

**ASSESSMENT**

12 May 2026



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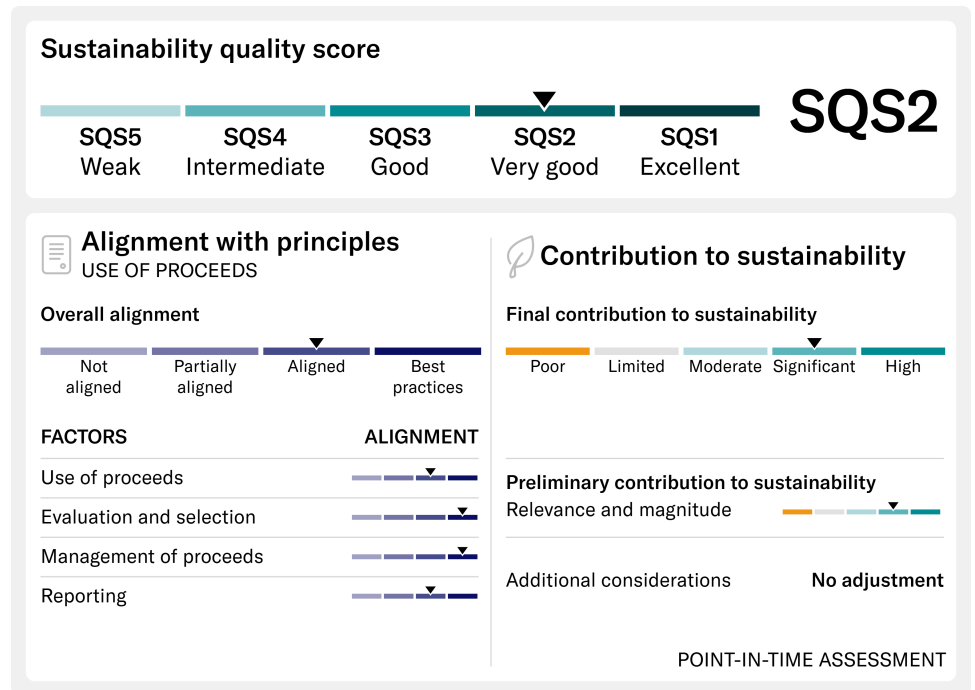
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# Nan Fung International Holdings Limited

## Second Party Opinion – Sustainable Finance Framework Assigned SQS2 Sustainability Quality Score

### Summary

We have assigned an SQS2 Sustainability Quality Score (Very Good) to Nan Fung International Holdings Limited (Nan Fung)'s sustainable finance framework, dated March 2026. The issuer has established its use-of-proceeds framework with the aim of financing projects across six eligible green categories and three eligible social categories. The framework is aligned with the four components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2025, Social Bond Principles (SBP) 2025 and Sustainability Bond Guidelines (SBG) 2021; and the Loan Market Association, Asia-Pacific Loan Market Association and Loan Syndications & Trading Association's (LMA/APLMA/LSTA) Green Loan Principles (GLP) 2025 and Social Loan Principles (SLP) 2025. The framework demonstrates a significant contribution to sustainability.



## Scope

We have provided a Second Party Opinion (SPO) on the sustainability credentials of Nan Fung's sustainable finance framework, including the framework's alignment with the ICMA's GBP 2025, SBP 2025 and SBG 2021; and the LMA/APLMA/LSTA's GLP 2025 and SLP 2025. Under its framework, the company plans to issue use-of-proceeds sustainability financing instruments to finance projects in six eligible green categories and three eligible social categories, as outlined in Appendix 3 of this report.

Our assessment is based on the last updated version of the framework received on 5 March 2026, and our opinion reflects our point-in-time assessment<sup>1</sup> of the details contained in this version of the framework, as well as other public and non-public information provided by the company.

We produced this SPO based on our [Assessment Framework: Second Party Opinions on Sustainable Debt](#), published in October 2025.

## Issuer profile

Nan Fung International Holdings Limited is an integrated investment property operator based in Hong Kong SAR, China, with a diversified portfolio of assets located in Hong Kong, mainland China, the UK and the US. The company is a wholly owned subsidiary of Chen's Group International Limited, founded by Chen Din Hwa. The company also maintains moderate exposure to residential development projects in Hong Kong.

Nan Fung is exposed to physical climate risk, particularly from typhoons and flooding, because of the company's significant presence in Hong Kong and mainland China. Its natural capital risk exposure stems from its reliance on land through its moderate exposure to residential property development. It is also exposed to carbon transition risks because of evolving regulations and growing stakeholders' expectations to invest in strategies that meet tenants' growing demands for reduced carbon emissions and improved energy efficiency.

## Strengths

- » Financing green buildings with climate-specific thresholds or references will generate substantial contribution to climate change mitigation
- » A short allocation period, within 12 months to the extent possible

## Challenges

- » Some categories are broadly defined in terms of thresholds or eligibility criteria.

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## Alignment with principles

Nan Fung's sustainable finance framework is aligned with the four components of the ICMA's GBP 2025, SBP 2025 and SBL 2021; and the LMA/APLMA/LSTA's GLP 2025 and SLP 2025. For a summary of alignment with principles scorecard, please see Appendix 1.

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Green Bond Principles (GBP)       | <input checked="" type="checkbox"/> Green Loan Principles (GLP)       |
| <input checked="" type="checkbox"/> Social Bond Principles (SBP)      | <input checked="" type="checkbox"/> Social Loan Principles (SLP)      |
| <input type="checkbox"/> Sustainability-Linked Bond Principles (SLBP) | <input type="checkbox"/> Sustainability Linked Loan Principles (SLLP) |

## Use of proceeds



### Clarity of the eligible categories – ALIGNED

Nan Fung has communicated that eligible expenditures include capital spending, operational expenditure, R&D, public investments and subsidies that meet the eligibility criteria set out in the framework. Most of the project categories are defined, with clear eligibility and exclusion criteria, thresholds and target population; however, some categories — such as the target population of socioeconomic advancement and empowerment — are broadly defined. The company has confirmed that eligible projects will be primarily located in Hong Kong and the UK, although the scope can also extend to other operating regions such as mainland China, Singapore and the US.

