



**新創建 NWS**

**NWS HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

STOCK CODE: 659

**SUSTAINABILITY  
REPORT**

**2019**



**CONNECTING LIVES • BUILDING FUTURES**



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Where the English and the Chinese conflict, the English text prevails.

# CEO MESSAGE



The fiscal year 2019 (FY2019) is significant for NWS Holdings Limited (NWS Holdings). We regrouped our business division into Core Business and Strategic Portfolio to concentrate on the competitive edge, with a sharper focus on the need for agility and adaptability in facing market challenges and achieving sustainable growth of our business. We have equipped ourselves to better encounter emerging sustainability trends and changing market demands, including those resulting from climate change. We are poised to seize future growth opportunities and deliver long-term value for our stakeholders.

## PREPAREDNESS TO EMERGING RISKS OF CLIMATE CHANGE

Sustainability has become an increasingly important issue in business. We have continued to develop our infrastructure and capacity to meet emerging risks. Our board-level Sustainability Committee was revamped in FY2019; we now have defined [terms of reference](#) and, for the first time, we have officially integrated Environmental, Social and Governance (ESG) considerations into our enterprise risk assessment. We have also redefined the remit of our Sustainability Department, with an emphasis on driving Group-wide initiatives across our businesses and functions. Our annual Group-wide Sustainability Seminar was held for the seventh year which involved over 230 staff members across all of our business units, and included the Board of Directors and senior management.

As a clear commitment to sustainability, we announced our FY2030 environmental targets for reducing greenhouse gas emissions, resource consumption and waste. These contribute to New World Sustainability Vision 2030 (SV2030) targets of our parent company, New World Development Company Limited (NWD). In addition, we have better aligned our sustainable development goals with the SV2030 pillars: Green, Wellness, Caring and Smart. We operate in a range of industry sectors, and have been carefully identifying the ways that each of our businesses can best contribute to specific sustainable development goals.

Our daily operations already incorporate many aspects of best practice regarding the environment, and we constantly seek new technologies and innovative solutions to further mitigate our environmental impact. To improve air quality, we have introduced new low-emission Euro 6 buses; now, over 95% of our bus fleet is Euro 5 or above. On our ferries, we have installed more environmentally-friendly engines to reduce soot emissions.

Hip Hing Group continues to deliver world-class, green and technically challenging projects. These include the newly opened Xiqu Centre, a building designed and constructed to meet BEAM Plus Gold standards and the environmentally-innovative InnoCell, which is one of the first to adopt modular integrated construction method in Hong Kong. The business is also identifying and developing innovative site-management systems that can reduce our impact on the environment and improve site safety.

FY2019 saw the beginning of large-scale renovation on the Hong Kong Convention and Exhibition Centre (HKCEC) facilities and infrastructure. The Five-Year Advancement Project not only modernises this landmark Hong Kong building, but also incorporates new measures to improve staff and visitor comfort and save energy. Our new sustainability initiative, "Think Before Plastic", prompted the removal of single-use plastic cutlery and straws at all HKCEC restaurants and concession stands. I am delighted that our sustainability initiative was recognised with The 2019 UFI Sustainable Development Award by the Global Association of the Exhibition Industry.

## LOOKING AHEAD

This is a time of intense pressure on business. We face challenges from global issues of climate change and pollution together with increasingly stricter requirements by regulators and investors, the need for effective management of environmental, social and corporate governance has never been clearer. We strive to continually build our resilience in facing these challenges. In close cooperation with our parent company and our business units, we are working seamlessly for the benefit of all our stakeholders. We are confident that our operations and our work with the community will deliver sustainable business growth in the long term.



**MA Siu Cheung**

Chief Executive Officer and Chairman of Sustainability Committee

# ABOUT THIS REPORT

## REPORTING STANDARDS

This report is prepared in accordance with the ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (SEHK), and with reference to the Core option of the Global Reporting Initiative (GRI) Standards.

## REPORTING PERIOD

Covering 1 July 2018 to 30 June 2019 (FY2019), this report provides an overview of NWS Holdings' sustainability performance. Both qualitative information and quantitative data have been included to demonstrate our commitment to sustainability and our performance.

## REPORTING SCOPE

While ESG considerations are taken into account throughout the businesses and investments of NWS Holdings and its subsidiaries, collectively "the Group", our Sustainability Report features the performance of entities and business units in which the Group holds a controlling interest.

Unless otherwise stated, the Sustainability Report comprises performance information for the Corporate Office of NWS Holdings and our business units in four key business segments: Roads, Construction, Facilities Management and Transport represented by the business units listed below:

Business Segment	Business Units
Roads	Hangzhou Guoyi Expressway and Bridge Management Co., Ltd for Hangzhou Ring Road (Hangzhou Guoyi)
Construction	Hip Hing Construction Group (Hip Hing)
Facilities Management	Hong Kong Convention and Exhibition Centre (Management) Limited (HML) Free Duty
Transport	New World First Bus Services Limited (NWFB) and Citybus Limited (Citybus) New World First Ferry Services Limited (NWFF)
Others	Corporate Office of NWS Holdings

Note: New World Construction Company Limited has been a wholly owned subsidiary of NWD since 21 August 2018, and is therefore excluded from the scope of the Group's sustainability reporting in FY2019.

## ASSURANCE AND VERIFICATION

This report has been independently verified to assure the fulfilment of the reporting standards listed above. The independent assurance statement can be found in the Assurance Statement section of this report.

## CONTACT

We appreciate your feedback and suggestions. If you have any comments, please contact us at [sustainability@nws.com.hk](mailto:sustainability@nws.com.hk).

# OUR BUSINESS

NWS Holdings (Hong Kong stock code: 659), headquartered and listed in Hong Kong, invests and operates a wide range of businesses predominantly in Hong Kong and across Greater China. Our core businesses include the development of and/or investment in operation of roads, commercial aircraft leasing and construction, while we also manage a strategic portfolio spanning sectors from environment, logistics and facilities management to transport.

As the diversified industries flagship of NWD (Hong Kong stock code: 17), NWS Holdings seeks to foster long-term and sustainable growth that benefits our employees, investors and other stakeholders. For further details on entities included in our consolidated financial statements and our financial performance in FY2019, please refer to the [Project Key Facts and Figures](#) section and the [Reports and Financial Statements](#) section of our Annual Report 2019.

## REPORTING SCOPE AND INDUSTRY COVERED



### Construction

**Hip Hing** — A leading construction company in Hong Kong, Hip Hing provides professional design, procurement, engineering and construction services to a wide range of public, commercial and private projects.

**Vibro** — Vibro (H.K.) Limited, a member of Hip Hing, is principally engaged in the design and construction of foundations and civil engineering works, as well as site investigation in the public and private sectors.

For additional achievement and activities, please visit [Hip Hing Voice](#).



### Facilities Management

**HML** — The HKCEC is managed by our wholly-owned subsidiary, HML. With 91,500 square metres of gross rentable space, HKCEC is an award-winning venue for international exhibitions and conventions. HKCEC has firmly established itself as an iconic landmark and has repeatedly won awards for being the best convention and exhibition centre in Asia over many years.

For additional information, please refer to [2018-2019 Activities & Achievements — Transformation](#).

**Free Duty** — Free Duty retails duty free tobacco, liquor, perfume, cosmetics, packaged food and general merchandise at Hong Kong's cross-border transport terminals, Hong Kong International Airport and Hong Kong-Zhuhai-Macao Bridge (Hong Kong Port).



### Transport

**NWFB and Citybus** — With a combined fleet of more than 1,600 buses, these two companies operate more than 200 routes in Hong Kong, serving more than one million passengers a day.

Please visit NWFB and Citybus' website for the latest [Fuller Disclosures](#).

**NWFF** — Operating five main routes between Hong Kong's inner harbour and the outlying islands, NWFF carries more than 36,000 passengers daily on its 17 owned and three chartered vessels.

For additional news of NWFF, please visit the [quarterly newsletter](#).



### Roads<sup>1</sup>

**Hangzhou Guoyi** — Mainly responsible for the management of Hangzhou Ring Road, a round-the-city-highway in Zhejiang Province of Mainland China. Our 103km expressway has two to three-lane carriageways with an average daily traffic flow passing through our toll stations of over 88,000 vehicles. There are altogether eight functional departments including two service areas, 14 toll stations, a tunnel and a rescue team under our management.

For latest news of Hangzhou Guoyi, please scan QR code to add WeChat connection.



<sup>1</sup> The Group is the operator and involves no design or construction of the roads.

# PERFORMANCE HIGHLIGHTS

Approximately  
**17,000**  
volunteer hours were  
contributed by our  
corporate volunteers



Awarded as  
one of the  
**BEST  
COMPANIES**  
to work for in Asia 2019 –  
Hong Kong Chapter



**10,798**  
employee



**ZERO** reported  
incident of  
corruption case



**ZERO** fatality at  
construction site



Less than  
**370,000**  
tonnes CO<sub>2</sub>e of  
greenhouse gas  
emissions



over **95%** of our  
entire bus fleet meets  
Euro 5 emission  
standards or above



Biodiesel contributed to  
over **80%**  
of total diesel use at  
construction sites

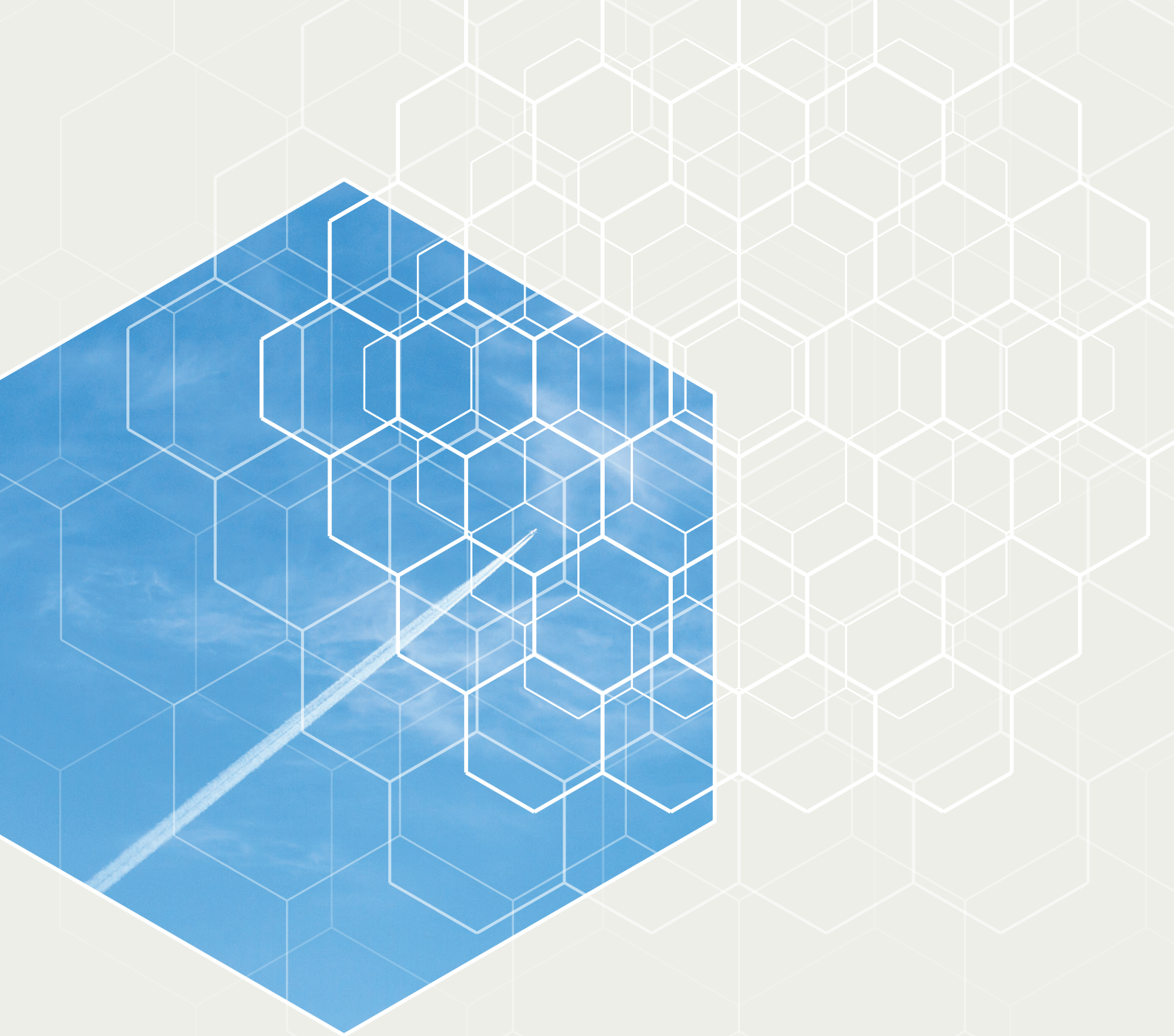


**8<sup>th</sup>**  
**CONSECUTIVE  
YEAR**

as a constituent stock of  
the Hang Seng Corporate  
Sustainability Benchmark  
Index

Over  
HK\$ **5.7** million  
contributed to charitable  
causes through the  
NWS Holdings  
Charities Foundation





# **CORPORATE GOVERNANCE**



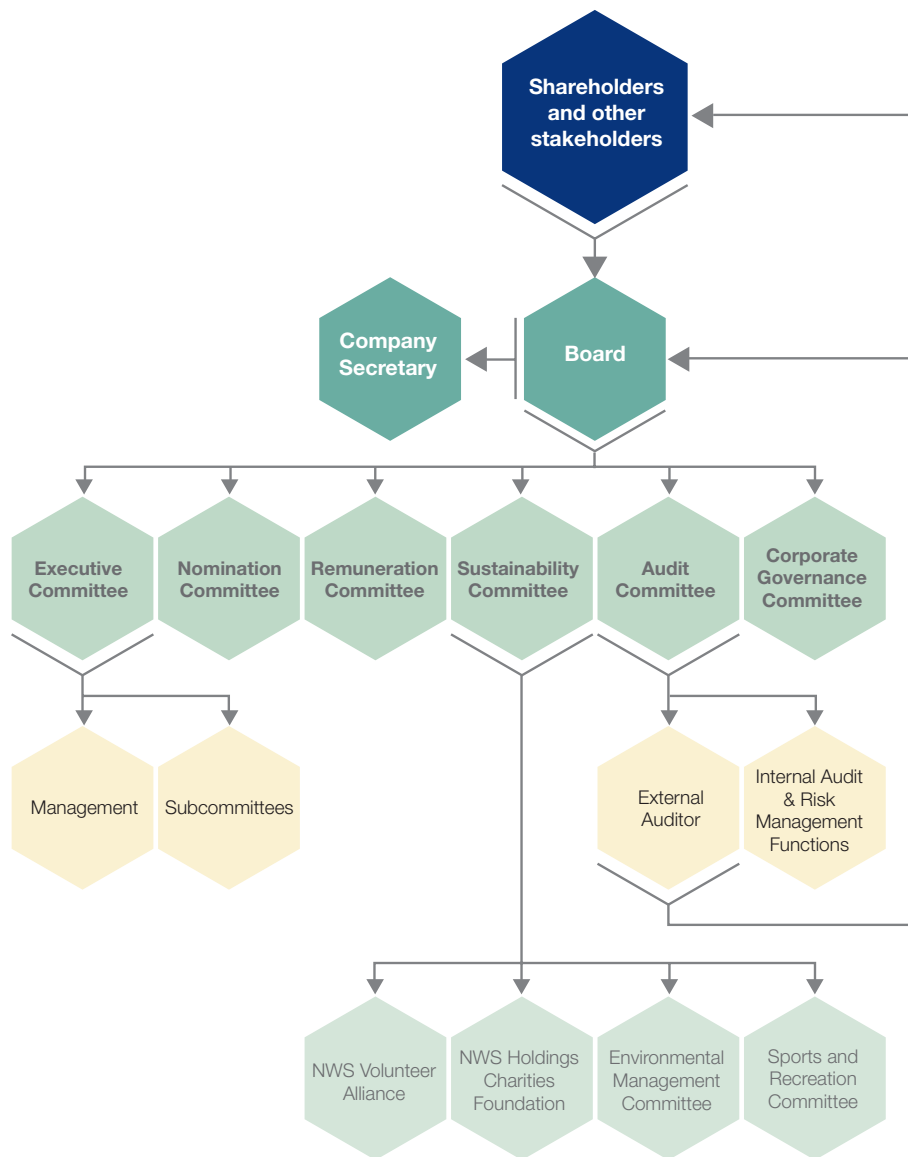
# CORPORATE GOVERNANCE

The Company has been committed to maintaining a high standard of corporate governance and we are devoted to improving our practices in light of regulatory requirements and the expectations of the investors. The Company has complied with all applicable code provisions in the Corporate Governance Code (the CG Code) contained in Appendix 14 of the Hong Kong Listing Rules throughout FY2019.

