

# Sustainable Finance Framework

December 2021



**南豐集團**  
NAN FUNG GROUP





# Introduction

## Overview of the Nan Fung Group and the Group's Business

Nan Fung International Holdings Limited ("Nan Fung" or the "Group") was incorporated in the British Virgin Islands on 8 August 2011 (BVI Company Number 1665059). It is the holding company for a Hong Kong-based conglomerate, where the Group is one of the largest privately-owned conglomerates in Hong Kong based on total net asset.

With a deeply rooted presence and over 67 years of history in Hong Kong, The Group has evolved from being a leading cotton yarn manufacturer to a global conglomerate operating in realms such as property development, property management, property investment, financial investment, and life sciences investment.



A fully integrated property developer since 1965, Nan Fung's operations cover all principal stages of property development, from land acquisition and design, to construction and property marketing. Through the years, the Group has amassed a versatile portfolio of residences, offices, and shopping malls in Hong Kong, while strategically expanding its footprint in mainland China, the US, and the UK, to bring the company vision,

"do well and do good," to a global audience, creating an impact everywhere it sets foot in.

One project that exemplifies Nan Fung's vision is the landmark revitalization project of The Mills, where The Group transformed its historical cotton mills into a bustling techstyle, cultural hub nestled in the cozy alleys of Tsuen Wan. Consisting of a business incubator, experiential retail shopfloor, and a textile art museum, The Mills pioneers a brand-new real estate model that simultaneously repurposes a heritage site, drives business value, incubates sustainable techstyle startups and entrepreneurs and strengthens communal bond and cohesion.

The Group's subsidiary, Nan Fung Life Sciences ("NFLS"), is a global investment platform focused on growth and innovation in life sciences. NFLS partners with scientists, entrepreneurs, world-renowned professors, and thought leaders to seek opportunities in drug discovery, development, and growth opportunities, through which it hopes to generate long-term value for investors and accelerate life sciences innovations for the benefit of mankind.

As part of its business, the Group also invests in a wide variety of financial assets, including ESG-related direct investments, fund investments, and funds managed by UNPRI signatories, across global markets.



## Nan Fung & Sustainability

The Group's vision for sustainability is inspired by our founder, Dr. Chen Din Hwa's motto – Care for others as well as you would care for yourself. On a mission to become a technology-enabled pioneer of ideal products and solutions to benefit mankind, our sustainable practices begin with the value chain and go beyond our day-to-day operations. To sustainably work towards this mission, the Group has been utilizing its strengths to do well and do good, create shared value, and contribute to the prosperity of all stakeholders. To that end, Nan Fung has formulated an integrated, holistic approach to cultivate sustainable behaviour as part of its culture while incorporating the same philosophy in its landmark projects.

Nan Fung believes that building sustainably is key to building a better future, which is why green buildings are a key focus for the Group. Such is evidenced by Nan Fung projects' receipt of numerous globally-accredited green certifications in recognition of their contribution to wellness and sustainability. Looking ahead, Nan Fung intends to obtain green certifications for all new projects and gradually adopt green lease and tenancy agreements throughout its portfolio. Furthermore, in alignment with Hong Kong's Climate Action Plan 2030+ and driven by the ambition to become carbon neutral by 2050, the Group has reviewed the overall energy management of existing buildings



and is committed to cutting down on energy consumption at selected projects owned by (or under the management of) Nan Fung. Being an avid advocate of sustainable waste management, the Group also has plans to upgrade waste management facilities and has continuously shown support for waste management and recycling initiatives to encourage adopting an eco-conscious lifestyle.

Working towards its vision for a socially coherent, resilient city, the Group is committed to empowering its people and communities such that everyone can collaboratively work towards a better tomorrow. One notable example of such efforts is the Group's cross-project, cross-sector community campaign, "In Time Of", which curates public-facing initiatives that penetrate through different business lines and the Group's network to raise awareness towards oft-overlooked issues such as local craftsmanship, heritage conservation, and community engagement. Other examples of Nan Fung's contribution to the social good include investments in social housing for the underserved, investments in life sciences startups and the overall ecosystem to enhance global wellbeing, and comprehensive career opportunities and training for promising young talents.

