

Innovating for a BRIGHTER, GREENER FUTURE

About This Sustainability Report



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* Refer to online Sustainability Report for details.

Reporting boundary

This report focuses on the sustainability governance and performance of NWS Holdings' corporate office and principal subsidiaries¹ from business segments including Roads, Construction, Insurance and Facilities Management, represented by the business units outlined below.

Roads

- Zhejiang NWS Expressway Co., Ltd. ("Zhejiang NWS Expressway"), is mainly responsible for the management of Hangzhou Ring Road, a 103.4 km expressway in Zhejiang Province.
- Hunan NWS Expressway Management Co., Ltd. ("Hunan NWS Expressway") is responsible for the management of Changliu Expressway, a 65 km expressway connecting Changsha and Liuyang in Hunan Province.

Insurance

- FTLife Insurance offers a comprehensive range of life insurance products, accidents and health products to serve the diverse needs of its customers.

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, and site investigation in the public and private sectors.

Facilities Management

- HML manages this award-winning venue for international exhibitions and conventions, an iconic landmark.
- Free Duty offers retail of a wide range of merchandise to general merchandise at Hong Kong's cross-border railway terminal and the Hongkong-Zhuhai-Macao Bridge.

In FY2021, the Group fully disposed of its interest in the transport business²; hence, the relevant environmental and social performance figures have been restated, with the removal of historical performance figures related to the disposed assets, so as to provide a more comparable performance trend for stakeholders' reference.

The Group's portfolio spans a diverse range of industries, with varying levels of ownership and operational control over individual entities. For subsidiaries and associated companies over which we do not have controlling interest, we endeavour to leverage our influence as board members and investors to engage them in sharing our values and vision for sustainability stewardship.

Reporting period

This report provides an overview of the NWS Group's sustainability performance during the reporting period of 1 July 2020 to 30 June 2021 ("FY2021").

Reporting Standards and Principles

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 (effective as of 1 July 2020), and with reference to Core Option of the Global Reporting Initiative Standards ("GRI Standard"). The report is developed based on the reporting principles of materiality, quantitative, consistency and balance, set out in the ESG Guide.

Defining Report Content

In line with the materiality principles of the ESG Guide and GRI Standard, the report content is determined by the most significant and relevant environmental and social sustainability issues endorsed by the Group's Sustainability Committee, through a methodical materiality assessment process involving both external and internal stakeholders. The "Environmental Performance Data Summary" and "Social Data Summary" supplement the discussion, with more detailed information available on the Group's website under the sustainability section.

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 Engagement ("ISAE") 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the ISAE 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Boards, and also to provide an independent Verification Statement on whether the reported information complies with the ESG Guide.

Contact Us

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

¹ The Sustainability Report features performance of subsidiaries that are 100% owned by the Group and their combined revenue had a material contribution to the Group's total revenues of over 90% in FY2019, FY2020 and FY2021, and with the most material ESG impact to the Group and its stakeholders.

² During FY2021, transport business including NWFB, Citybus and NWFF were fully disposed of.

Our Sustainability Approach

As a responsible company and in full support of our parent company, New World Development (“NWD”), we strive to achieve the New World Sustainability Vision 2030 (“SV2030”) which references the United Nations Sustainable Development Goals (“SDGs”) and establishes four priority pillars. The 17 SDGs tackle the most pressing environmental and social challenges of our time, among which we have identified the four most relevant to our business in driving impact for a sustainable future. The four pillars of SV2030 is intricately linked with each of the four SDGs. In this report, we integrate these two frameworks into our reporting on the environmental and social issues material to the Group.



Connecting lives and building a sustainable and inclusive future

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 greenhouse gas, air and water, etc.
- Enhance customer experiences by improving quality and wellness of our services

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 road, 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 17 Partnerships for the Goals



- Promote the development, transfer, and dissemination of environmentally sound technologies to the wider 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



Message from the Chairman of the Sustainability Committee

We prioritize the sustainability agenda by fully integrating it with strong corporate governance throughout the Group, recognising that its importance has only been heightened by the challenging business context and the wide-ranging impacts of the pandemic.

Sustainability means adapting not to survive but to thrive for generations to come. We are continually searching for ways to adapt to the “new normal” under the pandemic, preparing ourselves to meet shifting customer needs and thrive in a changing climate and business environment. We continually innovate our offers as a premium service provider, integrating sustainability into the wider agenda to drive lasting business growth and raise our service standards, working closely with our stakeholders.

In FY2021, we pioneered a new concept at Hangzhou West Lake Service Area. Other than wide application of AI technology, we rebuilt a greener service centre with various sustainable features in which the service area is expected to begin operation by end-2021. We also introduced an award-winning insurance product that supports longer retirement spans and innovated new solutions at the Hong Kong Convention and Exhibition Centre to help customers stay connected with their stakeholders during the pandemic. We strived to push our boundary continuously and steadily, contributing to raising industry standards through innovations and excellence in execution.

Stakeholders play a crucial role in supporting our innovation process, helping us to identify the most material issues for a thriving future, and guiding us in prioritization. In addition to the regular engagement channels, this year we conducted a comprehensive stakeholder engagement exercise, consulting close to 350 internal and external stakeholders through a survey. We have engaged also our senior management team through in-depth interviews, sharing their aspirations to best integrate social and environmental sustainability in the way we do business and making sustainability a defining part of our premium services, while creating shared value for the company and society.



We understand that the pursuit of these important aspirations demands both a systems perspective and a cultural approach. Going forward, we will prioritize defining clear value propositions and strategies for sustainable business and enhancing employee engagement efforts to bring this commitment to sustainability to all parts of our business.

We look forward to hearing your thoughts on our progress and continuing our journey towards our Sustainability Target 2030 with you.

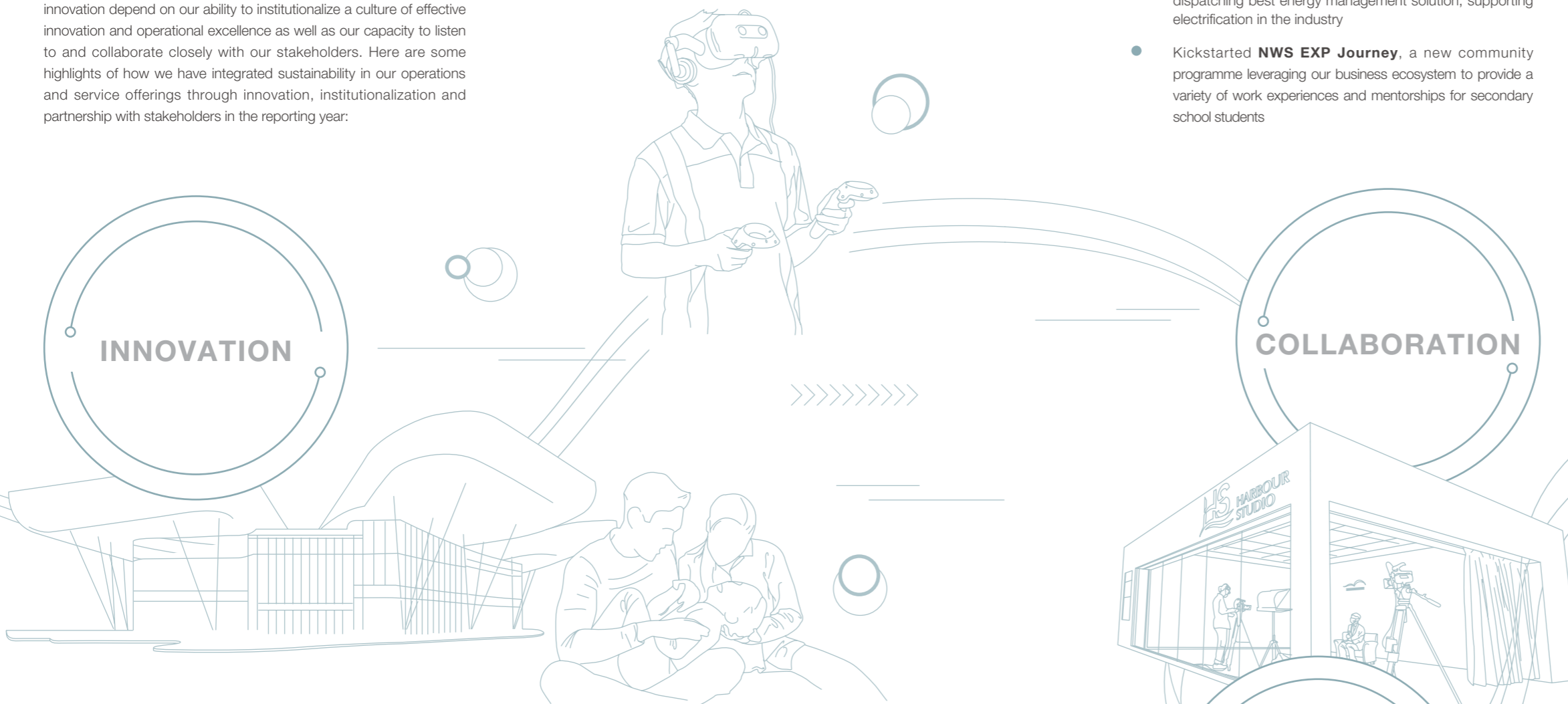
Regards,

MA Siu Cheung

Chief Executive Officer and Chairman of Sustainability Committee

Sustainable Innovation at a Glance

We believe that the key drivers for lasting business growth and service innovation depend on our ability to institutionalize a culture of effective innovation and operational excellence as well as our capacity to listen to and collaborate closely with our stakeholders. Here are some highlights of how we have integrated sustainability in our operations and service offerings through innovation, institutionalization and partnership with stakeholders in the reporting year:



- Introduced a new design concept at **Hangzhou West Lake Service Area**, which received the 2021 "A" Design Award (Silver) in recognition of its sustainable built environment and the unique visitor experience which has disrupted the traditional concept of service areas along expressways
- Created a **new insurance plan, "On Your Mind"**, enabling policyholders to withdraw their death benefits as an annuity to support their retirement needs. FTLife Insurance scooped the "Most Innovative Product Award" in the Greater Bay Area for FTLife Insurance, among seven awards

- Pioneered the **adoption of new technology in construction**, from Building Information Modelling ("BIM") and Modular Integrated Construction ("MiC") to the latest Digital Works Supervision System ("DWSS") and 5G communication system, pushing the boundaries for reduction in carbon, waste and pollution in construction, while delivering premium quality outcomes timely
- Developed **Harbour Studio** at the HKCEC, a state-of-the-art solution for hosting online and virtual events, such as live broadcasts, interviews and webinars, to help customers stay connected with their stakeholders during the pandemic

- Procured a number of **mass battery energy storage systems** and collaborated with the supplier to optimize their applications in various construction sites, dispatching best energy management solution, supporting electrification in the industry
- Kickstarted **NWS EXP Journey**, a new community programme leveraging our business ecosystem to provide a variety of work experiences and mentorships for secondary school students

- Launched a pilot scheme for upcycling wood waste, supported by St. James' Settlement Jockey Club Upcycling Centre, a non-profit organization, with our ecosystem striving to reduce **wood waste to landfill** from our operations
- Joined hands with our parent company, New World Development, to make **more than 200 training courses available online** to employees
- Consulted nearly 350 internal and external stakeholders through quantitative surveys and in-depth interviews to understand their expectations on sustainability leadership for NWS

- Adopted **green building standards** in nearing 100% of building projects; implemented management systems for quality, environmental protection, energy use and occupational health and safety in 100% of construction sites

- Formalized our commitment to **phasing out investments relating to coal-fired power plants**
- Extended the **internal audit** coverage scope to include ESG-related policies beginning FY2021 to safeguard their implementation across the Group
- Performed **climate-related transition risk assessment** in light of the migration to a low-carbon economy, and integrated material transition risk into the enterprise risk management framework for on-going review and management
- Diversified our funding sources by increasing and institutionalizing the use of **green financing instrument**, with a total of HK\$3.8 billion in sustainability-linked loans to date
- Maintained **ISO 20121 Event Sustainability Management System** certification for event operation by HML

How We Govern and Manage

We recognize that our long-term business success depends on the shared value we create with our stakeholders. We strive for positive impact on the environment and the communities we serve, and are keenly aware of the damage that poorly managed operations can do. We therefore place great emphasis on good governance and sustainable development in all our operations, going above and beyond compliance with laws and regulations.

The Board of Directors of NWS Holdings – the Group’s highest governance body – oversees all matters relating to our Environmental, Social and Governance (“ESG”) through the Sustainability Committee, which includes at least one executive director and one non-executive director appointed by the Board. The Committee is currently chaired by our CEO, Mr Ma Siu Cheung, and includes three executive directors, two non-executive directors, and two independent non-executive directors. This Committee is mandated by the Board in accordance with its terms of reference to review and evaluate the adequacy and effectiveness

of Group-level frameworks of sustainability and to manage ESG-related issues material to the Group, as well as monitors progress made towards the Group’s 2030 sustainability targets.

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. The Enterprise Risk Management (“ERM”) Team also incorporates ESG-related risks in the wider enterprise risk assessment and management process. More information can be found in the Risk Management Report of this annual report.

A framework of policies supports us in institutionalizing and enacting our sustainability principles across the Group’s business units and geographies, alongside dedicated committees and management systems. We also conduct regular policy and process reviews, staff training and communications, to ensure our approach to sustainability is rigorous, well communicated and soundly implemented. Our policies are publicly available and we warmly invite you to explore them at these links:

<p>“Sustainability Policy” Provides top-down direction covering sustainability aspects of our businesses</p>	<p>“Anti-Fraud and Counter-Corruption Policy” Outlines our expectations and requirements for the prevention, detection, reporting and investigation of any suspected fraud, corruption and other related irregularities</p>
<p>“Climate Change Policy” Outlines the commitments of NWS to manage climate risks across our business strategy and operations</p>	<p>“Whistleblowing Policy” Provides reporting channels and guidance on whistleblowing to employees and third parties, as an important part of effective risk management and internal control systems</p>
<p>“Health and Safety Policy” Outlines the commitments and approach of NWS in fostering a healthy and safe workplace for our employees by minimizing risks</p>	<p>“Human Rights Policy” Outlines our commitment to human rights by ensuring our employees are treated with dignity and respect in a manner consistent with the principles of United Nations Global Compact (“UNGC”)</p>
<p>“Supply Chain Management Guide” Provides an overview to incorporate ESG into supply chain management at the corporate level</p>	<p>“Sustainable Procurement Guide” Outlines our commitment to reducing environmental footprint and encouraging responsible and ethical sourcing</p>
<p>“Supplier Code of Conduct (NWD)” Adopted NWD’s Supplier Code of Conduct, which sets out the criteria for vendor selection based on demonstrable commitment to principles for sustainable development</p>	<p>“Sustainable Procurement Policy (NWD)” Adopted NWD’s Sustainable Procurement Policy, which sets out our approach in making purchasing decisions that meet our needs in a way that benefits not only the organisation but society as a whole, while minimizing its ESG impacts.</p>



NWS regularly conducts internal audits to ensure policies and procedures are implemented and complied with across our diverse business portfolios. In FY2021, we extended the internal audit coverage scope to include ESG-related policies to safeguard their implementation across the group; no non-compliance issues were identified.

