

# Second-party Opinion on Wheelock and Company Limited's Sustainability Finance Framework

by Hong Kong Quality Assurance Agency (HKQAA)

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## Introduction

As announced in November 2020, the Chinese Communist Party released the 14th Five-Year Plan, spelling out China's long term development goal. Besides economic indicators, the 14th Five-year Plan also placed emphasis on the importance of promoting green and sustainable development.

Looking forward to 2035, China envisions its carbon emission will have peaked and declined steadily. To achieve this goal, the Chinese government has been pushing for a systematic transition to clean, efficient and low-carbon renewable energy in the industrial, construction and transportation sector. Furthermore, the Plan is committed to deepening the fight against pollution and adhered to prevention-first principle. Consequently, considerable amount of investment in renewable energy and advanced pollution prevention technology is foreseeable.

Wheelock and Company Limited ("WAC" or, together with its subsidiaries and associates, the "Group") is a property group headquartered in Hong Kong. Building on a commercial heritage that dates back to 1857, the Group is committed to investing in the long-term.

The Group is committed to sustainable development and its endeavour is recognised. WAC has developed the Sustainable Finance Framework (the "Framework"), under which it intends to engage in green finance activities, e.g., green bonds and green loans to finance and/or refinance, of their business processes and planned use of proceeds ("UOPs"), as well as management of proceeds and reporting aspects of the Group's sustainable finance. HKQAA also reviewed relevant public documents and non-public information, in whole or in part, existing and future projects that will contribute to China's sustainable development targets. The Framework defines eligible criteria in Green Buildings, Energy Efficiency, Renewable Energy, Clean Transportation, Pollution Prevention and Control, Sustainable Water and Wastewater Management, Climate Change Adaption, Assess to Essential Services, Socioeconomic Advancement and Empowerment, Affordable Basic Infrastructure and Affordable Housing.

The Group may also enter into sustainability linked loan or bond to support implementation of the vision and mission for its sustainability. Accordingly, the Framework specifies the Key Performance Indicators ("KPIs") and Sustainability Performance Targets ("SPTs") that lead to a positive stride on sustainability.

The Group has engaged HKQAA to review the Framework, dated December 2023, and provided a Second Party Opinion ("SPO") on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 ("GBP"), Green Loan Principles 2023 ("GLP"), Social Bond Principles 2023 ("SBP"), Social Loan Principles 2023 ("SLP"), Sustainability Bond Guideline 2021 ("SBG"), Sustainability Linked Bond Principles 2023 ("SLBP") and

Sustainability Linked Loan Principles 2023 (“SLLP”). The SPO shall also determine if the KPIs selected by the Group as specified in the Framework are core, relevant and material to its business model and the associated SPTs are ambitious.

## Overview of Wheelock and Company Limited

WAC holds three key companies, namely they are:

The Wharf (Holdings) Limited (“WHL”) (HKSE: 00004), 68%-owned by WAC, is a listed company with principal businesses in properties, hotels and logistics infrastructure in Hong Kong and Mainland China.

Wharf Real Estate Investment Company Limited (“Wharf REIC”) (HKSE: 01997), 48%-owned by WAC, is a listed company which owns and operates premium quality investment properties in prime locations in Hong Kong and Singapore, as well as certain Mainland China property interest.

Wheelock Properties Limited (“WPL”), 50%-owned by WAC, spearheads the Group's property development business in Hong Kong.

## Framework Overview and Comment

### 1. Use of Proceed

WAC shall use the proceeds raised under the Framework to finance or refinance, new or existing Eligible Green or Social Projects that meets one or more of the below eligible criteria:

#### ***Green Buildings:***

- Acquisition, investment in, construction or renovation of existing and new buildings (including commercial and residential) certified in accordance with any one of the following certification standards:
  - Chinese Green Building Label: 2 Stars or above
  - Hong Kong BEAM Plus: Gold or above
  - US Leadership in Energy and Environmental Design (“LEED”): Gold or above
  - Singapore BCA Green Mark Rating: Gold or above
  - BREEAM: Excellent or above
  - Any other green building certification that is equivalent standard or above

#### ***Energy Efficiency:***

- Investments and expenditure relating to the upgrade or modification of existing facilities, equipment (e.g. lighting or chillers), systems, professional services and technology such that improvement in energy efficiency or reduction in energy intensity could be yield of the Group (of the entity post upgrade or modification).

