

Sustainability Report

The Sustainability Report covers the discussion of specific environmental and social topics that contribute to the sustainable development of the Group and are of interest to our stakeholders. In line with our commitment to transparency and accountability, we share both our progress and the challenges we faced in delivering our 2030 sustainability targets; likewise, we share our achievements, as well as areas where we need to improve.



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* Refer to our online Sustainability Report for details of these sections.

Sustainability Report



Message from the Chairman of the Sustainability Committee

2020 is proving to be a year of change. A corporation's fundamental strengths and adaptability are being put to the test, from severe flooding in southern China – just one of the increasingly noticeable impacts of climate change – to social movements in Hong Kong and global geopolitical tensions, to the COVID-19 pandemic.

In recent years, the Group has been driving the adoption of advanced technology in our operations, through employing smart road monitoring systems, applying innovative methodologies such as Modular Integrated Construction, and digitalizing human resources and financial management. All these efforts not only enhance operational efficiency, but also strengthen our resilience to tough market conditions, bolstering our ability to maintain stable and sustainable growth.

A core aspect of our future strategy is to integrate considerations for environmental and social sustainability with the economic activities of our businesses. For example, in our energy-related investments, we are phasing out coal-fired power in favour of renewable energy, in response to megatrends such as the surging impacts of climate change. Integration of sustainability with our businesses will enable us to cater for the ever-changing market environment by systematically managing foreseeable risks and capturing market opportunities.

In this financial year, the Group signed its first sustainability-linked loan, amounting to HK\$1 billion,

“Responding to social needs is both our responsibility and a business opportunity.”

with the interest rate linked to our sustainability performance, including greenhouse gas emissions. This reaffirms our commitment to sustainable development, while diversifying our financing channels.

We have established our sustainability governance framework and 2030 sustainability targets with reference to the Sustainable Development Goals of the United Nations, the economic, social and environmental policy planning of places where we operate, as well as the four impact areas of Green, Wellness, Caring and Smart of the Sustainability Vision 2030 of our parent company, NWD.

Our Sustainability Committee, which I personally chair, is responsible for managing our strategy and actions on sustainability and coordinating progress towards our targets. The committee makes regular reports to the Board. This year, we have also introduced quantifiable social goals to promote caring and wellness by accumulating over 20 million beneficiaries by 2030. These goals shall guide us in conducting our business and activities in ways that create shared value for our customers and related stakeholders. Responding to social needs is therefore both our responsibility and a business opportunity. We endeavour to facilitate socio-environmental development as we expand our businesses, connecting lives and building a sustainable future to create a win-win situation for all.

Looking ahead, we hope to leverage further synergies within the ecosystem of New World Group, from fostering development in sustainable construction to combating climate change, to strengthen our resilience to upcoming economic and market changes, supporting the Group's sustainable development into the future.

A handwritten signature in black ink, appearing to read 'MA Siu Cheung', with a stylized flourish at the end.

MA Siu Cheung

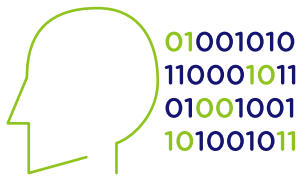
Chief Executive Officer and
Chairman of Sustainability Committee

Our Purpose

Pursuing operational excellence and innovation

Investing in a low carbon future

We have launched our first sustainability-linked loan of **HK\$1 billion** in FY2020. For our energy related investments, we continue to phase out investment from coal-fired power to increasing investment in renewable energy.



Smart technologies and big data

We formalized a strategic collaboration with Shanghai Supremind Intelligence Technology Co., Ltd. ("Supremind"), to further develop artificial intelligence applications in toll roads and construction site management.



Connect people through smart and green space

Our construction operator, Hip Hing Group, estimated **>80%** construction waste reduction at InnoCell using the Modular Integrated Construction ("MiC") approach.

We have **>87%** of projects built using sustainable construction standards: BEAM Plus or equivalent.

In FY2020, Hong Kong Convention and Exhibition Centre (Management) Limited, certified with ISO 20121 Event Sustainability Management System, served



**428
Events**



**>4.6 million
Attendance**



adopted energy management with data analytics.



Connect cities and people through safe and efficient road operations

Average daily
>280,000
traffic flow¹



Average daily
>955,000
bus & ferry passengers²



Connect people to opportunities for a life well-lived

Our new business arm FTLife Insurance has extended additional protection under COVID-19 to **275,000** beneficiaries.



Our flagship NWS Career Navigator for Youth programme has engaged **>7,200** participants since its launch in 2016.



We have **>1,200** new hires in FY2020.

Connecting lives, building a sustainable and inclusive future

¹ Average daily traffic flow for Roads operations including Zhejiang NWS Expressway and Changliu Expressway in FY2020.

² Average daily patronage of NWFB and Citybus' franchised buses and NWFF in FY2020.

About this Sustainability Report

Reporting Boundary

NWS Holdings has a portfolio of businesses and investments spanning a diverse range of industries, with varying levels of ownership and operational control over individual entities. The Sustainability Report provides an overview of the sustainability governance and performance of the Group's corporate office and principal subsidiaries from our five business segments: Roads, Construction, Insurance, Facilities Management and Transport^{3,4}, represented by the business units outlined below. Compared to the previous year, the boundary of this year's report has expanded to include Changliu Expressway and FTLife Insurance, which joined the Group's portfolio of businesses in July 2019 and November 2019 respectively.



Roads

Zhejiang NWS Expressway Co., Ltd. ("Zhejiang NWS Expressway"), is mainly responsible for the management of Hangzhou Ring Road in Zhejiang Province of Mainland China. This 103.4 km long expressway has dual two to three-lane carriageways with an average daily traffic flow of over 250,000 vehicles. There are 14 toll stations, a tunnel and a rescue team under our management.

For the latest news from Zhejiang NWS Expressway, please scan the QR code to access its WeChat page.



Hunan NWS Expressway Management Co., Ltd. is responsible for the management of Changliu Expressway, which connects Changsha and Liuyang in Hunan Province in Mainland China. With a total length of 65 km, this dual two-lane expressway has an average daily traffic flow of over 30,000 vehicles. There are four toll stations and six tunnels under our management.



Construction

Hip Hing Group provides professional design, procurement, engineering and construction services to a wide range of public, commercial and private projects.

Vibro (H.K.) Limited ("Vibro"), a member of Hip Hing Group, 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 more information about Hip Hing Group, please visit its website (www.hiphing.com.hk) and its publication namely, Hip Hing Voice for the latest news.



Insurance

FTLife Insurance offers a comprehensive range of life insurance products, accidents and health products to serve the diverse needs of its customers. Led by a management team of Tier 1 insurance industry leaders, FTLife Insurance currently has a network of more than 3,000 tied agents as well as strategic partnerships with more than 270 brokers and independent financial advisers in Hong Kong.

For more information about FTLife Insurance, please visit its website (www.ftlife.com.hk).

³ The Group announced the proposed disposal of 100% of its interest in NWFB and Citybus on 21 August 2020 (refer to Management Discussion and Analysis section of the annual report on pages 102 to 119 for details).

⁴ The Group has disposed of 60% of its interest in NWFF to Chu Kong Shipping in May 2020 (refer to Management Discussion and Analysis section of the annual report on pages 102 to 119 for details).



Facilities Management

With over 91,500 square metres of gross rentable space, the HKCEC is an award-winning venue for international exhibitions and conventions. HML, who manages HKCEC, has received numerous international awards in recognition for their professional and attentive service for this iconic landmark in Hong Kong.

For additional information, please refer to the website of HKCEC (www.hkcec.com) and its publication namely, Centrepoint for the latest news.

Free Duty offers retail of a wide range of merchandise from tobacco, liquor, perfume, cosmetics, packaged food to general merchandise at Hong Kong's cross-border railway terminal and the Hong Kong-Zhuhai-Macao Bridge (Hong Kong Port Passenger Clearance Building).



Transport

NWFB and Citybus, with a combined fleet of more than 1,600 buses, operate more than 200 bus routes in Hong Kong, serving 922,000 passengers a day.

Please visit the website of NWFB and Citybus (www.nwstbus.com.hk) for their latest Fuller Disclosures.

NWFF operates five main routes between inner harbour and the outlying islands. It carries more than 33,000 passengers daily on its 17 owned vessels and three chartered vessels.

For more information about NWFF, please visit its website (www.nwff.com.hk) and quarterly newsletter.

We endeavour to engage the Group's other subsidiaries and associated companies, over which we do not have controlling interest, as our partners inviting them to share our values and vision for sustainability stewardship, and leveraging our influence as board members and investors.

Reporting Standards

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Guide") set out in Appendix 27 of the Listing Rules as updated in December 2019, and with reference to the Core option of the Global Reporting Initiative ("GRI") Standards.

Reporting Principles

This report is prepared based on the reporting principles of materiality, quantitative, consistency and balance, which are set out in the ESG Guide.

Sustainability Report Assurance

Hong Kong Quality Assurance Agency ("HKQAA") was commissioned to conduct independent assurance of the Sustainability Report in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Boards, and to provide an independent Verification Statement on whether the reported information complies with the ESG Guide.

Defining Report Content

The report content focuses on our performance in FY2020. In line with the materiality principles of the ESG Guide and GRI, the report content is determined by the most significant and relevant environmental and social sustainability issues endorsed by the Sustainability Committee of the Company and through a materiality assessment process involving both external and internal stakeholders. An overview of the top material issues and how they are mapped to the impact areas of our Sustainability Vision 2030 is provided in the section of "Stakeholder Engagement and Materiality". The "Environmental Performance Data Summary" and "Social Data Summary" supplement the discussion with detailed performance data. Please refer to our online Sustainability Report for the detailed data summary.

Contact Us

We welcome feedback on our sustainability report and performance. Please share your suggestions and comments with us at sustainability@nws.com.hk.

An Integrative Disclosure Framework



**NEW WORLD
SUSTAINABILITY
VISION 2030**

The Group aims to create shared value for our shareholders, stakeholders and the communities in which we operate, by integrating considerations relating to environmental and social sustainability into decision-making and day-to-day practices across our businesses. This commitment is outlined in our "Sustainability Policy".

In line with our parent company, NWD, we subscribe to the New World Sustainability Vision 2030 ("SV2030"), which references the United Nations Sustainable Development Goals ("SDGs") and establishes a focus on four pillars: Green, Wellness, Caring and Smart. We integrate these two frameworks to report on the environmental and social issues material to the Group. Each of the four pillars of SV2030 is intricately linked with each of the four SDGs, that are most relevant to the Group and that enable us to have greater impact: the following illustration highlights the main touchpoint across the two frameworks.

SDGs' relevance to SV2030 and NWS Holdings' Business Strategy

SDG 17 Partnerships for the Goals

- Promote the development, transfer, and dissemination of environmentally sound technologies to communities in need
- Support effective and targeted capacity-building in communities for the implementation of SDGs
- Encourage and promote effective public, public-private and civil society partnerships

SDG 8 Decent Work and Economic Growth

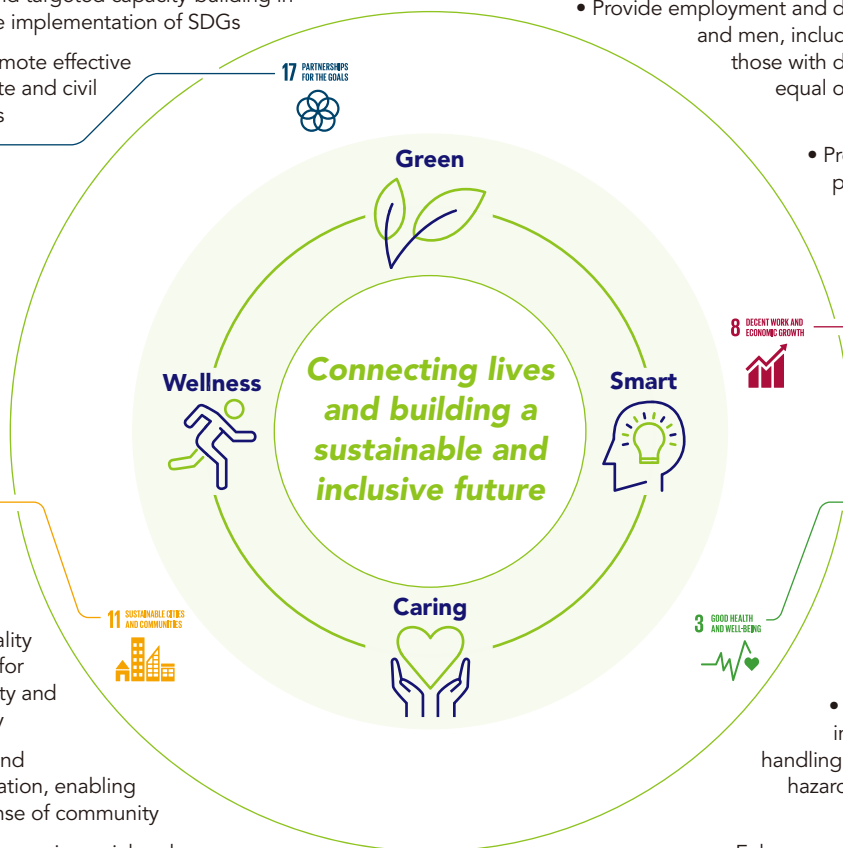
- Contribute to economic growth
- Enhance economic productivity through business diversification, technological upgrades and innovation
- Provide employment and decent work for women and men, including young people and those with disabilities, and provide equal opportunity and pay for work of equal value
- Protect labour rights and provide safe and secure working environments for all employees

SDG 11 Sustainable Cities and Communities

- Provide safe, sustainable and quality transport networks for the wider community and improve road safety
- Enhance inclusive and sustainable urbanization, enabling people to feel a sense of community
- Support positive economic, social and environmental links between urban and rural areas by strengthening local and regional development planning
- Environmental conservation









SDG 3 Good Health and Well Being

- Provide access to safe, effective and high-quality care and medical treatment
- Reduce environmental impacts through proper handling of emissions including hazardous chemicals, air and water pollution, etc.
- Enhance customer experiences by improving quality and wellness of our services



2030 Targets and Progress

The following table provides an overview of our 2030 targets and our progress towards them. We will continue to review our metrics and introduce new performance indicators as required, in order to increase our impact across all four areas of SV2030.