Ethics and Anti-corruption

Our latest stakeholder engagement and materiality assessment highlighted the importance placed on ethics and anti-corruption, which ranked most highly in importance both to stakeholders and importance to business continuity and development. At NWS, we place great emphasis on institutionalizing the management of ESG risks. Processes and policies to support this include our “Anti-Fraud and Counter-Corruption Policy”, our “Supplier Code of Conduct (NWD)” and our “Whistleblowing Policy”, in addition to the “NWS Employee Handbook”, which contains elaborated sections on staff responsibility and Code of Ethics and outlines the expected behaviours of all employees. Other preventive measures include regular employee trainings by Hong Kong’s Independent Commission Against Corruption. GARA records all reported cases and undertakes investigations as designated by the Audit Committee in a confidential and timely manner. Every effort would also be made to keep the whistleblower’s identity confidential. Results of all investigations are reported to the Group’s senior management.

Risk Management

Risk management was also identified by both internal and external stakeholders as a highly important issue for NWS. The identification, assessment and management of ESG-related risks, such as risks relating to sustainability, quality, and health and safety, are well incorporated into our Enterprise Risk Management (“ERM”) process. Risks are attributed to designated “owners” who are required to implement risk treatment plans for risk mitigation. In FY2021, the Group also engaged an external

consultant to support climate-related transition risk assessment (detailed discussion in the section of Greener Future), referencing the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) for alignment with our own ERM framework. Further details of our risk management processes are discussed in the Risk Management Report of this annual report.

Sustainable Financing and Investment

Sustainable financing depends on expanding the choices available to investors by developing appropriate tools and mechanisms. In response, NWS has raised a total of HK\$3.8 billion through green financing instrument, in particular sustainability-linked loans since FY2020, of which interest rates would be reduced according to progress on the Group’s annual and cumulative sustainability performance.

ESG principles are also embedded in our investment decisions. For instance, our “Sustainability Policy” sets out our commitments to invest in clean and energy-efficient technologies to drive the reduction of our greenhouse gas emissions, and to investing in technologies and innovative solutions to enhance customer experience, communication, health and safety, privacy and protection in our business operations. Following the announcement of a commitment to phase out investments relating to coal-fired power plant by our CEO in 2020, we formalized this important divestment commitment in our group-wide Sustainability and Climate Change policies in FY2021 to ensure that this decision is being followed.

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.

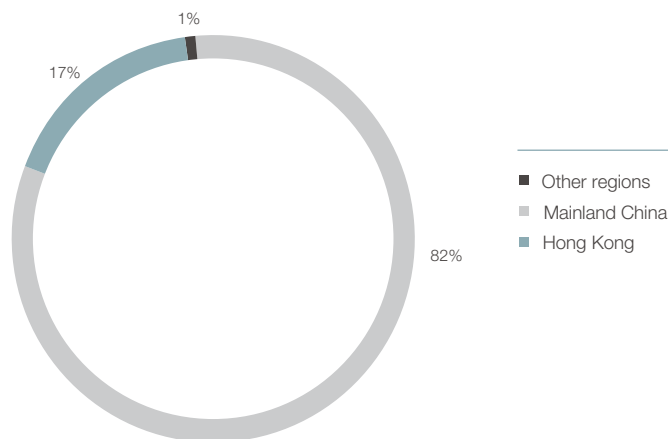
Supply Chain Management³

Similarly, ESG considerations are integrated into our selection and management of new and existing service providers including suppliers and contractors through our “*Supplier Code of Conduct (NWD)*” and “*Supply Chain Management Guide*”, and all related processes.

Our guidelines promote efforts to reduce the environmental footprint of our supplies and encourage sourcing from and gives preference to 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; an example of this would be to prohibit the use of forced and child labour. In line with our “*Sustainable Procurement Policy (NWD)*”, we prioritize local suppliers⁴: with aim to reduce carbon footprint in the value chain. In FY2021, 82% of our suppliers⁵ were from Hong Kong, 17% were from the Mainland, with only 1% were from other regions.

As social and environmental issues vary across the Group, 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. As we commit to SV2030, close collaboration with our service providers plays also an essential part of our roadmap towards decarbonization. Further examples on our collaborations throughout our value chain are covered throughout this report.

Geographical Breakdown of Suppliers



³ In FY2021, 82% of our suppliers were from Hong Kong, 17% were from the Mainland and 1% were from other regions.

⁴ Including suppliers from Hong Kong and the Mainland.








⁵ 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 FY2021.

Performance Targets and Progress

In 2020 we established Group-wide environmental and social targets for FY2030 in line with our parent company New World Development's New World Sustainability Vision 2030 ("SV2030") and SDGs, demonstrating our long-term commitment to being part of a low-carbon economy, and creating shared value for our customers and stakeholders.

Sustainability Targets 2030 and Progress

The following table provides an overview of our Sustainability Targets 2030 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	FY2021 Progress		Relevant SDGs
<p>Green</p> <p>Moving us towards a greener future</p> 	<p>(Baseline: FY2013)</p> <p>▽ 50% Energy Intensity FY2021: ↓ 42% On Track</p> <p>▽ 30% Water Intensity FY2021: ↓ 4% On Track</p>	<p>▽ 50% Carbon Intensity FY2021: ↓ 56%⁶ On Track</p> <p>> 90% reuse of construction and demolition materials FY2021: >96% Target Met</p>	
<p>Wellness</p> <p>Promoting health in body and mind</p> 	<p>(Since FY2015)</p> <p>Maintain Lost-Time Injury Rate ("LTIR") below 3.0 per 100 employees FY2021: 0.4 LTIR Target Met</p>	<p>Improve the well-being of >4 million beneficiaries FY2021: Reached 2.02 million beneficiaries On Track</p>	
<p>Caring</p> <p>Nurturing our communities and culture</p> 	<p>(Since FY2015)</p> <p>Enhance the quality of life of >17 million beneficiaries FY2021: Reached 9.2 million beneficiaries On Track</p>	<p>Accumulate 175,000 hours of voluntary service to the community FY2021: Accumulated 102,000 hours volunteering service On Track</p>	
<p>Smart</p> <p>Using innovation to unlock potential</p> 	<ul style="list-style-type: none"> A pioneering concept and experimenting new technologies of construction in Hangzhou West Lake Service Area Building Information Modelling ("BIM") and Digital Works Supervision System ("DWSS") to enhance quality and safety management at construction sites. Award winning insurance plan "On Your Mind" of FTLife Insurance provides a "reverse mortgage" feature to meet needs of different customers. Harbour Studio at the HKCEC to support clients' need on holding virtual events during pandemic 		

⁶ The significant drop in carbon intensity was mainly impact by the abnormal business operations during pandemic in FY2021. It is expected the data for coming years will reflect a more realistic scenario in performance.

Stakeholder Engagement and Materiality

Our stakeholders play a crucial role in our sustainability strategy by working with us to identify topics that are most material to our business success, now and in the future. It is of great importance to our work to maximize opportunities to understand their perspectives.

In FY2021, we drew on key issues identified in previous assessments, and refreshed our understanding by inviting stakeholders to share their feedback on current and emerging risks as well as opportunities to our business and the communities in which we operate. We also undertook a comparative study, noting the priority issues identified by industry peers to ensure that no emerging trends affecting the industry are overlooked.

The vast majority of participating stakeholders were based in Hong Kong and the Mainland where the Group's businesses are based. They included:

- 250 internal stakeholders, including senior management, middle management and general staff across business units
- 92 external stakeholders, including service providers, non-profit organizations, peer companies, financial institutions, suppliers, customers and academic and professional institutions

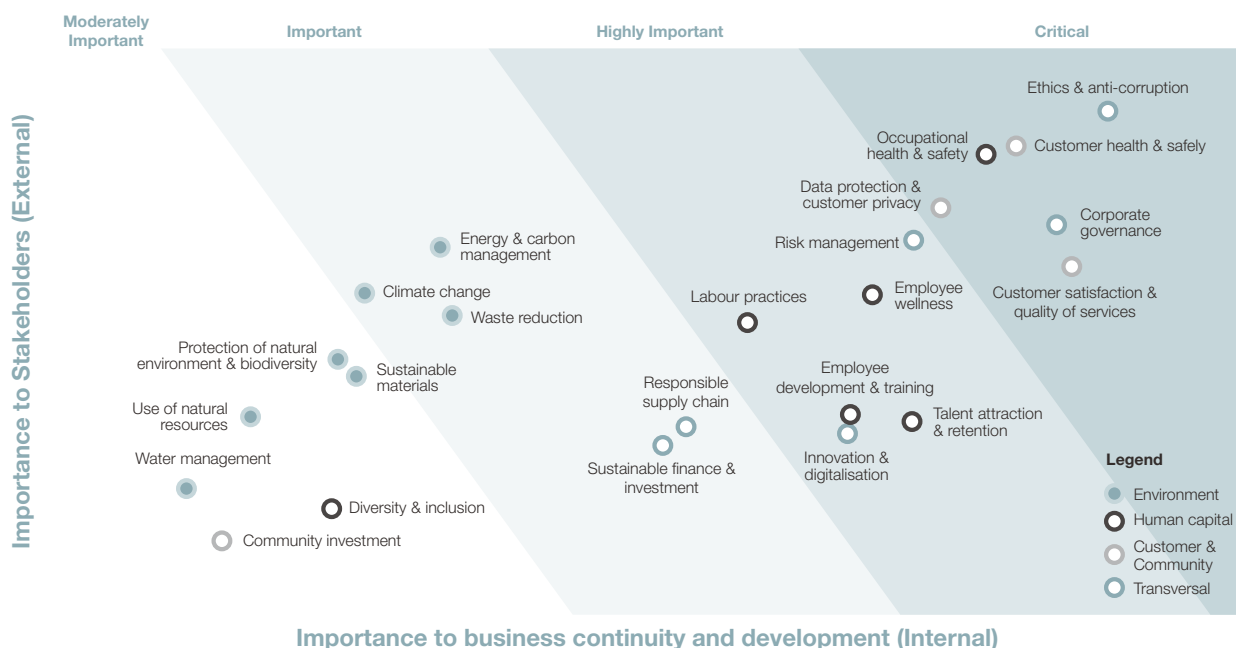
The outcome of our FY2021 materiality assessment process is a refreshed materiality matrix as shown, with priority issues that internal and external stakeholders rated at various levels of importance for the Group to consider in its sustainability efforts and investments. External stakeholders were invited to rate each topic in terms of its importance to society and the environment and also its relevance to NWS. Internal stakeholders rated these topics according to their likelihood and magnitude of potential impact on NWS' business continuity and development. The views of external and internal stakeholders can be referenced through the materiality matrix where the y-axis reflects the views of external stakeholders while the x-axis represents that of internal stakeholders.

Ethics and anti-corruption, customer and occupational health and safety, corporate governance, and customer satisfaction and quality of services were prioritized as top issues for NWS. These are mostly transversal topics underpinning the foundation of a business and are critical for safeguarding a company's legal and social licence to operate. These material topics are addressed throughout the report content.

Beyond the materiality assessment and report preparation process, we continually engage with stakeholders to maintain a thorough understanding of their concerns and expectations, helping us enhance our strategies for sustainable growth to create shared value. This includes stakeholders directly impacted by our operations, such as employees, investors, customers and supply chain partners, as well as our wider partners in society, such as community organizations, trade and industry associations, academia and the media.

Our business units also carry out communications with their stakeholders regularly, tailoring these to industry needs and interests. Our stakeholder communications channels include face-to-face meetings, mobile apps and social media, enabling a broad reach and targeted responses. We also offer stakeholders regular updates via press releases, newsletters and our websites.

NWS materiality matrix 2021



Material issues for prioritization and their impact boundaries

Material Topics (1 being the most important)	How We Address Them (corresponding sections in this chapter)	Impact Boundary	
		Internal	External
○ 1. Ethics and anti-corruption	How We Govern and Manage	✓	✓
○ 2. Customer health and safety	Continuous Innovation for Quality Customer Service	✓	✓
● 3. Occupational health and safety	Thriving Peoples	✓	✓
○ 4. Corporate governance	How We Govern and Manage	✓	✓
○ 5. Customer satisfaction and quality of services	Continuous Innovation for Quality Customer Service		✓
○ 6. Data protection and customer privacy	Continuous Innovation for Quality Customer Service	✓	✓
○ 7. Risk management	How We Govern and Manage	✓	
● 8. Employee wellness	Thriving Peoples	✓	
● 9. Talent attraction and retention	Thriving Peoples	✓	
● 10. Labour practices	Thriving Peoples, How We Govern and Manage	✓	✓
● 11. Employee development and training	Thriving Peoples	✓	
○ 12. Innovation and digitalisation	Greener Future, Continuous Innovation for Quality Customer Service	✓	✓
○ 13. Responsible supply chain	How We Govern and Manage	✓	✓
● 14. Energy and carbon management	Greener Future	✓	✓
● 15. Sustainable finance and investment	How We Govern and Manage	✓	✓
● 16. Waste reduction	Greener Future	✓	✓
● 17. Climate change	Greener Future	✓	✓
● 18. Protection of natural environment & biodiversity	Greener Future	✓	✓
● 19. Sustainable materials	Greener Future	✓	✓
● 20. Use of natural resources	Greener Future	✓	✓
● 21. Diversity and inclusion	Thriving Peoples	✓	✓
● 22. Water management	Greener Future	✓	✓
○ 23. Community investment	Fostering an Inclusive Community	✓	✓

Continuous Innovation for Quality Customer Service

This year's materiality assessment revealed the importance our stakeholders, both internal and external, place on customer wellbeing. Among six material issues rated of "critical" importance (the highest rating), three are related to customer wellbeing, specifically: customer health and safety, data protection and customer privacy, and customer satisfaction, achieved through quality service delivery.

NWS has always placed strong emphasis on customer wellbeing and will continue to strive to improve with a number of innovative measures to push the boundaries of high service standards and practices:

Service and Product Quality

We take pride in the quality of products and services provided to our customers, which is essential for our business sustainability. We have strict protocols that guide our product and service quality, and we continue to take the advantage of technological advancement to deliver premium services to meet our customers' satisfaction.

Customer Health and Safety

We strive to provide the safest environments for both our customers and employees and we strongly believe that the risk of injuries can be minimized through better care and technology. We invest in comprehensive training for our employees as well as in the latest technologies to enhance safety that directly impact on our community of users. We have also increased efforts to protect our customers and staff throughout the COVID-19 pandemic.