#### ***Renewable Energy:***

- Projects aimed at developing the production and use of renewable energy. Such as investment and expenditure relating to the design, construction, installation and operation of systems allowing generation of energy from renewable sources such as solar, wind and hydroelectric power, as well as biomass energy and hydrogen.

#### ***Clean Transportation:***

- Investment in, purchase, repair and maintenance of electric or hydrogen-powered vehicles and related infrastructure.
- Investment in bicycle parking systems to encourage clean transportation usage.

#### ***Pollution Prevention and Control:***

- Installation of recycling, trash sorting / separation, waste management facilities in buildings/our operations such as food waste decomposer.
- Expenditures relating to reduction of waste to landfill through recycling, for example active recycling of construction materials and installation of refuse classification system.

***Sustainable Water and Wastewater Management:***

- Investments and expenditures relating to projects that reduce water consumption and optimize wastewater management. For example, the adoption of rainwater recovery system and steam condensation recovery system.

***Climate Change Adaption:***

- Projects for the design, construction, maintenance, and upgrades of building / assets, and drainage systems for adapting to more frequent and severe extreme weather events due to climate change. For example, projects for the upgrade of flood defense or storm water management systems.

***Access to Essential Services:***

- Projects that support expansion of access to education and skill development, including but not limited to education initiatives regardless of ability to pay. Target population includes vulnerable and underprivileged youth and other underserved population.

***Socioeconomic Advancement and Empowerment:***

- Investment, expenditure and financing in projects that seek to employ vulnerable and underprivileged individuals. Target population includes vulnerable population groups such as aging population as defined by the local authority

***Affordable Basic Infrastructure:***

- Investment, expenditure and financing in projects for refurbishment, maintenance, and enhancement of access to basic and essential infrastructure. Target population includes Individuals with disabilities or aging population as defined by the local authority, as well as general public for public waterfront promenade

***Affordable Housing:***

- Investment and expenditure in projects that provide affordable housing for the general public and vulnerable groups as defined by local authority. Target population includes population that is eligible for affordable housing as defined by the local authority

Additionally, exclusionary criteria are established to ensure that the proceeds of Eligible Green Projects will not go towards financing or re-financing activities related to the below:

1. Fossil fuel and clean coal
2. Nuclear related assets
3. Armament
4. Mining

## 5. Gaming

### 2. Project Evaluation and Selection Process

The Group has established processes and procedures to evaluate and assess projects' compliance with this Framework. A working group, with representatives from project team, finance team and sustainability team, and other departments if deemed necessary, will review and identify potentially eligible projects. Shortlisted projects will be proposed to the Group's Finance Committee for approval. Each project will be evaluated and assessed based on the eligibility criteria outlined in Section 4, the potential risks and impacts associated with the projects.

The list of eligible projects will be reviewed on annual basis. Project which is no longer eligible will be removed and replaced as soon as practicable.

### 3. Management of Proceeds

The proceeds from each green / social / sustainability bond or green / social loan will be deposited in the general funding account, be earmarked to eligible projects and managed by the Group's treasury and accounts teams. The Group will maintain record to keep track of the use of proceeds and ensure there is no double counting of projects in allocation reporting, including information as follows:

#### 1. Funding Transaction:

- Information of the issuer / borrower entity;
- Transaction date;
- Principal amount;
- Repayment or amortization schedule;
- Maturity date;
- Interest or coupon; and
- The ISIN number (in the case of bonds)

#### 2. Allocation of the use of proceeds of UOPs:

- Name and description of eligible projects to which the proceeds of the UOP have been allocated in accordance with this Framework;
- Finance Committee's endorsement on the allocation to an eligible project;
- Amount of UOP's proceeds allocated to each project;
- The remaining balance of unallocated proceeds; and
- Other relevant information such as information of temporary investment for unallocated proceeds

The Group commits to allocating proceeds to eligible projects on a timely basis. Net proceeds from UOPs pending allocation will be held in accordance with the Group's

treasury and liquidity policy, including but not limited to temporary repayment of existing borrowings of the Group.