SV2030	FY2020 Progress		Relevant SDG
Green Moving us towards a greener future 	(Baseline: FY2013)		
	↓ 50% Energy Intensity FY2020: ↓ 40% On Track	↓ 50% Carbon Intensity FY2020: ↓ 38% On Track	
	↓ 30% Water Intensity FY2020: ↑ 7% Behind Plan	>90% reuse of construction and demolition materials FY2020: >94% Target Met	
Wellness Promoting health in body and mind 	(Since FY2015)		
	Maintain Lost-Time Injury Rate ("LTIR") below 3.0 per 100 employees FY2020: 1.7 LTIR Target Met	Improve the well-being of >4 million beneficiaries FY2020: Reached 1.4 million beneficiaries On Track	
Caring Nurturing our communities and culture 	(Since FY2015)		
	Enhance quality of life of >17 million beneficiaries FY2020: Reached 7.4 million beneficiaries On Track	Accumulate 175,000 hours of voluntary service to the community FY2020: Accumulated 90,000 hours volunteering service On Track	
Smart Using innovation to unlock potential 			
	Building Information Modelling ("BIM") and Virtual Reality ("VR") to enhance safety management at construction sites Smart metering with big data analytics for energy management at HKCEC	Artificial Intelligence ("AI") and big data applications in toll roads management	

Sustainability Governance and Management

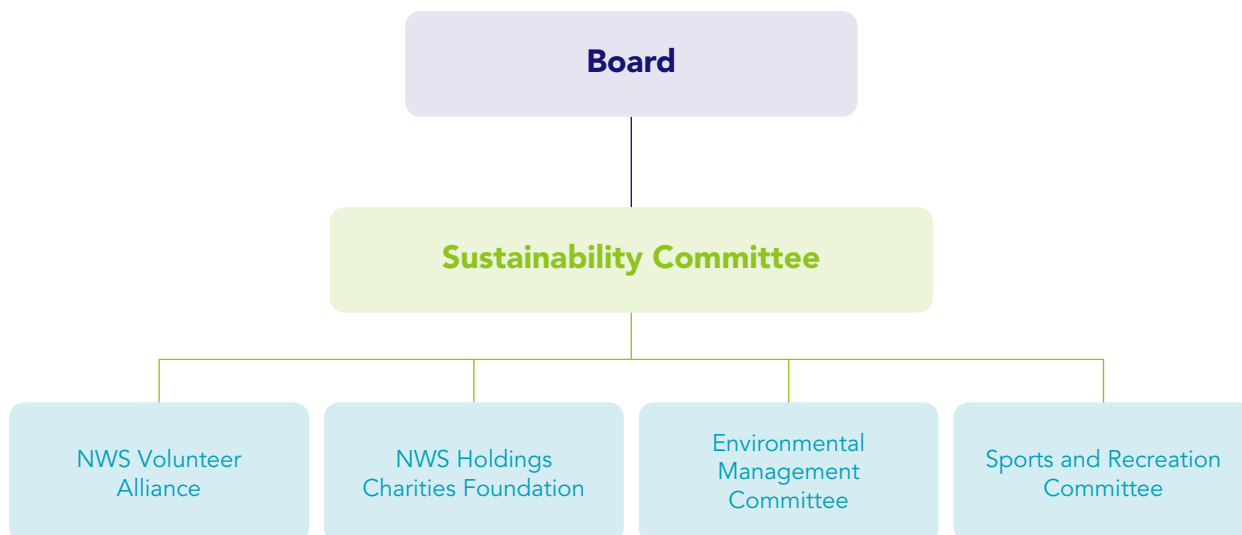
The Board oversees the long-term success of the Group through setting the overall strategy, supervising executive management, and ensuring that our corporate governance practices meet the highest standards of integrity and ethics and are effectively implemented throughout the Group. The Board is accountable for ensuring the relevance and effectiveness of our strategic approach to the Group’s sustainable development.

How We Govern and Manage

The Board provides oversight on matters relating to ESG through the Sustainability Committee, which is chaired by the Chief Executive Officer of the Company and involves other executive directors, non-executive directors, as well as independent non-executive directors as members. The Sustainability Committee, supported by the Group’s sustainability team and our wider management team, evaluates, prioritizes and manages ESG-related issues that are material to the Group, and monitors the progress made towards the 2030 goals and targets.

A set of policies, procedures and guidelines have been developed as part of the Group’s sustainability governance framework. These policies and guidelines are reviewed and updated regularly by the Board and relevant board committees to meet the latest regulatory requirements and where applicable, industry best practice. In FY2020, the Sustainability Committee met twice and endorsed new policies and guides including “Climate Change Policy”, “Health and Safety Policy”, “Supply Chain Management Guide”, and “Sustainable Procurement Guide”, to further strengthen our governance. Our sustainability policies and guidelines are publicly available on the Company’s website.

The Sustainability Committee is supported by four task forces and sub-committees which work with our employees, business partners, customers and the local community to maximize shared value creation across our operations. GARA also incorporates ESG-related risks in the wider enterprise risk assessment and management process. More information can be found in the Risk Management section on pages 47 to 59 of the annual report.



As we refine our business strategy and operations, we are mindful of the related potential impact of ESG and climate related risk. We made reference to the four pillars under the Task Force on Climate-related Financial Disclosure (“TCFD”) framework, Governance, Strategy, Risk Management and Metric and Targets in preparing our sustainability disclosure.

Ethical Standards

Commitment to ethical conduct is firmly rooted in our company values. This means taking a clear stance against corruption and respecting laws and regulations wherever we operate. We believe that maintaining high standards of ethics and corporate governance is essential to the success and sustainability of our business, and is what our stakeholders expect from us.

To uphold the highest ethics and corporate governance standards across the Group and throughout our value chain, we have established long-standing policies on bribery prevention. Our *"Corporate Policy on Staff Responsibility"* and our *"Code of Conduct"* set out the standards of behaviour we expect from our employees, while the *"Supplier Code of Conduct (NWD)"* that we adopted details our expectations for our suppliers.

We keep the Board informed of the latest information. For instance, to support our anti-corruption efforts, we included training materials provided by ICAC⁵ in the online training platform for our directors. Our *"Whistleblowing Policy"* enables employees to confidentially raise concerns about suspected misconduct. During FY2020, we introduced an *"Anti-Fraud and Counter-Corruption Policy"* which covers the reporting and investigation process of any suspected fraud, corruption or other irregularities. GARA records all reported cases and undertakes investigations as designated by the Audit Committee⁶ in a confidential and timely manner. There were no reported cases of non-compliance with the Prevention of Bribery Ordinance (Cap. 201) in FY2020.

Anti-Competition

In the business community, the Group observes the principle of healthy rivalry with competitors. As stated in our *"Corporate Policy on Staff Responsibility"*, we will not acquire another company's trade secrets or other proprietary information by improper means. We take extra care in our dealings with competitors as there are laws and regulations in some countries governing the protection and promotion of competition. In Hong Kong, the Competition Ordinance (Cap. 619) is designed to promote competition and prohibit anti-competitive practices which we strictly enforce in our modes of communication and contracts. All staff members shall always be aware of and comply with competition laws and regulations and shall recognize sensitive situations and behaviour that are or might be considered anti-competitive. Advice will be sought from the Group's Legal Department whenever any anti-competition and related questions arise. We provide refresher training on anti-competition for our staff on a periodic basis. There were no reported cases of non-compliance with the Competition Ordinance (Cap. 619) in FY2020.

Customer Privacy

To respect and protect the privacy of our customers, we only collect the essential personal information from our customers and have policies governing the access, use and disposal of the collected data. All customer data is handled in compliance with the Personal Data (Privacy) Ordinance (Cap. 486) and with relevant regulations of the jurisdictions that we operate. There were no substantiated incidents regarding breaches of customer data privacy recorded in FY2020.

Guidance on data storage and handling is stipulated in the Data Confidentiality and Protection Policy section of NWD's *"IT Policy and Procedures"* to ensure proper management of customer data. Our standards of information security and confidentiality are applicable to all our employees and service providers. Multiple facets of protection, including administrative, physical and technical measures, have been implemented to safeguard the collected customer data and prevent unauthorized access. For instance, at HML, *"Privacy Policy Statement and Disclaimer"* is available to inform our customers about their rights and the reasons for collecting their personal data.

⁵ ICAC – The Independent Commission Against Corruption of Hong Kong

⁶ The Audit Committee has the authority to engage an independent third party to conduct the investigations as deemed necessary.

Intellectual Property Rights

The NWD's "IT Policy and Procedures" ensure intellectual property rights are observed and protected. This policy assures our compliance to the relevant and applicable intellectual property laws, and provides our employees with the proper guidance to safeguard our intellectual property.

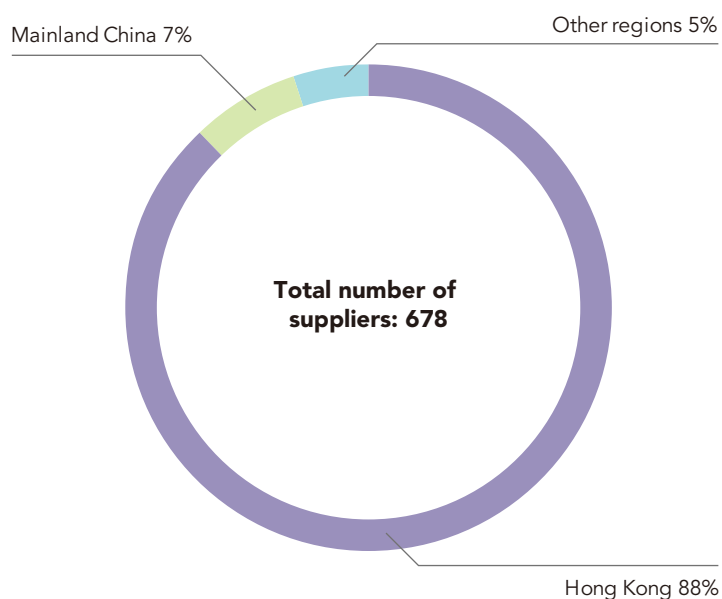
Supply Chain Management

We are committed to identifying and managing the environmental and social impacts associated with our supply chain. We comply with all relevant laws and regulations and we expect the same from our business partners. While the "Supplier Code of Conduct (NWD)" outlines our expectations with regards to environmentally and socially responsible behaviour, we have developed the "Supply Chain Management Guide" and "Sustainable Procurement Guide" to provide guidance to our operations teams on the incorporation of ESG considerations in procurement decisions. We also have procedures in place to monitor the effectiveness of our suppliers' environmental and social management. We maintain consistent engagement and communication with our suppliers especially in identifying opportunities for process enhancement and/or risk reduction. For example, Hip Hing Group piloted the "Enertainer", which replaces diesel generator sets by electrifying on-site power generation, in order to enhance site safety, energy efficiency and reduce local air pollution.