### Clarity of the environmental or social objectives – BEST PRACTICES

Nan Fung has clearly outlined the environmental and social (E&S) objectives associated with the 9 eligible categories. All eligible categories are relevant to their respective E&S objectives, which aim to support climate change mitigation, climate resilience, pollution prevention and control, and reducing inequality. The company has referenced the United Nations' (UN) Sustainable Development Goals (SDGs) in articulating the objectives of the eligible categories (see Appendix 2).

### Clarity of expected benefits – BEST PRACTICES

Nan Fung has identified clear expected E&S benefits for the 9 eligible categories. The identified benefits are measurable and are likely to be quantified in annual reporting. The company has committed to publicly disclose the estimated share of financing and refinancing before issuance as part of its reporting. The company has also committed to a maximum look-back period of no longer than three years from the time of issuance.

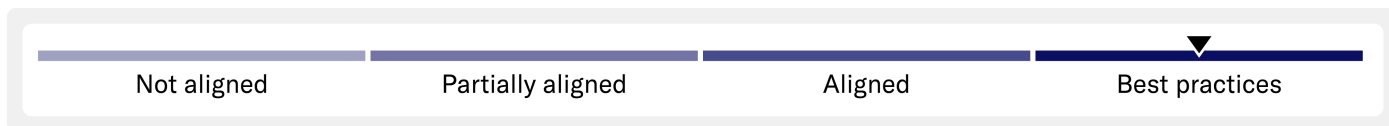
## Process for project evaluation and selection



### Transparency and clarity of the process for defining and monitoring eligible projects – BEST PRACTICES

The company's decision-making process for the selection and evaluation of projects is clearly structured and outlined in its publicly available framework. The company will establish a sustainable finance working group (SFWG) to evaluate and select projects that comply with the eligibility criteria in the framework. The SFWG comprises representatives from various key departments, namely the Treasury Department, Finance & Accounts Department, Sustainability and Shared Value (SEWIT) Department. The company commits to ensuring that financed projects continue to comply with the eligibility and exclusion criteria throughout the life of the bond or loan. The company has established an E&S risk mitigation process to address potential E&S risks, which will be publicly disclosed in the framework.

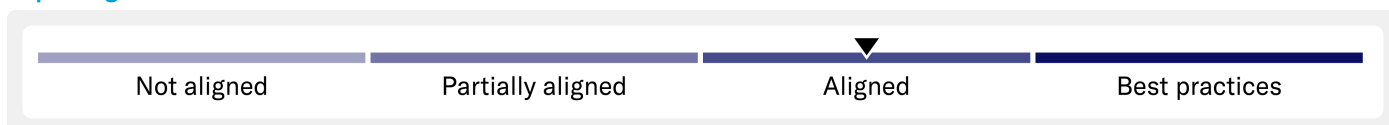
### Management of proceeds



#### Allocation and tracking of proceeds – BEST PRACTICES

Nan Fung has established a clear process for managing and allocating proceeds, as outlined in its publicly available framework. An amount equivalent to the net proceeds of each sustainable financing transaction (SFT) will be earmarked for allocation. The company maintains an internal project register to track the use of proceeds. The company has confirmed to adjust the balance of tracked proceeds at least annually to match allocations to eligible projects, and expects to fully allocate net proceeds within 12 months from the date of issuance to the extent possible. Unallocated proceeds will be held in accordance with Nan Fung's internal liquidity guidelines, including investments in short-term time deposits or repaying existing borrowings of the company. It has committed that unallocated proceeds will not be invested in activities with high environmental impact that fall under the exclusion criteria of the framework.

### Reporting



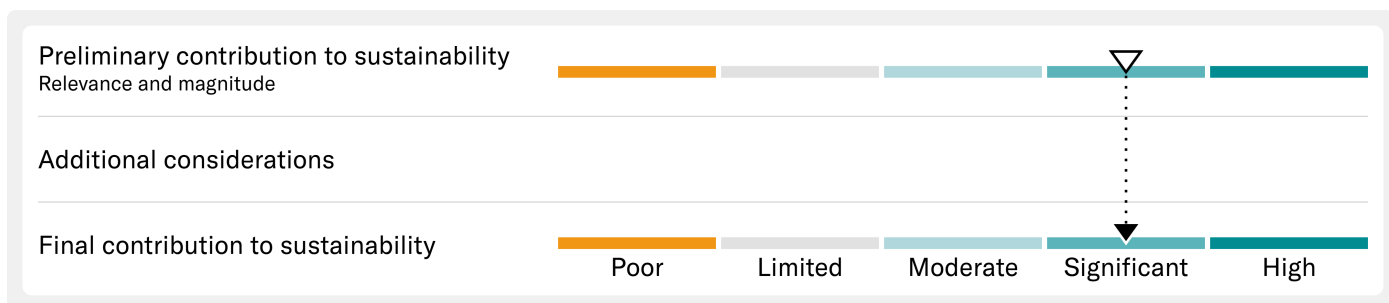
#### Reporting transparency – ALIGNED

Nan Fung will report annually on the use of proceeds for the eligible project categories. The allocation and impact reporting will continue until full allocation or as long as any SFT exists, and as necessary in the event of any material development. The reports will be made available to investors on the company's website, and will include descriptions of eligible projects, the amount of proceeds allocated to each eligible project category, the amount of unallocated proceeds, and the relevant E&S benefit indicators.

The company has identified relevant and essential indicators for all project categories. The company commits to disclosing the methodologies and assumptions used for the impact indicators. While Nan Fung has committed to engaging an independent external verifier for impact reporting, there is no commitment on external verification on allocation reporting.