Data Protection and Customer Privacy

We have a clear approach in identifying and addressing information security risks. In FY2021, the Group has further strengthened the information security architecture with enhanced authorization and authentication mechanisms. Data privacy and information security related policies and procedures, including *Personal Information Collection Statement*, are in place at Group and business unit levels, to govern the data lifecycle management and safeguard the integrity and confidentiality of personal data.



FTLife Insurance won 5 awards in Bloomberg Businessweek/Chinese Edition "Financial Institution Awards 2021"

At the corporate level, our IT is centralized at the New World Group where senior management is kept informed of information security matters through Cyber Security Committee and Data Leakage Prevention Committee. We have relevant training programmes including the New World Group's *"IT Policy and Procedures"* and *"Cyber Security Awareness Training"* available on our e-learning platform. Cyber security reinforcement training is conducted annually. Penetration tests are routinely done and we seek for IT service review periodically by external consultants.

To protect privacy and personal data, we collect only necessary information from our customers and restrict the use of that data. All customer data is handled in compliance with the Personal Data (Privacy) Ordinance (Cap. 486). The Data Confidentiality and Protection Policy section of the New World Group's *"IT Policy and Procedures"* provides further guidance on data storage and handling for computer users, the IT department and IT service providers. There were no substantiated incidents with significant impact recorded in FY2021.

Customer Feedback and Communication

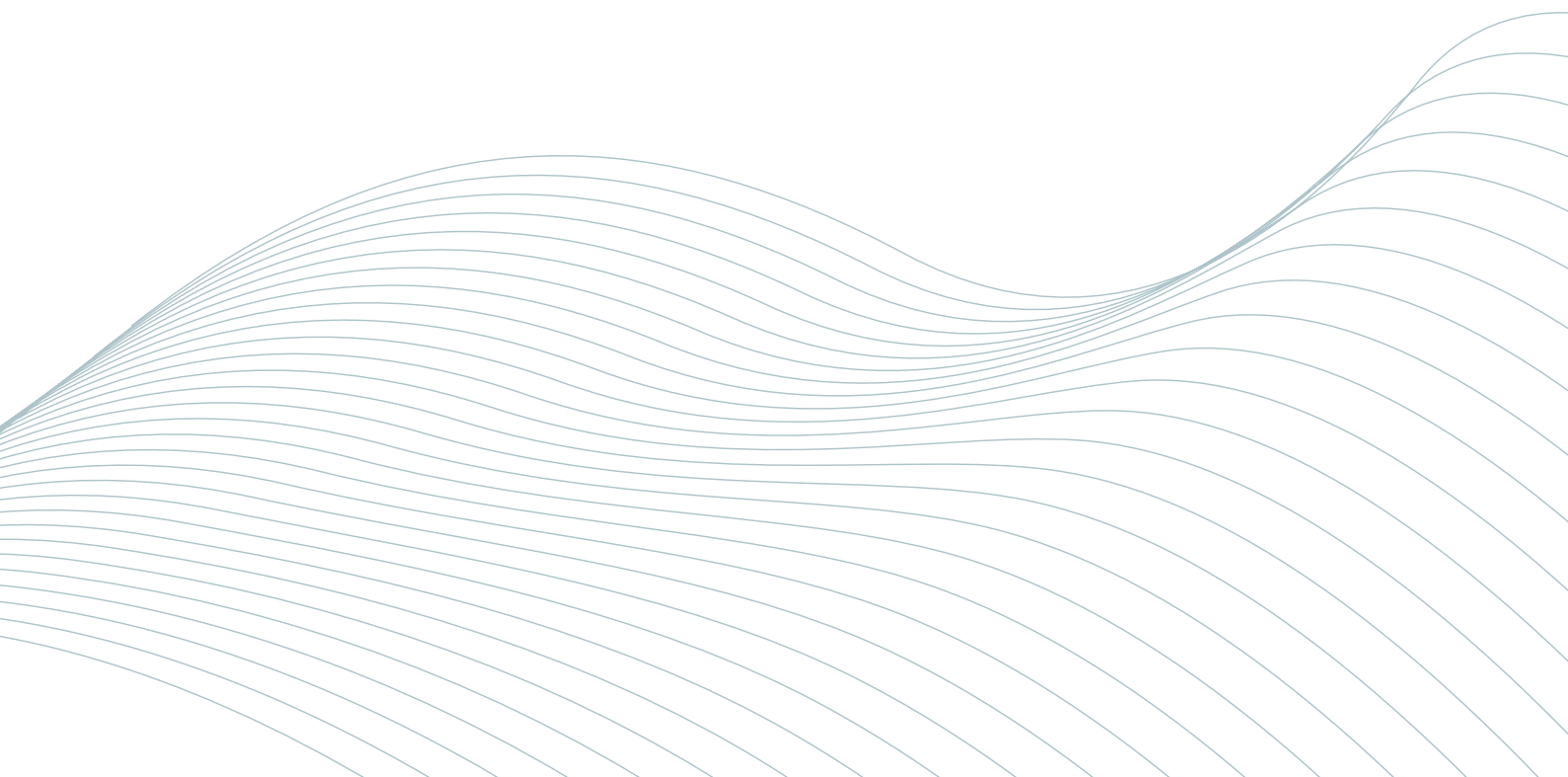
The Group values all feedback from our customers – Voice of Customer, which we see as opportunities to improve customer relationship and demonstrate our commitment to getting the basics right. We are dedicated to offering quality services to our customers by understanding their needs and expectations. Our business units have customer feedback handling systems tailored to their business, ensuring insights from our customers are dealt with in timely and appropriate ways. Contact information is available at each of their websites. Comments and complaints are carefully handled by dedicated teams. All are properly recorded and reviewed by management on a regular basis to identify areas for improvement.

Although advertising and labelling are not central to our businesses, we strive to the accuracy of information in marketing and promotional materials used to communicate with our customers. All materials and messages for the public are reviewed by designated staff to ensure accuracy and compliance with the Trade Descriptions Ordinance (Cap. 362).

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

While we take pride in the premium level of customer service we offer, we are not complacent and strive always to identify innovative ways to improve their experience and safeguard all aspects of their wellbeing. Our premium service offers range across many aspects of our customers' daily lives, from the construction and management of space, to supporting their mobility through key infrastructure such as toll-road management, and more recently offering life insurance to support their peace of mind.

Not only do we cater to the demands of customers today, but we also anticipate the needs of our future customers. We are fully aware that the next generations of customers expect premium services to include robust sustainability management and continual innovation: both of these are essential for our businesses to remain competitive. NWS takes great care to embed sustainability in all its processes through strong governance. This also enables us to identify opportunities for sustainable innovation.



Hangzhou Ring Road: Innovation for enhanced, sustainable customer experiences

Situated in Hangzhou City of Zhejiang Province, Hangzhou Ring Road (“HZRR”) has a length of 103.4 km and is one of the longest and busiest dual two-to-three lanes’ expressway in the Yangtze River Delta Region. HZRR is connected to several major national expressways and links up Hangzhou’s neighbouring provinces and cities such as Shanghai, Nanjing, Ningbo and Suzhou. As the operator of HZRR, we strive to demonstrate our quality of service through continually improving road safety and traffic for better customer experience, and staying ahead of the latest needs of the industry by adopting of advance technologies.

A Pioneering Concept for West Lake Service Area

A number of international accolades for innovation were awarded to Hangzhou West Lake Service Area, scheduled to begin operation by end-2021. Our team has transformed the concept of toll-road service areas in the Mainland, which is traditionally limited to the provision of toilets and convenience stores, by offering a holistic experience to refresh and engage road users. Design features, fusion of old and new included an unmanned convenience store that minimizes manual operation as well as social contact during the pandemic, two modern capsule hotels with a total of 20 rooms, in addition to opportunities for cultural immersion in the history of Hangzhou. Moreover, features such as rooftop mounted solar panels, over 50 charging points for electric vehicles including, double and/or triple glazed façade and LED lighting enables the service area to maximize efficient use of energy, towards our ambition for this to be the first LEED certified service area in Mainland China.

After receiving a US-based MUSE Design Award in 2020, the Service Area won a silver medal for architectural design in Italy’s world-renowned “A’ Design Award”, which received entries

from 108 countries and regions. A panel of more than 200 international professionals judged the competition, recognizing both the sustainability considerations embedded in the design and construction of the service area as well as the high standard of experience the unique design offers to visitors. Commended features include the architects’ consideration of the visual connection between the architectural space and the surrounding landscape, as well as their cultural sensitivity in the use of the sweet-scented osmanthus, the city flower of Hangzhou, as inspiration to design the roof.

Supporting Drivers to Adopt Electric Vehicles

In support of the national’s goals for electrifying and decarbonizing its mobility sector, HZRR is expanding its provision of charging stations to encourage the use of electric vehicles (“EV”). For instance, five new charging points were installed at Zhuantang Station, Hangzhou. There are 17 charging points in total along Hangzhou Ring Road in operation, including 12 charging points in Xiasha Service Area; 50 charging points will be added in the new West Lake Service Area, offering customers an additional opportunity to green their lifestyles while reducing roadside air pollution.

Artificial Intelligence to Improve Road Safety

HZRR launched an automatic high traffic volume forecasting alert system, launched in December 2020. This provides warnings to road users through an automatic lighting alert and speaker announcement system at traffic hotspots, such as congested ramps on the HZRR, where 35 warning lights and six sets of speakers are now installed. The smart system utilizing AI technology can detect traffic congestion and road incidents to alert road users, in order to minimize incidents. This improves the safety of all road users, and offers them peace of mind at the wheel.

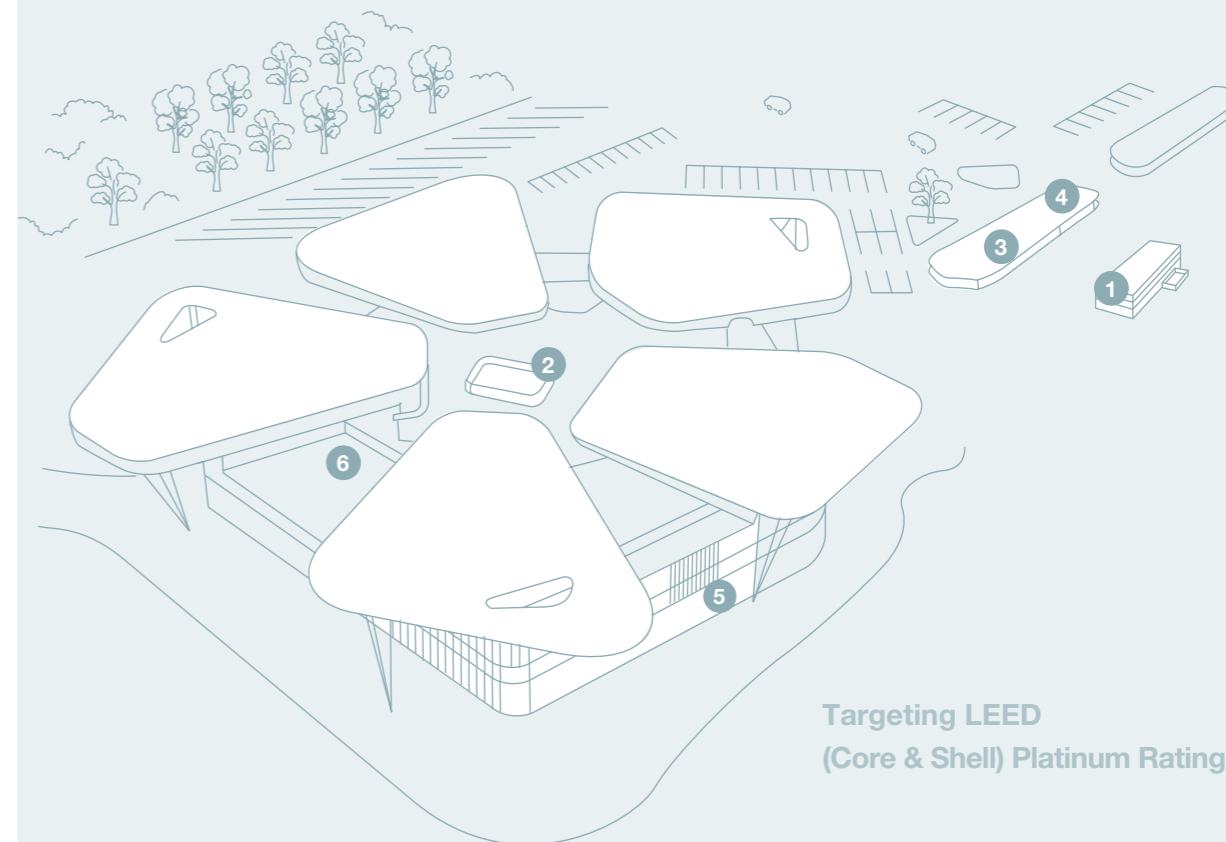


Hangzhou West Lake Service Area (3D Rendering)

Hangzhou West Lake Service Area

Sustainability Design Features

Having taken into consideration the surrounding landscape and climatic conditions, the design layout optimizes the application of natural lighting and ventilation. Design measures were adopted to enhance insulation and automate shading of the building envelope to reduce heat gain and thus energy demand of the building. Weather sensors are in place to collect data from sunlight, wind and rainfall. Together with the smart design, indoor temperature can be better controlled through air-conditioning and lighting based on real-time weather conditions.



Targeting LEED (Core & Shell) Platinum Rating

- 1 **Zero Wastewater Discharge Design** included a wastewater treatment facility with capacity of 400 tonne/day, enabling secondary water reuse for flushing, landscaping and/or cleaning. A 200 m³ rainwater collection tank was also designed to reduce freshwater use.
- 2 Use of **energy efficient variable refrigerant flow (“VRF”) system** for centralized air-conditioning along with real time energy monitoring and control through wireless control platforms.
- 3 Scheduled installation of more than **50 EV chargers**, including NIO Battery Swap Station, to encourage and enable the use of EV of various models, supporting the reduction of road-side air emission.
- 4 **Solar panels** have total power capacity of 438 kW. The annual generation of renewable energy is estimated to be 440,000 kWh, equivalent to 94 households’ annual electricity consumption in Hong Kong¹.
- 5 **Double and/or triple glazed façade** to provide better insulation, reducing heat gain to the building envelope in summer while the specially coated surface re-radiates indoor heat in cold weather.
- 6 **Energy efficient lighting system design** included LEDs, lighting zoning and control, along with optimized utilization of natural daylight.

1: Source: <https://www.emsd.gov.hk/energylabel/en/cal/cal.php>

Hip Hing: Technological Innovation for Premium Services

As a leading contractor in Hong Kong, Hip Hing Group is committed to developing outstanding, high-quality projects that exceed clients' expectations. Hip Hing Group implements an integrated management approach on quality, safety, environmental protection and energy, which conforms to international standards of ISO 9001, ISO 45001, ISO 14001 and ISO 50001 respectively. In light of the increasing digitalization of its operations, Hip Hing Group is the first construction company in Hong Kong to be certified under ISO/IEC 27001:2013 on its Information Security Management System in FY2021. Hip Hing Group continues to innovate means to enhance our performance in all of these aspects. Examples of highlights are provided in the following sections.