## Sustainability Through Philanthropic Efforts

The Group also has a long track record in partnering with philanthropic institutions to contribute to the common prosperity for all. Striving to do well and do good, Nan Fung is committed to giving back and works with a wide range of philanthropic organizations in initiatives for public welfare and for the social benefit of all. Committed to building a brighter future, the Group backs philanthropies with meaningful causes that align with the company motto and vision, one of which is MILL6 Foundation, a non-profit arts and cultural organization that manages and operates Centre for Heritage, Arts and Textile ("CHAT") at the Group's landmark revitalization project, The Mills. With Nan Fung Group as the Founder and Main Donor, CHAT curates multi-faceted exhibitions and co-learning programmes that interweave art, design, science, heritage, community, and craftsmanship. Through these thoughtfully-curated programs, CHAT invites visitors to experience the spirit and legacy of the Hong Kong textile industry, inspiring dialogues and minds for a sustainable future.

Endeavors in building social cohesion through arts and culture aside, the Group is also dedicated to nurturing a world-class life sciences industry cluster in Hong Kong. Founded with full support from the Group in 2018, The Hong Kong Life Sciences Society ("HKLSS") is a non-profit youth organization contributing to a dynamic life sciences ecosystem through knowledge exchange, collaboration, and engagement, and is fully backed by NFLS. Offering an array of workshops, dialogues, internship opportunities, and mentorship schemes, HKLSS solidifies the Group's efforts in building a strong, sustainable talent pipeline for Hong Kong's life sciences sector and promoting Hong Kong as a leading hub for life sciences investments.







**Nan Fung's ESG Targets and Initiatives to Achieve Such Targets**

Nan Fung Group aims to achieve carbon neutrality by 2050 and build a socially coherent and resilient city through empowering its people and communities.

The Group will look to achieve its ESG targets through the pursuit of the following initiatives:



The Mills Fabrica, UK

**Environmental**

- Investment in equipment and technology to lower energy usage
- Obtain industry-recognized green building certifications for property projects globally
- Establish targets to optimize water usage and waste management
- Establish sustainable procurement policies for major operational activities
- Adopt the use of green leases and other relevant "green tenancy" arrangements

**Social**

- Investment and development of social housing projects
- Obtain WELL certification for new projects targeting positive social outcomes
- Sponsoring pioneer researchers in life sciences spaces and investing in life sciences start-ups and the overall ecosystem to enhance well-being of mankind globally



The Mills, Hong Kong

**Nan Fung's track record in ESG & CSR**

Nan Fung has implemented several key initiatives aimed at achieving positive environmental and social impact. A summary of these initiatives are as per below:

Environmental	Initiatives
<b>Green Buildings</b>	<ul style="list-style-type: none"><li>• Nan Fung is committed to constructing green buildings that meet regional, national or internationally recognized standards or certifications for environmental performance</li><li>• A list of selected green and sustainability-related awards and certifications can be found in the next section</li></ul>
<b>Energy efficiency</b>	<ul style="list-style-type: none"><li>• Nan Fung is committed to retro-commissioning, purchasing carbon offsets and conducting regular energy audits for its entire business portfolio</li></ul>
<b>Pollution prevention and control</b>	<ul style="list-style-type: none"><li>• Nan Fung will establish sustainable procurement policies for major operational activities. We will also adopt the use of green leases and other 'green tenancy' arrangements</li><li>• Incorporating CO2-reducing features into the building, such as PV panels, efficient HVAC, and glare responsive façade to minimize solar heat gain etc.</li></ul>
<b>Clean transportation</b>	<ul style="list-style-type: none"><li>• Nan Fung's AIRSIDE houses Hong Kong's first-ever automatic bicycle parking bay to encourage green mobility, while all carparking spaces are 100% equipped with EV-charging provisions</li></ul>
<b>Sustainable water and waste-water management</b>	<ul style="list-style-type: none"><li>• At AIRSIDE, all waste will be user-identifiable to help facilitate future waste-charging policies, with separate inlets for general waste/ recyclables etc.</li><li>• Installing food waste decomposers at managed and owned properties to enable a circular economy through turning food waste into compost for onsite planters</li></ul>