## GOVERNANCE FRAMEWORK

The Board of Directors (the Board) is to protect and enhance long-term shareholder value, overseeing the long-term success of the Group. It sets the overall strategy, supervises executive management and ensures good corporate governance policies and practices are implemented within the Group, upholding the highest standards of integrity and ethics.

*NWS Holdings Governance Framework*





In support of the Group's governance framework, comprehensive guidelines, policies and procedures have been formulated by the Board and are reviewed regularly by the Board and the relevant board committees. These guidelines and policies are updated in line with the latest amendments made to applicable legislations and rules, as well as with current market practices. Such guidelines and policies include:

- Directors' Manual
- Guidelines on Risk Management & Internal Control Systems
- [Whistleblowing Policy](#)
- Board Diversity Policy
- Shareholders' Communication Policy
- Corporate Governance Manual
- Corporate Policy on Staff Responsibility
- Disclosure Policy for Inside Information
- Dividend Policy
- [Terms of reference](#) for various board committees

The Board meets at quarterly intervals and holds additional meetings as the Board considers it appropriate. Five board meetings were held during FY2019. Ongoing training and seminars are provided to the Board to keep them abreast of the latest and emergent sustainability issues.

In FY2019, the Board members participated in the annual sustainability seminar, where they were updated on ESG topics such as the Recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), and shared news of the latest green initiatives among our business units.

### *Annual Sustainability Seminar*

The Group's annual sustainability seminar was held in June 2019 for senior management and staff, with over 230 attendees.

Themed "Pledge for a Sustainable Future", the seminar aimed to raise awareness among colleagues on the risks and challenges linked to climate change. A range of business units also shared their latest sustainability initiatives.

### **RISK MANAGEMENT**

The Enterprise Risk Management (ERM) Steering Group has been formed, composed of key managers and representatives from the Group's business units, and relevant department heads, to lead risk management initiatives. Our risk management and internal control systems have been designed referencing the "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the "Internal Control and Risk Management — A Basic Framework" issued by the Hong Kong Institute of Certified Public Accountants.

In addition to typical business risks, we consider ESG issues and their potential impact on our business. This is the first time we have examined enterprise risks in association with ESG, looking primarily at potential changes in government policy and major crises.

As we refine our business strategy and operations, we will be mindful of the potential impact of ESG and climate change. We refer to the building blocks of the recommendations of TCFD, governance, strategy, risk management and metrics and targets of environmental and climate-related matters, in preparing our sustainability disclosure. For instance, as a subsidiary of NWD, we have already begun reviewing the potential physical risks to our assets as a result of climate change.

A detailed look at our risk management and internal control systems, and the enterprise risk assessment results is available in the [Corporate Governance Report](#) section and the [Risk Management](#) section of our Annual Report 2019.

## **ETHICAL BUSINESS PRACTICES AND ANTI-CORRUPTION POLICIES**

We uphold the highest ethics and standards of corporate governance, both in our business operations and throughout the value chain. Long-standing policies demonstrate our expectations regarding the conduct of staff and suppliers in the following areas:

- Prevention of bribery and discrimination
- Human rights
- Health and safety

The Corporate Policy on Staff Responsibility and our Code of Conduct set out the standards of behaviour we expect from employees, and we have set out clear limits on gifts related to festive occasions. We have also adopted the [Supplier Code of Conduct](#) developed by our parent company, NWD, which sets out our expectations of suppliers.

## **WHISTLEBLOWING**

A [Whistleblowing Policy](#) enables staff to confidentially raise concerns about possible impropriety in any matter related to the Group, including misconduct, corruption or bribery. The Group Audit & Risk Assurance Department (GARA) investigates any reports in a confidential and timely manner. Any suspected fraud, malpractice or inappropriate behaviour can be reported directly to the Head of GARA, and a report on every investigation is submitted to the Executive Committee and the Audit Committee. Further details can be found in the [Whistleblowing Policy](#), available in our website.

During the reporting year, there were no cases of non-compliance with the Prevention of Bribery Ordinance (Cap. 201) or the Competition Ordinance (Cap. 619).

Please refer to the [Corporate Governance Report](#) section of our Annual Report 2019 for further details on our efforts to maintain the highest standards of corporate transparency and reliability in our reported financials.

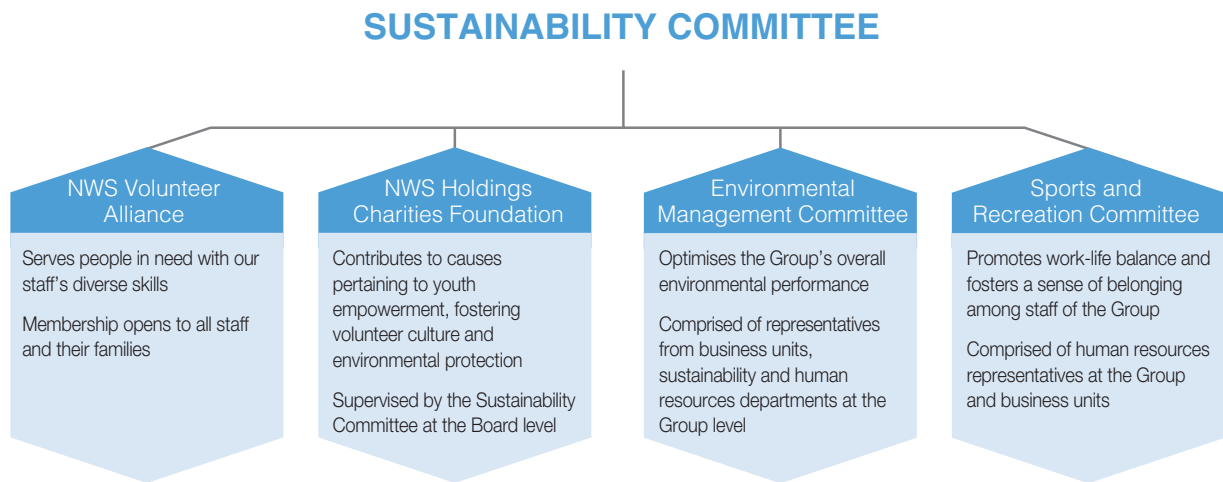
# OUR APPROACH TO SUSTAINABILITY

## GOVERNANCE AND MANAGEMENT

### Sustainability Committee

Our Sustainability Committee (the Committee) is a board-level committee chaired by the Chief Executive Officer and consists of two Executive Directors, three Non-executive Directors, and two Independent Non-executive Directors. The Committee is responsible for the governance of the Group's sustainability. Its role is to make strategic decisions on sustainability management and oversee their implementation. The Committee is supported by four groups or sub-committees that help drive sustainability initiatives throughout our operations. And this year, the Committee was revamped with defined [terms of reference](#).

#### Sustainability Governance Structure



The Committee meets at least once a year, and two meetings were held in FY2019. Details of the Committee's major responsibilities and performance in FY2019 can be found in the [Corporate Governance Report](#) section of the Annual Report 2019.

### Sustainability Policy

The Group believes that business success depends on sustainable development and creating shared value with our stakeholders. We are keenly aware of the impact our operations can have on the environment and communities if not properly managed. We therefore strive to contribute to the sustainable development of our business and society, going above and beyond compliance with laws and regulations.

To oversee the Group's sustainable development, we have a well-established framework of policies, dedicated committees and management systems. Together, these ensure we uphold our values of integrity, equity and transparency. We conduct regular policy and process reviews, staff training and communications, to ensure our approach to sustainability is well communicated and implemented.

Our [Sustainability Policy](#) provides top-down direction covering every aspect of our businesses. It sets out our commitment in four core areas: Business Operations, Human Capital, Environmental Responsibility and Community Contribution.

The following sections are an overview of the Group's progress on key aspects of sustainability management in FY2019.

## OUR GUIDING PRINCIPLES ON SUSTAINABILITY

### New World Sustainability Vision 2030



**NEW WORLD  
SUSTAINABILITY  
VISION 2030**

*Together, we create opportunities for a life well-lived*

New World Group believes that sustainability is a vital element of better living. As a New World Group member, we subscribe to the SV2030, which sets out a strategy under four pillars — Green, Wellness, Caring and Smart.

#### Green



#### **Moving us towards a greener future**

We preserve the environment through the way we operate and by investing in green initiatives that will make our cities fit for the future.

#### Wellness



#### **Promoting health in body and mind**

We enhance well-being through our business ventures and wellness programmes, and by designing spaces that work better for people.

#### Caring



#### **Nurturing our communities and culture**

We create opportunities wherever we are by supporting local communities, providing training for our people and their families, and preserving local heritage and identity for all to enjoy.

#### Smart



#### **Using innovation to unlock potential**

We enable green, wellness-related and caring initiatives with technology and collaborations.

## Contributing towards Global Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) tackle the most pressing environmental and social challenges of our time. As a responsible company, we pledge to protect the planet, and support stable and thriving societies.

This year, we have drawn on the SV2030 to focus on the four SDGs that are most relevant to the Group and that enable us to have the greatest impact.

### Sustainable Development Goals (SDGs) of focus



### SDGs' Relevance to NWS Holdings' Business Strategy

SDGs	SV2030	How We Help
		<ul style="list-style-type: none"> <li>Provide access to safe, effective and high-quality health care, offering quality medical treatment</li> <li>Enhance access to clean water; reduce environmental impacts through proper handling of emissions including hazardous chemicals, air, water and soil pollution</li> <li>Enhance customer experiences by improving quality of services in transportation, facilities management and roads operation</li> </ul>
		<ul style="list-style-type: none"> <li>Contribute to economic growth</li> <li>Enhance economic productivity through business diversification, technological upgrades and innovation</li> <li>Provide employment and decent work for women and men, including young people and those with disabilities, and provide equal opportunity and pay for work of equal value</li> <li>Protect labour rights and provide safe and secure working environments for all employees</li> </ul>
		<ul style="list-style-type: none"> <li>Provide safe, affordable, accessible and sustainable transport systems to the wider community and improve road safety</li> <li>Enhance inclusive and sustainable urbanisation in which people feel a sense of community</li> <li>Support positive economic, social and environmental links between urban and rural areas by strengthening national and regional development planning</li> <li>Environmental Conservation</li> </ul>
		<ul style="list-style-type: none"> <li>Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to communities in need</li> <li>Support effective and targeted capacity-building in communities to support the implementation of SDGs (environment related)</li> <li>Encourage and promote effective public, public-private and civil society partnerships</li> </ul>

## TARGET SETTING

While we are still refining our comprehensive strategic approach towards ESG, we are contributing to NWD's SV2030 and have set environmental targets for energy consumption, greenhouse gas emissions, freshwater consumption and waste production. Please refer to the Environment Performance section for further details.

## EMBEDDING SUSTAINABILITY IN OUR PRACTICES

As we expand our business, we are well-positioned to promote sustainable growth by supporting and growing sectors that have a positive impact on the environment and the communities in which we live and operate. Our investment decisions are driven not only by where the highest monetary returns are likely to be, but also where we can use to leverage our strengths to help make the world a better place. Our business spans a diverse range of industries, and we have varied levels of ownership and operational control over the entities in which we have a stake. We are progressively increasing consideration of ESG issues in our investment strategies, even for business units that are not currently covered by our Sustainability Report. For example, our Roads division is piloting smart monitoring to improve safety, traffic management and efficiency, and our Environment division is actively seeking out climate-related business opportunities such as waste-to-energy and wastewater treatment projects. We are constantly improving our approach to ESG and encouraging sustainability stewardship in our investment portfolio.

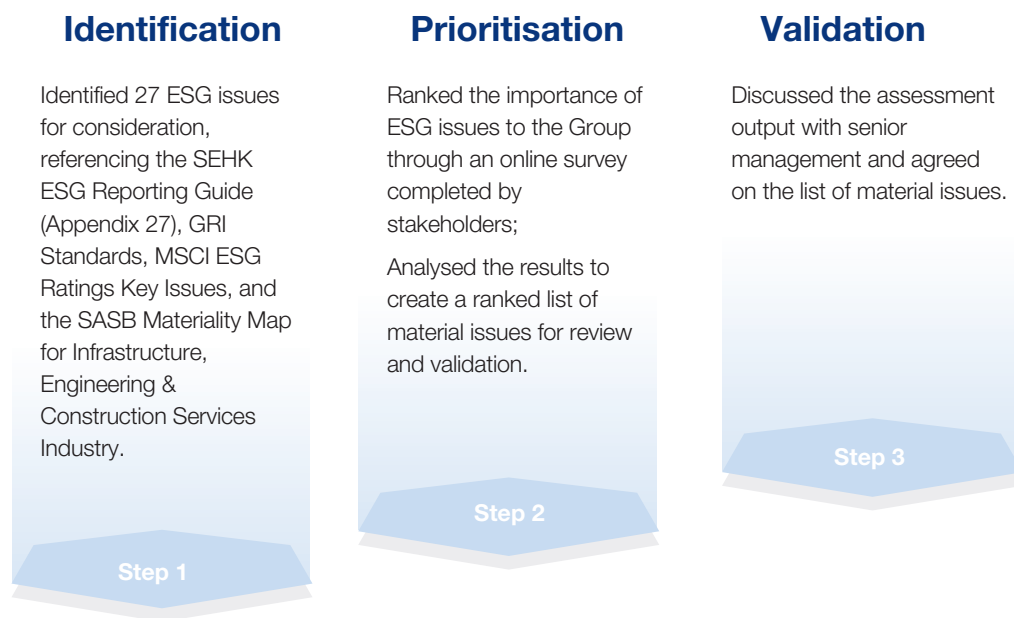


# STAKEHOLDER ENGAGEMENT AND MATERIALITY

We maintain ongoing engagement and open dialogue with our key stakeholders, so that we understand their expectations and views on how we manage sustainable development.

