

SEWIT REPORT

2023-24



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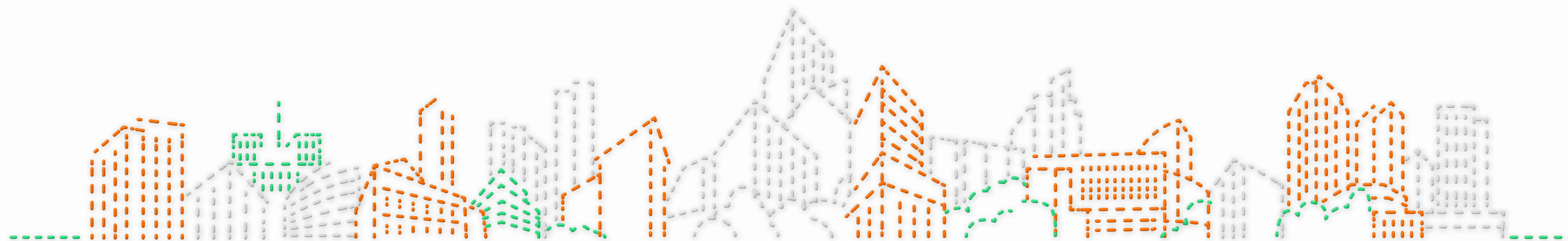
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MESSAGE FROM THE BOARD



As we celebrate our 70th anniversary, I am pleased to present Nan Fung Group's second annual SEWIT report.

This year marks not just seven decades of striving to “Do Good and Do Well, with Love”, but also another year of deepening our commitment to turning purpose into impact, which is becoming ever more important in an increasingly volatile, uncertain, complex and ambiguous (VUCA) world, as visibly evidenced by the latest developments in geopolitics and generative artificial intelligence.

Antony Leung
Group Chairman

Championing Sustainability Governance

We have made significant strides this year, focusing on refining the robustness of our policies, risk management and internal controls. These efforts, supported by regular insights from senior management and our committees, ensure our informed and effective oversight.

The SEWIT Committee, chaired by Vanessa and including key members from both the Executive Committee and the Board, continues to guide the company's sustainability governance. The committee meets every quarter and has been instrumental in refining our SEWIT strategies. In the past year, this included establishing our first Environmental Policy and Climate Change Policy, and our first Group Human Rights Policy. With transparency and accountability as key priorities, we continue to report on our environmental, social and governance efforts in accordance with the GRI Reporting Standards.

Addressing Climate Change

We continue to witness significant global climate-related challenges affecting local communities and businesses through rising temperatures and severe weather events such as flooding. With 2023 being the hottest year on record, we recognise the importance of climate adaptation strategies, and have actively integrated climate risks into our Enterprise Risk Management (ERM) and business development processes. Beyond managing relevant risks, we are also committed to contributing our share by setting the Group's own target to achieve Net Zero by 2050.

Delivering Positive Impact

To build beyond our 70-year legacy, we aspire to create a better future for generations to come by embracing our SEWIT responsibilities. Internally, we promote a culture of constant thinking, learning and embracing change. Externally, we continue to diversify our businesses into frontier industries such as life sciences, all with the aim to Do Good and Do Well, with Love, in this increasingly VUCA world. With this in mind, the Board and SEWIT Committee will continue to integrate sustainability into our business strategy and deliver the greatest positive impact possible in all markets we operate in.

Lastly, I want to extend my heartfelt gratitude to our employees, business partners, customers, suppliers and stakeholders. Your steadfast support and belief in our vision empower us to forge ahead, working towards a sustainable and prosperous future together.

MESSAGE FROM THE BOARD

As we mark the 70th anniversary of Nan Fung Group, we reflect on a legacy built on our pioneering spirit and adapting through changes.

From our beginnings in textiles to our expansion into a global conglomerate with businesses in various sectors including property development, management and investment, life sciences investment and financial investment, our evolution is driven by a commitment to technology-enabled solutions and a mindset aimed at benefitting humankind.



Vincent Cheung
Group Chief Executive Officer

Empowering Trailblazers

This journey underscores our dedication to empowering the trailblazers within and outside our organisation – individuals who are instrumental in shaping a sustainable future. By fostering a professional network that champions creativity and innovation along with compassion, we not only embrace change, we spearhead it, ensuring that our trajectory remains progressive in ways that create value for our day-to-day business operations and our communities.

Our NF Hackathon epitomises such a commitment, where innovation thrives through collaboration across borders and departments. This year, the dynamic internal initiative brought together twelve different departments from three locations, generating innovative ideas with tangible follow-up. More than just a competition, the hackathon acts as a catalyst for substantial transformation within Nan Fung, cultivating a mindset that embraces agility and celebrates collaboration.

Leveraging Technology and Data-driven Insights

The data science team under our Life Sciences division focuses on better understanding the biotechnology market landscape and the latest developments. By incorporating advanced data sciences and artificial intelligence, they enhance our investment and company incubation processes, ensuring that our decisions are informed by cutting-edge analysis and insights to stay ahead of emerging trends and opportunities in this dynamic industry.

Our newly formed Properties AI and Data Intelligence team is another example where we apply innovation and technologies to accelerate and streamline our strategic and operational initiatives. By identifying transformation opportunities, this team leverages data science and relevant technologies to generate innovative and actionable insights. Together with the business team, they enhance our business process across the property investment lifecycle from acquisition to tenant engagement. They play a crucial role in ensuring that our approach is both agile and responsive, even in the face of challenging market conditions.

By empowering these specialised data science capabilities across our key business divisions, we are able to make more informed, data-driven decisions that drive sustainable growth and competitive advantage.

Driving Meaningful Progress

With the pace and scale of innovation escalating, companies like ours must consistently stay ahead of the curve. Therefore, fostering an intrapreneurial mindset and aligning with the right entrepreneurial talent are crucial in helping us to tackle today's demands and prepare us for future uncertainties. This is why the robust adoption of the SEWIT framework, coupled with ensuring that 99% of our colleagues are driven by sustainability-related objectives and key results ("OKRs"), is vital. It underscores our commitment to sustainability and harnessing innovation to drive meaningful progress.

Looking ahead, we will continue to enhance the capabilities of our employees and fine-tune our business strategies to ensure alignment with our long-term goals. We remain dedicated to rethinking our position and offerings, creatively and flexibly facilitating partnerships to meet the demands of tomorrow.

In closing, as we celebrate this milestone anniversary and the publication of our second SEWIT Report, I extend my deepest gratitude to the Board and SEWIT Committee, our colleagues, management team and partners. Your relentless effort not only propels us towards achieving our current goals, but also fosters a vibrant synergy between us and our stakeholders, paving the way for meaningful progress and mutual success.

MESSAGE FROM THE BOARD



Vanessa Cheung

Group Managing Director, Founder of The Mills,
and Chairperson of SEWIT Committee

Over my humble 10-year journey in Nan Fung's 70-year-old-legacy, I constantly remind myself of my late grandfather and the Group's founder, Dr. Chen Din Hwa's wise words: 'Care for others as well as you would care for yourself'.

These words are not just a guiding principle; they illuminate our path as we navigate the complexities of sustainability with our staff, tenants, community, and the world at large.

Employee Wellbeing as a Core Commitment

Employees are the backbone of any company, and their wellbeing has always been a top priority for us. This year, we've doubled down on our commitment by enhancing our wellbeing initiatives. These include enhanced physical and mental health insurance coverage, provision of mini and comprehensive health checks, tailored office designs and ergonomically-sound equipment at our new AIRSIDE headquarters. The new workplace creates an ideal environment for employees to thrive. It is not only more spacious with ample natural light, but we also have more communal spaces to spark serendipitous brainstorming and ideas, social interactions and constructive collaborations.

We also rolled out tailored wellness programmes and campaigns known as "SEWell initiatives", specifically designed to address mental and physical health concerns, with pre- and post-event surveys to assess effectiveness. These initiatives have already shown great traction, attracting over 1,300 participants across various events. Participants have shown improved awareness of the health benefits of regular exercise and a heightened willingness towards the adoption of healthy daily habits.

Creating Positive Social Value – Tenant and Community Engagement

Reflecting on our journey so far, our Net Positive Lease ("NPL") initiative has enabled us to fully leverage tenant-landlord relationships, forming dynamic partnerships that benefit our stakeholders. One year since its initial rollout, 21% of Hong Kong's key portfolio is now part of the NPL community, actively co-creating and amplifying impact with Nan Fung.

Our commitment to creating shared value is further evidenced in our community initiatives. Last year alone, Nan Fung generated HK\$24.3 million worth of social value, showcasing the success of our community-centric approach. This marks the first time we are reporting Group-level social value figures validated by third-party experts. As we embark on our impact measurement journey with scientific, systematic and comparable methodologies, we will be able to draw actionable insights, improving programme ideation, curation and execution on all ends and ultimately improving social cohesion.

Prioritising Climate Resilience

Climate change is one of the world's most dire issues that is increasingly impacting us all, posing immediate and unforeseeable challenges on our operations and properties across the globe with both immediate and unforeseeable consequences.

Our comprehensive climate strategy addresses these challenges through decarbonisation and climate resilience. This includes climate adaptation and financial assessments, ambitious target-setting, and enhanced climate disclosures, all aligned with climate science. For example, the Science Based Targets initiative has validated Nan Fung's near- and long-term GHG reduction targets for our Hong Kong property portfolio. Additionally, two of our major properties, AIRSIDE in Hong Kong and 99 City Road in London, are undergoing climate adaptation and financial assessments to assess building resilience.

Looking ahead, we will fine-tune and align our approach with evolving international standards on climate-related disclosures, as we also prepare to assess our risks related to nature.

Forging Pathways to a Thriving Future

I thank our Board, the SEWIT Committee, treasured colleagues and trusted partners for their support in the past year. I am filled with gratitude and galvanised for the future – a future we are co-curating with care, innovation and an unwavering commitment to both our heritage and generations to come.

ABOUT THIS REPORT

Reporting Period and Scope

This SEWIT Report 2023-24 (the “Report”), published online in September 2024, is Nan Fung Group’s second sustainability report describing our performance across the five strategic pillars of our sustainability framework, “SEWIT”. The Report provides an integrated and balanced overview of Nan Fung Group’s material topics, impact and performance from 1 April 2023 to 31 March 2024 (the “reporting period”).

The SEWIT Report is published online on a regular basis. The Report presents our sustainability-related progress covering Nan Fung’s core operations, including property development and management¹, life sciences and investments, where Nan Fung has operational control in key operating markets of Hong Kong, Mainland China, the United Kingdom (“UK”) and the United States (“US”).

Reporting Standards

Nan Fung Group has reported in accordance with the Global Reporting Initiative (“GRI”) Standards 2021 for the period from 1 April 2023 to 31 March 2024. We have obtained external independent assurance for the contents of this Report. The Group’s SEWIT Committee oversees the process of seeking external assurance; please refer to the “External Assurance” section in the Appendices for more information.

Contact Us

We welcome your feedback and suggestions on our sustainability performance at SEWIT@nanfung.com.

¹ Includes 100 properties in which Nan Fung has operational control.

ABOUT NAN FUNG

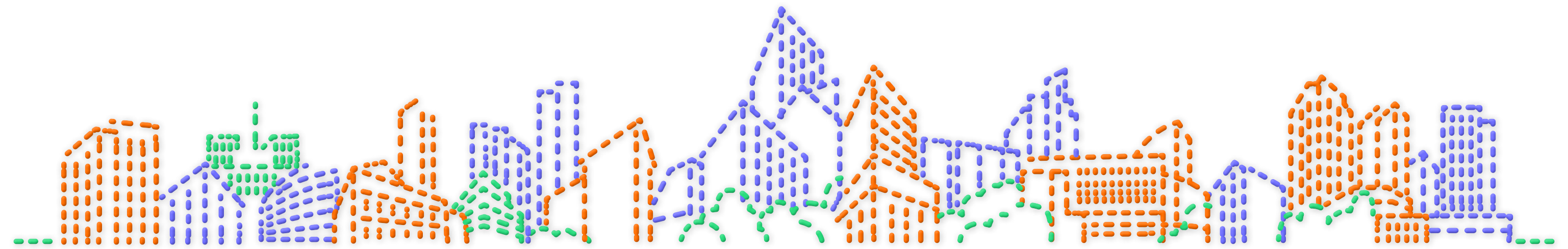


Nan Fung Group² is a privately held multinational conglomerate headquartered in Hong Kong. With a deeply rooted presence in Hong Kong, the Group has evolved from a leading local cotton yarn manufacturer to a global business operating in various realms, including property development, management and investment, construction, financial investment and investment in the life sciences.

Through the years, we have amassed a versatile portfolio of residences, offices and shopping malls in Hong Kong, while strategically expanding our footprint in Mainland China, the UK and the US.

In 2024, Nan Fung celebrated our 70th anniversary. We take this milestone as an opportunity to inspire our entire business to continue manifesting a “Do Good and Do Well, with Love” spirit. Our sustainability framework, SEWIT, lays the foundation for our strategic approach, strengthening our steadfast commitment to fostering a positive impact in every aspect of our business operations.

² “Nan Fung”, “Nan Fung Group”, “the Group”, “we”, “us”, and “our” in this Report refer to Nan Fung Group Holdings Limited, a principal subsidiary of Nan Fung International Holdings Limited, and its respective wholly-owned subsidiaries.



Care for others as well as you would care for yourself

Nan Fung’s core values are inspired by our founder, Dr. Chen Din Hwa’s motto – *Care for others as well as you would care for yourself*. We elevate our customers’ quality of life with our heartfelt services and a commitment to excellence.

In line with our core values, we continuously strive to cultivate a culture of trust, compassion and empowerment amongst colleagues, partners and communities, as we contribute towards a thriving society. Committed to being pioneers in technology-enabled products and solutions that benefit humanity, our sustainability-related practices extend beyond day-to-day operations to encompass our value chain.

Our Core Values



Quality

We only go for the best. We are constantly raising the bar in planning, design, development, construction and management.



Value

We instil purpose and create value for our customers, business partners, stakeholders and society.



Innovation

We embrace the development of technology and seek ways to conduct business in innovative ways. We nurture entrepreneurs to make breakthroughs where possible. We keep thinking, learning and embracing change in all aspects of our businesses.



Service

As a company that aspires to “Do Good and Do Well, with Love” for society, we pride ourselves in providing services that create social value, putting a smile on the faces of everyone we meet.

Weaving the Future through Innovation



1954

- Nan Fung Textiles Limited was founded

1978

- Developed one of Hong Kong's largest private residential developments at the time – Nan Fung Sun Chuen

1993

- Completed first investment in Mainland China – Tianjin Tifen Industrial Park

2017

- Entered the biotechnology sector by launching two venture capital funds to invest in life sciences start-ups – Pivotal BioVenture Partners US and China – located in San Francisco and Shanghai, respectively

2018

- Completed the revitalisation of Nan Fung's textile mills, establishing The Mills – The Mills Shopfloor, CHAT (Centre for Heritage, Art & Textile)³ and The Mills Fabrica
- Expanded our property business to the UK by acquiring a majority stake in Endurance Land
- Championed the founding of the Hong Kong Life Sciences Society⁴

2021

- The Group's investment arm, NF Trinity, received SFC licenses
- Published our first Sustainable Finance Framework

2023

- Celebrated the 5th Anniversary of The Mills
- Opened AIRSIDE, Hong Kong

2024

- Celebrating the 70th Anniversary of the Nan Fung Group

1965

- Completed first property development project – Fook Cheung Mansion in Yau Yat Tsuen

1985

- Entered the construction industry by establishing Chun Yip Construction and Bordon Construction

2012

- Marked our presence in the international debt market by issuing the first Medium-term note and obtained investment grade ratings from international rating agencies

2019

- Established Nan Fung Life Sciences Real Estate in the US
- Expanded The Mills Fabrica to the UK

2022

- Established the SEWIT Sustainability Framework

³ CHAT is a part of the heritage conservation project of The Mills and is managed and operated by MILL6 Foundation, a non-profit art and cultural organisation.

⁴ The Hong Kong Life Sciences Society ("HKLSS") is a non-profit youth organisation established in 2018, fully supported by Nan Fung and industry-leading biotech companies based in Hong Kong and Mainland China, dedicated to building a dynamic ecosystem for the life sciences in Hong Kong.

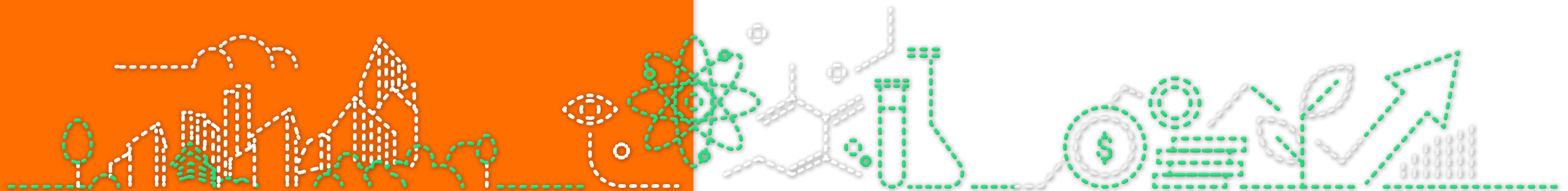
Business Overview



Nan Fung is a major property developer in Hong Kong with over 170 development and investment projects across the city, alongside well-established property construction and property management businesses. Nan Fung also focuses on innovation and revitalisation projects such as The Mills, as well as strategic investments in international property markets. As a result, we have established a solid presence in Mainland China, the UK and the US.

One of the arms of the Group, Nan Fung Life Sciences (“NFLS”), invests across the value chain of the life sciences industry. Supported by Nan Fung’s robust financial strength and investment expertise, NFLS aspires to be the ideal partner for scientists, entrepreneurs, corporations and investors.

Nan Fung Trinity, the financial investment arm of the Group, focuses on multiple asset classes including public securities, structured products, private direct investments and a private fund of funds. We invest in diverse financial assets across global markets and forge funds partnerships to capture the best opportunities. As an SFC-licensed entity, Nan Fung Trinity manages assets for the Group as well as third-party institutional and professional investors.





OUR SUSTAINABILITY STRATEGY



Sustainability Framework – SEWIT

At Nan Fung, our commitment to sustainable development is reflected in our SEWIT framework, designed to champion our ethos of fostering resilient communities in all the regions we serve.

The SEWIT framework consists of five pillars – Social Cohesion, Environment, Wellness, Innovation and Technology – mirroring our core values and strategic directives.



Social Cohesion is about delivering positive impact on employees, partners and communities

We cultivate strong relationships and encourage collective commitment among stakeholders in a thriving society. Our primary focus is to engage with the community and customers while empowering employees.

E Environment underscores our belief in the interdependent relationship between our business and the natural environment

The prosperity of our business is inherently linked to the planet's wellbeing. We proactively invest in energy and emissions reduction, while prioritising climate resilience, alongside waste management. These critical areas guide our environmental stewardship efforts, ensuring our operations align with ecological imperatives.

W Wellness advocates for the holistic wellbeing of every individual throughout our value chain

Our investment in wellness guides our strategic approach and initiatives that promote the overall wellbeing of our employees, tenants, customers and broader communities.

I Innovation is the driving force behind our efforts to collaborate with market pioneers

It fosters an ecosystem that encourages our colleagues to seek out and develop creative ideas. Through innovative products and solutions, and entrepreneur and intrapreneur empowerment, we are creating new solutions and amplifying our influence, both internally and externally.

T Technology is where we leverage advancements to elevate our operational proficiency and efficacy

By championing technology and data across our operations, we refine our decision-making processes and translate knowledge into tangible benefits for our business and society at large.

In every aspect of our operations, the SEWIT framework is integral to constructing sustainable legacies that will endure for generations.

Through SEWIT, the Group takes a proactive stance to manage sustainability-related risks and opportunities, with systems in place that allow us to look for opportunities to create shared value and enhance the resilience of our business.

Measuring our Impact – Seven Steps to SEWITise

In 2023, we developed a unique “Seven Steps to SEWITise” approach, referencing various international impact measurement methodologies, to ensure the impacts generated by SEWIT-related activities are comparable and measured transparently. We began by utilising this methodology to assess our community programmes in the reporting year and aspire to extend it to other initiatives in the future.

The “Seven Steps to SEWITise” methodology allows us to direct resources where they are needed most. The methodology has been examined and verified by third party professor of The Chinese University of Hong Kong. Details of this approach can be found in the Community Investment and Engagement section on [p. 21](#) and [p. 33](#) of this Report.

Sustainable Finance

In line with SEWIT, the Group has established a Sustainable Finance Framework. This framework provides overarching criteria and guidelines for entering into sustainable financing transactions (“SFTs”) that deliver environmental and social benefits in support of our sustainability vision, strategy and targets.

As of March 2024, 43% of the Group’s current bonds and loan facilities are from green or sustainability-linked loan financing. This is one of the many initiatives we have in place to bolster our sustainability practices.



SEWIT Initiatives At-a-Glance



SOCIAL COHESION

Community Investment and Engagement

- **Location-based materiality assessments** completed across all major and wholly-owned commercial properties in Hong Kong
- **238 partners**, including NGOs, schools and local artists, participated in **62 community programmes** with **482 events** and **365,000+ participants**
- **HK\$24.3 million** worth of social value generated or facilitated from **20 social programmes** in Hong Kong, with verification from a third-party professor from The Chinese University of Hong Kong
- **£939,000+** worth of social value⁵ generated or facilitated through local procurement, employment and community programmes in London, with verification from an independent consultancy Social Value Portal

Tenant and Customer Empowerment

- A **satisfaction rate of over 87%** shown in 2023 Customer Satisfaction Survey
- **Sustainability-related training sessions** provided to tenants to enhance knowledge and build sustainability capacity
- **AIRSIDE Carbon Menu** and **Urban Farm programmes** conducted to engage tenants in sustainability initiatives

Talent Upskilling and Development

- **26 training hours** provided to each employee, delivering a total of **78,789 hours** of training
- **100% of department heads** and **90% of colleagues** incorporated at least one SEWIT-related key result in their work plans



ENVIRONMENT

Energy Efficiency and Emissions Reduction

- Our Hong Kong property portfolio's science-based targets for Scope 1, 2, and 3 greenhouse gas ("GHG") emissions were **validated and approved** by the Science Based Targets initiative ("SBTi")
- Kickstarted asset level **climate adaptation and financial assessments**⁶ for two major properties – AIRSIDE, Hong Kong and 99 City Road, London

Resource Use, Waste Management and Biodiversity

- Waste management training provided for **over 70 tenants** from AIRSIDE, The Mills and 33 Des Voeux Road West
- Implemented a **smart waste management solution** across our major commercial properties in Hong Kong for waste data collection and reporting



WELLNESS

Wellness For Employees

- Conducted a **Group-wide Wellness Survey**
- **Expanded the Employee Medical Scheme** to cover mental health treatment
- Maintained Lost Time Injury Rate ("LTIR") of **0.69**

Wellness For Tenants and Customers

- AIRSIDE in Hong Kong achieved **WELL Platinum certification**, while Yi Fung Place in Mainland China obtained **WELL Gold precertification**
- **4 properties**⁷ in the UK received the **WELL Health-Safety Rating**

Wellness For Humankind

- Arctic Vision, an NFLS incubated company, launched **the first and only FDA-cleared non-invasive technology** to relieve dry eyes, iTEAR[®]
- **50 million individuals** are estimated to benefit from innovative Arctic Vision products by 2030



INNOVATION

Innovative Products and Solutions

- **21% of tenants** across the Group's major Hong Kong properties⁸ signed our tenant-landlord initiative Net Positive Lease
- **1.4 million+ NF Seeds** were accumulated from the NF Touch Membership Programme, benefitting **80 impact partners**
- **34 academic research projects** sponsored via the Life Sciences Research Sponsorship Programme, with a total of **US\$23 million+ sponsorship** funding provided from 2017 until Mar 2024
- **US\$1.4 billion+ invested** in around **70 companies** and **35 funds** by Nan Fung Life Sciences and Pivotal

Entrepreneur and Intrapreneur Empowerment

- 1st Group-wide Hackathon conducted with **10+ ideas** generated with tangible follow-up
- The Mills Fabrica made **two new investments**, one fund – Foodlabs, and one direct investment – Nukoko
- Showcased **45 textile innovators** across Fabrica X in Hong Kong and London



TECHNOLOGY

Technology and Data in Operations

- Expanded the adoption of the artificial intelligence (AI) smart platform "Neuron" using a tenant portal for The Mills and 33 Des Voeux Road West, facilitating **data-driven energy management** and providing **customised insights through data**
- AIRSIDE in Hong Kong received **WiredScore** and **SmartScore Platinum certifications**

⁵ This figure covers the period from 2022 to 2024. According to Social Value International, social value is the value that stakeholders experience through changes in their lives. Some, but not all of this value is captured in market prices.

⁶ Climate adaptation and financial assessments analyse climate risks at the asset/building level. These include site inspections of hardware appliance performance (e.g. drainage system and HVAC capacity) and evaluation of protection measures in place to mitigate risks in order to formulate recommendations for enhancement.

⁷ Namely 108 Cannon Street, 138 Cheapside, The Bailey and Regent Quarter: Cottam House, Focus Point.

⁸ Measured by occupied lettable floor area ("LFA") of major properties in Hong Kong including AIRSIDE, The Mills, TKO Plaza, Nan Fung Tower, Nan Fung Place and 33 Des Voeux Road West.

Our Materiality Approach










Nan Fung’s materiality framework considers regulatory and disclosure landscapes, industry trends and stakeholder interests across our operational jurisdictions. Annually, we review and update our material topics as needed by integrating insights from both internal and external stakeholders, a practice central to Nan Fung’s vision for sustainable value creation.

Our materiality approach underscores our commitment to transparency, stakeholder engagement and the strategic management and alignment of our business interests and impacts.

Stakeholder Engagement

Ongoing and effective stakeholder engagement is an essential step as we strive to meet the needs of all the people and communities we serve. We regularly engage with stakeholders through diverse channels to understand their expectations and priorities. These engagements take place continuously throughout the year and assist us in defining the material issues that are significant to our business and stakeholders.

The table on the right summarises the stakeholder groups and the various channels we use to engage with them.

Stakeholder Engagement Channels		
 <p>Board/Management</p> <ul style="list-style-type: none"> • Surveys • Regular meetings • Employee engagement activities 	 <p>Employees</p> <ul style="list-style-type: none"> • Employee surveys • Employee engagement activities • Internal publications (e.g., Just SEWIT Newsletter) • Intranet • SEWIT Hub • Performance reviews (e.g., NF OKR, 360-degree assessment, instant feedback) • Regular meetings 	 <p>Community and Non-Governmental Organisations (“NGOs”)</p> <ul style="list-style-type: none"> • Publications (e.g., leaflets, magazines) • Mobile app (e.g., NF Touch) • Community events (e.g., employee volunteering programmes) • Joint programmes
 <p>Customers, Residents and Tenants</p> <ul style="list-style-type: none"> • Publications (e.g., leaflets, magazines) • Mobile app (e.g., NF Touch) • Surveys and feedback channels • Community events • Net Positive Lease 	 <p>Consultants, Contractors and Suppliers</p> <ul style="list-style-type: none"> • Engagement surveys • Tendering and procurement process • Supplier assessments • Regular meetings 	 <p>Regulators and Government</p> <ul style="list-style-type: none"> • Public consultations • Joint programmes
 <p>Industry Organisations</p> <ul style="list-style-type: none"> • Conferences, exhibitions and seminars • Joint programmes 	 <p>Banks, Investors and Investees</p> <ul style="list-style-type: none"> • Regular meetings • Asset visits and roadshows • Conferences and seminars 	 <p>Media</p> <ul style="list-style-type: none"> • Interviews • Media Luncheon • Response to media enquiries

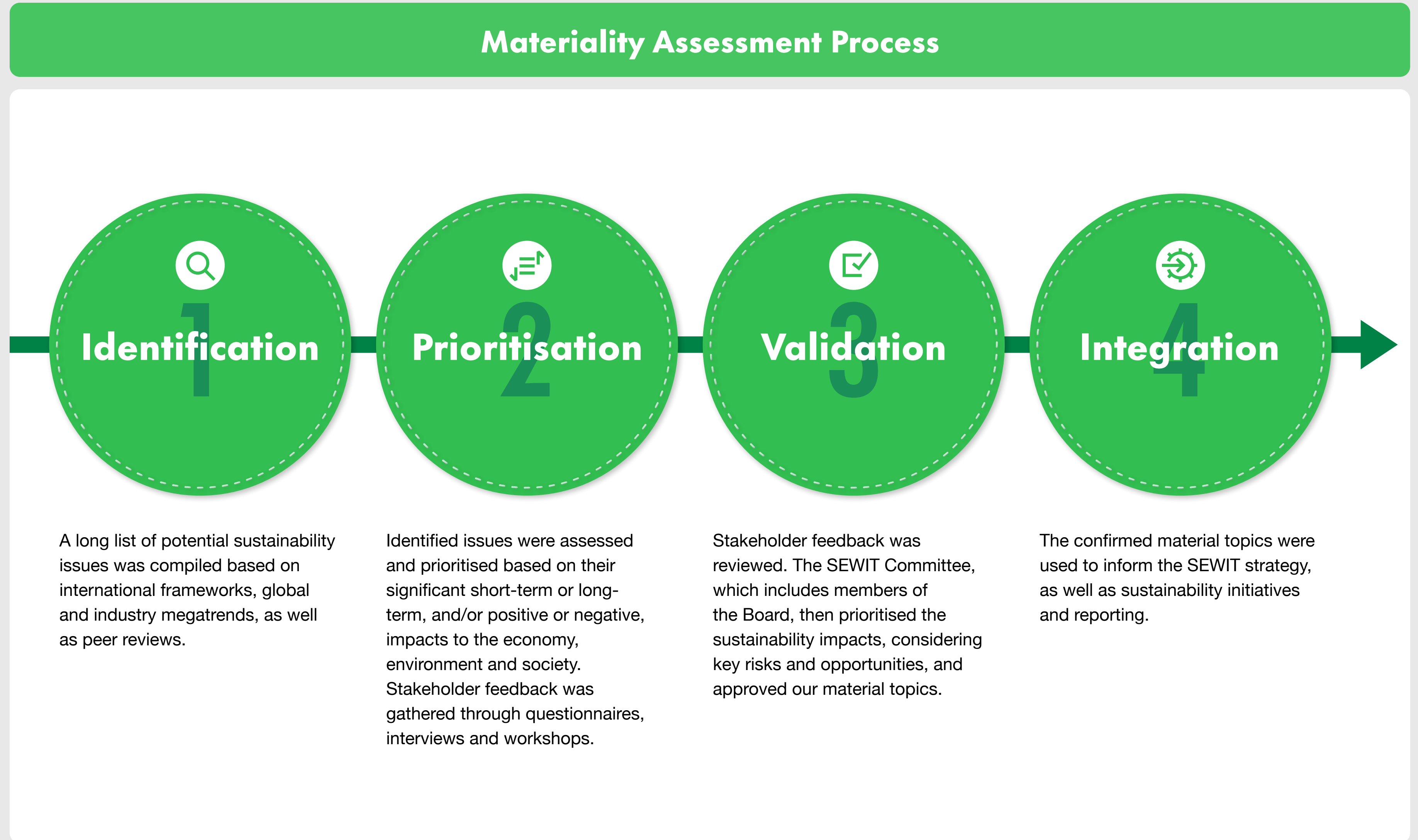
Our Materiality Assessment

By identifying the actual and potential impacts that our sustainability issues have on the economy, the environment and society from different perspectives, and assessing the significance of these impacts, we are able to determine our focus and set our strategy.

In 2022-23, we conducted a comprehensive Group materiality assessment with the support of an independent consultant.

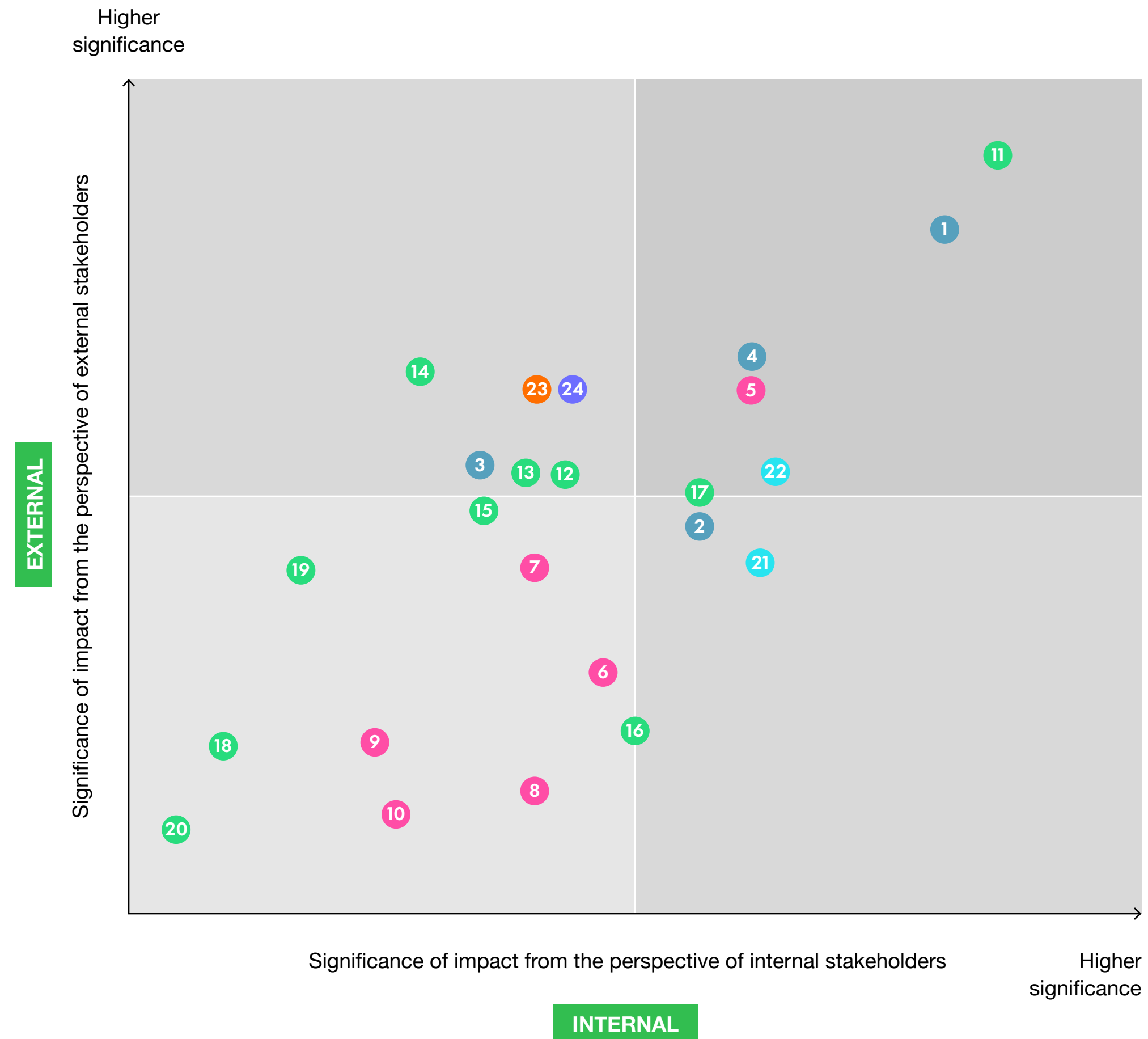
During this assessment, we were able to understand stakeholder perceptions and evolving expectations, and prioritise our most significant impacts for reporting accordingly. This was a foundational step in developing our long-term sustainability strategy.

Our step-by-step assessment, based on the updated GRI Standards for assessing materiality, is described in the table on the right.



Materiality Matrix

Illustrating the positive and negative impacts that our relevant sustainability issues have on the economy, the environment and society across our value chain.



Governance

- 1 Business Ethics
- 2 Corporate Governance
- 3 Economic Performance and Impact
- 4 Data Privacy and Security

Social Cohesion

- 5 Community Investment and Engagement
- 6 Talent Attraction and Retention
- 7 Tenant and Customer Engagement
- 8 Training and Development
- 9 Diversity and Equal Opportunity
- 10 Labour Practices and Human Rights

Environment

- 11 Green Building
- 12 Building Materials
- 13 Energy
- 14 Climate Adaptation and Resilience
- 15 Waste
- 16 Sustainable Finance and Investment
- 17 Emissions
- 18 Water Resources
- 19 Supply Chain Management
- 20 Biodiversity

Wellness

- 21 Customer Health, Safety and Wellbeing
- 22 Occupational Health, Safety and Wellbeing

Innovation

- 23 Innovation

Technology

- 24 Technology

This year, we conducted an in-depth review to reassess the relevance of the 23 material issues identified last year. This process involved multiple focus groups and interviews with key stakeholders. As a result, we updated our materiality matrix by adjusting the rankings of several issues based on both internal and external stakeholder feedback.

The issue of **Emissions** was given higher significance, reflecting the Group’s determination on implementing decarbonisation measures. In line with the growing expectations for social development, tenant engagement and the increased importance of wellbeing, the issues of **Community Investment and Engagement, Tenant and Customer Engagement, Occupational Health, Safety and Wellbeing** and **Supply Chain Management** were also given higher prioritisation than the previous year. In this reporting year, we separated the **Innovation** and **Technology** issue into two distinct material topics. This reflects our commitment to fostering an innovative mindset, embracing technological advancements within our operations and supporting innovative developments and solutions.

After consideration, we streamlined our list of 24 sustainability issues into 13 material topics that fall under our Governance and the five SEWIT pillars. These topics were reviewed and approved by the SEWIT Committee.

The results of this year’s review provided insights that allow us to continually evolve our strategic approach, effectively managing associated risks and opportunities in light of the ongoing changes to our businesses and operations.

Regular and in-depth stakeholder engagement is imperative to assessing our impacts. Looking ahead, we will be reviewing how the location-based materiality assessments we conduct, described on [p. 32](#) of this Report, can inform our corporate-level materiality assessments.

Our Material Topics

Our 24 sustainability issues are grouped into 13 material topics that fall under our Governance focus area and five pillars.

Pillar	13 Material Topics	24 Sustainability Issues
Governance	Corporate Governance	<ul style="list-style-type: none"> Business Ethics Corporate Governance Economic Performance and Impact
	Data Privacy and Security	<ul style="list-style-type: none"> Data Privacy and Security
Social Cohesion	Community Investment and Engagement	<ul style="list-style-type: none"> Community Investment and Engagement
	Tenant and Customer Empowerment	<ul style="list-style-type: none"> Tenant and Customer Engagement
	Talent Upskilling and Development	<ul style="list-style-type: none"> Talent Attraction and Retention Training and Development Diversity and Equal Opportunity Labour Practices and Human Rights
Environment	Energy Efficiency and Climate Resilience	<ul style="list-style-type: none"> Green Building Building Materials Energy Emissions Sustainable Finance and Investment Climate Adaptation and Resilience
	Resource Use, Waste Management and Biodiversity	<ul style="list-style-type: none"> Waste Water Resources Biodiversity Supply Chain Management
Wellness	Wellness for Employees	<ul style="list-style-type: none"> Occupational Health, Safety and Wellbeing
	Wellness for Customers	<ul style="list-style-type: none"> Customer Health, Safety and Wellbeing
	Wellness for Humankind	
Innovation	Innovative Products and Solutions	<ul style="list-style-type: none"> Innovation
	Entrepreneur and Intrapreneur Empowerment	
Technology	Technology and Data in Operations	<ul style="list-style-type: none"> Technology

SEWIT in Action

AIRSIDE

AIRSIDE, the Group's flagship project in Kai Tak – Hong Kong's new Central Business District, is a 47-storey mixed-use development that spans a total of 1.9 million sq. ft. The building consists of a 32-storey Grade A office and a multi-storey retail complex with an interconnected underground shopping street.

Sustainability at AIRSIDE

Since its grand opening in September 2023, AIRSIDE has implemented several sustainability initiatives, making it the first in Hong Kong to receive seven green and smart building certifications at the highest level.

Innovative Sustainable Design

AIRSIDE is Hong Kong's first commercial development to adopt the Kai Tak District Cooling System ("DCS"), saving around 800,000 kWh of electricity and offsetting 587 tonnes of carbon emissions annually.

It features Hong Kong's first Automatic Refuse Collection System, a smart bicycle parking system, the largest office building monocrystalline photovoltaic ("PV") farm, walkable PV pavement, and 850 car parking spaces equipped with electric vehicle ("EV") charging facilities.

Integrating Nature with Urban Spaces

One-third of the site is dedicated to green space, including a rooftop garden with tropical plants and native flora. Within the mall premises, the 6,000 sq. ft. Urban Farm provides over 50 varieties of fresh produce to tenants, community members and charitable organisations.