Social and environmental issues vary across the Group and they are managed according to the needs of each business unit. Our business units also have supply chain and procurement management framework in place that suit their needs, factoring in ESG and sustainability into the assessment and selection of new suppliers, and the performance review of existing suppliers.

Our guidelines promote efforts to reduce the environmental footprint of our supplies and encourage sourcing from local, responsible and ethical suppliers. Suppliers who value and act on the principles of sustainable development are preferred. All suppliers must comply with regulatory requirements regarding environmental, health and safety, and labour practices, which prohibit the use of forced and child labour, for instance. In line with our "Sustainable Procurement Policy (NWD)", we prioritize local suppliers⁷: in FY2020, 95% of our suppliers⁸ were from Hong Kong or Mainland China.

Geographical Breakdown of Suppliers



⁷ Local suppliers include both Hong Kong and Mainland China suppliers.

⁸ Total number of suppliers refers to those that have a valid contract with the company and with a total expenditure of HK\$500,000 or above within FY2020.

Stakeholders Engagement and Materiality

Our stakeholders and their concerns lie at the heart of our sustainability work. To focus our efforts in driving the resilience and growth of the Group, we regularly invite both our internal and external stakeholders to provide their advice through online surveys and in-depth interviews. The materiality assessment helped us understand and prioritize a range of topics with regards to their relevance and importance to the continuity and sustainable development of our businesses. While the full materiality matrix was published in our 2019 Sustainability Report and is available in our website, the top material issues are summarized in the following table and discussed in greater detail in relevant sections of this report.

Top material issues	Description	Examples of how we manage	Relevant report sections
Corporate Governance	Processes and practices by which a company is managed and overseen.	<ul style="list-style-type: none"> Group-wide policies guiding principles for all operations Internal audit and risk management functions to provide on-going risk assurance and management. 	Sustainability Governance and Management, Corporate Governance Report, Risk Management
Occupational Health and Safety	Health and safety of employees and contractors on the Group's premises	<ul style="list-style-type: none"> Health and safety policies at the Group level, as well as specific guidance from individual business units on relevant safety requirements and practices Application of technology to enhance employee health and safety 	Human Capital
Employee Wellness and Benefits	Physical and mental health and wellness of our employees, both at work and beyond	<ul style="list-style-type: none"> Regular communication with employees to promote mutual understanding of priorities and concerns Policies and practices to promote employee wellness Cultivating a positive workplace culture, nurturing talents and enhancing employee well-being 	Human Capital
Sustainable Construction	Minimizing negative impacts to the environment during construction	<ul style="list-style-type: none"> Use of new construction methods such as MiC to minimize air and noise pollution and reduce construction waste Adoption of emission reduction technology at construction sites 	Smart Environment
Greenhouse Gas and Air Emissions Management	Reducing the emissions of carbon and air pollutants across the Group's operations	<ul style="list-style-type: none"> Continuous upgrade of vehicle fleets to meet latest emission standards, reducing air emissions Continuous use of innovative solutions in construction sites to reduce energy use and air emissions: for example, use of the "Enertainer" by Hip Hing Group 	Smart Environment
Customer Health and Safety	Minimizing safety risks to users of services	<ul style="list-style-type: none"> Technology to enhance safety in operating vehicles and reduce the occurrence of accidents 	Better Community
Customer Privacy	Procedures and security measures to protect the confidentiality of customer data	<ul style="list-style-type: none"> Policies and software infrastructure to safeguard confidential data 	Sustainability Governance and Management

Details regarding the management of these material issues are addressed in the Corporate Governance Report on pages 20 to 46 and Risk Management section on pages 47 to 59 of the annual report, and relevant chapters of the Sustainability Report.

Ongoing Engagement with Stakeholders

We maintain ongoing engagement with our key stakeholders to ensure that we gain a thorough understanding of their concerns and expectations, and to help us enhance and balance our sustainability strategies, accelerating our sustainable growth.

We proactively engage with stakeholder groups that are directly impacted by our operations, including our employees, investors and customers, as well as our supply chain partners. Our regular stakeholder engagement programme also enables us to consult other stakeholder groups, including community organizations, trade and industry associations, academia and the media. Our business units also carry out communication with their stakeholders regularly, tailoring these to their business needs and interests. For example, HML continually conducts customer surveys, while NWFF and Citybus have passenger group liaison meetings annually.

During FY2020, we used a variety of means to maintain communication with our stakeholders: in addition to traditional engagement channels such as press releases, liaison groups and face-to-face meetings, we also used mobile apps and social media to enhance our reach and response rates effectiveness.

Our Stakeholder Accountability

The Group believes we can have positive impacts through our roles as a business operator, transport operator, life insurer, investor and employer, and through wider contributions to society. Our commitment to sustainability guides us in creating shared value for our customers, shareholders, employees and the communities where we operate. This table summarizes examples of our positive impacts in response to key stakeholders in FY2020:

Impacts in Response to Stakeholders



Employee

- Provided employment for 11,427 staff⁹ and acquired new hires of over 1,200 staff
- Offered free COVID-19 insurance protection to all employees of the Group
- Signed the Racial Diversity and Inclusion Charter for Employers
- Recognized as Asia's Dream Company to Work for-Dream Employer of the Year by World HRD Congress and Excellence in Workplace Wellbeing by Human Resources Magazine



Environment

- Greater than 7% carbon emissions reduction¹⁰ to contribute to climate change mitigation efforts
- Constructed infrastructure with 12 electric charging points, providing over 6,000 recharges to toll road users to promote the use of electric vehicles
- Over 95% of our bus fleet meets Euro 5 or Euro 6 emissions requirements
- Phasing out investments relating to coal-fire power



Society

- Use of the latest construction methodology and technology, such as MiC, to rapidly deliver 120 quarantine shelters in addressing the pandemic emergency in Hong Kong
- 0.92 million¹¹ average daily patronage as transport operator
- HK\$4.8 million contributed to charitable causes
- Over 16,600 hours of volunteering to the community



Customer

- Extended free COVID-19 insurance protection to all insurance customers
- Improved safety features in buses
- Ensured IAQ¹² in bus compartments meet Level 1 good air quality
- Simplifying procedures of making specialist appointments, instant out-of-pocket cost estimations and cashless arrangements for outpatient colonoscopy and gastroscopy



Investor

- Reinforced the implementation of our ERM framework and enhanced our risk management activities. Refer to the Risk Management section of the annual report on pages 47 to 59 for details
- Adopting ESG considerations for future investments
- Investment in infrastructure and service businesses that enhance lives
- Strengthen our corporate governance by introducing new policies and guides on how we manage climate change, health and safety and supply chain matters

⁹ Total number of employees of in-scope business units as of 30 June 2020.

¹⁰ Absolute carbon emission reduction in tonne CO₂e comparing to FY2019.

¹¹ Average daily patronage of franchised buses as of 30 June 2020.

¹² IAQ – Indoor Air Quality

Smart Environment

In our efforts to build a better future for the communities in which we operate, and enhance their quality of life today, we strive to apply new technologies and innovative solutions. Not only this, but we do so in ways that help us reduce the environmental footprint of our operations, in accordance with our “Sustainability Policy”. The main way this is achieved is through savings in resource consumption, from energy to water, along with reductions in greenhouse gas emissions, air pollutant emissions and waste generation.

Our business such as roads and transport operations, serve more than one million people daily, and we are aware that their environmental performance can cause significant impacts to the local environment, and so to the health of local communities. We are committed to maintaining green and energy-efficient operations across our business units. For example, the smart monitoring of road operations enables more timely attendance to road incidents, minimizing idling on the road, while ongoing upgrades to the bus fleet at NWFB and Citybus with the more fuel-efficient Euro 6 buses have helped to deliver reductions in roadside air emissions.

In addition to the oversight of the Sustainability Committee driving the group-wide sustainability objectives, our Environmental Management Committee, chaired by an executive director, meets twice a year. The Environmental Management Committee provides the platform to ensure the implementation of green initiatives and the exchange of knowledge, experience and environmental best practices among business units. 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

Climate resilience is an essential part of our sustainability strategy, evidenced in Hong Kong and Mainland China by the increased occurrence of acute weather conditions. The Group notes the four major pillars under the TCFD framework (Governance, Strategy, Risk Management, Metric and Targets) and is working to meet the recommended disclosure. As part of a Group-wide initiative, a climate scenario planning study was piloted to assess the physical climate risks faced by the HKCEC in order to identify areas for improvements, such as enhancing existing facility management practices to better prepare for more extreme wind and flooding events. In the coming years, we plan to further explore climate studies in relation to our wider business operations.

We proactively seek opportunities to enhance our energy performance. As energy consumption is the key source of greenhouse gas emissions, we proactively seek opportunities to enhance our energy performance. For instance, during the year, we enhanced the energy management system of the HKCEC by installing over 350 digital power meters to enable real-time monitoring of electricity consumption, and data analytics of usage patterns to identify power saving opportunities. In the same year, we also signed the Business Environment Council’s (“BEC”) Low Carbon Charter – Pathway 1, signifying our commitment to work towards decarbonization targets, transitioning towards a low carbon economy in line with the goals of the “United Nations Framework Convention on Climate Change’s Paris Agreement”.

Sustainability-linked Loan



In June 2020, we announced our first sustainability-linked loan with Crédit Agricole Corporate and Investment Bank. The loan is converted from existing facilities amounting to HK\$1 billion, of which interest rates will be reduced according to our improvement on environmental and social targets, including greenhouse gas emission intensity and continual improvement on the overall Labour Practice criteria in accordance with the Hang Seng Corporate Sustainability Benchmark Index.

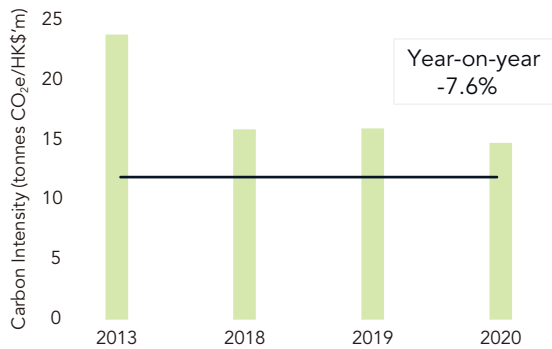
This sustainability-linked loan reinforces our commitment to improving our sustainability performance, as well as demonstrating the financial incentives for continual improvements.

2030 Targets

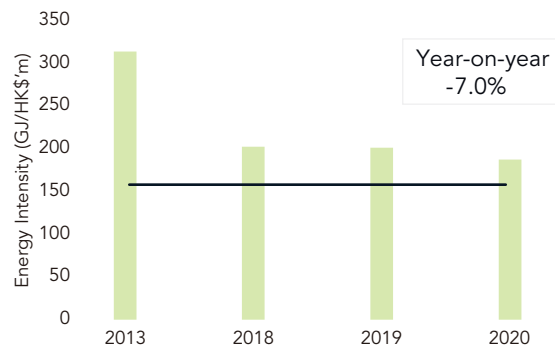
We aim for continuous improvement, beyond regulatory compliance. Last year, we announced our long-term environmental targets for FY2030, developed with reference to SV2030. Using FY2013 as a baseline, our group-wide targets are to reduce our greenhouse gas emissions intensity by 50%, energy intensity by 50%, and water intensity by 30%. Annually, we also aim to achieve at least 90% reuse of construction and demolition (“C&D”) materials. These measurable targets provide a reference point and time frame as we evaluate the efficacy of our reduction initiatives.