### Contribution to sustainability

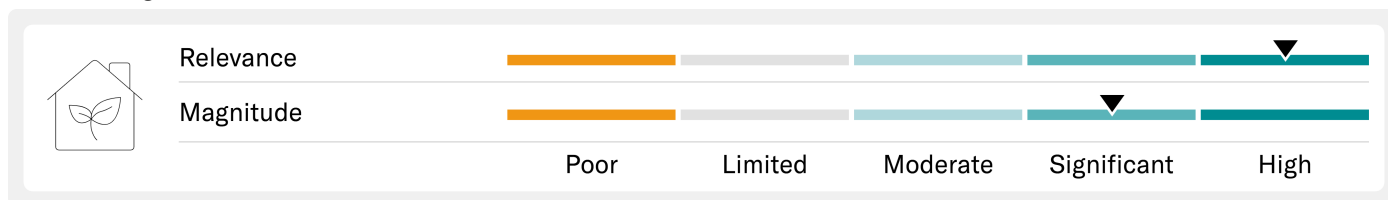
The framework demonstrates a significant overall contribution to sustainability. This reflects a preliminary contribution to sustainability score of significant, based on the relevance and magnitude of the eligible project categories, and we have not made an adjustment to the preliminary score based on additional contribution to sustainability considerations.



#### Preliminary contribution to sustainability

The preliminary contribution to sustainability is significant, based on the relevance and magnitude of the eligible project categories. We have allocated most of the weights to the green buildings category, in line with Nan Fung's expected proceed allocation guidance. A detailed assessment by eligible category is provided below.

**Green buildings**



The relevance of this category is high, as reducing the carbon footprint of buildings is essential to the decarbonization of the real estate sector both in the project locations and for the company itself. The building sector is one of the largest energy consumers and GHG emitters globally, accounting for around 30% of final energy consumption and 26% of energy-related emissions in 2022, according to the International Energy Agency (IEA).<sup>2</sup> Given that real estate is Nan Fung's primary business, this category is highly relevant to the company.

We expect eligible projects to generate significant contribution to reducing carbon emissions. Nan Fung has indicated that the majority of proceeds from the forthcoming issuances will be used to finance new construction projects and refinance existing green projects. We expect a larger share of proceeds to be directed toward Hong Kong properties, followed by properties in the UK, based on issuer's guidance and portfolio mix.

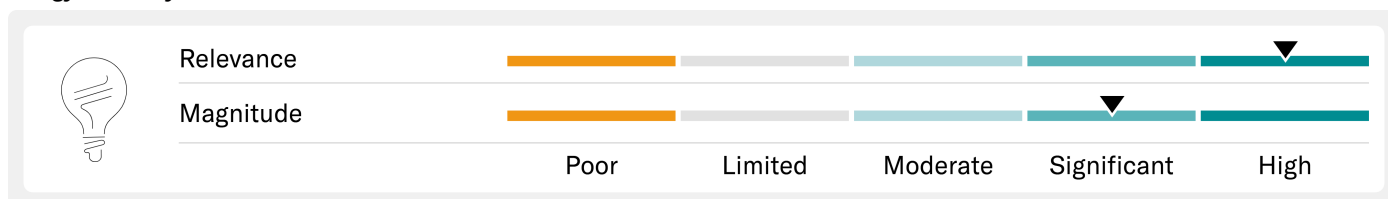
For green building projects in Hong Kong, the company has confirmed that projects will comply with the Hong Kong Taxonomy for Sustainable Finance (Phase 2A) (Hong Kong Taxonomy) along with the green building certification requirement (primarily BEAM Plus), which altogether provides greater clarity and indicates a stronger climate impact compared with the certification alone. Hong Kong Taxonomy introduces additional, climate-specific criteria such as energy demand, operational GHG emissions to underpin climate mitigation performance.

In the UK where Nan Fung has a large exposure to office assets, the issuer will adopt NABERS UK as the main certification. We expect these properties to generate meaningful climate contributions, as NABERS UK assesses buildings based on measured operational energy consumption over a 12-month period, benchmarked against a dataset of UK office buildings, and requires reassessment on an annual basis. This certification is also recognized by the UK Net Zero Buildings Standard (UKNZBS), under which a 4.5-star NABERS UK rating may be used to demonstrate compliance with UKNZBS's operational energy requirements for existing offices.<sup>3</sup> However, there is limited visibility on whether assets achieving five stars or above will fall within the top 15% of the national building stock in terms of energy performance.

Buildings financed under the China Green Building Evaluation Label with certification level of 3 stars are also expected to generate clearer climate impacts compared with other certifications, since this certification level is recognised by the Climate Bonds Initiative (CBI) as representing the top 15% of buildings in terms of energy performance.

Other eligible projects financed based solely on green building certifications that lack explicit energy efficiency or related requirements will likely result in a weaker expected contribution to climate, given the limited transparency on performance outcomes.

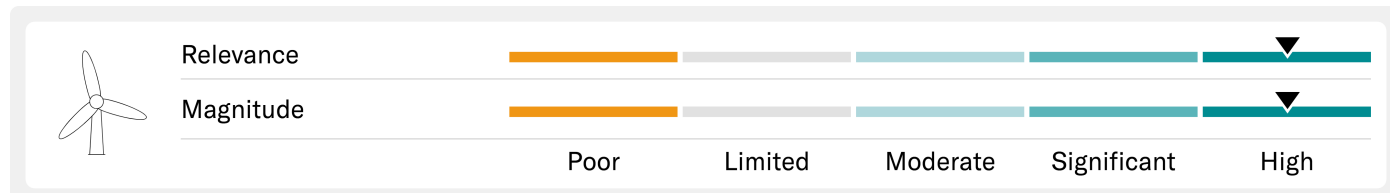
**Energy efficiency**



The relevance of this category is high because improving energy efficiency is essential to the energy transition. Energy efficiency is widely recognized as a cornerstone of the shift toward more sustainable energy systems and is often described as the "first fuel" of the global energy transition. Consequently, enhancing energy efficiency has been a key focus for policymakers worldwide.<sup>4</sup> Eligible projects primarily target the building sector, which aligns closely with Nan Fung's efforts to reduce energy consumption through the adoption of more efficient end-use technologies.