Collaborative Sustainability Efforts

Through the tenant engagement initiative "Net Positive Lease", AIRSIDE collaborates with tenants, employees and community partners on environmental and societal goals.

Various programmes mobilise sustainable lifestyles, such as an urban farm workshop, a reusable container programme and the Carbon Menu Programme.

Promoting Wellness, Art and Culture

Ongoing community programmes at AIRSIDE promote physical and mental health in collaboration with community groups and organisations. The promotion of arts and culture is also a key focus, with photographs, digital art installations and cultural exhibitions within the mall and the GATE33 Gallery.

“ We're excited to create a workplace that inspires creativity, promotes collaboration, and prioritises the well-being of our colleagues. The move of our head office into AIRSIDE provides our colleagues with an enhanced collaborative working experience, and marks a pivotal step towards a future where we can achieve our best, to 'Do Good and Do Well, with Love'.

– Steven Au, General Manager, Project Department, Nan Fung Group



Nan Fung's New Headquarters

In May 2024, the Group relocated its headquarters to AIRSIDE, marking a milestone in its sustainability journey.

This new workplace is designed to inspire creativity, foster collaboration and enhance productivity, with wellbeing as the paramount element.

Achieving High Sustainability Standards

We are pursuing platinum ratings for Office Interior WELL Certification v2.0, BEAM Plus Interior v2.0 and LEED Interior Design and Construction: Commercial Interior v4.0.

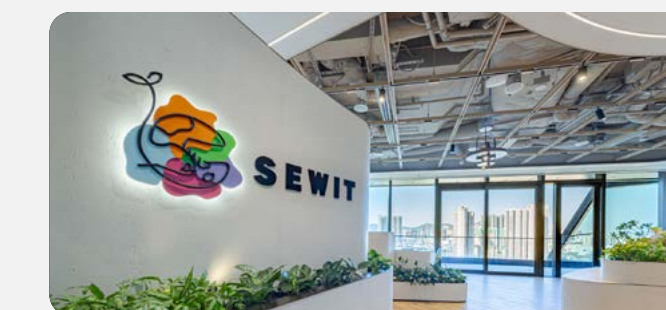


Key efforts include:

- Reducing energy consumption with occupancy sensors
- Enhancing waste management with more recycling stations
- Providing data transparency and analytics through the "Know Your Footprint" dashboard

Enhancing Creativity, Collaboration and Wellbeing

Social Hub: A dynamic space designed to promote a conducive atmosphere for socialising, exchanging ideas and fostering a sense of community.



SEWIT Hub: A sensory-enhanced space equipped with circadian lighting, relaxing music and aromatic diffusers to stimulate the senses, promote wellbeing and enhance productivity.

Workstation: An ergonomic setup featuring a height-adjustable desk and the ability to set customised reminders for breaks or posture adjustments to promote a healthy work routine.



SEWIT in Action

SPORTS DATE



AIRSIDE Sports Date Playground

Inspired by the concept of a Resilient City, the In Time Of (“ITO”) programme is the Group’s community initiative that connects people from all walks of life through social partnerships in sustainability, social design and the cultural industry.

Every year, ITO hosts a series of programmes and workshops on a specific theme to address various social issues.

In 2023-24, the theme is “Sports Date”, as we believe sports are more than just physical exercise – they promote mental wellbeing, community bonding, and inclusivity for individuals with different abilities. The year-round events at our major properties combine sports, creativity, art, mental health initiatives and community building.

Collaborating with various organisations, NGOs and schools, these events engage the community, tenants, and our colleagues, forming a thriving ecosystem.



Sports Date

ITO transformed the AIRSIDE Atrium into an indoor activity space with four interactive sports games focusing on waste sorting, waste reduction and understanding disabilities. The games engaged over 2,700 participants in a fun and active way.

Additionally, we offered an exclusive waste management training session, integrating classroom training with active sports, for over 70 tenants and their employees from our Net Positive Lease community.



Sport’s Break

ITO promoted the Sports Date theme internally to enhance employees’ physical and mental wellbeing.

We also organised yoga classes, singing bowl workshops and stretching sessions to create a healthy work environment.

The Group Wellness Survey showed a 21% increase in employees’ awareness of the benefits of regular exercise after participating in these activities.



Health Balance Team

In June 2023, ITO launched the “Health Balance Team” at TKO Plaza to empower the elderly community by helping them gain new knowledge and enabling them to help others.

We organised a posture training course for the elderly, focusing on correct postures for walking and exercising. Participants could join a “posture coaching class” to become “posture coaches”. After three months of training, they demonstrated their skills by teaching stretching techniques and correcting postures for our colleagues.

SEWIT in Action

SPORTS DATE



Walk and Talk

When experiencing emotional fluctuations or mental distress, it is common to feel self-doubt.

In February 2024, ITO partnered with Talking Mental for several sessions of “Walk and Talk”, where mental health experts guided participants on a walk, offering insights into enhancing emotional resilience while promoting physical exercise.



Jersey Making Workshop

In sports, a jersey is more than just fabric and design. It reflects the ethos, character and identity of the team and group it stands for.

ITO partnered with ATACAR, a jersey production company, to co-organise workshops with community members to explore shared identity and community traits. Young players from Sham Shui Po Sports Association Ltd (SSPFC) also participated, creating and proudly wearing their own handmade jerseys.



Good Date Map

Community engagement has always been a key focus for the Group. In November 2023, ITO collaborated with local communities and seven NGOs to create a series of city maps addressing different social needs.

Through workshops and community walks, participants gathered everyday experiences and explored the community from different perspectives. The themed maps, each covering topics like “the elderly and their caregivers”, “community insects” serve as both navigational tools and means to connect the community.

Check out the maps here: <https://www.intimeof.com/en/articles/good-date-map>

Impact Data:

Collaborated with

30+

community groups, including Talking Mental, MindHK, Make a Difference Institute (MaD) and more, to organise an array of programmes for

3,000+

individuals

85%

of visitors from Sports Date reported an increase in awareness of the low recycling rate in Hong Kong

94%

of carbon emissions were avoided by using eco-friendly and recyclable materials for the event setup, as well as reusing furniture for future events



SEWIT in Action

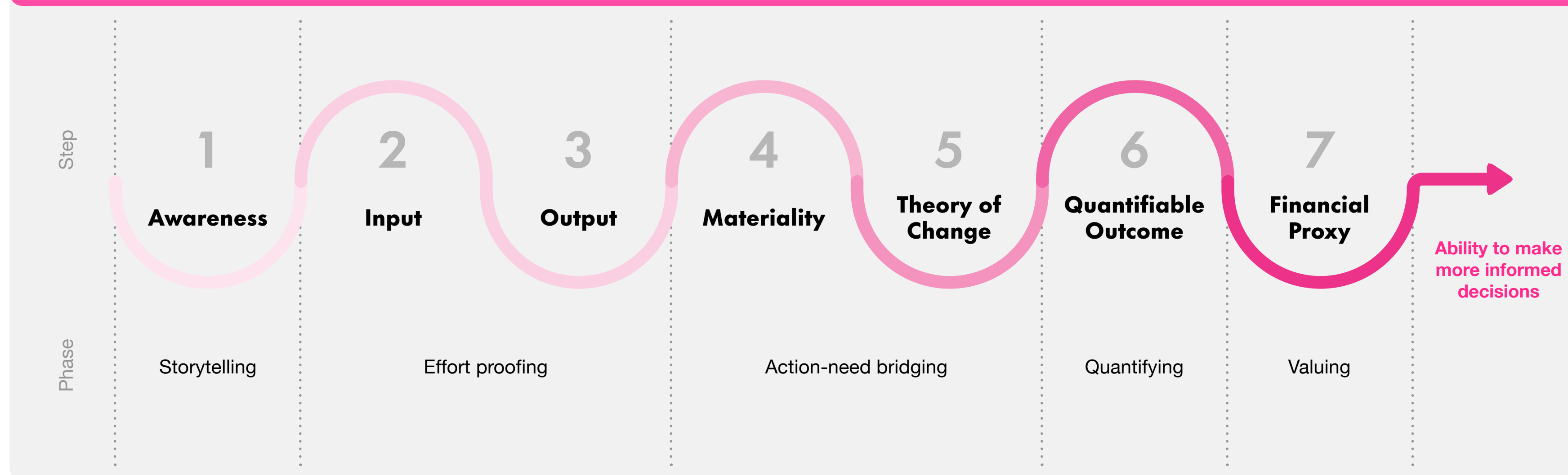
SEVEN STEPS TO SEWITISE

Applying Management Theory and Mindsets to Create Long-Lasting Impact

Impact comes in many forms with different value propositions to stakeholders. At Nan Fung, we believe that the first step of community investment is to ask, “How do we define impactful success?”

Impact Measurement and Management Toolkit:

How would you define an impactful success?



To define and measure the “success” of a broad range of social initiatives, as well as those created by our partners, suppliers, and tenants, we developed the “Seven Steps to SEWITise” toolkit.

The “Seven Steps” categorises respective measurement and outcome evaluation methodologies that are commonly adopted in the industry. This provides a transparent and objective basis to understand, evaluate and optimise the effectiveness of our community investments by assessing outcome over output. The toolkit enables ongoing improvement and the adoption of impact measurement best practices, and aims to refine success in meeting social needs.

This step is crucial for Nan Fung to

“Care for impact as well as we care for profit”

treating impact as part of our product and service, and applying a high level of management and measurement efforts for long-term success.

Looking ahead, our ambition is to apply the “Seven Steps to SEWITise” toolkit across a greater footprint in our portfolio, from community programmes and corporate partnerships to tenant engagement and supply chain procurement. This will ensure community endeavours are well positioned to address stakeholder interests and consistently deliver long-term beneficial impact.

⁹ Outcomes are defined as the changes resulting from an activity. The main types of change from the perspective of stakeholders are unintended (unexpected) and intended (expected), positive and negative change.

¹⁰ Outputs are defined as the activities in relationship to each stakeholder's inputs, in quantitative terms.



GOVERNANCE

- Material Topics:**
- Corporate Governance
 - Data Privacy and Cybersecurity

Material Topic:

CORPORATE GOVERNANCE

Why It Matters to Us

A culture of integrity is essential to Nan Fung's business as it ensures transparent, accountable and ethical decision-making processes that build trust with our stakeholders. Robust governance frameworks help mitigate risks, enhance operational efficiency and promote long-term sustainability by aligning our strategies with our core values and regulatory requirements.

Furthermore, strong corporate governance supports continuous improvement and innovation, propelling us towards our strategic objectives and sustaining a competitive edge in the industry.

How We are Managing It

Our governance systems are founded on the values of integrity, transparency and accountability. We strive to adhere to the highest standards of business ethics by implementing effective systems and cultivating a strong organisational culture. Our goal is to achieve long-term prosperity not only for Nan Fung but also for our stakeholders. We ensure our impact on society, the environment and the wider economy is well-managed and in alignment with our core values.

Governance Structure

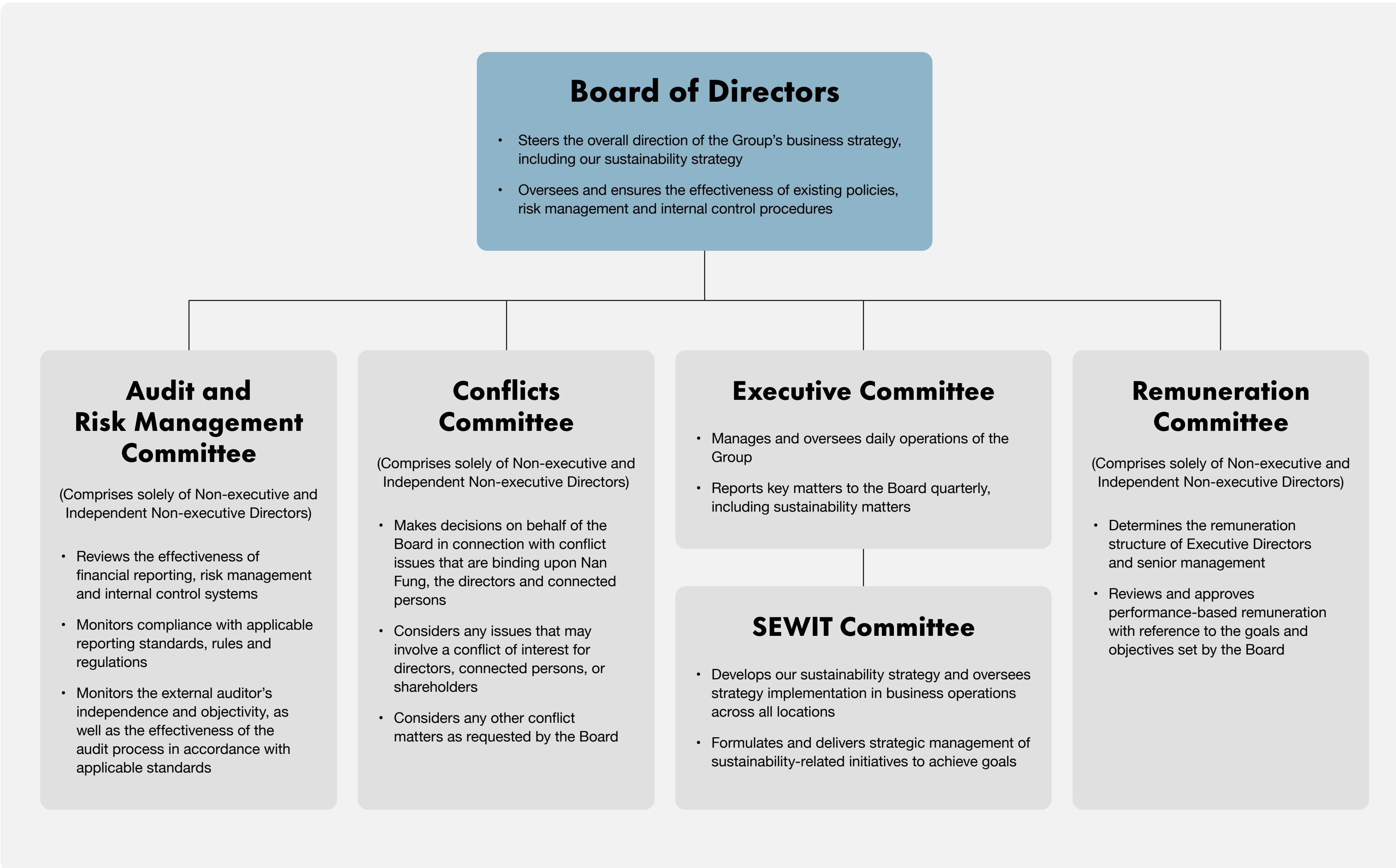
The Board of Directors (the "Board") of Nan Fung Group Holdings Limited ("NFGH") is our highest governance body, responsible for our overall strategy and the development of the business. This responsibility encompasses the management of the Group's sustainability strategy. The Board oversees and ensures the effectiveness of existing policies, risk management and internal control procedures. To aid these efforts, senior management and committees provide the Board with regular updates on critical concerns and operational initiatives.

Our Board is led by our Chairman and comprises the Chief Executive Officer and other senior management personnel of the Group. Currently, the Board consists of twelve directors, including eight Executive Directors, one Non-executive Director and three Independent Non-executive Directors. This ensures the decision-making processes of the Board involve individuals with diverse expertise.

As per NFGH's Articles of Association, in lieu of a formal Nominations Committee, shareholders or directors elect directors to the Board by resolution. Directors are chosen with the aim of including individuals of different ages, genders, expertise and experiences to promote diversity of thought.

Board-level committees are responsible for making key business decisions and managing daily operations. Details on the role of each committee are provided in the following diagram.

The Board and its committees oversee and ensure the effectiveness of policies, risk management and internal control procedures.



Board-level committee are recommended and approved by the Board. Committee and sub-committee appointments are required to be approved by the Board. The Board is responsible for decision-making on, and management of, the organisation’s impacts on the environment, economy and wider communities.

To maintain the highest standards of governance, the Conflicts Committee is responsible for ensuring any proposed transactions that may involve the personal interests of directors from the Board are reviewed prior to entry into any contracts. In case any other conflicts are found, the Group has an internal mechanism to address these on a case-by-case basis.

Board directors are key members of various committees. Sub-committees with members who also serve as directors of the Board include:

- China Property Development and Investment Committee
- Finance and Investment Committee
- Group Support, Operations and General Administration Committee
- Hong Kong Property Development and Investment Committee
- International Property Development and Investment Committee
- Life Sciences Committee
- SEWIT Committee

Risk Management

Our risk management approach is both integrated and holistic, combining a top-down strategic view with a bottom-up operational risk assessment conducted by each business owner. This proactive stance ensures the identification and assessment of all significant risks, including those related to sustainability and climate change, by evaluating their potential impacts and likelihood of occurrence to enhance our resilience. We manage these within our risk appetite by implementing suitable control systems and countermeasures.

The Board holds the ultimate responsibility for evaluating and determining the nature and extent of risks acceptable in achieving the Group's strategic objectives. It also ensures that the Group establishes and maintains appropriate and effective risk management systems. The Audit and Risk Management Committee, authorised by the Board, oversees these internal control systems.

Led by the Board, the Group utilises a Three Lines of Defence Model. The Board engages in regular reviews and discussions around material operational risks. Additionally, the specific departments or functions, as risk owners, are tasked with identifying their own risks and are responsible for the design, implementation and monitoring of relevant control systems. The Group Internal Audit Department provides independent and objective assurance, along with advice on the adequacy and effectiveness of our governance, risk management and internal control systems. This includes reviewing and evaluating the design and implementation of the risk management framework, and our risk management and internal control processes.



SEWIT Committee

Sustainability Governance

In 2022, the Board established the SEWIT Committee to oversee and manage sustainability-related matters, aligning with the company's sustainability commitments.

Chaired by the Group Managing Director, the committee includes key members from both the Executive Committee and the Board. The SEWIT Committee, responsible for the Group's sustainability strategy, focuses specifically on the implementation of environmental, social and governance ("ESG") matters in operations across Hong Kong, Mainland China and overseas. The committee reports to the Executive Committee of NFGH, which in turn provides annual report to the Board with updates on key sustainability-related matters.

The SEWIT Committee steers our sustainability agenda, which includes managing policies and procedures, employee-level SEWIT objectives and key results ("OKRs"), our climate risk strategy, Net Zero goals and SBTi commitments, sustainable finance initiatives and sustainability-related reporting. The committee is responsible for reviewing and approving the Group's SEWIT report including our material topics. The SEWIT Committee held its inaugural meeting in 2022. Meeting six times in 2023, going forward it plans to hold regular meetings quarterly in 2024 to discuss sustainability-related topics. The meetings aim to keep committee members abreast of the latest development trends and ensure sustainability risks and opportunities that are material to Nan Fung are properly addressed.

We are committed to promoting sustainability and driving positive impact across our operations. To achieve this, our board members and SEWIT Committee members regularly attend sustainability-related training to stay up to date on emerging trends and best practices.

Sustainability-related Policies

The Group employs approximately 3,043 individuals and conducts business with approximately 7,491 suppliers. Our activities also have an impact on tenants and customers along with communities across Hong Kong, Mainland China, the UK and the US. To this end, we endeavour to uphold responsible conduct that goes beyond simply meeting regulatory requirements. We believe in prioritising environmental protection and community investment, as we strengthen our economic performance to create long-term value for our business, supply chain and the communities where we operate.

Our policies guide our operations and reflect our unwavering commitment to responsible practices. We regularly review and update these policies in response to the Board's evaluation of significant risks, to ensure the policies remain relevant and aligned with our evolving approach as we strive to create opportunities and make a positive impact.

In the reporting year, four new sustainability-related policies have been established, including the Environmental Policy and Climate Change Policy which were approved by the SEWIT Committee; and the Sustainable Procurement Policy and Human Rights Policy which were approved by respective department heads. Our Health and Safety Policy was also revised this year. Each of these policies articulates the key principles and values of the Group.

A list of the Group's ESG-related policies and procedures is included below:

- Climate Change Policy (New in 2023-24)
- Environmental Policy (New in 2023-24)
- Human Rights Policy (New in 2023-24)
- Sustainable Procurement Policy (New in 2023-24)
- Health and Safety Policy (Revised in 2023-24)
- Competition Law Compliance Policy
- Employee Code of Conduct
- Guidelines on Handling Potential Conflicts of Interest
- Information Security Policy
- Personal Data Privacy Policy
- Policy and Procedures on Anti-Money Laundering and Counter-Terrorist Financing
- Whistleblowing Policy

All policies apply to the Group across all our business activities and relationships with stakeholders. We communicate the policies internally through newsletters and our intranet and share them with relevant stakeholders as needed.

Business Ethics

Our ethics and integrity standards must be met by all employees and are outlined in our Employee Code of Conduct (the “Code”) and related policies. Employees at all levels are expected to uphold the Group’s core values and conduct business in an ethical manner. All new joiners are trained on our Code and are required to sign it to acknowledge their acceptance. More detail about the training provided on our ethical standards is included below.

Our recently implemented Sustainable Procurement Policy sets out similar expectations for our supply chain. The policy encourages ethical sourcing, sustainable consumption of products and services and supplier selection and management against a stringent set of environmental, social and governance requirements. A code of conduct for partners and suppliers is planned to be completed in the near future.

Anti-corruption and Fair Competition

We take a zero-tolerance approach to bribery, fraud and corruption. The Employee Code of Conduct, which covers all businesses within the Group, sets out our expectations in this regard and employees are expected to comply with the relevant guidelines at all times. Our Employee Handbook, Staff Co-investing Policy and Guidelines on Handling Potential Conflicts of Interest require employees to avoid any activity that creates a conflict between personal interests and the Group’s business interests. There is a process in place for employees to disclose any personal interests that may conflict with their responsibilities at the Group. In the reporting year, no significant risks related to corruption were identified.

The Group is steadfast in its commitment to adhere to all applicable local and international laws and regulations, specifically those concerning the prevention of money laundering, terrorist financing and proliferation financing. To ensure compliance, we have implemented robust policies and procedures addressing these areas. The policies are mandatory for all directors, officers, employees and agents of the Group.

During the reporting period, there were no reported cases related to breaches of anti-corruption or anti-competitive practices.

Communication and Training

To ensure our employees are well versed in our policies and procedures with regards to ethics, mandatory training on our Code, which includes whistleblowing, and other topics, is organised for new joiners.

In 2023, we updated our anti-corruption training as part of the annual refresher training provided to all our employees, including Executive Directors on our Board.

Whistleblowing

Nan Fung is committed to fostering an environment where employees feel empowered to report potential misconduct, malpractice or irregularities. Our Whistleblowing Policy, which is part of our Code, provides confidential channels for employees to report issues such as fraud, corruption, legal breaches, financial malpractice, internal control issues, bullying or harassment, with protections to assure them of no reprisals for doing so.

Upon receiving a report, the Group’s Internal Audit Department conducts a preliminary assessment. Following this, a dedicated committee is appointed for an official investigation, ensuring thorough and impartial inquiry into the concerns raised. In the reporting year, there were no reports of misconduct recorded.



Material Topic:

DATA PRIVACY AND CYBERSECURITY

Why It Matters to Us

We uphold strict security practices regarding customer data and adopt best practices for managing information security across our operations.

Implementing stringent security measures not only mitigates risks associated with cyber threats but also aligns with global regulatory standards, thereby enhancing our operational resilience and competitive advantage.

By prioritising data security, Nan Fung demonstrates our commitment to ethical business practices and the wellbeing of our stakeholders, reinforcing our position as a responsible and forward-thinking leader in the industry.

How We are Managing It

We aim to achieve zero data breaches – during the reporting period, there were no incidents of data breaches reported, including no substantiated complaints concerning leaks, theft or loss of customer data.

We reference the guidelines stipulated by the Office of the Privacy Commissioner for Personal Data (PCPD), the statutory body enforcing the Personal Data (Privacy) Ordinance of Hong Kong, in our systems to specify practices for the proper management of data collection and its protection. The information we obtain during our daily operations is safeguarded by procedures outlined in our Information Security Policy to maintain the integrity of all assets.



The Building Information Modelling displays data sets through a cloud-based and centralised management console

To strengthen our internal electronic data practices, the Group has deployed a data classification system that complies with legal, regulatory and business requirements. As a first step, analysis is conducted by the data user; following this, the information assets are classified into different sensitivity categories. This classification practice governs the communication of information throughout the Group, assisting employees in ensuring that confidential or sensitive information is not disclosed to inappropriate parties.

Security Checks and Training

We perform annual Information Technology (“IT”) audits on selected applications, such as our Membership Programme app, NF Touch, and rigorously conduct cybersecurity checks on all new public-facing applications before their launch, to maintain their security and stability.

To uphold transparency in data collection, our Personal Information Collection Statement and Terms and Conditions are readily accessible to users. We protect sensitive data through encryption and adhere to best practices like restricted network access and regular security patching management for enhanced security.

Recognising phishing as a prevalent cyberattack resulting in data breaches, we regularly conduct phishing tests to educate our employees. Following these tests, our IT Department analyses the results and collaborates with relevant departments to identify and address areas for improvement, thereby also bolstering overall cybersecurity awareness.

At Nan Fung, we believe in the power of unity and collaboration for building a prosperous society. Our initiatives are curated to benefit not only our immediate network but also our broader society, helping create positive and lasting impact.

Through these actions, we aim to enhance the wellbeing of our employees, tenants and partners, contributing to the overall resilience and sustainability of our communities.

Material Topics:

- Community Investment and Engagement
- Tenant and Customer Empowerment
- Talent Upskilling and Development



SOCIAL COHESION

The sports carnival "Sports Date" featured sports games that focus on waste management and promote inclusion



The “Walk & Talk” programme brought together mental health experts who shared insights on mental health and wellness with participants

HIGHLIGHTS

MATERIALITY ASSESSMENT

Conducted

5 location-based materiality assessments

at each of our five major properties across Hong Kong

SOCIAL VALUE

Generated or facilitated a total social value of

HK\$24.3 million

in 2023-24 in Hong Kong
verified by a third-party professor from
The Chinese University of Hong Kong

£939,000+

in 2022-24 in London
verified by an independent consultancy
Social Value Portal

TRAINING HOURS

Delivered a total of

78,789 training hours

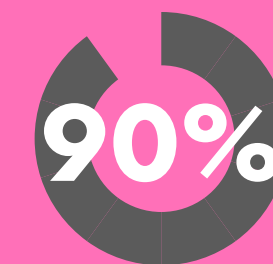
for employees – average of 26 hours per employee

SEWIT TARGETS



of department heads

incorporated at least one SEWIT-related key result into their work plans



of colleagues¹¹

GOALS, TARGETS OR COMMITMENTS

We set a new Group training target
of providing at least

20 training hours

per employee annually

CHALLENGES

- Fostering an impact mindset within internal business units and partners takes time. In markets like Hong Kong, where publicly available social value banks and financial proxy libraries are not readily available, quantifying the impact of social outcomes can be challenging

LOOKING AHEAD

- We will regularly conduct location-based materiality assessments using our “Seven Steps to SEWITise” tool to address stakeholder interests. We will continue utilising impact learnings to build our social value bank and improve our strategy to increase social value along the value chain
- To encourage employees to set SEWIT-related key results that align with our priorities, we will continue to incorporate SEWIT targets in our performance evaluation process

¹¹ Assistant manager grade or above.

Material Topic:

COMMUNITY INVESTMENT AND ENGAGEMENT

Why It Matters to Us

Through our ongoing community investment, Nan Fung demonstrates our commitment to social progress, which not only improves the quality of life for community members but also strengthens our licence to operate. This proactive approach can lead to a more supportive and resilient community, which is beneficial for long-term business stability and success.

Furthermore, understanding and addressing community needs ensures that our development projects are well-received and integrated, thereby fostering a sense of ownership and belonging amongst local stakeholders.

**How We are Managing It**

Nan Fung leverages our business expertise to ensure our actions contribute meaningfully to community wellbeing and align with local priorities.

Through a strategic approach to stakeholder engagement, we understand local challenges, tailor programmes to address them, and rigorously assess the outcomes of our interventions. This enables us to effectively measure our efforts and channel resources to where they can generate the greatest impact.

Our Approach**An Impact-driven Mindset for Long-term Benefits**

We believe the fundamental step to curating impact-driven social programmes is through regular and in-depth stakeholder engagement.

During the engagement stage, we collect data on demographics, potential community partners and social issues from local communities. This information guides our use of the Theory of Change (ToC) framework to design our Group's social impact strategy and articulate how our programmes can be designed to achieve long-term and enduring behavioural shifts that are measurable.

The ToC framework provides a comprehensive methodology for planning, implementation, adaptive management and evaluation to drive social change.

Our community engagement team and impact partners then craft tailored creative solutions to meet local needs, drawing on community networks. This forms the basis of our In Time Of (ITO) community programme, described in detail below, that connects people from all walks of life through social partnerships.

Our Location-based Materiality Assessment Process

1 Engaging Stakeholders through our Location-based Materiality Assessment








This year, we extended the scope of our location-based materiality assessments to cover five districts in Hong Kong where our major assets are located.

This exercise was aimed at engaging with key stakeholders, including students, teachers, office workers, private and public housing residents, NGOs, community partners and district councils within each local community to better understand their social needs, priorities and communal expectations. The five assessment sites included Kai Tak, Tsuen Wan, Central and Sheung Wan, Tseung Kwan O and Lohas Park, covering a total population of over 377,000.

2 Identifying Priorities and Material Social Issues

This location-based materiality assessment, conducted by an independent consultant, enabled us to identify a list of priority social issues for each of our properties in these districts. The findings were consolidated from 35 focus group sessions and over 2,400 survey responses.

7 key social issues identified through location-based materiality assessment

 Mental health	 Local culture and product promotion	 Social inclusion	 Empowerment of elders
 Sustainable production and consumption	 Accessibility	 Family and children	

3 Curating Social Programmes in line with Material Social Issues

The insights were shared with our NPL tenants, NGOs and impact and corporate partners to inform our social initiatives for the year, thereby driving real and lasting place-based impact.

Featured programmes

By social issue	Property	Programme name
Mental health	The Mills	<ul style="list-style-type: none"> Friday Getaway Wellness Workshop Series Yan Pat To: The Sparkling and Swaying Snow
Local culture and product promotion Social Inclusion	The Mills	<ul style="list-style-type: none"> The Weaving Wall
Empowerment of elders	AIRSIDE The Mills TKO Plaza	<ul style="list-style-type: none"> Grandma Yung Tuesday Sewing Factory TKO Retirees Empowerment Programme Rooftop Farming Assistant Programme
Sustainable production and consumption	AIRSIDE The Mills	<ul style="list-style-type: none"> In Time of Fair Sports Date Seed to Textile
Accessibility	The Mills	<ul style="list-style-type: none"> CHAT Culture & Accessibility Programmes Accessibility Group Tours
Family and children	The Mills	<ul style="list-style-type: none"> School Workshops by Yuki Kobayashi

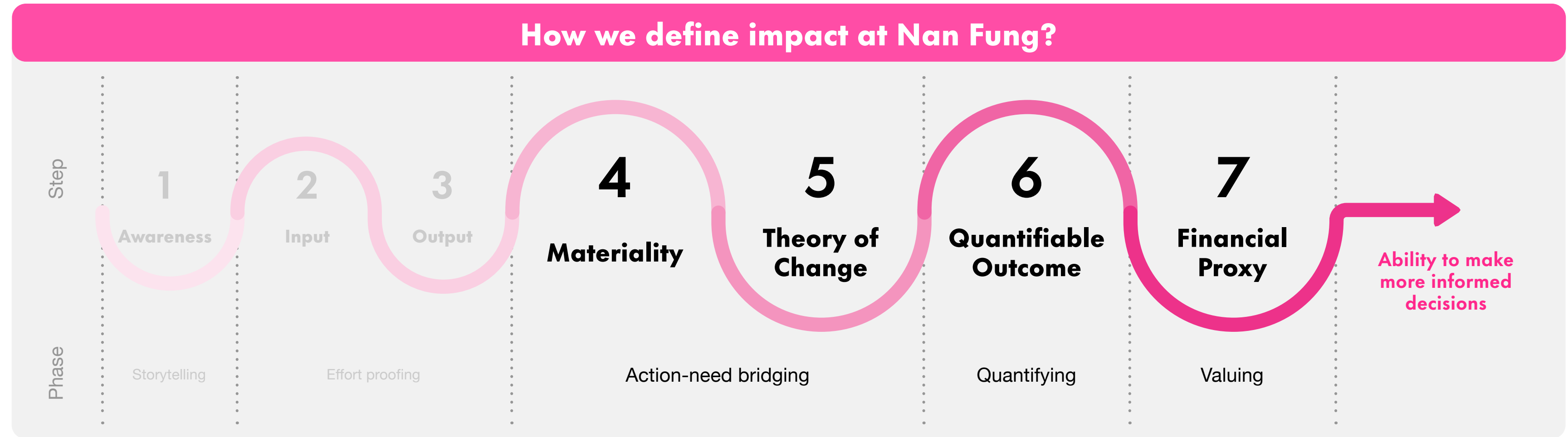
Measuring our Impact

The final stage of our impact-driven approach focuses on measurement.

To evaluate progress in a quantifiable way, we developed the “Seven Steps to SEWITise” strategy as part of Nan Fung’s impact measurement and management.

The steps within this strategy are referenced from various global impact measurement methodologies for capturing and reporting social value.

Seven Steps to SEWITise Impact Measurement and Management Toolkit:



The pilot run this year provided learnings for refining our ongoing strategy for community investment, enabling us to assess the effectiveness of our various community engagement methods.

Steps 4 to 6

This strategy was piloted with 20 community initiatives, covering the steps of materiality, ToC and quantifiable outcomes (steps 4 to 6). The focus was on assessing outcomes to encourage improvement and the adoption of best practices, aiming to redefine success in meeting social needs.

Steps 7

We also attempted to evaluate the effectiveness of our community investment by looking into financial proxies to monetise impact (step 7) for some cases, to derive insights that would inform investment decisions in building more resilient communities.

In the reporting period, Nan Fung Group generated or facilitated:

HK\$24.3 million
worth of social value

The data and measurement were verified by a third-party professor from The Chinese University of Hong Kong

Going forward, our ambition is to routinely undertake location-based materiality assessments and deploying the “Seven Steps to SEWITise” framework across our portfolio. The findings from this approach will be incorporated into the advisory services we offer to our tenants, who will also be able to amplify their impact.

In the future, we will explore applying this approach beyond community programmes to other initiatives implemented under the SEWIT framework.

In addition to “Seven Steps to SEWITise”, we are open to learning new methodologies and encourage teams across the Group to try different ways of measuring impact to attain optimal results.

Community Initiatives

In Time Of (“ITO”)

ITO Programmes



ITO programmes aim to foster social empowerment and improve resource efficiency to strengthen community resilience.

We form strategic alliances and cultivate relationships with local community stakeholders, including NGOs, social enterprises and community designers, to develop programmes that uniquely reflect local culture and identity.

This approach amplifies social wellbeing and promotes inclusive growth. For more information on ITO, please visit [our website](#).

Target outcome

To achieve improved awareness of their own mental wellbeing and adopt new ways to release negative energy

Social Issue



Mental health

Friday Getaway Wellness Workshop Series

📍 The Mills, Tsuen Wan

Since September 2023, we have been conducting workshops aimed at enhancing participants' awareness of their mental wellbeing and introducing new ways to release negative energy.

Held at The Store in Time at The Mills, the workshops provide a sanctuary for adults in the city to explore stress-relief techniques after a busy week of work. Facilitated by our community artists, the workshops feature a variety of activities, including monoprinting on environmentally responsible tote bags, work buddy embroidery and sewing, mindful eating, applied theatre role play therapy, expressive art therapy and 'My Lyric Picture' expressive arts.

Yan Pat To: The Sparkling and Swaying Snow

📍 The Mills, Tsuen Wan

Co-produced by ITO and Reframe Theatre in 2023, and written and directed by Yan Pat To, The Sparkling and Swaying Snow combines text, video, music and food to provide an immersive interactive experience.

Presented as a self-guided walk-through experience at The Mills, it propels community members to **discover ways to understand and immerse themselves in city life**.

Target outcome

To feel a deeper sense of belonging through community art making and by supporting local artists and farmers

Social Issue



Local culture and product promotion

The Weaving Wall

📍 The Mills, Tsuen Wan

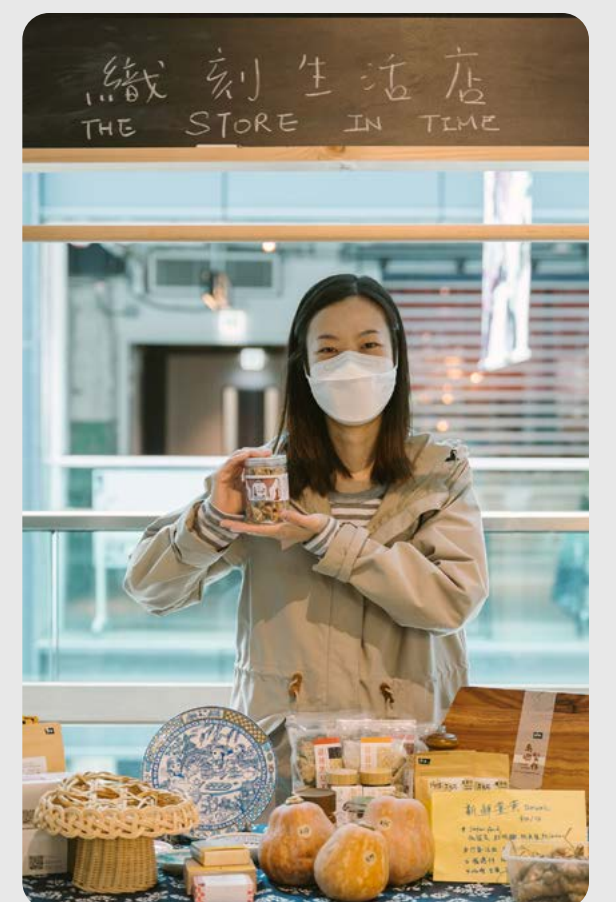


Over 100 community members, including former textile factory workers, were invited to share their personal memories of Tsuen Wan. Working with local artists from Breakthrough Art Studio, their stories were woven and embroidered onto a life-size canvas forming a new public art installation at The Mills rooftop. The project instilled an **enhanced sense of belonging through collaborative art, while also benefitting local artists**.

In Time of Fair

📍 The Mills, Tsuen Wan

In 2023, The Mills hosted a fair supporting local farmers and craftsmen, offering Sharing Kitchen and 50 other local businesses a platform to sell their locally sourced vegetables, fruits and handmade goods. In a move to assist local farms impacted by extreme weather, we waived the participation fees for all farmers in October 2023.



ITO Programmes

Target outcome

To improve the employment prospects of senior citizens

Social Issue



Empowerment of elders

“ I find immense joy in using my tailoring skills to make a difference in people’s lives and give garments a second chance. Witnessing the beautiful smiles on their faces warms my heart and reaffirms the meaningful impact we can create through our efforts. ”

– Grandma Yung, Tutor, Tuesday Sewing Factory

Grandma Yung Tuesday Sewing Factory

📍 The Mills, Tsuen Wan

During the golden era of Hong Kong’s garment industry, Grandma Yung mastered her sewing skills. The Mills, through ITO, offered her a free space to exhibit her expertise.

In this studio, she not only crafted her unique creations but also provided alteration services and imparted her knowledge of sewing to visitors.



TKO Retirees Empowerment Programme

📍 TKO Plaza, Tseung Kwan O

ITO organised a series of training workshops aimed at empowering active senior citizens with professional stretching techniques, training them to become coaching assistants, and providing them opportunities to collaborate with office workers. Hosted at TKO Plaza, this initiative improved the employability of retirees and helped them enhance their own physical wellbeing.

Sports Date

📍 AIRSIDE, Kai Tak

Our “Sports Date” events, held between January to June 2024 at our AIRSIDE property, aimed to educate participants about more sustainable living and recycling valuable materials through games.

As part of the programme, we introduced four specially designed games including blindfolded frisbee, football, lacrosse and wheelchair basketball. These activities were specifically designed to not only engage participants in fun and active ways, but also to raise awareness about the experiences of individuals with disabilities.

Target outcome

To increase public awareness about recycling while promoting inclusion

Social Issue



Waste management



Social inclusion



“ Sports have always been more than just physical exercise. Mental wellbeing, community bonding, care for individuals with different abilities and more are topics we want to remind people of through “Sports Date.” Embrace change, and become a better version of yourself. ”

– Him Lo, Chief Curator, SEWIT Department, Nan Fung Group

CHAT Programmes



We curate programmes and exhibitions through CHAT, a community museum located within The Mills, to share art, culture and heritage related to our textile origins. CHAT regularly organises learning tours for students and the public, showcasing machines and archival materials, valuable artefacts and replicas, as well as ground-breaking technology and inventions from Hong Kong's manufacturing heyday.