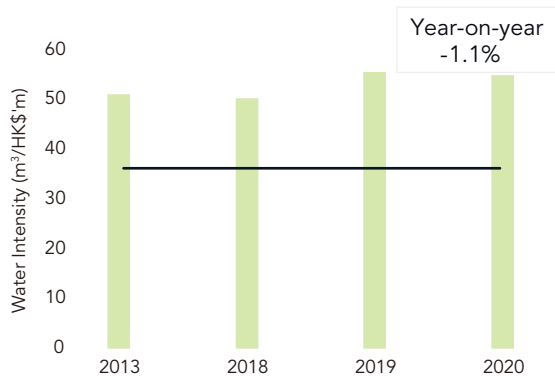
Overall Carbon Intensity



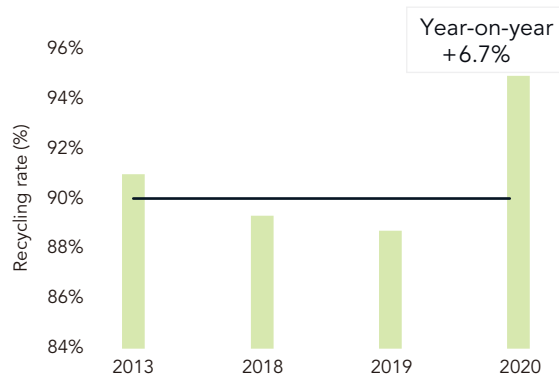
Overall Energy Intensity



Overall Water Intensity



Recycling Rate of C&D Waste

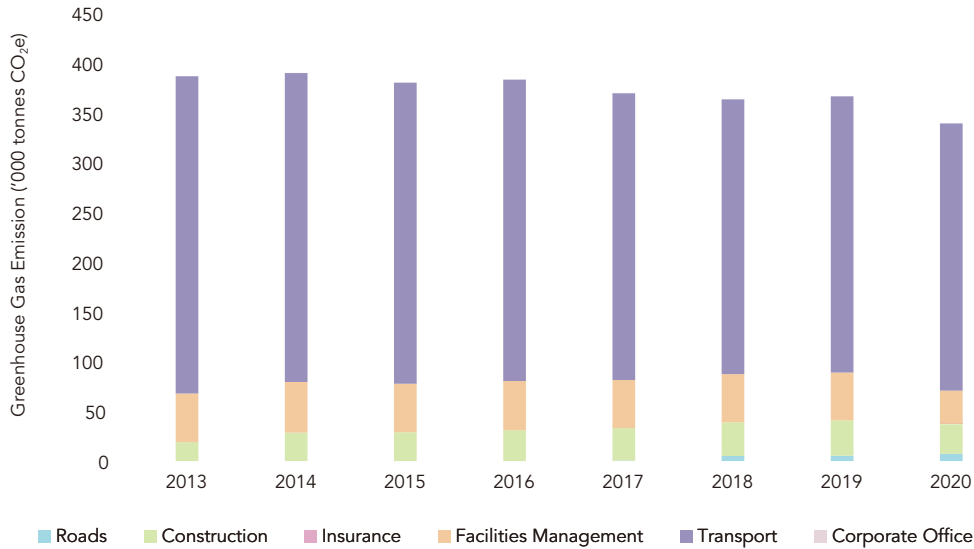


During FY2020, our energy consumption intensity and carbon emissions intensity dropped by 7.0% and 7.6% respectively from the previous year. We will continue our efforts in reducing our carbon footprint. Based on current forecasts, we expect our performance to remain on track towards the year 2030. However, our water consumption performance was less than satisfactory and we will seek opportunities to improve on our water consumption efficiency. For further details, see the Water Management section.

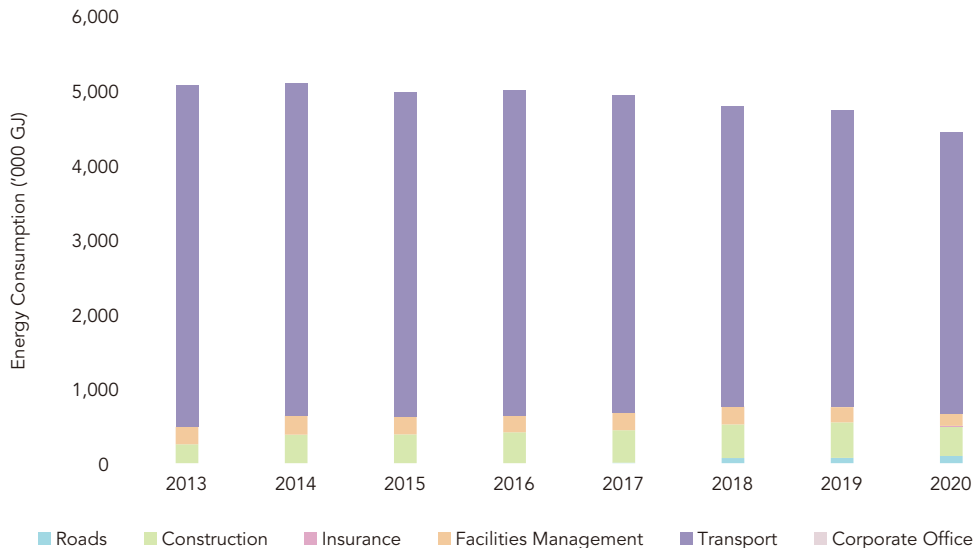
Greenhouse Gas Emissions and Energy Management

In spite of our business expansion over recent years, we have maintained effective management of our energy consumption, as shown by the continued decrease in our energy consumption and associated greenhouse gas emissions since 2013.

Trend of Absolute Greenhouse Gas Emission FY2013 – FY2020



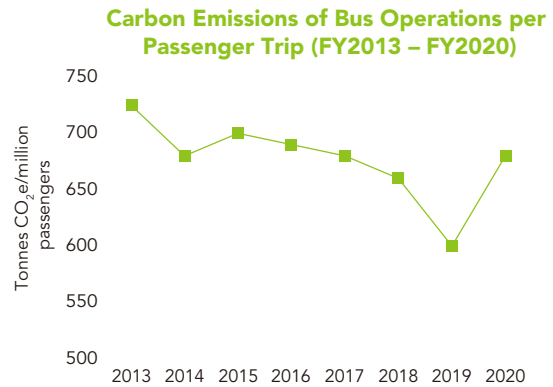
Trend of Absolute Energy Consumption FY2013 – FY2020



As one of the major transport operators in Hong Kong, the transport operations remained the primary contributor to our carbon footprint in FY2020.

Carbon Emissions of Bus Operations

We use the best available technology to improve the operating efficiency of our vehicles. The ongoing upgrade of our bus fleets over recent years has delivered observable performance improvements in terms of carbon intensity per passenger. The carbon intensity performance in FY2020 has been impacted by significant reductions in commuting passengers due to restrictions on social movement and COVID-19. Besides upgrading our bus fleet, we have also trialled the installation of solar panels on the roofs of our buses, which power the lighting system, and so reduce demand for diesel.



We adopt international management standards within our operations where practical. At Hip Hing Group, all our construction sites are certified to the ISO 14001 Environmental Management System and ISO 50001 Energy Management System, providing standards for impact management and driving continuous improvements. During FY2020, we have increased our use of biodiesel at Hip Hing Group to 89% from 80% in the previous year, an ongoing trajectory. Hip Hing Group has also piloted the accounting of embodied carbon for seven of its active projects in FY2020 using the CIC¹³ carbon assessment tool with plan to increase such coverage in later years. With better understanding of the embodied carbon of construction materials and carbon emissions of on-site construction process, we seek to identify opportunities to continually improve our sustainability performance in construction.

To optimize energy efficiency performance in managing facility, HML has continued with retro-commissioning of the building operations systems at the HKCEC since the energy audit conducted in 2016. The on-going improvement measures range from lighting replacement to air-conditioning. The facility’s energy performance is also continuously monitored for improvement by big data analysis from building services.



Electricity Use Reduction

year-on-year electricity expenses
↓ HK\$10 million
 (excluding HML*)

* HML is excluded as it contributed highest among electricity consumption of the Group and its usage was highly impacted by COVID-19 in FY2020.

Expense reduction was estimated using unit cost of HK\$0.987/kWh as referenced from the non-residential electricity tariff of Hong Kong Electric.
<https://www.hkelectric.com/en/customer-services/billing-payment-electricity-tariffs/non-residential-tariff>

¹³ CIC – Construction Industry Council

Renewable Energy



Throughout our operations, we have also adopted the use of renewable, zero-emissions energy sources where practical, such as solar panels. Sites including the HKCEC, NWFB's Chai Wan depot and NWFF's office at Lai Chi Kok have solar panels installed on their rooftops, supplying renewable energy to the local power grid to take advantage of the Feed-In Tariff Scheme in Hong Kong. During FY2020, the total renewable energy generated for the Feed-In Tariff Scheme on our premises was over 59,000 kWh (214 GJ), avoiding around 30 tonnes of carbon emissions, which is equivalent to the annual emissions from six passenger vehicles¹⁴.



Solar panels installed at the rooftop of the HKCEC

In June 2020, NWFB and Citybus launched its first double-decker equipped with solar power system. Twenty solar panels, cover 80% of the rooftop surface and can generate 1,500 watts of electricity, thereby reducing fuel consumption and associated carbon emissions. The system includes battery storage and provides auxiliary power supply to the lighting system and display panels inside the bus. It is estimated that the system can save 716 kg of carbon emissions annually, equivalent to planting 31 trees.

Hip Hing Group Piloting "Enertainer" on Site



Emissions associated with the use of diesel generators at construction sites have been a long-standing issue for the construction industry with respect to their environmental impacts. To tackle this problem, Hip Hing Group trialled the "Enertainer": an advanced, compact battery system designed to replace diesel generators for power provision in construction sites. The system was installed at the Two Taikoo Place project in FY2020. The "Enertainer" draws power from the grid during low load periods, recharging overnight, and then supplies this stored power to demanding construction site activities throughout the day. Not only does the system produce zero direct air emissions in the vicinity of the construction site, it also provides substantial improvements in energy efficiency. The system is anticipated to reduce approximately up to 85% savings in energy costs.¹⁵



Use of "Enertainer" at construction sites

Substitution for on-site diesel generators also eliminates diesel handling, spills and potential fires, as well as noise, "Enertainer" is expected to be up to 32 times quieter than diesel-run generators. As a result, using the "Enertainer" at construction sites provides the additional benefits of reducing disturbance and improving the work environment for construction workers and the communities within the vicinity.

Air Emissions

Air emissions are significant issues for transport, roads and construction. Our transport businesses (i.e. NWFB, Citybus and NWFF) remained the predominant source of our air emissions in FY2020.

¹⁴ Equivalency result was generated from the Greenhouse Gas Equivalencies Calculator published by the United States Environmental Protection Agency (EPA). <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

¹⁵ Energy savings and noise reduction are supplier provided product information. <https://ampd.energy/#HOW-IT-WORKS>

Sustainability Report

For the transport operations, ongoing investments in fleet upgrades were made to reduce roadside air pollution. Currently, over 95% of our fleet meets Euro 5 emission standards, with over 180 (about 10%) meeting Euro 6 standards. We expect the emission levels associated with the fleet to continue to improve as retiring vehicles are replaced with newer models compliant with Euro 6. These fleet upgrades allow our transport operations to stay well ahead of the tightening air emission requirements of the Government of the HKSAR, such as the recent update of Franchised Bus Low Emission Zones which takes effect in 2020, and which specifies Euro 5 as the minimum standard for buses serving busy road corridors within specified districts.

In line with the increasing use of electric vehicles across the world, our toll road operations in Hangzhou, Mainland China has an electric vehicle charging zone equipped with a total of 12 charging points, providing over 6,000 recharges to toll road users over the course of FY2020, and so contributing to cleaner roadside air quality in the Hangzhou area. In Hong Kong, our transport operations have been experimenting with the use of electric buses in the bus fleet during recent years. However, results of the trials suggest that it may take some time until the wide adoption of electric buses becomes feasible. This is due to the unique operating conditions in Hong Kong, whereby over 90% of our buses are double-deckers, which have a higher power load than the single-decker commonly found in other cities worldwide. The hilly terrains of Hong Kong, high peak passenger loadings and intense air-conditioning usage during hot and humid summers further aggravate the challenge of meeting the power demand of double-decker electric buses. The development of the electric bus technologies for wider application remains a challenge awaiting for further explorations.



Improve Roadside Air Quality by Technological Upgrade



Hangzhou Ring Road has adopted a series of technological upgrades to enhance the operations of the 103.4 km toll road – as part of the Hangzhou City Brain 2.0 project, launched by Hangzhou City Government and Alibaba Group in 2016. The upgrades include real-time automated monitoring, intelligent dispatch, and vehicle management.

Through the integrated use of surveillance footage and big data technology, real-time analysis of all vehicles running along the entire toll road can be performed. The system is capable of quickly identifying situations which may interrupt traffic flow, such as vehicles stopping illegally, vehicle breakdowns and trespassing pedestrians. The automated system can spot anomalies within one second and raise alerts within 10 seconds of incidents, a significant improvement on the manual inspection of over 300 surveillance footages, which can take more than one hour. The “Smart Ring” platform enables rapid dispatch of personnel and equipment to the scene of all incidents in order to restore normal traffic flow as soon as possible. As AI technology develops, we continue to consider its wider application in our road operations.