#### 4. Reporting

The Group commits to reporting on the allocation of the net proceeds of its UOPs under this Framework on its respective sustainability report or corporate website until full allocation, or in case of any material development.

The UOP's allocation reporting will include at least the following information:

- A list of approved eligible projects funded through the Group's UOPs, and amount allocated;
- Remaining balance of unallocated proceeds; and

By including this information in the Group's respective annual sustainability report, the allocation of net proceeds receives external review by an independent third party.

Wherever feasible, the Group will report on the environmental or social impacts resulting from the eligible projects. Subject to the project nature, relevant qualitative and quantitative ESG performance indicators will be disclosed per project, or in an aggregated manner. Key performance indicators ("KPIs") will include, but not limited to, the following indicators:

Environmental Project Type	KPIs
Green Building	<ul style="list-style-type: none"> <li>▪ List of eligible buildings that received green building certification (scheme and rating)</li> </ul>
Energy Efficiency	<ul style="list-style-type: none"> <li>▪ Energy consumption reduced (kWh or GJ)</li> <li>▪ Energy intensity (kWh/m<sup>2</sup> or GJ/m<sup>2</sup>)</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>▪ Number of solar lights / panels installed</li> <li>▪ Amount of renewable energy generated (kWh or GJ)</li> </ul>
Clean Transportation	<ul style="list-style-type: none"> <li>▪ Number of EV charging stations installed</li> <li>▪ Percentage of EVs / Hydrogen-powered vehicles in the fleet</li> </ul>
Pollution Prevention and Control	<ul style="list-style-type: none"> <li>▪ Amount of waste recycled (tonne)</li> <li>▪ Amount of waste diverted from landfills (tonne)</li> </ul>
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> <li>▪ Water consumption reduced (m<sup>3</sup>)</li> <li>▪ Amount of potable water saved / recycled (m<sup>3</sup>)</li> </ul>
Climate Change Adaption	<ul style="list-style-type: none"> <li>▪ Number and type of climate adaption / resilience / mitigation measures implemented</li> </ul>

Social Project Type	KPIs
Access to Essential Services	<ul style="list-style-type: none"> <li>▪ Types and number of beneficiaries</li> </ul>

Socioeconomic Advancement and Empowerment	<ul style="list-style-type: none"> <li>Number and type of disadvantaged community benefitted</li> </ul>
Affordable Basic Infrastructure	<ul style="list-style-type: none"> <li>Number and type of target population benefitted</li> <li>Number of barrier-free facilities installed</li> </ul>
Affordable Housing	<ul style="list-style-type: none"> <li>Number and type of target population benefitted</li> </ul>

## KPI Setting Overview and Comment

### 5. Selection of KPIs

#### 1.1 WAC's core sustainability and business strategy

To meet the increasing demands of corporate responsibility and create long-term values for stakeholders in a post-pandemic era, WAC strives to be at the forefront of sustainable development, proactively embracing evolving international trends and industry initiatives. The Group has incorporated the United Nations Sustainable Development Goals ("UNSDGs") into its strategy. Also, the Group's effort is widely recognised by the capital market.

Along with the incorporation of climate-related risks into the Group's existing risk management system and the formulation and implementation of Climate Change Policy Statement at WHL and Wharf REIC, the Group also explores strategic measures to control and mitigate climate-related risks that may have adverse effects on its business and pursues climate-linked opportunities, thus enhancing resilience and capacity to adapt to climate change. Additionally, WAC continuously enhanced its disclosure in climate change management referencing the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.

The Group has been paying effort to reduce emissions and manage energy use. WAC remains committed to supporting low-carbon transition with targets, policies and initiatives, as well as ESG-linked financing.

In line with its Business-in-Community philosophy, the Group has been actively supporting youth development, helping those in need, and promoting arts and culture in the community. The Group is dedicated to supporting underprivileged secondary school students through Project *WeCan* ("WeCan") with donations, volunteer support and a wide range of activities.

Sustainable financing plays a key role in building a resilient society. With the announcement of Hong Kong's Climate Action Plan 2050, the Group has been establishing a roadmap to support carbon neutrality, and sustainable financing is one of the key measures. The Group has adopted sustainable financing to support its commitment to sustainability.