The exhibitions are carefully crafted in accordance with the Accessible Design Guideline to provide the best experience possible to visitors with varying needs. Numerous barrier-free facilities, including entrances and exits, passages, automatic doors, lifts, tactile guide paths and tactile floor plans are installed to provide convenience to persons with mobility impairment. There are also guided tours available for CHAT's permanent exhibition *Welcome to the Spinning Factory!* and its seasonal exhibitions, with tactile experiences, audio description, and sign language interpretation offered for booking.

Target outcome

To improve knowledge about sustainable materials

Social Issue



Local culture and product promotion

Seed to Textile

The Mills, Tsuen Wan

CHAT's flagship Seed to Textile programme, ongoing since 2019, works with local artists, farming experts and community enthusiasts to experiment with locally grown pigments and yarns in a collaborative art-making process.

In 2023, CHAT invited three local artists to host a series of planting and art workshops with three local community schools. The workshops were designed to **promote environmental protection and community-building through art and textile-making to the younger generation** in Hong Kong.

From February to October 2023, CHAT and the artists led the students in a series of in-school workshops where they learned to create natural-dyed garments and indigo-dyed wooden carts. The student's final art pieces were shared with a wider audience at the CHAT Winter Exhibition 2023. In all, 56 school-related workshops and visits were conducted. In addition, and during the exhibition, three public workshops led by artists were delivered to 25 participants.



CHAT Programmes

Target outcome

To provide inclusive activities accessible to participants of varying abilities

Social Issue



Social inclusion

Accessibility Group Tours

The Mills, Tsuen Wan

Collaborating alongside Arts with the Disabled Association Hong Kong, CHAT enhanced accessibility by offering sign language interpretation for our hearing impaired audience and engaging a professional consultancy to refine our audio description service for our visually impaired audience.

These services were made available to visitors participating in tours that shared insights into the history and heritage of the Hong Kong textile industry. The visitor demographic included individuals with hearing and visual impairments, students from special schools and the elderly.

By providing activities that catered to a wide range of sensory experiences, CHAT successfully conducted **inclusive tours that welcomed participants of all ages and varying physical and mental abilities**. The group tours, which ran from July to December 2023, hosted a total of 108 participants.

School Workshops by Yuki Kobayashi

The Mills, Tsuen Wan

Japanese artist Yuki Kobayashi, CHAT's 2023 Artist-in-Residence, led school workshops that provided art education for students from the Ebenezer School & Home for the Visually Impaired in Hong Kong.

The workshops held from November to December 2023 involved multisensory interaction using tactile textile-based artwork, clay and sound. **Teachers were inspired by the innovative format and content of the workshops.**

The outcome of the workshops and documentation of the process was exhibited at the CHAT 2024 Spring Programme from March to July 2024.

Other Programmes

Target outcome

To improve the employment prospects of senior citizen

Social Issue



Empowerment of elders



Social inclusion

AIRSIDE Senior Docent Programme

AIRSIDE, Kai Tak

We partnered with a local social enterprise, The Jade Club, to offer docent training to retirees, equipping them with presentation skills. This programme aimed to **empower retirees and advocate for the employment of seniors**. Programme graduates were given part-time job opportunities at AIRSIDE as tour guides to assist with our building tours. During the reporting period, 32 retirees benefited from this programme.



AIRSIDE Farming Assistant Programme

AIRSIDE, Kai Tak

The Rooftop Farming Assistant Programme was designed to equip elderly citizens with farming skills and advocate for senior employment. The programme, conducted in partnership with Mindfield, an organisation dedicated to **promoting regenerative farming and circularity**, trained participants to work as part-time farming assistants at AIRSIDE. Twelve seniors were empowered through ten sessions of training and employed in the reporting year.



“ I never thought I'd be a farmer at my age. AIRSIDE Farming has taught me so much, and I'm proud to be part of something that's good for the earth and our community. I may not be an expert, but I'm learning every day, and I'm excited to share what I know. ”

– May Lau, Senior Participant, AIRSIDE Farming Assistant Programme

Our UK Portfolio – Endurance Land’s Social Value Strategy



£939,000+

worth of social value delivered or facilitated by Endurance Land in 2022-24 through local procurement, employment and community programmes in London, verified by Social Value Portal



Regent Quarter, King's Cross, London

CASE STUDY

Social Issue



Local procurement



Employment

Consistent with our location-based micro-materiality assessment approach in Hong Kong, Endurance Land, a Nan Fung Group entity in the UK, collaborated with an independent consultancy Social Value Portal in 2023 to conduct local needs analysis and social value action plans for Regent Quarter and 99 City Road.

The results and findings help us better understand the principal social needs and opportunities within these locales. The assessment encompassed a thorough policy review of the local council, an analysis of deprivation across various social dimensions, and an exploration of the support ecosystems within the specific communities.

Social Value Action Plan

The findings shaped the social value action plan, established to deliver place-based social impact and complement the development roadmap for the properties. This plan considers the social impact of how supplier bids for our construction project are assessed and also involves the implementation of an apprenticeship programme. At Regent Quarter, the project contractor, ISG, implemented World of Work Experience (“WoWex”) to address youth career development needs. The WoWex programme is designed to **provide youth mentorship, training and onsite practicum sessions to young people.** This social value action plan will be delivered during the two-year construction period of the developments.

Material Topic:

TENANT AND
CUSTOMER
EMPOWERMENT

Why It Matters to Us

Tenant and customer engagement is indispensable to our sustainability endeavours. We continue to foster open and transparent communication to build a trusted relationship.

Empowered tenants and customers actively participate in sustainability initiatives and provide valuable feedback. Closely collaborating with these stakeholders enables us to enhance the living and working environments around us, thereby driving long-term success and resilience for the company.

How We are Managing It
Driving Sustainable Partnerships

To effectively implement sustainable practices, collective efforts are critical. We are continuously working to improve in our role as a landlord, by instilling a cooperative mentality in line with the concept of “sustainability-as-a-service”.

In 2023, we launched our Group Membership Programme, [NF Touch](#), as one way to engage with customers, tenants and community members. This app facilitates sustainable practices, wellness and communal bonding; its impact is described in more detail in the “Innovation” section of this Report on [p. 90](#).

In line with this, we also launched our tenant-landlord engagement initiative NPL. This initiative is not merely about building sustainable partnerships; it embodies a comprehensive strategy that brings together tenants, their workforce and the entire community to create long-term positive environmental and social impacts.

Tenants are encouraged to complete various actions, from the stage of fit-out to operations, and are rewarded with “Net Positive Coins”, which can be redeemed for special rewards including the city’s first-ever management fee incentive, amongst other benefits.

Learn more about our dedication to pioneering advancements like these in this Report’s [Innovation](#) section.



NF Touch members can earn NF Seeds through simple acts that promote green and healthy living, such as walking, practising yoga or recycling

Tenant-focused Initiatives: Waste Survey and Training

In 2023, we conducted two waste surveys at AIRSIDE, engaging over 30 commercial tenants to better understand the composition of the waste generated. The survey delved deep into evaluating the nuances of our tenants' waste management practices, recycling habits and their invaluable feedback on AIRSIDE's current waste collection protocols.

The insights gained from the surveys helped inform our Group's waste management strategy.

Following the survey, our immediate response was not just reactive but proactive; drawing from survey insights, we improved our collective waste management strategy by taking prompt follow-up actions, including improving waste collection and recycling arrangements for tenants, such as clear guidance on using our smart waste weighing scale and tenant portals, described in more detail in the "Technology" section of this Report on [p. 103](#).

Additionally, we enhanced our waste management services by providing more food waste collection and glass recycling bins.



Moving forward, our aim is to further streamline our waste collection processes. This will involve a collaborative effort with our cleaning contractor, guaranteeing that every member of the cleaning team is well-versed in our waste collection methods. We will also ensure that front-line property management colleagues fully understand waste management systems at our properties.

By streamlining our own processes, we can better understand impacts at our properties and empower tenants to go one step further.

Tenant-focused Initiatives: Bespoke Sustainability Workshop

In April 2023, we hosted a workshop tailored for the food and beverage (F&B) sector, spanning three days in total and welcoming over 20 participants from eight F&B tenants.

The training covered a broad range of subjects, including sustainability concepts, the advantages of sustainable operations for businesses and the broader implications for supply chain sustainability, delving into topics such as regenerative and local farming practices, ethical sourcing of meat and dairy and fair trade principles.

Additionally, the workshop addressed critical issues surrounding plastics and packaging, waste management and energy efficiency.

To assist our tenants in preparing for evolving waste regulations in Hong Kong, we also organised a waste management training session, titled "Reduce Waste at Source", specifically for our NPL tenants. This training was combined with sports initiatives under our "Sports Date" campaign, during which tenants gained knowledge on recycling, waste sorting and the challenges faced by persons with disabilities.

Over 70 commercial tenants signed up for this initiative.



CASE STUDY

AIRSIDE Urban Farm Programme

In October 2023, we launched AIRSIDE’s urban farming and community engagement programme as part of the Group’s dedication to sustainability practices and fostering community connections. Spanning 6,000 sq. ft., this farming initiative connects tenants and the community, promoting a lower-carbon lifestyle. Our urban farms are home to over 50 varieties of produce, directly supplying F&B outlets at the mall to deliver an authentic farm-to-table experience for visitors. Herbs grown on the farms are available to tenants on a first-come-first-served basis, with surplus shared within the community.

Tenants can also participate in a three-month programme, which includes workshops and a VIP member harvesting day, to grow specific crops that fit their menus. The programme includes a workshop and a VIP member harvesting day for tenants. Additionally, the programme engaged 12 farming ambassadors from diverse backgrounds who are passionate about growing crops organically, in a way that respects the soil, seasons and nature.



CASE STUDY

AIRSIDE Carbon Menu Programme

Initiated in 2024, the AIRSIDE Carbon Menu Programme, developed in partnership with a UK-based start-up, kickstarted a transformative journey alongside seven F&B tenants.

This innovative project aims to engage customers in emission reduction by detailing the environmental footprint of culinary choices and revealing the carbon emission data tied to each ingredient. In total, the emissions of 50 dishes were calculated and verified through this initiative.

As we plan to scale this endeavour, our goal is to inspire a paradigm shift amongst more F&B tenants and their customers, cultivating a deeper appreciation for the impact of conscious food choices on the planet.

Prioritising Customer Engagement and Satisfaction

To maintain customer satisfaction, we actively solicit feedback through surveys, events and daily interactions to improve our products and services. Our property management arm conducts an online customer satisfaction survey annually to seek feedback on service at our managed properties.

The 2023 survey, completed by 5,392 customers, showed a satisfaction rate of over 87%.

We have also established the nf HOMES loyalty programme to engage customers with unique experiences through special offers and events.

In addition, our property management arm in Hong Kong has set up a Customer Experience Steering Committee to enhance customer experience and drive interactive communication with customers.

Customer-focused Initiatives

Mystery Shoppers Programme

In the reporting year, we regularly conducted mystery shopper assessments at four of our major properties in Hong Kong to assess our service quality and gain insights into customer needs, such that we can improve our long-term strategy. The assessments were carried out using a digital application, ensuring enhanced effectiveness and accuracy throughout the process.

In 2023, the assessments showed over 80% of mystery shoppers rated properties as “doing well” or “unbelievably awesome”.

Going forward, we will address any identified shortcomings and continue to improve our services.

Viva Xplore

Launched in 2022, Viva Xplore is an online platform managed by our property management arm to inspire our customers to embrace wellness and sustainability in their daily lives. We offer a series of free online programmes covering a range of topics including green living, mental and emotional wellbeing, parent-child relationships, photography and technology.



nf HOMES Summer Experience and Autumn Adventure

From mid-July to September 2023, we held the nf HOMES Summer Experience, offering a selection of 12 immersive activities related to issues of wealth inequality, culture and heritage preservation and environmental protection, to engage with nf HOMES members from our residential properties.

The initiative received positive feedback from participants who appreciated the diverse range of activities and the focus on sustainability and community engagement.



members joined the Summer Experience with 122 new members recruited



members joined the Autumn Adventure Pass with 69 new members recruited



nf HOMES members joined the Lai Chi Wo eco-tour as part of the “Autumn Adventure Pass” programme to learn about sustainable rural development and local ecology

Material Topic:

TALENT UPSKILLING AND DEVELOPMENT

Why It Matters to Us

Our guiding principle to “Do Good and Do Well, with Love” centres around our people.

We understand that to build a more sustainable business, we must offer a workplace where people thrive. Therefore, we put great emphasis on supporting those who are the foundation of the Group’s success. By investing in the continuous learning and growth of colleagues, Nan Fung enhances our workforce’s capabilities, driving productivity and fostering a culture of excellence.

How We are Managing It

At Nan Fung, we stand firm in our dedication to fair labour practices that protect and honour the fundamental rights of our workforce.

Upholding our role as an equal opportunity employer, we ensure that all individuals, whether prospective or current employees, are granted the same prospects for employment and professional growth. Discrimination of any kind – be it on the grounds of gender, pregnancy, disability, marital status, ethnicity or family circumstances – is categorically prohibited at all stages, from application through to employment.

We hold a firm conviction that every member of our team is entitled to a workplace environment devoid of discrimination, harassment, slander or bias. Should any colleague have a concern, they are encouraged to approach our Human Resources Department. Upon receipt of such reports, the department is obligated to conduct a comprehensive and unbiased inquiry, reinforcing our ethos of respect and dignity for all.

During the reporting period, there were no identified cases of discrimination.



Staff wellness programme “Walk & Talk”

Maintaining a Fair Workplace

The Group respects internationally recognised human rights principles outlined in the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work and the United Nations’ Universal Declaration of Human Rights to promote and protect human rights.

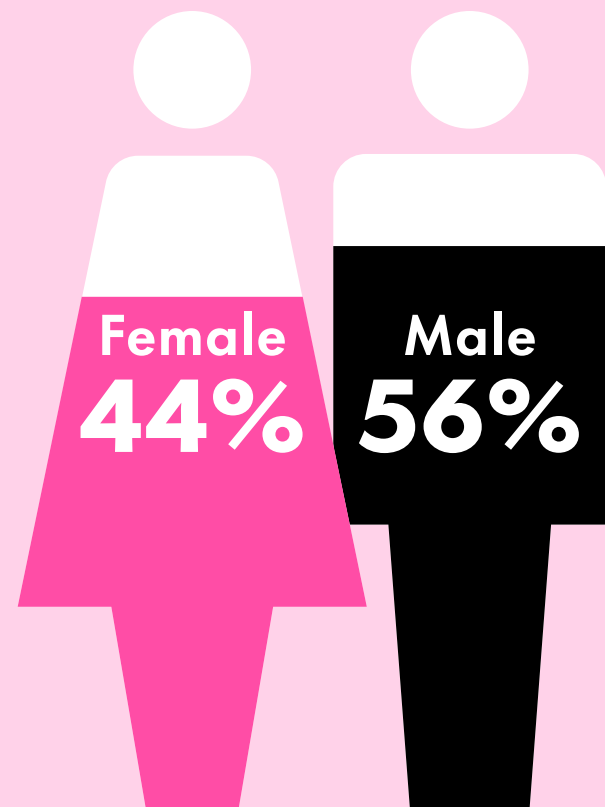
In the reporting year, we established our Human Rights Policy outlining our commitment to adhering to all relevant laws, regulations and standards regarding human rights. This policy applies to our entire Group and across all our business activities and relationships with our stakeholders. We strictly prohibit any form of human rights violations including child or forced labour in all aspects of our operations, and extend this to our contractors and suppliers alike.

All business units are encouraged to refer to the principles of this policy and, where applicable, are also empowered to establish their own human rights policies.

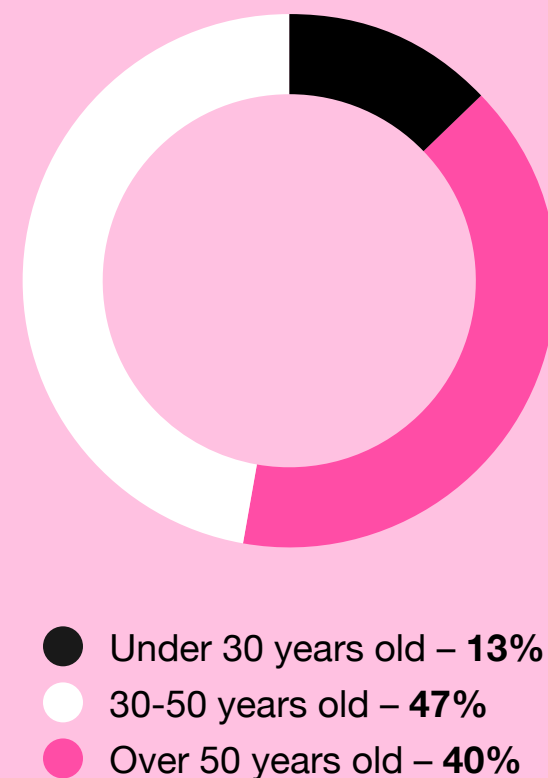
Our Workforce

Our workforce profile in 2023-24 provides insight for our ongoing evaluation of policies and practices

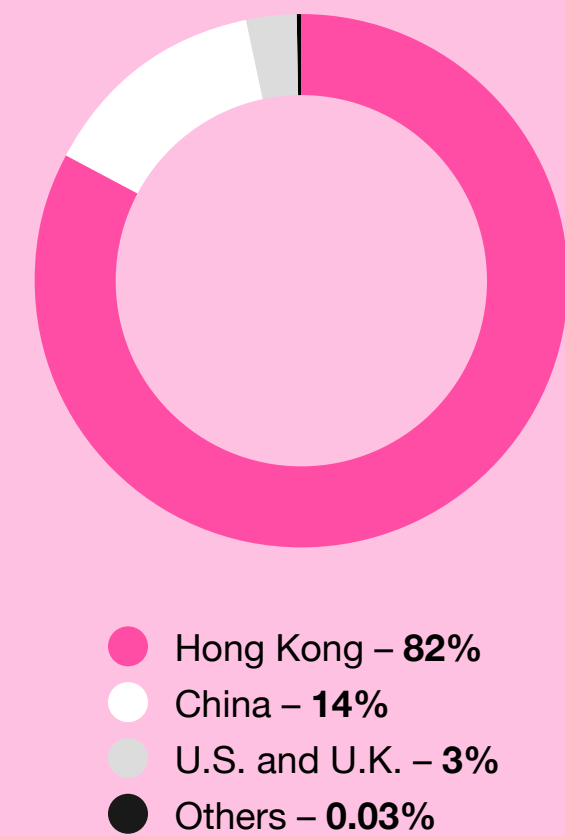
**Employees,
by gender**



**Employees,
by age group**



**Employees,
by location**



Talent Attraction and Retention

We are deeply committed to nurturing a workplace that thrives on diversity and collaboration, ensuring every team member feels valued and supported in their professional development journey.

Our dedication extends to providing fair and competitive compensation for all team members, accompanied by a comprehensive benefit package that spans medical and life insurance, retirement pension plans and the opportunity for discretionary bonuses.

In recognition of our colleagues’ dedication and contributions, we conduct periodic reviews of remuneration and benefits to ensure they reflect individual performance and align with current market trends and our business growth trajectory.

This approach underpins our commitment to not only recognise but also reward our team’s invaluable efforts.

Employee Engagement

We conduct an annual Staff Engagement & Cross-Team Collaboration Survey to facilitate open communication and better understand the voices of our colleagues.

The survey results help us formulate action plans to address areas of concern and improve overall engagement, which can ultimately benefit both the Group and colleagues.

Our most recent survey had an 84% response rate with 90% of respondents indicating that they believe in the Group’s values and take pride in our efforts to make a positive impact in the world.

In response to feedback received from colleagues, we arranged focus groups to follow up on three areas that were identified as “needing improvement”. As a result of the focus groups, we worked on the following initiatives:

- 1 A hackathon was organised for gathering specific ideas from colleagues to formulate a plan for enhancing process efficiency**
- 2 A system was implemented for collecting opinions from colleagues to facilitate better two-way communication on topics such as office relocation and company-wide events**
- 3 Elements were incorporated in training and team building programmes to instil a stronger culture of appreciation**

In 2024, we will continue to collect feedback from colleagues through the means of a staff engagement survey.

Learning and Development

At Nan Fung, continuous development and upskilling are crucial as we want to embrace the dynamic nature of our industry.

We are committed to empowering our workforce through a diverse range of upskilling programmes, providing a mix of digital and in-person learning opportunities tailored to the needs of our colleagues across various business units and at different stages of their career paths.

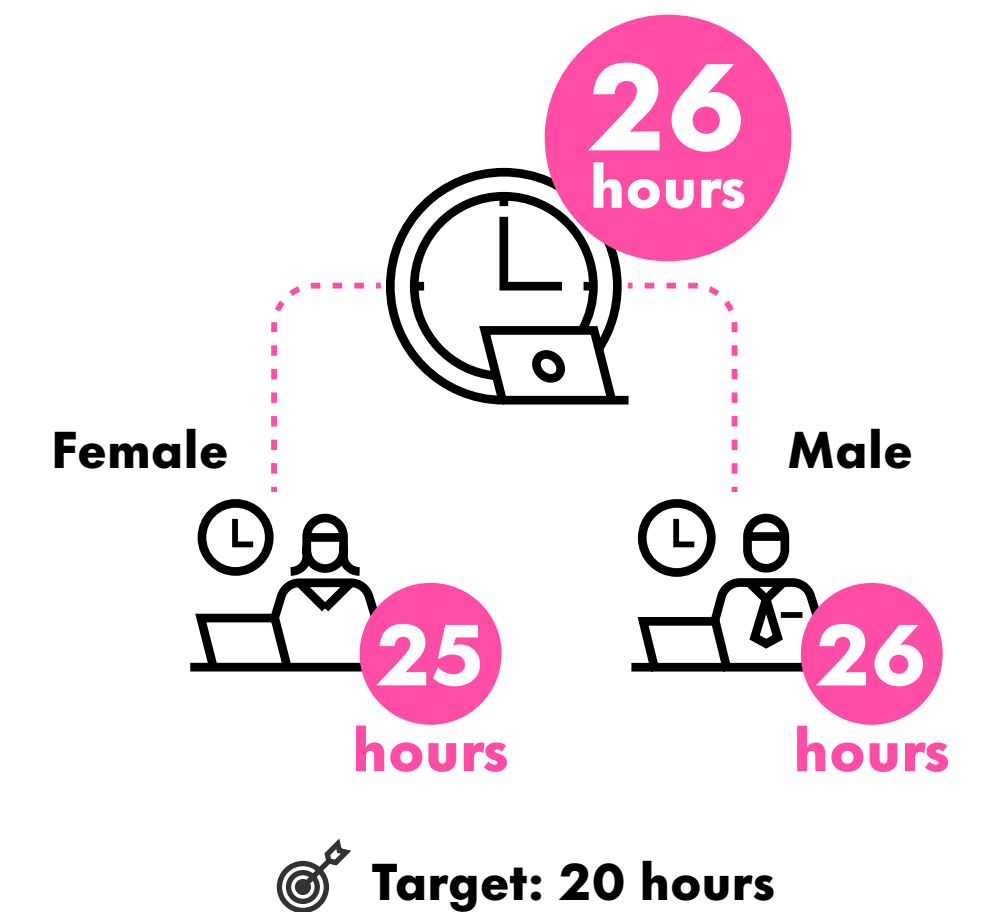
Furthermore, we actively foster a culture of collective wisdom and knowledge exchange through an array of cross-departmental initiatives. These include our Group-wide town hall, NF Meet, which is a regular corporate and divisional update session aimed at facilitating cross-departmental knowledge building, and the NF Book Club, an initiative that fosters a continuing passion of literature and enables colleagues to gain new insight from different perspectives.

These platforms are designed not just to facilitate learning, but also to strengthen connections within the Nan Fung community.

In 2023, we set a new Group training target of delivering at least 20 hours of training per employee annually.

In the reporting year, we provided an average of 26 training hours per employee, a 18% increase compared to the 22 hours delivered in the previous year.

Average training hours
2023-24 Progress:
26 hours/ employee/ year (↑18%)



NF Talent Academy

In 2023, we launched NF Talent Academy, which offers a diverse range of training courses designed to enhance practical business skills across our workforce, covering vital topics such as communication skills, time management, stakeholder engagement, situational leadership and change management.

Following each training session, colleagues are encouraged to set action plans to incorporate newly acquired knowledge into their daily work.

Since its initial roll-out, feedback has been overwhelmingly positive:

90%

affirming that the training content is useful to their work

92%

expressing a willingness to recommend these courses

Looking forward, we plan to broaden the scope of our curriculum by introducing more advanced topics and emerging technologies to keep pace with industry trends.

Additionally, this year, we placed a heightened focus on sustainability-related capacity building, reflecting our commitment to integrating sustainable practices into our operations.

Internal Sustainability Training

Group sustainability training is mandatory for all new joiners so they have a clear understanding of our sustainability vision as well as our SEWIT strategy. Courses on pertinent sustainability issues, such as achieving net-zero emissions, are part of this mandatory orientation training module.

In addition, we continue to run a series of comprehensive sustainability training sessions and implement communication initiatives to ensure our colleagues and management are equipped with the necessary knowledge and stay up to date on emerging trends and best practices.

Theory of Change and Social Impact Measurement 101



In 2023, we organised a mandatory ToC and Social Impact Measurement 101 training session with an external consultant. The purpose of the training was to enhance relevant teams' capacity to design effective programmes using the ToC framework. The session served to improve internal understanding of social impact measurement methodologies such as SROI, helping colleagues working in relevant functions to evaluate outcomes, measure impact and make better-informed decisions to create positive impact.

80% of colleagues had an increase of knowledge about ToC

60% agreed that impact measurement is crucial in helping make better decisions and design future initiatives

CASE STUDY

Group Waste Management Training

In February 2024, we organised an internal waste management training to increase our colleagues' understanding of waste management challenges and encourage the adoption of sustainable practices in our workplace. The training, which was attended by 84 participants, was designed to equip our team with the knowledge and skills to effectively manage waste in their day-to-day operations.



98% indicated an increased understanding about waste management challenges

95% expressed concern about the low recycling rate in Hong Kong

Internal Learning Platforms – SEWIT Hub and Viva Connect

We actively ensure our colleagues are kept abreast of industry news and SEWIT-related updates. Our internal platform, "SEWIT Hub", regularly shares industry knowledge, SEWIT-related news and training materials to all colleagues. Our property management arm has also developed a mobile application, Viva Connect, as a centralised communication hub for colleagues, including those on the front line, allowing them to access corporate news and updates anywhere at any time.

Performance Evaluation

The annual performance appraisal is a crucial aspect of career development and personal growth. Our structured and comprehensive approach includes a 360-degree assessment, instant feedback and the setting of professional goals using the Objectives and Key Results (“OKRs”) framework. This process ensures that colleagues receive an open and fair assessment of their performance.

Our performance evaluation framework, OKR, is designed to guide our people in aligning their performance with our business objectives. We periodically review the framework to ensure that colleagues understand their performance levels and identify areas of growth.

To encourage colleagues to set goals that align with our priorities, we have been actively incorporating SEWIT-related targets into their OKR-setting processes.

Looking ahead, we will continue to prioritise the implementation of SEWIT targets in our performance evaluation process.



100%
of department heads

90%
of colleagues¹²

incorporated at least one SEWIT-related key result into their work plans as of August 2023

¹² Assistant manager grade or above.

Nan Fung recognises the inextricable link our business has with the natural world and, as such, we consider it our responsibility to help safeguard the environment.

Our environmental stewardship strategy focuses on energy and emission reduction, climate adaptability, resource conservation, waste management and conserving nature and biodiversity.

Material Topics:

- Energy Efficiency and Climate Resilience
- Resource Use, Waste Management and Biodiversity



ENVIRONMENT



Our Hong Kong property portfolio’s science-based targets for Scopes 1, 2 and 3 GHG emissions were validated and approved by the Science Based Targets initiative (“SBTi”) in 2024

**Near-term Targets for Hong Kong Properties
By 2031**

**Long-term Targets for Hong Kong Properties
By 2050**

Development Projects¹³

Reduce absolute Scope 1, 2, and 3 (capital goods and use of sold products) GHG emissions by

↓46.2%

from a 2021 baseline year

Reduce absolute Scope 1, 2, and 3 (capital goods and use of sold products) GHG emissions by

↓99.6%

from a 2021 baseline year

Buildings in Operation¹⁴

Reduce absolute Scope 1, 2, and 3 (fuel- and energy-related activities and downstream leased assets) GHG emissions by

↓46.2%

from a 2022 baseline year

Reduce absolute Scope 1, 2, and 3 (fuel- and energy-related activities and downstream leased assets) GHG emissions by

↓99.6%

from a 2022 baseline year

Overall Net-Zero Target¹⁵ for Hong Kong Properties – 2050

Attain net-zero GHG emissions across the value chain by 2050

HIGHLIGHTS



We kickstarted climate adaptation and financial assessments for two major properties – AIRSIDE in Hong Kong and 99 City Road in London



We established the Group’s Environmental Policy and Climate Change Policy in 2023

GOALS, TARGETS OR COMMITMENTS

Energy



95%

of eligible properties¹⁶ in Hong Kong complete energy audits by 2025

Water



70%

of eligible¹⁷ properties to obtain Fresh Water and Flushing Water Certificates, and install water-saving devices by 2030

Waste



30%

of municipal solid waste diversion target set under Property Management arm

CHALLENGES

- Managing ESG compliance, financial feasibility, and value creation can pose challenges for multinational organisations amidst evolving ESG standards and regulations
- Tenant data limitations affect the accurate reporting of Scope 3 GHG emissions in the building portfolio

LOOKING AHEAD

- We are committed to reaching our science-based targets for net-zero emissions by 2050. We will continue to monitor evolving regulatory changes and proactively explore, experiment with and design innovative energy optimisation technologies for sustainable development
- We aim to actively pursue innovative strategies to inspire and collaborate with our tenants, aligning with SBTi requirements to ensure a collaborative and impactful approach

¹³ The GHG emission performance of development projects will be measured against the GHG emissions associated with equivalent operations in our baseline year of 2021. Development projects are those included in the SBTi submission under Nan Fung Development Ltd. and Nan Fung Development Holdings Ltd.

¹⁴ Buildings in operation are those included in the SBTi submission under Nan Fung Property Management Ltd.

¹⁵ To achieve our targets, best efforts will be made to reduce GHG emissions alongside grid decarbonisation; purchasing renewable energy instruments and offsetting will be undertaken as a last resort as needed.

¹⁶ Eligible properties refer to the 72 properties that will undergo energy audits by registered energy professionals.

¹⁷ The term “eligible” refers to properties and/or building types that meet the pre-requisites of the Quality Water Supply Scheme.

Environmental Management

Policies and Standards

The Group's newly developed Environmental Policy crystallises our pledge to responsibly manage our ecological footprint across all operational activities. This policy establishes directives for the responsible use of resources to reduce our overall impact, and mandates compliance with all applicable local, regional and international regulations. It is aligned with our Sustainable Procurement Policy, supporting the adoption of robust environmental practices across our value chain.

The Group's Environmental Policy stipulates:

- Identification of environmental impacts associated with the Group's activities and setting of GHG reduction targets for energy, water and waste
- Compliance with all applicable and relevant environmental legislation
- Availability of data and resources for setting, monitoring and reviewing environmental targets
- Use of environmentally responsible materials and technology
- Enhancement of employees' environmental awareness through training and workshops
- All stakeholders take responsibility for their actions and comply with environmental obligations

The Group regularly reviews all policies to address the latest environmental issues and guidelines.

Our property management and construction arms in Hong Kong adopt an environmental management system ("EMS") that is certified to the ISO 14001 EMS Standard. This system covers managed properties and construction sites and helps us identify and manage significant environmental impacts such as those related to energy and water consumption, pollution and waste.

With real estate being a carbon-intensive industry, we strive to reduce GHG emissions arising from our building projects across the planning, construction and operational phases. Integral to our strategy are our proactive efforts to develop initiatives that empower our tenants and customers to embrace more sustainable practices.



Material Topic:

ENERGY EFFICIENCY AND CLIMATE RESILIENCE

Why It Matters to Us

At Nan Fung, we recognise how energy consumption significantly affects our carbon footprint and, by extension, the environment. Acknowledging our responsibility to contribute to global climate change mitigation efforts, we strive to reduce our environmental impact and lead the transition towards a more resilient future for all.

This proactive approach also helps future-proof our business, allowing us to remain competitive in the long term.



How We are Managing It

Our commitment to managing energy and emissions is rooted in a dedication to efficiency and responsibility. Our construction division upholds high standards of energy management, as evidenced by our certification to the ISO 50001 Energy Management System Standard. Complementing this, our construction division has an Energy Policy in place to optimise energy usage across all construction projects.

Addressing climate change is a priority for the Group. Reinforcing this commitment, we have set science-based targets to reduce emissions in line with the Paris Agreement's goal of limiting global warming to 1.5°C.

This objective is pursued through a two-pronged strategy – we employ a top-down approach that integrates carbon reduction objectives in decision-making at the management level, coupled with a granular, bottom-up examination of decarbonisation opportunities within each asset.

Our strategy primarily encompasses setting GHG reduction goals, investing in renewable energy and enhancing energy efficiency across our operations on a Group level. It also involves detailed assessments of energy usage, the pursuit of more sustainable construction materials and techniques and the implementation of cutting-edge technologies that contribute to energy conservation and emission reduction at the property level.

The SEWIT Committee oversees these initiatives, steering the strategy and driving implementation across Hong Kong, Mainland China and other markets.

Details on our approach to managing the inter-related issues of energy, emissions and climate resilience are covered in the sections that follow.

Energy Consumption

The increases in total energy consumption and intensity in the reporting year compared to the previous year are attributed to several factors: the commencement of operations at our new flagship property, AIRSIDE, increased activities in Mainland China post-pandemic, and higher occupancy rates at our 51 Sleeper Street property in the US. We expect to realise efficiency improvements going forward with the initiatives now in place.

Our properties in London, including 108 Cannon Street, 138 Cheapside and The Bailey, regularly measure, monitor and audit energy consumption. Conducted through a third-party energy efficiency solution provider, we gather valuable insights on building performance and identify opportunities for increasing energy efficiency, consequently reducing consumption.

The total energy consumption and energy consumption intensity in 2023-24

	2022-23	2023-24
Total energy consumption	159,356,030 kWh	171,173,546 kWh
Energy consumption intensity	43.759 kWh/sq. m GFA	48.072 kWh/sq. m GFA



Energy Efficiency Measures

To continuously reduce energy consumption, we have put in place various measures, as outlined below.

1 System upgrades and retrofitting

We actively install or upgrade to energy-efficient facilities across our portfolio where feasible.

In Boston, our Nan Fung Life Sciences Real Estate (“NFLSRE”) property underwent lighting audits, leading to the installation of LED lighting, replacing less efficient incandescent and fluorescent bulbs.

Similarly, at The Place in Shanghai, we undertook significant upgrades by installing air dampers to prevent excessive outdoor air from entering the building, and by enhancing thermal insulation through the substitution of single-pane curtain wall glass with LOW-E insulated glass.

2 Adopting Property Technology

Adopting property technology, such as AI and Internet of Things (“IoT”) powered building management systems, enhances our energy efficiency efforts. More detail on the various solutions employed at our properties can be found in the Technology section of this Report on [p. 104](#).

CASE STUDY


TKO Plaza: Retrofitting for the Future

Our commercial property, TKO Plaza in Tsuen Kwan O, Hong Kong, was honoured with the Project of the Year Award – Retrofit Building at the Chartered Institution of Building Services Engineers (“CIBSE”) Hong Kong Awards 2023.

The accolade recognises companies that have made significant contributions to the design, construction, installation, commissioning or operation of buildings with both reduced energy consumption and a high-quality built environment.

The TKO Plaza retrofit exemplifies our strategy of blending top-down carbon reduction strategies at the management level with bottom-up feasibility assessments. Through site investigations, measurements and data analysis, we identified operational and energy management opportunities unique to TKO Plaza. Based on these insights, we formulated strategies to enhance energy efficiency and cut GHG emissions.

Following retro commissioning in 2018 and 2022, TKO Plaza achieved

25%↓ 
reduction in
energy consumption
against 2018



CIBSE Hong Kong Awards 2023 Award Presentation Ceremony

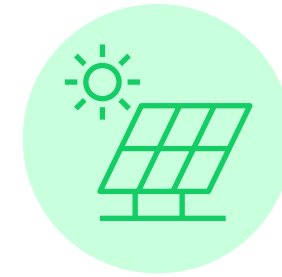


Renewable Energy

In supporting the transition towards a low-carbon future, we continue to explore opportunities to increase our adoption of renewable energy (“RE”), such as by installing PV panels and purchasing Renewable Energy Certificates (“RECs”).

We have begun establishing internal and departmental targets to reduce electricity consumption, adopt renewable energy and lower embodied carbon emissions for selected business units. Energy reduction targets are set for both our managed properties and construction projects, which are reviewed regularly to ensure progress is on track. We are currently analysing data trends and will further explore setting Group level targets.

RE Initiatives



PV Panels

To generate zero-carbon electricity, we have been working to install PV panels on the rooftops of our properties.

Our properties with PV Panels

Hong Kong

- AIRSIDE
- Asia Trade Centre
- Cheung Fung Industrial Building
- Fook Hong Industrial Building
- Golden Dragon Industrial Centre
- Hing Wah Industrial Building
- Jardine Court
- Kar Wah Industrial Building
- Nan Fung Commercial Centre
- Nan Fung Sun Chuen
- Ori
- Profit Industrial Building
- Sun Fung Centre
- Wah Fung Garden
- Well Fung Industrial Centre

Shanghai

- The Place

Electricity generated

860,172 kWh



RECs

We purchase RECs to support renewable energy development and offset energy consumed at our properties in Guangzhou and London.

Our properties with RECs

Guangzhou

- The Place, Guangzhou, became the first project in our Mainland China portfolio to offset 100% of energy consumed onsite through the purchase of RECs

London

- 138 Cheapside, The Bailey, and 108 Cannon Street in London offset 100% of energy consumed onsite through the purchase of RECs
- Regent Quarter in London offset part of the energy consumed onsite through the purchase of RECs

Electricity purchased

2,551,061 kWh

Apart from properties already in operation, we also strive to manage our impact at construction sites. To this end, a temporary installation of 12 PV panels has been set-up at one of our projects under development at 24-38 Mount Butler Road, Jardine’s Lookout in Hong Kong. Each panel measures approximately 1.7m × 1m and has a power output of 310W, resulting in a total capacity of 3,720W for the PV system.

During the reporting period, the system generated a total of 191 kWh of electricity, which was used to power lighting at the site. As an additional measure, we are committed to replacing company vehicles with electric models as they come to the end of their utility.

Leadership in Building Sustainability

Innovative and sustainable design is central to transforming how buildings support the health and wellbeing of the occupants and positively impact surrounding communities.

At Nan Fung, our commitment goes beyond integrating features with sustainability attributes¹⁸; it's about redefining the development of our buildings to champion responsible practices amongst our tenants and customers.

Acknowledging the carbon-intensive nature of property development, we've embraced a comprehensive lifecycle approach, ensuring sustainability practices are woven into every phase of our developments, from ground-breaking planning and design to conscientious construction and operation.

As evidence of our commitment, we have actively obtained numerous building certificates, including BEAM Plus, LEED, WELL Building Standard, BREEAM and the China Green Building Label, showcasing our dedication to environmental excellence and wellbeing. For instance, AIRSIDE in Hong Kong stands out as the first building to receive seven green and smart building certificates at the highest level.

Similarly, Yi Fung Place in Shanghai and LP10 in Hong Kong have achieved commendable certifications and implemented more sustainable practices, including the use of building materials manufactured within an 800-km radius, to reduce our footprint during transportation. These examples underline our dedication to reducing our environmental impact and fostering sustainable communities.

We are committed to creating positive environmental and social impacts on communities through the establishment of buildings with sustainability and smart features. These include the integration of extensive greenery in landscape design, usage of lower-carbon construction materials, installation of EV charging stations onsite and provision of robust recycling facilities.

We encourage our tenants to participate in environmental building assessment schemes and work closely with them to implement sustainability strategies to achieve the relevant certifications through our tenant-landlord engagement programme, Net Positive Lease. As part of the Net Positive Lease, we also offer a sustainability fit-out scheme, which includes a checklist and guidelines for new tenants to reference when designing their spaces, and for existing tenants to utilise when planning renovations.

Overall, 80% of our wholly-owned commercial properties attained green or smart building certifications.

