people to contribute to sustainable development. We support sporting, educational and cultural initiatives that nurture future leaders and develop young people. We continue to partner with a host of sporting organisations and events, including the New World Harbour Race organised by the Hong Kong China Swimming Association.

Through the New World Springboard programme, over 1,200 students from under-resourced families have benefitted from professional sports training, life skills and career planning advice since 2012. Find out more in the case study below.

We support the HKSAR Government's Strive and Rise Programme promoting upward mobility of teenagers and addressing intergenerational poverty. More than 120 employees acted as mentors in this year's programme, paired with student mentees to support them in navigating development opportunities and establishing positive life goals. As a programme partner, we also hosted Art Tech Experience Day, inviting industry professionals to share industry developments and job opportunities. Through Strive and Rise, we hope to inspire young people, unleash their potential and develop them into inspiring leaders and positive forces for society.

Supporting Young People through Sport

Sports participation provides young people with valuable life skills, including building self-confidence, teamwork, resilience, and leadership. We support initiatives across a range of sports that develop the skills and talents of young people. New World Springboard's Rope Skipping Programme provides enriching development opportunities for students with special education needs. After training online through the pandemic, seven Springboard students qualified to participate in-person at the All Hong Kong Age Group Rope Skipping Competition held by Hong Kong Rope Skipping Association, China, in October 2022. Students relished the opportunity to showcase their talent and years of hard work at the competition, which strengthened their self-esteem and confidence.

Springboard participants from the swimming programme also joined 1,200 fellow swimmers for the annual New World Harbour Race in October 2022.



Young people are building their snooker skills thanks to a collaboration between D•PARK and Cheers Up Foundation. The child-friendly snooker room is part of the mall's Multiple Intelligence Zone, which launched in October 2022 to host activities to increase community health and wellbeing through sport. More than 64,000 young people have benefitted from the programme, including the snooker workshops developed with international snooker star Marco Fu.

Showcasing Career Pathways for the Workers of Tomorrow

During the year, New World Facilities Management ("NWFM") participated in the Business-School Partnership Programme ("BSPP"), an initiative of the Hong Kong Education Bureau, to encourage students to consider a career in facilities management. The programme introduces students to the management and operation of our buildings and the job opportunities available in our industry.

More than 450 students took part in this programme at Youth Square and Y Loft in FY2023, gaining insight into how we run our facilities, venues and hostels. Our employees supported the students as they completed work experience tasks and learning activities that built their confidence, communication skills, and work ethic.

Enriching Life through Art

Grounded in The Artisanal Movement, our philosophy celebrates art and the artistic process as a means of enriching the inner lives of our stakeholders. We create platforms to nurture and incubate artists through exhibitions, artist residences, and educational programmes. We celebrate art and traditional crafts in our buildings, places and public spaces.

Children explored art creation and appreciation in the Go Art-Tech Leadership Programme 2022, led by K11 with Origin Charity Foundation and Hong Kong Multimedia Design Association. Around 600 schoolchildren and teenagers enjoyed art tours and art-tech workshops at K11 MUSEA, creating their own NFT or digital artworks guided by experienced tutors and enhancing their interest in artistic endeavours. The launch of the programme was supported by representatives of the HKSAR Government.

Impact Kommons Cohort 4 startup Earthero Studio co-organised a sustainable fashion exhibition, *K11 Presents: Daydream Believer – Art-isan Collective by Earthero Studio*. Eight local artists hand painted artworks onto deadstock fabric leftover from the manufacturing process, with each dissected into nine squares to form a puzzle. The deconstructed artworks were scattered across Nature Discovery Park, challenging visitors to imagine each artwork reassembled. A portion of the profits made from artwork t-shirts were donated to a charity that focuses on raising environmental consciousness.

The K11 Art Foundation fosters the development of Chinese contemporary art and champions emerging Asian artists to reflect the diversity and dynamism of the continent's art scene and to support the global art ecosystem. The Foundation hosted *City As Studio*, a major exhibition of internationally renowned street art at K11 MUSEA in early 2023. Talks, screenings, audio guides and guided tours accompanied the exhibition, with visitors encouraged to create their own art on the interactive graffiti wall and explore their artistic talents in the education corner.

Ahead of the exhibition, Avenue of Stars, K11 MUSEA and K11 Art Foundation co-organised the first-ever chalk drawing at the Victoria Dockside Promenade. Over 200 diverse participants including schools, NGOs and artists co-created a 60-metre-long chalk drawing to demonstrate the creators' pursuit of diversity and inclusivity in the community.



“ ***This community art event will not only help to cultivate an appreciation for street art, but also echoes K11 Group’s social commitment on inclusion and diversity.*** ”

– Dr. Adrian Cheng, Founder of 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 2022 to 30 June 2023 and the latest initiatives after FY2023 where specified.

Reporting Boundary

This section covers NWD's businesses over which NWD has operational control. This coverage includes our businesses under NWD, NWCL and K11 Concepts Limited.

In FY2023, we adjusted our reporting scope including environmental and social aspects to better align with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Individually listed subsidiaries NWSH and NWDS have been reclassified as investments contributing to our Scope 3 emissions and more comprehensive sustainability disclosures can be found in their respective reports. The disclosures of NWSH and NWDS within this refined reporting scope reflect the boundaries of our operational control.

In addition, due to the disposal of the NWCON business effective FY2023, we have further updated the social aspect of our reporting scope to exclude NWCON data. We will continue to update our reporting scope in FY2024.

SV2030 Targets Boundary

The scope of our SV2030 Green, Wellness and Caring targets focuses primarily on our key businesses with more mature performance data. Our SV2030 targets also include NWSH and NWDS. Our SV2030 targets use revenue to calculate intensity metrics due to the diverse business nature of the Group's portfolio, as revenue is the common thread that can be adopted across sectors. Performance against our SV2030 targets for FY2023 can be found in the Overview of SV2030 section.

Our SV2030 targets were developed and announced in FY2018 to demonstrate our ambition and commitment to sustainable development. Due to the disposal of NWCON effective FY2023, and reclassification of NWDS and NWSH as investments contributing to Scope 3 emissions, we are updating our SV2030 targets with improved scoping methodology to better reflect our current business activities, which we aim to disclose and report from FY2024 onwards.

Sustainability Website

Supplementary information, such as the Sustainability Performance Data Table 2023, content index and limited assurance report, is available on the NWD Sustainability Website (<https://sustainability.nwd.com.hk/>).

ESG Reporting Standards

This section has been prepared in accordance with the requirements of the Environmental, Social and Governance 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, and
- The Ten Principles of the UNGC, as an annual Communication on Progress.

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. Please refer to our Materiality section for more information.
- **Quantitative:** Gives updates on targets and key performance indicators ("KPIs"). Please refer to our Sustainability Performance Data Table 2023 for more information.
- **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 oversees the content of this section. This Corporate Sustainability section has been reviewed and approved by the Board.

Selected data and information contained in the Sustainability Performance Data Table 2023 on our website have been independently verified by PricewaterhouseCoopers 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 limited assurance report 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.

If there is any inconsistency or conflict between the English and the Chinese versions, the English version shall prevail.