#### 1.2 ESG challenges

The Group places significant importance on stakeholder engagement through various channels, including soliciting feedback from guests, actively engaging with colleagues and representatives of the local communities, meeting with investors and responding to their enquiries, among others. A comprehensive materiality assessment was conducted using a combination of qualitative methods, such as interviews, and quantitative methods, such as surveys, with various internal and external stakeholder groups. The Group ensured that the selected topics are in line with key ESG issues of the industry sector and aligned with its performance management.

### 1.3 Key Performance Indicators for WHL and Wharf REIC

KPI1	ESG performance rating as in Hang Seng Index's website
KPI's definition and unit	Rating Results
Measurement methodology	Announcement and assessment report of Hang Seng Sustainability Index (HSSI)
Measurement scope	WHL and Wharf REIC's Performance
Assessor's comment	
<p>WHL and Wharf REIC has been maintained as one of the eligible companies for Hang Seng Corporate Sustainability Index assessment. The final rating score of WHL and Wharf REIC is assessed and confirmed by an independent assessment agency. The rating ranged from "AAA" (the highest) to "D" (the lowest) where Plus "+" or minus "-" grade is also assigned to indicate respective performance level within the rating categories. The rating "AA" represents the top tier sustainability performance. During the 2023 assessment results, less than 2% of all assessed companies achieved "AA" or above ranking. To attain such rating that requires strong commitment on sustainability and resources deployment in addressing the issues of environmental conservation, social responsibility, and corporate governance.</p> <p>WHL and Wharf REIC aim to achieve the "AA" rating in the Hang Seng Sustainability Index to demonstrate their commitment to uphold its sustainability performance efforts. "AA" rating represents the company has achieved a "Sustainable" level of ESG performance, meaning the company have developed a mature and systematic management mechanism to address ESG issues with sustained results, as well as putting genuine efforts in achieving positive impacts to the society.</p> <p>The Assessment team consider that the KPI is consistent and materially link to WHL and Wharf REIC's sustainability strategy and commitment. The KPI selection is appropriate. Also, the KPI is verifiable by measurement on the results of performance rating.</p>	
KPI2	Absolute or intensity of scope 1 and/or scope 2 Greenhouse Gas ("GHG") emissions reduction

KPI's definition and unit	% based on adjusted GHG emission (scope 1 and 2) in FY2019
Measurement methodology	Collection of activity data and calculation based on GHG Protocol
Measurement scope	Investment Properties from MLIPs and owned hotels, HKIPs and Leisure and Hospitality
Assessor's comment	
<p>In the context of climate change, it has become evident to WHL and Wharf REIC that immediate action is required to improve the carbon dioxide emissions from buildings. As stated in the Hong Kong's Climate Action Plan 2050, over 60% of carbon emissions is attributable to generating electricity for buildings, which account for 90% of Hong Kong's total electricity consumption. Considering this, WHL and Wharf REIC have been making notable effort throughout its business operations in decarbonisation, especially for reducing Scope 2 emissions. To implement thorough energy management and to enhance overall energy performance, WHL and Wharf REIC monitor and analyse energy consumption trends on a regular basis.</p> <p>The notion of selecting 2019 as baseline is due to the significant impacts of COVID-19 on Investment Properties in Hong Kong and Mainland China, as well as respective hotel operations, emissions data during 2020-2022 thus cannot reflect the situation as normal operations. Although the social event in 2019 also impacted the business of Investment Properties, the extent is relatively less where WHL and Wharf REIC absorbed it in the baseline setting to align with the general practice. Moreover, Niccolo Suzhou started operation in April 2021, thus baseline is adjusted to assume normal operation of it in 2019.</p> <p>The assessment team consider that the KPI is verifiable by measurement on the GHG emissions quantity of Investment properties in Mainland, Hong Kong and hotel operations. The KPI is consistent and materially link to WHL and Wharf REIC's sustainability strategy and commitment towards greenhouse gases reduction. Also, the baseline selection is considered appropriate.</p>	
KPI3	Absolute electricity consumption reduction
KPI's definition and unit	GJ
Measurement methodology	Percentage reduction based on the electricity consumption data in FY2019
Measurement scope	Purchased Electricity from MLIPs and owned hotels, HKIPs and Leisure and Hospitality
Assessor's comment	

Due to the high energy costs associated with operations, energy consumption is a critical issue for the hospitality sector. According to GRESB's 2023 Real Estate Assessment Results<sup>1</sup>, business properties are among the top five energy-intensive assets. The industry's resource consumption and its environmental impact are significant concerns.