Projects financed under this category are expected to have a significant magnitude, as they are likely to deliver positive environmental benefits through enhanced energy efficiency. Nan Fung has set a minimum energy efficiency improvement threshold of 30% for eligible projects, in line with market best practices. Nan Fung has identified several types of eligible projects, such as heating, ventilation, and air conditioning (HVAC) upgrades, energy use monitoring and management systems, high-efficiency lighting, high solar-reflectance paving and roof finishes, and smart power strips. Collectively, these initiatives are likely to enhance overall energy efficiency and help achieve the company's energy-saving targets.

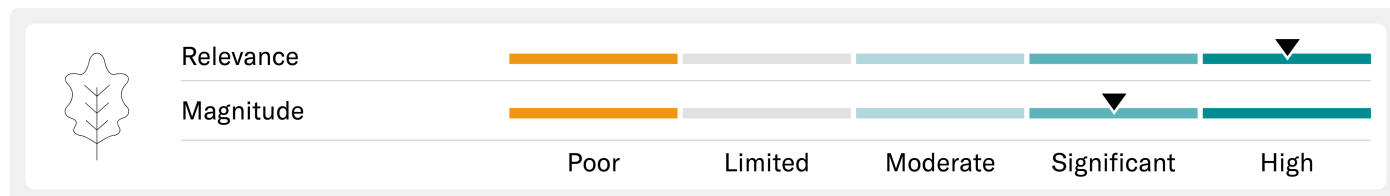
**Renewable energy**



The relevance of this category is high because the eligible projects are expected to reduce GHG emissions by expanding renewable energy capacity and replacing fossil fuels, which remain the dominant energy source in many countries. Given that building operations account for 30% of global final energy consumption and 26% of global energy-related emissions<sup>5</sup>, the use of renewable electricity is critical to reducing operational emissions. Renewable energy deployment is therefore particularly relevant for Nan Fung and the real estate sector, where increasing on-site and off-site renewable energy generation is a core decarbonization strategy. Such investments play a critical role in reducing emissions associated with property operations and align with broader industry efforts to transition toward lower-carbon energy systems.

The magnitude of this category is high, as the eligible projects are expected to deliver long-term environmental benefits by replacing fossil fuel-based electricity with cleaner energy sources. Nan Fung has indicated that most of the proceeds from the forthcoming issuance will be allocated to solar photovoltaic (PV) projects, which are widely regarded as one of the best available technologies in the energy sector, with no material lock-in risks and limited E&S externalities. Eligible wind projects are also likely to have a highly positive long-term impact on climate change mitigation through sustained emissions reductions. In addition, the company has shared that other renewable energy solutions, such as kinetic energy-based projects, may also be eligible for financing, although these are likely to represent a relatively small proportion of the total proceeds.

**Pollution prevention and control**



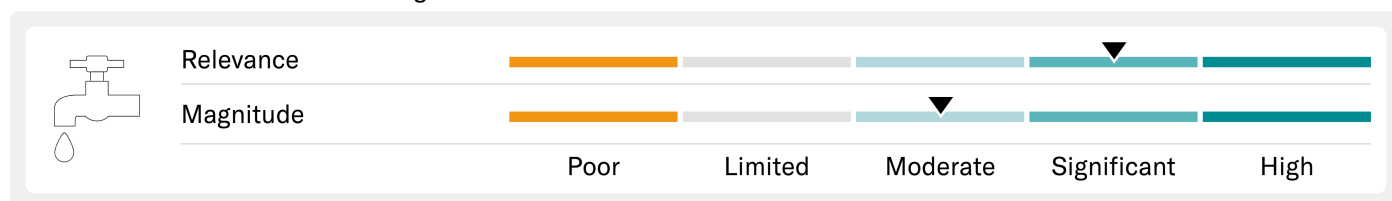
Pollution prevention and control is highly relevant for the issuer as it directly addresses some of the most pressing environmental challenges associated with property development and operation in Hong Kong. Construction activities typically generate air, noise and water pollution, alongside substantial waste generation. Eligible projects under this category align with the regulatory frameworks introduced by the Chinese governments and tackling material waste issues in Hong Kong. In mainland China, policies such as the 2027 target for achieving a 50% resource utilization rate<sup>6</sup> of construction waste and the Regulations on the Administration of Construction Project Environmental Protection<sup>7</sup>, highlight the importance of managing construction-related pollution. In Hong Kong, construction waste and food waste are two of the largest sources of landfill intake. Construction waste alone accounted for around 30% of total solid waste disposed of at landfills in 2024, while food waste accounted for 29% of total municipal solid waste disposed of at landfills that year. E-waste management is also relevant to real estate companies because their portfolios are exposed to large volumes of discarded appliances and building equipment from both construction and tenant operations.

The magnitude of this category is significant. We expect these projects to improve the recycling rate or waste diversion at properties. Nan Fung confirms its commitment to following the waste hierarchy and implementing asset-specific waste management strategies tailored to the material waste profiles of different asset types. Eligible projects under this category include the installation of equipment

and adoption of technologies such as recycling facilities, automatic refuse collection systems, food waste decomposers, and Waste Electrical and Electronic Equipment (WEEE) recycling programs, which will improve circularity at both construction and operational levels. The company's property management arm, Nan Fung Property Management, has set a corporate target to divert at least 30% of municipal solid waste from landfill by 2030, and we expect eligible projects under this category to directly support the achievement of this target.

The eligible project involving recycling facilities, capable of processing up to 11 separate waste streams, supported by IoT-enabled smart weighing scales, can address the tenants' waste diversion needs and optimize collection routes. WEEE recycling programs are already mandated under Hong Kong's Producer Responsibility Scheme on Waste Electrical and Electronic Equipment (WPRS), where licensed recyclers are required to ensure safe treatment and encourage reuse<sup>8</sup>.