CASE STUDY

AIRSIDE: A Green Building Success Story

In 2023, our flagship development, AIRSIDE obtained the Platinum WiredScore and SmartScore certifications, making it the first commercial building in Hong Kong to receive the highest ratings across seven green and smart building certifications. AIRSIDE also won multiple awards from renowned industry associations – a testament to our unwavering dedication to creating impactful and inspiring solutions and adopting responsible building design and operations to enhance wellbeing.



2023 Awards for AIRSIDE

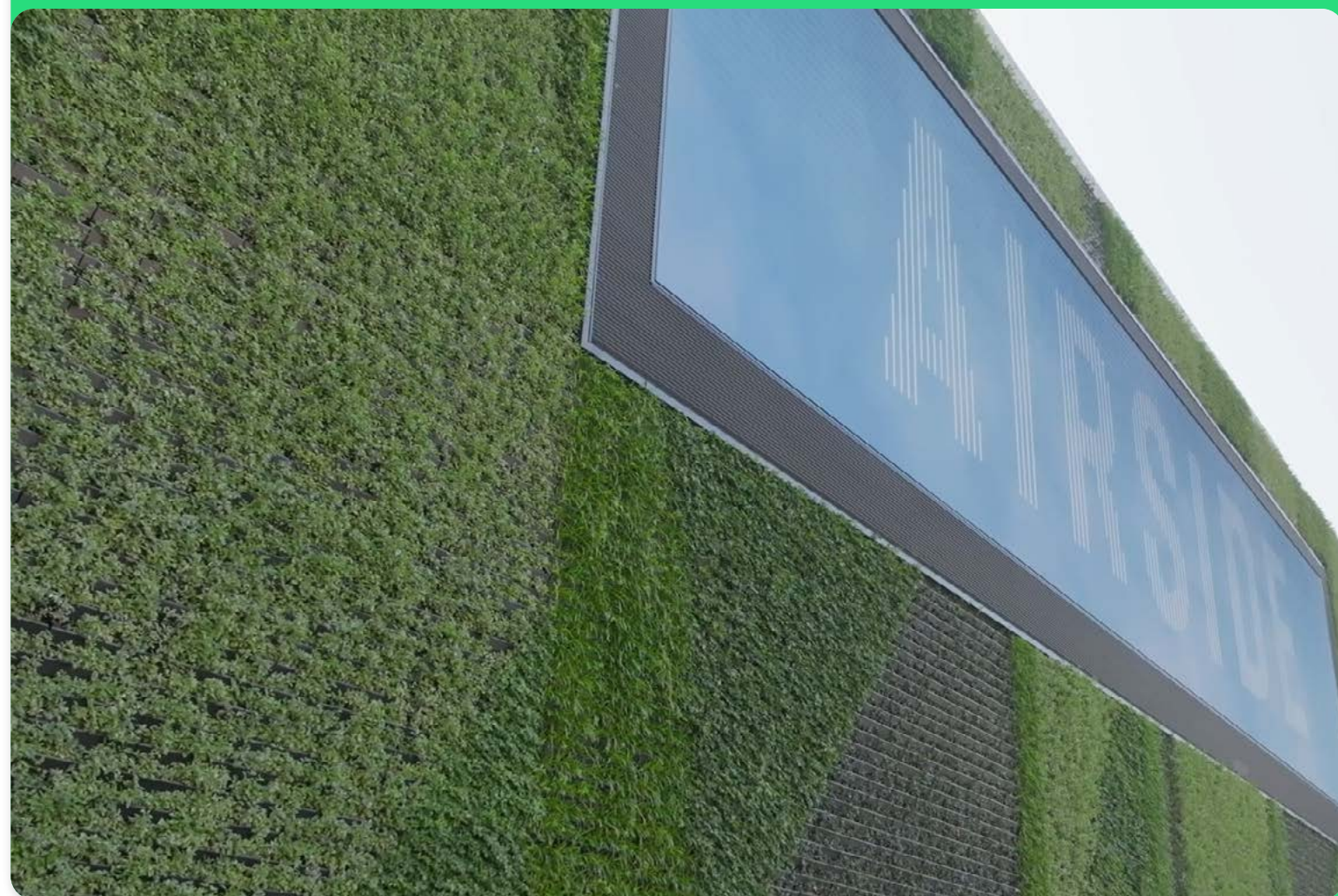


<p>New Buildings Category – Completed Projects (Commercial) – Grand Award</p>	<p>Annual Awards 2023 – Commercial Building – Winner</p>	<p>Best Office & Business Project – Gold Winner</p>
		<p>Best Mixed-use Project – Gold Winner</p>

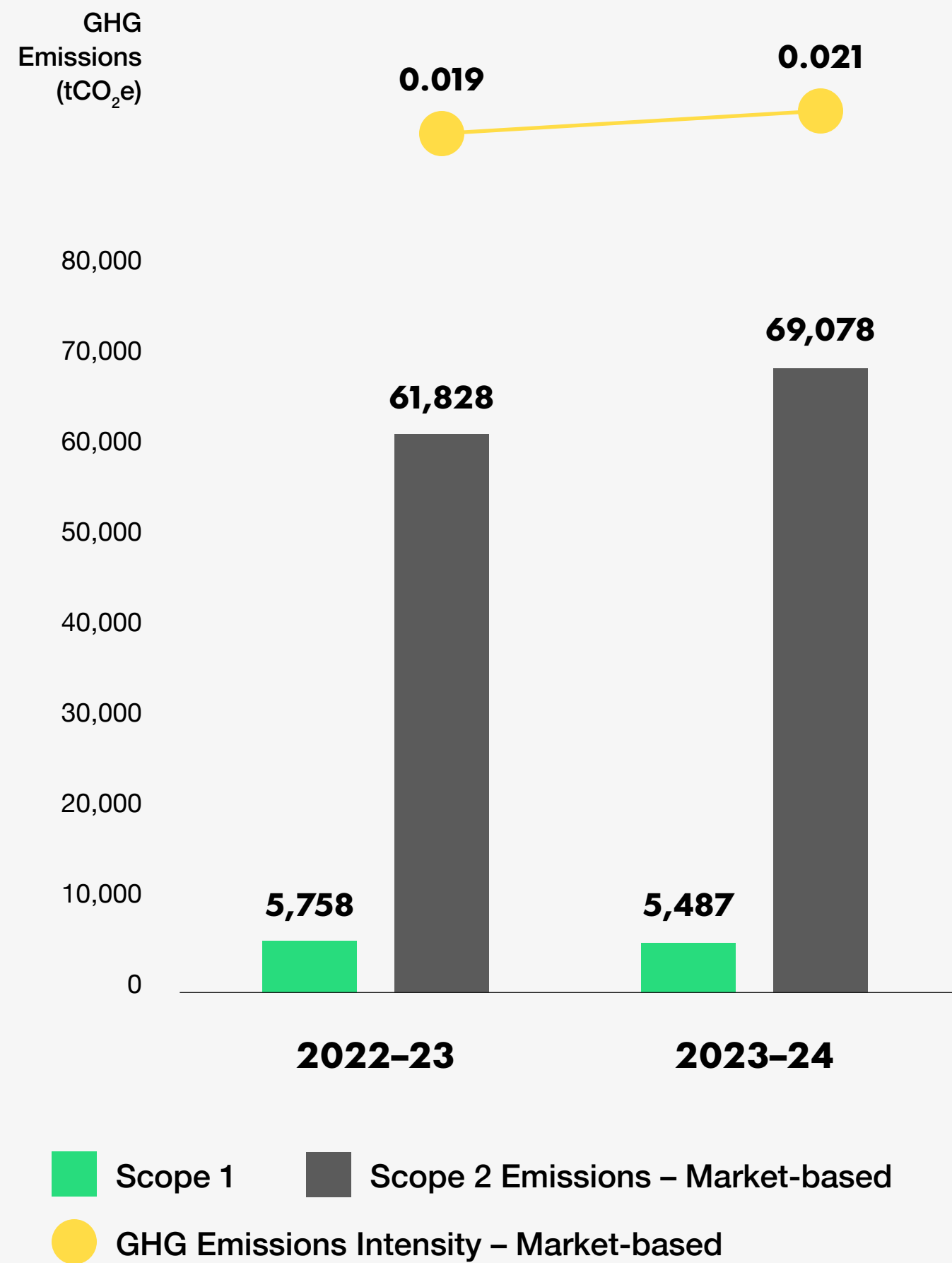
¹⁸A building is deemed to have a "sustainability attribute" if, when compared to other similar buildings or features, it has, or any significant portion of the materials it comprises has, (a) a reduced negative environmental impact at any point throughout its lifecycle (e.g., when it is designed, constructed or managed), (b) an increased positive social impact at any point throughout its lifecycle (e.g., benefits of design, construction or management phases accrue to its inhabitants, local or marginalised groups or communities), and/or (c) third-party certifications or traceability features attesting to its environmental and/or social benefits.

Reducing Emissions

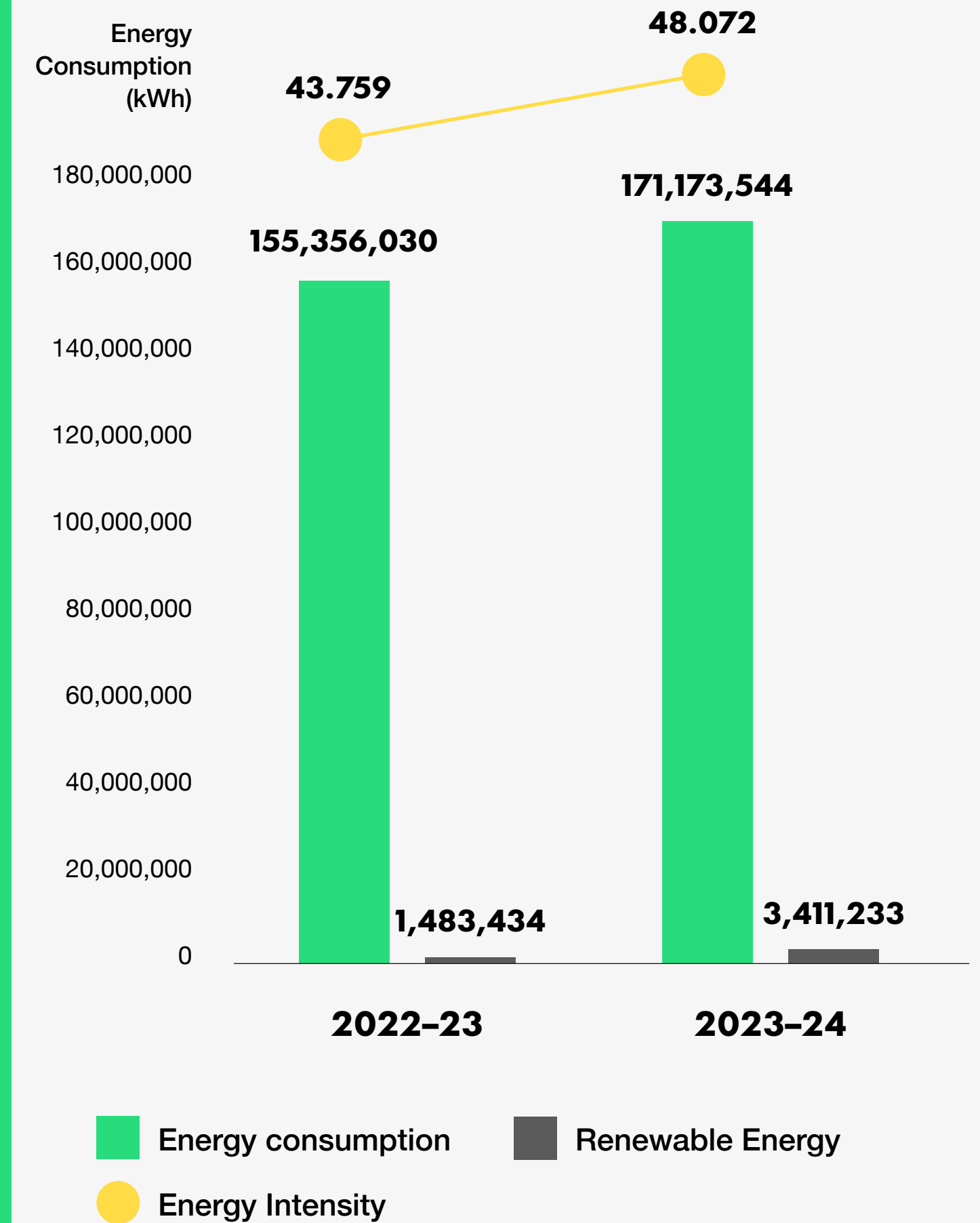
We strive to reduce our GHG emissions to responsibly manage our footprint and future-proof our operations. In 2023, we saw a reduction in our Scope 1 emissions due to the use of less emission-intensive refrigerant refills. However, our Scope 2 emissions (market-based) increased by 12% compared to the previous year, due to increased energy use resulting from the activities described previously on [p. 52](#). Our total GHG emissions (Scope 1 and Scope 2) and intensity increased by 10% compared to 2022.



GHG Emissions (Scope 1 and 2) and Carbon Emissions Intensity



Energy Consumption and Energy Intensity



Validation of Science-based Targets for our Hong Kong Property Portfolio

Further to our 2022 commitment to the SBTi, our Scope 1, 2 and 3 GHG emissions reduction targets for properties in our Hong Kong property portfolio were validated and officially approved by the SBTi in February 2024.

Through external validation of our SBTi, we reinforce our commitment to reducing our emissions with net-zero targets in line with the Paris Agreement.

Our GHG emissions reduction targets: ¹⁹	2024	Near-term by 2031	Long-term by 2050
Scope 1+2 Targets		<p>Development Projects – Reduce absolute Scope 1 and 2 GHG emissions by 46.2% compared to the 2021 baseline</p> <p>Buildings in Operation – Reduce absolute Scope 1 and 2 GHG emissions by 46.2% compared to the 2022 baseline</p>	<p>Development Projects – Reduce absolute Scope 1 and 2 GHG emissions by 99.6% compared to the 2021 baseline</p> <p>Buildings in Operation – Reduce absolute Scope 1 and 2 GHG emissions by 99.6% compared to the 2022 baseline</p>
Scope 3 Targets	Our Hong Kong property portfolio’s Scope 1, 2 and 3 GHG emissions were officially validated and approved by the SBTi	<p>Development Projects – Reduce absolute Scope 3 GHG emissions by 46.2%, covering capital goods and use of sold products, compared to the 2021 baseline</p> <p>Buildings in Operation – Reduce absolute Scope 3 GHG emissions from fuel- and energy-related activities and downstream leased assets by 46.2% compared to the 2022 baseline</p>	<p>Development Projects – Reduce absolute Scope 3 GHG emissions by 99.6% covering capital goods and use of sold products, compared to the 2021 baseline</p> <p>Buildings in Operation – Reduce absolute Scope 3 GHG emissions from fuel- and energy-related activities and downstream leased assets by 99.6% compared to the 2022 baseline</p>
Overall Net-Zero Target			Attain net-zero GHG emissions across the value chain by 2050

¹⁹ To achieve our targets, best efforts will be made to reduce GHG emissions alongside grid decarbonisation; purchasing renewable energy instruments and offsetting will be undertaken as a last resort as needed.

Decarbonisation Efforts

In March 2024, following the validation of our science-based targets for our Hong Kong property portfolio, the SEWIT Committee endorsed the strategic direction for the Group’s decarbonisation roadmap.

To meet these targets, we are accelerating our decarbonisation efforts with the actions outlined below.

How will we accelerate our decarbonisation efforts?

Development Projects

- Adopting and procuring locally sourced, lower-carbon materials and technologies
- Adopting environmental and wellbeing design standards for new buildings
- Employing new technologies such as Building Information Modelling (“BIM”) to digitise building construction, support resource optimisation, energy efficiency and waste reduction
- Utilising diesel-free energy storage systems, “Enertainers”, in our construction projects, effectively transitioning away from fossil-fuels and reducing our emissions by an estimated 20 tonnes of CO₂e annually
- Adopting industry best practices in the design and construction of buildings and obtaining building certificates such as LEED, BEAM Plus, BREEAM and the China Green Building Label
- Setting environmental fit-out standards for leased spaces to encourage the use of environmentally responsible construction materials

Buildings in Operation

- Scaling up routine system upgrades and retro-commissioning plans for major properties to enhance their energy efficiency
- Arranging energy audits for managed properties to assess their energy performance and identify energy-saving opportunities in line with our target to have 95% of eligible Hong Kong properties complete energy audits by 2025
- Proactively exploring new property technology solutions

Scope 3 Engagement

- Establishing a Group Supplier Code of Conduct by end of 2024
- Conducting Lifecycle Assessments (LCA) for major new developments
- Working with tenants more closely to reduce their GHG emissions and energy footprints via free energy audits and smart metering systems

CASE STUDY

Zero-Carbon-Ready Building Certification Scheme

The Hong Kong Green Building Council has launched the Zero-Carbon-Ready Building Certification Scheme, as part of its Climate Change Framework for the Built Environment, to enable building owners to benchmark their GHG emissions reduction achievements. In support of this initiative, we were delighted to have two of our buildings certified by the scheme.



TKO Plaza

**“Level 2 Improvement” rating
(Energy Performance Certificate)**
on the landlord side following
the percentage reduction pathway



The Mills

**“Extra Low” rating
(Energy Performance Certificate)**
on the landlord side following
the EUI reduction pathway



By obtaining these certifications, we have showcased our commitment to GHG emissions reduction and climate change mitigation. This will also enable us to evaluate and benchmark our performance with industry peers using standardised criteria, thereby catalysing industry-wide advancement in sustainability.

Climate Adaptation and Resilience

Recognising the long-term impact of climate change on business continuity and managing climate-related risks remains a top priority.

In the reporting year, we introduced a new Climate Change Policy outlining our mitigation, adaptation and resilience strategies to stakeholders. This policy sets out our approach to achieving the Group's decarbonisation targets by 2050, as we prepare for and adapt to the impacts of climate change.

The Group's Climate Change Policy stipulates:

- Compliance with all legal requirements and integration of industry best practices related to climate mitigation into operations and services
- Reduction of GHG emissions to achieve net-zero and SBT-aligned targets by 2050
- Adoption of industry best practices to improve energy efficiency
- Use of lower-carbon and energy-efficient materials
- Communication with stakeholders to encourage GHG emissions reductions
- Support the adoption of renewable energy
- Assessments and disclosure of climate-related physical and transition risks and opportunities to foster a more comprehensive understanding of climate change's impacts on operations



Our Approach to TCFD

The Group has already conducted a climate-related risk assessment aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”).²⁰

This framework continues to guide the evaluation of potential financial impacts that climate change may have on our operations, as well as the transparent reporting of our progress on this important topic.

For details of our approach aligned to TCFD, refer to the following section. Going forward, we will align our approach with evolving international standards.

²⁰ In 2023, the International Sustainability Standards Board released new International Financial Reporting Standards (“IFRS”), known as IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 – Climate-related Disclosures. IFRS S2 subsumed TCFD in 2023.



Governance

The Board has oversight of our sustainability strategy and delegates responsibility for strategic sustainability initiatives, including climate-related actions, to the SEWIT Committee, chaired by the Group Managing Director. This committee regularly monitors climate-related risks and opportunities, providing updates to the Board at least once a year. The responsibilities of the SEWIT Committee include:

- Formulating a strategy to address climate-related risks and opportunities
- Reviewing risks and opportunities regarding climate change and overseeing the risk management framework
- Reviewing energy and emission targets and KPIs
- Ensuring compliance with the new Environmental and Climate Change policies, and that policy objectives are clearly communicated to and signed-off by all department heads every financial year



Strategy

In 2022, we engaged an external consultant to identify and evaluate the principal climate-related risks affecting the company using a four-step approach.

This included identifying climate-related risks and opportunities relevant to the company’s business and geographical locations, informed by industry benchmarks and peer analysis. Senior management refined this list, which was endorsed by the SEWIT Committee and formed the basis for Nan Fung’s climate-related risk management strategy.

A detailed scenario analysis was conducted to gauge the impact and quantify the financial implications of the identified risks and opportunities, focusing on specific parameters.



Risk Management

Identified climate-related risks have been integrated into our enterprise risk management framework, enhancing long-term planning and strategic decision-making. This increases business resilience and stakeholder confidence.

This year, we implemented incident reporting on tropical cyclones and rainstorms to better understand our financial and reputational exposure and developed remedial strategies to strengthen contingency plans.

Our newly developed climate-related risk management strategy stipulates regular monitoring of processes and mitigation measures.

The climate-related risks and opportunities identified, and their potential impacts included:

Physical Risks

We continue to assess building resilience and implement mitigation and adaptation measures where possible.

During the reporting year, we kick-started the climate adaptation and financial assessments at AIRSIDE and 99 City Road, involving site inspections and performance analyses of building hardware like drainage systems and HVAC capacity. These assessments evaluated the effectiveness of current climate risk mitigation measures and recommended further enhancements to existing processes and systems.

Transition Risks

To address transition risks, including regulatory changes, rising energy costs, and shifting market preferences, we are exploring new ways to procure renewable energy and continue building environmental certification-ready buildings.

This year, key initiatives to this end included offsetting 100% of energy consumed onsite at assets in Mainland China and the UK through REC purchases.



Metrics and Targets

We received SBTi approval for our emission targets, marking a milestone in our decarbonisation journey. Our Scope 1, 2, and 3 emission targets under the SBTi boundary reinforce our commitment to net-zero emissions by 2050. We will continue monitoring key climate-related metrics and publishing them in future reports.

CASE STUDY

Enhancing Climate Resilience at AIRSIDE, Hong Kong

Adapting to climate risks is crucial for the Group. To future-proof our operations and portfolio, AIRSIDE has been selected for climate adaptation and financial assessment, focusing on climate risk preparedness and financial implications of climate-related issues.

The study aims to ensure:

- **Identification and management of potential climate hazards and exposures**
- **Adequate adaptive measures and response preparedness for potential climate hazards and exposures**



The assessment method referenced the Sixth Assessment Report (AR6) by the UN Intergovernmental Panel on Climate Change (IPCC), considering “Hazards,” “Exposures,” “Vulnerabilities,” and “Response”.




Climate projections covered various time points, including present, mid-century, and end of the century, to cover the building lifecycle of AIRSIDE, considering different greenhouse gas concentration trends:

- **SSP5-RCP8.5:** Fossil Fuel-Driven Development Scenario – CO₂ emissions nearly double by 2050, driven by rapid economic growth and energy-intensive lifestyles
- **SSP2-RCP4.5:** Middle of The Road Scenario – CO₂ emissions stabilise around current levels before declining by mid-century. Socio-economic factors follow their historical trends, with no significant change and slow progress toward sustainability

The climate adaptation assessment for AIRSIDE used a three-step approach for enhancement recommendations:

1. **Assessing Potential Exposure:** Evaluate potential physical climate hazards and extreme weather for different climate hazards through data collection from international climate-related authorities, government departments, scientific research and journal papers
2. **Reviewing Design and Evaluate Vulnerability:** Conduct site visits to understand current conditions, and examine climate-related design assumptions and provisions, evaluating AIRSIDE’s vulnerability and adaptive capacity under the identified climate hazards
3. **Strategic Recommendations:** Consider strategic climate resilience enhancement measures to reduce risks from identified climate hazard exposures

With reference to the framework published by United Nations Office for Disaster Risk Reduction (UNISDR) in support of the Sendai Framework for Disaster Risk Reduction, five major climate hazards were taken into consideration in the study.

Climate Hazards	Potential Impacts	Implemented Measures
 <p>Extreme Heat</p>	<ul style="list-style-type: none"> • Increased energy consumption • Reduced indoor air quality and thermal comfort • Potential damage to landscaping and strain on building materials • Potential fire hazards • Operational disruption 	<ul style="list-style-type: none"> • District Cooling System (DCS)-based air conditioning system to meet the increasing cooling demand due to climate change • Rooftop greenery design to reduce peak indoor temperature • Low thermal transmittance glazing used in glass rooftops to reduce solar heat gain and electricity demand
 <p>Flooding</p>	<p>Riverine Flooding</p> <ul style="list-style-type: none"> • Potential urban flooding caused by river overflow 	<ul style="list-style-type: none"> • Improved drainage capacity including the construction of box culvert near Choi Hung Road and reconstruction of Kai Tak River near Choi Hung Road
	<p>Coastal Flooding</p> <ul style="list-style-type: none"> • Potential urban flooding caused by backflow from the sea 	<ul style="list-style-type: none"> • Flap valves installed at storm water terminal manholes to prevent stormwater back flow during storm surge or heavy rainfall
	<p>Urban Waterlogging</p> <ul style="list-style-type: none"> • Potential damage to building facilities 	<ul style="list-style-type: none"> • Removable floodgates and cut-off channels in place to protect the building facilities connected to the basement • CCTV installed to monitor the flood level of rooftop during rainstorms • Floor barrier at entrance, elevated units and digital flood detection system installed to protect the plant rooms
 <p>Typhoon-Induced Extreme Wind and Wind-Related Issues</p>	<ul style="list-style-type: none"> • Potential damage to building structures caused by extreme wind or windborne debris 	<ul style="list-style-type: none"> • Laminated glasses incorporated in curtain wall system to withstand extreme winds associated with tropical cyclones and reduce windborne debris risk • Standard Operating Procedure (SOP) outlined the readiness, action plans and emergency responses for tropical cyclones to protect people or assets of the property from injury or damage during typhoon passage

We have identified a list short-to-medium-term measures to further enhance the climate resilience at AIRSIDE.

Examples include:

- Reviewing the cooling demand regularly and adjusting the cooling capacity accordingly
- Identifying contingency space for plant rooms to meet growing cooling demand
- Upgrading flood protection measures to prevent urban waterlogging
- Installing river monitoring system to constantly monitor the river level of the Kai Tak River

Material Topic:**RESOURCE USE,
WASTE
MANAGEMENT
AND BIODIVERSITY****Why It Matters to Us**

Nan Fung is deeply committed to encouraging biodiversity conservation and minimising impacts on nature given the effects of the property sector on the natural environment.

We seek to consume resources and manage waste responsibly, furthering circularity. These practices help foster healthy ecosystems, which support the resilience of our developments and contribute to the wellbeing of our communities, underscoring our commitment to more sustainable development and long-term business viability.

**How We are Managing It**

Recognising the inherent linkages between resource consumption, waste management and ecological wellbeing, our approach integrates reduction at source, reuse and recycling processes to reduce waste generation alongside advocacy of circular economy principles.

We prioritise water stewardship, not only as a matter of regulatory compliance, but as a core tenet of our environmental responsibility, ensuring that our developments and operations adopt responsible water management practices.

Moreover, understanding that the health of ecosystems is integral to the resilience and sustainability of the environments where we build and operate, Nan Fung also commits to directing resources towards biodiversity preservation. Responsibility for our approach to resources and waste is within the remit of the SEWIT Committee, which oversees the implementation of various programmes aimed at responsibly managing our footprint.

Waste Management

To minimise the negative impacts of waste from our business activities, we have established proper waste management processes, starting with internal practices.



Sustainable Procurement Policy

Our Sustainable Procurement Policy aims to generate minimal waste during procurement. We strive to purchase reusable, recycled, or biodegradable products whenever possible, from office supplies to facility management essentials, such as detergent and toilet paper.

We also incorporate waste management measures in our construction projects to maximise recycling of materials.

Employee Training and Development

We conduct regular training and knowledge exchange sessions to equip our employees to handle waste issues effectively.

During the reporting year, we conducted a Group-wide waste management training covering local waste regulations and recycling tips for the workplace and daily life. These tips were applied during our office relocation, where we repurposed furniture and fixtures for the new office and sent remaining items to a third-party organisation to minimise waste. A recycling corner was also set up for colleagues to recycle and donate unwanted personal items.

The total waste generated and waste intensity in 2023-24

	2022-23	2023-24
Total waste generated	89,763 tonne	103,253 tonne
Waste intensity	0.025 tonne/ sq. m. GFA	0.029 tonne/ sq. m. GFA

Waste Management in our Operations

Our property management arm currently has a target of diverting at least 30% of municipal solid waste from landfill by 2030.

The Resource Management & Circularity Taskforce (“RMCT”) developed a comprehensive understanding of our waste by tracking and analysing waste data. This enables the design and implementation of effective waste management procedures. We are in the process of setting a waste diversion target on the Group level.

To meet property management’s waste diversion target, we installed recycling facilities for various materials, including paper, metal, plastic, glass, carton and cardboard boxes, batteries, clothes, electrical appliances, and fluorescent lamps, encouraging tenants to separate recyclables from general waste. Our built-in automatic refuse collection system at AIRSIDE and the Greenbird system at major properties allow us to record materials diverted for recycling and waste generated.

Data-driven Analysis

We will continue to improve our waste management practices by actively collaborating with tenants, customers, visitors and the community on waste reduction and recycling initiatives. We also use waste data to gain insights into tenant operations, allowing us to enhance our initiatives and thereby accelerate efforts along our waste reduction journey.

Total waste generated in the reporting year increased by almost 15% in comparison to the previous year. This variance is attributed to the enhanced quality and availability of the data.

Enhancing Services for Tenants and Customers

Our property management company has established a dedicated sub-taskforce, the Municipal Solid Waste (“MSW”) Taskforce under RMCT. This MSW Taskforce aims to equip tenants and residents with knowledge about effective waste management practices and enhance tenant access to waste data, so they can make data-driven decisions.

In the reporting year, we conducted a tailored training session for our tenants, combining classroom lecture with gamified experiences. Over 70 tenant participants from AIRSIDE, The Mills and 33 Des Voeux Road West joined the session.

A post-event survey showed that approximately 90% of participants reported increased awareness of waste management in Hong Kong.

In tackling the significant issue of food waste, a major contributor to landfill volumes, we offer food waste collection services across 14 properties in Hong Kong, Mainland China and the UK.

During the reporting period, 3,584 tonnes of food waste were collected. In Hong Kong, part of the collected food waste is transported to O·Park1 for further processing, while the rest is sent to onsite food waste decomposers, installed at our major properties. The decomposed food waste will then be transformed into compost and utilised for landscaping at our shopping malls. We also introduced smart recycling stations in selected residential properties, to divert food waste and other materials from disposal.



CASE STUDY



Implementing a Smart Solution for Waste

Since 2023, we have implemented a new, intuitive IoT smart waste management solution, the Greenbird system, across our major commercial properties in Hong Kong.

This system provides timely and accurate collection of MSW data. By measuring the weight of different waste streams and segregating the data based on the source and type of waste, the Greenbird system streamlines the waste tracking and reporting process. Utilising QR codes and Greenbird smart scales, real-time waste data is automatically uploaded onto the system, eliminating the need for manual data input. This helps colleagues and tenants across properties to instantly assess waste disposal patterns, identify areas for improvement, cross-check data records with recyclers and conduct effective benchmarking and performance evaluations across our managed properties.

As of March 2024, nearly 400 tenants from six of our managed properties, namely AIRSIDE, Nan Fung Tower, The Mills, TKO Plaza, 33 Des Voeux Road West and MOS Centre, have access to the Greenbird system for waste data collection and reporting.

CASE STUDY

Fostering Community Interaction at the Green Corner

The Green Corner, established at our property at 33 Des Voeux Road West in July 2023, is a space set up and run by our onsite Customer Service Centre (“CSC”) equipped with recycling facilities and sustainability information panels to raise awareness of the cause.

CSC has installed a Smart Recycle Bin that automatically weighs and recycles paper, glass, plastic bottles and aluminium cans. Each tenant has a unique QR code; upon scanning, the system automatically records the waste data. The data is then analysed and shared with tenants to help them systematically track and improve performance.

“ There is no time to waste. While we’ve made progress in our recycling efforts, we know there’s much more to be done. Now is the time for collaboration and implementing more effective solutions. ”

– Calvin Lee, General Manager, Property Management Department, Nan Fung Group



From July 2023 to March 2024



530kg
paper



24,200kg
glass

were recycled at the Green Corner

The Green Corner also features a makeshift library, with bookshelves made from repurposed wine boxes, with an aim to facilitate voluntary book exchange amongst tenants.

Alongside cultivating a reading culture at 33 Des Voeux Road West, regularly-updated sustainability info panels elevate The Green Corner as a hub for both education and environmental stewardship.



CASE STUDY

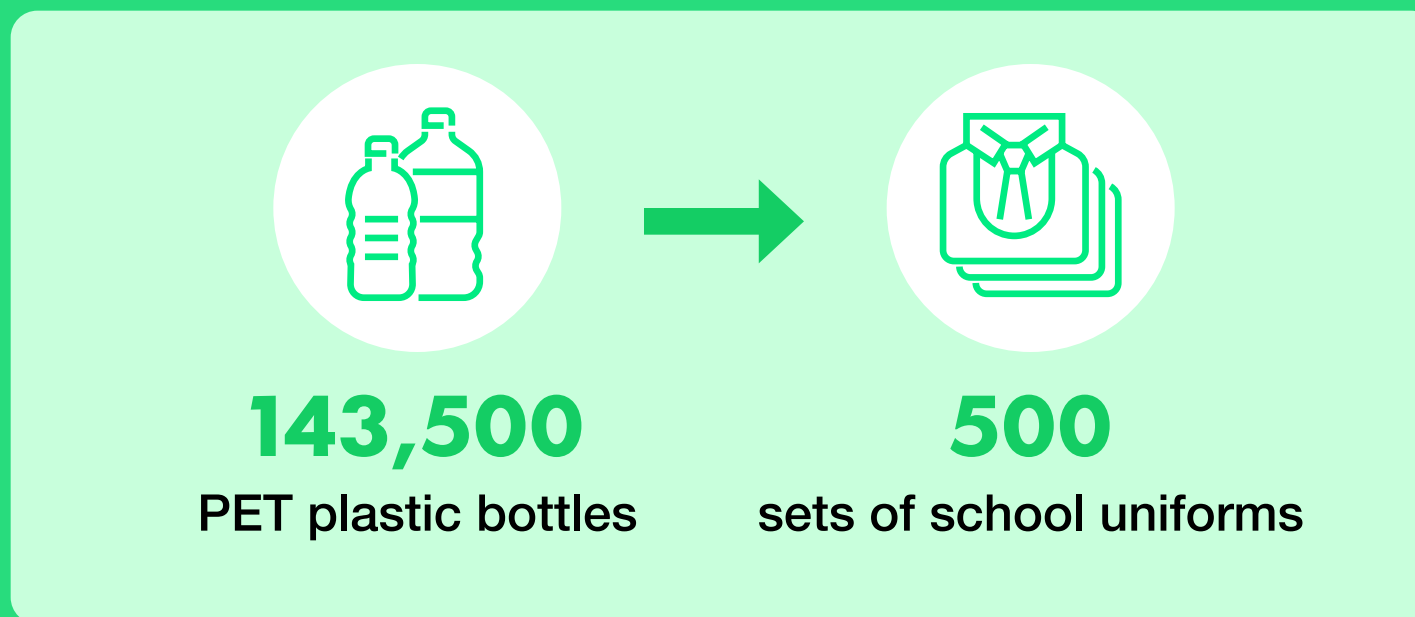
Engaging Customers in Circular Economy Initiatives

Our commitment to waste reduction extends beyond our tenants, as we actively engage and support customers and visitors in embracing sustainability practices.



Upcycling PET Bottles

At The Place in Guangzhou and WPP Campus in Shanghai, we partnered with a third party to upcycle over 143,500 PET plastic bottles collected from the properties' shopping mall into 500 sets of school uniforms, which were then donated to students in Gansu. Through this ongoing partnership, we give second life to plastic bottles – a great demonstration of how responsible practices can result in meaningful and positive impact.



AIRSIDE Circular Programme – Championing Reusable Containers

To minimise single-use containers, we piloted a circular programme at AIRSIDE with a third party, allowing customers to borrow reusable containers for takeaway orders at designated F&B outlets. Integrated with our Membership Programme, NF Touch, it ensures seamless borrowing and returning. Customers are incentivised with NF seeds that can be transformed into donations to support NGOs within our Impact Network. Convenient self-service stations at AIRSIDE streamline the container return process.

Moving forward, we have plans to gradually expand the programme to other major properties.

To further the positive impact from this initiative, ten retirees from the local social enterprise, The Jade Club, have been trained to utilise advanced technology, including a mobile app, and are empowered to oversee the quality control of borrowed takeaway cups and containers.

Extending the Life of Clothing

In early 2024, The Mills hosted the “One Used Garment, Endless Possibilities” campaign to raise awareness towards the environmental implications of excessive clothing consumption. The initiative featured various events, including “The Mills Fashion Swap,” encouraging visitors to declutter their wardrobes and swap unwanted clothes.

The “Fashion Clinic: Consultation with Designer” event, done in collaboration with fashion designers, allowed visitors to rejuvenate old garments. Workshops such as “Clothing Care and Basic Sewing 101” and “Revamp and Recreate: From Clothing to Dolls” educated attendees on extending clothing lifespan through care, repair, and creative repurposing.

Over 600 participants attended the workshops, saving over 10,000 garments from going to the landfill.

Water Stewardship

Water is essential and finite, driving our commitment to use it wisely across all operations.

We rigorously oversee our water use, implementing strategies for optimal water efficiency. We prioritise the installation of water-efficient sanitary fittings, including sensor-operated faucets and toilets. Additionally, we utilise systems that collect stormwater or rainwater, and repurpose grey water for tasks like irrigation and cleansing.

During this reporting year, a substantial portion of our portfolio earned commendable recognition from the Water Services Department in Hong Kong, with 48 properties receiving the Quality Water Supply Scheme for Buildings – Flushing Water accolade, and 43 properties being awarded the QMS certificate for the Quality Water Supply Scheme for Buildings – Fresh Water (Management System) the Water Services Department. To enhance water efficiency in our construction projects, water-saving targets are established for each project in accordance with BEAM Plus requirements.

To further reduce water consumption, we have set internal targets for managed properties under ISO 14001. Our goal is to obtain the Quality Water Supply Scheme for Buildings – Fresh Water Certificate and Quality Water Supply Scheme for Buildings – Flushing Water Certificate for 75% of eligible properties by 2025. Moreover, we target to install water-saving devices at 75% of eligible properties by 2030.

Our procedures for managing water usage are tailored to the specific requirements of each market. Our commercial property in Shanghai, The Place, has a water metering system to record water consumption and related data. In case of excessive water usage, we investigate and make adjustments to prevent wastage. The Place and our Yi Fung Place in Shanghai are also equipped with reclaimed water facilities that recycle rainwater for irrigating vegetation and road flushing purposes. We conduct a water balance test every five years to ensure proper use of water resources at our projects and to comply with the water control requirements of the Shanghai Water Conservation Office.

The total water consumption and water consumption intensity in 2023-24

	2022-23	2023-24
Water consumption	1,044,581m ³	885,212m ³
Water consumption intensity	0.294m ³ /sq.m GFA	0.249m ³ /sq.m GFA

Total water consumption in the reporting year decreased by 15% in the reporting year as compared to the previous year.

Wastewater Management

To manage wastewater discharge, we strictly follow all applicable regulations, ensuring effluents comply with all relevant standards. We conduct annual testing of our discharge practices against regulatory requirements, and all wastewater at construction sites is treated before it is discharged. During the reporting period, no cases of non-compliance were recorded.

In Boston, where NFLSRE accommodates numerous life sciences firms, managing water discharge is critical. Laboratory offices and premises process wastewater through a pH system, ensuring it meets the standards for discharge into the Massachusetts Water Resources Authority’s system. Additionally, we have implemented daily monitoring of the pH discharge and a reporting system to ensure the wastewater discharged fulfils the required standards.



Conserving Biodiversity

As part of our shared responsibility to protect the natural environment, we strive to ensure the wellbeing of our surrounding ecosystems.

We are committed to minimising the impact of our developments on natural habitats and preserving biodiversity for the benefit of future generations.

We actively monitor the recommendations of the Taskforce on Nature-related Financial Disclosures (“TNFD”) pertaining to the management and disclosure of nature-related risks and opportunities as we strive to create harmony with natural ecosystems in our built environment. The Group is working to develop a more holistic management approach given the importance of biodiversity to our property development activities.



Habitat Garden – The Place, Shanghai

We introduced The Place Habitat Garden in Shanghai, a pioneering project that integrates biodiversity into urban spaces, bringing residents and the city closer to nature. The project was deemed successful with support from the Urban Renewal and Low Carbon Project Management Center of Changning District, Shanghai, and landscape design advisory from the Shanghai Jiao Tong University School of Design.

The Place Habitat Garden is Shanghai’s first garden with biodiversity features located in an open commercial development. With various local species, nectar sources, and orchard plants available, the garden enhances the environment and provides natural food sources for small wildlife. The garden also includes an ecological pond with a self-circulating oxygenation system to ensure water source cleanliness, which is vital for urban wildlife. The interactive observation zone has a viewing wall and three infrared cameras to capture activities of small animals day and night. Over 12 local species, including the red-flanked bluetail, light-vented bulbul, and Pallas’s squirrel, have been spotted here, as the garden provides a safe living environment for plants and animals, attracting diverse urban wildlife and offering a sanctuary within the city’s hustle and bustle.