Furthermore, as suggested in a publication by UN Environment Program<sup>2</sup>, monitoring and measuring energy and water efficiencies, as well as GHG emissions can assist organizations in the property industry to better manage the impacts associated with economic, social and environmental risks.

KPI 3 applies to assets from MLIPs and owned hotels as well as HKIPs and Leisure and Hospitality; it demonstrates the Borrower's commitment to enhance energy efficiency across its operations. KPI 3 is one of the material ESG topics under the Our Environment pillar (i.e. Energy Efficient), selected according to the Group's 2022 Materiality Assessment update.

In light of the above, KPI 3 is considered relevant, core and material to the Group's overall business, and is significant to its current and future operations. It is measurable on a consistent methodological basis and can be benchmarked; and its selection is related to one of the key ESG issues (i.e. Carbon Emissions) identified for the industry on MSCI ESG Industry Materiality Map.

KPI4	Absolute municipal water consumption reduction
KPI's definition and unit	m <sup>3</sup>
Measurement methodology	Percentage reduction based on the municipal water consumption data in FY2019
Measurement scope	Consumption from MLIPs and owned hotels, HKIPs and Leisure and Hospitality

Assessor's comment

As the global population grows, the demand for water increases, and water stress and water scarcity have become important concerns. According to a report published by International Tourism Partnership<sup>3</sup> in 2018, a hotel room can consume up to 1,500 litres per occupied room; and tourism can use over eight times more water per person per day on average than the local population in some water scarce areas. Therefore, managing water efficiency is crucial to minimizing the impact of water resource consumption.

<sup>1</sup> GRESB, *2023 Real Estate Assessment Results*, <https://www.gresb.com/nl-en/2023-real-estate-assessment-results/>

<sup>2</sup> UN Environment Programme (2021). *A Manual to Measuring and Monitoring Resource Efficiency and Greenhouse Gas Emissions in the Hotel and Conference Sector*. Paris.

<sup>3</sup> Sustainable Hospitality Alliance (formerly known as International Tourism Partnership), *Water Stewardship For Hotel Companies*, March 2018.

KPI 4 also applies to the MLIPs and owned hotels, HKIPs and Leisure and Hospitality owned by the Group, demonstrating the Group's commitment to assume responsibility for water consumption within its control. KPI 4 is one of the material ESG topics under the Our Environment pillar (i.e. Water Conservation), selected according to the Group's 2022 Materiality Assessment update.

Based the above, KPI 4 is considered relevant, core and material to the Group's overall business, and is significant to its current and future operations. It is measurable on a consistent methodological basis and can be benchmarked; and its selection aligned with one of the key ESG issues, Water Stress, identified for the industry on the MSCI ESG Industry Materiality Map.

KPI5	Increase the percentage of employees trained
KPI's definition and unit	Percentage of employees received training in each gender group
Measurement methodology	(Number of male employee trained of the year / Total male employees of the year) *100 and (Number of female employee trained of the year / Total female employees of the year) *100
Measurement scope	WHL and Wharf REIC's employees

Assessor's comment
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WHL and Wharf REIC recognises the values of employees and how they contribute to the success of the Group and society. Regardless of employee's age, disability, ethnicity, gender, family background, nationality, religion, or sexual identity, WHL and Wharf REIC provides fair and equal opportunities and benefits to its employees. The Group strives to maintain a healthy retention rate in the competitive market with not only compensation packages but also career development opportunities. For employees at all levels, the Group held a range of talent development programmes.

The business operations of WHL and Wharf REIC are people-intensive with high quality standard expected to have competitive edge, thus training and education is important for its business success. WHL and Wharf REIC includes this social KPI to strike a good balance in both environmental and social enhancement. It is the aspiration of WHL and Wharf REIC to gradually increase the % of employees trained to foster a learning culture across its businesses. Meanwhile, WHL and Wharf REIC offers trainings to employees without discrimination, aiming at achieving same level of training for both genders. The benefit of providing training is to equip employees with career advancement and capability development as well as reinforcing the foundation of ESG, so that WHL and Wharf REIC could serve the society better.