**Sustainable water and wastewater management**

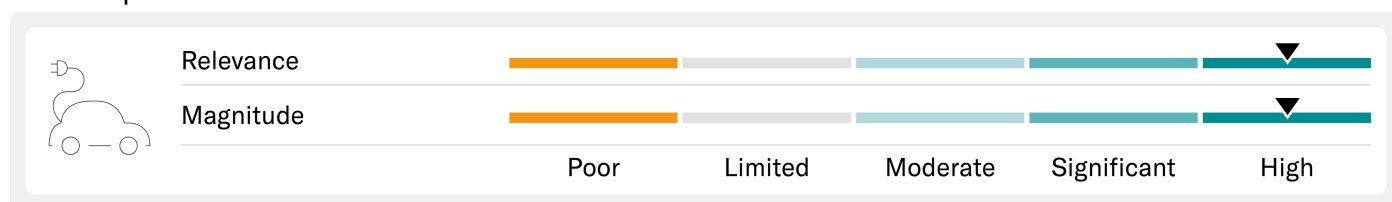


The relevance of this category is significant as it addresses an important sustainability issue for the region and the sector. Water is consumed across multiple aspects of property operations, including fixtures, building equipment, appliances and irrigation. Under the Chief Executive's 2017 Policy Address, Hong Kong set a target to reduce per capita freshwater consumption by 10% by 2030 compared with the baseline year 2016<sup>9</sup>. Although water efficiency is an important consideration for the building sector, the category is not the most imminent sustainability priority for the real estate sector compared with other green categories, such as green buildings or energy efficiency.

The magnitude of this category is moderate. The eligible projects include initiatives that reduce water consumption such as low-flow water fixtures and smart water meters, which are standard water conservation measures in property management. Nan Fung has confirmed that it will implement complementary monitoring solutions, including pH level monitoring systems and automatic sensors, and participate in the government-led Enterprises Cherish Water Campaign<sup>10</sup> to minimize leakage risks and support more effective water use planning. The moderate magnitude reflects limited visibility into the environmental contribution of eligible projects, given the absence of a quantitative water efficiency improvement threshold. Although Nan Fung Property Management has a corporate target to have at least 80% of the eligible properties under management install water efficient devices by 2030, it is uncertain on the water saving target as implied by this initiative.

Artificial wetlands serve as a natural method for treating greywater, using vegetation and microbial assemblages to effectively remove pollutants such as organic matter. Although there are concerns on pollutant runoff and biodiversity disruption from these projects, Nan Fung has confirmed there will be safeguards, such as biofiltration, to mitigate these risks. Additionally, the project scope is limited to recycling domestic greywater, which alleviates our concerns about environmental externalities. Stormwater management systems are primarily resilience-oriented, designed to manage runoff, reduce flood risk and strengthen adaptive capacity against climate events.

**Clean transportation**

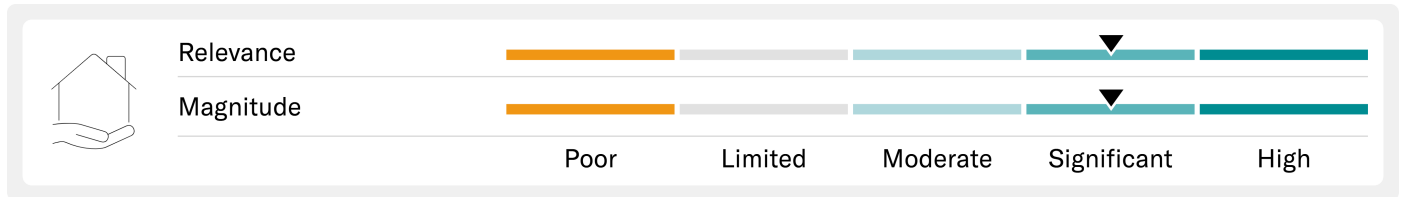


The relevance of this category is high as electrification of the transportation sector will contribute to carbon emissions reduction and air quality improvements in Hong Kong. The transport sector is Hong Kong's second-largest emitting sector, accounting for 18.7% of total GHG emissions as of year-end 2023. Therefore, decarbonizing this sector will be highly crucial for achieving Hong Kong's carbon neutrality before 2050, as outlined in its Climate Action Plan<sup>11</sup>. Eligible projects in this category are highly relevant to the real estate

sector and the company. As EV adoption accelerates in mainland China and Hong Kong, property developers and operators are required to provide EV charging infrastructure to drive footfall, and strengthen tenant and buyer appeal<sup>12</sup>. Eligible projects closely align with the company's decarbonization goal by expanding EV charging infrastructure across its portfolios.

The magnitude of this category is high. We expect the proceeds to be primarily allocated to EVs and EV charging stations in this category. Nan Fung has also confirmed that the allocation exclusively covers zero tailpipe EVs, with no plans for the construction of charging stations. Zero-emission vehicles represent the best available technology for decarbonizing road transport, with no major lock-in concerns. The company has confirmed that financed projects exclude hybrid vehicles, and EV charging stations are exclusively dedicated to EVs with zero direct GHG emissions. While Hong Kong's electricity grid, like those of many countries, still relies on fossil fuels, its long-term impact is likely to be positive as the grid and hydrogen production processes become greener. Automatic bicycle parking systems pose no significant emissions concerns, given their role in supporting low-carbon transport modes.