Shanghai The Place, China



Shanghai The Place, China





**Nan Fung’s Track Record in ESG & CSR**

Nan Fung has implemented several key initiatives aimed at achieving positive environmental and social impact. A summary of these initiatives are as per below:

Social	Initiatives
Access to essential services	<ul style="list-style-type: none"><li>Nan Fung organizes workshops and seminars for NGOs, school partners, and industry partners in hopes of building the capacity of underprivileged/ underserved stakeholders</li><li>Investment into and support for United Family Healthcare (UFH) to provide medical care to those in need, such as the provision of cervical cancer screening programs to women living in rural parts of China</li></ul>
Affordable housing	<ul style="list-style-type: none"><li>Nan Fung is the first developer to submit a proposal for the Land Sharing Pilot Scheme, where at least 70% of the development will be allocated as public housing</li></ul>
Socioeconomic advancement and empowerment	<ul style="list-style-type: none"><li>The Mills Fabrica, one of the 3 pillars at The Mills, is committed to equipping young talents with the skills, connections, and exposure necessary to succeed as an entrepreneur through an array of workshops, seminars, summits, and competitions, such as Techstyle for Social Good, a global competition held annually to unearth solutions of the future</li><li>As part of the marketing campaign for LP10, Nan Fung's latest residential development, the Group engaged students from Hong Kong Design Institute (“HKDI”) to design part of the sales office and employed HKDI students as ambassadors to enable exposure to a corporate environment</li><li>Through NFLS and HKLSS, the Group awards life sciences research grants for promising researchers, and has devised a comprehensive mentorship scheme to equip life sciences and biotech students with workplace knowledge and soft skills, empowering these talents to reach their full potential</li></ul>
Food security and sustainable food systems	<ul style="list-style-type: none"><li>Food Grace programmes, food donation initiatives, and volunteering with Food Angel</li><li>Investment in agrifood tech startups with promising solutions that will revolutionize the way in which we grow and consume agriculture</li></ul>
Social Cohesion	<ul style="list-style-type: none"><li>The Mills/ seasonal tours to foster a better understanding of the community, often with a specific subject matter as a key focal point, e.g. manhole covers, kapok trees, antiquities, to inspire reinterpretations of the community these participants frequent</li><li>Co-creating bespoke learning kits and publications with industry partners to encourage a more nuanced understanding of community history, and leveraging our corporate presence to maximize exposure</li></ul>

**Nan Fung’s Sustainability Awards & Recognition**

Nan Fung has been recognized internationally by a number of awards, including:

**China Green Building (Hong Kong) Council**

Certificate of Green Building Design Label (2020)

**HKGBC BEAM Plus New Building v1.1**

Gold Final Certification (2020)

**HKGBC BEAM Plus New Building v1.2**

Platinum (2020)

**International WELL Building Institute WELL Pre-certificate**

Platinum (2019)

**HKGBC New Buildings Category**

Commercial Building - Grand Award (2019)

**HKGBC Completed Projects**

Commercial Building - Grand Award (2019)

**HKGBC Completed Projects**

Commercial Building - Merit Award (2019)

**UNESCO Asia-Pacific Heritage Awards for Cultural Heritage Conservation (2019)**

**Green Office and Eco Healthy Workplace Awards Labelling Scheme (2019)**

**WELL Building Standard (Multifamily Residential Pilot Scheme) Pre-certification**

Gold (2018)

**LEED Core and Shell V.2009**

Gold (2018)

**HKGBC BEAM Plus Neighbourhood**

Final Platinum (2018)

**Friends of EcoPark (2017)**

**HKCA Hong Kong Construction Environment Awards**

Environmental Merit Award (2016 & 2017)

**HKGBC New Building Category**

Commercial Building - Green Building Award (2016)





### Manifesting Sustainability Through Nan Fung's Landmark Projects

As a demonstration of Nan Fung's ongoing efforts and long-term commitment to sustainability, the Group shall draw upon the examples of AIRSIDE, a large-scale commercial development due for launch in 2023, and The Mills, a symbolic revitalization project completed in 2018.