In addition to maintaining the culture on delivering quality products through excellent skills and workmanship in construction, Hip Hing Group established an Innovation and Technology ("InnoTech") Department in 2019 to spearhead construction-related research and innovations. A number of innovations have since been patented.

Patented technology invented to avoid overloading of tower cranes

One success story to come out of Innotech addresses health and safety issues connected to operating tower cranes for lifting heavy objects at height. This has always been a high-risk construction activity with serious consequences for any mishandling. To better monitor and to ensure the proper operations, Hip Hing Group created and patented the Wireless Lifting Monitoring System for Tower Cranes in 2020. Traditionally, conventional load indicators are only visible to the tower crane operator. The new system enables safety officers at ground level to observe the real-time loads of the crane, eliminating the risk of overload. This system, implemented across the majority of tower cranes in construction sites managed by Hip Hing Group, has effectively eradicated any overloading incidents.



Wireless lifting monitoring system for tower cranes

Well-recognized BIM Achievement

Hip Hing Group's success in innovation was also recognized in the 2020 BIM Achievement Awards, organized by the Construction Industry Council of Hong Kong, where it scooped seven accolades for sustainable construction, in particular its application of Building Information Modelling ("BIM") to reduce waste and costs, and innovation in building design.

Modular Integrated Construction for Fast and Smooth Construction

Hip Hing Group adopted the innovative construction approach Modular Integrated Construction ("MiC") to build Hong Kong's first high-rise MiC building, InnoCell – a smart living and cocreation space at Hong Kong Science and Technology Park. The adoption of MiC helps reduce on-site processes, enhancing overall productivity and safety, construction quality and sustainability. In addition, the project has also adopted an integrated construction information platform for real-time information access and paperless inspection, enhancing construction efficiency. InnoCell was awarded a commemorative plaque by the Construction Industry Council for this successful pilot demonstration of MiC and related knowledge-sharing.



Modular flats with factory assembled furniture – InnoCell

Following this success, Hip Hing Group has used MiC for 97% of the design and construction process of temporary quarantine facilities at Penny's Bay, completing the process in just three months in response to urgent need in the pandemic, with 857 quarantine units were developed using this advanced technology.

MiC was also used in the construction of security booths in the main hall of the Transport Department's Vehicle Examination Centre, reducing on-site construction time by 40%. The client expressed appreciation for the outstanding performance of the project team.

Quarantine facilities of 857 units were completed in 3 month using MiC



Temporary quarantine facilities at Penny's Bay

Adoption of Advanced Construction Technologies

Hip Hing Group deploys a wide range of advanced construction technologies, including 5G-powered applications, robotics and the Internet of Things to help boost work efficiency and communication among construction personnel, as well as the use of augmented and virtual reality in building information modelling, drones for surveillance, and smart analytics. With the support of technology, we are able to further minimize disturbances from noise and pollution in the process, reduce waste generation, and enhance the quality of our projects.



Adoption of robotics to enhance safety and building quality

Digital Works Supervision System for Efficiency and Collaboration at Work

To streamline project management processes, improve productivity and facilitate closer collaboration among client representatives, contractors and sub-contractors, Hip Hing Group uses a digital works supervision system ("DWSS") which enables rapid access to information, particularly records of necessary forms and documents for fact-checking when issues arise. This level of centralized information improves the transparency of our contractor relations, and enables us to identify sub-contractors that are more susceptible to error, so that we can offer them support to improve or address any concerns.

Unmanned Aircraft Systems for on-site Safety

Since 2019, Hip Hing Group has adopted unmanned aircraft system technology – or drones – to improve the way we manage safety on site. For instance, in our LOHAS Park residential development site in Tseung Kwan O, drones support the site team to conduct inspections more effectively and efficiently, from fire patrol to scaffolds and suspended working platforms. Not only can they capture footage of locations that are inaccessible to on-the-ground vision, but – being equipped with thermal imaging cameras – they can detect fire hazards more rapidly and efficiently than the human eye. This helps to maintain the safety of our workers and prevent accidents. Similar technology is also being implemented at other sites, including Kai Tak Sports Park and Immigration Department Headquarters at Tseung Kwan O.



Applying drones and thermal imaging technique to manage on-site safety and quality in construction project

FTLife Insurance: Innovation for Long-term Customer Wellbeing

FTLife Insurance was awarded seven major accolades in the *Bloomberg Businessweek/Chinese Edition* “Financial Institution Awards 2021”, and the *Metro Finance* “GBA Insurance Awards”, in recognition of its outstanding achievement in product development, talent recruitment, training and development, and marketing strategies. FTLife Insurance’s award-winning insurance products demonstrate how the company is striving to meet society’s rapidly evolving needs in a time of crisis.

Another award-winning product of FTLife Insurance responds to the trend of novel diseases with health implications that are not yet scientifically documented and so not easily diagnosed. “HealthCare 168 Plus” Critical Illness Protector is the first in the market to offer protection against the loss of functionality of key organs, enabling claims even where clear diagnosis is not possible.

Endorsement of FTLife Insurance’s commitment to innovation and excellence
<i>Bloomberg Businessweek/Chinese Edition</i> “Financial Institution Awards 2021”
<ul style="list-style-type: none"> • Life Insurance – Excellence Performance – “On Your Mind” Insurance Plan • Critical Illness – Outstanding Performance – “HealthCare 168 Plus” Critical Illness Protector • Recruitment Program of the Year – Excellence Performance – LEAP & Beyond Programme • Training and Development Achievement – Excellence Performance – Agency Force • Integrated Marketing (Branding Promotion) – Outstanding Performance – “Embrace Change for Better Future”
<i>Metro Finance</i> “GBA Insurance Awards – Hong Kong Region 2021”
<ul style="list-style-type: none"> • Most Innovative Product Award – “On Your Mind” Insurance Plan • Outstanding Training and Development Award

Wellness Protection during COVID-19

In addition to the above product innovations, FTLife Insurance was quick to extend a grace period of 180 days to all customers with effective life insurance and group life insurance policies, in case their ability to pay on time was affected by adverse economic circumstances during the pandemic. This extension was effective from 23 January to 31 December 2020. An additional extension of 90 days was offered to any customers unable to travel to Hong Kong from the Mainland.

Having the elderly “On Your Mind”

FTLife Insurance’s award-winning insurance plan, “On Your Mind”, addresses the financial difficulty often faced by an ageing population by offering policy holders a “reverse mortgage” feature, whereby they are able to withdraw their death benefits as an annuity to support their retirement needs. The plan has been particularly well received by customers because it covers diverse needs both before and after retirement, offering senior customers the peace of mind and the means of support for their wellbeing in the long run.



“On Your Mind” insurance plan offers policy holders a ‘reverse mortgage’ feature

Protecting Customer Privacy

At FTLife Insurance, we have multiple facets of protection implemented to safeguard collected customer data and prevent unauthorized access, including administrative, physical and technical measures. Our “*Privacy Policy Statement*” informs our customers about their rights and the reasons for collecting their personal data.

At FTLife Insurance, we strive to enhance customer experience and wellbeing by providing quality products and services, as well as to nurture long-term relationships of trust with our customers.

The HKCEC's Harbour Studio: Innovation for Excellence

HML prioritizes customers' experience with quality service through their wellbeing, from food safety and hygiene, to providing a facility that offers high standards of safety and comfort to users. While some of the food and beverage outlets were already certified for Hazard Analysis and Critical Control Points ("HACCP"), HML is also the first organization in Hong Kong to attain ISO 20121, Event Sustainability Management System certification. During COVID-19, HML has demonstrated its resilience by developing new service products tailored to virtual events and has ramped up its hygiene measures to strengthen public and visitors' confidence to the venue, enabling the successful commencement of number of public exhibitions. HML has received accolades at the "Business Resilience & Community Contribution Awards 2021" organized by the HKQAA in recognition of anti-epidemic efforts and commitment to execute a series of preventive measures for a safe event environment.

Mindful Responses to COVID-19

In response to the rapid migration of events online during the pandemic, HML has developed Harbour Studio, a state-of-the-art solution dedicated to online and virtual events, such as live broadcasts, interviews, webinars and product launches. The new event space is equipped with LED wall panels, professional cameras and AV facilities as well as a fast and reliable broadband connection, offering event organizers maximum flexibility in designing and producing bespoke online or hybrid events with full technical support.



Newly developed Harbour Studio at the HKCEC

Moreover, to protect all staff members and visitors to the HKCEC, the entire venue is sanitized. This includes all event venues, restaurants, public facilities, staff offices, staff changing rooms, washrooms, all lifts and escalators, handrails, door handles, lift buttons, glass railing, stanchions and mill barriers. This is just one of a range of stringent hygiene measures enforced at this iconic event venue of Hong Kong, from frequent COVID-19 testing to robot-led sanitisation, to support long-term business generation.



Disinfection at the HKCEC using robots

Protecting Customer Privacy

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

Gearing up for the future

The HML team turned this time of crisis into an opportunity to accelerate hardware upgrades at the HKCEC to enhance customer and employee safety as well as its service offering to the customers. The upgrade programme covered its automatic fire alarm system, its public address system, and its heavily utilized lifts and escalators. Moreover, HML also adopted smart technology, from the application of 5G to security robots and the IoT system for air quality, humidity and temperature monitoring.

Thriving Peoples

The Group has a workforce of 4,938⁷, with about 16% located in the Mainland while the majority are based in Hong Kong where the Group is headquartered. Employees are our assets and their wellbeing is essential to the Group’s sustainable operations and long-term growth. We are committed to attracting and retaining talent, and to creating a healthy and inclusive environment for our staff to foster their growth.

This section of the report discusses how we protect the health and safety of our employees and care for their wellness and emotional wellbeing, and how we foster a culture of operational excellence, collaboration and innovation. All of these are essential drivers for the Group’s sustainability development and are topics of interest to our stakeholders.

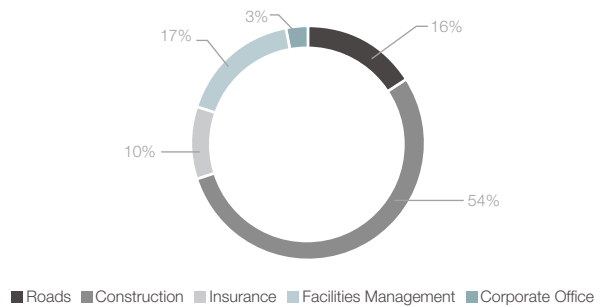
Health and Safety a Priority

OHS of our employees is of paramount importance to our operations and a top priority for NWS in the views of our stakeholders. Our Lost-Time Injury rate in FY2021 is 0.4, well beyond our target of 3.0, while our Lost Day rate is 65.4 per 100 employees. Our fatality rate has remained zero for the last three years. We continue to enforce robust health and safety protocols and extensive provision of occupational health and safety training (12,230 hours in FY2021, including COVID-19-related topics) to institutionalize a safety-first culture, alongside ongoing innovation, including the implementation of advanced technologies, to enhance health and safety.

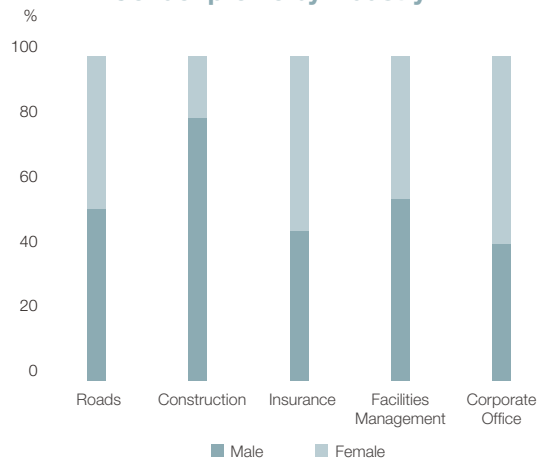
[Zero fatality for past 3 years]

Putting the right governance and leadership in place is critical for instilling a strong health and safety culture. All our construction sites are certified with ISO 45001:2018, with robust occupational health and safety management systems in place to reduce injuries and disease, while promoting and protecting wellness of staff and workers. A dedicated and independent OHS team, reporting directly to an executive director of Hip Hing Group, ensures an effective monitoring mechanism across its operations. At the construction site level, by delivering daily safety briefings and morning exercise sessions, safety supervisors can ensure the workers are reminded daily of the importance of a good health and safety culture, and made aware of the potential failures or hazards.

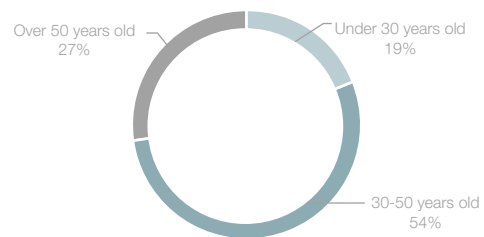
Total workforce by industry



Gender profile by industry



Total workforce by age group



⁷ By end of FY2021, the Group had 4,938 employees, of whom 99% were full-time and 96% in permanent employment term.

COVID-19 protection measures

In addition to dedicated training programmes, we have rapidly implemented new measures to protect our employees during the pandemic. These include:

- Our “Novel Coronavirus Free Protection” scheme, applicable to all employees in Hong Kong. If an employee is unfortunately diagnosed with COVID-19 within the protection period, he or she will be eligible to a one-off diagnosis benefit of HK\$20,000, and an additional Hospital Cash Benefit of HK\$4,000 per week (up to 8 weeks maximum).
- Our “COVID-19 Vaccination Leave” scheme which entitles each employee to two days of paid leave while HML staff are even entitled to four days’ paid leave after receiving two doses of vaccine. This arrangement aims to encourage higher rates of vaccination across our workforce, protecting more employees, their families and the wider community.

- In an effort to monitor and report employees’ personal health status daily, our corporate office has set automatic reminders to staff in submitting their health declarations.
- Our escalation channel, through which any suspected or confirmed cases of COVID-19 are communicated to staff members on a regularly basis to enable timely measures to reduce transmission at work.
- Standardized COVID-19 preventative measures, specifically at the HKCEC, implemented to minimize the risk of transmission and protect the safety of all staff and customers. This ranges from installing air filters and purifiers, anti-virus coating, and robots spraying disinfectant, to strict access control.

For more information on our approach to health and safety, please see our dedicated policy available on our corporate website.