## STAKEHOLDER ENGAGEMENT

In FY2019, we commissioned an independent consultant to conduct stakeholder engagement that included an online survey, interviews and focus group discussions. These targeted more than 500 of our key internal and external stakeholders, including employees, customers, suppliers, business partners and peers, investors and financial analysts, non-governmental organisations (NGOs) and the media. Quantitative and qualitative data were collected to serve as the basis for constructing a materiality matrix and provide us with insights to enhance our sustainability strategies.



In addition to the above-mentioned stakeholder engagement exercise, we carry out regular engagement with various stakeholder groups. A summary of their key areas of concern and their respective engagement channels are summarised in the table on the next page. We have addressed and followed up on recommendations and concerns raised during the engagement process, and elaborated on our responses in the respective sections of the Sustainability Report.



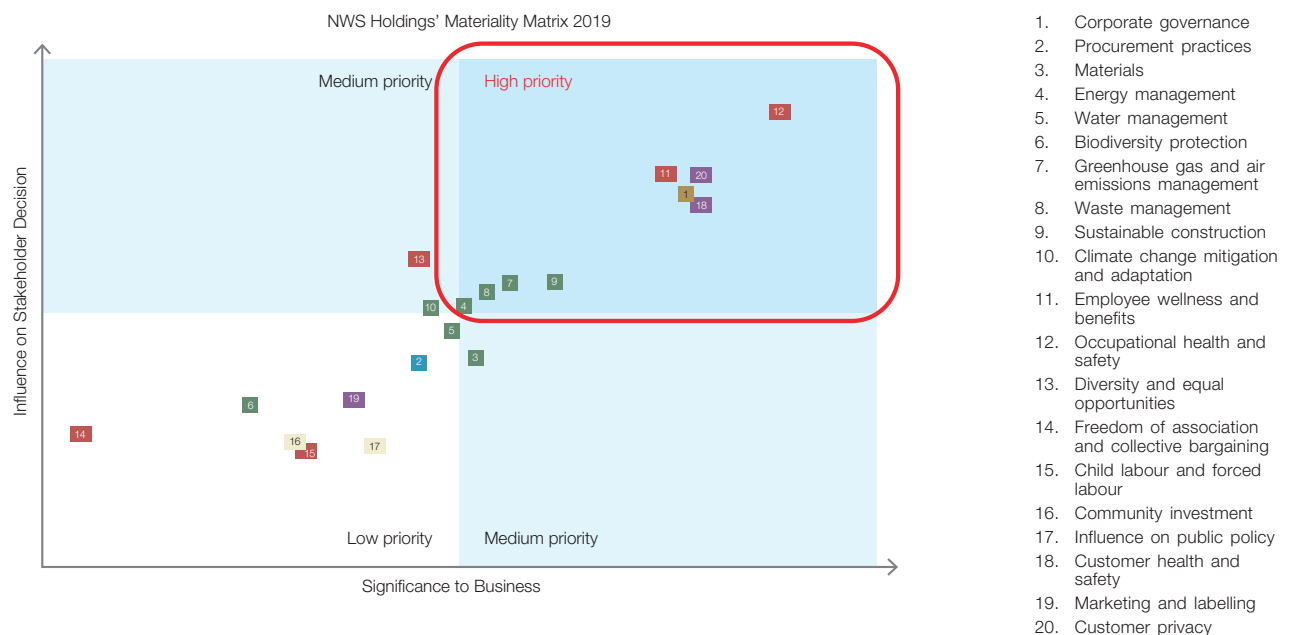
Key Stakeholder Groups and Communication Channels

Stakeholder Groups	Topics of Concern	Communication Channels
Employees	<ul style="list-style-type: none"> <li>• Corporate culture</li> <li>• Group or company business and policy updates</li> <li>• Occupational health and safety</li> <li>• Remuneration and benefits</li> <li>• Training and development</li> <li>• Working conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Intranet and company mobile apps</li> <li>• Management briefings, e.g. “Town Hall” meetings</li> <li>• Communication with union groups</li> <li>• Annual Sustainability Seminar</li> <li>• Executive directors’ luncheons</li> <li>• Staff newsletter e.g. New Voice</li> </ul>
Clients and Customers	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Customer satisfaction</li> <li>• Sustainability aspects of products and services</li> <li>• Pricing</li> <li>• Service quality</li> </ul>	<ul style="list-style-type: none"> <li>• NWFB and Citybus and NWFF mobile apps</li> <li>• Passenger liaison groups</li> <li>• Customer satisfaction surveys</li> <li>• Hotlines</li> <li>• Social media and company websites</li> </ul>
Supply Chain Partners	<ul style="list-style-type: none"> <li>• Construction site safety</li> <li>• Product and service specifications and quality</li> <li>• Labour rights and environmental protection</li> <li>• Innovative solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier Code of Conduct</li> <li>• Tendering and procurement processes</li> <li>• Regular management-partner meetings</li> <li>• Collaboration sessions</li> <li>• Site audits</li> </ul>
Government	<ul style="list-style-type: none"> <li>• Service quality</li> <li>• Transportation fares and scheduling</li> <li>• Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Project meetings</li> </ul>
Local Community	<ul style="list-style-type: none"> <li>• Construction impacts on nearby neighbourhoods</li> <li>• Occupational health and safety</li> <li>• Transportation fares and scheduling</li> <li>• Customer safety and satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• District Council meetings</li> <li>• Site visits</li> </ul>
Trade and Industry Associations	<ul style="list-style-type: none"> <li>• Experience and best-practice sharing</li> <li>• Labour issues</li> <li>• Market trends</li> <li>• Occupational health and safety</li> <li>• Environmental issues</li> </ul>	<ul style="list-style-type: none"> <li>• Membership/representation in trade and industry associations including unions</li> <li>• Seminars and conferences</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>• Financial, economic and operating performance</li> <li>• Growth strategies and business prospects</li> <li>• Sustainability/ESG approach</li> </ul>	<ul style="list-style-type: none"> <li>• Annual and interim reports</li> <li>• Annual general meetings and results announcements</li> <li>• Roadshows and briefings</li> <li>• Analyst meetings</li> </ul>

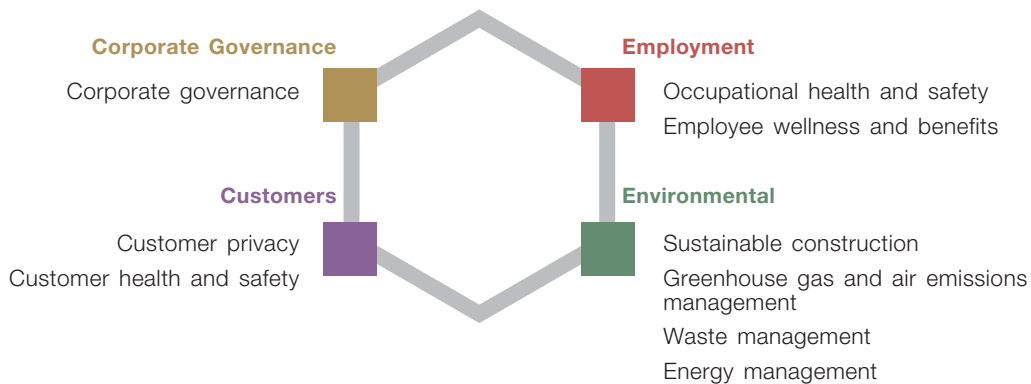
Stakeholder Groups	Topics of Concern	Communication Channels
Media	<ul style="list-style-type: none"> <li>• Business performance and new opportunities</li> <li>• Community investment</li> <li>• Customer satisfaction</li> <li>• Environmental performance</li> <li>• Labour issues</li> <li>• Health and safety</li> <li>• Transportation fares and scheduling</li> </ul>	<ul style="list-style-type: none"> <li>• Press conferences</li> <li>• Press releases</li> <li>• Communication events, e.g. luncheons</li> </ul>
NGOs	<ul style="list-style-type: none"> <li>• Community investment</li> <li>• ESG performance</li> <li>• Key sustainability trends</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership programmes</li> <li>• Sponsorships and donations</li> <li>• Award schemes</li> </ul>
Academia	<ul style="list-style-type: none"> <li>• New technologies</li> <li>• Recruitment and job opportunities</li> <li>• Training</li> <li>• Transportation fares and scheduling</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership programmes</li> <li>• Internships</li> <li>• Student research projects</li> <li>• Workshops and seminars</li> </ul>

### Materiality Result

A materiality matrix was constructed based on information collected during our stakeholder engagement with materiality of ESG issues prioritised. To help us better focus, nine ESG issues were identified as being both closest to the hearts of our stakeholders and most relevant to our business as follows:



Top 9 ESG Issues



The following table presents which stakeholder groups and industries are most significantly impacted by or are most concerned with the individual top material ESG issues.

Top Material ESG issues and their impact on stakeholder groups

Top Material Aspects	Impact to external stakeholders	Impact to internal stakeholders				
		Corporate level	Construction	Transport	Facility management	Roads
Corporate Governance	Δ	Δ	Δ	Δ	Δ	Δ
Employee Wellness & Benefits		Δ	Δ	Δ		
Occupational Health and Safety			Δ	Δ		
Customer Health & Safety	Δ			Δ	Δ	Δ
Customer Privacy	Δ				Δ	
Sustainable Construction	Δ		Δ		Δ	
Greenhouse Gas and Air Emissions Management	Δ	Δ	Δ	Δ	Δ	Δ
Waste Management	Δ	Δ	Δ		Δ	
Energy Management	Δ	Δ	Δ	Δ	Δ	

Δ Material issues posing most impacts to the stakeholder group

We proactively manage and monitor the identified material issues. For details, please refer to the [Corporate Governance Report](#) section, [Risk Management](#) section and [Management Discussion and Analysis](#) section of our Annual Report 2019 and relevant chapters in this report for more information on management approach.



# **HUMAN CAPITAL**

# HUMAN CAPITAL

We believe human capital is essential to the success of our company. We are committed to attracting and retaining talent, and believe that creating a diverse and inclusive environment for our staff improves innovation, employee retention and financial returns. We offer employees competitive remuneration and benefits, training and development opportunities, and a healthy work-life balance. We are determined to ensure our team thrives in a safe, healthy and friendly working environment with equal opportunity. Understanding the aspirations of our talented people is key to cultivating a strong sense of belonging, which in turn improves job satisfaction and productivity.

## EMPLOYMENT

We respect and appreciate people's social and cultural backgrounds and we instill the importance of inclusion into the entire workforce. We hire people based on their talent and potential, regardless of age, gender, ethnicity, religion, disability, sexual orientation or any other aspect of diversity in accordance with our [Sustainability Policy](#).

Policies and guidelines including the Code of Conduct, Human Rights Policy, and General Guidelines on Employment for the Race Discrimination Ordinance, guide our approach to employment. These help us address issues such as compensation and dismissal, equal opportunities and diversity, health and safety, and the environment. In addition to competitive remuneration and standard employee provisions such as retirement schemes and medical benefits, we offer benefits to full-time employees that go beyond those required by local labour laws. For example, full-time bus captains are provided with life and accident insurance as well as free travel passes for themselves and their families.

## CARING OF OUR EMPLOYEE



We care about our employees, and continuously raise the bar to provide better working environment and enhance job satisfaction. Our continuous effort enabled us to be named one of the HR Asia Best Companies to Work for in Asia 2019 — Hong Kong Chapter.

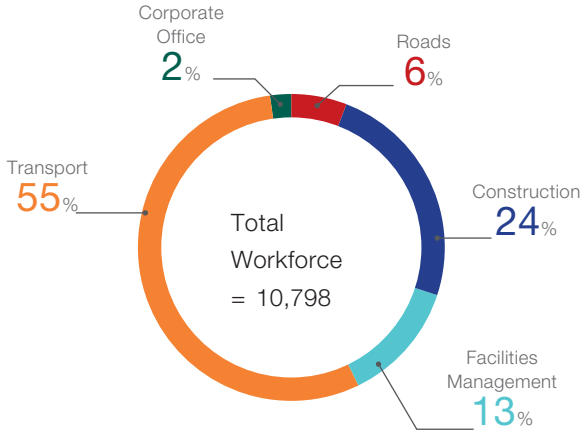


We regularly review and update our policies and guidelines to ensure we meet regulatory requirements. Our Corporate Policy on Staff Responsibility provides guidelines on best management practices and personal integrity was last updated in 2019. We comply with the Employment Ordinance (Cap. 57), Employment of Children Regulations (Cap. 57B), Employment of Young Persons (Industry) Regulations (Cap. 57C), anti-discrimination ordinances in Hong Kong, and local labour laws in other markets where we operate.

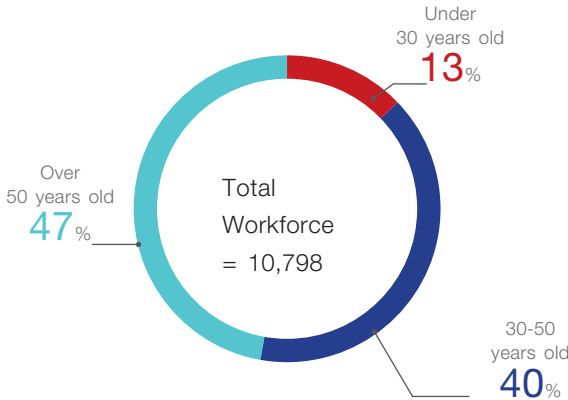
During the reporting year, there were no reported cases of non-compliance regarding employment that were significant to our business.

As of 30 June 2019, the total workforce of the reporting entities covered in the scope of this report was 10,798 employees; 14% were new hires and our employee turnover rate was 11% (including voluntary and involuntary leavers). Other demographic breakdowns are illustrated below:

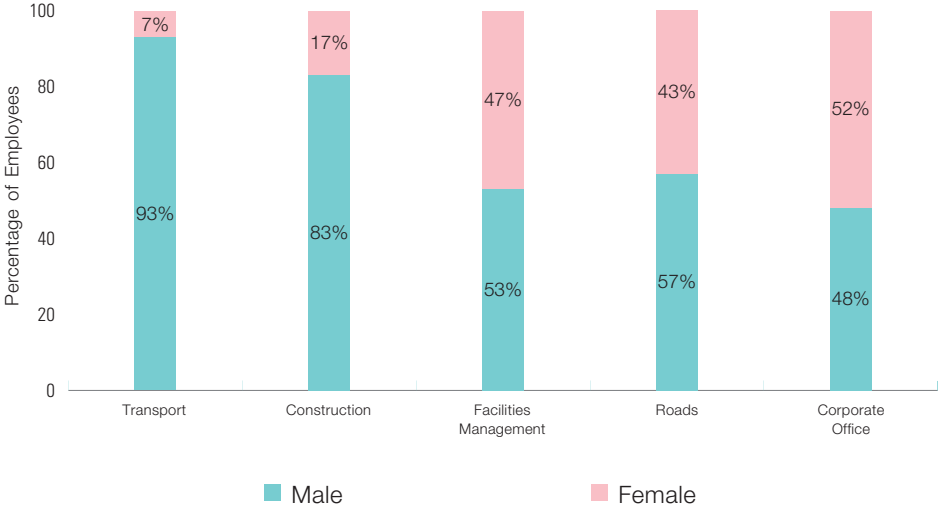
**Total Workforce by Industry**



**Total Workforce by Age Group**



**Gender Profile of Workforce by Industry**



## HUMAN RIGHTS AND LABOUR PRACTICES

We respect human rights and implement fair labour practices. We are committed to conducting business in a manner consistent with the principles of the United Nations Global Compact (UNGC) and have adopted its principles in our Human Rights Policy.