The assessment team consider that the KPI is verifiable by measurement on the number of employees training for both genders. The KPI is consistent and materially link to one of the top 5 material topics of WHL and Wharf REIC's sustainability strategies, i.e. Training and education. The KPI selection is considered appropriate.

#### 1.4 Key Performance Indicators for WPL

KPI1	ESG performance rating as in HKQAA CSR Index Plus
KPI's definition and unit	Rating Results
Measurement methodology	Announcement and assessment report of CSR Index Plus
Measurement scope	WPL's Performance
Assessor's comment	
<p>KPI 1 set by WPL aligns with their overall sustainability goals and objectives and is effective to address material ESG issues that are significant to WPL's operations. The model used to assess the ESG performance of CSR Index Plus evaluates companies based on various risk factors and their ESG disclosures. SPT1 sets a progressive improvement target for the performance score is considered ambitious and continuously improving as it requires organizations to put great number of efforts continuously to work towards enhancing their ESG performance. WPL is dedicated to making significant efforts in addressing ESG matters and increasing their significance to meet the SPT target.</p> <p>KPI 1 are measurable and quantifiable, enabling stakeholders to assess performance accurately. This level of transparency enhances the credibility of the ESG performance rating. WPL has set time-bound targets for each KPI, which is essential for evaluating progress and accountability.</p> <p>Overall, KPI 1 setting demonstrates a thoughtful approach to sustainability management. The KPI is aligned with the company's goals, address material issues, are measurable and verifiable, and have time-bound targets. The KPI selection is considered appropriate.</p>	
KPI2	New development with BEAM Plus Gold rating or above
KPI's definition and unit	Percentage of new development receiving the target rating
Measurement methodology	No. of new development receiving the target rating / No. of total new development
Measurement scope	WPL's new development
Assessor's comment	

KPI 2 demonstrates WPL's commitment to sustainability and aligns with the principles of the SLL framework. BEAM Plus is a recognized and rigorous sustainability assessment tool that evaluates the environmental performance of buildings in areas such as energy efficiency, water conservation, indoor environmental quality, and materials selection.

By adopting KPI 2, WPL is demonstrating a proactive approach to sustainable development. It indicates a commitment to incorporating sustainable design principles, implementing innovative technologies, and adopting efficient building systems across their new projects.

Setting such a KPI also signifies a willingness to go beyond regulatory requirements and make significant investments in sustainable practices. Achieving a BEAM Plus Gold rating or above requires careful consideration of various design and operational factors, such as energy-efficient building envelopes, renewable energy integration, water-efficient fixtures, and sustainable materials. It requires close collaboration with stakeholders to ensure that sustainability objectives are effectively incorporated into the development process.

Overall, KPI 2 demonstrates a commitment to sustainability and sets a high standard for the industry. It aligns with the objectives of both the SLLP and SLBP and can contribute to the company's long-term sustainability goals while promoting sustainable practices in the building and construction sector. The KPI selection is considered appropriate.

KPI3	Carparks are cable enabled with electric vehicle charging
KPI's definition and unit	Percentage of new development equipped with the facilities
Measurement methodology	No. of new development equipped with cable enabled electric vehicle charging / No. of total new development
Measurement scope	WPL's new development
Assessor's comment	

KPI 3 demonstrates WPL's commitment to sustainable mobility and aligns with the principles of the SLL framework. Encouraging the adoption of electric vehicles would be a key strategy to reduce greenhouse gas emissions and mitigate climate change.

WPL is taking proactive steps to support the transition to electric mobility and facilitate the charging needs of EV owners. Providing EV charging infrastructure in all carpark developments reflects a forward-thinking approach to sustainable development. It acknowledges the importance of integrating charging infrastructure into residential and commercial properties as a standard practice rather than an exception. This commitment is particularly significant as EV adoption continues to increase, and the availability of convenient and accessible charging infrastructure becomes more critical.