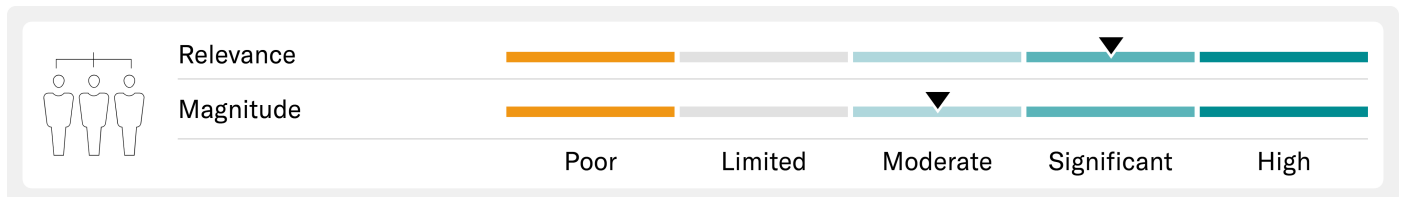
**Affordable housing**



In Hong Kong, housing affordability concerns, driven by high property prices, have been one of the most pressing social issues and the Hong Kong government's top social priorities. Based on the Demographia International Housing Affordability report published in 2025, the Hong Kong property market has been ranked as the most unaffordable property market in the world since its inclusion in the study. Hong Kong's median house price/median household income remained very high at 14.4x in 2024, despite some improvement from 16.7x in 2023. Low-income families face an urgent need for public rental housing due to high private market rents and overcrowded living conditions. Due to the high population density and high property prices, the government has proposed various public housing policies, such as public rental housing, homeownership scheme and starter homes, to meet the strong demand for housing. Despite these efforts, the supply remains insufficient, with the average waiting time for public rental housing at 5.4 years as of the end of June 2025. Although this category is tackling an essential and imminent social issue in the city and Nan Fung also has some involvement in the government's affordable housing, the significant relevance also takes into account the fact that affordable housing is not Nan Fung's primarily business activity.

The significant magnitude reflects our expectation that the eligible projects will deliver substantial social benefits to the target population through the provision of more affordable accommodation, although the duration of these impacts may be subject to certain constraints. The target population will be in line with the eligibility criteria proposed by the government, which include income and net asset limits, along with other considerations. However, the issuer has not specified which particular affordable housing scheme the eligible projects will fall under. Given the core affordable housing schemes (for example, public rental housing and homeownership scheme properties) are primarily conducted by government bodies, it is uncertain whether the eligible projects will reach the most vulnerable population. We expect the eligible projects to be generally affordable to the target population, as the government also sets up some high-level guidance on the rental price. For instance, youth hostels have rent caps at no more than 60% of market rates, while transitional housing rents will consider rent subsidy under the Comprehensive Social Security Assistance Scheme and the household income of the families. However, certain types of affordable housing, such as transitional housing and youth hostels, have a maximum tenancy limit. It is uncertain whether the residents will be able to smoothly transition to other affordable housings once their tenancy ends.

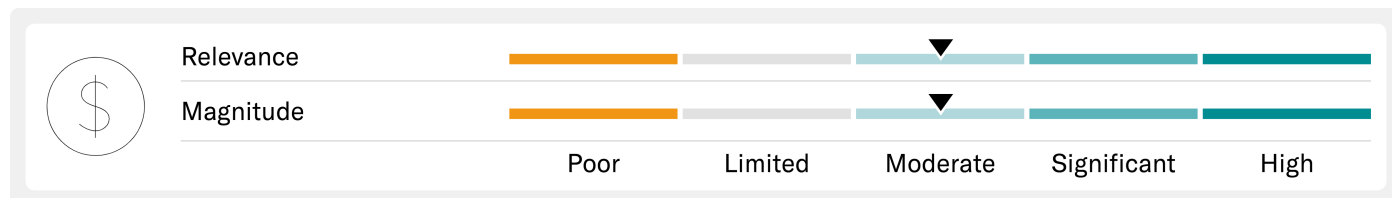
**Employment generation and programmes**



Small and medium-sized enterprises (SMEs) have been crucial in supporting employment in Hong Kong. As of September 2025, there were more than 350,000 SMEs in Hong Kong, which provided job opportunities to about 1.2 million people, accounting for more than 41% of the workforce (excluding civil services). SMEs are generally more sensitive to economic cycles, and accordingly, cash flow and cost management has been a primary focus, particularly in Hong Kong, given the high rent and operating costs. While Nan Fung runs some commercial properties targeting SME tenants, these properties only represent a small fraction of its property portfolio. This category is also addressing a sustainability challenge that is less imminent to the issuer.

We expect the projects to generate moderate social impact. Nan Fung will primarily target small and micro enterprises in this category. Although these enterprises are generally more sensitive to economic cycles, it remains uncertain whether the issuer specifically prioritizes the most vulnerable segments within this group. Nan Fung will refer to the affordable workplace definition from the local authority where possible. Where a locally defined benchmark for affordable workspace is not available, Nan Fung will generally define affordable workspace as rental rates that are at least 20% below prevailing market levels. While such rental concessions provide tangible financial relief by lowering occupancy costs, they do not fully address broader structural challenges faced by small and micro enterprises, including talent attraction and evolving consumer spending patterns.

**Socioeconomic advancement and empowerment**



In Hong Kong, stable and decent employment plays a critical role in enabling individuals to earn sufficient income to cope with the city's high living costs. Underprivileged groups may face greater challenges in the labor market, as employers generally favor candidates with extensive work experience and fewer physical or mental constraints. Promoting inclusive employment is therefore important in supporting the economic participation of underprivileged individuals. The moderate relevance also considers the fact that this category is addressing a less imminent sustainability issue for Nan Fung compared with other categories.

The eligible projects can promote a more inclusive working environment and encourage the vulnerable population to contribute in the workplace. We expect the projects can reach out to the vulnerable population based on the definition, but it is uncertain if the projects can reach out to the more vulnerable group. We believe that applicants will be assessed based on their suitability for the job requirements during the interview process. Although employees will receive salaries comparable to market rates, the jobs, as exemplified by project examples, do not necessarily require specialized technical skills, raising questions about whether they adequately address the living costs or financial burdens of the target population. Although these employments may initially be in the form of short-term placements, they have the potential to convert into permanent positions. The employees will also receive customized vocational training from Nan Fung, in partnership with various NGOs.

**Additional contribution to sustainability considerations**

We have not made an adjustment to the preliminary contribution to sustainability score based on additional considerations.

Nan Fung has a robust due diligence process to identify and manage E&S risks associated with financed projects. The company has established an Environmental Management System in accordance with ISO 14001:2015 and an Environmental Policy to incorporate environmental considerations into its business planning. In Hong Kong and the UK, environmental impact assessments are legally required for large building constructions that are likely to have significant environmental effects.