## AIRSIDE



The Group's landmark project at Kai Tak, **AIRSIDE**, is a 47-storey mixed-use development with Grade A offices and a multi-storey retail complex encompassing the concept of "wholeness" by bringing together human and nature, with over 33% of site area composed of cascading greenery, an open-air rooftop, and terraces. Adopting the UNSDGs as AIRSIDE's design blueprint, each of its design detail was carefully crafted in line with the UNSDG framework—this made AIRSIDE the first building in Hong Kong to have received five of the most well-recognized green-building certifications, including pre-certification of US LEED®, provisional platinum certification of Hong Kong, BEAM Plus New Building, platinum pre-certification of WELL Building Standard™, final platinum certification of BEAM Plus Neighbourhood, and final 3-Star certification of the China Green Building Design Label. To support a sustainable green lifestyle, AIRSIDE will also be bringing Hong Kong its first-ever automatic bicycle parking bay to encourage green mobility; other initiatives include sky farming, automated smart waste sorting/storage system and more.



The Mills, Hong Kong



**The Mills** is a landmark revitalization project where the Group successfully transformed Tsuen Wan's former spinning factories into a multidisciplinary destination with an experiential shopfloor, cultural gallery, and start-up ecosystem builder. A UNSECO award winning development, The Mills envisions to be a hub where innovation, heritage, and creativity intersect: through weaving unique experiences and co-learning opportunities, we bring together communities for a more socially coherent, resilient society.

## Sustainable Finance Framework

### Overview of Sustainable Finance Framework

Nan Fung has developed this bespoke Sustainable Finance Framework (the "Framework") to provide an overarching criteria and guidelines on how the Group and its entities will enter into Sustainable Financing Transactions ("SFTs") aimed at delivering environmental and social benefits to support the Group's Sustainability vision, strategy and targets.

The Framework underscores the commitment of the Group to finance and invest in its business in a sustainable manner as well as support the development of the Sustainable Finance market.

SFTs include bonds, loans and other forms of debt financing with proceeds intended to be deployed towards Eligible Green and Social Projects set out in the Framework.

Green Bonds issued under the Framework will be aligned with the 2021 Green Bond Principles including Guidance Notes ("GBP"), 2021 Social Bond Principles ("SBP") and 2021 Sustainability Bond Guidelines ("SBG") or as they may subsequently be amended.

Loans issued under this Framework will be aligned with the 2021 Green Loan Principles including Guidance Notes ("GLP"), or as they may subsequently be amended. Should the loan be used for projects that deliver green and/or social benefits, the loan will be labelled as "Sustainability Loan".

Other forms of financing may conform to other sustainable or green finance principles prevailing at the time where such transactions are being undertaken.

SFTs may be issued in various currencies, jurisdiction and markets in accordance with the Group's financing and business needs.

Each SFT will adopt the following components of the GBP, SBP, SBG and GLP including:

- 1 Use of Proceeds
- 2 Project Evaluation and Selection
- 3 Management of Proceeds
- 4 Reporting, as set out in the Framework

### 1 Use of Proceeds

Net proceeds raised from SFTs under the Framework will be used exclusively to finance or re-finance the below Eligible Green or Social Projects listed in Section 1A) and 1B).

Eligible projects may include projects of the Group made during 3 years prior to issuance or signing date of the respective SFTs as well as during life of the SFTs.