Case Study – Vibro’s danger zone alert system

Vibro has developed a smart Danger Zone Alert System in-house, using computer vision to detect human presence in the proximity of moving plants (such as crawler cranes), and prompts an alert to prevent collision. A wide-angle camera is installed at the rear of the plant and captures the blind spots of the operator. The image is processed in real time using an artificial intelligence system, trained with live data, to distinguish people from other objects. Only the identification of human bodies will prompt an alert, minimising the problem of alert fatigue associated with conventional proximity sensors. Alerts, which include an audible alarm and flash light, are also differentiated to indicate the proximity of the worker, and therefore the level of danger. A visual monitor in the operator’s cabinet also displays real-time image, highlighting any human presence. This system has been installed in all crawler cranes at Vibro’s foundation sites, effectively enhancing site safety by protecting against the risk of collisions between workers and moving plants.



**Danger zone alert system
adopted to enhance site safety**

**Use of sensors and AI to
alert workers from danger**

Employee Wellness, Diversity and Inclusion

Health and safety is just the first step for us when it comes to employee wellness. We use a wide variety of communication channels to promote holistic wellness, including digital platforms, surveys, departmental gatherings, all-hands meetings and internal newsletter, (“*New Voice*”).

We also leverage our network of partners and business ecosystem to care for the wellness of our employees. For example:

- Our partnership with Hong Kong Family Welfare Society (“HKFWS”) provides Employee Assistance Programme services to employees, offering free counselling services via a hotline to support our colleagues in coping with challenges at work or at home.
- WeCare wellness online programme, led by NWD offers talks on a wide range of topics including how to manage family relations when working from home, improving your quality of sleep, skills for effective online communication, and stretching exercises.

Promoting wellness at work

Some of the initiatives organized by FTLife Insurance to promote employee wellbeing include: healthy eating programmes, from workshops and tips to distribution; sponsorship of fitness programme fees; massage and acupuncture workshops; sports activities such as hiking and running; and wellness and mental health seminars.



Yoga classes was organized to enhance employees' health and well-being

In 2021, NWS signed The Racial Diversity and Inclusion Charter for Employers, created by Equal Opportunities Commission (“EOC”), which offers best practice guidelines to ensure equal opportunities in employment for racial minorities. In an effort to raise awareness on racial inclusion and minimize the risk of discrimination in our recruitment and development practices, we organized a live webinar on “Understanding Discrimination Ordinances and Creating an Equal Opportunity Workplace” in June 2021. We received the “Equal Opportunity Employer – Family Status Equality” Award, introduced by EOC to recognize outstanding efforts to foster the spirit of inclusion and diversity. The Group regularly organizes various staff and family events and offers a medical subsidy for dependents. During FY2021, there were no reported cases of regulatory non-compliance regarding employment.



NWS awarded “Equal Opportunity Employer – Family Status Equality” Award

Employees Rights

In addition to employee safety and wellness, we are committed to protecting our employees’ rights and ensuring their dignity by implementing fair labour practices across our operations, consistent with the principles of the United Nations Global Compact. Our “*Human Rights Policy*” outlines our commitment to equality, diversity and inclusion at work, including details such as providing facilities as well as a welcoming environment to support for breastfeeding. During FY2021, there were no reported cases of regulatory non-compliance regarding labour practices on child and forced labour employment.

We respect each employee’s right to form, join or not join associations and/or labour unions. In cases where employees are represented by associations and/or labour unions, the Group is committed to bargaining in good faith with their representatives.

Talent Management, Training and Development

Being able to attract and retain talent is critical to the continuation of our premium service delivery, business success and growth. In FY2021, we provided an average of 12.7 training hours per employee. The greatest share of training hours (25,777) were in professional development, followed by occupational health and safety (12,230), and also corporate culture, environmental protection and anti-corruption.

We collaborate with our parent company, NWD, to make more than 200 training courses available online to all employees, in addition to recorded talks or informative sessions that encourage employees to learn and re-visit at any time.

We have various channels to identify specific training needs at the Group and operation levels, including an intranet suggestion box, departmental training programmes, and annual performance reviews, etc. For instance, we offered trainings on wellness, mental health, physical exercise and anti-corruption in response to employee needs. We also have an education subsidy schemes to provide financial support to members of our staff for attending external trainings.

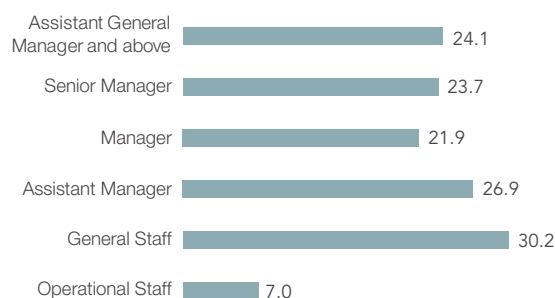
One talent attraction and development success story is “Hip Hing Group’s Apprentice Scheme” which offers secondary school graduates the opportunity to take fully subsidized Higher Diploma courses and be selected for a Hip Hing Group Scholarship, which includes mentorship support and a fast-track to employment. Two young female talents, a foreman of Hip Hing Group and an assistant quantity surveyor of Vibro were named the “Outstanding Apprentice” at the Vocational Training Council’s 2020 Outstanding Apprentice Award Scheme.

Another example of innovation in training and development comes from FTLife Insurance, which has become the first insurance company to introduce Moodie, an artificial intelligence system, to train our customer service agents. This system makes use of big data to analyze the behaviours of participants, and provide customized advice. This will enhance the efficiency of our training, in anticipation of the recruitment of 1,000 new agents as borders re-open following the lifting of COVID-19 restrictions, and help lay a solid foundation for our agents to pursue their professional career.

Average training hours per employee by gender



Average training hours per employee by category



Total training hours by training topics

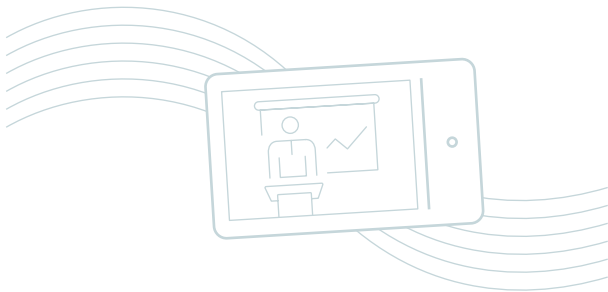
Training Topic	Total Hours of Training Provided
Anti-corruption	1,435
Corporate culture	8,637
Environmental protection	4,063
Occupational health and safety	12,230
Professional development	25,777

Development programme for high potential staff

Across the Group, we prioritize the development of high potential (“HiPo”) talents who can drive and sustain entrepreneurship in the Group. We have identified six core competencies of such talents to ensure they are recognized and nurtured. These comprise: creativity and strategic planning ability; leadership and talent grooming; complex problem-solving; driving results; a high level of emotional intelligence (“EQ”) and resilience (or “adversity quotient”, AQ); and self-awareness. In 2021, we identified and nurtured a total of 30 HiPo talents across the Group.

Inspiring Employees to Prioritize Sustainability

We strive to build capacity across our workforce to pioneer opportunities to advance sustainability, starting with enhancing internal understanding of critical issues through our Sustainability Policies and related e-learning modules. We provide around 80 courses online, on topics such as “How can we create shared value?”, “Enterprise Risk Management” and “NWS Climate Change Policy”, alongside webinars. Strong uptake of these offers indicated our success in promoting a sustainable culture across our workforce.



NWS sustainability forum “Building our Resilience against Climate Change”

With severe damages and disruption brought by extreme weather to communities and cities globally, combating climate change has become a new normal for both governments and private sectors. We hosted a sustainability seminar, inviting speakers from different industry backgrounds to share with us their insights on tackling climate change. The seminar attracted more than 400 attendances over two sessions.



Our CEO (left one) and guests sharing insights on climate resilience



Case Study – Partnership to repurpose waste materials

To minimize wastes from operations and to encourage upcycling, NWS Volunteer Alliance (Volunteer Alliance) had partnered with St. James Settlement Jockey Club Upcycling Centre in organizing six workshops during the period from March to May in 2021, to upcycle wastes including wooden pallets collected from ATL, wine boxes, broken umbrellas and turned them into furniture, musical instruments and home decorations etc. The workshops had engaged a total of 180 participants, from our volunteers to underprivileged children. A bazaar to promote these upcycled products along with a few workshops, was held in July at D•Park to further engage with the public on resource conservation.



Upcycling workshops turning waste wood into new products

Engaged 180 participants to waste material upcycling workshops

Greener Future

NWS aspires to build a greener future and contribute to limiting global warming, in line with our parent company’s SV2030 and the SDGs. Construction and toll roads management are part of our core business portfolio, and we recognize that globally the significant contribution of the building and construction sector and the transport sector have significant impact on the world’s greenhouse gas emissions, accounting for 38% and 23% of all energy-related carbon emissions respectively⁸.

We endeavour to go beyond regulatory compliance, and consistently drive innovation in our business operations and service offerings to become greener and more resource-efficient. In addition to the oversight of the Sustainability Committee driving the group-wide sustainability objectives, our Environmental Management Committee, chaired by an executive director of the Group and comprising representatives from our subsidiary companies, meets twice a year. The Environmental Management Committee provides an institutional platform to ensure the implementation of green initiatives and the exchange of knowledge, experience and environmental best practices among business units.

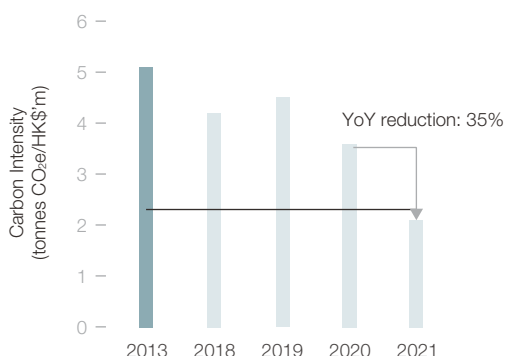
Our 2030 Environmental Targets

NWS Sustainability Targets 2030 demonstrate our long-term commitment towards a low carbon economy. Among the Group’s wide range of businesses, we have identified the business segment that contributes most significantly to each target. The decarbonization roadmap for construction and facilities management are further detailed under the section Greenhouse Gas Emissions and Energy Use. Our group-wide 2030 Targets, against a FY2013 baseline, are to:



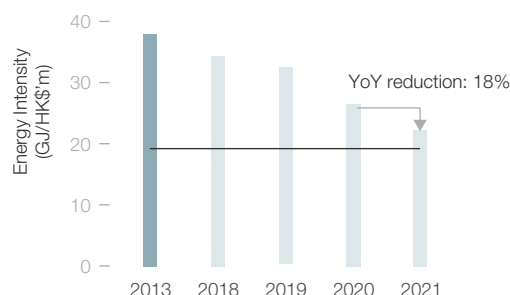
Carbon intensity

Reduce GHG intensity by 50%



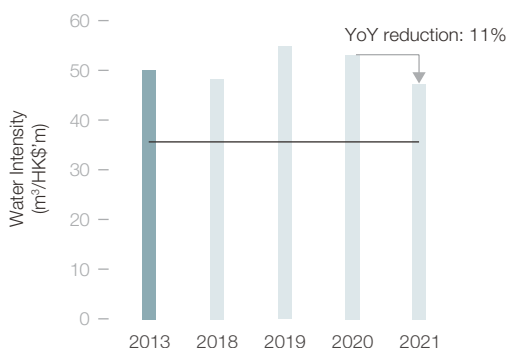
Energy intensity

Reduce energy intensity by 50%



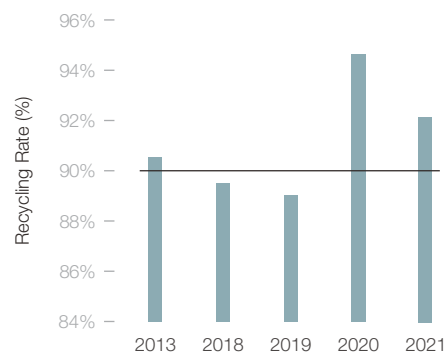
Water intensity

Reduce water intensity by 30%



Recycling rate of C&D material

Achieve at least 90% reuse of construction and demolition material



The metrics for FY2021 suggest significant progress towards our Sustainability Targets 2030. However, the impact of the pandemic has led to a reduction in business activities and correspondingly reduction in energy and water consumption intensity. For example, the energy consumption of HML has reduced by >50% in FY2021 comparing to FY2019 (before COVID-19) and the three outlets of Free Duty has remained closed as a result of border closure. We are thus taking a longer-term perspective in monitoring the target performances as we anticipate sequential business rebound from the pandemic.

⁸ Source: <https://globalabc.org/news/launched-2020-global-status-report-buildings-and-construction>

Combating Climate Change

Climate resilience is an essential part of our sustainability strategy, evidenced in Hong Kong and the Mainland by the increased occurrence of acute weather conditions. 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.

Understanding our Transition Risks

In 2021, NWS has conducted the first climate-related transition risk assessment of its key businesses with reference to the Recommendation of the Task Force on Climate-related Financial Disclosure (“TCFD”). Our transition risk assessment covered corporate headquarters and five business segments with reference to the International Energy Agency’s Stated Policies Scenario (“STEPS”) and the research findings of emerging policy and legal regulation aimed at addressing or related to climate change, within a time frame from present to about 5 years into the future.

We have identified relevant regulatory, technological, market and potential reputational risks which are local to where we operate during the global transition to a low carbon economy. As we work to incorporate these identified risks into our business strategy, we have also integrated the assessment approach and results into our Enterprise Risk Management (“ERM”) framework for ongoing identification, assessment and management of these risks in accordance with the “*Climate-related Transition Risk Assessment Technical Manual*”. For details of how we manage risks, including ESG and climate-related risks, please refer to the Risk Management Report of this annual report.

The Company is exposed to multiple channels of climate-related regulatory risks. While these risks include the exposure to relevant regulatory requirement that would have potential cost implications due to expectations or requirements to the current normal practices, none would be derived from the Company’s direct greenhouse gas emissions. In Hong Kong, there is currently no carbon tax or emission limits. In the Mainland, the carbon tax and carbon emission limit only cover energy and industrial sectors, yet the continual expansion on the coverage may finally cover the upstream supply chain, such as the raw materials suppliers, causing indirect cost implications to other businesses.

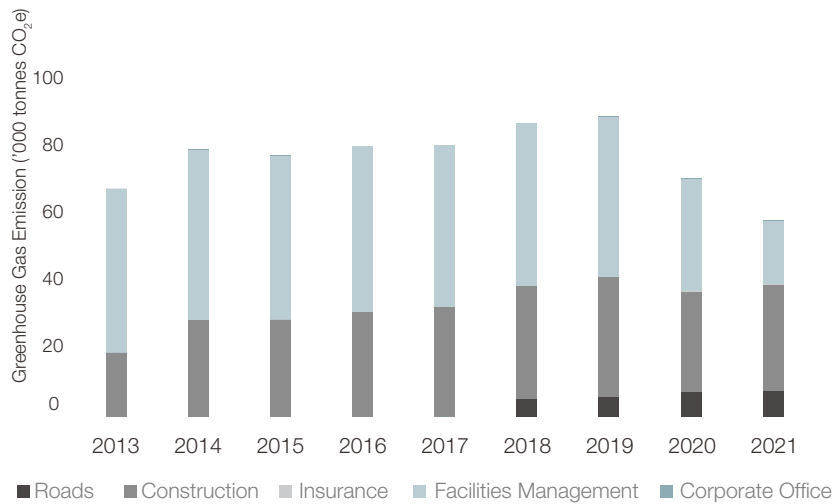
The following table summarizes the top transition risks identified based on inherent risk assessment and respective mitigation measures followed. The expected time horizon of the risk anticipation is of short to medium term.