Projects to be financed are coherent with Nan Fung's business and sustainability objectives. The company has established the SEWIT (Social Cohesion, Environment, Wellness, Innovation and Technology) sustainability framework as a guiding principle to integrate these five sustainability considerations into its operations. The SEWIT Committee — chaired by the Managing Director, and comprising key members of senior management and the board — is responsible for developing sustainability strategies and overseeing the implementation across all business locations. The board will also approve the sustainability policies and monitor their implementation.

## Appendix 1 - Alignment with principles scorecard for Nan Fung's sustainable finance framework

Factor	Sub-factor	Component	Component score	Sub-factor score	Factor score	
Use of proceeds	Clarity of the eligible categories	Nature of expenditure	A	Aligned	<b>Aligned</b>	
		Definition of content, eligibility and exclusion criteria for nearly all categories	A			
		Location	A			
		BP: Definition of content, eligibility and exclusion criteria for all categories	No			
	Clarity of the objectives	Relevance of objectives to project categories for nearly all categories	A	Best practices		
		Coherence of project category objectives with standards for nearly all categories	A			
		BP: Objectives are defined, relevant and coherent for all categories	Yes			
	Clarity of expected benefits	Identification and relevance of expected benefits for nearly all categories	A	Best practices		
		Measurability of expected benefits for nearly all categories	A			
		BP: Relevant benefits are identified for all categories	Yes			
		BP: Benefits are measurable for all categories	Yes			
		BP: Disclosure of refinancing prior to issuance and in post-allocation reporting	Yes			
		BP: Commitment to communicate refinancing look-back period prior to issuance	Yes			
	Process for project evaluation and selection	Transparency and clarity of the process for defining and monitoring eligible projects	Clarity of the process	A		Best practices
			Disclosure of the process	A		
Transparency of the environmental and social risk mitigation process			A			
BP: Monitoring of continued project compliance			Yes			
Management of proceeds	Allocation and tracking of proceeds	Tracking of proceeds	A	Best practices		
		Periodic adjustment of proceeds to match allocations	A			
		Disclosure of the intended types of temporary placements of unallocated proceeds	A			
		BP: Disclosure of the proceeds management process	Yes			
		BP: Allocation period is 24 months or less	Yes			
Reporting	Reporting transparency	Reporting frequency	A	Aligned		
		Reporting duration	A			
		Report disclosure	A			
		Reporting exhaustivity	A			
		BP: Allocation reporting at least until full allocation of proceeds, and impact reporting until full bond maturity or loan payback	No			
		BP: Clarity and relevance of the indicators on the sustainability benefits	Yes			
		BP: Disclosure of reporting methodology and calculation assumptions	Yes			
		BP: Independent external auditor, or other third party, to verify the tracking and allocation of funds	No			
BP: Independent impact assessment on environmental and social benefits	Yes					
<b>Overall alignment with principles score:</b>					<b>Aligned</b>	

Legend: BP - Best practice, A - Aligned, PA - Partially aligned, NA - Not aligned

## Appendix 2 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The 9 eligible categories included in Nan Fung's framework are likely to contribute to 8 of the UN SDGs, namely:

UN SDG 17 Goals	Eligible Category	SDG Targets
GOAL 1: No Poverty	<i>Affordable housing</i>	1.3: Implement social protection systems and measures for all, and achieve substantial coverage of the poor and the vulnerable
GOAL 6: Clean Water and Sanitation	<i>Sustainable water and wastewater management</i>	6.3: Improve water quality by reducing pollution, eliminating dumping and minimizing hazardous chemicals and materials 6.4: Increase water-use efficiency across all sectors and ensure sustainable supply of freshwater to reduce water scarcity
GOAL 7: Affordable and Clean Energy	<i>Renewable energy</i>	7.2: Increase substantially the share of renewable energy in the global energy mix 7.B: Expand infrastructure and upgrade technology for sustainable energy services to all in emerging markets
	<i>Energy efficiency</i>	7.B: Expand infrastructure and upgrade technology for sustainable energy services to all in emerging markets
GOAL 8: Decent Work and Economic Growth	<i>Employment generation and programmes</i>	8.3: Promote policies that support productivity, job creation, entrepreneurship, innovation, and encourage the growth of SMEs
	<i>Socioeconomic advancement and empowerment</i>	8.5: Achieve full, productive employment and decent work for all women and men, and equal pay for work of equal value
GOAL 9: Industry, Innovation and Infrastructure	<i>Clean transportation</i>	9.1: Develop sustainable infrastructure to support economic development and human well-being, focusing on equitable access
	<i>Green buildings</i>	9.1: Develop sustainable infrastructure to support economic development and human well-being, focusing on equitable access 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with all countries taking action
GOAL 10: Reduced Inequality	<i>Socioeconomic advancement and empowerment</i>	10.3: Ensure equal opportunity and reduce inequalities, including by promoting legislation, policies and action
GOAL 11: Sustainable Cities and Communities	<i>Affordable housing</i>	11.1: Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
GOAL 12: Responsible Consumption and	<i>Pollution prevention and control</i>	12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse

The UN SDGs mapping in this SPO considers the eligible project categories and associated sustainability objectives/benefits documented in the issuer's financing framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