The Group commits that proceeds raised from SFTs will not go towards financing or refinancing activities relating to the below:

- Fossil fuel and clean coal
- Nuclear-related assets
- Alcohol
- Armament
- Mining
- Gambling







Nan Fung’s Eligible **Green** Project Categories

Eligible Project Categories	Description of Eligible <b>Green</b> Projects	Examples for Nan Fung	Alignment with SDGs
<b>Green Buildings</b>	<ul style="list-style-type: none"><li>Acquisition, investments in, construction or renovation of existing and new commercial and residential buildings certified in accordance with any one of the following selected certification systems (“Green building certification”):<ul style="list-style-type: none"><li>Chinese Green Building Label (GBL): 2 Stars or above</li><li>Hong Kong BEAM Plus: Gold or above</li><li>US Leadership in Energy and Environmental Design (LEED): Gold or above</li><li>Singapore BCA Green Mark Rating: Gold or above</li><li>Building Research Establishment Environmental Assessment Method BREEAM: Excellent or above</li></ul></li></ul>	<ul style="list-style-type: none"><li>AIRSIDE (BEAM Plus Platinum, WELL Platinum)</li><li>The Mills (LEED Gold)</li><li>LP6 (BEAM Plus Gold)</li><li>LP10 (BEAM Plus Gold, WELL Gold)</li><li>The Quayside (BEAM Plus Platinum, WELL Gold)</li><li>C8 project, Shanghai (LEED Gold)</li><li>The Place, Shanghai (LEED Gold)</li><li>108 Cannon Street, London (BREEAM – ‘Very Good’ rating)</li><li>16 Old Bailey, London (BREEAM – ‘Excellent’ rating)</li></ul>	<b>9</b>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"><li>Investments in and expenditure related to facilities, equipment, systems and technology for optimizing energy management. Such facilities, systems and technology would achieve at least 10% improvement in energy efficiency</li><li>Expenditure relating to the upgrade or modification of existing facilities, equipment, systems and technology such that at least 10% improvement in energy efficiency could be achieved post upgrade or modification</li></ul>	<ul style="list-style-type: none"><li>Increasing the heating, ventilation, and air conditioning (“HVAC”) energy efficiency</li><li>High efficiency lighting</li><li>High solar reflectance paving and roof finishes that help to reflect sun rays and minimize solar heat gain contributing to better thermal comfort</li><li>Smart Power Strip which reduces electricity usage when equipment is not in use</li></ul>	<b>7</b>
<b>Renewable Energy</b>	<ul style="list-style-type: none"><li>Investments and expenditure relating to the maintenance, construction, design and installation of systems allowing generation of energy from renewable sources such as solar and wind energy</li></ul>	<ul style="list-style-type: none"><li>Installation of solar / PV panels and solar power systems</li><li>Rechargeable genset which is an advanced energy storage system providing diesel-free power for construction projects</li><li>Installation of step-power generator system</li></ul>	<b>7</b>
<b>Pollution Prevention and Control</b>	<ul style="list-style-type: none"><li>Installation of recycling facilities in buildings</li><li>Adoption and installation of equipment and technologies to reduce environmental pollution during construction and/or building operations</li></ul>	<ul style="list-style-type: none"><li>Installation of Automatic Refuse Collection System and food waste decomposer</li><li>WEEE Recycling Program / Waste Electrical and Electronic Equipment Recycling Program</li></ul>	<b>12</b>
<b>Sustainable Water and Waste-water Management</b>	<ul style="list-style-type: none"><li>Investments and expenditure relating to projects that reduce water consumption and optimize waste water management</li></ul>	<ul style="list-style-type: none"><li>Rainwater recycling and stormwater management systems</li><li>Artificial Wetland (Bio-filtration system) that facilitates the collection and recycling of wastewater</li><li>Low-flow water fitment and flushing devices</li></ul>	<b>6</b>
<b>Clean Transportation</b>	<ul style="list-style-type: none"><li>Investments in electric vehicles and related infrastructure</li><li>Investments in automatic bicycle parking systems</li></ul>	<ul style="list-style-type: none"><li>Installation of electric vehicle charging stations and systems</li><li>Purchase of electric vehicles for administrative use</li><li>Installation, maintenance, and operation of automatic bike parking systems</li></ul>	<b>9</b>