	Top Transition Risk Identified	Mitigation Measures
Roads	<ul style="list-style-type: none"> Increasing demand for green vehicle facilities along major expressways as a result of the issuance of the Guidelines for Developing Electric Vehicle Charging Infrastructure by National Development and Reform Commission (“NDRC”) in October 2015, along with continuous strong sales of EV, the demand of charging facilities especially in support of long haul trips will become stronger 	<ul style="list-style-type: none"> Collaborate with third-party to install electric vehicle charging facilities at the service areas and other appropriate sites
Construction	<ul style="list-style-type: none"> With the mandatory adoption of BIM and MiC, by the government of HKSAR, on capital works projects and certain public sector building works respectively, alongside with the government’s commitment in adopting green buildings in public sector, the clients’ expectation and the change of market demand would require our preparedness on resource and expertise in coping with the new trends in construction 	<ul style="list-style-type: none"> Adoption of new approach and technology in construction Strategically adopt new construction technology and meet clients’ expectations
Aviation	<ul style="list-style-type: none"> Shift in market demand for low emission aircrafts as regulatory bodies and industry association set targets in reducing carbon emissions from aviation industry since 2010 	<ul style="list-style-type: none"> Acquire young and low-emission aircraft in the fleet
Insurance	<ul style="list-style-type: none"> More stringent regulatory disclosure requirements on climate change Requirement of financial management for climate change through stress testing 	<ul style="list-style-type: none"> Closely monitor the development of regulations on prudent financial management and disclosure relating to climate change Consider establishing a sustainability task force to drive initiatives
Facilities Management	<ul style="list-style-type: none"> Growing stakeholder expectation on sustainability achievement 	<ul style="list-style-type: none"> Obtain certification, participate in external initiatives, publicize sustainability efforts
Corporate Office	<ul style="list-style-type: none"> More stringent regulatory disclosure requirements on climate change 	<ul style="list-style-type: none"> Closely monitor regulatory disclosure requirements and establish plan to conduct climate risk assessment

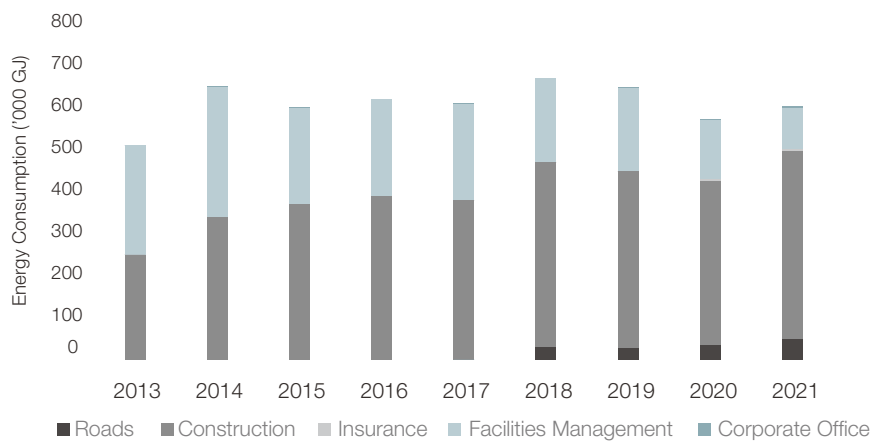
Greenhouse Gas Emissions and Energy Use

The graph below shows our historic greenhouse gas emissions and energy use across different business units. The Group's overall energy consumption increased 3.5% from FY2020, mainly due to a 21% increase in Hip Hing Group's number of active projects. Given its business nature, by far the greatest contributor to our greenhouse gas emissions and energy consumption is Hip Hing Group, at 53.9% and 71.7% respectively in FY2021. The second largest contributor is HML, though its energy consumption and thus greenhouse gas emissions were still highly impacted by COVID-19 since FY2020.

Trend of absolute greenhouse gas emission



Trend of absolute energy consumption



Our Roadmap towards Decarbonization

With SV2030 objectives alongside with our sustainability management framework, as part of the sustainability roadmap, we are stepping up a greenhouse gas emission intensity reduction of 30% by 2025 using FY2013 as baseline, as a mid-term target. The intension is to stay robust in achieving the overall target of 50% reduction by 2030.



While we will continue to reduce our demand-side energy consumption, and particularly those sourced from burning of fossil fuels like diesel, we have conducted analyses of our greenhouse gas emissions, looking for means to more strategically decarbonize as a Group. Having understood the profiling of greenhouse gas emissions and energy use within the Group in recent years, the cleaner electricity provision from the power companies, and trend of rapid technological advancement, we know we have to prioritize our decarbonization effort in the most carbon-intensive business or operations which are construction and facilities management of the HKCEC, among our in-scope businesses.

Construction

Industrial Trend of Sustainable Construction

As part of the low-carbon transition in Hong Kong construction sector, key trends include the adoption of Building Information Modelling ("BIM") and Modular Integrated Construction ("MiC") in the building and construction industry.



Since 2013, Works Policies Coordination Committee of HKSAR endorsed the proposal to adopt an incremental strategy in using BIM technology in public works projects and we have since phased in the use BIM in our construction operations.

Hip Hing Group continually supports BIM's development by providing financial resources to develop our IT infrastructure and staff's expertise to adequately adopt the wider use of BIM in our projects, staying ahead of the industry trend. As a key driver of the technology in the industry, our BIM team at Hip Hing Group is highly recognized with numerous awards in its capability.

As for MiC, its implication of prefabrication plays an essential role in reducing buildings life-cycle carbon emission, as well as improving operational efficiency in construction. MiC is the methodology to construct buildings using free-standing integrated modules completed with finishes, fixtures and fittings that are manufactured in factories and then transported to site for assembly. Since 2019, Hip Hing Group has begun constructing its first MiC building – InnoCell, a smart living and co-creation space for the innovation and technology community at Hong Kong Science Park. InnoCell was awarded a commemorative plaque by the Construction Industry Council for its successful pilot demonstration of MiC and for related knowledge-sharing among the industry.



On-site installation of modules manufactured in factories



Electrification

With the power companies' commitment to a cleaner supply of electricity in the very near future, electrification in construction sites would be key towards construction decarbonization. Key measures to electrification would include the reducing the use of diesel generators by wider adoption of temporary electricity and the use of mass battery energy storage system ("BESS"); reduce diesel consumption by wider use of electric plant and equipment; use of lower greenhouse gas emissions alternative such as biodiesel where electrification is not practicable; use of on-site renewables and use of electric vehicles.



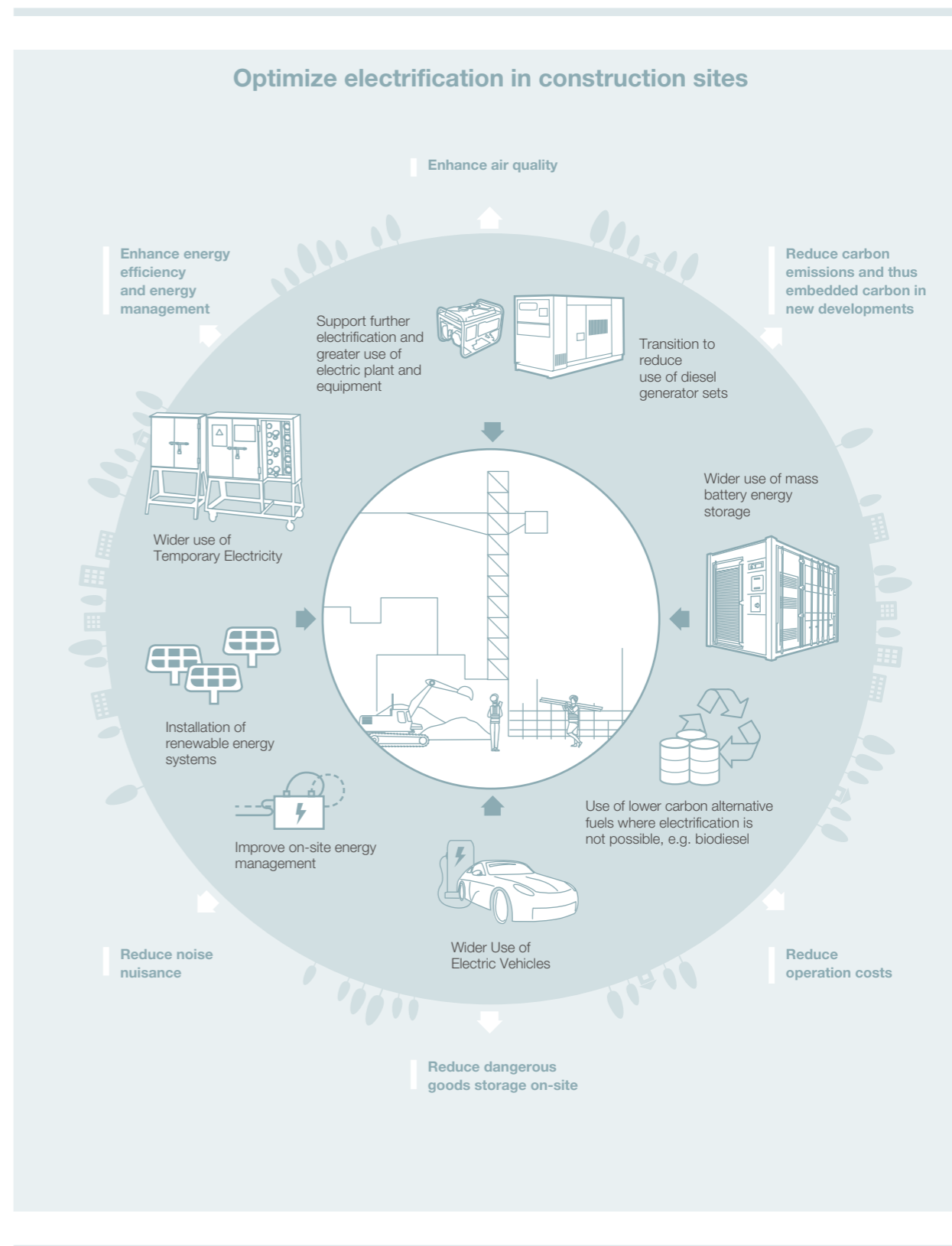
Digitalization in Construction

New technologies continued to be invented and at Hip Hing Group, we make use of the most advanced construction technologies available, such as DfMA (Design for Manufacture and Assembly), Augmented and Virtual Reality, drones and Artificial Intelligence analytics alongside BIM, enabling the integration of project information into a common platform for more effective communication and accurate decision at construction, resulting in less rework, avoiding waste and reducing embodied carbon. With 5G-powered applications, robotics and the Internet of Things becoming more common, digitalization will offer profound improvements in the construction industry, significantly improving constructability and project efficiency in the very near future.

Practising Green Construction

At Hip Hing Group, almost 100% of new building projects are green projects⁹, that are either BEAM Plus and/or LEED certified, or of an equivalent standard. Besides on-site construction works, as a contractor of a green project, we play a significant role in supporting our client to attain the green certification by properly managing environmental emissions (e.g., air, wastewater, noise etc.), materials procurement (for temporary works) and waste management during construction.

⁹ Except for Temporary Quarantine Facilities at Penny's Bay and Transitional Housing at Tung Tau, Yuen Long



Carbon Offset Program

Hip Hing Group has initiated a programme to offset its carbon footprint from fossil fuel consumption of its construction equipment. In FY2021, Hip Hing Group has procured carbon offsets for a total of 54.6 m³ of fuels, including gasoline and diesel, equivalent to 134 tonnes of CO₂e compensated.



Case Study – Collaborate with supplier to enhance “BESS” application in construction



Connecting electricity supply to efficiently operate plants on-site through BESS

As part of its roadmap to decarbonization, Hip Hing Group has increased the number of BESS to 12 units in FY2021, making it the highest adoption of the BESS in Hong Kong. With the high penetration of BESS application in our projects, Hip Hing Group has been collaborating closely with the supplier AMPD in optimizing on-site applications of BESS and fine-tuning the product’s software to better tailor it to construction site situations. For example, BESS fits well high power equipment with intermittent loads such as tower cranes draws significant electricity demand when loaded alternative to generator sets which otherwise stay idle with energy wastage when the tower crane is not loaded. Under these situation, BESS serves well as an alternative to generators.

The use of BESS also enables centralized remote monitoring of the energy system, enhance energy management and the use of cleaner energy at construction sites, improving GHG emissions as well as reducing the operating cost.

In addition, the system produces zero direct air emissions of the construction sites, improving environmental and health benefits such as:

- quieter operations
- less downtime for refuelling and maintenance
- enhance site safety with less fire hazards resulted from diesel handling
- reduce hazardous waste generation from fewer generator sets maintenance
- a healthier working environment for site workers by minimizing noise and air pollution from generators

12 number of BESS procured to support electrification in construction sites

Facility Management of the HKCEC

Our Facilities Management business HML, which manages and operates the HKCEC, is implementing its decarbonization strategy through the following:

Infrastructure Upgrade to enable Real-time Monitoring through Smart BMS

In FY2019, HML installed 670 sensors in the venue to collect and transmit real-time indoor environment data, using Internet of Things (“IoT”) technology in the revamped Building Management System (“BMS”). Coupled with our Smart Building Management System, which included installation of digital power meters, we can better monitor, control and optimize the venue’s indoor comfort and temperature more effectively and efficiently.

Five-year Advancement Project to enhance Customer Experience and Energy Efficiency

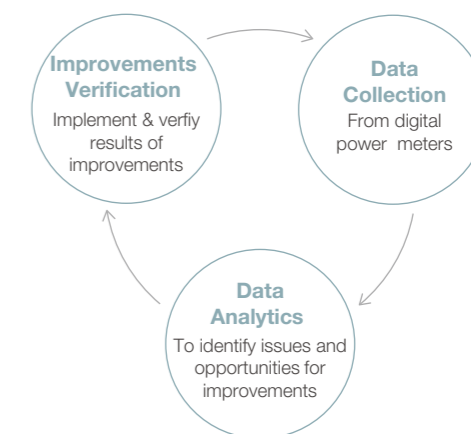
The Five-year Advancement Project aims to enhance customer experience by providing a safer, more efficient and comfortable environment for users. The Project involves large-scale renovation and upgrade of the HKCEC facilities and infrastructure. The new improvements will contribute towards our energy and water conservation efforts. Progress in FY2021 included replacing air handling units (“AHU”) in a major exhibition hall, including the adoption of high-efficiency EC plug fans, and the installation of a free cooling mode (enabling non-mechanical exchange of warm inside air with cooler outside air) in AHUs. Existing chillers will be replaced to significantly improve energy efficiency.