Insect Hotel – AIRSIDE, Hong Kong

In the reporting year, we’ve launched several initiatives to enrich biodiversity and nature within our communities and neighbourhoods. At AIRSIDE in Hong Kong, we’ve conducted an insect survey and established a Garden and Insect Hotel, creating a vibrant ecosystem for plants, butterflies, birds and local insects. A purpose-built structure made from natural materials, the Insect Hotel provides shelter for a variety of species, including solitary bees that benefit from a suitable environment to lay their eggs.

Around 2,000 insects are now present at AIRSIDE, which helps to promote both local biodiversity and awareness of this important issue as over 500 participants have experienced the insect hotel through guided tours at AIRSIDE.

At Nan Fung, safeguarding the wellbeing and safety of everyone involved with our properties – from our colleagues to customers – is a core value that guides everything we do.

We are committed to creating a secure and healthy environment across our developments, including our buildings, facilities and construction sites. Moreover, our efforts extend far beyond the realms of property development. Through our innovative life sciences business and engaging community programmes, we're dedicated to improving the wellbeing of society at large, while setting new standards in creating positive impact through community care.

Material Topics:

- **Wellness for Employees**
- **Wellness for Tenants and Customers**
- **Wellness for Humankind**




WELLNESS

HIGHLIGHTS

GOALS, TARGETS OR COMMITMENTS

EMPLOYEE WELLNESS



Conducted the first
Group Wellness Survey

Launched our Group-wide
SEWell Programme
with impact measurement

OCCUPATIONAL HEALTH AND SAFETY

Maintained a
Lost-time Injury Rate of
0.69




Zero
Employee fatalities
in the workplace

CHALLENGES

- Driving long-term behavioural changes for physical and mental wellness requires consistent motivation, as initial enthusiasm can fade over time. We take a comprehensive approach that includes education, personalised strategies, and support to foster lasting changes
- Wellbeing is challenging to measure, especially when proving the causation or correlation of how one “feels well”. We will continue to improve our measurement methodologies through feedback mechanisms for greater effectiveness of programmes
- Mental health remains a taboo subject in many parts of Asia, including Hong Kong. We are actively working to raise awareness and acceptance in our community

LOOKING AHEAD

- Health and safety of our employees and customers will continue to be a priority focus for us
- Going forward, we are committed to:
- Making wellbeing a priority in our business planning and operations. This includes conducting an impact measurement survey as part of the project design whenever possible
 - Enhancing our existing annual wellness surveys by adopting global standards and benchmarks. This will help us more effectively evaluate and monitor our progress in improving the wellness of our colleagues

Material Topic:**WELLNESS FOR EMPLOYEES****Why It Matters to Us**

Employees are our greatest asset, and we endeavour to provide a working environment that allows them to be fulfilled and happy.

Employee wellness and safety are vital to Nan Fung as they enhance productivity, boost morale and attract and retain talent. Prioritising these aspects helps ensure a satisfied workforce and foster a positive environment. By proactively managing employee wellbeing, Nan Fung reduces the risk of accidents and illnesses, protecting both employees and the company.

Our efforts demonstrate our commitment to sustainability and operational excellence, securing our long-term business success.

**How We are Managing It**

With health and safety being paramount, we seamlessly integrate best practices into all facets of our operations.

Our Group Health and Safety Policy underpins our commitment to providing a safe environment for all our employees and contractors across our operations. The policy requires compliance with all applicable laws, regulations, standards and codes of practice, and ensures that we regularly provide training for employees and contractors that help instil a culture of safety and awareness.

The health and safety management systems of both our property management and construction arms are certified to the ISO 45001 standard, covering all activities that workers and contractors perform in the workplace. We conduct regular internal and external safety and health performance checks and risk assessments and investigate any incidents that arise. Independent safety audits are conducted every six months, and an external assurance company conducts an audit annually to assess and review our occupational health and safety (“OHS”) management systems.

During the reporting period, there were 26 work-related incidents identified, fewer than the incidents reported in the previous year.

Occupational Health and Safety

Our Health and Safety (“H&S”) Committee is responsible for steering health and safety initiatives for employees and contractors of our construction companies. All committee members are responsible for identifying potential hazards and accident risks that are subsequently recorded in our Safety Plan. This plan is reviewed annually by the corporate H&S Manager and Site Safety Teams and approved by the General Manager of our construction companies.

The Corporate Safety Committee, a sub-committee under the H&S Committee, comprises the Group Managing Director and directors, the construction department head, section heads, construction site management representatives and employee representatives. Corporate Safety Committee meetings are conducted quarterly. The Site Safety Committee, another sub-committee under H&S Committee, meets monthly and comprises the construction site management representative, the site safety representative, safety supervisors, frontline supervisors, sub-contractor representatives and worker representatives.



Construction site staff and workers participating in group stretching exercises

Health and Safety at Construction Sites

To effectively manage OHS risks, all construction sites must comply with the Company Safety Policy, issued by our construction companies, and implement a Safety Plan. The Site Safety Committee oversees the following initiatives:

- Risk assessments for evaluating the level and likelihood of risk for every construction activity
- Onsite inspections, sub-contractor performance reviews and evaluations, regular training sessions and sharing of updated statutory requirements with stakeholders
- Basic health checks, such as blood pressure measurements for workers

Should an incident of non-compliance arise at a construction site, site representatives will halt operations and mandate that the sub-contractor rectify the unsafe conditions within a set timeframe. Remediation actions may encompass restricting access to the site and enforcing immediate, mandatory training, tailored to the severity of the non-compliance.

Hazard Incident Reporting

The prevention of hazards is an important focus of our safety efforts. Community members and workers are encouraged to provide information on potential hazards. An opinion box is set up at the entrance of all sites and contact information of site representatives is made available at all site boundaries. All workers are made aware of these hazard reporting mechanisms during their induction training. If, and when, information on hazardous situations is received, this is passed to the Site Safety Team for action.

The Site Safety Team first investigates the root causes of the hazards, and then contacts the relevant parties to improve the unsafe situation. In the case of more complex incidents, site or top management may also be involved in the hazard elimination process. Anonymous suggestions proposed using the opinion box, on the other hand, are addressed with a follow-up report posted on the site entrance notice board.

In response to industry or construction site incidents, our safety team prepares an alert to remind colleagues, sub-contractors and workers about relevant precautionary measures. When a change in operations and procedures is required, the safety team amends and records these in the Company’s Safety Plan. Stakeholders are informed of the effectiveness of actions taken at monthly Site Safety Committee meetings and quarterly Corporate Safety Committee meetings.

Job Safety Training and Communication

We offer job safety training to workers across our properties and provide dedicated sessions as needed. Before work commences at our construction sites, workers participate in briefings and consultations to address their training needs.

Our Site Safety Team is responsible for communicating safe working procedures and highlighting any potential risks to workers and sub-contractors. As part of their training, all sub-contractors and workers are encouraged to report any near-misses and injuries.



Health and Safety Performance

In 2023, the Group recorded a lost-time injury rate (“LTIR”) of 0.69, a marked improvement from the previous year.²¹ We are fully committed to achieving zero fatalities at our workplaces and note that there were no fatalities in 2023.

	2022-23	2023-24
LTIR	0.85	0.69

²¹ This LTIR figure covers all employees (reiterate the developments within the scope of this Report).

CASE STUDY

Adoption of Smart Site Safety Systems

In a concerted effort to uplift safety standards at our construction sites, we have embraced cutting-edge technology. Over the past year, our construction team implemented a Smart Site Safety System (“SSSS”) to oversee high-risk activities and machinery operations with the aim of reducing incident rates at construction sites. So far, we have deployed 100 Smart Helmets, three Dastrack Anti-Collision Technology devices and 50 Ultra-Wideband (“UWB”) tags as part of our SSSS efforts.

The Smart Helmets proved effective in monitoring the vital signs of workers, such as heart rate and body temperature, promptly detecting any incidents whether workers were in motion or stationary. The Dastrack technology enhanced machinery safety through precise collision alerts, working with UWB-enabled Smart Helmets to issue warnings, thereby preventing potential accidents. The system tracked locations of personnel and equipment and sent important updates, such as severe weather alerts and emergency information straight to workers’ helmets.

We plan to assess the feasibility of adopting the SSSS, including Smart Helmets, for all new projects.

Promoting Wellbeing at Construction Sites

In addition to physical safety, we are focused on cultivating a sense of holistic wellbeing amongst our colleagues.

Our construction companies aim to create a happy and healthy working environment with the support and guidance of programmes and initiatives of the Occupational Safety and Health Council in Hong Kong by:

- Encouraging “Healthy Eating”, “Physical Activity” and “Mental Wellbeing” implemented through our Joyful@ Healthy Workplace Programme
- Pledging to promote a mental health-friendly workplace through our Mental Health Workplace Charter
- Raising awareness of the risks of cardiovascular and cerebrovascular diseases and promoting healthy lifestyles amongst frontline workers through the Heart Caring Campaign

In the past year, we introduced several wellbeing initiatives at our construction sites. These initiatives encompassed daily pre-work stretching and the provision of health check equipment, such as body composition scales and blood pressure monitors for site staff and workers.

We also encouraged workers to have a break during hot periods, serving fruit and cool water in place of traditional tea sets or caffeinated drinks.

Other wellness activities for site staff and workers included:

- Tai Chi and Ba Duan Jin workshops
- Health Day – providing onsite health screening tests for ailments such as diabetes and coronary diseases
- Blood Pressure Measuring Day
- Onsite mental health seminar and stress-relief workshop
- Healthy eating and Chinese medicine dietetics workshop

In the future, at least one stress-relief workshop and one onsite health screening test will be organised annually for workers at each construction project.



A Blood Pressure Check Day for construction site staff and workers

Supporting Wellness in the Workplace

Every office in each of our portfolio recognises the importance of ensuring the wellbeing of their employees. Our Employee Assistance Programme (“EAP”) offers a 24-hour hotline service for employees and their family members in need of support due to work, family, social or other personal challenges. Guidance and practical advice are provided by independent, trained professional counsellors from an external organisation.

In 2023, we also enhanced our Employee Medical Scheme to cover expenses related to mental health treatment. The scheme covers a minimum of 15 visits to specialists per year with no referral letter required.

In addition to the EAP, we also have tailored programmes and campaigns in place, known as “SEWell initiatives”, to address mental and physical health concerns suited to specific needs.

Group Employee Wellness Survey

As part of our ongoing efforts to review and enhance the effectiveness of our wellness efforts, in 2023, we conducted our first Group Employee Wellness Survey to gather feedback and improve our SEWell initiatives.

Colleagues from Hong Kong, Mainland China, the US and the UK were required to complete the survey anonymously based on the World Health Organization’s (“WHO”) physical activity standard by March 2023.

Key findings from the survey were as follows:

- Colleagues actively asked for support to improve their wellbeing
- Many colleagues were either unaware or had a limited understanding of the health benefits of physical activity
- Colleagues listed the following as initiatives that would motivate them to exercise more regularly:
 - Dedicated exercise time during work hours
 - Gym subsidy and free trial classes
 - Exercise with professional coaching



An onsite Health Assessment Day providing all employees with complimentary screenings for glaucoma and other health assessments


To gain further insights into employee wellness, we also engaged an external consultant to assess the Company’s practices and gain a deeper understanding of employees’ specific needs.

Another in-depth survey, which was conducted as part of the assessment, received a 60% response rate. As a result of feedback, we developed our Group SEWell Programme outlined in the case study on [p. 77](#).

In March 2024, we also organised an onsite Health Assessment Day, offering all employees free screenings for glaucoma and macular degeneration, cardiovascular risk assessments and spinal checks.


We conducted our second Employee Wellness Survey in Q1 2024 to evaluate the impact of our 2023 SEWell initiatives.

With a response rate of 62%, the results indicated that:

↑21% 

improvement in employee awareness

of the health benefits of regular exercise

↑8% 

increase in willingness

to adopt wellness tips into their daily lives

Going forward, we will continue investing resources to drive positive awareness and attitude changes and refine 2024 SEWell initiatives based on employee feedback. We intend to conduct a survey to understand the status of employee health, identify their needs and track the impact and effectiveness of our programmes on an annual basis.

PRELIMINARY ON-SITE HEALTH ASSESSMENTS*

*Choose only ONE of the following assessments (< 10 mins each)

- 1: Glaucoma & Macular Degeneration Screening
青光眼及黃斑點病篩查
- 2: Cardiovascular Risk Assessment
心血管健康風險評估
- 3: Spine Check
脊椎檢查

27 MAR (WED)
10:00 – 18:30
@ Room 2301&02, Nan Fung Tower

Findings on SEWell survey conducted in Dec 2023
~50% of NF respondents lack regular formal health assessment

Benefits of having regular health assessments

- Identify potential health risks
- Set your personal health goals
- Drive impactful results to stay healthy

Enroll **only ONE** health assessment by **18 Mar**
First come, first served; Priority will be given to the committed group#

Limited spaces available. If you wish to participate in additional health assessments, we will add you to the waitlist :)

Committed Group: You will receive priority for securing your enrolled session, if you are willing to synchronize your health data of "Run", "Walk", "Sleep" and "Yoga" with "NF Seed" daily wellness goals in NF Touch App.

NO additional personal or health data will be collected. Please refer the app for details.

Partnered with:
CUHK Medical Centre 香港中文大學醫學院 盈力僱員服務顧問 Vital Employee Service Consultancy

Enquiry: T&OD - Windy (Ext. 2222) or Winki (Ext. 3617)

CASE STUDY

The Group's SEWell Programme

In the reporting year we expanded SEWell initiatives into a Group-wide wellness programme, aiming to improve overall health and wellbeing, reduce stress levels and enhance the productivity of our employees.

Objectives

Through this new Group-wide programme, we aim to foster a positive work environment for colleagues.

The initiative is designed to create a supportive community that assists colleagues in making significant strides towards their health and wellbeing goals.

The ultimate objective of the programme is to improve both the physical and mental wellbeing of employees. The programme aligns with global guidelines and standards, such as WHO guidelines on physical activity and sedentary behaviour, with the goal of long-term improvements.

Scope

The SEWell Programme offers a combination of activities for all employees. These include sports days, stretching and singing bowl sessions, yoga classes and lacrosse experiences along with health talks on eye care, mindfulness workshops and SEWell knowledge sharing sessions on healthy habits.

The programme is designed in alignment with WHO guidelines, which recommend at least 150 minutes of physical exercise weekly and form the basis of our methodology²² to measure the quality of mental health.



Source: World Health Organization guidelines on physical activity and sedentary behaviour

Outcomes

An improvement in colleagues' understanding of the benefits of exercise on health was reported in our second Employee Wellness Survey as detailed above.



Future plans

Improving our colleagues' understanding is just the first step towards our long-term SEWell goals.

Our 2024 SEWell Programme will raise employee awareness through onsite assessments to help them understand their current health condition. This will enable them to set their health goals more effectively. To support their progress, we will organise a series of physical activities aimed at improving overall wellbeing. Furthermore, we will introduce mental health activities, such as mental health first aid training.

Finally, we will extend our focus to social wellbeing by encouraging employees to actively contribute to and care for the communities around them.

2024 SEWell Programme

- Q1 Raise health awareness
- Q2 Improve physical health
- Q3 Support mental wellness
- Q4 Promote social wellbeing

²² The methodology is based on the WHO-5 Well-Being Index.

CASE STUDY

Let's Move For Zero Hunger

The annual campaign “Let’s Move for Zero Hunger” is organised by our property management arm in collaboration with FOODSPORT. This programme aims to promote healthy lifestyles, encourage participation in sporting activities, and provide food for those in need.

The campaign took place from November to December 2023 and kicked off with a sports day for colleagues. Participants used electronic devices to track their exercise time and calories burnt during activities such as running, hiking, cycling, swimming, ball games, dancing and yoga. The calories burnt by participants were then converted into the equivalent amount of food calories to be donated to individuals in Hong Kong who require assistance.²³ Prizes were awarded to the three best teams and ten individuals who burnt the most calories. In December, a ceremony was held to celebrate the achievements of the top-performing participants.



“Let’s Move for Zero Hunger” Closing Ceremony

Programme Outputs



43 teams



100+ food packs converted from 1,045,970 kcal donated



215 employees



100 individuals benefited

SROI 1:3.3x

For the second year, we continued to calculate the Social Return on Investment (“SROI”) of the campaign. To evaluate the effectiveness and social value of the programme for two consecutive years, pre- and post-surveys were conducted during the programme period, receiving 197 and 155 responses respectively. The insights from the impact analysis in the first year informed the programme design to maximise employee engagement and overall impact delivery in the second year.

Going forward, the results will help enhance the design of the campaign to further drive SROI performance.

²³ An example of calories converted to food is as follows: 32 minutes of running = 425 calories burnt = 1 unit of ready-to-cook chicken.

Material Topic:

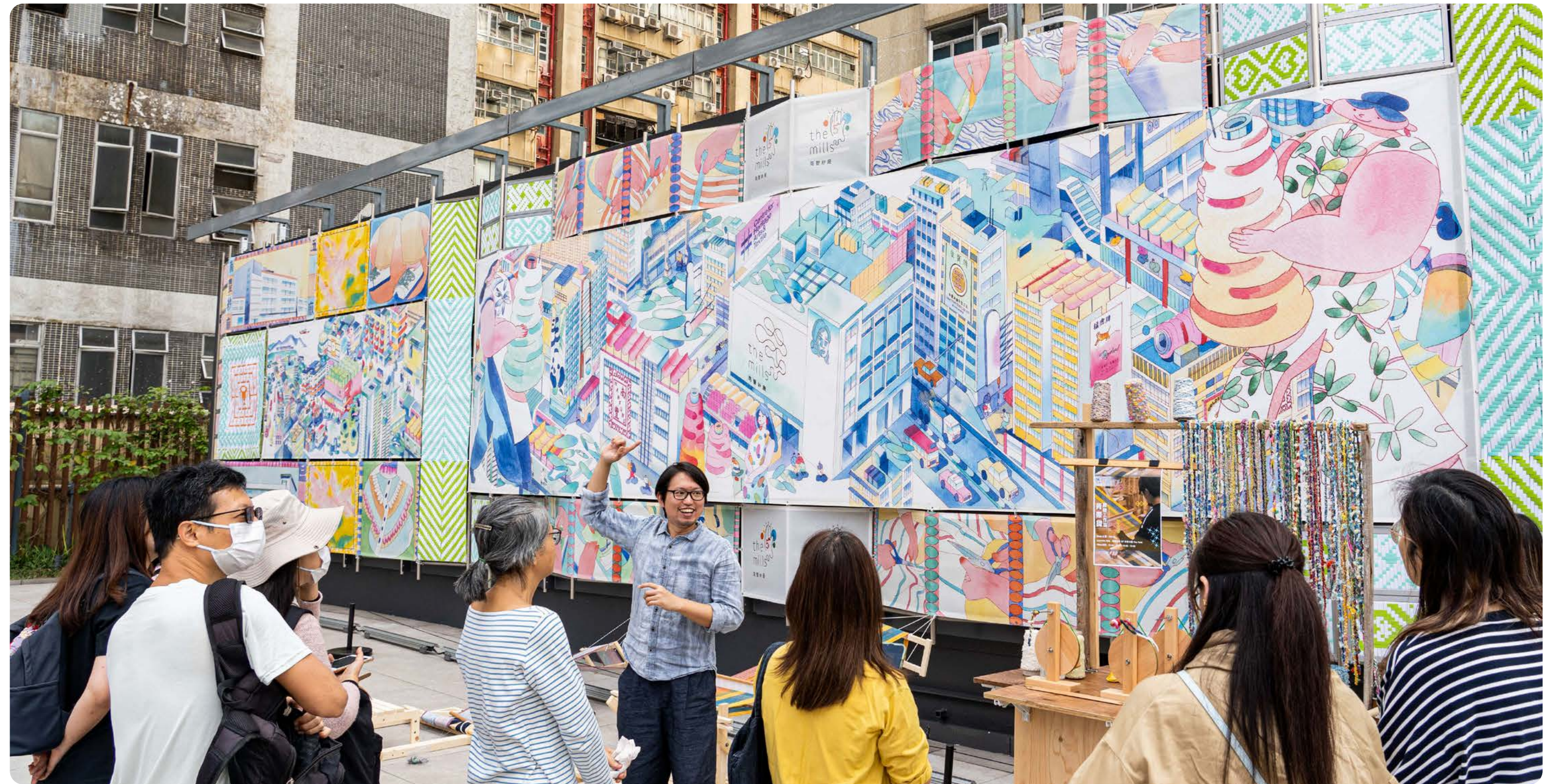
WELLNESS FOR TENANTS AND CUSTOMERS

Why It Matters to Us

By creating a healthy, comfortable and safe environment for tenants and customers, Nan Fung ensures a positive experience that encourages repeat visits and enhances tenant retention.

Our focus on wellbeing is intrinsic to the quality of our products and services, making our offering attractive to discerning customers and tenants.

Furthermore, promoting wellness aligns with Nan Fung's commitment to sustainability, fostering a thriving, vibrant community within our developments.



The Weaving Wall at The Mills captures the collective memories and imaginative spirit of the community, along with the vibrant heritage of Hong Kong's textile industry

How We are Managing It

At Nan Fung, we are committed to investing in the development of quality spaces that are crucial for the wellbeing of all people living and visiting our properties.

We conduct regular internal assessments of the health and safety impacts of our product and service categories to enable continuous improvement. During the reporting period, 100% of our major products and services were assessed, and no significant incidents of non-compliance with health and safety regulations were identified.

Tenant and Customer Health and Safety

Central to our strategy for enhancing tenant and customer wellbeing is the adoption of recognised certification systems, ensuring alignment with industry best practices. This includes BEAM Plus and LEED certifications, which provide performance criteria for more sustainable practices in design, construction, fit-out, management, operation and maintenance of buildings, as detailed in the Environment section of this Report. Additionally, we are adopting The WELL Building Standard, developed by the International WELL Building Institute™, which outlines ten key features of building performance: air, water, nourishment, light, movement, thermal comfort, sound, materials, mind and community.



At Yi Fung Place in Shanghai, we secured the WELL Precertification Gold Rating, marking it as one of eight wholly-owned commercial developments by Nan Fung to receive WELL certification.

In Hong Kong, our new headquarters at AIRSIDE, boasting sustainability-led and user-centric designs, is in the process of obtaining platinum ratings for WELL Certification v2.0, LEED Interior Design and Construction: Commercial Interior v4.0 and BEAM Plus Interior v2.0.

Apart from building certifications, at Guangzhou Langham Place, we comply with the international hazard analysis critical control point (HACCP) system for food safety to promote wellness. Food at the hotel is evaluated through analysis and control of biological, chemical and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product.

Tenant Wellness Programme in the UK

In the reporting year, we ran a series of wellness programmes for our customers across our businesses. At Endurance Land, an important initiative is promoting physical and mental wellbeing. As such we have implemented the following:

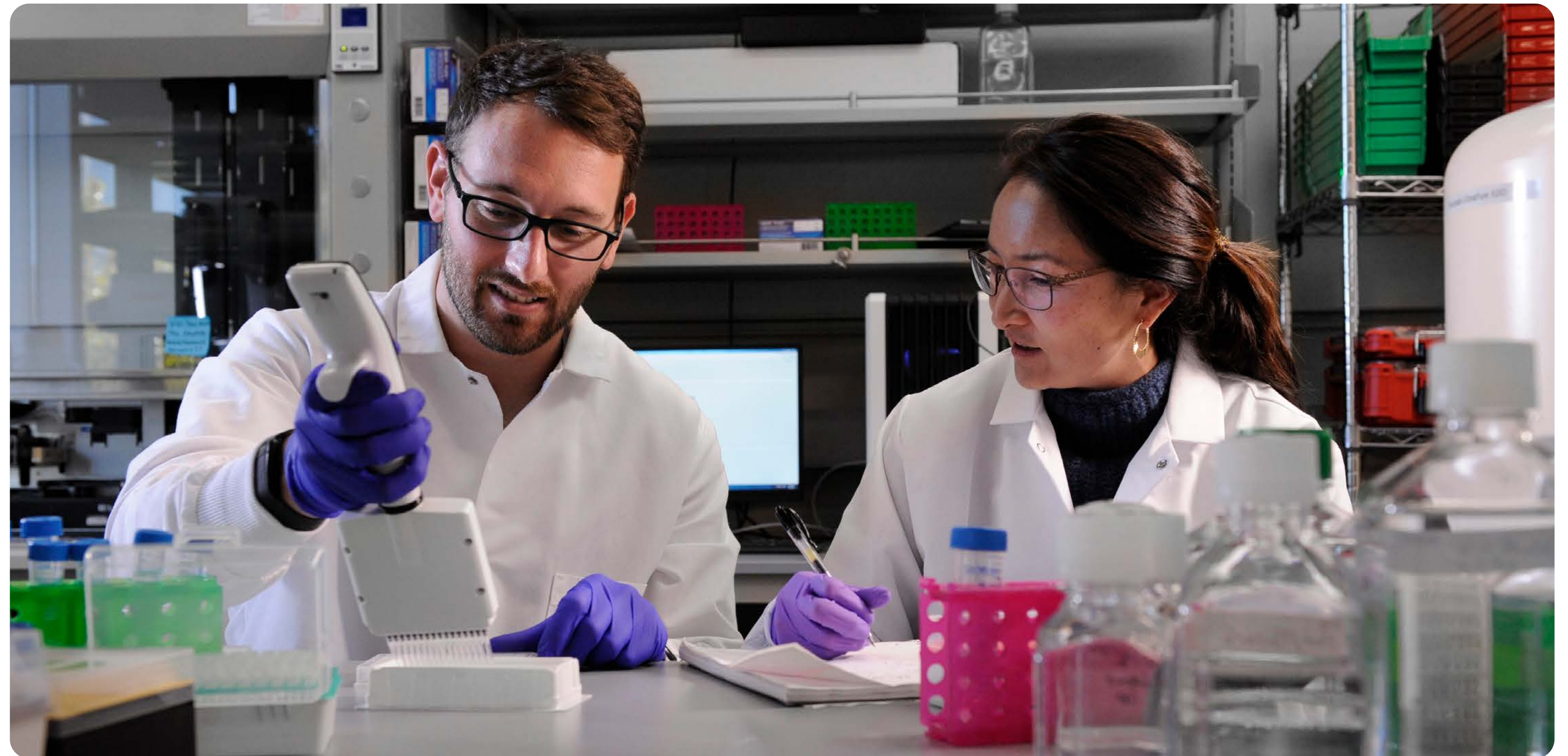
- Designing to meet WELL standards, ensuring our spaces promote health and wellbeing
- Incorporating active design principles to encourage physical activity and engagement within our spaces
- Taking steps to prioritise and maximise natural light, creating brighter and more energising spaces
- Considering neurodiversity in our designs, creating spaces that are accommodating and supportive for all
- Emphasising inclusivity in our design approach, ensuring accessibility and comfort for every individual
- Developing plans to enhance indoor air quality, ensuring a healthier environment
- Installing signage to encourage the use of stairways, promoting physical activity
- Providing bike storage facilities, offering an 8:1 tenant to bike ratio to encourage cycling

Material Topic:**WELLNESS FOR HUMAN KIND****Why It Matters to Us**

The wellbeing of broader society, even those not directly touched by Nan Fung, is crucial to us because it fosters a resilient environment that benefits our operations.

Engaging in community wellness initiatives builds goodwill and trust, attracting partners and customers who value companies with strong community engagement practices.

Moreover, contributing to societal wellness aligns with our sustainability goals, reinforcing Nan Fung's commitment to long-term environmental and social stewardship. In line with "Do Good and Do Well, with Love", we are committed to being pioneers in products and solutions that benefit humanity.

**How We are Managing It**

In the reporting year, we focused our efforts on promoting wellness for humankind through investment in life sciences and the implementation of a series of local community initiatives.

Combining our dedication to wellness and innovation, we are focused on enhancing the lives of many through exciting medical breakthroughs and local projects designed to meet the specific needs of communities beyond our properties.

Investing in Wellness through Nan Fung Life Sciences

Since 2017, Nan Fung Life Sciences (“NFLS”) has been actively and systematically investing in various life sciences start-ups. Embodying our core principle of “Do Good and Do Well, with Love”, NFLS is committed to enriching society’s wellbeing by supporting the life sciences industry’s entire value chain, from discovery to delivery of scientific breakthroughs.

Backed by diverse experience and long-term capital commitment from Nan Fung, the NFLS global investment platform partners with scientists, entrepreneurs and thought leaders who wish to advance drug discovery and development. With a proven track record in company formation, venture capital and investment expansion, NFLS is focused on generating more sustainable value for its investors.

NFLS covers a wide spectrum of the life sciences industry through direct investment via Pivotal Life Sciences (“Pivotal”), which provides capital to innovative companies that are developing therapeutic products and technologies to address unmet medical needs. We invest in companies in all stages, with a primary focus on “high impact” therapeutic solutions that have near-curative or otherwise transformative disease management potential.

In 2023, Pivotal established a policy to integrate ESG criteria and considerations into its investments. Pivotal recognises that the influence and financial impact of ESG issues differ across assets, presenting risks and opportunities for investors while at the same time contributing to the development of the life sciences industry.

“ We uphold the Group’s mission to continue investing in innovative therapeutic products and technologies to address unmet medical needs. ”

– Meng Gao, Group Chief Investment Officer, Nan Fung Group



CASE STUDY

Paving the Way for Revolutionary Eye Therapy

Sight is precious. It is the most dominant of the five senses and plays a crucial role in every facet of our lives. Dry eye disease (“DED”) has emerged as a substantial public health concern in recent years, ranking amongst the most common reasons people seek eye care. This chronic disease can result in long-term cumulative effects, leading to corneal ulcers, perforation and even blindness. Despite its widespread impact, this highly prevalent disease is often overlooked.

In Hong Kong, approximately three out of ten individuals experience DED.

Currently, the mainstream treatment focuses primarily on using eye drops or warm compresses. While these methods provide relief, they often have limited effectiveness, offering only short-term benefits. In 2019, NFLS, through Pivotal Life Sciences, and China-based ophthalmic biotechnology firm, Arctic Vision embarked on a collaborative project to develop a revolutionary eye therapy.

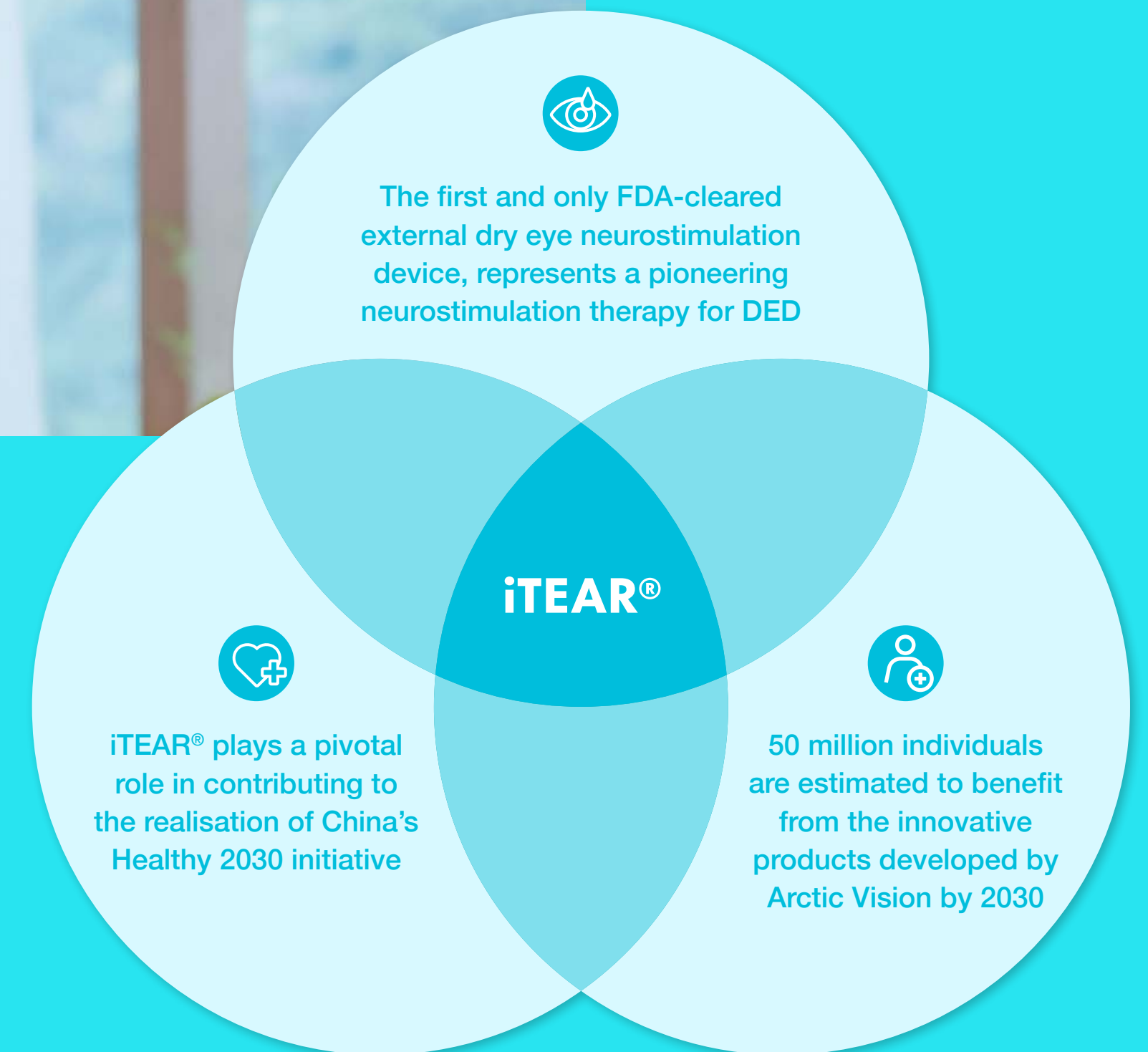
With investment from NFLS, in 2021, Arctic Vision introduced iTEAR®100, the pioneering drug free, easy-to-use, novel neurostimulation device in collaboration with Olympic Ophthalmic. This revolutionary device, the first and only FDA-cleared non-invasive technology to relieve dry eyes, has received accolades from patients and top-notch ophthalmologists in Hong Kong since its launch in November 2022.



Clinical trials have validated a remarkable 56% increase in basal tear production within just 30 days.

iTEAR® is positioned to pave the way for a new era of eye health in Hong Kong, offering substantial benefits to 260,000 DED patients seeking treatment.

In 2024, iTEAR® aspires to expand its reach to Mainland China, with the objective of introducing a new option to the market and elevating the standard of care for more individuals affected by DED.





Our team member in Mainland China volunteering in the “Love Fills Xi’an, Smiling Future” project

Promoting Wellness in Communities

We actively engage in initiatives with the community, organising and participating in various volunteering events with the aim of promoting wellness for broader society.

CASE STUDY

Bringing Smiles Back: Supporting Young Patients in Mainland China

Our team in Mainland China continued to organise various initiatives to raise awareness for and support young patients with cleft lips and palates in alignment with the Chinese Government’s efforts in this area. Given that the health condition of babies vastly improves after undergoing surgery, a special surgery fund (“The Fund”), was set up to make donations.

2023 marked the third year of support for cleft lip and palate charity projects through The Fund. In this year, in addition to donating cash for specialised surgery expenses, we engaged ten members of our colleague volunteer team in Shanghai to participate in “Love Fills Xi’an, Smiling Future.” On-the-job training was provided, and colleagues assisted in patient screening, case registration and assisting medical staff in the operating rooms.

Additionally, through the “Smile Tomorrow Charity Action” project, the Fund focused on funding surgeries for these young patients. Funding surgeries has also become part of the long-term plan of The Fund’s “Smile Tomorrow Charity Action” project.

This project aims to provide surgery for cleft lip and palate patients and free treatment opportunities in remote areas for underprivileged and low-income families, with support from hospitals and supporting doctors.

184 Low-income families received complimentary health consultations

102 underwent surgical operations

SROI 1:3.3x

“ Seeing those smiles on the faces of children who’ve received surgery through our initiative is what makes our work so rewarding. This much-needed resource can, in many cases, help build hope and opportunity for a better future. We’re proud to be part of something that truly makes a difference. ”

– Grace Huang, Chief Executive, China Property, Nan Fung Group

An ever-evolving global landscape has strengthened our drive to maintain a culture of innovation, both in the products we create and the entrepreneurial spirit we cultivate.

This pillar delves into the pioneering products and solutions through which Nan Fung sets new industry benchmarks. Concurrently, it highlights our commitment to empowering the trailblazers within and outside our organisation who are instrumental in shaping a more sustainable future.

By fostering a professional network that champions creativity and initiative, we not only embrace change, we spearhead it, ensuring that our trajectory is forward-thinking and furthering sustainability.

Material Topics:

- Innovative Products and Solutions
- Entrepreneur and Intrapreneur Empowerment



INNOVATION



HIGHLIGHTS

NET POSITIVE LEASE

21% of tenants

across our major Hong Kong properties²⁴
signed up for the tenant-landlord
engagement programme Net Positive Lease

NF TOUCH MEMBERSHIP PROGRAMME

1.4 million+

NF Seeds were converted into
donations benefitting

80 impact partners

INTRAPRENEUR EMPOWERMENT

1st Group-wide Hackathon

conducted in 2023 with 10+ ideas
generated with tangible follow-up

GOALS, TARGETS OR COMMITMENTS

NET POSITIVE LEASE



50% of tenants

sign up for NPL across global portfolio by 2025



CHALLENGES

- The pace and scale of innovation are escalating, requiring companies to be proactive and to stay competitive
- Balancing the availability of technology with the business to effectively integrate into operations

LOOKING AHEAD

- We will continue to enhance employees' capabilities and to cultivate mindset through design thinking, workshops, trainings, and hackathons to drive innovation and meet business goals
- We will consistently rethink our position and offerings – where we need to be and how we can be creative and flexible in facilitating collaboration to further innovation



Eggshell Ceramic Keychain Workshop organised by Fabrica X

²⁴ Measured by occupied lettable floor area ("LFA") of major properties in Hong Kong including AIRSIDE, The Mills, TKO Plaza, Nan Fung Tower, Nan Fung Place and 33 Des Voeux Road West.

Material Topic:

INNOVATIVE PRODUCTS AND SOLUTIONS

Why It Matters to Us

Innovation is a key driving force that we strive to integrate into all functions across Nan Fung's business.

Our commitment to innovative products and solutions not only enhances our value but also strengthens the Group's resilience in the long term. By focusing on innovation, we can anticipate and respond to market changes, meet evolving customer needs and maintain our competitive position in the industry.

This forward-thinking approach ensures that we remain agile, adaptable and well-equipped to navigate future challenges while continuously delivering quality services.

How We are Managing It

Our commitment to continuous improvement underpins our passion for innovation. We consistently strive to develop and enhance our products and solutions to meet stakeholder needs, and this commitment shapes our overall business strategy.

In the reporting year, our innovative solutions have focused on delivering shared value by empowering tenants, customers and communities to tackle sustainability-related concerns that must be addressed to assure long-term resilience for all.

At the core of these efforts is the understanding that we are all interdependent and must work together to find more sustainable solutions to challenges. With shared value creation as our goal, we have introduced products such as our innovative NPL initiative for tenants, the NF Touch Membership Programme for customers and new NFLSRE business model for life sciences tenants. Solutions like these benefit our stakeholders and enhance the value we provide as they allow us to provide more sustainable practices as part of our core services.



A chocolate tasting workshop aimed at fostering employee wellness was organised for our Net Positive Lease tenant

Net Positive Lease – Amplifying Impact through Sustainability-as-a-Service

The Net Positive Lease, a sustainability service model for tenants, originated from an internal Nan Fung Hackathon in 2022.

When developing this pilot project, over 50 stakeholder briefings were conducted to gather feedbacks from departments, tenants and community partners. Industry research was also conducted to validate the potential of the concept. The resulting prototype was officially launched in Hong Kong in mid-2023.

The NPL idea is based on the premise that we are well-positioned as building owners and managers to enable cluster development in our communities. Through dedicated stakeholder engagement, strategic and technological support and an understanding of location-specific needs, the NPL is designed to unlock shared value potential for increased positive impact.

The NPL has been instrumental in furthering responsible practices including emission management and sustainability-related capacity building.

Nan Fung acknowledges our responsibility for managing environmental impact, as 60% of Hong Kong's emissions arise from the generation of electricity for use in buildings.²⁵ However, with two-thirds of those emissions attribute to tenants, we can only achieve significant progress by collaborating with and supporting our tenants in their decarbonisation efforts.