Nan Fung’s Eligible **Social** Project Categories

Eligible Project Categories	Description of Eligible <b>Social</b> Projects	Target Population <sup>1</sup>	Examples for Nan Fung	Alignment with SDGs
<b>Affordable Housing</b>	<ul style="list-style-type: none"><li>Investments and expenditures in projects that provide affordable housing for the general public and vulnerable groups<sup>2</sup> in accordance with local government and regulatory definitions</li></ul>	<ul style="list-style-type: none"><li>Populations that is eligible for affordable housing as defined by the local authority</li></ul>	<ul style="list-style-type: none"><li>Land Sharing Pilot Scheme where at least 70% of the development will be allocated as public housing</li></ul>	<b>11</b>
<b>Access to Essential Services</b>	<ul style="list-style-type: none"><li>Projects that expand access to education and skills development including but not limited to education initiatives</li><li>Projects that expand access to healthcare and/or improve health outcomes, including but not limited to development of healthcare facilities</li></ul>	<ul style="list-style-type: none"><li>Vulnerable youth / physically, mentally, or socially disadvantaged persons, and other underserved population such as families with sick children</li></ul>	<ul style="list-style-type: none"><li>Construction of Ronald McDonald House situated near Hong Kong Children’s Hospital aimed at helping families with sick children</li><li>“In Time Of” Programme - partner with NGOs, social enterprises and community designers to develop programmes that support the neighbourhoods in sustainable development, social well-being, and inclusive growth</li><li>“Home of Nan Fung” at The Place in Shanghai, bridges the local community by offering multi-functional space and recreational facilities for public use</li><li>Other partnership with major NGOs – e.g. The Library Project which promotes literacy among children in need, Heep Hong Society and Direction Association which aim at providing rehabilitation and training to the handicapped</li></ul>	<b>3</b> <b>4</b>
<b>Socioeconomic advancement and empowerment</b>	<ul style="list-style-type: none"><li>Investments, expenditure and financing in projects that seek to employ underprivileged individuals</li></ul>	<ul style="list-style-type: none"><li>Vulnerable and underserved population groups such as single parents, housewives, physically, mentally, or socially disadvantaged persons</li></ul>	<ul style="list-style-type: none"><li>Employment programs that target hiring from vulnerable and underserved population groups to provide services to entities within the Group</li></ul>	<b>8</b> <b>10</b>

1. The Target Population will be the exclusive recipients / beneficiaries of the proceeds applied towards specific social projects.  
2. Vulnerable groups are physically, mentally, or socially disadvantaged persons who may be unable to meet their basic needs and may therefore require specific assistance.



2 Project Evaluation and Selection

Eligible Green and Social projects are identified and selected via a process that involves representatives from various functional areas within the Group. Representatives from Treasury, Finance & Accounts, and Business Innovation and Shared Value teams will form a working group to assess eligibility criteria and select projects.

The final eligible projects selection will be reviewed and approved by senior management of the Group.

The working group will also look to actively identify and manage potentially material environmental and social risks that could be associated with the eligible green and social projects, if applicable.







3 Management of proceeds

The Group intends to allocate the net proceeds from the SFTs to an Eligible Green or Social project, selected in accordance with the use of proceeds criteria as well as evaluation and selection process described above. The net proceeds from each SFT issued will be managed by the Group’s Treasury team.

The Group’s Treasury team will maintain and manage an internal project register to record the SFTs as well as corresponding information relating to these SFTs including issuer / guarantor of borrowings, principal amount of proceeds, repayment or amortization profile, maturity date, interest rate and other relevant information with respect to the SFTs. The project register will also track the name and description of eligible projects to which proceeds of the SFT have been allocated in accordance with the Framework, amount of SFT proceeds allocated to each project, remaining balance of unallocated proceeds and other relevant information.

The Group commits to allocating proceeds raised from each SFT within 36 months of issuance to the extent possible.