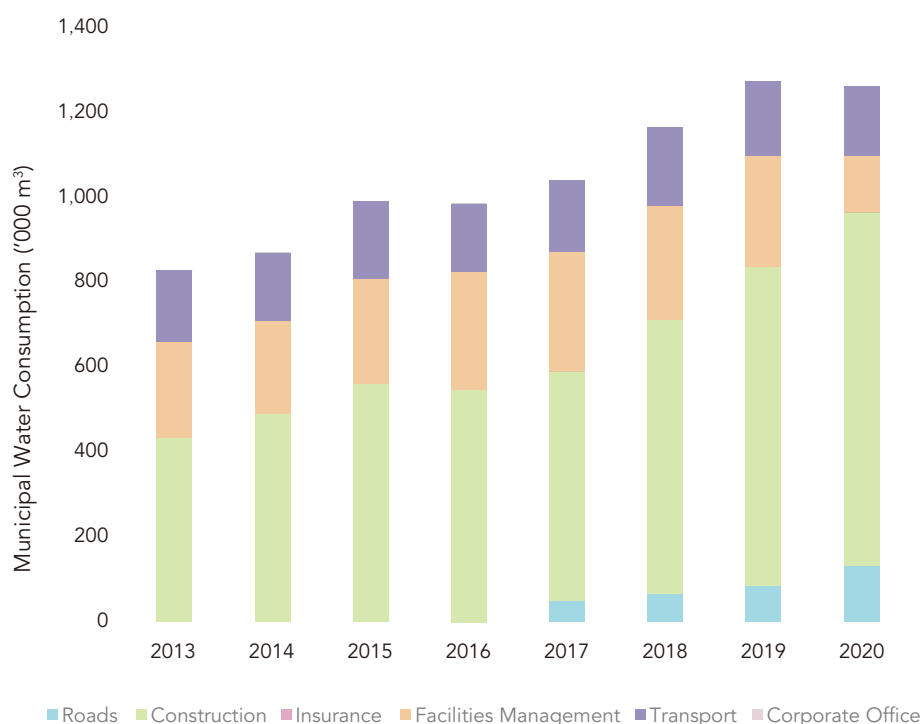
Real-time automated monitoring, intelligent dispatch and vehicle management

Optimizing traffic flow provides multiple benefits. Timely response to road incidents can significantly reduce traffic congestion, which also translates to reduce greenhouse gas and air emissions. The less time spent in congested traffic, the less users are exposed to air pollutants, translating into positive impacts for their physical health and well-being. Furthermore, enhancements to traffic flow improve revenue stability for the toll road, and contribute to the overall efficiency of the city. This provides a great example of our pursuit of shared value creation, bringing about a triple-win situation for the customers, the environment, and our business.

Water Management

As freshwater shortages become an increasingly significant concern across the world, we are committed to achieving efficient water use across our operations. Water reduction is one of our sustainability targets. We have been monitoring water consumption among our business units and corporate office; with the usage trend shown below.

Absolute Municipal Water Consumption FY2013 – FY2020



The water consumption from our facilities management businesses decreased significantly in FY2020 as a result of business impacts from COVID-19, whereas the water consumption by our construction and road management businesses increased respectively by 10.7% and 57% from FY2019 to FY2020. Water consumption in our construction business depends on key factors including the quantity of projects, and the project stage and scale. While we had fewer projects in FY2020, our projects were at stages which consume intensive amounts of water, in particular site formation and foundation works. The significant increase of water use in our road management businesses was due to the addition of Changliu Expressway.

The nature of Hip Hing Group's business makes it the most water-intensive among our business units, accounting for over 65% of our total water usage. Typical essential uses of water at construction sites include dust suppression, cleaning vehicles to remove dirt as they leave the construction sites. Water is most intensively used for foundation works and flushing of plumbing networks during the commissioning of buildings. While we maximize water reuse on-site for vehicle washing and floor cleaning, we are still exploring further conservation measures to reduce water consumption in construction.

For construction site wastewater treatment, in order to better ensure the water quality prior to on-site discharge during construction, Hip Hing Group has installed and piloted the use of real-time wastewater monitoring systems in specific sites. Automated monitoring and logging of treated construction wastewater quality allows any related issues be quickly identified and rectified prior to discharge.

The Group continues to explore options to reduce our water consumption and take action where feasible. Examples of water reduction initiatives applied include the replacement of 677 faucets, or 67% of the total number at the HKCEC with Water Efficiency Labelling Scheme Grade 1 faucets, as part of an ongoing Five-Year Advancement Project; the use of seawater for flushing at NWFF's vessels; and the installation of rainwater harvesting systems at a number of NWFF's locations to reduce the freshwater use in cleaning operations. In order to enhance our water use performance, we will keep on looking for means to improve our water management on construction sites as well as closely monitoring water use efficiency among our business operations.

Waste Management

Construction waste and municipal solid waste comprise the majority of waste from our businesses. We use resources on a needs-only basis and we reduce, reuse and recycle as much as is possible and practical. For example, we trialled a bituminous mix with used tyre materials on road maintenance in Changliu Expressway. Almost all our business units have attained the Wastewi\$e certificate for many years, committing to and adopting various measures in managing their wastes. Inert C&D waste remains most significant component of our waste stream within the Group. We recognize that the disposal of C&D materials of construction waste can put tremendous strain on landfills. Hip Hing Group strives to minimize waste generation from its construction sites and recycle the waste it produced. During FY2020, about 95% of inert C&D material was recycled through transfer to the public fill bank for reuse. In addition, the in-house Inert Material Transfer programme also enables the reuse of inert C&D materials among Hip Hing Group’s project sites where practical. In the coming years, we plan to develop a mobile app and online platform, tapping into technology to strengthen our management of inert waste, enabling more efficient communication between Hip Hing Group’s project sites. The reuse of segregated C&D materials not only contributes to building greener cities, but also generates cost savings.

We also engaged our staff through a series of awareness training and workshops on the topic “From Waste to Resources”, and the outdoor activity – “Clean our Wild”, where we co-operated with Run for Good for a couple of garbage cleaning-cum-hiking activities with our NWS Volunteer Alliance members.



Collaboration with Run for Good on “Clean our Wild” in June



Test-trialling bituminous mix with used tyre materials for road maintenance

The level of hazardous waste generation varies among our business units and all is managed in accordance with the local regulatory requirements, from storage to disposal, where the use of a qualified third party contractor is mandatory. Chemical waste is the only hazardous waste generated among the business units and its generation is most prominent under the transport operations maintenance, especially in the bus depots, which is of particular importance for the safety of bus operations.

There were no reported cases of non-compliance with environmental regulations that had a significant impact on the Group in FY2020.



Waste to Landfill Reduction

year-on-year landfill disposal expenses

↓ HK\$1.28 million

Expense reduction was estimated based on unit cost of HK\$200/tonne according to the government C&D waste disposal charge to landfill.

<https://www.epd.gov.hk/epd/misc/cdm/scheme.htm#a>

Sustainable Construction

Hip Hing Group is committed to delivering sustainable construction practices, and minimizing negative impacts associated with its construction works. Typical performance indicators for sustainable construction include waste reduction, energy consumption, air and water pollution, and noise pollution, for which we have implemented a variety of mitigation measures to reduce our impact in the vicinity of our construction sites. We use sustainable and recycled materials during construction where practical.

Hip Hing Group is often recognized for its efforts in driving sustainable construction practices. In FY2020, Hip Hing Group's construction projects at Queen Hill and Pak Shek Kok were awarded Silver and Bronze awards by Hong Kong Awards for Environmental Excellence, organized by the Environmental Protection Department of the Government of the HKSAR.



Modular Integrated Construction ("MiC")



During FY2020, Hip Hing Group adopted the MiC approach in some of its construction projects, including the InnoCell at Hong Kong Science Park, and the quarantine facilities at the Junior Police Call Permanent Activity Centre at Pat Heung. The InnoCell is on track for completion in the fourth quarter of 2020 and will be one of the first permanent modular buildings in Hong Kong.

Using MiC, prefabrication works such as interior finishing, mechanical, electrical and plumbing installations and fitting are all completed at off-site factories located in Mainland China. The pre-assembled modules only require installation on-site, which can shorten the construction schedule by about 40% compared to conventional construction approaches. This can reduce environmental impacts and occupational risk exposures at the site. At the same time, due to the lower complexity of on-site construction work associated with MiC, the demand for skilled labour onsite is reduced, as are potential impacts of adverse weather conditions occurring during construction, improving operational efficiency.



Constructional phase of InnoCell at Hong Kong Science Park

Moreover, MiC enables major pollution-emitting steps to be carried out at off-site factories for more effective pollution control and mitigation, improving the quality and health and safety of the construction process significantly. Through resource streamlining and off-site fabrication, the manufacturing process of MiC modules is estimated to reduce the construction material loss from 8% to about 2%, and the construction waste generation by over 80%.

In an effort to promote and build capacity for the use of MiC in the construction industry, Hip Hing Group worked with the Construction Industry Council and provided two prototype modules to the Council's training centre, which serve as practical facilities for trainees to learn more about MiC.

Biodiversity

While direct impacts on biodiversity are not recognized as a material issue among our business operations, we practice biodiversity conservation where appropriate. We are committed to minimizing the potential adverse impacts of our operations on biodiversity through, for example, adopting recognized standards and certificates for more sustainable use of natural resources (e.g. FSC ¹⁶ and PEFC ¹⁷) where possible; minimizing habitat disturbance, degradation and indirect effects of operations; and promoting the awareness of biodiversity among our stakeholders such as employees and the community.

Just as material sustainability issues vary across our business units, so do the means for addressing them, including how each support biodiversity conservation. From our headquarters, we work to enhance the awareness of staff on biodiversity by offering training sessions. In June, we invited The Nature Conservancy to hold a lunchtime talk through Zoom about the Hong Kong marine habitat and the role oysters play as ecosystem engineers in coastal protection. Colleagues who first completed a quiz that followed with the highest scores were rewarded with the opportunity to visit the Nature Discovery Park: Hong Kong’s first urban biodiversity museum and sustainability-themed education park located in K11 Musea.

Hip Hing Group ensures tree protection where applicable, and tree protection guidelines and procedures are adopted in our construction projects accordingly. Tree protection typically includes measures such as the delineation of a tree protection zone, erecting individual fencing for trees retained in-situ and conducting routine inspections. On occasion, transplanting trees may be needed, and carefully designed procedures to ensure their proper growth at the temporary or permanent receptor site will be followed. We always try to transplant affected trees to permanent locations within the project site after construction, where feasible.

At HML, biodiversity is conserved through sustainable catering and the procurement of biodegradable and/or reusable materials to reduce the use of single-use plastics. Ingredients from vulnerable sources, such as shark fins, are not included in the standard banquet menus. The majority of seafood dishes served in western banquets use ingredients certified by recognized agencies such as the Marine Stewardship Council, Friends of the Sea, and the sustainable seafood guide of the World Wide Fund for Nature. In addition, low-carbon diets are also promoted through the increased usage of vegetables in its dishes.