KPI 3 demonstrates a commitment to sustainable mobility and supports the transition to a low-carbon transportation system. It aligns with the objectives of both the SLLP and SLBP, and

contributes to the company's long-term sustainability goals while promoting sustainable practices in the real estate sector. In conclusion, the KPI selection is considered appropriate.

## 6. Calibration of SPTs

### 2.1 Sustainability Performance Targets for WHL and Wharf REIC

SPT1	Achieve “AA” or above for ESG performance rating as in Hang Seng Index’s website
Historical performance	The historical performance supplied by the Group is reviewed and will be provided to relevant parties if appropriate.
Benchmark or external reference	N/A
Timeline for the target achievement	Target observation date(s)/period(s): Align with the Group’s Sustainable Finance Framework Trigger event(s): Nil Frequency of review of the SPTs: Annual ( <i>12-month period ending 31 December</i> )
Baseline or reference point selected for improvement of KPIs (if relevant)	Rationale for that baseline or reference point to be used (including date/period): Align with the Group’s Sustainable Finance Framework
Assessor’s comment	
<p>It is considered that the SPTs are meaningful to WHL, Wharf REIC and the society. During the 2023 assessment cycle, less than 2% of all assessed companies achieved “AA” or above ranking. The rating model is evolving, and the bar is lifting year-on-year by incorporating the emerging ESG issues in the rating regime. Therefore, maintaining the target to achieve “AA” ranking in the Hang Seng Corporate Sustainability Rating is highly challenging. It requires strong management commitment, resources deployment and actions on continuous improvement.</p> <p>There are almost 1,800 companies in the universe of the HSSI selected for the annual assessment. Historically, only less than 30 companies achieved “AA” or above rating, which is less than 2 % with an outstanding ESG performance. The performance criteria of the index are tightened year by year with introduction of the new and emerging sustainability issues. The rating model is dynamic and upgraded to address the local and global ESG highlights. Therefore, continuously maintaining as the top 2% outstanding ESG performers in the index would require momentum in improvement with ceaseless commitment, stewardship, and ambition. For this reason, HKQAA considers that WHL and Wharf REIC will not be achieving the AA rating simply by taking the “business as usual” approach. It demands ambitiousness and extra efforts, so that the Group can be recognized as the 2% top ESG performers in the index with sustained success.</p> <p>The Assessment Team considered that the level of SPT has been set in good faith, relevant to WHL and Wharf REIC’s sustainability strategies and ambitious.</p>	

SPT2	Reduce GHG emissions (Scope 1 and 2) of 9 Investment Properties and 4 Owned Hotels in Mainland China for WHL and HKIPs and Leisure and Hospitality for Wharf REIC from 2019 adjusted baseline
Historical performance	The historical performance supplied by the Group is reviewed and will be provided to relevant parties if appropriate.
Benchmark or external reference	Peer benchmarking is not practicable as the scope is not the same and property characteristics are different, therefore, information from industrial peers is limited for comparison. The investment properties held by local peers are less aged or even mostly are newly built, therefore comparison with those portfolios would not be eloquent.
Timeline for the target achievement	Target observation date(s)/period(s): Align with the Group's Sustainable Finance Framework Trigger event(s): Nil Frequency of review of the SPTs: Annual (12-month period ending 31 December)
Baseline or reference point selected for improvement of KPIs (if relevant)	Rationale for that baseline or reference point to be used (including date/period): Align with the Group's Sustainable Finance Framework
Assessor's comment	
<p>HKIPs and hotel operations, as core businesses of the Group, attribute over 90% of total revenue of Wharf REIC<sup>4</sup>. Recommended by the Science Based Targets initiative (SBTi) and the Paris Agreement, it is targeted to limit the global temperature increase by 1.5°C. To achieve the goal, SBTi suggests an annual continuous reduction for Scope 1 and 2. The Group conforms with the suggestion by the international institutions. Considering the Group's commitment, its GHG emission is endeavour to be constantly reduced.</p> <p>The Group considered a variety of factors when setting its GHG emissions targets, including continuously upgraded and implemented environmental / green initiatives and the potential for energy savings, the cost of implementing energy-saving measures and the relevant impacts. the level of reduction represents a material improvement and is beyond a "Business as Usual" trajectory under the uncertainties presented during pandemic recovery. The SPT is considered a realistic and achievable goal based on the company's current energy consumption patterns and the feasibility of implementing additional energy-saving measures. The Group remains committed to reducing GHG emissions and will continue to explore new opportunities to reduce GHG emissions. After reviewing the performance data of the Group, the Assessment Team considered that the SPT is meaningful and appropriate and the magnitude of SPT is acceptable.</p>	