Energy Management through Smart Monitoring-based Commissioning

On-going energy management is essential for efficient buildings operation. Analysis of operation data helps detect faults and inefficiencies of the building facilities. Since the energy audit in 2016, HML has begun a journey of energy management

with on-going retro-commissioning. With the installation and implementation of Data Analytics System (“DAS”) in 2018, HML is now digitally-enabled to conduct monitoring-based commissioning (“MBCx”), to continuously improve building energy performance.

Retro-commissioning of the HKCEC has been in place since the energy audit in 2016. With the support of data analytics, retro-commissioning helps fine-tune the building operation systems, optimising its energy performance. In FY2021, examples of retro-commissioning included the AHU free-cooling mode control; chilled water supply temperature reset and chiller plant control optimization etc.



Core elements of MBCx

Renewable energy installation

At HML, we have installed grid-connected solar photovoltaic system at the rooftop of the HKCEC, which has generated a total 9,639 kWh in FY2021 as part of the Feed-in Tariff (“FIT”) scheme by the power companies in Hong Kong.

Decarbonization strategy in facilities management of the HKCEC

Decarbonization Strategy

5-year Advancement Project:

(since 2019) to include enhancement of building facilities’ energy efficiency. Examples of facilities improvement include:

- Replacement of chillers, AHUs/ PAUs
- Boiler replacement
- Lighting replacement
- Water pumps

Infrastructure upgrade:

- Revamp of BMS,
- Installation of power/ energy meters

On-going Practices:

- Retro-commissioning to optimize energy performance
- Use of big data analytics to improve energy management
- Installation of Solar Power for Feed-in Tariff

Aspiration towards Green Building Certification

- Targeting LEED and BEAM Plus EB Gold rating



Managing Waste through Circular Innovation

We use resources on a needs-only basis and we reduce, reuse and recycle as much as is possible and practical. This year, we strive to further encourage our businesses and staff for more innovative solutions towards waste circularity, and to repurpose our waste.

Construction and demolition (“C&D”) waste is the main waste type from our businesses and we recognize how the disposal of C&D waste can put tremendous strain on landfills. This year, while we are developing an online platform to strengthen our management of inert C&D waste by enabling more efficient communication and coordination among Hip Hing Group’s project sites, we have also collaborated with Impact Kommons, an UNSDGs-focused incubator of impact start-up companies, in identifying a couple of technology companies to repurpose waste timber materials into new building materials or products, as well as applying technology to better manage waste in construction sites. With the support throughout the value chain, from the clients, the project teams and the startups, we were able to test-trial some of the upcycled products with progressive results. Though research and development of a new product is a long journey, we see this collaborative approach the way forward for a greener future benefiting the industry and community.

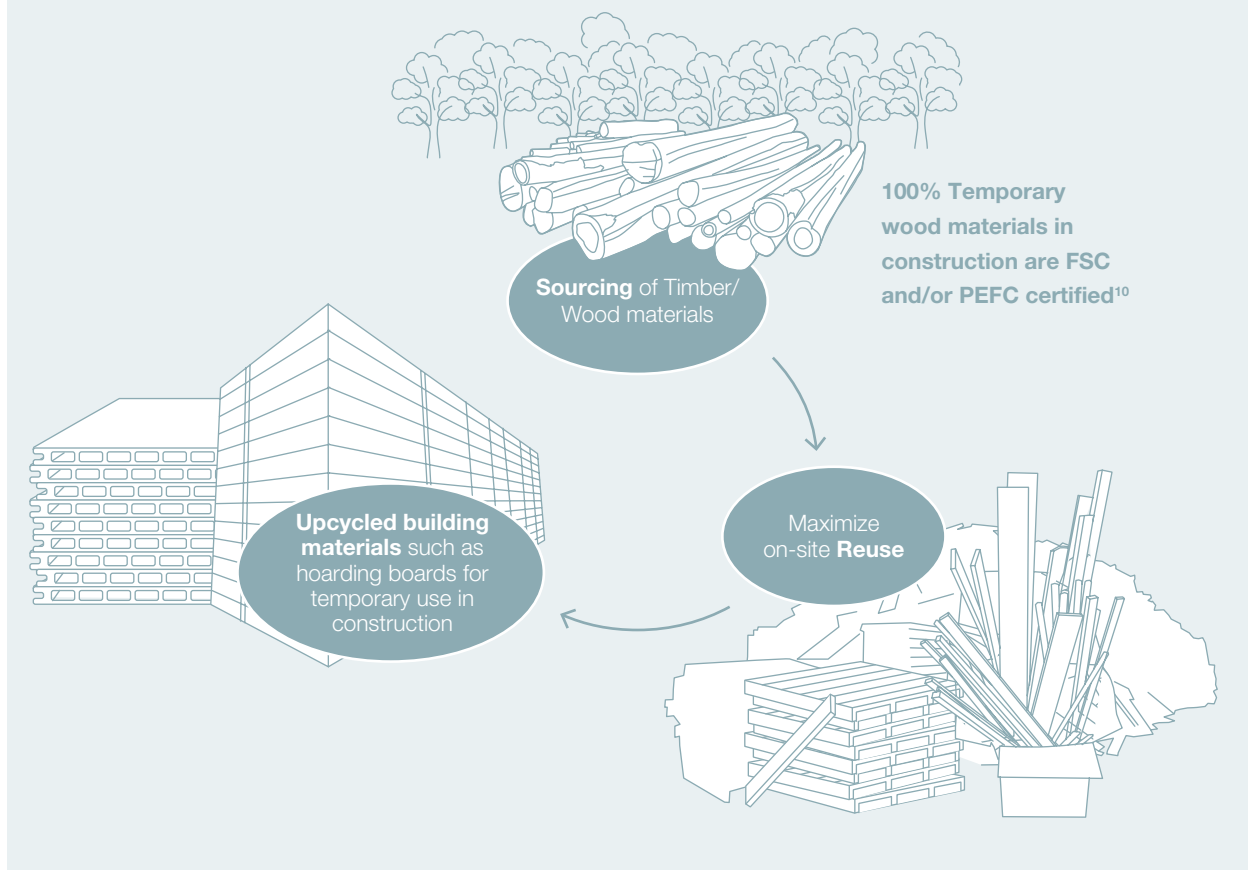
Support start-up in developing new solutions to upcycle wood pallets



Mixing biochar to plastering materials to trial on a project site

Hip Hing Group supported a start-up in conducting researches and trials by applying biochar, upcycled from used wooden pallets through a proprietary advance ozone treatment process, as a component of building materials. Pilot testing for construction was conducted in one our Hip Hing Group’s project sites and was well supported by our client.

Our approach to timber management in construction



¹⁰ FSC refers to Forest Stewardship Council (“FSC”) and PEFC refers to Programme for the Endorsement of Forest Certification (“PEFC”)

Other business units of the Group are demonstrating how waste reduction can also enhance customer experience, delivering shared value. As the operator of a world-class convention and exhibition center, HML motivates staff, event organizers and visitors to recycle waste by introducing various on-site waste recycling facilities and measures. Public as well as back of house areas are equipped with recycle bins for separation of paper, cardboard, glass, plastic, metal and rechargeable batteries. Large recycling cag are also available during exhibition move in and out periods. HML is one of the first organizations in Hong Kong to utilize the Government's food waste processing facility Organic Resources Recovery Centre Phase 1 ("O • Park1") food waste processing facility since its opening in mid-2018. In support of waste management, HML has launched the "Think Before Plastic" campaign in July 2018 and introduced a series of waste reduction measures. Disposable plastic cutlery, straws and stirrers have been replaced by wooden or paper alternatives in daily operations. Glass or canned beverages are provided through vending machines and restaurants instead of plastic bottled versions. HML will continue to source non-disposable plastic alternatives for other items, such as meal boxes and cup lids etc.

To minimize material waste, our team at Hunan NWS Expressway looked into reclaiming and reusing the waste bituminous materials in road maintenance works in FY2021. Since we began recycling bituminous materials in the maintenance of Changliu Expressway, we have saved 270 tonnes of waste bituminous materials, while lowering the material cost of the surface pavement and the base layer of the road.

Reuse of 270 tonnes of waste bituminous for surface pavement



Collected waste bituminous for recycling

Hangzhou Ring Road has been collecting green waste from regular trimming of trees along the expressway, for composting. First shredded, then composted for five to six months to create an organic compost suitable for growing vegetables and nursing seedlings. During the two months, from April to June 2021, 30 truckloads of green waste, weighing over 47 tonnes in total, were collected to produce 23.6 tonnes of compost. This reduces not only waste but also produces compost that enhances soil quality to promote sustainable farming and food production.

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.

Smart canteen app to reduce waste and enhance community relations

Employees at Hunan NWS Expressway can now order their meals online one week in advance. The newly developed app enables the canteen to better plan the meals according to the employees' preferences and thus minimizes food waste. For any food waste generated, we gave it out to the local villagers as animal feed (mainly poultry). This reduces not only our waste generation, but also enhances our relation with the local community.

Biodiversity

We are aware of the relation between material use and biodiversity, and seek to select materials that minimize impacts to the natural ecosystem. Our “Sustainable Procurement Guide” provide guidance on how we should embed considerations of ESG impacts when procuring products and services to meet our operational needs; for example, requesting suppliers to provide certification, test report, third-party verification or other references to ascertain the product meets best practice in sustainable forest management, farming and fishery practices, and contributes to conserving precious biodiversity.

We strive to conserve biodiversity through minimizing habitat disturbance and degradation, and promoting the awareness of biodiversity among our stakeholders such as employees and the community. In construction, we adopt tree protection guidelines and procedures to properly preserve trees at construction sites, including measures from the delineation of tree protection zones, to erecting fencing for trees retained in-situ, and conducting routine inspections. On occasion where tree transplanting is needed, procedures to ensure the proper growth of these trees at the temporary or permanent receptor site will be tailored accordingly, and we try to transplant the affected trees back to the project site after construction where feasible.



Protection of transplanted tree in construction site for future reinstatement

As a road operator, we ensure roadside slope stability through regular monitoring and maintenance. Along Changliu Expressway, we support roadside greening by adopting soft landscape treatment where practicable, and we plant local species such as *Cynodon dactylon* (狗牙根) and *Trifolium repens* (白三葉), minimizing water use for irrigation as well as restoring the local biodiversity as far as we can.

As the first organization in Hong Kong to achieve ISO 20121 Event Sustainability Management System certification, HML has long removed shark’s fin soup from all its restaurant and banquet menus and promotes sustainable seafood as preferred choices in banquets at the HKCEC. HML also provides a “LoveGreen” meeting package to help its business associates to meet their own corporate responsibility goals by providing eco-friendly menus and beverages, and providing support to donate unconsumed food to social welfare organizations.

Oyster reef restoration



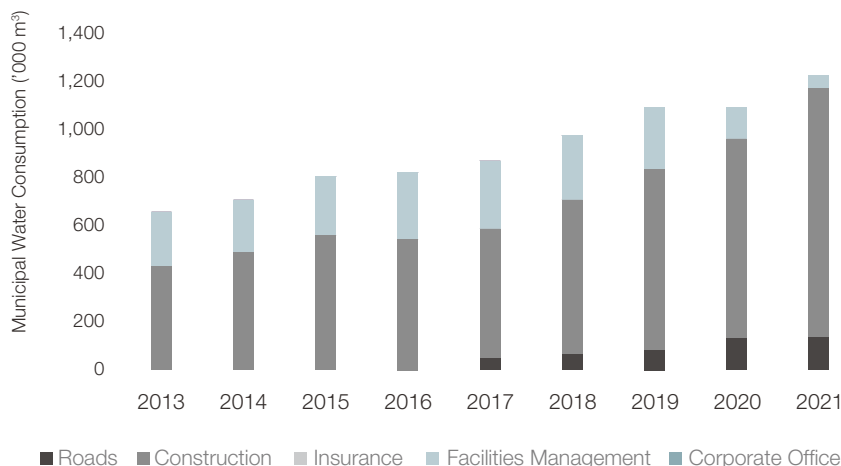
In enhancing biodiversity awareness and to support the World Environment Day 2021’s theme on “Ecosystem Restoration”, we partnered with The Nature Conservancy to put on three events to help restore local oyster habitats at Pak Nai, a wetland area in Yuen Long, Hong Kong. Over 60 participants, including staff, volunteers and their family members, all received hands-on experience towards protecting the ecosystem engineers – oysters which play an important role in supporting the marine environment.



Supporting local biodiversity through oyster reef restoration

Water Management

Absolute municipal water consumption



We recognize that water is a precious resource, particularly in a warming world, and are concerned by the high levels of water stress experienced across the Mainland in particular. Our SV2030 target is to achieve a 30% reduction in water intensity usage from a FY2013 baseline.

FY2021 saw increased freshwater consumption of 12%. Among our business units, the single largest contributor to water use is Hip Hing Group, at 54.3% of the Group’s overall water footprint. The second largest contributor is our roads division, at around 11%. HML, responsible for just under 5% of the Group’s water use, lowered its water use by 57.7% from the previous year, primarily due to reduced activities during the pandemic.

Water consumption in our construction business depends on key factors including the quantity of projects, the project stage and scale. In FY2021, not only did Hip Hing Group have a 21% increase in active projects by numbers, we have also a higher ratio of projects from Vibro, which consumed intensive amounts of water, in particular for site formation and foundation works. Typical essential uses of water at construction sites include dust suppression, and 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. We maximize water reuse on-site for vehicle washing and floor cleaning, but we continually explore further conservation measures to reduce water consumption in construction.

In the reporting year, Hip Hing Group conducted water conservation studies at a few construction sites. Suggestions for improvements were launched including a water reuse guideline with specific water recycling practices during systematic flushing in particular, which is to be practised as far as practicable in future building projects. In terms of wastewater discharge from construction sites, Hip Hing Group has adopted the use of a real-time wastewater monitoring system, which is to ensure the compliance of waste water quality before discharge. Automated monitoring and logging of water quality allows any issues related to the treatment of wastewater be identified and rectified at speed.

Harry and Hana at HML

Water use at HML could be as high as over 20% of the Group’s overall water consumption before COVID-19 and we are expecting a rebound of water use post COVID-19. In light of this, HML has not only replaced their water faucets with water efficient ones, they have also adopted the use cleaning robots – Gaussian Ecobot Scrub 75, who can clean not only 3,000 m² of floor area per hour, but also saves 6 m³ water use per month, equivalent to 80% saving of cleaning water use.