To provide a fair and inclusive workplace, no form of discrimination based on gender, race, religion, age, trade union membership, etc. is allowed as indicated by our Corporate Policy on Staff Responsibility. In line with UNGC principles, we strictly prohibit child labour and forced labour across our businesses. We respect the freedom of association and recognise the right to collective bargaining, such as that undertaken by employee unions for staff members at our transport and construction businesses. Throughout the year, we consistently hold meetings with representatives of unions or employees to discuss on topics from wage adjustments to benefits such as working conditions. For details on our efforts to provide employees with decent working conditions, please refer to the Employee Health and Safety section.

During the reporting year, there were no reported cases of non-compliance regarding labour practices on child and forced labour employment.

## TALENT MANAGEMENT

The long-term development of our employees is crucial to the growth of the Group. We invest in the development of employees to unleash their full potential as committed in our [Sustainability Policy](#). We manage and motivate our staff, offering rewards such as performance-based bonuses and a share option scheme. Our employees are entitled to the Education Subsidy Scheme, which aims to enhance their job-related skills and encourage their self-development.

### OVERSEAS TRAINING FOR HIGH-PERFORMING EMPLOYEES

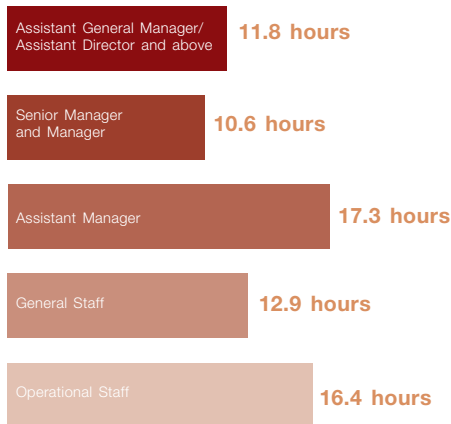


HML offers comprehensive training to employees whose focus is on venue management. During FY2019, high-performing employees are selected to participate in two overseas professional programmes: the Venue Management School (VMS) Programme in Australia, and the International Association of Convention Centres' (AIPC) Academy Professional Development Programme, in Belgium.

The Venue Management Association, a globally-recognised industry body, offers a two-year VMS Programme, with five days of training each year in Australia. The programme gives our future leaders the opportunity to exchange knowledge with practitioners from different countries, focusing on industry operation and higher-level management topics.

The five-day AIPC Academy Professional Development Programme offers our middle-management employees an opportunity to upgrade their skills and knowledge to meet industry best practice.

### Average Training Hours by Employees per Category in FY2019



### Average Training Hours by Gender per Category in FY2019



To nurture young talent and maintain a stable talent pool, some of our business units, particularly those prone to shortages of skilled workers offer on-the-job trainee programmes for fresh graduates. HML, NWFB and Citybus offer engineering and graduate trainee programmes for university graduates, while Hip Hing offers scholarships for universities and Vocational Training Council students studying construction-related courses, to attract qualified people to the industry and improve the pool of talent for future construction projects.

### EMPLOYEE ENGAGEMENT

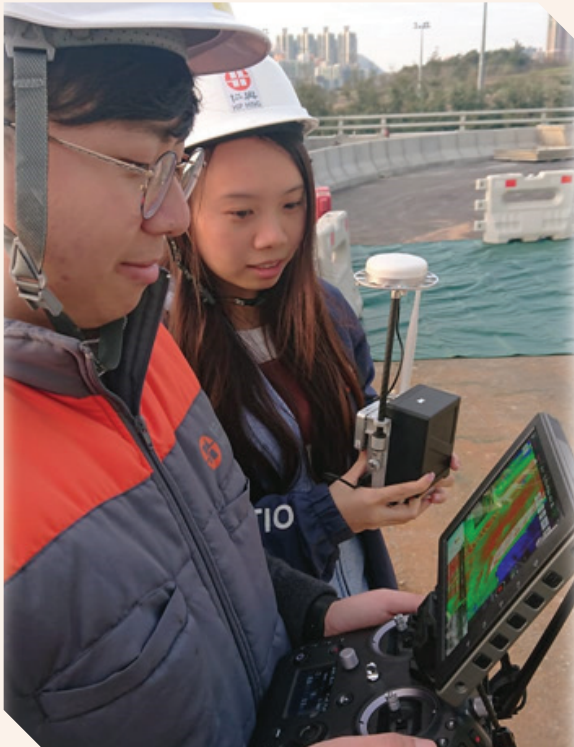
The Group strives to engage employees by understanding individuals' needs and enhancing their sense of unity with the Group. We facilitate dialogue between management and staff, with regular employee satisfaction surveys, "Town Hall" meetings to communicate with staff members on corporate direction and business development, and regular meetings with unions to discuss employees' ideas on improving the workplace environment.

To strengthen team spirit, we hold regular recreational events, celebrate the promotion of high-performing employees, and welcome new joiners. The Hip Hing Spirit/Vibro Spirit/Quon Hing Spirit Annual Recognition Award ceremony is just one of the ways in which we show our appreciation of high-performing employees.

### EMPLOYEE HEALTH AND SAFETY

Occupational health and safety (OHS) is essential to our operations, and we are committed to building a healthy and safe workplace for our employees as stated in our [Sustainability Policy](#). We strictly observe the Occupational Safety and Health Ordinance (Cap. 509) and have policies and dedicated management committees for OHS, especially in high-risk areas such as construction sites and transport operations. Hip Hing has a management-worker safety committee at each construction site to review site conditions and implement site-specific safety measures. Going beyond compliance with local legislation, the occupational health and safety management system at Hip Hing is certified with OHSAS 18001 and ISO 45001. NWFB and Citybus also have their own [Health and Safety Policy](#), committed to uphold health and safety of our staff, customers, contractors and others who may be affected by our bus operations and work activities.





## INNOVATIVE MEANS TO IMPROVE SITE SAFETY: UNMANNED AIRCRAFT SYSTEM (UAS)

Technologies are briskly changing our lives and the way we work. At Hip Hing, we have adopted the unmanned aircraft system technology to improve the way we operate and manage safety on site.

Drones in our LOHAS Park residential development site in Tseung Kwan O help maintain the safety of our workers and prevent accidents. They enable the site team to conduct inspections more effectively and efficiently, from fire patrol to scaffolds and suspended working platforms.

Regular OHS-related education and training sessions are arranged. Hip Hing construction workers are trained in the use of safety equipment and tools, as well as precautionary measures to reduce injuries and prevent diseases. Our bus captains receive regular OHS training, and are encouraged to seek counselling and other assistance from the company to mitigate stress. In FY2019, more than 9,500 hours of OHS-related training were provided to Hip Hing staff, while NWFB and Citybus staff collectively received 10,000 hours of training.

Given the higher risks associated with labour-intensive work, measures have been taken to protect the wellbeing of Hip Hing site workers and our bus captains. We have special facilities for workers in hot and cold weather. These include shelters to provide respite from the heat, and hot drinking water for cold days.

Since the Transport Department (TD)<sup>2</sup> revised the Guidelines on Bus Captain Working Hours, Rest Times and Meal Breaks (Guidelines) in 2018, both NWFB and Citybus have fully implemented the revised Guidelines by end of February 2019. We have capped the maximum duty hours in a special shift at 13.5 hours, going beyond the requirement as stipulated in the Guidelines.

To enhance the overall bus safety, we embarked on trials on Advanced Driver Assistance Systems (ADAS), which adopts video intelligence technology to automatically detect and analyse driving and road conditions. If the system detects a risk of imminent collision with a vehicle ahead or changing lanes without signalling, an audio alert will be provided to the bus captain. The initial trial results have now been submitted to TD for review and comment before extending the trial to a wider fleet of buses.

<sup>2</sup> The Transport Department of the Hong Kong Special Administrative Region, is the authority for administering the Road Traffic Ordinance and legislation for the management of road traffic, regulation of public transport services and operation of major transport infrastructures.



## RETROFITTED BUS RESTING STATION



In 2019, we improved resting stations for our bus captains by providing additional facilities to meet their needs. A new lounge was set up in our Chai Wan depot with facilities such as beds, sofas and microwave ovens. Two decommissioned buses were retrofitted as resting stations at the Ocean Park parking site and Sheung Wan servicing site, giving bus captains places to relax and rest.



### STAFF AND FAMILY WELLNESS

Employee wellbeing is essential to the Group's long-term development. For many years, we have introduced measures and initiatives to promote family-friendly practices and a healthy work-life balance.

In February 2019, NWS Holdings and other business units like HML, established a Flexible Working Hours Policy to foster a more efficient and motivated working culture, and enable a better balance between family needs and work. Caring rooms have been set up at offices to provide comfortable areas for breastfeeding employees as part of our family-friendly practice. We have also extended the coverage of our initiatives for employees' family members via the NWS Scholarships for Employees' Children programme. These incentives support children pursuing their life goals and enhance family wellbeing.

The Group also takes care of employees' health outside work. We organise recreational activities such as sports competitions, hiking trips and art workshops

to help relieve stress and maintain a healthy lifestyle. Additionally, employees are entitled to different types of leave to cater for employees' needs and wellbeing. For example, NWS Holdings and HML offers examination leave, and Hip Hing offers volunteer leave.



# VALUE CHAIN



# VALUE CHAIN

It is our responsibility to manage environmental and social risks throughout our value chain. The Group complies with all relevant laws and regulations and we expect the same from our business partners. We have established policies and procedures to monitor the effectiveness of our suppliers' environmental and social management. We have strict customer service protocols that guide our service quality and manage customers' satisfaction, health and safety and data privacy.

## SERVICE QUALITY

We take pride in the quality of services provided to our customers. For NWFB and Citybus, we strive to enhance the accessibility of bus services. "Transport for All" is what we believe in. We are committed to providing Hong Kong with the best possible bus service at affordable fares. We care about the travel needs of people with disabilities. We listen to the views of seniors on bus compartment designs and adopt suggestions that are feasible. Imbued with a caring mindset, our bus captains are committed to accommodate the needs of seniors and passengers with disabilities in every journey. To better understand our passengers' needs and concerns and to continuously improve our bus services, we engage them via channels such as liaison group meetings to collect feedback and suggestions.

Our entire bus fleet is designed to be barrier-free with features such as low-floors and wheelchair ramps that enhance accessibility. Additional wheelchair space is also available on some new buses. Braille signs with bus fleet numbers and customer service hotlines are displayed in bus compartments to assist the visually impaired. For the comfort of passengers, we regularly install additional shelters and seats at our bus stops. And we offer free rides on the International Day of Persons with Disabilities and Senior Citizens Day.



## TRANSPORT FOR ALL



The entire bus fleets of NWFB and Citybus are designed to be barrier-free. Features such as low-floors and wheelchair ramps enhance accessibility.

To support the public with better road traffic planning, we offer an online interactive route search<sup>3</sup>. We have also enhanced our bus services by sharing real-time arrival information via our mobile application. In 2019, NWFB and Citybus were the first public transport operators to open up real-time arrival data to “Data.Gov.HK”<sup>4</sup> for free public access in Hong Kong in support of the city’s smart mobility development.

Please visit our [website](#) for the service pledge of NWFB and Citybus.

As a leading contractor in Hong Kong, Hip Hing is committed to developing outstanding, high-quality projects that exceed clients’ expectations. After eight years in development and construction, Xiqu Centre, a unique venue dedicated to Chinese opera, opened in 2019. This was one of Hip Hing’s most challenging projects to date.

Major design challenges of this unique venue included a 1,073-seat Grand Theatre suspended above the atrium and six concrete mega-columns, signifying the six major roles in Cantonese opera. Building involved not only heavy structural steelwork within a congested site, but also the deployment and operation of the tallest standalone tower crane at the time during construction. The building was designed and constructed to meet BEAM Plus<sup>5</sup> Gold rating.

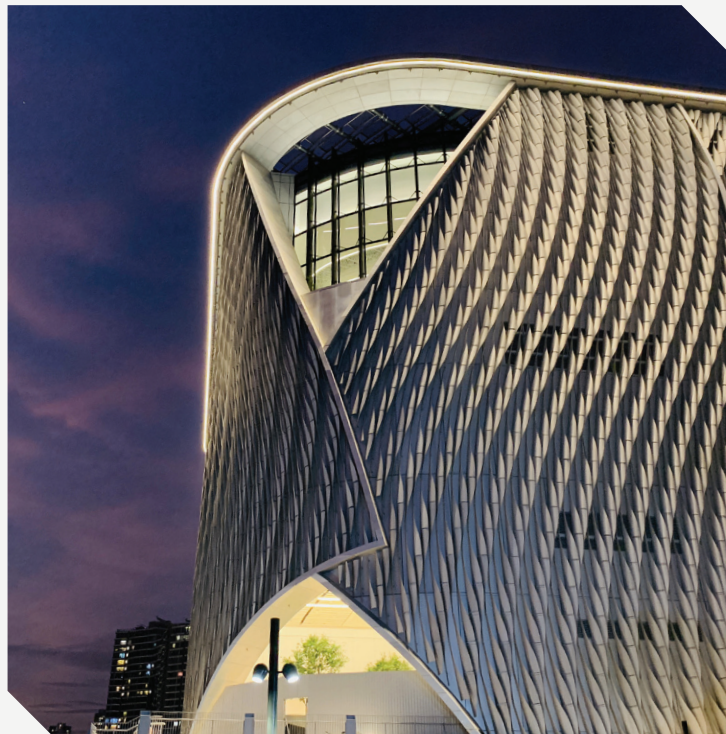


## XIQU CENTRE



The building was designed and constructed to meet BEAM Plus Gold rating. Examples of green features adopted during construction included:

- Reduced use of timber formwork in temporary works
- Use of solar water heating
- Full implementation of BIM<sup>6</sup> to reduce clashes and rework during construction
- Use of wet scrubber (precursor of Venturi Cyclone) to reduce air emissions from generator sets
- Installed sensor in tower crane control (joystick) to signalise the generator sets to idle mode when the machine is stalled to reduce diesel use



<sup>3</sup> NWFB and Citybus online interactive route search <http://www.nwstbus.com.hk/routes/index.aspx?intLangID=1>

<sup>4</sup> As part of the Hong Kong Strategies and Government IT initiatives, the website disseminates public sector information in digital format including demographic, socio-economic, geographical, meteorological and municipal management data etc.

<sup>5</sup> BEAM Plus – A Hong Kong standards for sustainable built environment, mainly on buildings development.

<sup>6</sup> Building Information Management (BIM) – A process that utilises three-dimensional modelling software to generate and manage data from building design to operation, facilitating cross-disciplinary collaboration and management.

Hip Hing has been appointed the main contractor for the construction of InnoCell at the Hong Kong Science Park. This project is one of the first in Hong Kong to showcase Modular Integrated Construction (MiC). Free-standing modules complete with fixtures, fittings and finishes are prefabricated off-site, then transported to the site for installation. By prefabricating most of the construction in a factory environment, we have better control over the quality of the building from its structure to interior finishes. We can shorten construction period and minimise on-site works, reducing environmental impacts such as waste generation and air emissions as well as noise nuisance to the community. Overall construction safety, time and cost can be optimised.