Net proceeds from SFTs pending allocation will be held in accordance with the Group’s internal liquidity guidelines including investments in short term time deposits or investments or repay existing borrowings of the Group.



The Mills Fabrica, UK

4 Reporting

The Group is committed to transparent reporting on its sustainability vision, strategy, and targets as well as the allocation of proceeds towards SFTs. The Group will provide information on the allocation of the net proceeds of the SFTs on its website. Such information will be provided on an annual basis until all the net proceeds have been allocated or as long as there are any SFTs existing. The Group will look to share the following information:

- **Total amount of proceeds allocated to Eligible Green or Social Projects**
- **List of eligible green or social projects that are being funded by the SFTs**
- **Balance of unallocated proceeds raised from SFTs**

With regards to impact reporting, where feasible, the Group will look to provide qualitative and quantitative information relating to performance indicators of the Eligible Green and Social projects funded. Such performance indicators may include, but are not limited to, the below:

Eligible Green Project Categories	Potential performance indicators
<b>Green Buildings</b>	<ul style="list-style-type: none"><li>• Number and level of certification achieved</li><li>• Building energy intensity (kWh/ m2)</li><li>• Building energy consumption (kWh)</li></ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"><li>• Energy consumption reduction (kWh)</li></ul>
<b>Renewable Energy</b>	<ul style="list-style-type: none"><li>• Amount of renewable energy generated (kWh)</li><li>• Number of solar and PV panels installed</li></ul>
<b>Pollution Prevention and Control</b>	<ul style="list-style-type: none"><li>• Number of recycling facilities installed</li><li>• Amount of waste reduced (tonnes)</li></ul>
<b>Sustainable Water and Waste-water Management</b>	<ul style="list-style-type: none"><li>• Amount of water consumption reduction (m3)</li><li>• Amount of water recycled (m3)</li></ul>
<b>Clean Transportation</b>	<ul style="list-style-type: none"><li>• Number of electric vehicle charging stations installed</li><li>• Amount of new electric vehicles purchased and/or replaced</li></ul>
Eligible Social Project Categories	Potential performance indicators
<b>Affordable Housing</b>	<ul style="list-style-type: none"><li>• Number of affordable housing units constructed</li></ul>
<b>Access to Essential Services</b>	<ul style="list-style-type: none"><li>• Number of beneficiaries benefitting from projects relating to expanding access to education and skills development, expanded access to healthcare and development of healthcare facilities</li></ul>
<b>Socioeconomic Advancement and Empowerment</b>	<ul style="list-style-type: none"><li>• Number of beneficiaries benefitting from employment programs that target hiring from vulnerable and underserved population groups to provide services to entities within the Group</li></ul>

External Review

The Group has engaged an independent third party Sustainalytics to conduct an external review of this Framework. Sustainalytics reviewed the Framework for the eligibility of the green and social projects set out as well as the alignment of the Framework with GBP, SBP, SBG and GLP.

The Group intends for the Second Party Opinion from Sustainalytics to facilitate potential investors in the SFTs to assess its Framework.

The Second Party Opinion, as well as the Sustainable Finance Framework hereof will be published and made available at <https://www.nanfung.com/en/>



WPP Campus, Shanghai

Appendix

External Certifications

Building Environmental Assessment Method (BEAM) Plus (“BEAM Plus”)

Recognized and certified by the Hong Kong Green Building Council, BEAM Plus offers a holistic set of performance criteria on sustainability issues relating to the planning, design, construction, commissioning, management, operation and maintenance of a building. The fair and objective assessment of a building’s overall performance throughout its life cycle enables organizations and companies of all sizes to benchmark and demonstrate their sustainability efforts and commitment. For more information, please visit <https://www.hkgbc.org.hk/eng/>.

