

Approximately



27,900

employees

Over



150,000

hours of community services
accumulated by NWS Volunteer
Alliance members



construction projects in
Hong Kong received BEAM
Plus or LEED green building
certification

SUSTAINABILITY



Corporate Sustainability



At NWS Holdings, corporate sustainability is an integral part of both our long-term business strategy and daily operations. We live in an interconnected world, where global markets, businesses, communities and the environment are inextricably linked. To create long-term value for the Group and its shareholders, we must therefore ensure our business operates in a way that promotes sustainable growth. Our multi-faceted approach to sustainability combines management framework and policies, operational optimization and capacity building. We are also committed to engaging our stakeholders, benchmarking our performance, and reporting on our progress in a transparent and highly accountable way.

Management Framework and Policies

The Board, as the highest governance body of the Group, takes ultimate responsibility for business sustainability and plays a pivotal role in enhancing long-term shareholder value, direct growth strategies, supervise executive management and ensure that corporate governance policies and practices are properly executed. (Please refer to the Corporate Governance Report on page 23 to page 40 for details of the Group's corporate governance structure and practices.)

The Corporate Social Responsibility ("CSR") Committee, chaired by the Group's Chief Executive Officer ("CEO"), is responsible for overseeing the Group's sustainability strategy, framework and policies, and tracking progress on staff engagement, community investment, volunteering and environmental protection.

The Group's policies reflect our vision, mission and core values, which are fundamental to our business success.

Our "Board Diversity Policy" sets out clear objectives of achieving an appropriate balance of skills, experience and diversity of perspectives. In FY2016, Board diversity was further enhanced with the appointment of Mrs Oei Fung Wai Chi, Grace as an Independent Non-executive Director and a member of the CSR Committee.

To monitor and manage material risks for our business, the Group has "Guidelines on Risk Management" and "Guidelines on Internal Control System" to ensure the effectiveness of our risk management and internal control systems.

The Group's expectations of ethical and professional conduct by employees and business partners are detailed in our "Corporate Policy on Staff Responsibility". Our "Disclosure Policy for Inside Information" and "Whistleblowing Policy" guide employees on handling sensitive company information and reporting any misconduct.

The "Corporate Policy on CSR" embodies our pledge to contribute to the community through charitable donations, sponsorship and volunteer services. The "Environmental Policy" guides our work towards conserving natural resources, minimizing waste and complying with environmental laws and regulations. In FY2016, we launched our "Human Rights Policy", which aligns with the principles of the United Nations Global Compact.

Operational Optimization

We work with our employees, business partners and customers to increase efficiency, reduce waste and minimize our impact on the environment. We are also growing the parts of our business that have a positive impact on the environment, expanding from our current portfolio of water, waste water and sludge treatment to seeking opportunities in renewable resources recycling and utilization, and waste-to-energy projects. In line with this development, the Group has reclassified its water and energy projects under a new "Environment" business segment, reflecting the importance with which we regard sustainability.

Capacity Building

As we integrate sustainability into our decision making process, it is vital that all staff understand the links between emerging trends, daily operations and future business prospects. One of the ways we promote this is through the NWS Sustainability Seminar, an annual event that informs and educates managerial staff from across the Group on topical sustainability issues. This half-day seminar in FY2016 engaged around 300 participants to discuss issues as diverse as the economic and demographic development of Hong Kong, the business application of big data, sustainable procurement and regulatory compliance. Building on this broad, Group-wide understanding of sustainability, we also have Green Managers who receive targeted training on integrating sustainable practices into day-to-day operations.

Stakeholder Engagement, Benchmarking and Reporting

Dialogue with our stakeholders is essential to building valuable relationships that have a direct impact on our business success. As well as working closely with our employees, we regularly seek



The NWS Sustainability Seminar 2016 engages some 300 managers in sessions on sustainable development.

the views of external stakeholders, including government officials, investors, customers, suppliers, subcontractors, non-profit organizations and the media. We use forums, meetings, surveys, focus groups, online platforms and new media to invite feedback, to help us understand stakeholders' concerns and expectations, and ensure these views are passed on to the right functionaries within the Group who are best placed to act on them.

Benchmarking and reporting enables us to measure the Group's performance against our objectives on sustainability, and against international and industry standards. It also enables us to identify the Group's strengths and weaknesses and learn from best practices. We are open to third-party assessment of our performance, such as the Hang Seng Corporate Sustainability Benchmark Index, in which we have been a constituent stock for six consecutive years, with overall performance score improving from A to AA over time.

Since 2014, the Group has published an annual sustainability report in accordance with the Global Reporting Initiative G4 Sustainability Reporting Guidelines and the Environmental, Social and Governance Reporting Guide issued by the Hong Kong Stock Exchange. As we progress, we aim to gradually expand the report beyond our Hong Kong business to include our operations in Mainland China and Macau.

Our standalone sustainability reports are available on the Group's sustainability website: <http://sr.nws.com.hk>.

