



NWS Holdings Limited

(新創建集團有限公司*)

(Incorporated in Bermuda with limited liability)

SUPPLY CHAIN MANAGEMENT GUIDE

(Adopted on 23 Jun 2020)

* For identification purposes only

Introduction

NWS Holdings Limited (“NWS”) considers Environment, Social and Governance (“ESG”) impacts of the products and services we procure. We have been recognized as a “Sustainable Consumption Enterprise” by the Business Environmental Council in Hong Kong since 2017. This Supply Chain Management Guide (“Guide”) provides an overview to incorporate ESG into supply chain management at the corporate level. Additional guidelines can be developed at the subsidiary level to suit specific contexts and needs. Major business partners, contractors and subcontractors are highly encouraged to follow this Guide where practicable.

Scope of Application

This Guide applies to NWS and its subsidiaries, collectively referred to as the “Group”.

Commitments

We are committed to

- integrating ESG/ sustainability into selection of new supplier, contractor, consultant, etc. (herein collectively noted as Supplier); and
- integrating ESG/ sustainability into supplier management.

Principle in General

This Guide aligns with the Sustainable Procurement Policy of our parent company, New World Development Company Limited (“NWD”). Two general principles are listed out below:

Preference would be given to Supplier who

- comply with all applicable ESG related laws and regulations;
- adopt and comply with NWD’s Supplier Code of Conduct (“Code”);
- adopt internationally recognised ESG management system(s) such as ISO 14001 Environmental Management System, OHSAS 18001 Health and Safety Management System and other equivalent management systems; and
- demonstrate a commitment to sustainable development, for example, having in place sustainability policy, sustainable procurement policy, supplier code of conduct, etc.

Integrating sustainability into Supplier management

- identify and prioritise ESG (e.g. regulatory compliance in environment, health & safety, labour)/ sustainability risks of products and services procured, as well as engage Supplier in the development of a risk management plan, where appropriate;
- stipulate ESG requirements for Supplier throughout the prequalification, Supplier selection, tendering and contract administration process;
- review Supplier's performance regularly, including ESG related performance, to ensure compliance with regulations and the Code; and
- encourage Supplier to explore innovative environmental solutions and/ or products.

Assessment of Supplier at Subsidiary Level

There are various ways to assess Suppliers. The following factors should be considered during evaluation and selection:

- consider the sourcing risk listed in the Risk Bank and incorporate such risk into the Risk Register or Risk Management & Internal Control Assessment Checklist, as appropriate;
- design systematically their own format of Supplier assessment (including ESG considerations) and regularly review the performance of such assessment to suit its specific contexts and needs;
- adopt their own methodology to verify how the Supplier is committed to the Code as it claims; and
- keep all records of Supplier selection and regular evaluation, and made available for monitoring and audit purpose.

Monitoring and Reporting

We are committed to transparency and accountability. We benchmark and report on our sustainability performance in line with global reporting frameworks as well as local listing rules requirements on ESG disclosure.

Review of the Guide

The review of this Guide shall be conducted periodically and or as and when needed. Where there are any discrepancies or differences of interpretation in the Guide between English text and Chinese translation, the English version shall prevail. If there are any questions about the contents or application of this Guide, please email to nwsadministration@nws.com.hk.

References

1. [Sustainability Policy](#) – NWS
2. [Sustainable Procurement Guide](#) – NWS
3. [Supplier Code of Conduct](#) – NWD