As developers, we also have a responsibility to our surrounding communities. We adopt a holistic approach as developers to support the ecosystem. It includes sharing results of stakeholder engagement and providing sustainability-related capability building trainings to tenants and NGOs.

Addressing these issues through our NPL service not only delivers heightened positive impact, but it also contributes to planning approvals for new developments and helps us remain competitive and relevant in the eyes of our customers.



²⁵ Source from Environment and Ecology Bureau, HKSAR Government: <https://www.energysaving.gov.hk/esc2023/en/charter/index.html>

The NPL – How It Works

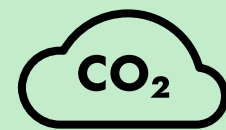
The NPL provides our participating tenants with distinct services that allow them to embed responsible environmental and social practices in their operations.

Environmental

To encourage a collaborative approach to managing impact, the NPL makes data management convenient for tenants.



Accurately **collect and measure data** on electricity, water, gas, waste and recyclables, leveraging 5G, IoT and building management technology



All data is sent to a **cloud-based tenant portal** that can be accessed anytime



Carbon audit advisory will be provided to tenants to support long-term decarbonisation planning and target setting

Social

The NPL also encourages social action based on community feedback and impact measurement.



Identifying insights of specific social needs unearthed by the **location-based materiality assessment**



Tenants can partner with us or develop their own **social programmes**



Impact measurement support from our in-house professionals as tenants develop their social investment strategy

Through the NPL, the conventional tenant-landlord dynamic is transformed into a mutually beneficial relationship. Tenants are given the tools to implement various environmental and social actions based on what is material to their business and redeem rewards. These actions may include adopting responsible fit-out measures, implementing responsible procurement practices and participating in our social programmes designed to address local concerns.

In this way, Nan Fung can support tenants with their environmental and social efforts, including helping set realistic and achievable sustainability goals. The mechanisms of the NPL are illustrated in the diagrams on the left.

Expanding geographically, we plan to offer the NPL to our tenants in properties located in Shanghai, Guangzhou, London, and Boston by phases.

As of March 2024, 21% of tenants (based on leasable floor area) signed up for the NPL; our target is for 50% of tenants to sign up for the NPL globally by 2025.

Delivering Positive Impact with NF Touch Membership Programme

Another one of our innovative tools introduced in 2023 is the NF Touch Membership Programme. This programme embodies our commitment to sustainable development and the social good, by engaging customers, tenants and communities through rewards, healthy lifestyle promotions and charitable activities.

Through the programme, members earn NF Points for purchases, which can be redeemed for NF Tokens to be used as cash. Beyond the traditional benefits offered by loyalty schemes, members can collect NF Seeds by achieving daily wellness goals, adopting responsible living practices or supporting environmentally conscious merchants. These NF Seeds can be converted into donations to support NGO partners within our Impact Network. In this way, we collaboratively deliver positive impact for tenants, communities and our business.

**Over a Million NF Seeds Shared,
Transforming Kindness into Actions!**

1,489,910 NF Seeds
6,850 donations

10 NGOs
in 2023-24

This included sponsoring over 4,400 nutritious meals for the elderly and people in need, providing over 2,000 cans of dog food, funding over 500 monthly sponsorships for abandoned animals, and organising over 290 diverse classes for children in need.

1 million
NF Seeds earned by
Green Actions



Recycle



BYOC

1.2 million
NF Seeds earned by
Healthy Actions



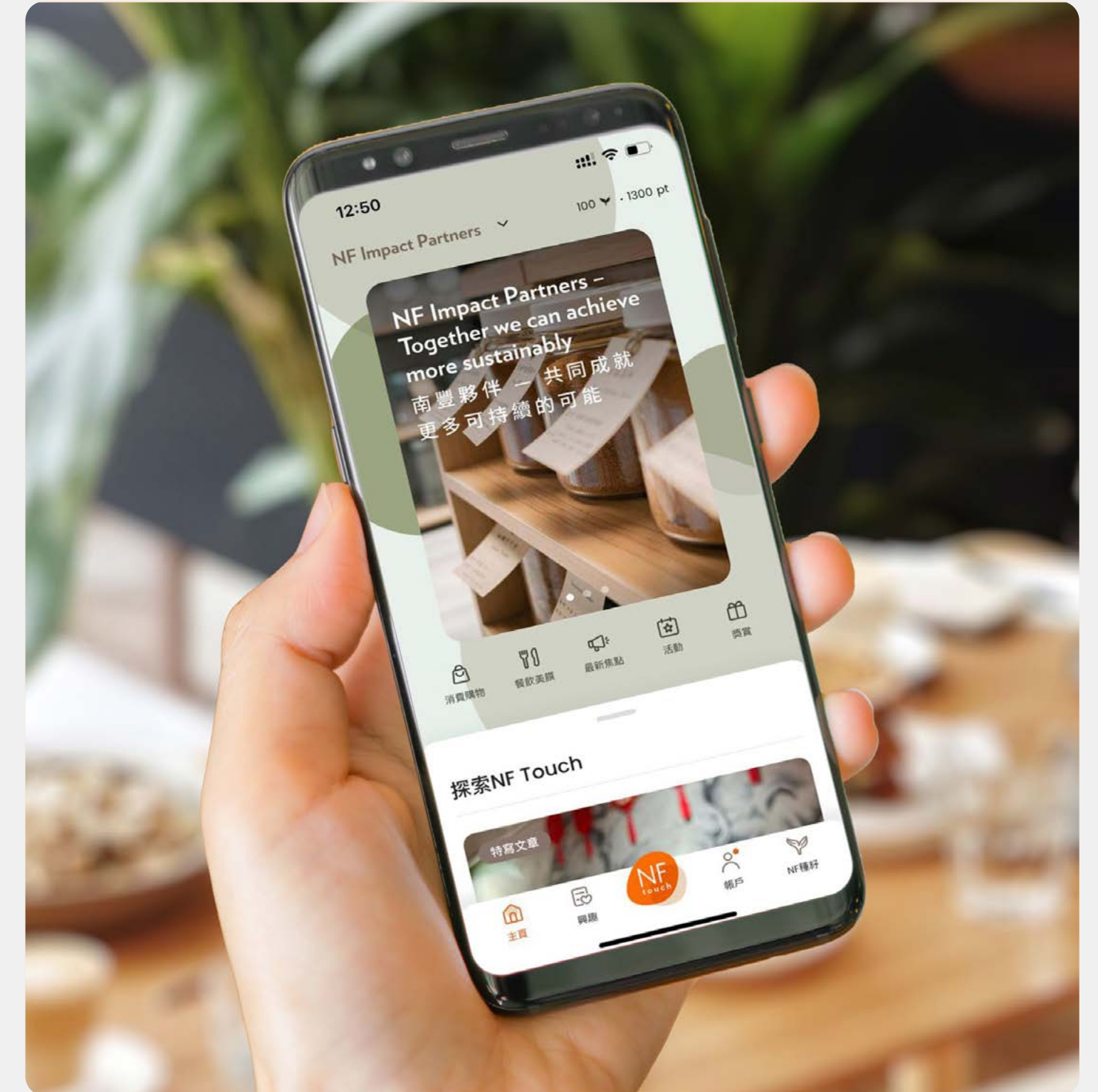
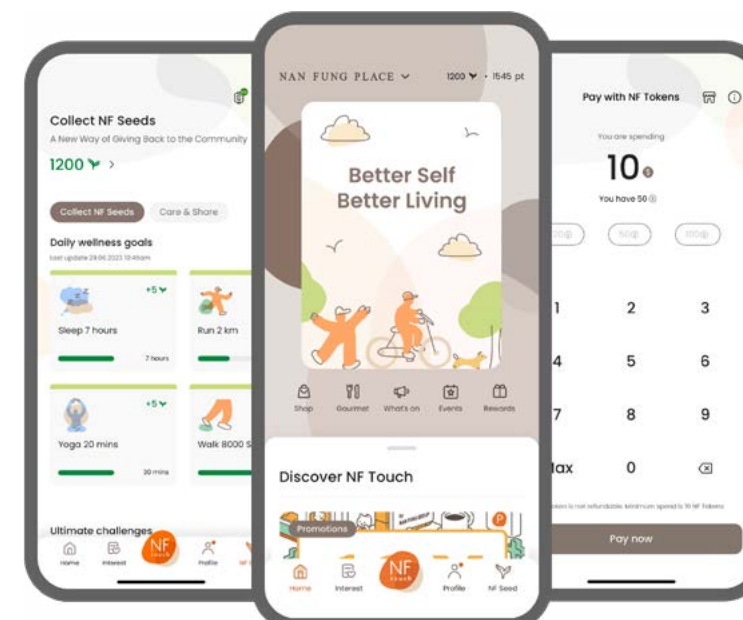
Run



Yoga



Sleep



“ By engaging our customers, tenants and communities, we collectively support good causes and create a more sustainable future. Every NF Seed shared helps us cultivate a better world together. ”

– Amanda Lee, Deputy General Manager,
Marketing & Communications Department,
Nan Fung Group



NFLSRE offers fully fit-out and turnkey laboratory solutions for businesses in the life sciences industry

Nan Fung Life Sciences Real Estate – Addressing an Unmet Need in the Life Sciences Industry

Nan Fung Life Sciences Real Estate (“NFLSRE”), our real estate investment and operating platform, is focused on acquiring, developing and managing life sciences-related properties in innovation-driven markets across the US and the UK.

Established in Boston in 2019, NFLSRE’s real estate portfolio spans across 1.3 million sq. ft. globally, with a total development value of US\$1.8 billion. In February 2022, NFLSRE expanded to London. We provide value to our tenants and community by addressing unmet needs in the real estate industry and providing solutions based on our expertise.

NFLSRE leverages our extensive understanding of the life sciences industry to provide fully fit-out, turnkey lab solutions for companies across the entire spectrum of the life sciences industry. We take a proactive approach by anticipating the needs of tenants, and as they evolve through their business development cycle, our campuses can accommodate their ever-changing needs, allowing them to grow within our portfolio.

NFLSRE is focused on driving long-term value for our clients and delivers this through:

- **Expanded Offerings** – leveraging our in-house property management team, smart technologies and innovative software, we continue to expand our service offerings for our tenants
- **Transformational Projects** – continually improving our management processes across the organisation, with a focus on “Defining”, “Measuring”, “Analysing”, “Improving” and “Controlling” to maximise operational efficiency
- **Key innovation Drivers** – integrating the SEWIT framework and innovative technologies into our offerings to become a first-in-class life sciences space and service provider

CASE STUDY

Promoting Life Sciences Education – Equipping the Next Generation with Critical STEM Skills

NFLSRE is committed to extending our efforts, beyond creating cutting-edge research spaces, to provide educational opportunities and events focused on promoting innovative thinking in the life sciences. Recognising the urgency of equipping the next generation with critical skills, including interdisciplinary learning and hands-on experiences in the life sciences, NFLSRE envisions empowering individuals to thrive in STEM fields, fostering innovation and inclusivity and contributing to broader social and environmental advancement.

In October 2023, we collaborated with the non-profit organisation, Science from Scientists, on a transformative STEM education event in Boston. Focused on youth aged 5-18, this initiative aimed to unite the life sciences community and local students through advanced educational opportunities. Held in a city where social disparities hinder access to advanced study, particularly for inner-city youth, the event served to dismantle barriers and catalyse social change for 33 children by providing avenues for career growth.

NFLSRE aims to reshape educational landscapes, ensuring that our investment in STEM education becomes a beacon of positive, measurable change in our communities.



“ We are excited to partner with ‘Science from Scientists’ to inspire the next generation of STEM leaders. This event is about more than just education – it’s about breaking down barriers and ensuring everyone has a chance to succeed. We’re creating a brighter future for our next generation, one curious mind at a time. ”

– Matthew Powers, CEO, Nan Fung Life Sciences Real Estate



Highlights of the STEM education event co-hosted by NFLSRE and Science from Scientists in Boston

CASE STUDY

Hong Kong Life Sciences Society

The Hong Kong Life Sciences Society (“HKLSS”) is a non-profit youth organisation established in 2018, fully supported by Nan Fung and industry-leading biotech companies based in Hong Kong and Mainland China.

Dedicated to building a dynamic life sciences ecosystem in Hong Kong, HKLSS focuses on nurturing young talent in the industry through knowledge exchange, collaboration and public engagement. In the five years since its founding, HKLSS has convened over 2,000 members and 50 collaborators in both Hong Kong and Mainland China.



Hong Kong Life Sciences Society 5th Anniversary Celebration

HKLSS' 5th Anniversary Celebration

This year marked the 5th anniversary of HKLSS. Celebrations welcomed over 200 distinguished guests, including HKLSS advisory board members, mentors, employer representatives, industry and institutional partners, mentees and alumni. All the guests gathered to celebrate HKLSS' contribution in providing extensive career opportunities for life sciences students.

Over the years, HKLSS has assisted students in accessing opportunities in Mainland China, attracted non-local students to pursue careers in Hong Kong, and positioned Hong Kong and the Greater Bay Area (“GBA”) as a hub for life sciences and technology in Mainland China and globally.

[Watch the video here](#)



Summer Internship Programme

The HKLSS Summer Internship Programme is designed for life sciences, medical and biotech undergraduate and postgraduate students, aiming to equip them with workplace knowledge and soft skills and provide exposure and networking opportunities.

In June 2023, HKLSS hosted a range of events during the programme opening week, which welcomed over 100 participants, including HKLSS management, industry partners, and interns from the 2023 cohort. Apart from the valuable sharing from distinguished speakers, HKLSS also arranged a series of lab and company visits in Hong Kong and Shanghai for interns to understand the latest trends in life sciences and biotech development.

Since its inception in Shanghai in 2019, the HKLSS Summer Internship Programme has provided 180 students with internships. Amongst them, 97% of students have pursued career opportunities or continuing education in the life sciences professions upon graduation.

Mentorship Scheme 2024-25

Since 2019, nearly 100 experts from the life sciences and biomedical sectors have participated in the HKLSS Mentorship Scheme, benefitting over 330 mentees.

The 5th Mentorship Scheme selected 100 participants from a record-high number of applications, pairing them with 80 professional mentors from business and academia. This scheme provides mentees with unique industry insights and inspiration from experienced mentors.

Let's Talk about Eczema Seminar

As part of the International Healthcare Week 2023, HKLSS hosted a seminar titled “Let's Talk about Eczema”. Two young members shared their experiences with lifestyle medicine for eczema management. Over 20 participants, including HKLSS members, partners, and the public, attended the session.

Looking ahead

HKLSS will continue to invest in talent development and strengthen relationships with start-ups and science-based organisations, aiming to positively impact the life sciences ecosystem in both Hong Kong and Mainland China.

Material Topic:

ENTREPRENEUR AND INTRAPRENEUR EMPOWERMENT

Why It Matters to Us

At Nan Fung, we promote a culture that encourages the growth of intrapreneurial talent within our organisation while also supporting entrepreneurs across our network, which helps us stay ahead of market trends and industry practices.

By nurturing inquisitive mindsets and fostering a culture of innovation both inside and outside the company, we are able to accelerate the development of novel solutions and drive continuous improvement. This not only enhances our competitive edge but also contributes to positive change in the broader ecosystem, furthering more sustainable development and building resilience in an ever-evolving market.

How We are Managing It

We invest in training and development to cultivate an efficient, future-ready workforce that will become a key driver of innovation.

In addition to internal talent, we also nurture entrepreneurs, cultivating an environment that empowers changemakers to explore cutting-edge knowledge and thinking and engage in meaningful discussions with the community.



The Mills Fabrica's UK office strives to connect industry partners through community events

NF Hackathon 2023 – Redesign, Reimagine and Revolutonise



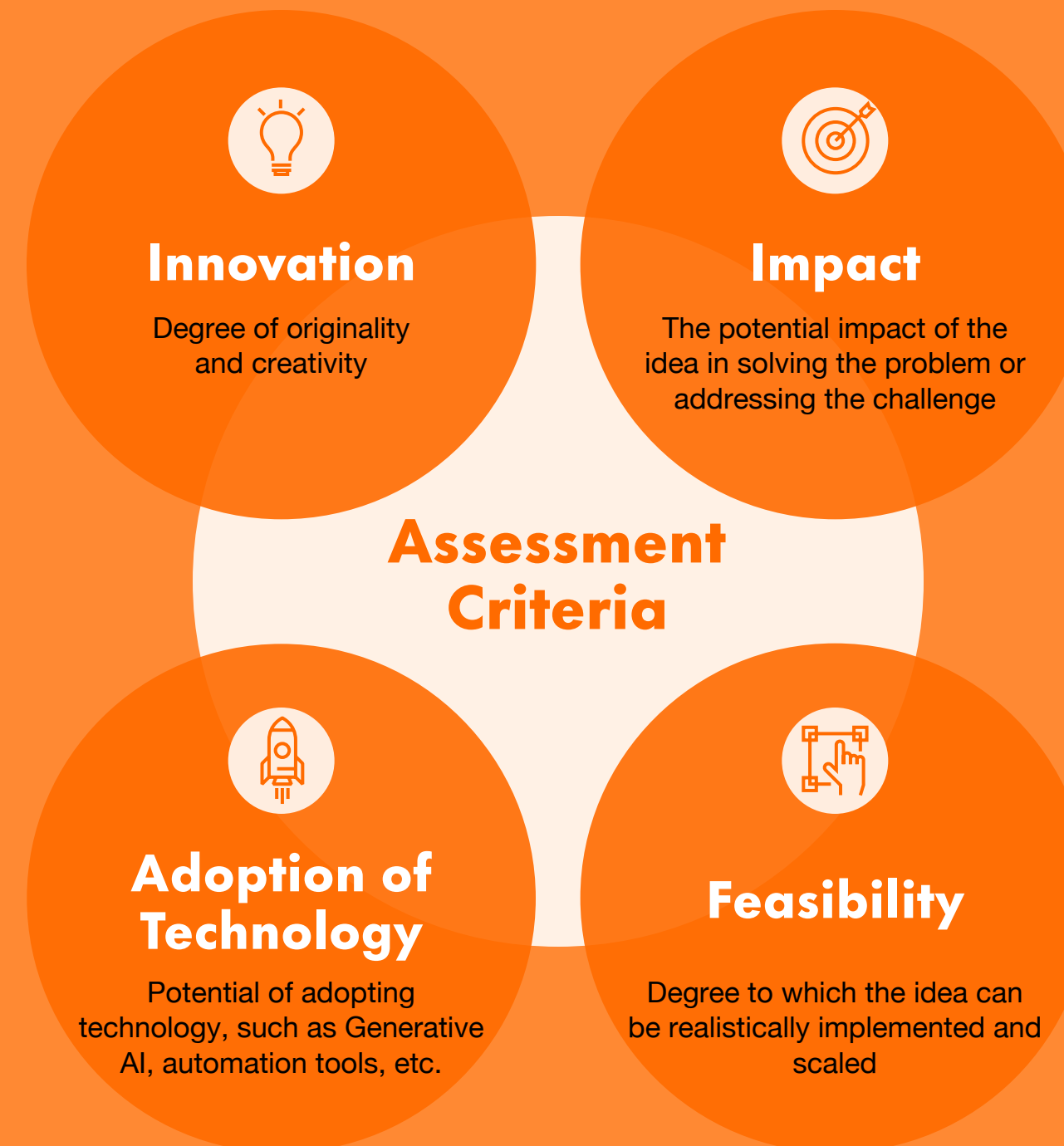
Providing colleagues with opportunities to engage in creative thinking is an important part of our efforts to build intrapreneurship. In this reporting year, we initiated NF Hackathon 2023 (“Hackathon”) under the theme, “Adopting Technologies to Achieve Higher Efficiency and Effectiveness”. This ongoing initiative, which evolved from what was initially the NF Group Chairman’s Award, aims to inspire our colleagues to be continuously curious, improve process efficiency and enhance cross-departmental collaboration. The NF Hackathon is not just a competition; it is a platform for us to drive meaningful transformation within Nan Fung. By embracing change, innovation and collaboration, we can pave the way for a positive future and action our company values.

This year’s Hackathon emphasised “Innovation”, “Impact”, “Adoption of Technology” and “Feasibility”,

while encouraging employees to deepen their knowledge of emerging artificial intelligence (“AI”) technologies, including generative AI, big data analysis and cloud-based services. In preparation for the Hackathon, we conducted ten workshops on design thinking to equip employees with problem-solving skills for product and service design. The Hackathon produced over ten innovative ideas across three locations over the year. The winning teams presented three standout ideas: a social impact portal, an internal supplier management platform, and a re-engineering of learning and development processes. All eight finalist ideas received strong commendations and their ideas will be implemented within their respective business units.



Winning teams from the NF Hackathon 2023 presented their innovative ideas at the NF Meet town hall



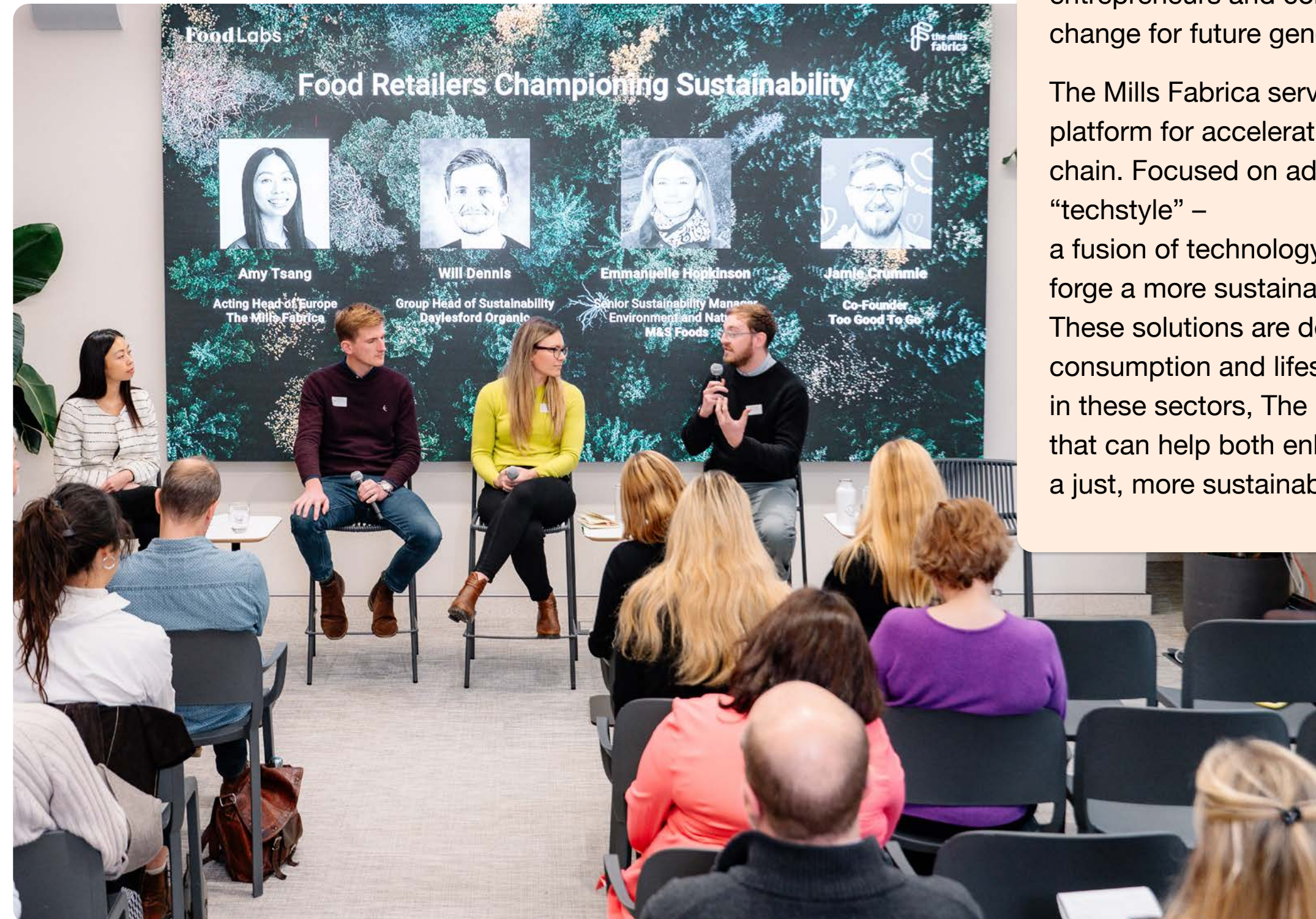
Following the Hackathon competition, several focus groups were established to evaluate the Hackathon process. Key insights from the evaluations centred on the importance of implementing design thinking in process improvements and the value of understanding user needs. Moving forward, the NF Hackathon will be an ongoing initiative promoting engagement and innovation amongst our colleagues.

“ The Hackathon is a perfect demonstration of thinking and learning in action. By embracing changes, reimagining processes and pushing boundaries of what’s possible, teams developed ideas that will elevate every aspect of our operations to new heights. ”

– Lurlee Leung, Head of Talent Development, Human Resources Department, Nan Fung Group

Fostering an Ecosystem of Entrepreneurs

Beyond nurturing an innovative mindset internally, we also actively seek to enhance innovation in our communities. This takes the form of direct investments in responsible ventures, hosting capacity-building sessions, as well as events and exhibits to build public awareness.



The “Unveiling the Agrifood Landscape” event in London, co-hosted by The Mills Fabrica and FoodLabs, brought together industry leaders and innovators

Accelerating Innovation at The Mills Fabrica

Officially launched in Hong Kong in December 2018, The Mills is a landmark revitalisation project by Nan Fung Group, which transforms our old textile factories into a new heritage, experiential retail and innovation centre. As one of The Mills’ three key pillars, The Mills Fabrica is a go-to solutions platform championing innovation for sustainability. With its investment fund, business incubator, spaces in Hong Kong and London and community-building initiatives, The Mills Fabrica aims to create success stories of collaboration between innovators, entrepreneurs and corporates that together will drive positive change for future generations.

The Mills Fabrica serves as a physical space and a dynamic platform for accelerating innovation throughout the value chain. Focused on advanced technologies, it emphasises “techstyle” – a fusion of technology and lifestyle – and agrifood, aiming to forge a more sustainable future through tech-driven solutions. These solutions are designed to revolutionise our production, consumption and lifestyle habits. By supporting entrepreneurs in these sectors, The Mills seeks to catalyse essential changes that can help both enhance our planet’s resilience and ensure a just, more sustainable environment for future generations.

The Mills Fabrica – Investment Portfolio

In 2023, The Mills Fabrica made two new investments: a fund investment in the Foodlabs Fund III (“The Fund”) and a direct investment in Nukoko, a UK-based start-up producing cocoa-free chocolates using fermentation technology.

The FoodLabs Fund III aims to transform global food systems. The agrifood industry emits 36% of the total GHG emissions globally, significantly contributing to chemical pollution and land-use change. Our investment in FoodLabs Fund III represents The Mills Fabrica’s efforts to accelerate innovations that have the potential to positively change the status quo of how food is produced. The Fund aims to invest in approximately 60 agrifood technology companies and start-ups. With a robust impact management framework, the goal is to construct a portfolio wherein at least 70% of the innovators are driven by positive impact.

The Fund prioritises start-ups that systematically address health and sustainability challenges, ensuring a comprehensive approach to critical impact-related issues. To date, FoodLabs has invested in companies that upcycle agricultural side streams using fungal mycelium to produce animal-free meat. Additionally, The Fund has invested in a digital platform that helps farmers transition to regenerative farming practices and new packaging materials made from natural raw materials, ensuring they are 100% biodegradable. In the future, The Fund is committed to seeking start-ups with business models and products that play a pivotal role in shaping the future of food systems and the sustainability of our planet.

In 2024, The Mills Fabrica issued its 2023 Impact Report, demonstrating the societal impact of our diverse investment project portfolio.



The Mills Fabrica
2023 Impact Report

The Mills Fabrica – Educational Workshops, Awards and Exhibits

The Mills Fabrica is dedicated to sowing the seeds of innovation amongst the general public by offering sustainability-focused educational workshops and curating international student competitions and public exhibits.



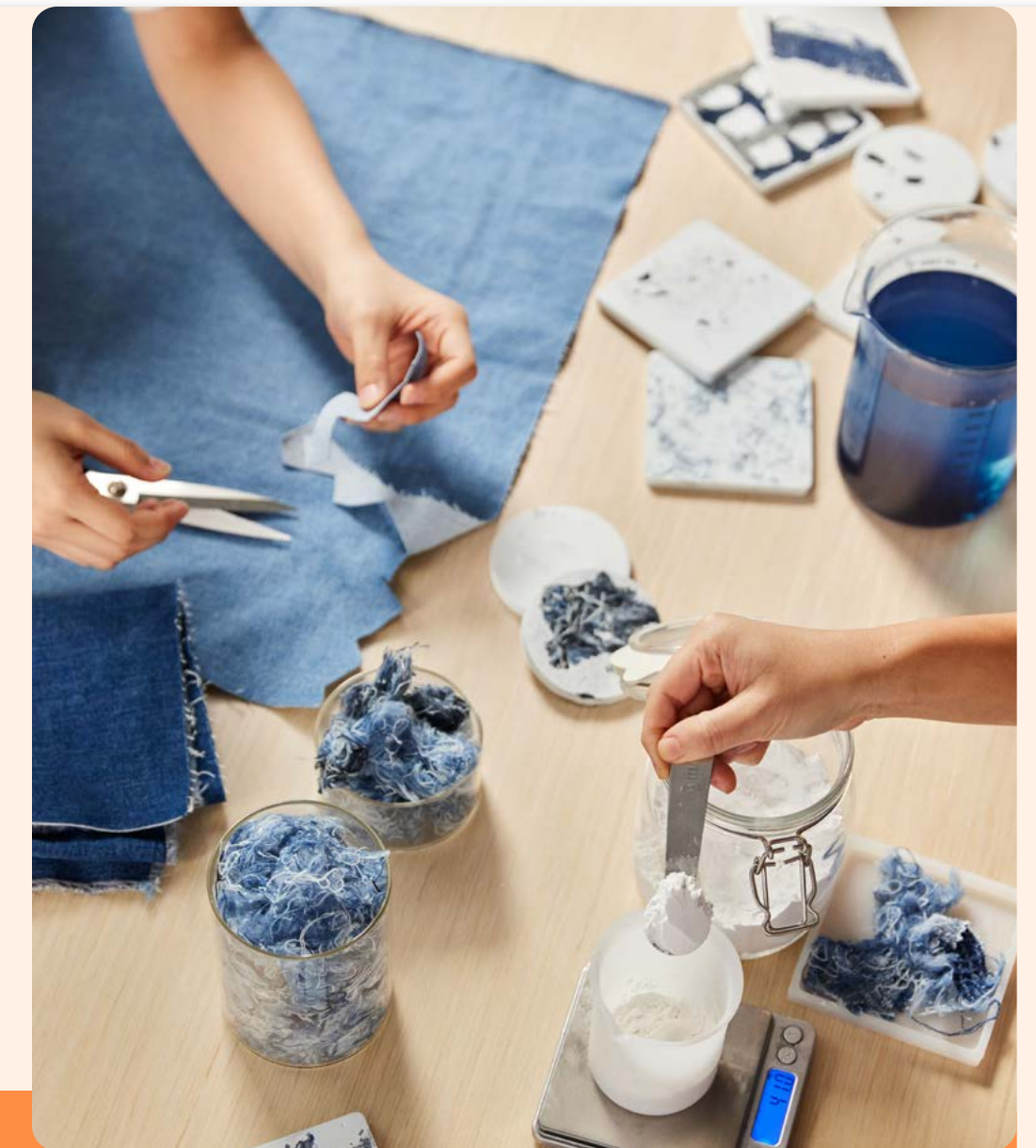
“ We are thankful for this opportunity by Fabrica that will undoubtedly shape the trajectory of not only my entrepreneurial journey but also our start-up. We look forward to growing our network of collaborators in this ecosystem, and learning from experts and fellow entrepreneurs. ”

– Kong, Co-Founder and TFSG2022 Grand Prize winner, Moonbeam

Fabrica Lab

The Fabrica Lab hosts sustainability workshops for a diverse range of partners, including NGOs, educational institutions, and businesses from various sectors like textile, apparel, banking, and transportation.

During the reporting period, The Lab hosted 20 workshops attended by 654 individuals. Topics ranged from plastic recycling in Hong Kong to recycling eggshells from food waste generated by The Mills’ F&B tenants. These workshops raise awareness about waste issues in Hong Kong and showcase repurposing solutions.



Techstyle for Social Good Competition

Our flagship international student competition, Techstyle for Social Good (“TFSG”), promotes social impact and sustainable development by recognising innovative technology ideas from young innovators in the Techstyle and agrifood sectors.

In 2022, we awarded Moonbeam, a Singapore-based food tech start-up producing granola from brewers’ spent grains, the Agrifood Tech Grand Prize. The Moonbeam team had the opportunity to do a 1.5-month residency at The Mills Fabrica in Hong Kong and London in 2023.

We facilitated connections with ecosystem partners, including experts, industry leaders, investors, and like-minded individuals passionate about social impact through technology. The Mills will continue to engage alumni in future competitions and support the growth of the start-up ecosystem.

Future-Makers Award

The Future-Makers Award, presented by The Mills Fabrica, celebrates fashion design students from The Hong Kong Polytechnic University, Hong Kong Design Institute, and The Technological and Higher Education Institute of Hong Kong.

This award recognises and empowers the future leaders in the textile industry. Seven winners from these institutions receive a six-month lab membership to use our advanced facilities, fostering innovation and creativity.

This year, five winners collaborated to create 'The Showpiece,' a bomber jacket using denim with reduced chemical and water usage. They also utilised lower-impact yarns, such as 50% recycled cotton from Lenzing, for a dress and material from Advance Denim for a bag that can be transformed into an apron. Inspired by the past workers of The Mills, this piece symbolised the evolution of both The Mills and the textile industry.

The award connected young designers, allowing them to exchange ideas, learn about textile innovations, and showcase their work at the Denim Futures exhibition at Fabrica X, our impact retail store.

In 2023, The Mills Fabrica hosted initiatives at Fabrica X, showcasing 45 innovators in Hong Kong and London and highlighting innovations in reducing environmental impact in the textile and apparel industry.



Biomaterials Campaign

The Biomaterials Campaign at Fabrica X showcased 26 brands using biomass or biologically derived ingredients in their products. Engaging over 12,000 visitors, the campaign featured experience-led tours and workshops using food waste to create alternative materials for keychains and coasters, with over 800 participants.

The workshop successfully shifted the attitudes of 48% of individuals who were initially neutral or unconcerned about the environmental impact of clothing production.

Additionally, 69% of attendees reported an increased likelihood of purchasing clothing made from biomaterials and expressed a willingness to pay a 16.7% premium on average for sustainable products.

Denim Futures Exhibit

From October 2023 to July 2024, Fabrica X hosted the Denim Futures retail concept, showcasing sustainability innovations in the denim industry. This exhibition served as a dynamic platform to showcase various initiatives and innovations – presenting a compelling vision of a more sustainable future through redesigned processes, reduced water and energy consumption, minimal use of hazardous chemicals and the recycling of denim waste into new materials.

The exhibition aimed to educate visitors on the impact of purchasing behaviours and promote proper care for denim products to extend their lifespan. By partnering with 17 innovators and denim brands, Denim Futures inspired a collective shift towards a more conscious and sustainable approach to denim.



NF Trinity – Global Investing Integrated with SEWIT

Nan Fung's focus on SEWIT extends to NF Trinity, our financial investment arm with expertise that spans across multiple asset classes on a global basis.

NF Trinity places a strong focus on innovation and technology. We have historically committed, and will continue to commit, a significant amount of capital to companies in public market as well as funds in private market that support innovative technologies and solutions with meaningful and positive impact to the environment, social wellbeing and cohesion, as well as technological advancement. In addition, NF Trinity has established an internal ESG Committee, integrating the SEWIT framework into its investment decision-making processes and daily operations, aiming to deliver positive impact to stakeholders and communities.

This approach considers many ESG-related factors in the due diligence process of scoping potential investments. Our goal is to create a rigorous process on ESG-related topics which could match the standards from some of the top financial institutions in the world.

Below are some recent transaction case studies that demonstrate our commitment to SEWIT:

Investing in an Early-stage Venture Capital Fund

In November 2023, NF Trinity invested in an early-stage venture capital fund after ensuring that the Fund's investment focus and policies adhere to our SEWIT framework and that SEWIT concepts are embedded into its deal analysis and decision-making processes.

Established in early 2022, the Fund is headed by the CEO of a biotechnology company. The Fund is dedicated to making early-stage investments focusing on applied AI in leading-edge businesses and technologies, especially in deep tech, health tech and new economy sectors. Some of the key investment themes include engineered biology and materials, next-generation computing, new energy and automated economy. The Fund will predominantly focus on companies in the US and Europe.

Investing in a Global Deep-value Multi-strategy Fund

In December 2023, NF Trinity invested in a global deep-value multi-strategy private equity fund. During the due diligence process, the NF Trinity team reviewed the Fund's ESG policy to ensure that SEWIT considerations were well-established within the Fund's deal analysis, decision-making processes and new initiatives at all levels.

As of December 31, 2022, amongst the Fund's opportunistic investments, 82% of portfolio companies either have an ESG strategy in place, or are in the process of developing one, six are signatories to the United Nations Global Compact, 94% either have in place, or are progressing towards, energy efficiency programmes within their direct operations, and 71% have either defined or are in the process of defining a responsible sourcing policy.

Enhancing Impact Measurement and Mapping

Through our investments, we are beginning to see tangible positive impacts. For example, a large percentage of the global deep-value multi-strategy fund's portfolio companies have developed responsible sourcing strategies and enhanced energy efficiency, which contribute to reducing GHG emissions and promoting more sustainable supply chains. Meanwhile, the early-stage venture capital fund is supporting start-ups in health tech and new energy, fostering advancements in medical technology and more sustainable energy solutions.

We recognise the need for an ever-improving mapping and measurement of specific and concrete examples of our impact. Moving forward, we will look to further enhance our impact measurement processes of the positive social and environmental outcomes generated through our investments to reinforce our commitment to SEWIT at NF Trinity.



Nan Fung recognises the pivotal role of technology in shaping the future of our industry.

Our dedication to technological advancement goes beyond the traditional scope, transcending mere digitisation to foster the development of intelligent solutions that serve the dual purpose of business and societal advancement.

Our commitment to this pillar is manifested through substantial investments in technologies designed to serve as catalysts for operational efficiency and more sustainable development.

Material Topics:
Technology and Data in Operations



TECHNOLOGY



HIGHLIGHTS

The Group has launched an integrated data management platform and a tenant portal for major commercial properties in Hong Kong, providing tenants with real-time utility and sustainability data to enhance data transparency and accuracy.

Accelerated the adoption of smart technologies into the realms of

Design

(e.g. AR technology for 3D modelling)



Construction

(e.g. AI-enhanced site capture platform)

Operation

(e.g. IoT powered Building Management System; Data Management Platform and Neuron)



The digital dashboard in our AIRSIDE office showcases the workplace's environmental data

CHALLENGES

- Keeping up with technological advancements requires substantial investments, such as ongoing training programmes, to develop talent with necessary expertise
- Rapid technological change requires that we comply with evolving regulations with foresight and agility to ensure a seamless integration with legacy systems without disrupting operations

LOOKING AHEAD

- We aim to enhance the utilisation of technology across various functions to create shared value for our business and stakeholders
- We will consistently leverage data analytics for deeper insights to optimise our business and meet sustainability goals

Material Topic:**TECHNOLOGY AND
DATA IN OPERATIONS****Why It Matters to Us**

Technology is in the DNA of Nan Fung's business. Embracing the transformative power of technology, we leverage cutting-edge tools and platforms to translate complex data into actionable insights, enabling informed decision-making across all levels of our operations.

By harnessing the potential of advanced analytics, AI and IoT, we are able to improve internal processes, drive business performance, enhance customer satisfaction and reduce our environmental impact.

**How We are Managing It****A Tech-enabled Approach to Real Estate**

We are committed to a tech-enabled, data-driven approach to real estate. In the reporting year, we made various investments and adopted new PropTech solutions across our assets.

These technology solutions translate raw data into smart insights and decisions and are designed to provide a seamless user experience to customers, tenants and visitors.

Transforming Property Management through Intelligent Solutions

Data Management Platform for Property Managers

We believe that data provides the fundamentals for making informed decisions and setting future strategies. Since 2023, we have begun adopting an integrated data management platform, Neuron, across our major commercial properties in Hong Kong.

To date, the platform has been installed at AIRSIDE, The Mills and 33 Des Voeux Road West, with installation at TKO Plaza, Nan Fung Tower and MOS Centre properties to follow in phases. The platform leverages AI and machine learning to analyse, optimise and automate building operations.