### Appendix 3 - Summary of eligible categories in Nan Fung's sustainable finance framework

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Green buildings	<p>Acquisition, investments in, construction or renovation of existing and new commercial and residential buildings certified in accordance with any one of the following selected certification systems ("Green building certification"):</p> <ul style="list-style-type: none"> <li>• Hong Kong BEAM Plus: Gold or above</li> <li>• US Leadership in Energy and Environmental Design (LEED): Gold or above</li> <li>• Building Research Establishment Environmental Assessment Method BREEAM: Excellent or above</li> <li>• Chinese Green Building Label (GBL): 3 Stars or above</li> <li>• Singapore BCA Green Mark Rating: Gold or above</li> <li>• NABERS Energy: Five stars or above</li> </ul> <p>These green buildings may in addition achieve a certification of the following:</p> <ul style="list-style-type: none"> <li>• WELL Building Standard™ (any level) to improve the environmental health of the building</li> <li>• ActiveScore (any level) to improve the active travel facilities of buildings</li> <li>• SmartScore (any level) to improve, and communicate the user functionality and technological foundations of their buildings</li> <li>• ModeScore (any level) to improve the sustainable transport facilities of buildings</li> <li>• WiredScore (any level) to improve digital connectivity and future readiness of buildings</li> </ul>	Climate change mitigation	<ul style="list-style-type: none"> <li>• Number and certification level achieved</li> <li>• Energy consumption reduction (kWh)</li> <li>• GHG emissions avoided (tCO<sub>2</sub>e)</li> </ul>
Energy efficiency	<p>Investments, expenditure related to the upgrade, modification of new/existing facilities, equipment, systems and technology for optimizing energy management and improvement in energy efficiency. Such facilities, systems and technology would achieve at least 30% improvement in energy efficiency, such measures includes but not limited to:</p> <ul style="list-style-type: none"> <li>• Heating, ventilation and air condition ("HVAC") units</li> <li>• Energy usage monitoring and management system</li> <li>• Smart technologies</li> </ul>	Climate change mitigation	<ul style="list-style-type: none"> <li>• Energy consumption reduction (kWh)</li> </ul>
Renewable energy	<ul style="list-style-type: none"> <li>• Investments and expenditure relating to the maintenance, construction, design and installation of systems allowing generation of energy from renewable sources such as solar and wind energy</li> </ul>	Climate change mitigation	<ul style="list-style-type: none"> <li>• Number of solar and PV panels installed</li> <li>• Renewable energy generated (kWh)</li> <li>• GHG emissions avoided (tCO<sub>2</sub>e)</li> </ul>
Pollution prevention and control	<ul style="list-style-type: none"> <li>• Installation of recycling facilities in buildings</li> <li>• Adoption and installation of equipment and technologies to reduce environmental pollution during construction and/or building operations</li> </ul>	Pollution prevention and control	<ul style="list-style-type: none"> <li>• Number of recycling facilities installed</li> <li>• Amount of waste reduced (tonnes)</li> </ul>
Sustainable water and wastewater management	<p>Investment and expenditure relating to projects that reduce water consumption and optimize waste water management, including but not limited to:</p> <ul style="list-style-type: none"> <li>• Rainwater recycling and stormwater management systems</li> <li>• Artificial Wetland (bio-filtration system) that facilitates the collection and recycling of waste water</li> <li>• Low-flow water fitment and flushing devices</li> </ul>	Conservation of natural resources	<ul style="list-style-type: none"> <li>• Water consumption reduction (m<sup>3</sup>)</li> <li>• Amount of water recycled (m<sup>3</sup>)</li> </ul>

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Clean transportation	<ul style="list-style-type: none"> <li>Investments and infrastructure for clean/zero energy vehicles such as charging stations and automatic bicycle parking systems</li> </ul>	<ul style="list-style-type: none"> <li>Climate change mitigation</li> <li>Pollution prevention and control</li> </ul>	<ul style="list-style-type: none"> <li>Number of electric vehicle charging stations installed</li> <li>GHG emissions avoided (tCO2e)</li> </ul>
Affordable housing	<ul style="list-style-type: none"> <li>Investments and expenditures in projects that provide affordable housing for the general public and vulnerable groups in accordance with local government and regulatory definitions</li> </ul> <p>Target Population: Populations that are eligible for affordable housing as defined by the local authority</p>	Reduced inequality	<ul style="list-style-type: none"> <li>Number of affordable housing units provided</li> <li>Number of households benefitted</li> </ul>
Employment generation and programmes	<ul style="list-style-type: none"> <li>Investments and expenditures in projects that provide affordable workspace for the general public and vulnerable groups in accordance with local government and regulatory definitions</li> </ul> <p>Target Population: Populations that are eligible for affordable workspace as defined by the local authority</p>	Reduced inequality	<ul style="list-style-type: none"> <li>Number of affordable workspace units provided</li> <li>Number of businesses benefitted</li> </ul>
Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> <li>Investments, expenditure and financing in projects that seek to employ underprivileged individuals, as well as community programmes that contribute meaningfully to community wellbeing, aligning with local priorities and creating positive and lasting impact</li> </ul> <p>Target Population: Vulnerable and underserved population groups such as single parents, housewives, physically, mentally, or socially disadvantaged persons</p>	Reduced inequality	<ul style="list-style-type: none"> <li>Number of beneficiaries</li> <li>Social value generated or facilitated</li> </ul>

## Endnotes

- 1 Point-in-time assessment is applicable only on the date of assignment or update.
- 2 [IEA: Buildings](#), accessed on 3 March 2026.
- 3 [CIBSE NABERS UK Energy for office ratings recognised by the UK Net Zero Carbon Buildings Standard](#), 26 February 2026.
- 4 [IEA: 11th Annual Global Conference on Energy Efficiency](#), accessed on 3 March 2026.
- 5 See endnote 2.
- 6 [Notice of the General Office of the State Council on Forwarding the Ministry of Housing and Urban-Rural Development's Opinions on Further Strengthening the Management of Urban Construction Waste](#), The State Council (the PRC), February 2026.
- 7 [Regulation on the Environmental Protection Management of Construction Projects](#), Ministry of Ecology and Environment of the People's Republic of China, July 2017.
- 8 Environmental Protection Department, [Monitoring of Solid Waste in Hong Kong Waste Statistics for 2024](#), December 2025.
- 9 [The Chief Executive's 2017 Policy Address](#), The Hong Kong Special Administrative Region of the People's Republic of China, accessed February 2026.
- 10 Green Council, [Enterprises Cherish Water Campaign](#), accessed February 2026.
- 11 [Hong Kong's climate action plan 2050](#), Carbon neutral@HK, October 2021.
- 12 [The era of electric mobility drives new frontier for real estate sector](#), JLL, September 2024.

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REPORT NUMBER

1475154