Human Capital

We are proud to be an employer of choice and strive to reinforce this position. We provide a stimulating, inclusive and safe work environment for our 27,900-strong workforce, and offer competitive remuneration and benefits. We also provide training and career development to unlock staff potential. As an equal opportunity employer, we treat and remunerate our employees fairly, regardless of their age, gender, ethnicity or other aspects of diversity. As a group, we value communication and team spirit, and make continuous efforts to promote dialogue, teamwork and a healthy work-life balance.

Approximately

 **170,000**

hours of training clocked up by our employees in Hong Kong in FY2016



Building Capabilities

In today's competitive labour market, it is essential to attract and retain talented people, and to equip employees with the capabilities to support business development. The Group has a comprehensive career advancement plan and well-rounded training programmes to grow the capabilities of our employees, and ensure each employee has the skills and know-how necessary to deliver quality results in an efficient and effective manner. Department heads and supervisors act as mentors, and training workshops, courses, seminars and external visits are provided to meet the specific needs of each staff member. To promote life-long learning, for example, we offer study leave, and have doubled the annual training subsidy for Corporate Office staff from HK\$5,000 to HK\$10,000 each.

Marine Officer Trainee Programme

More than 65% of the operational workforce at New World First Ferry Services Limited ("NWFF") is over 50 years of age. That gives us a great wealth of experience, but it is also crucial that we attract and train new recruits to build a pipeline for succession. In 2015, NWFF launched the First Ferry Marine Officer Trainee Programme, a six-year development programme that leads to participants becoming certified Grade 1 coxswains or operation supervisors.

Nurturing Team Spirit

Professional and social events promote communication and cohesion across departments, business units and levels of seniority throughout the Group. These activities include the popular Staff and Family Movie Day, Corporate Team-building Programme, staff outings, leisure activities and cocktail parties for new hires and promoted staff. In FY2016, we developed a new management-employee communication platform, the Executive Director Luncheon. Hosted by the Group's CEO or Executive Directors, this monthly lunch gathering facilitates candid exchanges between management and staff members in Hong Kong.



NWS Adventure Day 2015 at Hong Kong Disneyland attracts a record-breaking turnout of over 8,000 staff and their family members.

Our business serves as a nexus between the business partners, suppliers and customers that shape the products and services we offer. As we have a crucial leadership role in managing environmental and social risks that could arise in our supply chain, we can exert a positive influence on those individuals and organizations we work with regarding sustainability. Wherever possible, the Group selects local suppliers so as to support the local economy and create jobs for local people.

15,000 jobs

provided by our construction businesses in Hong Kong ⁽¹⁾

We require our suppliers and contractors to meet the ethical, social and environmental requirements stipulated in the “Supplier Code of Conduct” developed by our parent company, NWD. In our construction businesses, for instance, where the risk of environmental and social impacts is relatively high by business nature, Hip Hing Construction Company Limited (“Hip Hing”), Vibro (H.K.) Limited and New World Construction Company Limited screen suppliers and contractors based on their performance in quality management, environmental and energy management, safety management and community investment.

“We Hear Your Voice” Safety Campaign

Feedback from construction site-based staff and frontline workers makes accident prevention more effective and improves site safety. In its push to achieve a zero accident rate, Hip Hing launched the “We Hear Your Voice” programme in 2015 to leverage the first-hand experience of subcontracted workers to improve site safety. Workers are encouraged to identify safety risks and suggest ways to enhance site safety through regular meetings and other designated communication channels. Suggestions are discussed, prioritized and implemented to augment on-going safety efforts.

Ensuring Customer Safety

Customer safety is paramount, and is particularly important in our transport business. In our bus operations, we make safety facilities a top priority in our bus procurement exercises and daily operations. In response to safety incidents with sliding exit doors in early 2016 involving another local bus operator, New World First Bus Services Limited (“NWFB”) and Citybus Limited (“Citybus”) asked suppliers to preinstall two additional rails to exit doors on all new buses to provide better protection for bus passengers. All existing buses equipped with sliding exit doors will be retrofitted by FY2017.



Interactive dialogue between Hip Hing’s top management and frontline workers helps boost safety awareness.

Adding Value for Customers

We go beyond basic requirements to add value to our services. In FY2016, NWFF launched the first-ever breastfeeding room on Hong Kong public transport. The new facility aboard the Xin Guang ferry, which mainly runs between Central and Cheung Chau, measures about 4.6 sq m and provides a comfortable and private space with air-conditioning, a sofa, a diaper-changing area, a wash basin, a hand dryer and an emergency bell for passengers in need. NWFF will extend this breastfeeding facility to three other triple-deck ferries and complete installation within FY2017.

Note:

(1) These include employees hired by our construction companies and construction workers hired by these companies’ subcontractors in FY2016.



Community Care

We invest in the communities in which we operate through long-term programmes and the Group's charity arm, NWS Holdings Charities Foundation ("Charities Foundation"). Our community investment focuses on four key areas: community welfare, education, health care and environmental protection. We also encourage and empower our employees to make meaningful contributions to the community through volunteering.