## ADOPTION OF MODULAR INTEGRATED CONSTRUCTION (MiC) METHOD



At the intersection of Chong San Road and Science Park Road in Pak Shek Kok, the InnoCell is a 17-storey building that provides around 500 residential units. The project exemplifies the modern concepts of smart living and co-creation communities by providing working-space-cum-temporary accommodation for companies and incubatees working at Hong Kong Science and Technology Park. The 1/F to 15/F will be constructed using steel modular integrated construction. This helps reduce on-site processes, enhancing overall productivity and safety, construction quality and sustainability. In addition to MiC, the project has also adopted an integrated construction information platform for real-time information access and paperless inspection, enhancing construction efficiency. The project is expected to be completed in the third quarter of 2020.



### CUSTOMER EXPERIENCE

HML uses the latest technology to continually improve customer experience. Last year, nearly 500 sensors were installed in the HKCEC venue to collect and transmit real-time indoor environment data, via Internet of Things (IoT) networks in the Building Management System. Coupling with our Smart Building Management System, we can better monitor, control and optimise the venue's indoor comfort and temperature more effectively and efficiently. We have begun a Five-year Advancement Project that will involve large-scale renovation of the HKCEC facilities and infrastructure. The new improvements will contribute towards our energy and water conservation efforts.

With our goal to continually improve road safety and traffic for better customer experience, in 2018, Hangzhou Guoyi was actively involved in the development of the Smart Ring Road City platform, to support “Hangzhou City Brain 2.0”, a joint project initiated by the Hangzhou City Government and the Alibaba Group. More than 300 sets of cameras are installed along the entire ring road, extending over 100km. These will support key functions such as real-time monitoring, smart scheduling and vehicle management. The platform will receive an immediate alert if undesirable situations such as car accidents and traffic congestion occur. Timely solutions will be initiated, enhancing road users’ experience.

## **CUSTOMER COMMUNICATION**

We actively engage with our customers to obtain comments and feedback for service excellence. Satisfaction surveys for key parties and customers are conducted regularly by all our business units. Our bus and ferry services interact with customers via Passenger Liaison Group meetings, which discuss our service quality. Thirteen such meetings were held in FY2019. Suggestions raised by customers are considered throughout the year.

Each of our business units has its own official complaint-handling platform and guidelines. Contact information is available at each of their websites<sup>7</sup>. Comments and complaints are carefully handled by dedicated teams. All are properly recorded and reviewed by management on a regular basis to identify areas for improvement.

Advertising and labelling are not central to our business. However, we ensure the accuracy of information in marketing and promotional materials used to communicate with our customers. All materials and messages for the public are reviewed by designated staff to ensure accuracy and compliance with the Trade Descriptions Ordinance (Cap. 362). All video broadcasts aboard ferries are certified by The Office for Film, Newspaper and Article Administration.

There were no reported cases of regulatory non-compliance regarding advertising or labelling during the reporting year.

## **CUSTOMER HEALTH AND SAFETY**

Customer health and safety is a priority for our business operations; in particular, for transport services by NWFB, Citybus and NWFF, and the facility management service by HML at the HKCEC. We have measures and systems to ensure the services that we provide are safe, reliable and environmentally responsible.

To address the indoor air quality (IAQ) of our bus compartment, we regularly monitor the carbon dioxide content to ensure that the cabin air quality is good. The indoor air quality (IAQ) of buses inspected in 2019 have all met the Level 1 good air quality in accordance with the “Practice Note for Managing Air Quality in Air-conditioned Public Transport Facilities” formulated by the Environmental Protection Department.

Our bus service’s crisis-management procedure details our protocols and mechanisms to prepare for, and respond to, crises. A 24-hour control centre handles emergencies and accidents involving our employees or buses, as well as any traffic abnormalities. If a major incident occurs, the Crisis Management Committee — comprising the company’s top management — leads the response. Should such incidents occur, debriefings are conducted to avoid or to minimise the impact of similar incidents in the future. Automated external defibrillators are installed at ferry piers with high passenger flows to safeguard our passenger’s safety and employees are trained in their use.

To enhance road safety, Advanced Driver Assistance Systems with forward collision warning, lane departure warning, headway monitoring and warning, and driver state monitoring, were trialled on 17 buses in FY2019. On our ferries, additional fixtures such as handrails and luggage racks were installed to improve customer safety.

<sup>7</sup> NWFB and Citybus service corner: <http://www.nwstbus.com.hk/routes/enquiry/index.aspx?intLangID=1>

HML prioritises food safety and facility security in its daily operations. During the year, two restaurants in the HKCEC successfully renewed their Hazard Analysis and Critical Control Points (HACCP) certification. Regular monthly audits — covering all kitchens, catering services and restaurants — are conducted by our dedicated Food Safety and Hygiene Manager. Improvements in hardware and procedures have been enforced and comprehensive training conducted to ensure all catering employees are up-to-date with food safety and hygiene requirements.

New measures were enforced by HML’s Security team to safeguard thousands of contractors and workers during exhibition booth construction and dismantling periods. These measures cover strict regulations related to working at heights, use of certified ladders, reflective vests and reservation of emergency access routes.

**CUSTOMER PRIVACY AND PROTECTION**

To protect privacy and personal data, we collect minimal information from our customers and restrict the use of that data. Personal information collection statements are available for customers of HML before they make bookings, submit enquiries or subscribe to the HKCEC newsletter. These statements ensure customers know the reason for the collection of personal data and understand their rights. HML references the EU General Data Protection Regulation in a pop-up message about its cookie policy on the HKCEC website. This clarifies the purposes of data being collected from the website users.

All customer data is handled in compliance with the Personal Data (Privacy) Ordinance (Cap. 486). The Data Confidentiality and Protection Policy section of the Group’s IT Policy and Procedures provides further guidance on data storage and handling for computer users, the IT department and IT service providers. This ensures all information is managed properly.

We ensure our staff and service providers comply with our standards of security and confidentiality. We have implemented physical, technical and administrative measures to safeguard and secure the customer data we collect. This relates to unauthorised access, data use and data retention. Privacy Policy Statements and Disclaimers<sup>8</sup> for our various business units are also available.



In FY2019, there were no reported cases of regulatory non-compliance regarding personal data privacy.

<sup>8</sup> Privacy Policy Statements/Disclaimers of various business units:  
NWS Holdings: <https://www.nws.com.hk/EN/Home/Privacy-Policy>  
NWFB and Citybus: <http://www.nwstbus.com.hk/content/default.aspx?intLangID=1&section=footer&page=privacyPolicy>  
NWFF: <http://www.nwff.com.hk/public/getitem.php?lang=en&id=03c55b92-25ab-4cdb-aaa1-c50338ade3ec>  
HML: <https://www.hkcec.com/en/privacy-policy-statement-and-disclaimer>  
Free Duty: <https://www.freeduty.com.hk/en/about/privacy>





## USING TECHNOLOGY TO ENHANCE ROAD SAFETY



We continually identify new ways to enhance the safety of our bus services. FY2019 saw the introduction of 119 buses with new safety features, including seat belts on all seats, and the latest speed controls and stabilising devices.



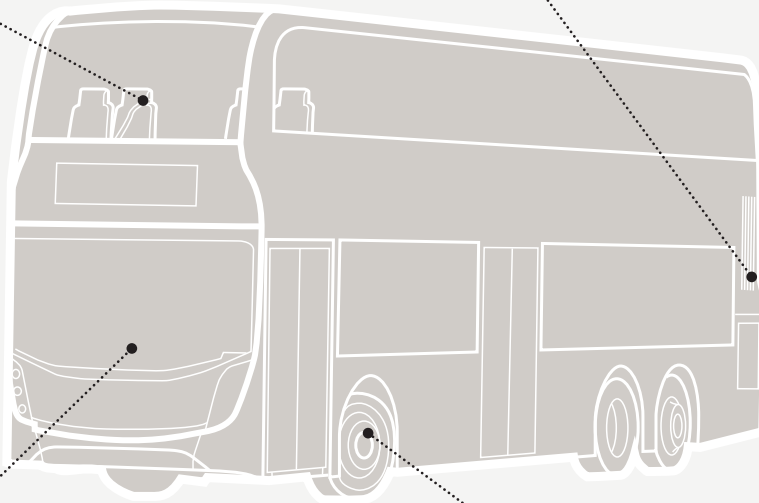
### 100% Seatbelt Installation

Three-point seatbelts on all seats in new buses provide extra protection for our passengers.



### 70 Active Speed-limiting Device

Additional to limiting speed via fuel feed to the engine, this device prevents speeding when driving downhill via gearbox control.



### Speed Monitoring System

This monitors and records bus speeds. It is enhanced by Global Positioning System (GPS) data. The system provides real-time alerts to bus captains if they speed.



### Electronic Stability Control

Bus stability is improved via technology that detects and prevent under- or oversteering, minimising the risk of rollover. If anomalies are detected, the control system reduces fuel feed to the engine and activates brakes of individual wheels to stabilise the vehicle.

Advanced Driver Assistance Systems (ADAS) is an intelligent systems under pilot to assist bus captains by providing vital information about road situations. The system also detect when a driver is distracted or fatigued, and sound alerts as a precaution. ADAS can be linked to the backend system of bus companies and support a timely exchange of information.

**PROCUREMENT**

We are committed to managing the environmental and social impact of our supply chain. Guided by the [Sustainable Procurement Policy](#) of our parent company, we require all our suppliers to adhere to our [Sustainability Policy](#), and the [Supplier Code of Conduct](#) developed by NWD.

These policies relate to reducing our environmental footprint, encouraging responsible and ethical sourcing, and integrating sustainability into supplier selection and management. We seek to work with suppliers who value and act on the principles of sustainable development. All suppliers must comply with legal requirements in employment practices, ethical business, human rights and environmental practices, and must prohibit forced labour and child labour.

We uphold the highest ethics and governance standards in our business operations and value chain. Long-standing policies demonstrate our commitment and expectations regarding the ethical conduct of our staff and suppliers, the prevention of bribery and discrimination, human rights, and health and safety. The Corporate Policy on Staff Responsibility and the Code of Conduct set out standards of behaviour expected from the Group and provide guidelines on how to handle business situations. We require all staff and suppliers to conduct themselves with the highest standards of integrity and professionalism, as stated in our [Supplier Code of Conduct](#). The Group offers anti-corruption briefings and communication sessions to suppliers and employees, to avoid bribery and conflicts of interest.

Social and environmental issues vary across our business units and are managed according to the business needs of each, within the Group’s framework. We are guided by the NWD’s [Sustainable Procurement Policy](#) and prioritise sourcing from local suppliers. Each of our business units also has procurement policies, procedures and guidelines that suit their needs. ESG and sustainability are factored into the assessment of new suppliers and performance reviews of existing suppliers. For example, the use of Forest Stewardship Council (FSC) timber is adopted as the major flooring material of our new buses and for formworks during construction.

*Major supplier types by business units:*

	<b>Construction</b>	<b>Transportation</b>	<b>Facilities Management</b>	<b>Roads</b>
Key suppliers engaged	Subcontractors, materials suppliers, professional consultants, equipment rental	Vehicles procurement, fuel providers, equipment providers	Food and wines suppliers, professional engineering consultants, banquet service staff, engineering service providers	Maintenance materials suppliers, equipment providers, maintenance crew



# ENVIRONMENTAL PERFORMANCE



# ENVIRONMENTAL PERFORMANCE

**The Group strives to apply innovative solutions and initiatives to our services and operations as we reduce greenhouse gas emissions, waste, and the consumption of resources, from energy to water in accordance with our Sustainability Policy. We endeavour to go beyond regulatory compliance, and consistently benchmark ourselves against local and international standards and best practices. This ensures we are well positioned to continually enhance our environmental performance.**

## COMBATING CLIMATE CHANGE

As two of Hong Kong's major bus operators, we play an important role in supporting the city's climate action plan by encouraging citizens to opt for public transport over private cars. Last year, the number of passengers carried by our NWFB and Citybus fleets totalled over 370 million<sup>9</sup>. We encourage the use of buses by enhancing the quality of our services and improving the overall travel experience through the use of technology, and the enhancement of the bus routing network and associated facilities.

We now offer real-time communication with commuters on the status of buses, and provide timely updates on emergency conditions that may impact on scheduled bus services. In 2019, we improved the flexibility of commuters' journeys by increasing the number of bus routes eligible for interchange fare discount by 5% to 179 bus routes. We also improved passenger facilities by providing seats and shade at bus stops, as well as enhancing bus safety features and disabled access. For full details of improvements to our services, please refer to our bus companies' [website](#).

Having observed the impact of climate change, such as the extensive damage to Hong Kong caused by typhoon Mangkhut in 2018, the Group is reviewing the potential effects of climate change on our businesses. In anticipation of more frequent and more acute weather events, we have revised our emergency plans to guide employees on ways to stay safe and to maintain secure operations. As part of the wider NWD initiative to assess climate hazards and their impact on assets, we are conducting climate-scenario planning for HKCEC to identify areas of susceptibility.

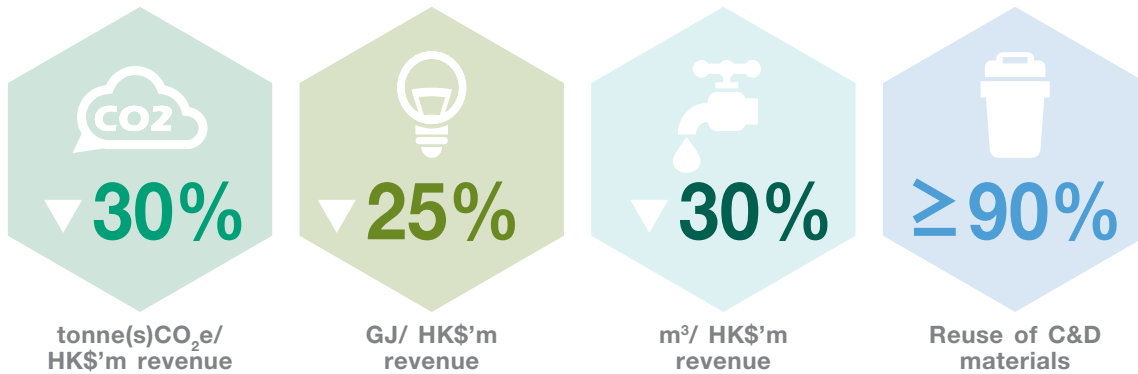
We are still in the progress to meet the disclosure recommendations of the TCFD. However, we take note of its four key themes: governance, strategy, risk management and metrics and targets, as we identify and mitigate more of our climate-related risks.

## ENVIRONMENTAL TARGETS FOR FY2030

As we work to play a role in combating climate change, we are constantly exploring ways to improve energy and water efficiencies, with the aim of reducing carbon emissions from our operations. This year, the Group announced its Environmental Targets for FY2030. Using FY2013 data as the baseline, we aim to reduce greenhouse gas (GHG) intensity by 30%, energy intensity by 25% and water intensity by 30%, and to achieve at least 90% reuse of construction and demolition (C&D) materials by FY2030.