Building Research Establishment Environmental Assessment Method (“BREEAM”)

Developed by the Building Research Establishment (BRE) in the United Kingdom, BREEAM is a sustainability assessment method for masterplanning projects, infrastructure, and buildings. It recognizes and reflects the value in higher-performing assets across the built environment lifecycle, from new construction to in-use and refurbishment. Ten sustainable values are measured: energy, health and wellbeing, innovation, land use, materials, management, pollution, transport, waste, and water. The BREEAM assessment grants five levels of ratings: Pass, Good, Very Good, Excellent, and Outstanding, denoted by a series of stars on the certificate. As part of the assessment process, third-party certification are conducted by licensed assessors. For more information, please visit: <https://www.breeam.com/>.

China Green Building Evaluation Standard (“Three Star System”)

Introduced by the Ministry of Housing and Urban-Rural Development of the People’s Republic of China, the Three Star System is a voluntary green building rating standard used in the Mainland for residential and public buildings (including commercial, hotel and government-owned). Areas of assessment cover land savings and outdoor environmental management, the saving and utilisation of energy, water and materials, indoor environmental quality, construction, and operational management. The Three Star System grants three levels of ratings: one-star, two-star and three-star. For more information, please visit <http://www.cngb.org.cn/>.

Leadership in Energy and Environmental Design TM (“LEED”)

Developed by the U.S. Green Building Council®, LEED is a voluntary, third party building certification process. LEED certification provides independent verification of a building or neighborhood’s green features,

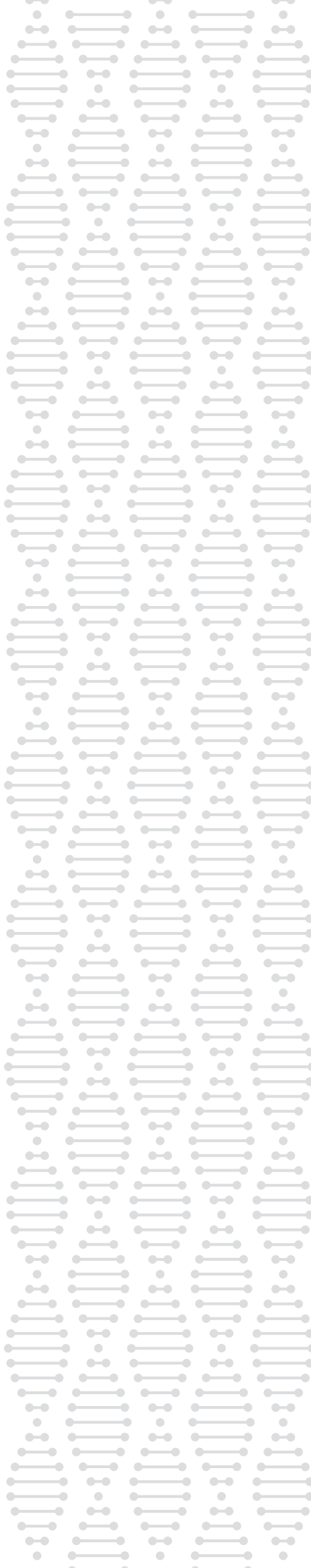
enabling the design, construction, operation, and maintenance of resource-efficient, high performing, healthy, cost-effective buildings. LEED is applicable to buildings at any development phase, ranging from new constructions to existing buildings, and is also available for all building types, from homes to hospitals to corporate headquarters. For more information, please visit <https://new.usgbc.org/leed>.

Singapore BCA Green Mark

Launched by the Building and Construction Authority (BCA) of Singapore, the BCA Green Mark is a benchmarking scheme that supports sustainably-built environments in environmental design and construction and the adoption of green technologies. The BCA Green Mark Scheme rates buildings according to five key criteria, including energy efficiency, water efficiency, environmental protection, indoor environmental quality, and other green and innovative features that contribute to better building performance. The building assessment will grant buildings one of four Green Mark Ratings: Green Mark Certified, Gold, GoldPlus or Platinum Award. BCA will conduct site verification upon project completion. For more information, please visit <https://www1.bca.gov.sg/buildsg/sustainability/green-mark-certification-scheme>.



The Mills Fabrica, UK



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