Tree conservation through transplanting at a Public Housing Project in Queen’s Hill, Fanling

Key Milestones	Main Challenges
<ul style="list-style-type: none"> • An additional 7.0% and 7.6% reduction in energy consumption and greenhouse gas emission intensities on the previous year • Our first sustainability-linked loan, to a value of HK\$1 billion, reinforcing our commitment to improving sustainability performance in our businesses • Use of green technology and construction methodology, such as MiC, at construction sites to reduce environmental impacts • First double-decker bus with on-board solar power system 	<ul style="list-style-type: none"> • Identifying effective strategies to achieve improvements in water efficiency in construction operations

¹⁶ FSC – Forest Stewardship Council

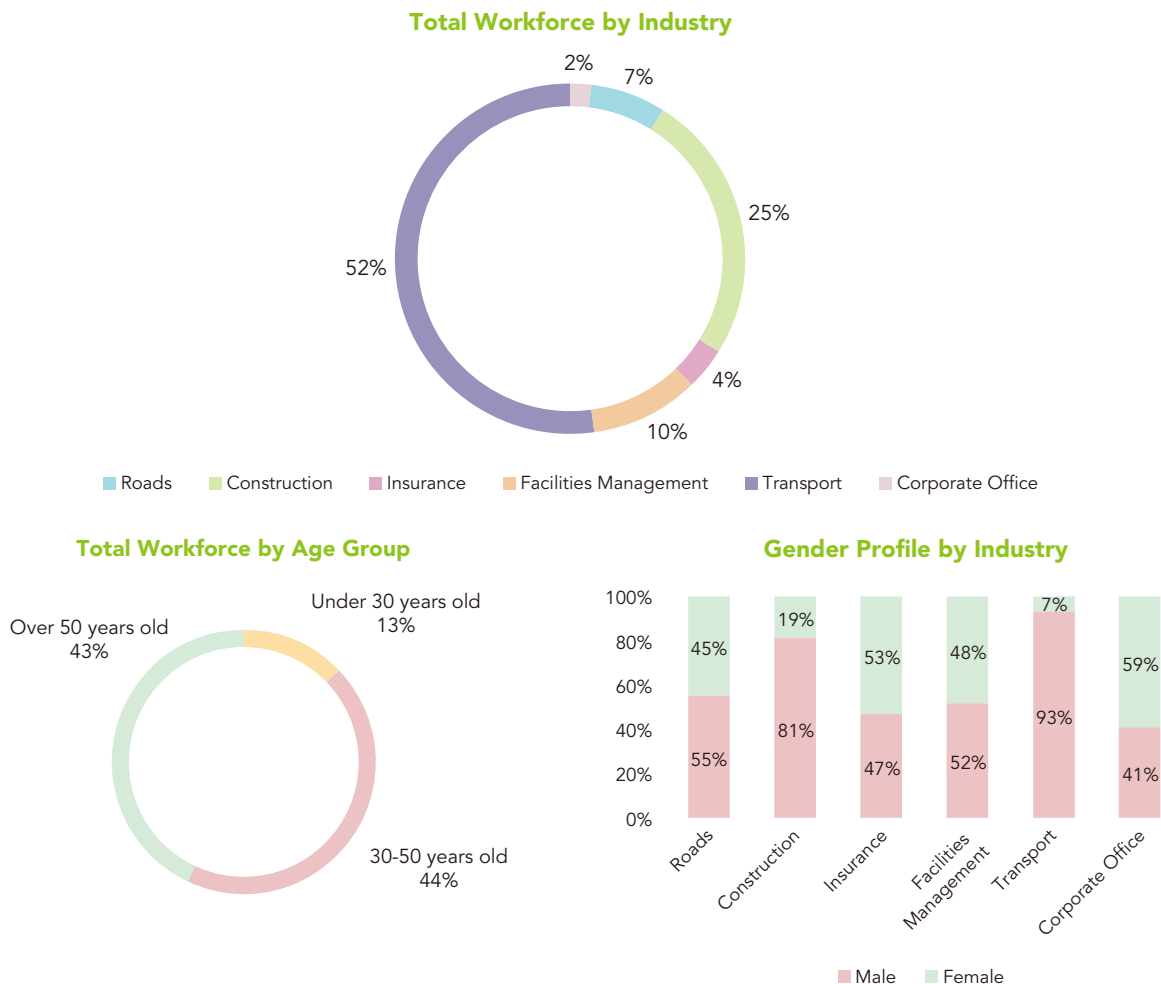
¹⁷ PEFC – Programme for the Endorsement of Forest Certification

Human Capital

Our people are essential to the success of our company, as they provide the underlying foundation which enables us to connect lives and build the future. We are committed to attracting and retaining talent, and strive to create a healthy and inclusive environment for our staff to foster their growth. We understand that the cultivation of a strong sense of belonging for our employees can in turn improve job satisfaction and productivity, which are essential elements for driving sustainable business growth.

Workforce Demographics

As of 30 June 2020, the total workforce of the reporting entities covered within the scope of this report was 11,427 employees, including 11% new hires. The annual employee turnover rate was 12.8%.



The overall employee gender distribution is at a male to female ratio of 4.6:1, a small but consistent improvement over the years from a gender ratio of 4.8:1 in FY2017. The gender split at our business units is generally considered to be quite balanced, with the exception of our construction and transport businesses which are traditionally more male-dominated industries. Nevertheless, we will continue to promote gender diversity across our business units.

Equal Opportunity Employer

We appreciate the talents and skills brought by people from different social and cultural backgrounds and are committed to instilling the importance of inclusion, diversity and equal opportunities within our workforce. The recruitment of employees with talent and development potential is the prime objectives of our recruitment strategy, regardless of their background. In FY2020, NWS Holdings has become a signatory of the Racial Diversity & Inclusion Charter of the Equal Opportunities Commission, a milestone in our commitment to promoting an inclusive and diverse workplace. Discrimination on the grounds of age, gender, race, disability, religion, family status and obligations are strictly prohibited in our operations, as specified in our "Sustainability Policy". During FY2020, there were no reported cases of regulatory non-compliance regarding employment.



Bridging gender gaps in business operations

Protecting Employee Rights

Safeguarding human rights is one of our top priorities and we are committed to implementing fair labour practices across our operations, consistent with the principles of the United Nations Global Compact ("UNGC"). We have established a range of policies and guidelines to protect the rights of our employees and to establish a framework for the smooth operations of our business in compliance with laws and regulations, including the "Corporate Policy on Staff Responsibility" and "Human Rights Policy". Our policies and guidelines are reviewed periodically and as needed to reflect current employment practices and to ensure full compliance with regulatory requirements.

In line with UNGC principles and the local regulatory requirements where we operate, we strictly prohibit the use of child labour and forced labour across our businesses. We respect our employees' freedom of association and rights to collective bargaining, such as those undertaken by employee unions at the transport business where regular engagement with unions and employee representatives are conducted. During FY2020, there were no reported cases of non-compliance regarding labour practices on child and forced labour employment.

Occupational Health and Safety

Maintaining the health and safety of our employees is essential to our operations and is a critical aspect of a sustainable workforce. During FY2020, we introduced the "Health and Safety Policy" to outline our commitment to building a healthy and safe workplace for our employees by minimizing health and safety risks as far as possible. We have established policies and dedicated Occupational Health and Safety ("OHS") management committees at our construction and transport businesses which are generally associated with higher occupational risks.

The OHS management system at Hip Hing Group, used in every construction site, is certified to the standards of OHSAS 18001 and ISO 45001. Each construction site features a safety committee to review site conditions and develop site-specific safety measures. We have piloted the use of NOVADE: one of the applications of this one-stop platform is to enable safety incident forms and reports to be shared, reviewed and approved electronically, allowing more timely responses to these incidents. In addition, we have incorporated the use of BIM along with VR technology, supporting detailed workflow planning and immersive visualization of project sites. This enables staff to become more familiar with the real site conditions in advance, minimizing safety incidents on-site.

At Hip Hing Group, we actively participate in a variety of external safety awards. This is to establish a culture that values the importance and implementation of health and safety practices, as well as to provide us with opportunities to benchmark our performance against industry peers.

Continually striving for zero-accidents at all of our construction sites, we have established a Safety Promotion Fund to encourage our staff to develop innovative safety ideas and provide financial support to ameliorate safety measures and equipment. In August 2019, Hip Hing Group was presented with the Proactive Safety Contractor Award by the Hong Kong Construction Association. Six of our frontline staff members also received Safe Supervisor and Safe Person-in-Charge Awards, recognizing their performance in upholding safety.

To enhance road safety, a number of safety features were incorporated across the bus fleet, including active speed limiters and electronic stability controls, providing bus captains with improved vehicle control.

Regular OHS training sessions have been provided to our employees, totalling 24,040 hours in FY2020 across our businesses, of which over 7,000 hours of health and safety training were provided to our staff at Hip Hing Group, while employees of the transportation business received a total of over 9,000 hours of OHS-related training. There were no reported cases of non-compliance regarding OHS with significant impact to the Group during FY2020.

AI for Construction Site Safety



The proper usage of personal protective equipment (“PPE”) at construction sites is critical to ensuring the safety of every worker. We have introduced an AI recognition system at Hip Hing Group to help monitor the proper use of PPE on site. The system analyzes video input from real-time IP Camera and CCTV systems to spot if any potential abnormalities in PPE usage, triggering inspection by on-site safety officers.



Use of Virtual Reality for site project training

Compared to visual inspection at specific safety checkpoints, the automated monitoring system provides a continuous and comprehensive monitoring coverage. This serves as a constant reminder to site workers to protect themselves against accidents, which tend to occur when workers least expect them. The correct use of PPE can make the difference between minor and severe injuries, reducing the rate of injuries at our construction sites.

During the recent COVID-19 outbreak, the monitoring system was further enhanced to detect the body temperatures of workers at construction sites, as a preventive measure to avoid potential spread of the virus.

Employee Wellness and Well-being

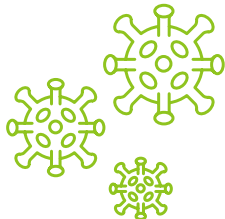
Over the years, we have introduced many initiatives to promote employee well-being and a healthy work-life balance. We have introduced flexible working hours at some of our business units, such as HML, to facilitate a better balance between work and the family needs of our employees. In addition, we have set up caring rooms at some of our offices to provide suitable areas for breastfeeding employees as part of our family-friendly philosophy.

We are committed to providing a healthy working environment for our employees, in terms of both physical and mental health. We introduced more resting and leisure spaces at our new offices at FTLife Tower and NEO, supporting our employees to relax and recharge during their breaks.

We also provide opportunities for our employees to improve their physical health outside of work hours through various recreational activities, such as sports events and group hikes to promote an active and healthy lifestyle.

Extraordinary Measures for Extraordinary Times

In light of the COVID-19 outbreak, we have introduced a number of response measures to safeguard the health of our employees and to enable them to carry on with their daily work with a safe state of mind. The readiness of our business infrastructure and flexible use of resources across the ecosystem of New World Group enhanced our resilience against the impacts of COVID-19 on our business operations (see the feature "Leading through COVID-19" for more details).



Better Rest for Bus Captains

To meet passenger demand at different times of day, working hours for bus captains at NWF and Citybus tend to be longer than for employees in other business units. We have capped the maximum duty hours of "special shifts" at 13 hours, below the regulatory limit of 14 hours.

We strive to improve the quality of resting stations for bus captains by continuously providing facilities to better suit their needs. During recent years, we have repurposed decommissioned buses to serve as resting stations and installed new lounges at various depots and terminuses, providing our bus captains with comfortable places to relax and rest.

The bus captain resting room at Exchange Square was renovated during FY2020, featuring an air-conditioned communal area, with reclining chairs, suitable for resting and socializing.

Employee Engagement

We strive to engage employees by listening to their needs and finding ways to enhance their sense of belonging and unity within the Group. We facilitate dialogue between management and general staff through a variety of communication channels, including e-platforms, employee satisfaction surveys, regular departmental gatherings, Town Hall meetings, staff newsletters such as "New Voice", as well as regular meetings with union representatives. Consistent engagement with employees allows us to maintain our understanding of employee needs and listen to their suggestions on how to improve their work experience.

Talent Management

The Group recognizes the importance of attracting talented employees and retaining them in order to support business growth and maintain high levels of quality in our service delivery. We provide competitive remuneration packages and staff benefits to our employees, and conduct regular reviews of salary and benefits to ensure that our offer remains competitive in the market. Rewards such as performance-based bonuses are provided as part of our talent management approach to motivate our staff. We also have Education Subsidy Schemes to provide financial support to members of our staff who intend to participate in studying and training activities, as well as towards professional membership applications.

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. For example, Hip Hing Group offers scholarships for universities and Vocational Training Council students studying construction-related courses, attracting qualified people to the industry and improving the talent pool for future construction projects. We also stay abreast of industrial trends and continue to develop the knowledge and skill sets of staff through internal and external training. For instance, as BIM is widely and increasingly demanded in the construction industry, not only do we sponsor our engineers for external training, but our in-house BIM specialists at Hip Hing Group also provide practical real-case training, enriching the skills of our engineers.

Employee Abundance Programme

To enhance the mental well-being of our employees, we have established an Employee Abundance Programme at FTLife Insurance. The programme features a 24/7 hotline service, providing professional counselling and consultation service for our employees and their family members, including a confidential channel for them to share any concerns and seek professional counsel, whether they are encountering difficulties at work or in their personal lives.

NWS Town Hall

Regular Town Hall meetings are held to convey key management messages and support two-way communication between employee and management. Over 2,600 participants from the Group attended the NWS Town Hall, held in June 2020. At this event, our Chief Executive Officer, Mr Eric Ma, and Executive Director, Mr Gilbert Ho, shared details of New World Group's strategic direction with regards to "Creating Shared Value", as well as our intention to maximize synergies across the ecosystem with our staff members. In addition, they provided inspiring insights on how to transform a crisis into an opportunity, so that we might continue to grow together towards our vision.