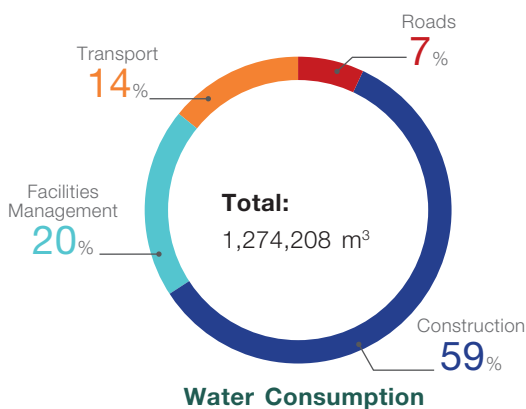
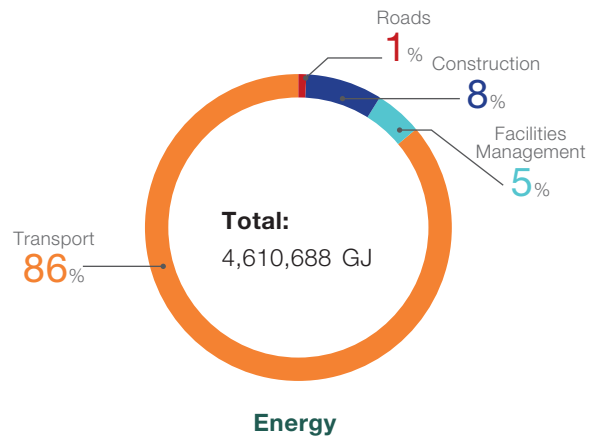
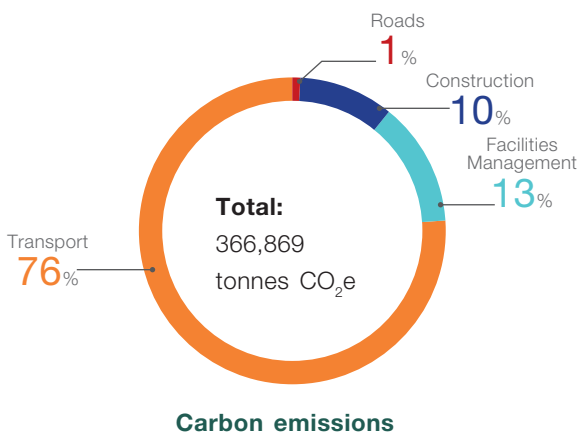
<sup>9</sup> <http://www.nwstbus.com.hk/company/overview/service/index.aspx?intLangID=1>

Environmental Targets for 2030 (Baseline year: FY2013)



These targets demonstrate our long-term commitment to being part of a low-carbon economy. Among the Group's wide range of businesses, we have identified which business unit contributes most significantly to each target and are setting out a roadmap towards those goals. We will continually monitor the progress on actions identified and update the status of achieving our objectives regularly.

FY2019 Environmental Performance by Industry



<sup>10</sup> Excludes recycled materials and inert C&D materials to public fill facility.



### GHG Emissions and Energy Consumption

- Adopt more fuel-efficient bus fleet
- Pilot alternative-fuel buses
- Adopt more efficient measures to reduce diesel consumption for power generation during construction
- Adopt retro-commissioning of building operation systems of HKCEC to optimise performance on energy efficiency
- Adopt energy-efficient designs in HKCEC's Five-Year Advancement Project



### Freshwater Use

- Enhance practices in construction project management from design to site management
- Adopt water conservation management practices and installation of water-efficient fixtures at HKCEC



### C&D Waste

- Maximise the adoption of the in-house Materials Transfer Programme
- Enhance waste management on site e.g., waste sorting
- Promote off-site construction
- Adopt more widely use of technology such as Building Information Modelling (BIM) to enhance construction efficiency and minimising wastage
- Enhance collaboration with value-chain on waste minimisation

## ENVIRONMENTAL MANAGEMENT

The function of the Sustainability Department has been redefined as one that emphasises driving Group-wide initiatives on sustainability across our businesses and functions. Our Environmental Management Committee meets twice a year and is chaired by an executive director. It provides a platform for the development and implementation of green initiatives, and the exchange of knowledge, experience and environmental best practices among business units.

To better support environmental management, international management standards have been adopted. In FY2019, Hip Hing had 42 active construction sites certified for ISO 14001 Environmental Management System and ISO 50001 Energy Management System. The business is focused on sustainable construction, and 17 additional projects have met green construction standards set out by BEAM Plus or equivalent during the same reporting period. HML was the first organisation in Hong Kong to attain ISO 20121 Event Sustainability Management System certification.

We comply with local environmental laws and regulations wherever we operate. These include but are not limited to the Air Pollution Control Ordinance (Cap. 311), the Waste Disposal Ordinance (Cap. 354), the Water Pollution Control Ordinance (Cap. 358) and the Environmental Protection Law of the People's Republic of China.

During the reporting year, there were no cases of environmental non-compliance that resulted in fines or prosecution.

## AIR EMISSIONS

Air emissions are a significant issue for the transportation, roads and construction industries. As major bus operators in Hong Kong, the Group supports strongly on roadside air emissions reduction. Last year, we invested in building a fleet of more energy-efficient vehicles by commissioning 145 low-emission Euro 6 buses. These produce one-fifth of the nitrogen oxide (NO<sub>x</sub>) emissions of Euro 5 buses, and half the levels of particulate matter (PM) emissions. Now, 95% of our entire bus fleet meets Euro 5 emission standards or above, versus 90% in the previous reporting year. We have also completed the



## SINGLE-DECKER ELECTRIC BUS



In addition to concerted efforts to improve emissions from conventional diesel buses, we have completed a trial of “zero-emission” single-deck electric buses. The pilot scheme was subsidised by the Hong Kong Government to study the reliability and economic feasibility of these vehicles. The results suggest it may be some time before electric buses could overcome the unique challenges of Hong Kong to become commercially viable. However, we continue to collaborate on the development of electric buses with the government and the industry. We have retained the electric single-deckers for two of our busiest routes after the trial.

first round of test-trialling on running electric buses in the existing infrastructure of the Hong Kong bus network and we are continually exploring means to better commercialise the technology for a wider application in the coming years.

NWFF has equipped ferries with environmentally-friendly engines to reduce soot emissions at low engine speeds and to reduce fuel consumption. We have applied non-toxic, anti-fouling paint to the bottom of vessels to prevent a build-up of marine life, which slows ships and reduces fuel efficiency. In addition, on-shore power supply has been built to enable ferries docking at the Cheung Sha Wan dockyard, Central Pier 5, Cheung Chau Pier and North Point Pier to draw cleaner energy from the local grid than from diesel, minimising air emissions.

As a highways operator, we are not a direct contributor to road emissions. However, we support the nation-wide objective to enhance air quality. We try to keep road traffic moving as smoothly as possible to minimise idling of vehicles; we attend promptly to road incidents and use auto-toll stations to minimise tailbacks. Furthermore, Hangzhou Guoyi supports the use of electric vehicles by providing charging facilities at service areas. We have installed more than 10 charging points, and more are being rolled out.



## VENTURI CYCLONE



Venturi Cyclone removes air pollutants from diesel generators on construction sites using recycled water. Removal efficiency is in the range of 70% to 90% for major pollutants such as NO<sub>x</sub> and sulphur oxides (SO<sub>x</sub>). The equipment also reduces around 85% of direct CO<sub>2</sub> emissions.

At Hip Hing, we prefer early adoption of temporary or permanent electricity provisions, a cleaner source of energy in Hong Kong where possible during the construction period. We ensure environmental site management is in place. This includes identifying site-specific environmental conditions, and routine monitoring to ensure the implementation of mitigation measures. Our colleagues go above and beyond regulatory compliance by introducing ways to enhance on-site safety and environmental performance. Venturi Cyclone and the Auto Power Supply (APS) System are examples of innovative solutions to reduce air pollutant emissions from diesel generators on construction sites. Further details of the APS feature in the Energy Section of this report.

### GHG EMISSIONS AND ENERGY CONSUMPTION

Energy consumption remains the prime source of the Group's GHG emissions. Transportation is the business segment that contributes most to our carbon footprint. The Group is committed to reducing our energy and carbon footprint, and continues to identify ways to achieve this.

Our long-term vision is for our road transportation businesses to operate electric buses. In the meantime, we are utilising the best available technology by phasing in increasingly energy-efficient vehicles. We maximise the efficiency of our fleet by ensuring buses are properly maintained, by designing efficient routes, and by promoting environmentally-friendly driving techniques to our bus captains.

For NWFF, we optimise fuel efficiency with vessel maintenance, and use tinted glass windows to better insulate passenger areas of ferries and reduce the need for air-conditioning.

At Hip Hing, we trialled the use of APS on one of our sites last year to minimise the use of diesel on site. Biodiesel has also been widely adopted, and accounted for over 80% of our total diesel usage in construction sites in FY2019.



## AUTO-POWER SUPPLY (APS) SYSTEM



Comprising several connecting generator sets, APS forms a mini power station that regulates and distributes electricity to designated equipment on site through a local network. It uses fewer generator sets than a typical site setting and reduced fuel use by about 45% at our trial site at Tsing Yi Vehicle Examination Centre. Other benefits included also environmental noise reduction, carbon emission reduction and operational costs saving.



Retro-commissioning of HKCEC's building operation systems to optimise energy performance has been ongoing since the energy audit conducted in 2016. Target specific measures from the replacement of equipment to enhancing operation practices have been set and implemented in phases. Continual monitoring and analyses of big data from building services are also in place to continually improve the facility's energy performance. The HKCEC's Five-Year Advancement Project involves significant, state-of-the-art improvements to the building to provide a safer and more efficient and comfortable environment for all users.

## RENEWABLE ENERGY

The introduction of the Feed-in Tariff (FiT) scheme by power companies and the Hong Kong government in 2018 incentivised the use of solar power. To demonstrate our support for renewable energy, we have installed solar panels at several business sites — some connected to the grid and others solely for local use. There are now solar panels on the rooftops of office buildings, at bus depots, and even on our ferries.

### ADOPTION OF RENEWABLE ENERGY SYSTEM



Solar panels installed on the rooftop of the NWFF office building are connected to the grid. They are expected to generate approximately 10,500 kWh of energy per year, saving 5,400kg of CO<sub>2</sub> emissions. We have also installed solar panels on one of our ferries, “Xin Zhong”, to facilitate the use of six new on-board ventilation units.

## WATER CONSUMPTION

Water plays an important role in our operations and we are committed to using it efficiently. Although we do not anticipate any difficulty in sourcing water, we have launched initiatives to reduce consumption. These include upgrading water pipes to prevent leaks, and installing water-saving fixtures in washrooms as part of the HKCEC Five-Year Advancement Project.

Automatic taps have been installed at bus depots, and freshwater toilet flushing has been replaced with seawater flushing on five NWFF vessels to reduce the consumption of freshwater. At Hip Hing, we reuse treated wastewater on site to cool construction equipment, to suppress dust and to wash vehicles. Yet, freshwater consumption increased in construction during the reporting year. Two anticipated reasons were due to the increased number of construction sites we had and the more intensive flushing needs required to enhance drinking water quality in heavy metals from the plumbing networks during buildings commissioning. We will continually monitor the water use in this aspect and seek for improvements in the future.

## WASTE MANAGEMENT

Construction waste and municipal solid waste comprise the majority of waste from our businesses. We use resources on a needs-only basis to minimise hazardous wastes. We try to reuse and recycle non-hazardous wastes where practical.

To fulfil our commitment to minimising waste, we have introduced a range of initiatives. These include the internal campaign “Make a Pledge for a Sustainable Future” via which employees promise to take green actions. We have also deployed an electronic system for bus maintenance records at NWFB and Citybus, while HML has introduced an E-Purchase Requisition System, and uses e-invoices and e-payment statements. NWS Holdings uses e-Leave and e-Payslip systems to reduce paper usage, and HML has introduced QR codes and digital menus to promote environmentally-friendly consumer behaviour.

At Hip Hing, we strive to minimise waste from our construction sites, and recycled around 90% of our C&D wastes in FY2019. We have also reused over 1.27 million tonnes of C&D materials for site-formation and other construction works via our in-house Inert Materials Transfer programme.

At HML, a food waste-management plan was introduced in June 2018. Food waste is separated at banquets, kitchens and the staff canteens and is delivered to O·Park <sup>11</sup>. Food that has not been served remains edible is donated to Food Angel to help people in need.

At Hangzhou Guoyi, a waste-separation initiative has been operating since April 2019. We have extended its scope to cover the office and all service stations. Approximately 44,000 tonnes of asphalt pavement materials were collected and sold to the local government for reuse in FY2019.

<sup>11</sup> O·Park 1 is the Organic Resources Recovery Centre located in Lantau Island, Hong Kong. Built and operated by Suez NWS, O·Park 1 treats food waste into energy and organic fertiliser.

Echoing the global campaign to reduce the plastic footprint of companies and individuals, a Group-wide campaign has been launched to reach out to staff and customers, urging them to reduce their use of plastics. NWFF's First Ferry BYOC+ Campaign promotes a reduction in disposable plastic food/beverage containers by offering fare rebates to passengers using their own reusable products. In ferry waiting halls, eco-friendly distilled water stations have been phasing in since May 2019 to encourage customers to bring their own cups or bottles to fill with water.

To encourage communities and our stakeholders to join us on our sustainability journey, the Group cooperated with a social venture for the Have a Plastic-Free Day campaign, held in August 2018 in Cheung Chau. Reusable food containers and cutlery were available to borrow, allowing visitors to enjoy street food without needing single-use plastic. The campaign generated significant publicity and the idea gained traction in the community.

## WIDE ENGAGEMENT WITH WASTE REDUCTION: "THINK BEFORE PLASTIC"



In June 2019, HML was awarded the UFI Sustainable Development Award 2019 for its "Think Before Plastic" initiative. This annual award by UFI, a globally-recognised exhibition industry association, rewards effective and innovative communications that have a positive environmental impact. Our initiative saved the use of 1.7 million pieces of disposable plastic during FY2019.



# COMMUNITY

# COMMUNITY

**The Group's community investment strategy is spearheaded by the NWS Holdings Charities Foundation and the NWS Volunteer Alliance. We encourage partnerships with non-profit organisations to deliver community programmes that create lasting value to the community. Our volunteers are encouraged to support the local community development via their contribution of time and skills.**

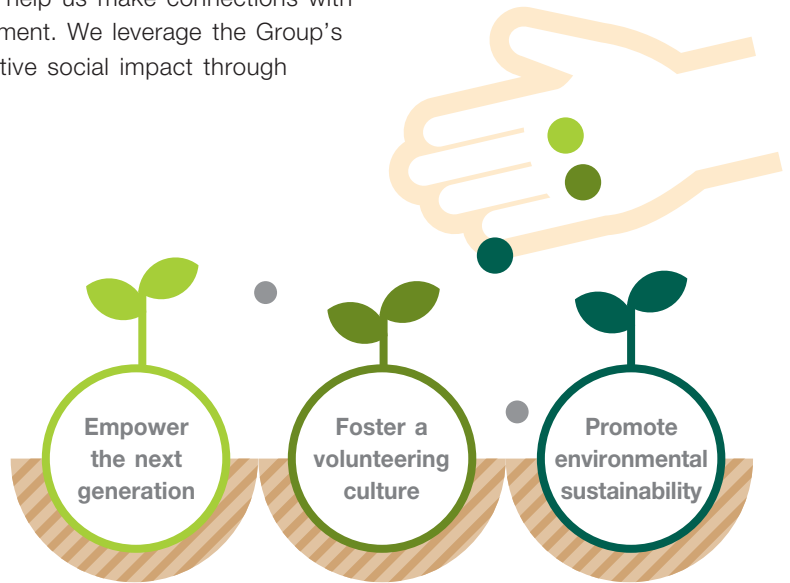
Our community investment strategy is designed to help us make connections with the community, through impact-driven social investment. We leverage the Group's business strengths and resources to optimise positive social impact through community services. Our objectives are to:

- Empower the next generation
- Foster a volunteering culture
- Promote environmental sustainability

We seek to achieve our community investment objectives through direct community engagement, nurturing and supporting social enterprise development and closer collaboration with our parent company, NWD.