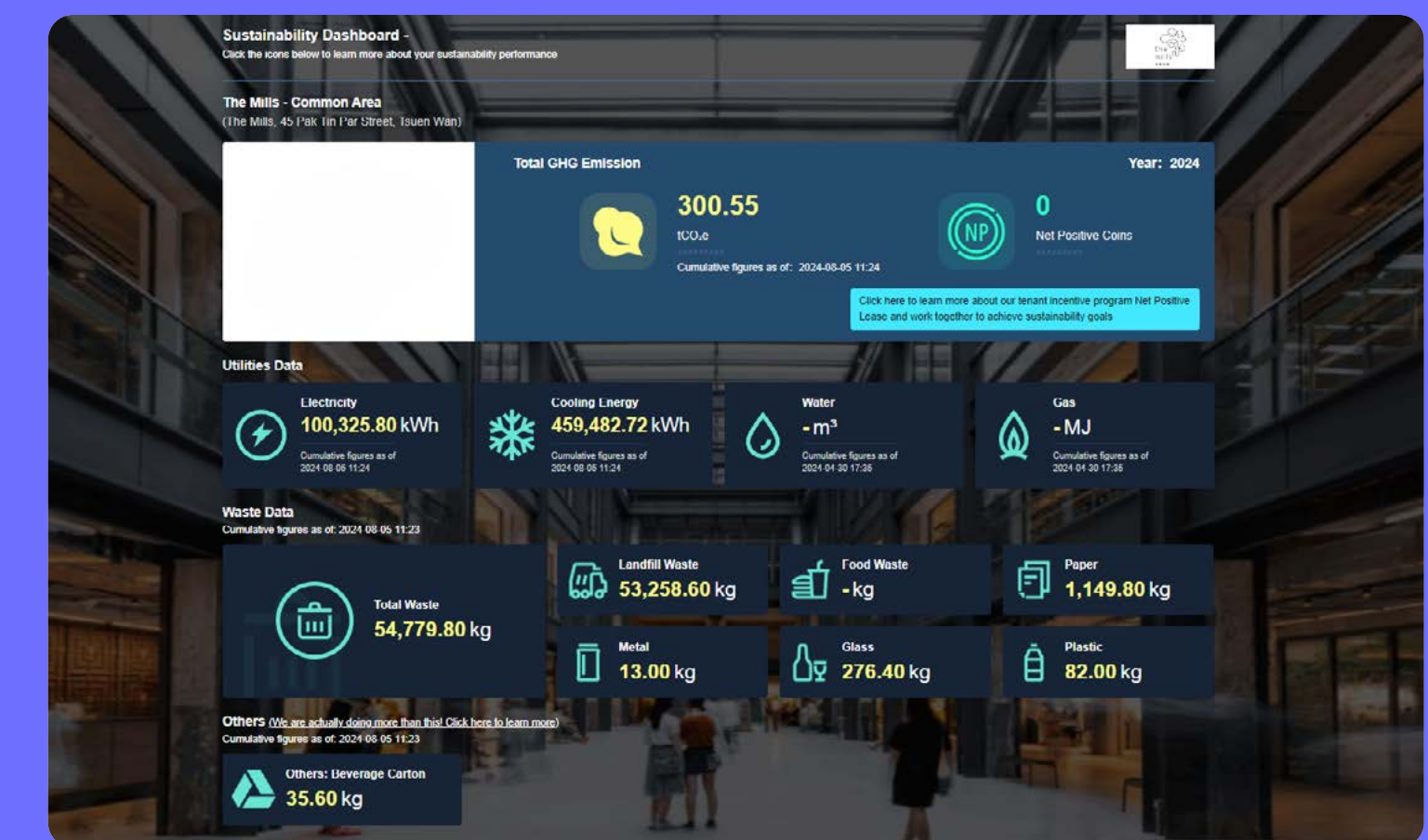
Neuron uses 5G and the IoT to gather real-time “sense data” from equipment and systems. It also utilises BIM to display these complex data sets through a cloud-based, centralised management console. This allows our property managers and operators to effectively monitor and measure environmental performance on a granular level and formulate our decarbonisation and energy efficiency plans for the properties accordingly.

Web-based Portal for Tenants

In addition to a property management platform, we also have a web-based tenant portal platform through which office and retail tenants can access their utility data, i.e., energy, water, gas and waste data. The portal visualises real-time performance and also incorporates the capability to convert utility and resource consumption into GHG emissions, which tenants can utilise when planning their decarbonisation and energy efficiency strategies.

Tenants who are part of the NPL community can access a free carbon audit report generated from tracked data. Recommendations and advisory services are also provided to tenants to ensure that the portal meets their evolving sustainability needs. More details can be found on the section on NPL on [p. 88](#) of this Report.

We also utilise a data-driven approach to streamline communications with our residential tenants through Nan Fung’s pioneering defect-checking e-tool. Residents can use this e-tool to report defects so that these can be efficiently processed. Real-time reporting enables timely communication and traceability while allowing our team to identify recurring issues for future reference. In the reporting year, 2,400 units in our properties utilised the e-tool, with 75% of defects managed through the app.



The tenant portal platform provides our tenants to access their environmental utility data

Optimising Building Construction and Operation with Smart Technologies

Our use of technology extends beyond property management to enhance workflow, safety and energy efficiency during our developments' fit-out, construction and operational phases. We have integrated various technologies to optimise these processes and help ensure the wellbeing of everyone involved.

Safely Managing Defects

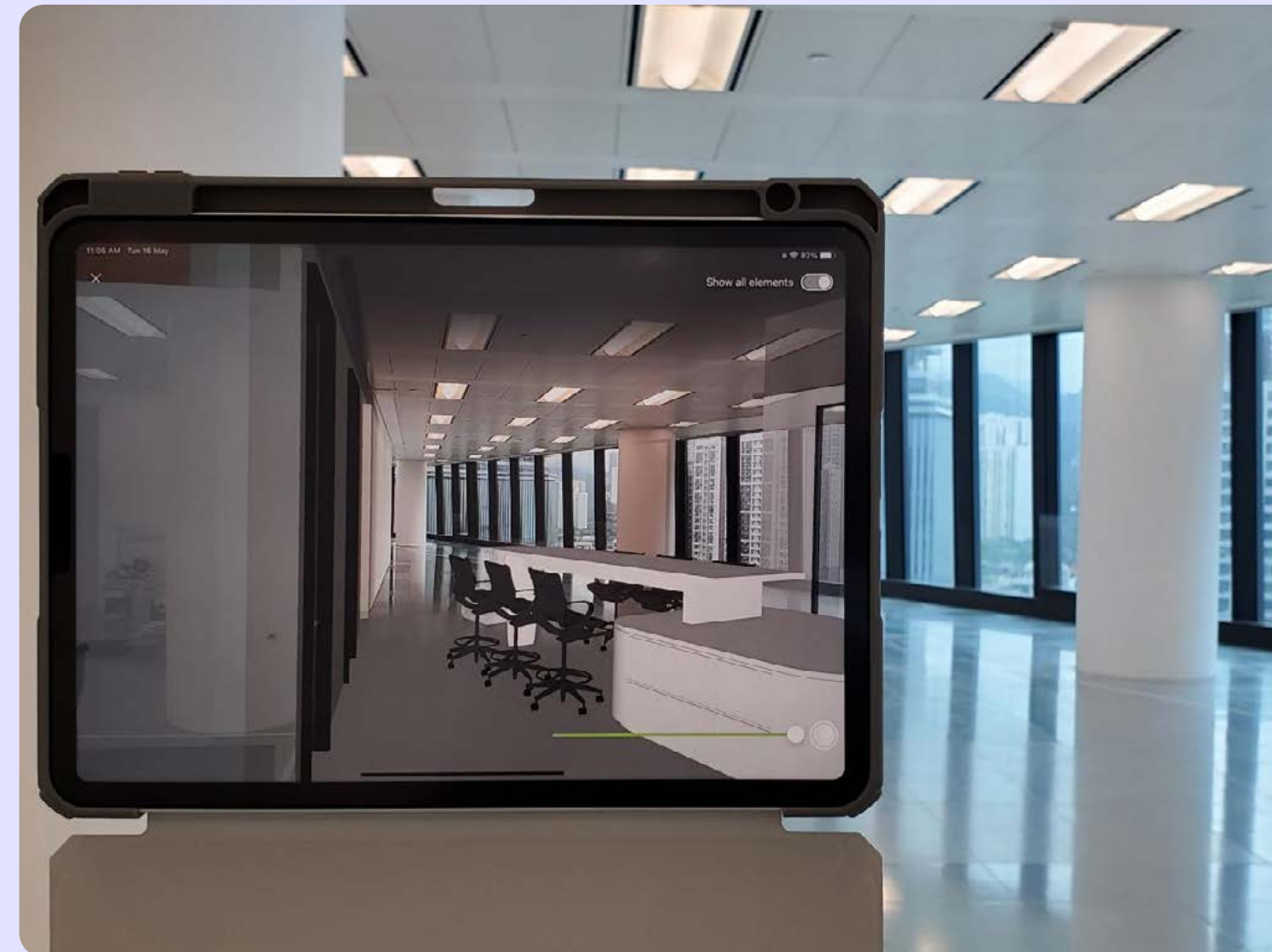
Since the completion of our AIRSIDE property in 2022, our project team has been focusing on identifying and addressing defects that occurred during the construction stage. Amongst the various types of defects, those related to the building envelope at higher levels are particularly difficult to address, often requiring dangerous repair work to be executed with the assistance of a building maintenance unit.

To effectively document the as-built condition and identify any issues on the external curtain walls of buildings, we use an AI-enhanced site capture platform with drones and 360-degree video recording. This innovative technology has allowed the team to safely capture the condition of the curtain walls from the ground level, seamlessly integrating the footage with the elevation drawings and streamlining the overall process of recording and managing defects.

Improving the Design Process with AR Technology

We also leveraged new technology for the design and construction of our new Nan Fung headquarters at AIRSIDE, using augmented reality ("AR") technology for design review and sign-off procedures. Instead of relying heavily on onsite mock-ups, the team utilised a digital device equipped with AR software to showcase a 3D model of the workspace directly at the construction site.

The design generated by AR technology surpassed the limitations of traditional renderings, greatly improving the design review process by allowing the team to experience the spatial design in its intended location. This way, valuable feedback and comments could be gathered after an onsite immersive experience.



Enhancing Energy Efficiency with Technological Solutions

Heating, ventilation and air-conditioning systems are major electricity consumers in commercial buildings, making energy optimisation in this area crucial for significant savings in energy and cost. Adopting property technology solutions, such as AI and IoT-powered building management systems, enhances our energy efficiency efforts.

Since 2022, we have implemented PlantPRO, an AI-based chiller plant optimisation solution, at TKO Plaza. The solution helped this property achieve over 14% in energy savings on average and reduced over 240 tCO₂e of GHG emissions against 2021. During the reporting period, we extended the installation of PlantPRO to The Mills and MOS Plaza.

In 2023, we piloted a new technology: i2Cool's patented product, iPaint. This highly efficient passive radiative cooling paint saves energy and reduces the GHG emissions generated from cooling buildings. Developed by scientists from the City University of Hong Kong, iPaint reflects sunlight off exterior building walls and dissipates heat into space in the form of mid-infrared radiation, resulting in a significant drop in indoor temperature and achieving energy savings of up to 40%.

Initial trials of i2Cool at The Mills and Nan Fung Commercial Centre have yielded positive results, demonstrating a significant temperature reduction that highlights the paint's robust energy-saving capabilities. We plan to extend these trials to other properties within the Group to further assess its performance in various settings.

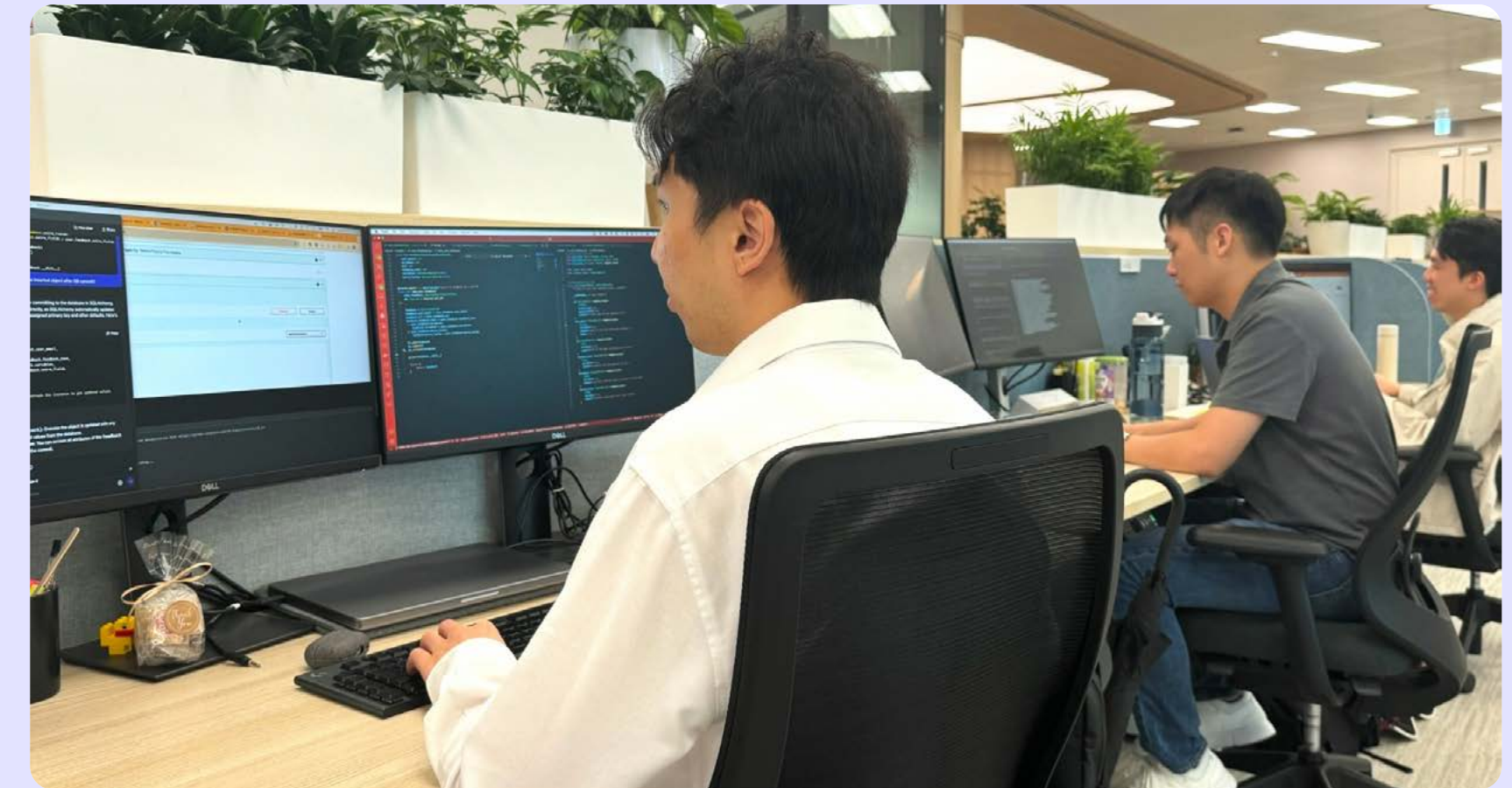
Leveraging Data Sciences in our Investments Business

In addition to our property development business, a data-driven approach has also been implemented by our investment arm at NF Trinity. Big data analytics can provide valuable insights and patterns, enabling us to make more informed investment decisions, identify emerging trends and uncover hidden opportunities. By leveraging this technology, we can optimise our investment strategies, increase the likelihood of achieving favourable outcomes for our investors, and drive innovation in the industry.

In the reporting year, NF Trinity made significant progress in integrating data and technology to empower our investment team in ideation, due diligence and ongoing tracking.

Operating on a terabyte-scale of datasets, our data technology stack surpasses the processing and maintenance capabilities of any manual process on a day-to-day basis. This capability ensures analysts receive timely forecasts based on all available information, eliminating guesswork in the due diligence process. This results in significant time and cost savings and allows analysts to concentrate on identifying unexploited market opportunities. The system also serves as a valuable tool in expanding our coverage by identifying traded companies beyond our analysts' core focus, further enhancing NF Trinity's ability to uncover unexplored market potential.

Looking into the future, NF Trinity plans to scale up its analytics capabilities to incorporate natural language processing ("NLP") into its operations. The goal is to leverage various NLP technologies to quantify and extract meaningful signals from unstructured data. This initiative empowers our analysts to uncover potential inflection points by harnessing insights from sources such as user feedback and product reviews.



Driving Business Innovation with Data Analytics

In early 2023, Nan Fung created the Global Property Research & Analytics ("GPRA") team to capitalise on the opportunities presented by the ever-changing technology landscape. Embracing a 'fail-fast, learn-fast' and co-creation culture, the GPRA's early design-thinking workshops have catalysed the development of the Group's global data infrastructure. This infrastructure harnesses our diverse data sets globally, along with data analytics techniques, to deliver innovative and data-driven insights that benefit our business teams.

GPRA is also committed to keeping abreast of the latest themes in real estate and technology. The team has published various internal research reports and whitepapers that delve into emerging real estate trends, such as the 'Future of Work' and its potential implications for our investment and asset management strategies.

Additionally, GPRA proactively monitors advancements in emerging technologies to ensure that both our technology stack and colleagues remain at the forefront of technological innovation.



THE D. H. CHEN FOUNDATION

THE D. H. CHEN FOUNDATION

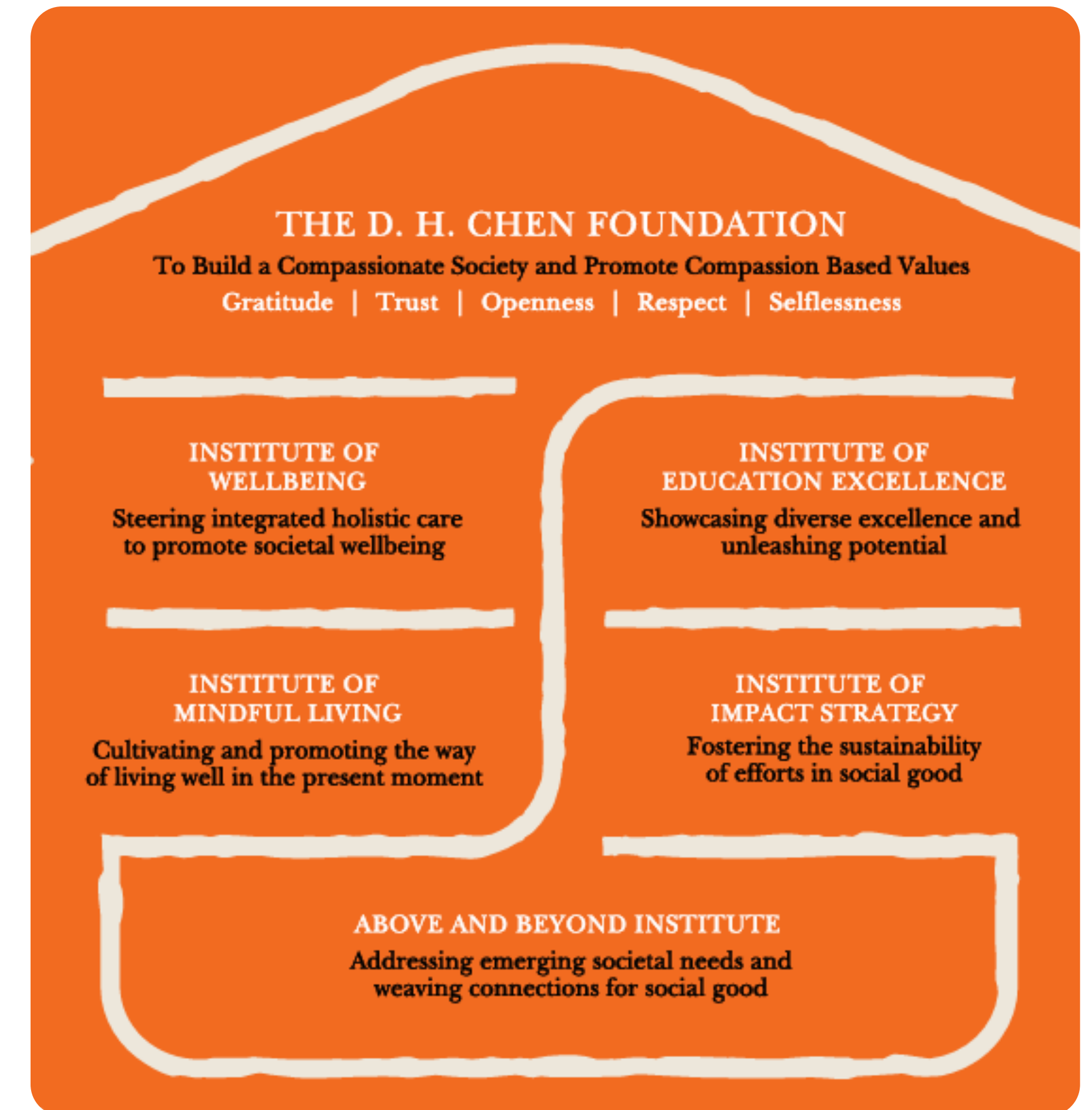


Focus and Strategy

The D. H. Chen Foundation (“the Foundation”) is a family philanthropic trust established in 1970 by Dr. Chen Din Hwa, the founder of Nan Fung Group, who was dedicated to building a compassionate society. The legacy of Dr. Chen, an ardent philanthropist, serves as the Foundation’s cornerstone to this day, and continues to inspire the Foundation’s social endeavours. In its efforts to create and support innovative, impactful and sustainable community initiatives, the Foundation cultivates five core compassion-based values, namely Gratitude, Trust, Openness, Respect and Selflessness. These values also resonate with Nan Fung’s SEWIT framework and initiatives.

Under the Foundation, there are five Institutes through which philanthropic initiatives are planned and implemented. To put Dr. Chen’s philosophy – *Care for others as well as you would care for yourself* – into action, the Foundation has been working with like-minded, cross-disciplinary partners to run these community initiatives. Going forward, the Foundation will accelerate its efforts to translate financial, intellectual and social capitals into sustainable strategies that propel impact and social good.

The Five Institutes



INITIATIVE

The D. H. Chen Foundation – Institute of Education Excellence



The finale event in late November 2023 showcased the learnings and remarkable moments of the Future Education in Action, a programme dedicated to values-driven life and career exploration

Future Education in Action: Nurturing Future-ready Students through Values-driven Life and Career Exploration

Future Education in Action (“FEiA”), initiated by the Foundation in collaboration with Ednovators, an education-focused charity, is a three-year programme implemented in two local secondary schools in Hong Kong—the Lok Sin Tong Yu Kan Hing Secondary School (“YKH”) and the HKICC Lee Shau Kee School of Creativity (“HKSC”).

The programme aims to co-create an integrated curriculum with the two partnering schools to provide students with diverse and authentic learning opportunities. Ednovators offers joint-school and customised inspirational workshops, training and coaching sessions to enhance teacher capacity, foster innovation amongst educators and guide them through the curriculum development process. Through this partnership, the schools receive support in developing self-sustaining initiatives to enhance their educational curriculum. In the reporting year, 27 teachers from YKH and 34 teachers from HKSC, representing different departments, benefitted from the programme.

As a result of the programme, the following positive changes have been observed in the teachers and the school culture:

- **Student-Centric Approach:** FEiA adopts a student-centric approach, guiding teachers to empathise with students’ needs and involve them in designing the curriculum
- **Reflection Opportunities:** FEiA provides dedicated spaces for teachers to reflect on their career and daily work, reigniting their passion in teaching and fostering their personal and professional growth

A Student-initiated Fund was also offered for students to pursue their passions. To gain access to the funds, students were asked to submit proposals to share their plans and justify their learning objectives. Students were passionate about it.

FEiA has led to connections between the two schools and the Nan Fung Group. Students interned at Nan Fung events and teachers were connected with The Mills to arrange school tours. A finale event was held in November 2023 to showcase the learnings and remarkable moments of FEiA at The Mills Fabrica, attracting more than 140 participants from various sectors, including schools, youth organisations, corporations, and other funders. The insights gained from the programme were also shared in two sessions at the Learning & Teaching Expo 2023, held in December 2023 at the Hong Kong Convention & Exhibition Centre.

“ It’s amazing how digging deeper into the ‘why’ can open up a completely different perspective. ”

– Mr. Wong Hok-shing, Vice Principal,
Lok Sin Tong Yu Kan Hing Secondary School

INITIATIVE

The D. H. Chen Foundation – Institute of Impact Strategy

“ I came out of the experience feeling quite connected to other non-profits in a similar position. The space provided by Project Fuel felt like a genuine, supportive community, rather than just an obligation to fulfil a grant requirement. ”

– Programme Participant, Project Fuel

Project Fuel: Building a Compassionate Social Good Community to Benefit Hong Kong Small-sized Non-profits

The Foundation launched Project Fuel in 2020 to help small-sized non-profits in Hong Kong. The programme provides core operational funding and capacity-building opportunities, including a Fellowship Programme. Over the past three years, Project Fuel has facilitated collaborations amongst participating non-profits. More than 84% of these organisations connected with each other outside of Project Fuel, accelerating knowledge transfer within this circle.

To sustain this momentum, the Foundation has positioned its efforts towards building a wider community of small-sized non-profits in Hong Kong that believe in the power of co-learning and collaboration. The Compassionate Social Good Community (the “Community”), currently facilitated by the Foundation team, enables non-profits to have meaningful exchange, develop a support network and foster collaboration, thereby sustaining organisational development.

The Community has co-created several events with Project Fuel alumni and the Foundation, attracting over 100 small-sized nonprofits as well as corporate and private philanthropies looking to connect with their peers, deepen their knowledge of the sector, and establish trusting relationships. Project Fuel consisted of 50 awardees from September 2020 to May 2023. Each awardee received up to HK\$750,000 in core-operational funding.

Since participating in Project Fuel, the non-profits reported²⁶ the following:

98.7%

shared knowledge and skills with each other

84.4%

connected with each other beyond Project Fuel

88.3%

planned collaborations with each other

76.7%

received tangible support from others



The Compassionate Social Good Community event, co-created by Project Fuel alumni and the Foundation, brings together small-sized nonprofits to deepen knowledge transfer and build trusting relationships

²⁶ Reported figures were obtained from the questionnaires completed by participants at the end of the Fellowship Programme.

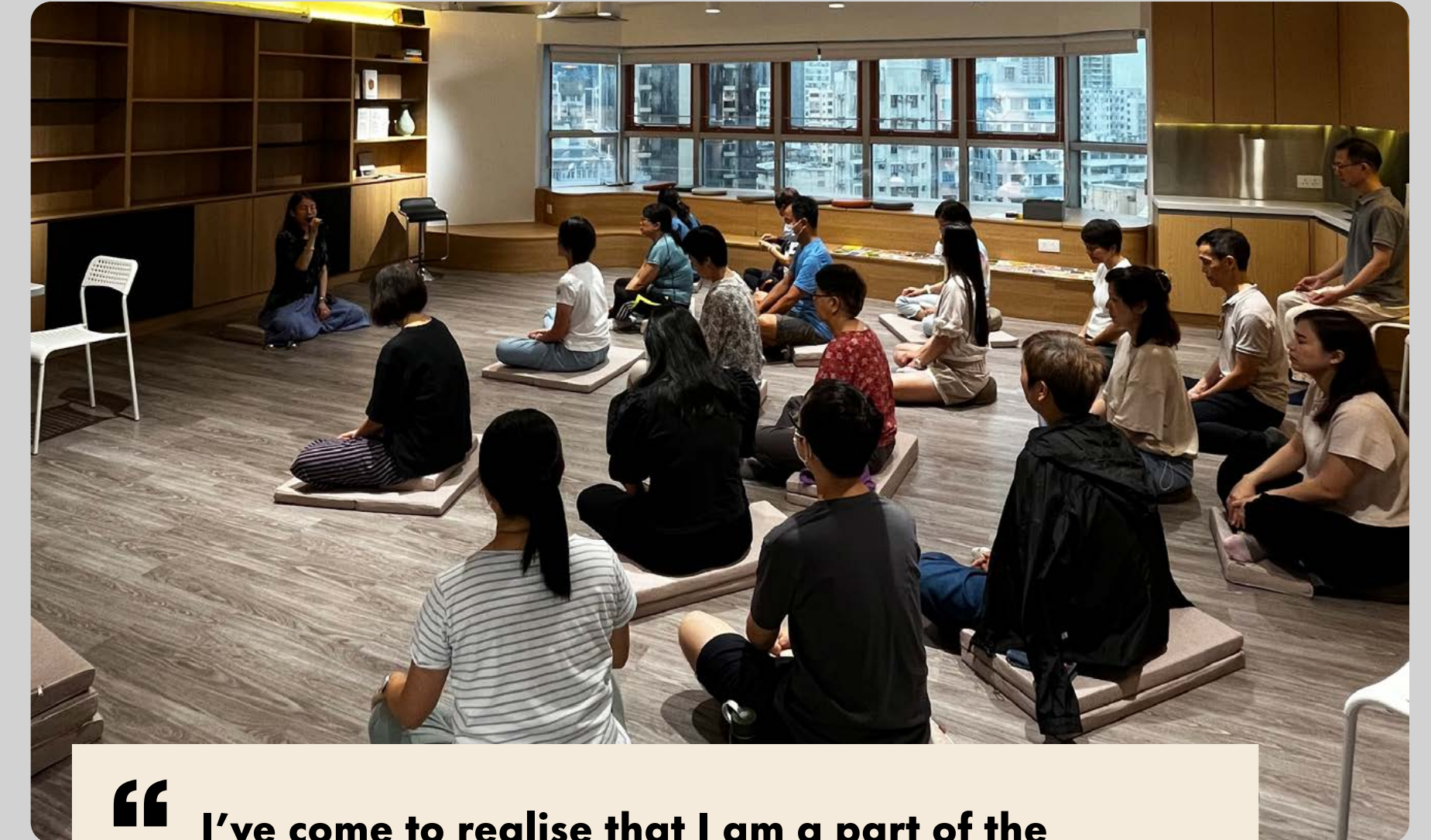
INITIATIVE

The D. H. Chen Foundation – Institute of Mindful Living

Co-creating a Loving World: Reconnecting with Oneself and Others through Systemic Mindfulness Learning

Mindfulness, when learned through a systematic and reliable process, enables individuals to explore and address unwholesome traits and habits, ultimately cultivating a mindful and balanced life. Recognising the profound benefits of mindfulness practice, the Foundation sees an opportunity for mindfulness-based programme to enhance community life in Hong Kong. By co-creating a loving world, grounded in compassion, mindfulness and interdependence, the Foundation seeks to enhance community members' self-awareness, self-care and connection with themselves and others. The programme's community-based secular mindfulness activities are led by like-minded partners and trainers designed to facilitate personal and interpersonal transformation.

The programme has been open for public enrolment since February 2022. A total of 80 online and in-person mindfulness sessions attracted over 3,000 attendances. Participants reported positive impacts of the programme on their wellbeing and emotional health, as well as a strong sense of community, underscoring the potency of shared mindfulness practices.



“ I’ve come to realise that I am a part of the universe where different elements support each other like a single, interconnected body. ”

– Programme Participant,
Co-creating a Loving World Programme



Co-creating a Loving World, a mindfulness-based programme, is designed to cultivate participants' self-awareness, self-care and connection with themselves and others

INITIATIVE

The D. H. Chen Foundation – Institute of Wellbeing

Shadowing the Golden Path: Rediscovering the Meaning of Care through Movement and Mindfulness

Caring for senior with dementia can be a challenging task that often leads to burnout and mental fatigue for the caregivers even though there are positive experiences in the journey of caring that are frequently overlooked. The Shadowing the Golden Path Programme, curated by Professor Linda Lam at the Department of Psychiatry at The Chinese University of Hong Kong, aims to help caregivers and their loved ones rediscover the positive aspects of caregiving. Through ten group sessions, participants reflect on the meaning of their roles, strengthen emotional bonds and find purpose in their caregiving journey. The programme includes physical and mindfulness-oriented relaxation exercises, practical caregiving knowledge and guided self-discovery sharing.

The programme also extends support to carers experiencing separation from familiar environments, particularly noting the trend of young families relocating abroad. By providing practical knowledge and emotional self-regulation exercises, the programme sheds light on a new perspective in carer support intervention.

A survey and interviews conducted after programme completion showed that over 80% of participants reported a positive impact on their mind, body and emotional awareness. Through the programme, they rediscovered their reasons for, and meaning in, caring for their family members, feeling reinvigorated to continue their caregiving journey. Furthermore, the post-programme assessment also saw a significant reduction in levels of depression and anxiety symptoms amongst participants.

Going forward, a manual will be developed, and train-the-trainer sessions will be conducted so that the programme can reach more seniors and their families. As of August 2023, the programme was implemented in collaboration with 24 non-profits, benefitting 125 carers and 125 care recipients. The Institute targets to benefit 180 carers and 180 care recipients by 2024.

“ Since becoming a caregiver, I’ve realised that only fellow carers truly grasp the challenges we encounter. Interacting with other fellow carers, I’ve learned that we’re not alone in this journey. ”

– Programme Participant,
Shadowing the Golden Path Programme



The physical and mindfulness-oriented exercise in the Shadowing the Golden Path Programme helps caregivers rediscover the meaning of their roles

INITIATIVE

The D. H. Chen Foundation – Above and Beyond Institute



Expressive art is one of key elements in the 18-month Embrace Your Heart pilot programme supporting youth mental health in Hong Kong

Embrace Your Heart: Supporting Youth Mental Health through Chinese Medicine

An 18-month pilot programme of Embrace Your Heart was launched in April 2023 to address the alarming mental health condition amongst the youth in Hong Kong. Supported by the Foundation and run by the Evangelical Lutheran Church Social Service – Hong Kong, the programme focuses on 50 individuals aged between 12 and 24. Its goal is to develop the Chinese Medicine Psychosocial (CMPS) intervention model to tackle sleep problems and emotional disturbances amongst young individuals.

The programme combines Chinese medicine with psychosocial intervention tailored to participants' needs and preferences. It aims to improve their physical and psychological wellbeing, as well as their emotional resilience. The programme includes sessions on expressive art, mindfulness, exercise, self-understanding and life education. Parental education workshops are also available to help parents identify and address the emotional and mental health needs of their children.

As of September 2023, the programme demonstrated encouraging results from integrating Chinese medicine, psychological support and social interventions. The Chinese medicine intervention has proven effective in addressing sleep issues, while expressive art and sport activities facilitated participants to explore their potential and step out of their comfort zones.

Moving forward, the initiative is set to evolve into a long-term service, offering ongoing assistance to young people. Furthermore, the Institute plans to create a Mental Health Support Alliance by partnering with diverse community organisations and stakeholders. This collaborative effort is designed to address the challenges confronting youth in a nuanced and comprehensive manner.

APPENDICES

Performance Summary

Environmental Performance

Environmental KPIs	Unit	2022-23 ^{(1) (2)}	2023-24 ⁽³⁾
Pollutants ⁽⁴⁾			
SOx	tonnes	0.001	0.001
NOx	tonnes	0.116	0.137
Particulate Matter (PM)	tonnes	0.010	0.012
GHG Emissions ^{(5) (6)}			
Scope 1 Emissions	tCO ₂ e	5,758	5,487
Scope 2 Emissions – Market-based ⁽⁷⁾	tCO ₂ e	61,828	69,078
Scope 2 Emissions – Location-based ⁽⁸⁾	tCO ₂ e	71,286	74,806
Total GHG Emissions – Market-based	tCO₂e	67,586	74,564
Total GHG Emissions – Location-based	tCO₂e	77,044	80,293
GHG Emission Intensity – Market-based	tCO₂e/sq. m. GFA	0.019	0.021
GHG Emission Intensity – Location-based	tCO₂e/sq. m. GFA	0.022	0.023
Energy Consumption ^{(9) (10)}			
(i) Non-renewable Energy			
Diesel Oil	kWh	588,144	814,787
District Cooling	kWh	-	2,352,685
Gasoline/ Petrol Oil	kWh	579,498	486,721
LPG	kWh	12,540	234
Lubricants	kWh	7,563	6,021
Natural Gas	kWh	11,792,814	5,322,220
Purchased Electricity	kWh	141,048,912	159,353,016
Purchased Steam	kWh	1,298,305	2,827,756
Purchased Town Gas	kWh	28,032	9,413

Environmental KPIs	Unit	2022-23	2023-24
(ii) Renewable Energy			
Renewable Energy Generated	kWh	561,268	860,172
Renewable Energy Certificate (REC) Procured	kWh	922,166	2,551,061
Renewable Energy Sold	kWh	-561,046	-859,481
Total Energy Consumption	kWh	155,356,030	171,173,544
Energy Consumption Intensity	kWh/sq. m. GFA	43.759	48.072
Water Consumption ⁽¹¹⁾			
Water Consumption	m³	1,044,581	885,212
Water Consumption Intensity	m³/sq. m. GFA	0.294	0.249
Waste Generated			
(i) Waste Directed to Disposal			
Landfill Waste	tonne	-	89,236
Construction Waste	tonne	-	1,854
Total Non-Hazardous Waste Directed to Disposal	tonne	88,764	91,090
Total Hazardous Waste Directed to Disposal	tonne	7	0.040
Total Waste Directed to Disposal	tonne	88,771	91,090

Environmental KPIs	Unit	2022-23	2023-24
(ii) Waste Diverted from Disposal - Recycle, Reuse, Recover, etc.			
<i>Electrical Waste</i>	tonne	-	12,149
<i>LED & Light Bulb</i>	tonne	-	2,210
<i>Rechargeable Batteries</i>	tonne	-	0,348
<i>Toner and Inkjet Cartridge</i>	tonne	-	0,038
Total Hazardous Waste Diverted	tonne	2	15
<i>General Waste</i>	tonne	-	2,418
<i>Beverage Carton</i>	tonne	-	2
<i>Food Waste</i>	tonne	-	3,586
<i>Glass</i>	tonne	-	112
<i>Paper</i>	tonne	-	3,728
<i>Plastic</i>	tonne	-	113
<i>Metal</i>	tonne	-	551
<i>Used Clothes</i>	tonne	-	47
<i>Others</i>	tonne	-	18
Total Non-Hazardous Waste Diverted (Commercial)	tonne	-	10,575
<i>Concrete</i>	tonne	-	1,428
<i>Hardcore</i>	tonne	-	0,26
<i>Metal</i>	tonne	-	135
<i>Plaster Board</i>	tonne	-	3
<i>Timber</i>	tonne	-	4
<i>Tiles/Ceramics</i>	tonne	-	0,26
<i>Vinyl Flooring</i>	tonne	-	0,11
Total Non-Hazardous Waste Diverted (Construction)	tonne	-	1,571
Total Non-Hazardous Waste Diverted	tonne	990	12,146
Total Waste Diverted from Disposal	tonne	992	12,163
Total Waste Generated	tonne	89,763	103,253
Waste Diversion Rate	%	-	11,778
Total Waste Recycled, Reused and Recovered	tonne	-	9,415
Waste Recycling Rate	%	1,104	9,119
Waste Intensity	tonne/sq. m. GFA	0,025	0,029

Environmental KPIs	Unit	2022-23	2023-24
Material Use ⁽¹²⁾			
Total Non-renewable Materials	tonne	50,650	17,400
Total Renewable Materials	tonne	2	-
Total Input Materials	tonne	50,652	17,400

Reporting Boundary:
The coverage of the environmental data includes the Group's leasing and development portfolios with operational control across its operating markets in Hong Kong, Mainland China, Singapore, the United Kingdom, and the United States.