Our endeavours to become an employer of choice have gained recognition among our peers. During FY2020, we garnered a number of human resources accolades, summarized in the table below:

Achievement	Granted By
<ul style="list-style-type: none"> Excellence in Workplace Wellbeing 	Human Resources Magazine
<ul style="list-style-type: none"> Asia Dream's Company to Work for – Dream Employer of the Year HR Tech Leadership Award – The Most Engaged Workplace 10th Asia's Best Employer Brand Awards – Best Employer Brand Award 10th Asia's Best Employer Brand Awards – Promoting Health in the Workplace 	World HRD Congress

Training and Development

Our employees’ long-term development is critical to the sustainable growth of our business. We have organized a variety of internal training sessions during the year to provide our employees with knowledge about the latest industry trends and practices, as well as to support their professional and career development. We also use e-learning platforms to deliver training sessions, which significantly extends their reach and accessibility, as well as reducing delivery and administrative costs. In FY2020, we delivered 94,094 hours of training related to professional development, an average of over 8.2 hours per employee.

Average Training Hours per Employee by Category

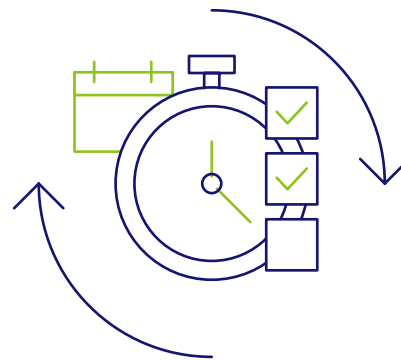


Average Training Hours per Employee by Gender



In addition to professional development topics, other key aspects covered by our training curriculum include occupational health and safety, corporate culture, environmental protection and anti-corruption. In total we delivered an average of 11.8 hours of training per employee.

Training Topic	Total Hours of Training Provided
Professional Development	94,094
Occupational Health and Safety	24,040
Corporate Culture	8,630
Environmental Protection	2,486
Anti-Corruption	2,783



E-Learning across the Ecosystem of the New World Group



During the second half of FY2020, a series of e-learning training sessions led by NWD was opened up to our employees. The e-learning modules cover various topics, including culture and knowledge about the New World Group, corporate governance, sustainability-related policies, anti-corruption and our corporate mission of creating shared value.

In light of the COVID-19 pandemic situation, a number of training sessions typically delivered in-person were transferred to electronic platforms. This included the Anti-Corruption Training by ICAC, which featured content regarding anti-bribery laws and tips on how to uphold ethical governance and practices. Other training topics delivered through online platforms during FY2020 included anti-competition, anti-money laundering and counter-terrorist financing. During the year, a total of over 2,700 hours of training related to anti-corruption were carried out.

Key Milestones	Main Challenges
<ul style="list-style-type: none"> Maintained stable operations, demonstrating resilience against the impacts of COVID-19 Provided complementary COVID-19 insurance coverage to our employees Became a signatory of The Racial Diversity & Inclusion Charter for Employers, launched by Equal Opportunities Commission in Hong Kong Exceeded safety goals with a LTIR¹⁸ of 1.7, well beyond our target of 3.0 	<ul style="list-style-type: none"> Explore strategies to further minimize the impact of COVID-19 on business operations Pursue zero-accidents at our construction sites

¹⁸ LTIR – Lost Time Injury Rate

Leading through COVID-19

The COVID-19 pandemic has brought profound impacts for the economy, the market environment and business operations. Every company is being put to the test, exposing the robustness of their business, their capacity for crisis management, and their adaptability to a “new normal”. The nature of our businesses is closely linked to the everyday life of the communities in which we operate. We see it as our responsibility to ensure that the business services we manage are not affected and continue to operate smoothly, providing opportunities for people to connect with each other while respecting the need of social distancing. Despite the challenging circumstances, we are committed to fostering a sustainable future for all.

Resilience and Agility in a Time of Uncertainty

Since the beginning of the pandemic outbreak, the Group has swiftly put in place a series of policies and measures to safeguard the health and safety of our employees and customers. We also adopted the operational procedures of different business units, taking into consideration the specific context and requirements of each one. While contributing to efforts to contain the pandemic, and also maintaining uninterrupted operations, we have endeavoured to offer our employees a sense of care and security, motivating them to respond positively to the uncertainties wrought by the pandemic. The policies and measures we introduced include:

- Offering free COVID-19 insurance protection to all existing customers of FTLife Insurance and of the Group’s Hong Kong employees, with benefits covering diagnosis and hospitalization, as well as additional cash subsidies in case of hospitalization.
- Enhancing facilities management from ventilation to disinfection on the premises and public transport facilities¹⁹ that we manage such as the HKCEC²⁰ and the bus fleet.
- Providing hand sanitizers to the Hong Kong and Mainland China cross-border school children at the cross-boundaries.
- Implementing measures such as working from home, staggered working hours and flexible working hours to lower the risk of exposure.
- Arranging professional instructors to conduct virtual exercise classes for staff working from home or in their offices, motivating them to maintain their up keeping of their physical and mental wellness.
- Establishing hygiene measures such as infrared body temperature monitors, health declarations for staff and visitors, tips on health protection and social distancing, and increased workplace sanitation.
- Providing employees with vitamins and protective gears such as face masks and hand sanitizers.



Free Duty distributing sanitizers to cross-border students

We have also found ways to bolster our operational efficiency by minimizing the adverse impacts of the pandemic on our business and its growth. These measures include.

- Prudent cost control and deployment of resources.
- Applying advanced technologies to enhance our operational resilience and efficiency, such as further digitalizing the human resources and financial management.
- Upgrading the smart traffic monitoring system in our Roads segment.

¹⁹ Source of Info: NWFB and Citybus: http://www.nwstbus.com.hk/tc/uploadedPublication/7945_20200720_抗疫篇.pdf

²⁰ Source of Info: HKCEC: <https://www.hkcec.com/en/preventive-measures-response-covid-19>

MiC: Agile Response to Quarantine Facility Needs



In January, when the COVID-19 had just begun to spread in Hong Kong, Hip Hing Group was commissioned by the Government of the HKSAR to construct quarantine shelters in Junior Police Call Permanent Activity Centre at Pat Heung.

Hip Hing Group used MiC, a quick and reliable method, and mobilized rapid resource deployment across departments to speed up the planning and production process. The construction of 120 new units was completed in just 63 days, a record for Hong Kong, timely addressing the pandemic emergency.

Moreover, Hip Hing Group designed the units with potential long-term benefits: for instance, they could be reused as transitional housing to alleviate pressure on housing demand without demolishing and rebuilding.

120
quarantine units 

63 days
to complete construction



Junior Police Call Permanent Activity Centre at Pat Heung

Creating Shared Value: Turning the Crisis into Opportunities

The COVID-19 outbreak is a challenge shared by our businesses, our customers and the community at large. In line with our strategy to create shared value, the Group has proactively explored opportunities to use our business to address social needs arising from the pandemic, turning the crisis into opportunities for win-win benefits. In addition to the example of Hip Hing Group highlighted in the case study "MiC: Agile Response to Quarantine Facility Needs":

- FTLife Insurance offered additional COVID-19 protection for free to its existing customers, covering diagnosis and hospital cash benefits, a one-off diagnosis benefit of value HK\$20,000 and extra HK\$4,000 per week in hospitalization benefits (for up to eight weeks). FTLife Insurance also simplified the processes for claims and introduced extensions for premium payments, reinforcing their trust and loyalty.
- NWFB and Citybus enhanced sanitization and air purification of the bus compartments to safeguard the health of passengers on public transportation.

At the same time, we made efforts to care for the underprivileged and neglected in our community, providing them with the additional support they need in the fight against COVID-19:

- Many schools opted for online teaching as the pandemic persists, yet this created barriers for students from families who cannot afford personal computers. Our corporate volunteer team has therefore been collecting computers from corporate office and business units for donation and repair by Caritas Computer Workshop, benefitting 50 families.

Better Community

Strengthening communities is central to our purpose of “Connecting Lives, Building Future”. The range of our services in construction, roads, and transport provides a sound foundation for a connected city, whether linking people or fusing technologies to build smarter cities.

On any given day, our transport operations carry almost a million passengers to their destinations around Hong Kong, while roads in Mainland China managed by the Group bring convenience and safety to an average of 0.28 million²¹ users a day.

Customer Safety

With our business in roads and transport, we take customer safety very seriously. We believe in our capacity to provide the safest environments for both our customers and our employees because we strongly recognize that the risk of injuries can be minimized through better care and technology. To ensure the safety of customers who use our buses or ferries in Hong Kong, or who drive on the roads we manage in Mainland China, we invest in comprehensive training for our employees as well as in the latest safety technologies, such as smart speed monitoring and control systems on our buses. These initiatives all have a direct impact on our community of users, in particular in our bus operations. Customer safety is always front of mind for us and will continue to be a top priority. During FY2020, there were no cases of non-compliance in relation to customer health and safety regarding products and services provided.

We continued to improve road safety and traffic for better customer experiences during the year. In Hangzhou, for example, we installed over 300 sets of cameras along more than 100 km of the inner ring road. This has helped to improve real-time monitoring, smart scheduling and vehicle management, thus giving rise to timely interventions and ultimately providing enhanced safety and travel experiences for our customers. Throughout the COVID-19 pandemic, we have increased efforts to protect our customers by disinfecting and enhancing air ventilation in our vehicles so that our passengers can travel with ease of mind.

Bus Passenger Safety

**9,000
hours**

health and safety
training

NWFB and Citybus introduced rigorous training for our bus captains in accordance with the Code of Practice for the Training Programme for Franchised Bus Drivers, established by

the Transport Department, as well as adapting new technologies to enhance safety features on the bus fleet. Both NWFB and Citybus have set up a safety committee to review and supervise safety measures relating to vehicle services, bus maintenance, staff training and recruitment. The occupational health and safety of bus captains is intricately linked with the health and safety of our passengers. During FY2020, 9,000 hours of employee training on health and safety were undertaken by NWFB and Citybus. NWFB and Citybus is also actively improving the work, rest and compensation benefits of our bus captains.

We embarked on the second trial of our Advanced Driver Assisted System to re-assess the efficiency of current systems and identify areas for fine-tuning. We also introduced new measures to the buses we acquired during the year and implemented these on the existing fleet of buses to improve passenger safety:

- Speed-limiting devices to prevent speeding when driving downhill
- Speed monitoring systems to alert bus captains when they are going too fast
- Electronic stability controls to improve vehicular stability by detecting and preventing under- or over-steering
- Seatbelts for all seats for extra protection

These initiatives have played a part in contributing to a year-on-year drop in the number of accidents involving the fleet this year.

²¹ Average daily traffic flow for Roads operations including Zhejiang NWS Expressway and Changliu Expressway in FY2020.

Customer Health and Wellness

In March 2020, the Chinese government launched its new infrastructure policy which includes broader digital innovations, while retaining its priorities for inner-city transportation and inner-city rail systems. With traffic congestion and road safety top issues in cities, we have invested in AI equipment and facilities in a bid to reduce the occurrence of traffic accidents, thereby improving the driving experience and safety of our users.

The COVID-19 pandemic has also heightened health and wellness concerns for our customers. On buses, we put stringent measures in place to strengthen air purification in the compartments with regular checks on the carbon dioxide levels. All NWFB buses have achieved Level 1 for good air quality, according to the standard of the Hong Kong Environmental Protection Department.

Smart Technology for Better Connectivity



The Chinese government's new Infrastructure policy focuses strongly on the development of AI, 5G networks and Electric Vehicle Charging Stations. With 20 AI innovative trial zones to be built across the country by 2023, AI will play a crucial role in the development of smart transport in Mainland China, connecting people, cars and roads. The urban brain powered by AI technologies will optimize the processes from traffic signalling to toll roads operations.

In April 2020, we signed a memorandum of understanding with Supremind, an AI specialist firm, to apply the technology in our business operations, starting with a focus on toll roads and construction site management. We are committed to exploring opportunities to jointly develop AI-powered products, leveraging our expertise along with technology, not only to increase the productivity and safety in our operations, but also developing new markets for the products in the future.

Customer Feedback

The Group values all feedback from our customers. We are dedicated to offering quality services to our customers by understanding their needs and expectations. Our business units have customer feedback handling systems in-place, ensuring insights from our customers are dealt with in timely and appropriate ways. For example, NWFB and Citybus are committed to providing a substantive reply within 10 working days, or an interim reply in 10 working days and a substantive reply within 21 working days, for any opinions received through their official channel. Details can be found on their website.