In recognition of our contributions to the community, NWS Holdings and five of our business units have been awarded the Caring Company Logo by the Hong Kong Council of Social Service for more than 10 consecutive years. NWFB and Citybus won the Age-Friendly Facilities Award from the Jockey Club Age-Friendly City Partnership Scheme in 2019, and our YWCA NWS Y-Care Centre (North District) won the Age-Friendly Collaborator Award.

Our volunteer team earned a Silver Award at the 2019 Hong Kong Outstanding Corporate Citizenship Awards.



## YOUTH EMPOWERMENT

Youth unemployment rate has remained high in recent years. Meanwhile, labour-intensive industries are experiencing difficulties in recruiting new blood. The Group has been partnering with NGOs since 2016 via our flagship NWS Career Navigator for Youth programme to create opportunities and provide training for young people in Hong Kong. The programme provides a diverse workplace experience for high-school students and help them plan their future careers. Through this cross-sector collaboration among business, social welfare and education, the Group's diverse business network provides opportunities for young people to meet industry experts and receive advice on career planning. There have been visits to the Corporate Office of NWS Holdings, the headquarters of NWFF, NWFB and Citybus and Hip Hing, where participants experienced mock interviews and saw real workplaces in action.

We believe high-school students need to be inspired of their career ambitions and be encouraged to make career plans. It is necessary for them to understand the development of different professions and the reality of the workplace at an early stage. As such, they can be prepared for a smooth transition to the labour market after graduation. As part of this collaboration with Hong Kong Council of Social Service (HKCSS) and the Centre of Social Impact, we are thus conducting a social impact assessment for this 4-year programme. This reviews its effectiveness and analyse its social impact on individuals, communities and organisations, and more importantly, identifying means for improvement in our future contribution to the programme.



## NAVIGATING THE CAREER JOURNEY FOR THE YOUTH



Students in the NWS Career Navigator for Youth programme visit the Group's construction company to learn about the industry. Since 2016, the programme has organised more than 240 activities and provided career experiences to more than 7,200 participants.



Our new community programme Catch Your 5\*\* was launched in FY2019, in partnership with the Salvation Army. It provides opportunities for children with special educational needs (SEN) to develop their talents, and fosters diversity and social inclusion. Multi-disciplinary non-academic training sessions and workshops enable SEN children to develop confidence and strengthen their social skills. The programme also supports the children's families and aims to increase the public's understanding of people with SEN.

### VOLUNTEERING CULTURE

Our community investment has evolved from our strong tradition of philanthropy and charity via volunteering. Last year, the Group partnered with more than 50 non-profit organizations to assist social causes with donations and in-kind support. The NWS Volunteer Alliance explores volunteering opportunities with community partners. In FY2019, approximately 17,000 volunteer hours were contributed by our volunteers in more than 230 community activities. The Group emphasises skills-based volunteering; in the past year, we have provided over 1,400 hours of volunteer training to support our volunteer services.

Our focus on skills-based volunteering helps us leverage our skills and knowledge and share them effectively with the broader community. One example of this in action is the partnership between Hip Hing and Tung Wah Group of Hospitals, which has been serving elderly residents of Ping Shek Estate since 2012. Our volunteers include Grade A electricians and painters from Hip Hing and its subcontractors, whom provide household repairs and maintenance services for the elderly. So far, nearly 300 households have benefited from these service.

## ENVIRONMENTAL SUSTAINABILITY PROMOTION

The NWS Hong Kong Geo Wonders Hike has been a signature programme for the Group for over a decade, fulfilling our aim to support geo-conservation and promote greener living. The programme is run in partnership with the Association for Geo-conservation, Hong Kong, and has two major components: the NWS Geo Hero Run and the Young Ambassadors for Geoconservation Training programme.

Over 1,500 runners took part in the 10 km and half-marathon of the NWS Geo Hero Run 2018, held in the Hong Kong UNESCO Global Geopark in Sai Kung in December 2018. In addition to promoting geoconservation and giving runners an opportunity to enjoy the beauty of nature, it set an example of how to run a green event by encouraging waste reduction. As one of the first running events in Hong Kong to be entirely paper cup free, the NWS Geo Hero Run 2018 was awarded the Green Event Award by Green Earth. It was the only event organised by the commercial sector to earn an award.

The popular Young Ambassadors for Geoconservation Training programme has provided more than 50,000 training hours to over 1,600 secondary school students since it began in 2011. Participants are introduced to the unique landforms and rich cultural heritage of different tour routes. Once trained, these young ambassadors support guided public tours in Long Kwu Tan, Tai O and Ma Shi Chau of Hong Kong. These took place every Saturday in January 2019, and were linked to other activities including beach and trail-cleaning. Twenty of this year's outstanding students also visited the Yandangshan UNESCO Global Geopark in Mainland China's Zhejiang province, to learn about landscape formations, meet the management committee and understand the challenges and opportunities of managing a Geopark.



### UNLEASHING THE POTENTIAL OF SEN CHILDREN



SEN children enjoy a range of activities as part of Catch Your 5\*\*, which help them to develop non-academic skills and self-confidence.



# AWARDS AND MEMBERSHIPS

## AWARDS

Organiser(s)	Awards and awardee(s)
HR Asia Magazine and Business Media International	HR Asia Best Companies to Work for in Asia 2019 – Hong Kong Chapter (NWS Holdings)
Family Council	Special Mention – Gold in the 2017/18 Family-Friendly Employers Award Scheme (NWS Holdings, HML)  Awards for Breastfeeding Support in the 2017/18 Family-Friendly Employers Award Scheme (NWS Holdings, HML)  Meritorious Family-Friendly Employers in the 2017/18 Family-Friendly Employers Award Scheme (NWS Holdings, Hip Hing, HML)
Hang Seng Indexes Company Limited	The constituent stock of the Hang Seng Corporate Sustainability Benchmark Index 2018/19 (NWS Holdings)
The Hong Kong Council of Social Service	Gold Star Award and Sustainable Promotion Award in 2018/19 Age Friendly City Appreciation Scheme (NWFB and Citybus)  15 Years Plus Caring Company Logo (NWS Holdings, Free Duty, Hip Hing, HML, NWFF, NWFB and Citybus)  List of Barrier-free Companies/Organisations (NWFB and Citybus)
Hong Kong Development Bureau	Gold Awards in the 25 <sup>th</sup> Considerate Contractors Site Awards (Non-Public Works – New Works – Group A) and Outstanding Environmental Management Performance Awards (Hip Hing)
Hong Kong Internet Registration Corporation Limited	Triple Gold Awards in the Website category under the Web Accessibility Recognition Scheme 2018/19 (NWS Holdings and NWFF)
Hong Kong Labour Department	“Good Employer Charter” Certificate (NWS Holdings, HML and NWFF)
Hong Kong Public Relations Professionals’ Association Limited	Silver Award in the Corporate Social Responsibility category of the 4 <sup>th</sup> Hong Kong Public Relations Awards 2018 – “Have a Plastic-Free Day” (NWS Holdings)
Hong Kong Productivity Council	Silver Award in the Enterprise category and Silver Award in the Volunteer Team category at the 9 <sup>th</sup> Hong Kong Outstanding Corporate Citizenship Award (NWS Holdings)
Human Resources Magazine	Best Recruitment Evaluation Technique Silver Award in the Asia Recruitment Awards 2019 (NWS Holdings)  Excellence in Workplace Wellbeing 2019 (NWS Holdings)
Promoting Happiness Index Foundation	“Happiness-at-work” label 2019 (NWS Holdings, HML and NWFF)
Mandatory Provident Fund Schemes Authority	Good MPF Employer Award 2018/19 (NWS Holdings)



Organiser(s)	Awards and awardee(s)
The China Finance Summit	Best Employer Award 2019 (NWS Holdings)
The Community Investment and Inclusion Fund (CIIF)	Social Capital Builder (SCB) Logo Award 2018 (NWS Holdings, HML, NWFF, NWFB and Citybus)
The Green Earth	Green Event Award – “NWS Geo Hero Run 2018” (NWS Holdings)
The Hong Kong Jockey Club Charities Trust	<p>Age-friendly Facilities Award in Jockey Club Age-friendly City Partnership Scheme (NWFB and Citybus)</p> <p>Age-friendly Collaborator Award in Jockey Club Age-friendly City Partnership Scheme – “YWCA NWS Y-Care Centre (North District)” (NWS Holdings)</p> <p>Jockey Club Age-friendly City Partner (NWS Holdings, NWFB and Citybus)</p>
World HRD Congress	<p>Award for Best Talent Management Strategy in the HR Talent Management Leadership Awards 2019 (NWS Holdings)</p> <p>Award for Continuous Innovation in HR Strategy at Work in Global Best Employer Brands Award 2019 (NWS Holdings)</p> <p>Dream Employer of the Year 2019 (NWS Holdings)</p>
UFI, the Global Association of the Exhibition Industry	2019 UFI Sustainable Development Award – “Think Before Plastic” (HML)
Bloomberg Businessweek/Chinese Edition	Listed Enterprises of the Year 2018 (NWS Holdings)
Agency For Volunteer Service	Hong Kong Community Volunteers (Corporate Member) The Highest Service Hour Award Bronze Award (NWS Volunteer Alliance)

## MEMBERSHIPS

Organisation	Level of membership
bSHK (Building SMART Hong Kong)	Corporate member (Hip Hing)
Business Environment Council	Corporate Member
Clear Air Charter	Signatory
Green Event Pledge	Signatory
Employers' Federation of Hong Kong	Corporate Member
Hong Kong Construction Association	Corporate Member (Hip Hing)
Hong Kong Council on Smoking and Health — Smoke-free Drivers Club	Corporate Member (NWFF, NWFB and Citybus)
Hong Kong Exhibition & Convention Industry Association	Full Member (HML)
Hong Kong General Chamber of Commerce	Full Member
Hong Kong Green Building Council	Silver Patron Member (Hip Hing)
Hong Kong Public Relations Professionals' Association Limited	Corporate Member
Occupational Safety and Health Council	Green Cross Group Member (Hip Hing and NWFF)
Occupational Safety and Health Council — Occupational Safety Charter	Signatory (NWFB and Citybus)
The Chartered Institute of Logistics and Transport in Hong Kong	Organisation Member (NWFF, NWFB and Citybus)
The Hong Kong Management Association	Charter Member (HML and Hip Hing)
The International Congress & Convention Association	Member (HML)
UFI — The Global Association of the Exhibition Industry	Member (HML)

# ENVIRONMENTAL PERFORMANCE DATA SUMMARY<sup>1</sup>

Parameter	Unit	The Group's Total		
		FY2019	FY2018 <sup>2</sup>	
<b>Revenue</b>				
Revenue <sup>3</sup>	HK\$m revenue	22,967	23,123	
<b>Air Emissions<sup>4, 5</sup></b>				
Nitrogen oxide (NO <sub>x</sub> )	Tonnes	2,604	2,665	
Sulphur oxide (SO <sub>x</sub> )	Tonnes	2.53	2.60	
Particulate matter (PM <sub>10</sub> )	Tonnes	110	111	
<b>Energy Consumption<sup>6, 7</sup></b>				
Purchased electricity	GJ	405,007	352,265	
Diesel	GJ	3,969,299	4,051,119	
Biodiesel	GJ	199,808	230,990	
Unleaded petrol	GJ	12,482	11,946	
Towngas <sup>8</sup>	GJ	23,541	25,294	
Liquefied petroleum gas	GJ	551	669	
On-site generated renewable energy <sup>9</sup>	GJ	22	—	
Total energy consumption	GJ	4,610,688	4,672,283	(-1%)
Total energy consumption intensity	GJ/ HK\$m revenue	201	202	(-1%)
<b>Greenhouse Gas (GHG) Emissions<sup>10, 11</sup></b>				
Scope 1 emissions	tCO <sub>2</sub> e	287,969	295,209	
Scope 2 emissions	tCO <sub>2</sub> e	78,899	70,986	
Total GHG emissions (scope 1 & 2)	tCO <sub>2</sub> e	366,869	366,195	(+0.2%)
Total GHG emissions (scope 1 & 2) intensity	tCO <sub>2</sub> e/ HK\$m revenue	16	16	(+0.8%)
<b>Water Consumption<sup>12</sup></b>				
Municipal Freshwater used	m <sup>3</sup>	1,274,208	1,165,175	(+9%)
Water intensity	m <sup>3</sup> /HK\$m revenue	55	50	(+10%)
<b>Waste</b>				
Hazardous waste disposed				
Chemical waste disposed (liquid) <sup>13</sup>	Tonnes	627	603	
Chemical waste disposed (solid)	Tonnes	62	58	
Total chemical waste disposed <sup>14</sup>	Tonnes	688	661 <sup>15</sup>	(+4%)
Non-hazardous waste				
General waste to landfill	Tonnes	56,376	55,665	
C&D waste to sorting facility	Tonnes	36,126	42,127	
Total non-hazardous waste disposed	Tonnes	92,502	97,792	(-5%)
Materials recycled				
C&D waste (to public fill facility)	Tonnes	695,513	782,741	
Food Waste	Tonnes	233 <sup>16</sup>	11	
Cooking Oil <sup>17</sup>	Litres	9,442	10,495	
Paper	Tonnes	262	323	
Plastics Bottles	Kilograms	2,640	1,929	
Aluminium Cans	Kilograms	1,327	174	
Glass Bottles	Tonnes	35	40	
Total materials recycled	Tonnes	696,056	783,127 <sup>18</sup>	(-11%)