 **HK\$4.2 million**

contributed to charitable causes through the NWS Holdings Charities Foundation in FY2016

Reaching Out to the Community

NWS Holdings established the Charities Foundation in 2006 and has since contributed approximately HK\$22 million to it. Over the years, the Charities Foundation has funded hundreds of community projects. Among the non-profit organizations supported in FY2016 are the Arts with the Disabled Association Hong Kong, the Christian Family Service Centre, the Hans Andersen Club, the Hok Yau Club, the Hong Kong Family Welfare Society and the Hong Kong Young Women's Christian Association.

Since its inception in 2001, the NWS Volunteer Alliance, comprising our staff and their family members and friends, has been devoted to serving underprivileged groups, including the elderly, single-parent families, at-risk youth, ex-mentally ill people and those with intellectual disabilities. Through years of service and training, our corporate volunteers have developed skills such as haircutting, dancing, clown performance and handicraft, which they have passed on to those in need. In FY2016, for example, our corporate volunteers became tutors in the "Brightening My Life's Path" Men's Club, co-organized with the Hong Kong Family

Welfare Society. This one-year project was designed to help underprivileged men in Sham Shui Po rebuild self-confidence through social events and by acquiring new interests and skills.

Running for Geoconservation

NWS Holdings launched the NWS Geo Hero Run in FY2016 to promote healthy living and geoconservation. Around 1,500 runners participated in the half marathon and 10-km run, which wound through Hong Kong Global Geopark. To promote social inclusion and give disadvantaged people a new experience, we invited more than 100 beneficiaries from eight non-profit organizations to join in a 2-km Super Hero Run as part of the event. The NWS Geo Hero Run is a pillar event of the wider NWS Hong Kong Geo Wonders Hike campaign, which also included a full-year geoconservation training for senior high school students, plus guided public tours and a geopark clean-up activity.



Some 1,500 people participate in the NWS Geo Hero Run, which promotes physical health and a greater appreciation for Hong Kong's stunning natural landscape.

Environmental Performance

The viability of our business depends on the quality of the environment and the availability of natural resources. We therefore strive to mitigate environmental risk and reduce our overall environmental impact throughout our operations, and educate our staff on the importance of environmental protection. We follow international standards and best practices to minimize our environmental footprint, and seek external accreditation for our products, services and management systems where applicable.



1,036

environmentally friendly Euro 5 or above buses

Mitigating Environmental Impacts

Caring for the environment is integral to our day-to-day operations. In Hong Kong, NWFB and Citybus continue to acquire the more environmentally friendly Euro 5 buses and are now trialling zero-emission electric buses. Five electric buses are already in operation, and five more will be tested in the first half of FY2017. Hip Hing has designed and developed a “Packed Tower Wet Scrubber”, which captures a range of air pollutants emitted from diesel generators on construction sites, reducing the environmental impact and protecting the health of site workers and nearby residents.

Outside Hong Kong, our power plants in Mainland China implement ISO 14001 Environmental Management System and have upgraded their generators to reduce coal consumption and carbon emissions. In Macau, Macau Water Plant has collaborated with the University of Macau to develop a “Low Cost and Low Current Loss Energy Saving Device”, which reduces the energy used by its water pumps, reducing emissions and operational costs.



The Congress Plus restaurant receives LEED Gold and BEAM Plus Silver green building certification.

Building Staff Awareness

We are in continuous search for new ways to promote environmental understanding among our employees. In FY2016, we organized a range of green activities, including an energy saving contest and a visit to BYD’s headquarters and its electric vehicle power battery manufacturing plant in Shenzhen, to raise awareness of clean energy and energy conservation.

A Sustainable Exhibition and Meeting Hub

The Group’s wholly owned subsidiary, Hong Kong Convention and Exhibition Centre (Management) Limited (“HML”) is responsible for the management and daily operation of Hong Kong Convention and Exhibition Centre (“HKCEC”). HML demonstrated its leadership of the sector by making HKCEC the first venue in Hong Kong to receive ISO 20121 Event Sustainability Management System certification. This achievement reflects HML’s commitment to achieving strong business results and at the same time being socially and environmentally responsible.

The ISO 20121 Event Sustainability Management System certification ensures that HKCEC implements a full spectrum of sustainability measures throughout the event management cycle. These measures cover energy conservation, waste reduction and recycling, technology advancement, public safety, as well as staff and community welfare. All staff have been trained to integrate these measures into their day-to-day work.

HKCEC’s newly renovated restaurant, Congress Plus, also became the first restaurant in Hong Kong to receive LEED Gold Certification for Interior Design and Construction: Commercial Interiors V2009, and achieved a Silver rating from Hong Kong’s own BEAM Plus for its sustainable interior design. Notable features include carpet made of 50% recycled materials, and LED lighting with a programmable dimmer system and daylight sensors. Energy consumption is also reduced through the use of a zoned intelligent air-conditioning system and environmentally friendly kitchen equipment.