Unique Synergies among the New World Group

As part of the diverse ecosystem of the New World Group, FTLife Insurance is able to capitalize on synergies to provide a more seamless and comprehensive healthcare service. FTLife Insurance is working closely with other entities of the Group (e.g. GHK Hospital) and NWD to offer comprehensive services, from health assessments that help identify risks and facilitate preventive measures, to improved outpatient colonoscopy and gastroscopy procedures, where policyholders could enjoy seamless service through our newly launched e-Connect Health Platform, from making specialist appointments and providing instant cost estimations, to cashless arrangements.

Creating Shared Value through Cancer Patient Support Programme



FTLife Insurance has partnered with St. James' Settlement and launched the "Cancer Patient Support Programme" to provide eligible colon and gastrointestinal cancer patients with cash assistance and nutrition packs. Between 1 June 2020 and 31 May 2021, FTLife Insurance will donate HK\$1,000 to the Programme every time a medical insurance customer makes claims relating to outpatient colonoscopy and gastroscopy.

This initiative demonstrates the philosophy of creating shared value by promoting innovative services and facilitating interaction with members of society for mutual benefit. The new e-Connect Health Platform provides customers with an all-in-one outpatient colonoscopy and gastroscopy service, simplifying the check-up and medical claim process. The savings from streamlining the process are redirected to support underprivileged cancer patients.



Kick-off event of "Cancer Patient Support Programme"

Community Development Strategy

NWS Holdings has long been committed to fostering a better community through ongoing charitable outreach and sustainable initiatives. The Group's community investment strategy is spearheaded by the NWS Holdings Charities Foundation ("the Foundation") and the NWS Volunteer Alliance, which has garnered the support of more than 2,400 registered volunteers and family members across the Group. The Foundation helps foster a more inclusive and sustainable future for our society through investing in the three strategic areas of youth empowerment, environmental sustainability and nurturing a volunteering culture to serve the community. During FY2020, we built on efforts to enhance well-being in society through training and career programmes for youth and for children with special educational needs. We also worked to help ethnic minorities impacted by the pandemic, and to improve the lives of the elderly through schemes such as "Count on You – Safe Home for Seniors II".



Volunteer team in Mainland China

Since 2005, the Group has celebrated the anniversary of its first trading day on the Hong Kong Stock Exchange by giving back to Hong Kong society and honouring the day as NWS Caring Day. Unfortunately, this tradition had to be put on hold this year due to COVID-19. Nevertheless, over 2,000 volunteers contributed more than 16,600 hours over 250 events during FY2020, and the Group contributed HK\$4.8 million towards charitable causes. In December 2019, NWS Volunteer Alliance also launched new chapters in Guangzhou, Hangzhou and Changsha. Over its first half-year, our more than 280 strong volunteer team in Mainland China contributed over 1,560 hours through 18 events that helped over 3,800 beneficiaries, despite the impact of COVID-19.

Empowering the Youth, Investing in Our Future

As we see more and more young people taking leadership in changing our world, there is no doubt that today's youth form the building blocks of the future. We are providing positive platforms that foster better mutual understanding between youth and the business community, and help the next generation identify opportunities and career paths, empowering them to make contribution to Hong Kong.



Inspiring the Youth with Possibilities



The NWS Career Navigator for Youth is an award-winning programme that was implemented in 2016 and is run in collaboration with community partners such as Po Leung Kuk, Young Women’s Christian Association of Hong Kong, and The Association of Heads of Secondary School of Tsuen Wan, Kwai Chung & Tsing Yi District. Since its launch, more than 7,200 students and teachers have gained exposure to 25 different industries and participated in over 250 activities organized under the umbrella of the programme.

>7,200
students, parents and teachers have participated

25
industries explored

Aimed at secondary Form Four to Form Six students, the programme leverages the Group’s diverse business portfolio and aims to encourage our business units to help participants build aspirations and plans for their future career. Through job shadowing, corporate visits, mock interviews and sharing sessions, different business units have worked closely with youth groups and the business community to better prepare Hong Kong’s youths to enter the workforce.

The pre-programme survey found that there was often a disconnect between students’ expectations and practical abilities for work. Many had limited awareness of different walks of life and were unclear about their future careers. An independent social impact assessment for the programme conducted by the Hong Kong Council of Social Service (“HKCSS”) found that, through visits to the Group’s different business units, interacting with our teams, and other training sessions and activities as part of the programme, students increased their understanding of different industries, broadening their horizons through greater awareness of different career options.

Besides helping students to access highly useful knowledge and skills in career planning, the programme can help teachers enhance the ability of schools to provide better career advice. At the same time, the programme allows our senior staff members to understand the new generation better and prepare to manage our workforce more effectively. As a recognition of the Group and our partners’ commitment to supporting youth development and creating shared value for the community, the NWS Career Navigator for Youth received the Outstanding Partnership Award by the HKCSS.



Highlight of the NWS Career Navigator for Youth Programme



Supporting SEN children through "Catch Your 5**"



We have been supporting the special educational needs (SEN) children through our "Catch Your 5**" programme since 2019. Many children with such needs do not thrive within mainstream education environments, but they all have the potential to learn, explore and enhance their self-confidence to find alternative routes to success. Our programme "Catch Your 5**" hopes to fill the service gap in this respect. Under the programme, our partner, The Salvation Army, organizes diverse workshops to help these children unearth talents away from their studies and build up successful experiences that support and encourage more holistic development. We have also embarked on public education programmes to raise awareness of the needs and potential of SEN children through different media, including advertisements on our public buses. The programme has set up four parental support service groups with professionals providing positive training and offering a platform for parents to share the experience of caring for their children with peers and build support networks. In response to the social distancing measures imposed during the pandemic outbreak, we swiftly adapted the delivery format of the programme and moved many of these efforts online to continue to provide support to SEN children and their parents.



SEN children enjoying cup-cake making with our volunteers

Extending Care to Underprivileged Minorities



The outbreak of COVID-19 has brought unprecedented challenges and changed the way we live our lives. During this challenging time, we extended our care for the underprivileged minority groups in our community. In addition to distributing home cleaning products and translated cleaning tips to about 200 ethnic minorities' families in Hong Kong, through a collaboration with Christian Action, we have also supported the continued learning of these minority students. The Group has collected a number of used computers for refurbishment and donation, enabling these students to attend online classes and benefitting a total of 50 families.



Extending care to ethnic minorities during COVID-19

Key Milestones

- Launched new chapters of NWS Volunteer Alliance in Guangzhou, Hangzhou and Changsha
- Contributed HK\$ 4.8M to charitable causes
- Contributed over 16,000 volunteer hours
- Reached over 2 million beneficiaries combined for Wellness and Caring in FY2020

Main Challenges

- Postponing events due to COVID-19
- Adapting to new means of service delivery under the influence of COVID-19

Hong Kong Stock Exchange ESG Reporting Guide Content Index

The following table indicates the location of or direct response to the disclosures required by Hong Kong Stock Exchange ESG Reporting Guide included in this report.

Aspect	General Disclosure and Key Performance Indicators (KPIs)	Section/Remarks
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> i. a disclosure of the board’s oversight of ESG issues; ii. the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and iii. how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses 	Sustainability Governance and Management
Reporting Principles	Disclosure on the application of relevant Reporting Principles “materiality”, “quantitative” and “consistency”	About this Sustainability Report
Reporting Boundary	An explanation of the reporting boundary and identification process for including specific entities or operations	About this Sustainability Report
A. Environmental		
A1: Emissions	<p>General Disclosure</p> <p>KPI A1.1</p> <p>KPI A1.2</p> <p>KPI A1.3</p> <p>KPI A1.4</p> <p>KPI A1.5</p> <p>KPI A1.6</p>	<p>Smart Environment</p> <p>Environmental Performance Data Summary*</p> <p>Environmental Performance Data Summary*</p> <p>Environmental Performance Data Summary*</p> <p>Environmental Performance Data Summary*</p> <p>Smart Environment</p> <p>Smart Environment;</p> <p>Environmental Performance Data Summary*</p>

* Refer to our online Sustainability Report for details of these sections.

Aspect	General Disclosure and Key Performance Indicators (KPIs)	Section/Remarks
A2: Use of Resources	General Disclosure	Smart Environment
	KPI A2.1	Environmental Performance Data Summary*
	KPI A2.2	Environmental Performance Data Summary*
	KPI A2.3	Smart Environment
	KPI A2.4	Smart Environment; Freshwater is sourced municipally, not anticipating any material impact on the Group, yet we strive to conserve water consumption
	KPI A2.5	The use of packaging material for finished products is not material to the Group's business
A3: The Environment and Natural Resources	General Disclosure	Smart Environment
	KPI A3.1	Smart Environment
A4: Climate Change	General Disclosure	Sustainability Governance and Management; Smart Environment
	KPI A4.1	Sustainability Governance and Management; Smart Environment
B. Social		
Employment and Labour Practices		
B1: Employment	General Disclosure	Human Capital
	KPI B1.1	Social Data Summary*
	KPI B1.2	Social Data Summary*
B2: Health and Safety	General Disclosure	Human Capital
	KPI B2.1	Social Data Summary*
	KPI B2.2	Social Data Summary*
	KPI B2.3	Human Capital
B3: Development and Training	General Disclosure	Human Capital
	KPI B3.1	Social Data Summary*
	KPI B3.2	Social Data Summary*
B4: Labour Standards	General Disclosure	Human Capital
	KPI B4.1	Human Capital
	KPI B4.2	Human Capital

Sustainability Report

Aspect	General Disclosure and Key Performance Indicators (KPIs)	Section/Remarks
Operating Practices		
B5: Supply Chain Management	General Disclosure	Sustainability Governance and Management
	KPI B5.1	Sustainability Governance and Management
	KPI B5.2	Sustainability Governance and Management
	KPI B5.3	Sustainability Governance and Management
	KPI B5.4	Sustainability Governance and Management
B6: Product Responsibility	General Disclosure	Sustainability Governance and Management; Better Community; No reported case of non-compliance with advertising and labelling laws and regulations that has a significant impact on the Group
	KPI B6.1	Zero recalls regarding products Health and Safety in the FY2020
	KPI B6.2	Better Community; The Group received a total of 5,391 complaints in relation to product and services during FY2020, including 592 cases from Zhejiang NWS Expressway, 6 cases from Changliu Expressway, 30 cases from Hip Hing Group and 4,763 cases from NWFB & Citybus.
	KPI B6.3	Sustainability Governance and Management
	KPI B6.4	Recall is not material to the Group's operations, yet procedures are in place for Free Duty to inform customers for refund when recall incidents are confirmed with manufacturers. Free Duty purchase products from "Authorized Distributor" only. Procurement from unknown or suspected source is strictly prohibited. Monitoring process is in place to ensure products procured are in compliance with the Hong Kong Law and Regulations.
	KPI B6.5	Sustainability Governance and Management
B7: Anti-corruption	General Disclosure	Sustainability Governance and Management
	KPI B7.1	Sustainability Governance and Management
	KPI B7.2	Sustainability Governance and Management
	KPI B7.3	Sustainability Governance and Management; Human Capital
Community		
B8: Community Investment	General Disclosure	Better Community
	KPI B8.1	Better Community
	KPI B8.2	Better Community; Social Data Summary*



VERIFICATION STATEMENT

Scope and Objectives

Hong Kong Quality Assurance Agency (“HKQAA”) performed a limited assurance engagement on the sustainability disclosures articulated in the Sustainability Report 2020 (“the Report”) of NWS Holdings Limited (“NWS”) for the period from 1st July 2019 to 30th June 2020.

The Report 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 Sustainability Reporting Standards (“GRI Standards”).

Our responsibility is to express an assurance conclusion on the completeness, accuracy and reliability of the sustainability data and information stated in the Report. 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 information 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

We conducted our assurance engagement in accordance with (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 GRI Standards (Core Option) and the ESG Reporting Guide.

Within the scope of our verification, we conducted the following procedures and activities:

- reviewing internal systems and processes for collecting, analyzing, aggregating and reporting of the performance data,
- verifying performance data including Environment, Social, Target Setting and Progress, etc.,
- interviewing responsible personnel with accountability for preparing the Report, and
- Examining raw data and supporting evidence of the selected samples according to the risk-based 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.

Conclusion

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

Signed on behalf of Hong Kong Quality Assurance Agency

Connie Sham
Head of Audit
Hong Kong Quality Assurance Agency
August 2020