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1. Figures are rounded to whole number, except for figures that are less than 10, which are rounded to two decimal places.
  2. Since NWCON is now a wholly owned subsidiary under NWD, the data in FY2018 was adjusted to enable like-for-like comparison.
  3. Figure denotes only revenues of business units under the reporting scope. Revenue from Hip Hing was discounted using Architectural Services Department (ArchSD) Building Works Tender Price Index, Civil Engineering and Development Department (CEDD) Works Index and Labour Cost index from the Census and Statistics Department, HKSAR for buildings, infrastructure and civil projects respectively. Fare revenue was used for NWFB and Citybus.
  4. Road air emission factors are based on the Hong Kong Environmental Protection Department's (EPD) EMFAC-HK Vehicle Emission Calculation model and the United States Environmental Protection Agency's (USEPA's) Vehicle Emission Modeling Software – MOBILE6.1. Starting from FY2019, marine air emissions are calculated according to the harbour craft emission estimation methodology in the *Port of Los Angeles Inventory of Air Emissions 2005 Technical Report*. PM emissions refers to respirable suspended particles (PM<sub>10</sub>).
  5. The FY2018 marine air emissions, NO<sub>x</sub> and PM<sub>10</sub>, were restated using the newly adopted methodology as stated in the previous footnote.
  6. Starting from FY2019, energy conversion factors of different fuel types are referenced from *Greenhouse Gas Inventory Guidance: Direct Emissions from Stationary Combustion Sources*, January 2016, published by USEPA. The FY2018 figure were recalculated using the same set of emission factors for comparisons.
  7. The amount of LPG and electricity consumption in FY2018 by Hangzhou Guoyi were restated.
  8. Each unit of Towngas consumption has a heat value of 48 MJ.
  9. NWFF has grid-connected solar panels installed in the Cheung Sha Wan office's rooftop since September 2018.
  10. Greenhouse Gas (GHG) emissions were calculated based on *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, 2010 Edition* published by the Environmental Protection Department and the Electrical and Mechanical Services Department, which includes CO<sub>2</sub>, methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) of Scope 1 and 2 emissions.
  11. For Hong Kong operations, emission factors (EF) adopted for purchased electricity are 0.8 kgCO<sub>2</sub>e/kWh and 0.51 kgCO<sub>2</sub>e/kWh respectively as provided by Power Assets and CLP, subjecting to the location of operation. The EF for Towngas is 0.592 kgCO<sub>2</sub>e/unit as provided by The Hong Kong and China Gas Company Limited. For China operations, EF adopted for purchased electricity was referenced from 2012 中國區域電網平均二氧化碳排放因子 (kgCO<sub>2</sub>/kWh): <http://www.cec.org.cn/d/file/huanbao/xingyexinxi/qihoubianhua/2014-10-10/5fbc57bcd163a1059cf224b03b751d8.pdf>
  12. Figure excludes water consumption at Corporate Office of NWS Holdings and Free Duty's head office as the amount of water use is not available from the landlord for rental premises. The increase of water use was explained in the "Water Consumption" section under "Environmental Performance".
  13. Chemical waste is handled by qualified third-party contractors as required by regulations.
  14. The weight of chemical waste in liquid is converted using the density figure 1.0kg/litre from the *Australian Hazardous Waste Data and Reporting Standard 2017 revision*.
  15. The amount of (liquid) chemical waste produced by NWFB and Citybus in FY2018 was restated.
  16. The increase in food waste recycling from HML in FY2019 was due to the opening of O·Park 1, the food waste recycling facility, in June 2018. The composter is no longer in use by HML.
  17. The weight of food processing oil is converted using the density figure 0.918 kg/litre from the Greenhouse Gas MRR Final Rule of the *Federal Register/Vol. 74, No. 209/Friday, October 30, 2009/Rules and Regulations Table MM-2 to Subpart MM – Default Factors for Biomass-Based Fuels and Biomass*.
  18. The overall reduction of materials recycled was due to the reduced amount of inert C&D materials sent to the public fill facility for reuse. The amount of inert C&D materials generated is subject to the type and stage of construction projects.

# SOCIAL DATA SUMMARY

Parameter	Unit	FY2019			
		Hong Kong		Hangzhou	
		Male	Female	Male	Female
<b>Workforce</b>					
Total Employees	No. of employees	10,798			
By Employment Contract, Gender and Region					
Permanent contract	No. of employees	7,315	1,494	372	281
Fixed-term or temporary contract	No. of employees	1,202	134	0	0
By Employment Type, Gender and Region					
Full-time	No. of employees	8,310	1,525	372	281
Part-time	No. of employees	207	104	0	0
By Age Group and Region					
Under 30 years old	No. of employees	1,312		55	
30–50 years old	No. of employees	3,843		529	
Above 50 years old	No. of employees	4,990		69	
<b>New Hires<sup>19</sup></b>					
Number of New Hires by Gender and Region	No. of employees	1,057	263	15	15
Rate of New Hires by Age Group, Gender and Region <sup>20</sup>					
Under 30 years old	%	26	6	33	10
30–50 years old	%	25	9	17	40
Above 50 years old	%	29	5	0	0
<b>Turnover<sup>21</sup></b>					
Number of Turnover by Gender and Region	No. of employees	844	284	25	24
Rate of Turnover by Age Group, Gender and Region <sup>22</sup>					
Under 30 years old	%	15	6	10	6
30–50 years old	%	21	12	37	29
Above 50 years old	%	39	8	4	14
<b>Return to Work after Parental Leave</b>					
Employees taken parental leave	No. of employees	75	24	12	20
Employees returned after parental leave ended	No. of employees	72	19	12	19
Return to work rate	%	96	79	100	95
<b>Injury and Lost-time</b>					
Fatalities	No. of fatality	1 <sup>23</sup>			
Fatality rate <sup>24</sup>	%	0.01			
Lost-time injuries (sick leave > 0 day)	No. of case	362			
Reportable injuries (sick leave > 3 days)	No. of case	274			
Lost-time injury rate (LTIR) <sup>25</sup>	per 100 employees	2.68			
<b>Training and Education</b>					
Total training hours by related-topics					
Anti-corruption	No. of hours	667			
Corporate culture	No. of hours	13,147			
Environmental protection	No. of hours	2,483			
Occupational health and safety	No. of hours	26,362			
Professional development	No. of hours	130,064			

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19. Number of total new hires covers permanent employees only.
  20. The denominator used to calculate new hires rate is the total number of new hires in the region as of 30 June 2019.
  21. Total turnover refers to permanent employees only, and include both voluntary and involuntary leavers.
  22. The denominator used to calculate turnover rate is the total number of voluntary and involuntary leavers in the region as of 30 June 2019.
  23. In March 2019, a traffic accident involving Citybus resulted in two deaths including a bus captain with more than 10 others injured. Investigation of the accident was conducted and necessary arrangements were made for the deceased. Follow-ups on the condition of the injured passengers are on-going.
  24. The fatality rate is calculated as the total number of fatalities divided by the total employees.
  25. The lost-time injury rate (LTIR) represents the number of injuries per 100 employees per year. It is calculated as the total injuries multiplied by 200,000 and then divided by total hours worked. The factor 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year.

# SEHK ESG REPORTING GUIDE CONTENT INDEX

The following table indicates the location of or direct response to the disclosures required by SEHK ESG Reporting Guide included in this report and other publicly available NWS Holdings documents.

## SEHK ESG Reporting Guide

Aspect	General Disclosure and Key Performance Indicators (KPIs)	Section/Remarks
<b>A. Environmental</b>		
A1: Emissions	General Disclosure KPI A1.1 KPI A1.2 KPI A1.3 KPI A1.4 KPI A1.5 KPI A1.6	Environmental Performance Environmental Performance Data Summary Environmental Performance Data Summary Environmental Performance Data Summary Environmental Performance Data Summary Environmental Performance Environmental Performance; Environmental Performance Data Summary
A2: Use of Resources	General Disclosure KPI A2.1 KPI A2.2 KPI A2.3 KPI A2.4  KPI A2.5	Environmental Performance Environmental Performance Data Summary Environmental Performance Data Summary Environmental Performance Environmental Performance; Freshwater is sourced municipally and thus not considered material, yet we strive to conserve water consumption Packaging material is not applicable in our operations
A3: The Environment and Natural Resources	General Disclosure KPI A3.1	Environmental Performance Environmental Performance
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
B1: Employment	General Disclosure	Human Capital
B2: Health and Safety	General Disclosure	Human Capital
B3: Development and Training	General Disclosure	Human Capital
B4: Labour Standards	General Disclosure	Human Capital
<b>Operating Practices</b>		
B5: Supply Chain Management	General Disclosure	Value Chain
B6: Product Responsibility	General Disclosure	Value Chain
B7: Anti-corruption	General Disclosure	Corporate Governance
<b>Community</b>		
B8: Community Investment	General Disclosure	Community

# GRI STANDARDS CONTENT INDEX

The following table indicates the location of or direct response to GRI Standards disclosures included in this report and other publicly available NWS Holdings documents.

GRI Standards	Disclosure Title	Section/Remarks
<b>GRI 102: General Disclosures 2016</b>		
102-1	Name of the organisation	Our Business
102-2	Activities, brands, products, and services	Our Business
102-3	Location of headquarters	Our Business
102-4	Location of operations	Our Business
102-5	Ownership and legal form	Our Business
102-6	Markets served	Our Business
102-7	Scale of the organisation	Our Business; Environmental Performance Data Summary; Social Data Summary
102-8	Information on employees and other workers	Social Data Summary
102-9	Supply chain	Value Chain
102-10	Significant changes to the organisation and its supply chain	No significant changes in supply chain during the reporting period
102-11	Precautionary Principle or approach	Corporate Governance
102-12	External initiatives	Our Approach to Sustainability; Human Capital
102-13	Membership of associations	Awards and Memberships
102-14	Statement from senior decision-maker	CEO Message
102-16	Values, principles, standards, and norms of behaviour	Our Business; Corporate Governance; Our Approach to Sustainability
102-18	Governance structure	Corporate Governance; Our Approach to Sustainability
102-40	List of stakeholder groups	Stakeholder Engagement and Materiality
102-41	Collective bargaining agreements	Human Capital
102-42	Identifying and selecting stakeholders	Stakeholder Engagement and Materiality
102-43	Approach to stakeholder engagement	Stakeholder Engagement and Materiality
102-44	Key topics and concerns raised	Stakeholder Engagement and Materiality; Human Capital; Value Chain; Environmental Performance
102-45	Entities included in the consolidated financial statements	Our Business
102-46	Defining report content and topic boundaries	Stakeholder Engagement and Materiality
102-47	List of material topics	Stakeholder Engagement and Materiality
102-48	Restatements of information	Environmental Performance Data Summary



GRI Standards	Disclosure Title	Section/Remarks
102-49	Changes in reporting	About this Report
102-50	Reporting period	About this Report
102-51	Date of most recent report	Our previous report was published in December 2018
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	About this Report
102-54	Claims of reporting in accordance with the GRI Standards	About this Report
102-55	GRI content index	GRI Standards Content Index
102-56	External assurance	About this Report; Verification Statement
<b>GRI 201: Economic Performance 2016</b>		
103	Management Approach	Our Business; Corporate Governance; Stakeholder Engagement and Materiality
201-1	Direct economic value generated and distributed	Our Business; Refer to the <a href="#">Reports and Financial Statements</a> section of our Annual Report 2019
<b>GRI 205: Anti-corruption 2016</b>		
103	Management Approach	Corporate Governance; Stakeholder Engagement and Materiality
205-3	Confirmed incidents of corruption and actions taken	Corporate Governance
<b>GRI 206: Anti-competitive Behaviour 2016</b>		
103	Management Approach	Corporate Governance; Stakeholder Engagement and Materiality
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	NWS is not involved in any legal actions regarding anti-competitive behaviour during the reporting period
<b>GRI 302: Energy 2016</b>		
103	Management Approach	Our Approach to Sustainability; Stakeholder Engagement and Materiality; Environmental Performance
302-1	Energy consumption within the organisation	Environmental Performance Data Summary
302-3	Energy intensity	Environmental Performance Data Summary
302-4	Reduction of energy consumption	Environmental Performance
<b>GRI 303: Water 2016</b>		
103	Management Approach	Environmental Performance
303-1	Water withdrawal by source	Environmental Performance Data Summary
303-2	Water sources significantly affected by withdrawal of water	Freshwater is sourced municipally and thus not considered material, yet we strive to conserve water consumption.

GRI Standards	Disclosure Title	Section/Remarks
<b>GRI 305: Emissions 2016</b>		
103	Management Approach	Corporate Governance; Our Approach to Sustainability; Stakeholder Engagement and Materiality; Environmental Performance
305-1	Direct (Scope 1) GHG emissions	Environmental Performance Data Summary
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Performance Data Summary
305-4	GHG emissions intensity	Environmental Performance Data Summary
305-5	Reduction of GHG emissions	Environmental Performance
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions	Environmental Performance Data Summary
<b>GRI 306: Effluents and Waste 2016</b>		
103	Management Approach	Corporate Governance; Our Approach to Sustainability; Stakeholder Engagement and Materiality; Environmental Performance
306-2	Waste by type and disposal method	Environmental Performance; Environmental Performance Data Summary
<b>GRI 307: Environmental Compliance 2016</b>		
103	Management Approach	Corporate Governance; Our Approach to Sustainability; Stakeholder Engagement and Materiality; Environmental Performance
307-1	Non-compliance with environmental laws and regulations	Environmental Performance
<b>GRI 401: Employment 2016</b>		
103	Management Approach	Corporate Governance; Our Approach to Sustainability; Stakeholder Engagement and Materiality; Human Capital
401-1	New employee hires and employee turnover	Human Capital; Social Data Summary
401-3	Parental leave	Social Data Summary
<b>GRI 403: Occupational Health and Safety 2016</b>		
103	Management Approach	Corporate Governance; Our Approach to Sustainability; Human Capital
403-1	Workers representation in formal joint management-worker health and safety committees	Human Capital; All workers are covered by the management-worker safety committee at our construction sites
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of fatalities	Social Data Summary

GRI Standards	Disclosure Title	Section/Remarks
<b>GRI 404: Training and Education 2016</b>		
103	Management Approach	Corporate Governance; Our Approach to Sustainability; Stakeholder Engagement and Materiality; Human Capital
404-1	Average hours of training per year per employee	Human Capital
<b>GRI 406: Non-discrimination 2016</b>		
103	Management Approach	Corporate Governance; Stakeholder Engagement and Materiality; Human Capital
406-1	Incidents of discrimination and corrective actions taken	There are no reported incidents of workplace discrimination in FY2019
<b>GRI 413: Local Communities 2016</b>		
103	Management Approach	Community
413-1	Operations with local community engagement, impact assessments, and development programmes	Community
<b>GRI 416: Customer Health and Safety 2016</b>		
103	Management Approach	Corporate Governance; Stakeholder Engagement and Materiality; Value Chain
416-1	Assessment of the health and safety impacts of product and service categories	Value Chain
<b>GRI 418: Customer Privacy 2016</b>		
103	Management Approach	Corporate Governance; Stakeholder Engagement and Materiality; Value Chain
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Value Chain
<b>GRI 419: Socioeconomic Compliance 2016</b>		
103	Management Approach	Corporate Governance; Our Approach to Sustainability; Stakeholder Engagement and Materiality; Human Capital; Value Chain
419-1	Non-compliance with laws and regulations in the social and economic area	NWS has not identified any significant non-compliance with laws and/or regulations in the social and economic area.

# ASSURANCE STATEMENT



## VERIFICATION STATEMENT

### Scope and Objectives

Hong Kong Quality Assurance Agency (“HKQAA”) has been commissioned by NWS Holdings Limited (“NWS”) to conduct an independent verification of its Sustainability Report 2019 (the “Report”) covering the fiscal year from 1st July 2018 to 30th June 2019.

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

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

- assess whether the scope of the Report covers all significant aspects of NWS Holdings’ sustainability performance;
- verify whether the Report addresses the ESG Reporting Guide and the Core option of the GRI Standards;
- evaluate whether the selected data and statements presented in the Report are accurate; and
- review whether the data and information management mechanism for preparing the Report is reliable.

### Level of Assurance and Methodology

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

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

### Independence

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



# ASSURANCE STATEMENT

## Conclusion

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

**Connie Sham**

*Head of Audit*

Hong Kong Quality Assurance Agency

November 2019



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