Note:

¹ The environmental data in 2022-23 has been restated due to the following reasons:

- (i) Improved data quality
- (ii) Excluded Ronald McDonald House's project as it is not under Nan Fung Group
- (iii) Updated calculation approach on waste generation

² Data marked with a symbol "-" is not available

³ In 2023-24, the data coverage has been expanded to include AIRSIDE's operation and one development project in Mainland China

⁴ The calculation methodology for pollutants is referenced from HKEX: How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs

⁵ Calculation standards and methodologies for carbon emissions are referenced from the following sources:
Calculation Methodology of Carbon Emission

GHG emissions are calculated using:

- (i) Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, published by the Environmental Protection Department and the Electrical and Mechanical Services Department of the Hong Kong Special Administrative Region ("HKSAR") Government
- (ii) GHG Protocol published by the World Business Council for Sustainable Development and the World Resources Institute

Reference Sources of Emission Factors Used for Calculating Carbon Emissions

Scope 1 – Direct GHG Emissions

- (i) HKEX: How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs
- (ii) Greenhouse Gas Reporting: Conversion Factor 2023, published by the Department for Environment, Food and Rural Affairs (Defra) of the UK Government
- (iii) Intergovernmental Panel on Climate Change (IPCC) – Sixth Assessment Report (AR6)
- (iv) Intergovernmental Panel on Climate Change (IPCC) – Fifth Assessment Report (AR5)

Scope 2 – Indirect GHG Emissions (Market-based)

a) Hong Kong Property

- (i) 2023 Sustainability Report, published by CLP Power Hong Kong Ltd
- (ii) Sustainability Report 2023, published by Hongkong Electric Company
- (iii) Environmental, Social and Governance Report 2023, published by The Hong Kong and China Gas Company Ltd

b) China Property

- (i) Guangdong Province's Enterprise (Unit) Carbon Dioxide Emissions Accounting and Reporting Guidelines (2023 Edition), published by the Department of Ecology and Environment of Guangdong Province
- (ii) Notice on Adjusting the Emission Factor Values in the Guidelines for Accounting of Greenhouse Gas Emissions (2022), published by the Shanghai Municipal Bureau of Ecology and Environment

c) UK Property

- (i) Fuel Mix Disclosure, published by F&S Energy
- (ii) Fuel Mix Disclosure, published by EDF Energy

d) US Property

- (i) Climate Change 2021 Report, published by Eversource Energy

e) Singapore Property

- (i) Singapore Energy Statistics 2023, published by Energy Market Authority, Singapore Government

Scope 2 – Indirect GHG Emissions (Location-based)

The location-based emission factors are referenced from the grid factor released by Carbon Risk Real Estate Monitor (CRREM)

⁶ The significant increase in Scope 2 emissions in 2023-24 can be attributed to the operation commencement of our new flagship property, AIRSIDE, increased post-pandemic activities in Mainland China, and higher occupancy rates at our 51 Sleeper Street property in the US

⁷ Market-based method refers to a method to quantify the Scope 2 GHG emissions of a reporter based on GHG emissions emitted by the generators from which the reporter contractually purchases electricity bundled with contractual instruments, or contractual instruments on their own

⁸ Location-based method refers to a method to quantify Scope 2 GHG emissions based on average energy generation emission factors for defined geographic locations, including local, subnational, or national boundaries

⁹ Energy conversion factors of different fuel types are referenced from the following sources:

- (i) Greenhouse Gas Reporting: Conversion Factor 2023, published by Defra of the UK Government,
- (ii) Energy Star Portfolio Manager Technical Reference: Thermal Conversion Factors

¹⁰ Our reported energy consumption excludes heating consumption, while our reported energy sold excludes heating, cooling, and steam, due to the inapplicability of these metrics to our business operations

¹¹ Water consumption data of the 19 managed properties remains unavailable from the Water Services Department at the time of the Report publication, thus the corresponding water consumption is estimated

¹² Our materials used include both non-renewable and renewable materials. Recycled materials are not included in this year's report due to project constraints. We will continue to identify opportunities to further enhance the integration of recycled materials into our development projects and businesses

Social Performance

Social KPIs	Group Total		Corporate ⁽¹³⁾		Property Management ⁽¹⁴⁾	
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
Workforce Statistics						
Number and percentage of employees by category						
Total workforce	2,910	3,043	1,191	1,273	1,719	1,770
By Employment Type						
Full-time	2,736	2,829	1,180	1,256	1,556	1,573
	94%	93%	99%	99%	91%	89%
Part-time	174	214	11	17	163	197
	6%	7%	1%	1%	9%	11%
Permanent	2,701	2,812	1,166	1,251	1,535	1,561
	93%	92%	98%	98%	89%	88%
Temporary	209	231	25	22	184	209
	7%	8%	2%	2%	11%	12%
By Gender						
Male	1,643	1,694	640	681	1,003	1,013
	56%	56%	54%	53%	58%	57%
Female	1,267	1,349	551	592	716	757
	44%	44%	46%	47%	42%	43%
By Geographical Location						
Hong Kong	2,410	2,507	691	737	1,719	1,770
	83%	82%	58%	58%	100%	100%
Mainland China	433	436	433	436	0	0
	15%	14%	36%	34%	0%	0%
U.K. and U.S.	67	99	67	99	0	0
	2%	3%	6%	8%	0%	0%
Others	0	1	0	1	0	0
	0%	0.03%	0%	0.08%	0%	0%

Workforce Statistics	Group Total		Corporate		Property Management	
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
By Age Group						
Under 30 Years Old	344	389	150	181	194	208
	12%	13%	12%	14%	11%	12%
30-50 Years Old	1,378	1,429	781	824	597	605
	47%	47%	66%	65%	35%	34%
Over 50 Years Old	1,188	1,225	260	268	928	957
	41%	40%	22%	21%	54%	54%
By Employee Category						
Senior Management	133	135	127	128	6	7
	5%	4%	11%	10%	0%	0%
Middle Management	472	508	376	408	96	100
	16%	17%	32%	32%	6%	6%
General Staff	571	611	371	409	200	202
	20%	20%	30%	32%	12%	11%
Other	1,734	1,789	317	328	1,417	1,461
	59%	59%	27%	26%	82%	83%

Workers Who Are Not Employees	Unit	Group Total	
		2022-23	2023-24
Total no. of workers who are not employees and whose work is controlled by the organization	Person	5,129	1,496

New Hires and Turnover ⁽¹⁵⁾	Group Total		Corporate		Property Management	
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
Number of New Hires						
Total New Hires	614	1,048	208	256	406	792
	23%	37%	18%	20%	26%	51%
By Gender						
Male	319	588	100	145	219	443
	21%	38%	16%	22%	25%	51%
Female	295	460	108	111	187	349
	24%	36%	20%	19%	28%	50%
By Geographical Location						
Hong Kong	524	990	118	198	406	792
	24%	43%	18%	28%	26%	51%
Mainland China	59	29	59	29	0	0
	14%	6%	14%	6%	0%	0%
U.K. and U.S.	31	29	31	29	0	0
	47%	40%	47%	40%	0%	0%
By Age Group						
Under 30 Years Old	175	278	60	78	115	200
	53%	74%	45%	46%	59%	97%
30-50 Years Old	294	456	128	146	166	310
	22%	33%	17%	18%	28%	52%
Over 50 Years Old	145	314	20	32	125	282
	14%	30%	8%	11%	17%	37%

New Hires and Turnover	Group Total		Corporate		Property Management	
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
Number of Voluntary Turnover ⁽¹⁶⁾						
Total Voluntary Turnover		836		181		655
		30%		14%		42%
By Gender						
Male		474		111		363
		31%		16%		42%
Female		362		70		292
		28%		12%		42%
By Geographical Location						
Hong Kong		787		132		655
		35%		18%		42%
Mainland China		37		37		0
		8%		8%		0%
U.K. and U.S.		12		12		0
		16%		16%		0%
By Age Group						
Under 30 Years Old		190		33		157
		51%		20%		76%
30-50 Years Old		384		114		270
		27%		14%		45%
Over 50 Years Old		262		34		228
		25%		12%		30%

New Hires and Turnover	Group Total		Corporate		Property Management	
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
Number of Total Turnover ⁽¹⁷⁾						
Total Turnover	954	937	185	245	769	692
	35%	33%	16%	20%	50%	44%
By Gender						
Male	526	524	100	138	426	386
	35%	34%	16%	21%	49%	45%
Female	428	413	85	107	343	306
	35%	32%	16%	19%	51%	44%
By Geographical Location						
Hong Kong	891	852	122	160	769	692
	40%	37%	18%	22%	50%	44%
China	50	62	50	62	0	0
	12%	14%	12%	14%	0%	0%
U.S. and U.K.	13	23	13	23	0	0
	20%	32%	20%	32%	0%	0%
By Age Group						
Under 30 Years Old	185	193	28	32	157	161
	56%	51%	21%	19%	81%	78%
30-50 Years Old	399	421	120	135	279	286
	29%	30%	16%	17%	47%	48%
Over 50 Years Old	370	288	37	43	333	245
	37%	28%	14%	15%	45%	33%

Parental Leave	Unit	Group Total			
		Male		Female	
		2022-23	2023-24	2022-23	2023-24
Total Number of Employees Entitled to Parental Leave	Person	1,361	1,178	985	824
Total Number of Employees That Took Parental Leave	Person	23	12	31	25
Total Number of Employees That Returned to Work During the Reporting Period After Parental Leave Ended	Person	23	12	25	19
Total Number of Employees That Returned to Work After Parental Leave Ended That Were Still Employed 12 Months After Their Return to Work	Person	19	11	22	14
Return-to-work Rate ⁽¹⁸⁾	%	100	100	93	100
Retention Rate	%	73	48	61	56

Occupational Health and Safety	Unit	2022-23	2023-24	2022-23	2023-24
		Employees		Contractors	
Total Hours Worked	Hours	6,848,873	7,548,773	13,674,189	1,165,997
Work-Related Fatalities					
Total Number of Work-related Fatalities	Person	0	0	0	0
Rate of Work-related Fatalities (Per 200,000 Hours Worked)		0.00	0.00	0.00	0
Work-Related Injuries ⁽¹⁹⁾					
Total Number of High-consequence Work-Related Injuries	No. of incidents	3	7	0	0
Rate of High-consequence Work-related Injuries (Per 200,000 Hours Worked) ⁽²⁰⁾		0.09	0.19	0.00	0.00
Total Number of Recordable Work-Related Injuries (Including High-consequence Work-related Injuries)	No. of incidents	29	26	5	5
Rate of Recordable Work-Related Injuries (Per 200,000 Hours Worked) ⁽²¹⁾		0.85	0.69	0.07	0.86
Work-Related Ill Health					
Work-related Ill Health Fatalities	Person	0	0	0	0
Total Number of Recordable Work-related Ill Health	No. of incidents	0	0	0	0

Training and Education	Unit	Number	
		2022-23	2023-24
Average Training Hours			
Total	Hours	22	26
By Gender			
Male	Hours	21	26
Female	Hours	23	25
By Employee Category			
Senior Management	Hours	18	17
Middle Management	Hours	19	25
General Staff	Hours	25	30
Others	Hours	22	26
Percentage of Employees Receiving Regular Performance and Career Development Reviews			
By Gender			
Male	%	97	89
Female	%	95	89
By Employee Category			
Senior Management	%	98	80
Middle Management	%	93	88
General Staff	%	95	99
Others	%	97	87

Governance Body and Employee Diversity	Unit	The Board		Management ⁽²²⁾		Non-management	
		2022-23 ⁽²³⁾	2023-24	2022-23	2023-24	2022-23	2023-24
By Gender							
Male	%	83	75	56	54	57	56
Female	%	17	25	44	46	43	44
By Age Group							
Under 30 Years Old	%	0	0	5	7	14	14
30-50 Years Old	%	25	33	76	75	40	39
Over 50 Years Old	%	75	67	19	18	46	47

Note:

¹³ Corporate data covers employees based at the headquarter offices in Hong Kong, Mainland China and overseas, as well as employees working at construction sites managed by Nan Fung in Hong Kong

¹⁴ Property management data covers employees from Nan Fung's property management business, which consists of employees in New Charm Management Limited, Main Shine Development Limited, Hon Hing Enterprises Limited, Vineberg Property Management Limited and other joint venture companies

¹⁵ New hires and Turnover apply to permanent employees only

¹⁶ Voluntary turnover refers to the permanent employees voluntarily leaving employment during the reporting year

¹⁷ Total turnover refers to permanent employees voluntarily and involuntarily leaving employment during the reporting year

¹⁸ Return to work rate is calculated as "total number of employees who did return to work after parental leave divided by total number of employees due to return too work after taking parental leave and then multiplied by 100%"

¹⁹ Main types of injuries include bruises, slips and falls

²⁰ Rate of high-consequence work-related Injuries (per 200,000 hours worked) is calculated as "high consequence work-related injuries (exclude fatalities) divided by total no. of hours worked for employees and then multiply by 200,000". The factor of 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year

²¹ Rate of recordable work-related Injuries (per 200,000 hours worked) is calculated as "all recordable work related injuries divided by total no. of hours worked for employees and then multiply by 200,000". The factor of 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year

²² Management includes senior management and middle management

²³ The data by age group of The Board has been restated to include Executive Directors, Non-executive Directors, and Independent Non-executive Director

VERIFICATION STATEMENT

Scope and Objective of Verification

Hong Kong Quality Assurance Agency (“HKQAA”) has been engaged by Nan Fung Group to undertake an independent verification of its Nan Fung Group SEWIT Report 2023-24 (“the Report”). The Report stated the sustainability performance of Nan Fung Group in the period of 1st April 2023 to 31st March 2024. The objective of this verification is to provide a reasonable assurance on the reliability of the report content in accordance with the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”) 2021.

Level of Assurance and Methodology

The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. Our evidence gathering process was designed to obtain a reasonable level of assurance as set out in the standard for the purpose of devising the verification conclusion. The extent of this verification process covered the criteria set in the GRI Standards 2021.

The verification process included verifying information relevant to reporting and management procedures, including stakeholder engagement methods and result, and materiality assessment processes. In addition, system and process for collecting, collating and reporting sustainability performance data were verified. Raw data and supporting evidence of the selected representative samples were also thoroughly examined during the verification process.

Independence

Nan Fung Group is responsible for the collection and presentation of the information presented. HKQAA does not involve in calculating, compiling, or in the development of the Report. Our verification activities are independent from Nan Fung Group. There was no relationship between HKQAA and Nan Fung Group that would affect the independence of HKQAA for the verification service.

Conclusion

Based on the verification results, HKQAA has obtained reasonable assurance and is in the opinion that:

- The Report has been prepared in accordance with the GRI Standards 2021;
- The Report illustrates the sustainability performance of Nan Fung Group in a balanced, clear and comprehensive manner; and
- The data and information disclosed in the Report is accurate, reliable and complete.

Nothing has come to HKQAA attention that the selected sustainability performance information and data contained in the Report has not been prepared and presented fairly and honestly, in material aspects, in accordance with the verification criteria. In conclusion, the Report reflects truthfully the sustainability commitments, policies and performance of Nan Fung Group, and discloses transparently their sustainability performance that is commensurate with their sustainability context and materiality.



Signed on behalf of
Hong Kong Quality Assurance Agency

K.T. Ting
Chief Operating Officer
August 2024

SUSTAINABILITY AWARDS AND PROFESSIONAL MEMBERSHIPS

External Charters

Name of Charter/Pledge	Sponsoring Organisation
4T Charter	<ul style="list-style-type: none"> Environment and Ecology Bureau, HKSAR Government Electrical and Mechanical Services Department, HKSAR Government
Breastfeeding Friendly Community Initiative	<ul style="list-style-type: none"> Hong Kong Breastfeeding Mothers' Association Natural Parenting Network School of Nursing, The University of Hong Kong
Charter for Age-friendly Shopping Malls	The Hong Kong Jockey Club Charities Trust
Charter on External Lighting	Environment and Ecology Bureau, HKSAR Government
Construction Digitalisation (CD) Charter	Construction Industry Council
ECH2O – Enterprises Cherish Water Charter	<ul style="list-style-type: none"> Green Council Water Supplies Department, HKSAR Government
EMployment Friendly Charter	The Hong Kong Council of Social Service
Energy Saving Charter	<ul style="list-style-type: none"> Environment and Ecology Bureau, HKSAR Government Electrical and Mechanical Services Department, HKSAR Government
Glass Container Recycling Charter	Environment Protection Department, HKSAR Government
Green Pledge	Green Council
Heart Caring Charter	<ul style="list-style-type: none"> Labour Department, HKSAR Government Occupational Safety & Health Council
Joyful@Healthy Workplace Charter	<ul style="list-style-type: none"> Department of Health, HKSAR Government Occupational Health and Safety Council
Mental Health Workplace Charter	<ul style="list-style-type: none"> Department of Health, HKSAR Government Labour Department, HKSAR Government Occupational Safety & Health Council
Net-zero Carbon Charter	Business Environment Council
Say Yes to Breastfeeding	Hong Kong Committee for UNICEF
Sustainable Construction (SC) Charter	<ul style="list-style-type: none"> Construction Industry Council Development Bureau, HKSAR Government

Memberships

Name of Association	Nature of Membership	Entity
Business Environment Council	General Member	New Charm Management Limited
Committee of Huaihai Road	Member	Shanghai Haici Real Estate Company Limited
Green Council	Corporate Member	<ul style="list-style-type: none"> Bordon Construction Company Limited Chun Yip Construction Company Limited Nan Fung Property Management
Guangzhou Association of Building Economy Promotion	Member	Guangzhou Zhan Hui Real Estate Development Company Limited
Hong Kong Green Building Council	Platinum Patron Member	Nan Fung Development Limited
Shanghai Real Estate Trade Association	Member	Shanghai Huatian Property Development Company Limited
Hong Kong Association of Property Management Companies	Full Member	Main Shine Development Limited
Hong Kong Construction Association	Member	<ul style="list-style-type: none"> Bordon Construction Company Limited Chun Yip Construction Company Limited
上海市長寧區商業聯合會	Member	Shanghai Huatian Property Development Company Limited

Awards

Organisers, Awards and/or Certifications	Activities, Business Units and/or Properties
Asia Pacific Property Awards 2023	
Best Mixed-Use Architecture Hong Kong	AIRSIDE
Mixed Use Development Hong Kong	
Chartered Institution of Building Services Engineers (“CIBSE”)	
CIBSE Hong Kong Award 2023: Project of the Year Award – Retrofit Building Winner	TKO Plaza
CLP Power Hong Kong Limited	
CLP Smart Energy Award 2023: Sustainable Vision Award, Joint Energy Saving Award (Corporate and Government Bodies)	Nan Fung Property Management
Energy Saving Mission 2023: Top Saving in 2023 Gold Award Top Smart Saving 2 nd Runner-up	
Crime Prevention Bureau, HKSAR Government and Vocational Training Council	
Security Services Best Training Award 2022: Gold Award (Type I Security Company Licence)	<ul style="list-style-type: none"> Hon Hing Enterprises Limited Main Shine Development Limited New Charm Management Limited Vinberg Property Management Limited
Development Bureau, HKSAR Government and Construction Industry Council	
Hong Kong Construction Common Data Environment Award 2023: Project Category – Special Mention Award	AIRSIDE
Electrical and Mechanical Services Department, HKSAR Government	
Hong Kong Energy Efficiency Registration Scheme for Buildings: Outstanding building energy efficiency performance (New Building)	AIRSIDE
Environmental Campaign Committee	
2022 Hong Kong Awards for Environmental Excellence (HKAEE): Property Management (Commercial & Industrial) – Certificate of Merit	Nan Fung Tower
Energywi\$e Certificate	The Mills
Wastewi\$e Certificate	

Organisers, Awards and/or Certifications	Activities, Business Units and/or Properties
Green Council	
Hong Kong Green Award: Environmental, Health and Safety Award (Large Corporation) – Silver	<ul style="list-style-type: none"> Bordon Construction Company Limited Chun Yip Construction Company Limited
Hong Kong Green Award: Sustained Performance (8 Years+)	
UNSDG Achievement Awards Hong Kong 2023: Organisation Awards – Sustainable Organisation (Silver) Project Award – Individual SDG Award (Goal 2: Zero Hunger)	Nan Fung Property Management
Guangdong Provincial Department of Commerce	
Green Shopping Mall	The Place, Guangzhou
Guangzhou Association of Building Economy Promotion	
Guangzhou Grade A Commercial Office Building	The Place, Guangzhou
Guangzhou Guangai Social Work Service Center	
Love Enterprise 2023	Guangzhou Zhan Hui Real Estate Development Company Limited
Hong Kong Construction Association (“HKCA”)	
HKCA Construction Safety Award: Proactive Safety Contractor Award	<ul style="list-style-type: none"> Bordon Construction Company Limited Chun Yip Construction Company Limited
HKCA Hong Kong Construction Environmental Award: Merit Award	
HKCA Benchmark Service of ESG Recognition Scheme 2023: Out-Performer Award	Jardine’s Lookout, IL7912
HKCA Benchmark Service of ESG Recognition Scheme 2023: Participation Certificate	
Hong Kong Designers Association (“HKDA”)	
HKDA Brand Design Awards 2024: Heritage and Art – Grand Award of the Year	Centre for Heritage, Arts and Textile

Organisers, Awards and/or Certifications	Activities, Business Units and/or Properties
Hong Kong Green Building Council	
Green Building Award 2023: Green Building Leadership Category – Developer – Finalist	Nan Fung Development Limited
Green Building Award 2023: Green Building Leadership Category – Facilities Management – Finalist	Nan Fung Property Management
Green Building Award 2023: New Buildings Category – Completed Projects (Commercial) – Grand Award	AIRSIDE
Green Building Award 2023: Existing Buildings Category – Facilities Management – Finalist	The Mills
Hong Kong Green Shop Alliance Award 2023: Collaborative Project of the Year (Behavioural Change) Project: Net Positive Lease	<ul style="list-style-type: none"> AIRSIDE Nan Fung Place The Mills TKO Plaza
Hong Kong Quality Assurance Agency	
ISO9001:2015 Quality Management System Certificate	<ul style="list-style-type: none"> Bordon Construction Company Limited Chun Yip Construction Company Limited
ISO14001:2015 Environmental Management System Certificate	
ISO45001:2018 Occupational Healthy & Safety Management System Certificate	
ISO50001:2018 Energy Management System	
Hong Kong Green and Sustainable Finance Awards 2023: Gold Seal for Contribution to Sustainable Property – Promote Environmental Protection	Nan Fung Centre
International Facility Management Association (“IFMA”)	
IFMA Asia Pacific Awards of Excellence 2022-2023: Asia Pacific Best Facility Management Technology Award – Certificate of Excellence	<ul style="list-style-type: none"> MOS Centre Nan Fung Tower
IFMA Asia Pacific Awards of Excellence 2022-2023: Asia Pacific Best Facility Management Operation Award – Certificate of Excellence	<ul style="list-style-type: none"> 33 Des Voeux Road West 8 Wyndham Street
IFMA Asia Pacific Awards of Excellence 2022-2023: Asia Pacific Best Facility Management Operation Award – Certificate of Merit	8 Deep Water Bay Drive
IFMA Asia Pacific Awards of Excellence 2022-2023: Asia Pacific Environmental Stewardship Award – Certificate of Merit	
Mandatory Provident Fund Schemes Authority	
Good MPF Employer: Good MPF Employer 5 Years+, e-Contribution Award, MPF Support Award	<ul style="list-style-type: none"> Hon Hing Enterprises Limited Main Shine Development Limited New Charm Management Limited Vinberg Property Management Limited

Organisers, Awards and/or Certifications	Activities, Business Units and/or Properties
NOA Testing & Certification Group	
ISO9001:2015 Quality Management System Certificate	Nanheng (Shanghai) Property Services
ISO14001:2015 Environmental Management System Certificate	
ISO45001:2018 Occupational Healthy & Safety Management System Certificate	
Occupational Safety and Health Council	
Occupational Health Award 2022-23: Joyful @ Healthy Workplace Best Practices Award (Enterprise/Organisation Category) – Merit Award	Chun Yip Construction Co Limited
Heart Caring Organization Award: Merit Organization	
Real Estate Asia Awards	
Sustainable Development of the Year – Hong Kong	AIRSIDE
RX France	
MIPIM Asia Awards 2023: Best Office & Business Project – Gold Winner Best Mixed-use Project – Gold Winner	AIRSIDE
Sing Tao News Corporation Limited and Center for Economic Sustainability and Entrepreneurial Finance, School of Accounting and Finance, The Hong Kong Polytechnic University	
Outstanding ESG Enterprises Recognition Scheme: Level 1 – Prestigious ESG Accomplishment of the Year Level 2 – Outstanding ESG Environmental Performance Awards Level 2 – Outstanding ESG Social Performance Awards Level 2 – Outstanding ESG Corporate Governance Awards Level 3 – ESG Commendation Awards	Nan Fung Property Management
The Hong Kong Council of Social Service	
Caring Company Scheme: 15 Years Plus Caring Company Logo	Nan Fung Group
The Hong Kong Institute of Architects (“HKIA”)	
HKIA Annual Awards 2023: Commercial Building – Winnner	AIRSIDE
The Hong Kong Institution of Engineers (“HKIE”)	
HKIE Fire Engineering Excellent 2022 – Merit Award	AIRSIDE
The Hong Kong Institution of Engineers, Building Services Division	
The Excellent Building Award 2023: Grand Award (Existing Building)	TKO Plaza
The Hong Kong Management Association	
Hong Kong Sustainability Award 2023: Small & Medium-Sized Organization Category – Distinction Award	8 Deep Water Bay Drive
The Institute of Internal Auditors Hong Kong	
2023 Internal Auditor of the Year Award	Nan Fung Development Limited

GREEN CERTIFICATION AND GREEN RATING

Green Building Certification	Property		
BEAM Plus Existing Buildings v2.0 Selective Scheme – Excellent Grade in The Greatest Self-Improvement In Energy Consumption	TKO Plaza		
BEAM Plus Existing Buildings v2.0 Selective Scheme – Good Grade in Management Aspect	21 Coombe Road	Hing Wah Industrial Building	8 Wyndham Street
	7-15 Mount Kellett Road	Interocean Court	ORI
	8 Deep Water Bay Drive	Island Garden	Providence Bay
	80 Robinson Road	Kwai Chung Plaza	Providence Peak
	84 Peak Road	La Cresta	Queen's Cube
	Aqua Blue	La Place De Victoria	San Po Kong Plaza
	Asia Trade Centre	Marvel Industrial Building	The Graces · Providence Bay
	Bay Villas	MOS Centre	The Visionary
	Cheung Fung Industrial Building	Mount Austin Estate	TKO Plaza
	Edition 178	Mount Nicholson	Tseung Kwan O Plaza (Residential)
	Fook Hong Industrial Building	Nan Fung Centre	Tsuen Fung Centre
	Fortuna Court	Nan Fung Commercial Centre	Well Fung Industrial Centre
	Golden Dragon Industrial Centre	Nan Fung Sun Chuen	
	Grand Garden	Nan Fung Tower	
BEAM Plus Neighborhood v1.0 – Final Platinum	AIRSIDE		
BEAM Plus New Buildings v1.2 – Final Platinum	AIRSIDE		
BEAM Plus New Buildings v2.0 – Provisional Gold	64-70 Wellington Street		
BREEAM – Excellent	The Bailey		
	Regent Quarter: Laundry Building, Times House, Jahn Court		
BREEAM – Very Good	108 Cannon Street		
Certificate of Green Building Design Label – 3 Star	AIRSIDE		
Green Building Label – 2 Star	Yi Fung Place		

Green Building Certification	Property
LEED 2009 Commercial Interiors – Gold	WPP Campus
LEED 2009 Core and Shell – Gold	Shanghai The Place
LEED 2009 for Existing Buildings Operations and Maintenance (O+M) – Gold	2 Financial Center
LEED v4 Building Design and Construction Core and Shell Development – Gold	Yi Fung Place
LEED v4 Building Design and Construction Core and Shell Development – Platinum	AIRSIDE
LEED v4.1 Operations and Maintenance (O+M) – Gold	470 Atlantic Avenue
LEED v4.1 Operations and Maintenance (O+M): Existing Buildings – Platinum	Shanghai The Place
	WPP Campus
SmartScore Platinum Certification	AIRSIDE
WELL Building Standard Core and Shell v1.0 – Platinum	AIRSIDE
WELL Building Standard – Gold (Precertification)	Yi Fung Place
WELL Health-Safety Rating	108 Cannon Street
	138 Cheapside
	Regent Quarter: Cottam House, Focus Point
	The Bailey
WiredScore Platinum Certification	AIRSIDE
	The Bailey
Zero-Carbon-Ready Building Certification Scheme – Energy Performance Certificate Existing Building – EUJ Pathway Landlord Extra Low	The Mills
Zero-Carbon-Ready Building Certification Scheme – Energy Performance Certificate Existing Building – Percentage Reduction Pathways Landlord Level 2 Improvement	TKO Plaza

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Material Issue	Our Approach	Corresponding GRI Topics	Impacts											
			Board/Group Management	Group Employees	Customers	Tenants/Residents	Suppliers	NGO Partners	Investors/Investees/Banks	Community	Industry Organisations	Regulators/Government	Media	
1 Business ethics	Governance	GRI 205 Anti-corruption	•	•		•	•	•	•	•	•	•	•	
		GRI 206 Anti-competitive behaviour	•	•		•	•							
2 Corporate governance	Governance	GRI 205 Anti-corruption	•	•		•	•							
		GRI 206 Anti-competitive behaviour	•	•		•	•							
3 Economic performance and impact	Governance	GRI 201 Economic performance		•		•						•	•	
		GRI 203 Indirect economic impacts		•		•						•	•	
4 Data privacy and security	Governance	GRI 418 Customer privacy	•	•	•		•					•		
5 Community investment and engagement	Social cohesion	GRI 413 Local communities		•		•	•	•		•			•	
6 Talent attraction and retention		GRI 401 Employment	•		•									
7 Tenant and customer engagement		GRI 418 Customer privacy		•	•						•			
8 Training and development		GRI 404 Training and education	•											
9 Diversity and equal opportunity		GRI 405 Diversity and equal opportunity		•				•				•		
		GRI 406 Non-discrimination		•				•				•		
10 Labour practices and human rights		GRI 408 Child labour		•		•		•		•	•	•	•	
		GRI 409 Forced or compulsory labour		•		•		•		•	•	•	•	

Material Issue	Our Approach	Corresponding GRI Topics	Impacts											
			Board/Group Management	Group Employees	Customers	Tenants/Residents	Suppliers	NGO Partners	Investors/Investees/Banks	Community	Industry Organisations	Regulators/Government	Media	
11 Green building	Environment	GRI 301 Materials	•	•	•	•	•	•	•	•	•	•	•	
		GRI 417 Marketing and labelling	•	•	•	•	•	•	•	•	•	•	•	
12 Building materials		GRI 301 Materials	•			•	•		•		•	•		
13 Energy		GRI 302 Energy	•		•	•	•	•		•	•			
14 Climate adaptation and resilience		GRI 201 Economic performance	•	•	•	•	•	•	•	•	•	•	•	
15 Waste		GRI 306 Waste			•	•		•	•	•	•			
16 Sustainable finance and investment		GRI 201 Economic performance	•										•	
		GRI 203 Indirect economic impacts												
17 Emissions		GRI 305 Emissions				•	•		•	•	•	•		
18 Water resources		GRI 303 Water and effluents					•	•		•	•	•		
19 Supply chain management	GRI 308 Supplier environmental assessment				•	•					•	•		
	GRI 414 Supplier social assessment				•	•					•	•		
20 Biodiversity	GRI 304 Biodiversity			•			•		•	•	•			
21 Customer health, safety and well-being	Wellness	GRI 416 Customer health and safety	•	•	•						•	•	•	
		GRI 403 Occupational health and safety	•	•	•							•	•	•
23 Innovation and technology	Innovation	N/A	•	•	•		•	•	•	•	•			
24 Innovation and technology	Technology	N/A	•	•	•		•	•	•	•	•	•		

GRI Content Index

GRI Standard	Disclosure
Statement of Use	Nan Fung Group Holdings Limited has reported in accordance with the GRI Standards for the period 1 April 2023 to 31 March 2024.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI Standard	Disclosure	References and Remarks
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organisational details	About Nan Fung
	2-2 Entities included in the organisation’s sustainability reporting	About this Report
	2-3 Reporting period, frequency and contact point	About this Report This report was published on August X, 2024.
	2-4 Restatements of information	Performance Summary
	2-5 External assurance	Appendices – External Assurance p. 119
	2-6 Activities, value chain and other business relationships	About Nan Fung
	2-7 Employees	Performance Summary
	2-8 Workers who are not employees	Performance Summary The majority of work at construction sites are performed by contractors or sub-contractors. Data on workers who are not employees are recorded as of March 31, 2024, on a headcount basis.
	2-9 Governance structure and composition	Corporate Governance
	2-10 Nomination and selection of the highest governance body	Corporate Governance
	2-11 Chair of the highest governance body	Corporate Governance The chairman of our Board is also a senior executive of the company. The company believes his in-depth knowledge of the operations of the Group, the industries in which the Group is active, as well as his extensive business network in these industries, are invaluable to the company. Any potential conflicts of interest from this arrangement are reviewed and prevented by our Conflict Committee.
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance
	2-13 Delegation of responsibility for managing impacts	Corporate Governance
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance
	2-15 Conflicts of interest	Corporate Governance As a private entity, the Conflict Committee ensures conflicts are prevented and mitigated.

GRI Standard	Disclosure	References and Remarks
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	Confidentiality constraints. The total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period are for internal use only.
	2-17 Collective knowledge of the highest governance body	Corporate Governance
	2-18 Evaluation of the performance of the highest governance body	Confidentiality constraints. Performance evaluation processes for the Board are monitored for internal use only.
	2-19 Remuneration policies	Confidentiality constraints. Remuneration and compensation-related policies are for internal use only.
	2-20 Process to determine remuneration	Confidentiality constraints. Information is considered private.
	2-21 Annual total compensation ratio	Confidentiality constraints. Data is tracked and monitored for internal use only.
	2-22 Statement on sustainable development strategy	Message from the Board
	2-23 Policy commitments	Corporate Governance/Sustainability-related Policies
	2-24 Embedding policy commitments	Corporate Governance/Sustainability-related Policies We describe our processes for embedding policy commitments throughout this report.
	2-25 Processes to remediate negative impacts	Corporate Governance Business Ethics/Whistleblowing
	2-26 Mechanisms for seeking advice and raising concerns	Corporate Governance
	2-27 Compliance with laws and regulations	Business Ethics/Whistleblowing In the reporting year, there were no significant instances of non-compliance with laws and regulations.
	2-28 Membership associations	External charters, memberships and awards
2-29 Approach to stakeholder engagement	Our Materiality Approach	
2-30 Collective bargaining agreements	Not applicable. There are no formal collective bargaining agreements in place within our company.	
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Our Materiality Approach
	3-2 List of material topics	Our Materiality Approach
Material Topic: Corporate Governance		
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Governance
Economic Performance		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Confidentiality constraints. Data is tracked and monitored for internal use only.
	201-2 Financial implications and other risks and opportunities due to climate change	Climate Adaptation and Resilience
	201-3 Defined benefit plan obligations and other retirement plans	Confidentiality constraints. Data is tracked and monitored for internal use only.

GRI Standard	Disclosure	References and Remarks
Indirect Economic Impacts		
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	Community Investment and Engagement Information incomplete. The Group is in the process of enhancing measurement of indirect economic impacts.
Anti-Corruption		
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Corporate Governance
	205-2 Communication and training about anti-corruption policies and procedures	Corporate Governance Information incomplete. The Group is in the process of enhancing the communication and training plan with business partners.
	205-3 Confirmed incidents of corruption and actions taken	Corporate Governance
Anti-Competitive Behaviour		
GRI 206: Anti-Competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Corporate Governance
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Corporate Governance/ Business Ethics Information incomplete. The Group has established a Sustainable Procurement Policy and is in the process of gathering quantitative data on supplier screening.
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Corporate Governance/ Business Ethics Information incomplete. The Group has established a Sustainable Procurement Policy and is in the process of gathering quantitative data on supplier screening.
Material Topic: Data Privacy and Cybersecurity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Data Privacy and Cybersecurity
Customer Privacy		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Privacy and Cybersecurity
Material Topic: Community Investment and Engagement		
GRI 3: Material Topics 2021	3-3 Management of material topics	Community Investment and Engagement
Local Communities		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Community Investment and Engagement
Material Topic: Tenant and Customer Empowerment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Tenant and Customer Empowerment
Material Topic: Talent Upskilling and Development		
GRI 3: Material Topics 2021	3-3 Management of material topics	Talent Upskilling and Development

GRI Standard	Disclosure	References and Remarks
Employment		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Talent Upskilling and Development – Talent Attraction and Retention Performance Summary
	401-3 Parental leave	Performance Summary
Training and Education		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Talent Upskilling and Development – Learning and Development Performance Summary
	404-2 Programs for upgrading employee skills and transition assistance programs	Talent Upskilling and Development – Learning and Development
	404-3 Percentage of employees receiving regular performance and career development reviews	Performance Summary
Diversity and Equal Opportunity		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Performance Summary
Non-discrimination		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Talent Upskilling and Development – Equal Opportunity and Diversity
Child Labour		
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Talent Upskilling and Development – Equal Opportunity and Diversity
Forced or Compulsory Labour		
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Talent Upskilling and Development – Equal Opportunity and Diversity
Material Topic: Energy Efficiency and Climate Resilience		
GRI 3: Material Topics 2021	3-3 Management of material topics	Energy Efficiency and Climate Resilience
Materials		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Performance Summary
	301-2 Recycled input materials used	Performance Summary
Energy		
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Performance Summary
	302-3 Energy intensity	Performance Summary
	302-4 Reduction of energy consumption	Energy Efficiency and Climate Resilience – Energy Consumption
	302-5 Reductions in energy requirements of products and services	Energy Efficiency and Climate Resilience – Energy Consumption

GRI Standard	Disclosure	References and Remarks
Emissions		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Energy Efficiency and Climate Resilience – Reducing Emissions Performance summary
	305-2 Energy indirect (Scope 2) GHG emissions	Energy Efficiency and Climate Resilience – Reducing Emissions Performance summary
	305-4 GHG emissions intensity	Energy Efficiency and Climate Resilience – Reducing Emissions Performance Summary
	305-5 Reduction of GHG emissions	Energy Efficiency and Climate Resilience – Reducing Emissions Performance Summary
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Performance Summary
Marketing and Labelling		
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	Energy Efficiency and Climate Resilience – Leadership in Building Sustainability Our buildings meet all requirements for product and service information and labelling in line with applicable regulations and environmental building assessment schemes.
	417-2 Incidents of non-compliance concerning product and service information and labelling	There were no incidents of non-compliance concerning product and service information and labelling during the reporting period.
	417-3 Incidents of non-compliance concerning marketing communications	There were no incidents of non-compliance concerning marketing communications during the reporting period.
Material Topic: Resource Use, Waste Management and Biodiversity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Resource Use, Waste Management and Biodiversity
Water and Effluents		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Resource Use, Waste Management and Biodiversity – Water Stewardship The main source of water consumed by our activities is municipal water supplied by local water supply authorities.
	303-2 Management of water discharge-related impacts	Resource Use, Waste Management and Biodiversity – Water Stewardship
	303-5 Water consumption	Performance Summary
Biodiversity		
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	Resource Use, Waste Management and Biodiversity – Conserving Biodiversity Information incomplete. The Group is working to develop a more fulsome management approach given the importance of biodiversity to our property development activities and value chain.

GRI Standard	Disclosure	References and Remarks
Waste		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Resource Use, Waste Management and Biodiversity – Waste Management
	306-2 Management of significant waste-related impacts	Resource Use, Waste Management and Biodiversity – Waste Management
	306-3 Waste generated	Resource Use, Waste Management and Biodiversity – Waste Management Performance Summary
	306-4 Waste diverted from disposal	Resource Use, Waste Management and Biodiversity – Waste Management Performance Summary
	306-5 Waste directed to disposal	Resource Use, Waste Management and Biodiversity – Waste Management Performance Summary
Material Topic: Wellness for Employees		
GRI 3: Material Topics 2021	3-3 Management of material topics	Wellness for Employees
Occupational Health and Safety		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Wellness for Employees – Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Wellness for Employees – Occupational Health and Safety
	403-3 Occupational health services	Wellness for Employees – Occupational Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Wellness for Employees – Occupational Health and Safety
	403-5 Worker training on occupational health and safety	Wellness for Employees – Occupational Health and Safety
	403-6 Promotion of worker health	Wellness for Employees – Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Wellness for Employees – Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Wellness for Employees – Occupational Health and Safety
	403-9 Work-related injuries	Performance Summary
	403-10 Work-related ill health	Performance Summary

GRI Standard	Disclosure	References and Remarks
Material Topic: Wellness for Tenants and Customers		
GRI 3: Material Topics 2021	3-3 Management of material topics	Wellness for Tenants and Customers
Customer Health and Safety		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Wellness for Tenants and Customers – Tenant and Customer Health and Safety
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Wellness for Tenants and Customers – Tenant and Customer Health and Safety
Material Topic: Wellness for Humankind		
GRI 3: Material Topics 2021	3-3 Management of material topics	Wellness for Humankind
Material Topic: Innovative Products and Solutions		
GRI 3: Material Topics 2021	3-3 Management of material topics	Innovative Products and Solutions
Material Topic: Entrepreneur and Intrapreneur Empowerment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Entrepreneur and Intrapreneur Empowerment
Material Topic: Technology and Data in Operations		
GRI 3: Material Topics 2021	3-3 Management of material topics	Technology and Data in Operations

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