Introducing Ecobot Harry and Hana to support water efficient floor cleaning

Cleaning robots use 80% less water for floor cleaning

Fostering an Inclusive Community

NWS is committed to supporting the sustainable and inclusive development of the communities where we have a presence, particularly on nurturing the next generation as leaders for sustainability. We aim to provide young people with the opportunities that can help them develop resilience and a positive attitude to life, elevate their self-confidence, acquire new interest and skills, and cultivate their natural creativity.

Spearheaded by the NWS Holdings Charities Foundation and the NWS Volunteer Alliance, our community investment strategy focuses on empowering the next generations, fostering a volunteer culture, and promoting environmental sustainability. We aspire to achieve these objectives through nurturing and supporting our community partners, establishing closer collaboration with our parent company, NWD, and leveraging

our business strengths and resources to optimize positive social impact through direct community engagement. In FY2021, the Group's employees contributed more than 15,000 hours over 250 events to serve the community and also contributed HK\$3.8 million towards charitable causes.

Our new flagship project, NWS EXP Journey (EXP), demonstrates how we can leverage our business ecosystem to offer rich experiences to young people, creating shared value by supporting them to learn and grow beyond a classroom setting, while building the pipeline for our future workforce. The programme builds on our previous award-winning flagship, the NWS Career Navigator for Youth. Having an accumulated experience and networks, NWS EXP Journey provides customized activities which offers participants the exposure to a variety of career options and opportunities to explore their passion. More than 200 students from 12 schools were recruited for first batch.



Case Study – NWS EXP Journey

EXP stands for three key building blocks of the learning journey of teenagers: Explore, Experience and Experiment. We leverage our business ecosystem, across both NWS and the New World Group, to identify opportunities for a variety of career experiences for secondary school students in years 4 and 5, enabling participants to discover their strengths and interests. Launched in April 2021, NWS EXP Journey, with a term of 18 months for each journey, provides a wide array of activities.

For instance, FTLife Insurance welcomed 50 students from two schools, inspired them on how insurance addresses societal needs and how insurance interacts with businesses and the community. Hip Hing Group led another group of students to the Construction Industry Council BIM Space, where participants are invited to wear virtual reality devices and experienced how to use this technology to simulate the construction site environment. The assembly and synthesis technology is also demonstrated through games to the participants by using a holographic projection table, as well as the latest development in the construction industry. Other activities included dessert-making classes with HML's Executive Pastry Chef at the HKCEC, and talks from university professors and market expertise on the development of digital industry.

The programme recruited also NWS' colleagues as EXP mentors who shared their daily work experience with the participants through eight sessions of "Chill Talk by EXP Mentor".



Top management's (left one) participating to cheer-up events

A User-centric Approach

Prior to designing for the experience activities of EXP, this time we have taken a user-centric approach by conducting a survey to better understand the participants' ambitions and interests, as well as skills that they believe would support their future career development. As a result, we are able to better tailor the programme that arouses enthusiasm of the participants throughout the EXP journey.

Participation from 12 secondary schools with > 200 beneficiaries

Caring under New Norm

In the second year of this global pandemic, we focused our response on two main aspects, alongside the ongoing distribution of care packs (including food and face masks) to those in need:

- Adapting to the new normal ourselves, and supporting our communities to adapt
- Addressing needs of the community through ongoing support from our volunteering program

Digital transformation has a huge role to play in our ability to function well as individuals, families, communities and businesses during a pandemic. Our Volunteer Alliance brings together colleagues from business units in Hong Kong and the Mainland through the digital platform. During the pandemic, we brought 40% of our activities online, offering remote support to those in need via virtual events.

Our online 'Help from Home' activities included a virtual baking workshop, the conversion of printed books to digital versions for the blind, online tutorial groups in arts and crafts to occupy children during school closures, and warm calls to the elderly to find out how they have been and relieving their stress caused by COVID-19. These activities were identified through a user experience perspective exercise, to ensure they responded to the needs and preferences of our beneficiaries.

Additional online activities were organized by specific business units to mark festivals throughout the year. At Christmas, Free Duty collaborated with Hans Andersen Club to organize a virtual Christmas Party for 60 children, which featured storytelling and games. And in celebration of Mother's Day, HML chefs conducted a two-hour virtual workshop teaching 20 six- to eight-year olds – all members of Little Life Warriors Society – a childhood haematology and cancer mutual-support organization – to make chocolate truffles.

To support the elderly people in Hong Kong with ongoing physical needs, we offered home safety assessments and small-scale home repair services for older singles and couples living in Kowloon City, in collaboration with Hong Kong Sheng Kung Hui Welfare Council and Repair Fairy. We also engaged an occupational therapist to provide consultation and assessments to 46 elderly families. Throughout this programme, 151 participants contributed more than 910 volunteering hours. Over 200 elderly were benefitted from the programme.

Daddies mastering resilience during COVID-19

NWS partnered with the DADs Network to launch the new 'Daddy Master Academy', offering fathers a series of four online workshops, which covered a wide range of topics from parenting skills to ways to deal with family conflicts under the pandemic. The programme maintains contact with graduates of the Academy and invites them as guest speakers to support other fathers. This programme also helps participants set up peer-to-peer support groups, in facing the current challenging economic and social environment together.



Participants joining the Daddy Master Academy

Young People and Their Futures

Financial security is a crucial aspect of overall wellbeing, and mental health in particular, for people at all stages in life. The sooner the youth can develop skills in financial literacy to manage our personal finances well in the immediate and long term, the better. Leveraging the expertise of FTLife Insurance in financial management and protection planning, we are able to empower members of our community, especially the underprivileged, to make informed and responsible financial decisions for themselves and their families, ultimately helping them to build a better future.

Partnerships to Support our Community

In extending the positive impact to support those in need in the community, NWS and Hip Hing Group has in turn partnered and collaborated with AESIR, a start-up cultivated from Eureka Nova founded by the New World Group that creates games and interactive solutions for people with special needs using Augmented and Virtual Reality technologies. We have arranged programmes for children with special education needs (“SEN”) to learn from playing interactive games especially during COVID-19, through our “Catch Your 5***” programme. Through the “SEED Programme”, offered by the Home Affairs Bureau and the Hong Kong Productivity Council, AESIR was matched with Hip Hing Group, who helped reaching out to more beneficiaries, for instance, in providing VR training to prevent the elderly from falling.



SEN students learning through specially designed interactive games.

Empowering young people with financial literacy

FTLife Insurance partnered with Junior Achievement’s Hong Kong chapter, Investor and Financial Education Council (“IFEC”), and Principal Chan Free Tutorial World to offer a free online Money Smart Workshop for 108 students in-need from 60 primary schools. 35 volunteers from FTLife Insurance assisted the facilitation in 12 virtual classrooms. This event was created in support of the Financial Literacy Strategy led by the IFEC and as part of Hong Kong Money Month in March 2021, a territory-wide initiative to enhance financial literacy in Hong Kong.

[108 students from 60 schools learnt to be money smart]

It complements FTLife Insurance’s ongoing endeavours to support young people in learning financial management and protection planning and its scholarship programme for students from Principal Chan Free Tutorial World, empowering them with financial literacy to make good life choices. In 2020, 332 students benefited from the scholarship. In addition, FTLife Insurance’s “Go Green Go Digital” SIM Card Donation Programme supports underprivileged children to learn online, while at the same time contributes to reducing our environmental impact.



Money Smart Workshop held online for students in-need by FTLife Insurance

Hong Kong Stock Exchange ESG Reporting Guide Content Index

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

Aspect & Key Performance Indicator	General Disclosure and Key Performance Indicators (KPIs)	Section/Remarks
Governance structure	A statement from the board containing: <ol style="list-style-type: none"> a disclosure of the board's oversight of ESG issues how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues 	How We Govern and Manage
Reporting principles	A description of, or an explanation on, the application of the (i) Materiality, (ii) Quantitative, (iii) Consistency reporting principles	About this Sustainability Report
Reporting boundary	Reporting boundaries of the ESG report and process of setting them	About This Sustainability Report
A. ENVIRONMENTAL		
A1: Emissions	Compliance with emissions laws and regulations Policies relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	There were no reported cases of non-compliance that had a significant impact on the Group in FY2021. How We Govern and Manage; "Sustainability Policy"
KPI A1.1	Types of emissions and waste and respective data	Environmental Performance Data Summary
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	Environmental Performance Data Summary
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	Environmental Performance Data Summary
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	Environmental Performance Data Summary
KPI A1.5	Description of emission targets set and steps taken to achieve them	Greener Future
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets set and steps taken to achieve them	Greener Future; Environmental Performance Data Summary

Aspect & Key Performance Indicator	General Disclosure and Key Performance Indicators (KPIs)	Section/Remarks
A2: Use of Resources	Policies on the efficient use of resources, including energy, water and other raw materials	How We Govern and Manage
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity	Environmental Performance Data Summary
KPI A2.2	Water consumption in total and intensity	Environmental Performance Data Summary
KPI A2.3	Description of energy use efficiency targets set and steps taken to achieve them	Greener Future
KPI A2.4	Any issue in sourcing water that is fit for purpose, water efficiency targets set and steps taken to achieve them	Greener Future; Freshwater used by the Group's operations is sourced locally from the respective municipalities that are considered adequate and fit for purpose and we strive to conserve water consumption
KPI A2.5	Total packaging (in tonnes), and, if applicable, packaging intensity	Data not tracked. The use of packaging material is not material to the Group
A3: The Environment and Natural Resources	Policies on minimising significant impacts on the environment and natural resources	How We Govern and Manage
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Greener Future
A4: Climate Change	Policies on identification and mitigation of significant climate-related issues	How We Govern and Manage; Greener Future
KPI A4.1	Description of significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	How We Govern and Manage; Greener Future
B. SOCIAL		
Employment and Labour Practices		
B1: Employment	Compliance with employment practices laws and regulations	There were no reported cases of non-compliance that had a significant impact on the Group in FY2021
	Policies on employment practices	How We Govern and Manage; Thriving Peoples
KPI B1.1	Total workforce by gender, employment type, age group, geographical region	Social Data Summary
KPI B1.2	Employee turnover rate by gender, age group, geographical region	Social Data Summary

Aspect & Key Performance Indicator	General Disclosure and Key Performance Indicators (KPIs)	Section/Remarks
B2: Health and Safety	Policies on health and safety	How We Govern and Manage; Thriving Peoples
	Compliance with health and safety laws and regulations	One minor conviction case was reported by Hip Hing Group Group due to improper PPE used in one construction site.
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Social Data Summary
KPI B2.2	Lost days due to work injury	Social Data Summary
KPI B2.3	Description of OHS measures adopted, and how they are implemented and monitored	Thriving Peoples
B3: Development and Training	Policies of employees' development and training and description of such activities	How We Govern and Manage; Thriving Peoples
KPI B3.1	Percentage of employees trained by gender and employee category	Social Data Summary; Data not tracked. Relevant data including the average training hours completed per employee by gender and employee category, and total training hours by training topics completed is available under Thriving Peoples chapter.
KPI B3.2	Average training hours completed per employee by gender and employee category	Social Data Summary
B4: Labour Standards	Policies on preventing child and forced labour	How We Govern and Manage
	Compliance with child and forced labour laws and regulations	There were no reported cases of non-compliance related to child and forced labour that had a significant impact on the Group in FY2021.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	How We Govern and Manage
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered	How We Govern and Manage
Operating Practices		
B5: Supply Chain Management	Policies on managing environmental and social risks of the supply chain	How We Govern and Manage
KPI B5.1	Number of suppliers by geographical region	How We Govern and Manage
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	How We Govern and Manage
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, how they are implemented and monitored	How We Govern and Manage
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, how they are implemented and monitored	How We Govern and Manage; Greener Future

Aspect & Key Performance Indicator	General Disclosure and Key Performance Indicators (KPIs)	Section/Remarks
B6: Product Responsibility	Policies on product responsibility (health and safety, advertising, labelling and privacy matters) Compliance with product responsibility laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	How We Govern and Manage There were no reported cases of non-compliance that had a significant impact on the Group in the reporting year.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	There were no recalls concerning the provision and use of products and services for safety and health reasons in the reporting year
KPI B6.2	Number of products and service related complaints received and how they are dealt with	The Group received a total of 634 complaints in relation to product and services during FY2021. Refer to Continuous Innovation for Quality Customer Service section for description of complaint handling mechanism.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	How We Govern and Manage
KPI B6.4	Description of quality assurance process and recall procedures	Recall is not material to the Group's operations, yet recall 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 Distributors" only. To ensure the quality of products, the Best Before Date of Free Duty's products are reviewed on monthly basis and the storage temperature is regularly checked internally.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	How We Govern and Manage
B7: Anti-Corruption	Policies relating to bribery, extortion, fraud and money laundering Compliance with anti-corruption laws and regulations that have a significant impact on the issuer	How We Govern and Manage There were no reported cases of non-compliance related to anti-corruption laws and regulations that had a significant impact on the Group in FY2021.
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuers or its employees during the reporting period and the outcomes of the cases	There were no reported or concluded legal cases of corruption brought against the Group or its employees that had a significant impact on the Group in FY2021.
KPI B7.2	Description of preventative measures and whistleblowing procedures, how they are implemented and monitored	How We Govern and Manage
KPI B7.3	Description of anti-corruption training provided to directors and staff	How We Govern and Manage
Community		
B8: Community Investment	Policies on community investment	Fostering an Inclusive Community
KPI B8.1	Focus areas of contribution	Fostering an Inclusive Community
KPI B8.2	Resources contributed to the focus area	Fostering an Inclusive Community



VERIFICATION STATEMENT

Scope and Objectives

Hong Kong Quality Assurance Agency (“HKQAA”) performed a limited assurance engagement on the sustainability disclosures stated in the Sustainability Report 2021 (“the Report”) of NWS Holdings Limited (“NWS”) for the period from 1 July 2020 to 30 June 2021.

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 the completeness of the scope to cover all significant aspects of NWS sustainability performance;
- verify the fulfillment in addressing the ESG Reporting Guide and review the referencing of the Core option of the GRI Standards;
- evaluate the accuracy of the selected data and information presented in the Report including the performance of 2030 Targets and Progress status, Environment and Social Performance Data and, etc.; and
- review the reliability of the data and information management mechanism for preparing the Report.

Level of Assurance and Methodology

We conducted our assurance engagement 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 (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Board. The verification procedure was designed for devising opinions and conclusions to obtain a limited level of assurance. The extent of this verification process undertaken covered the criteria specified in the ESG Reporting Guide and the GRI Standards (Core option).

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 of Environment, Social, 2030 Targets and Progress, including key metrics of energy, greenhouse gases, water, waste, health and safety, employment and training, 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. Our verification activities are independent and impartial.

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 Core option of the GRI Standards. The data and information provided for verification is considered reliable and accurate.

Signed on behalf of Hong Kong Quality Assurance Agency

Connie Sham

Head of Audit

Hong Kong Quality Assurance Agency

September 2021