<sup>4</sup> Per Wharf REIC's Interim Report for the period ended 30 June 2023

SPT3	Reduce purchased electricity of 9 Investment Properties and 4 Owned Hotels in Mainland China for WHL and HKIPs and Leisure and Hospitality for Wharf REIC from 2019 adjusted baseline (in %)
Historical performance	The historical performance supplied by the Group is reviewed and will be provided to relevant parties if appropriate.
Benchmark or external reference	Peer benchmarking is not practicable as the scope is not the same and property characteristics are different, therefore, information from industrial peers is limited for comparison. The investment properties held by local peers are less aged or even mostly are newly built, therefore comparison with those portfolios would not be eloquent.
Timeline for the target achievement	Target observation date(s)/period(s): Align with the Group's Sustainable Finance Framework Trigger event(s): Nil Frequency of review of the SPTs: Annual ( <i>12-month period ending 31 December</i> )
Baseline or reference point selected for improvement of KPIs (if relevant)	Rationale for that baseline or reference point to be used (including date/period): Align with the Group's Sustainable Finance Framework
Assessor's comment	
<p>SPT 3 is determined on a predefined timeline, consistent with the Group's overall sustainability strategy, and supported by an action plan. Regular environmental impact was reduced over the period of 2020 to 2022 due to the COVID-19 pandemic. Therefore, selecting 2019 as the base year is deemed rational to represent business as usual energy efficiency performance during the pre-COVID-19 situation. Benchmarking SPT 3 with the Group's 2019 performance data, the gradual reduction represents a material improvement and is beyond a "Business-as-Usual" trajectory under the uncertainties presented during pandemic recovery.</p> <p>Peer benchmarking is deemed not practicable as the scope is not the same and property characteristics are different. Information from industrial peers is limited for comparison. Therefore, comparison with those portfolios would not be eloquent. Despite the limitations, the Group has made diligent efforts to compare its historical performance in order to strive towards achieving SPT 3.</p> <p>The assessment of the Group's level of ambition on SPT 3 was based on the Group's historical data and compared to industry peers. SPT 3 is considered to be in a comparatively favorable position. Based on the above, SPT 3 is considered ambitious.</p> <p>Nonetheless, the SLLP and SLBP suggest that SPT remains relevant (so long as they apply) and ambitious throughout the life of the loan.</p>	

SPT4	Reduce municipal water consumption of 9 Investment Properties and 4 Owned Hotels in Mainland China for WHL and HKIPs and Leisure and Hospitality for Wharf REIC from 2019 adjusted baseline (in %)
Historical performance	The historical performance supplied by the Group is reviewed and will be provided to relevant parties if appropriate.
Benchmark or external reference	N/A
Timeline for the target achievement	Target observation date(s)/period(s): Align with the Group's Sustainable Finance Framework Trigger event(s): Nil Frequency of review of the SPTs: Annual (12-month period ending 31 December)
Baseline or reference point selected for improvement of KPIs (if relevant)	Rationale for that baseline or reference point to be used (including date/period): Align with the Group's Sustainable Finance Framework
Assessor's comment	
<p>SPT 4 is determined on a predefined timeline, consistent with the Group's overall sustainability strategy, and supported by an action plan. Water efficiency was adversely affected over the period of 2020 to 2022 due to the COVID-19 pandemic. Therefore, selecting 2019 as the base year is deemed rational. Benchmarking SPT 4 with the Group's 2019 performance data, the gradual reduction represents a material improvement and is beyond a "Business-as- Usual" trajectory under the uncertainties presented during pandemic recovery.</p> <p>The assessment of the Borrower's level of ambition on SPT 4 was based on the Group's historical data and compared to industry peers. Given the above, SPT 4 is deemed ambitious considering the Group's historical performance.</p> <p>Similar to the previous SPTs, the SLLP and SLBP suggest that SPT remains relevant (so long as they apply) and ambitious throughout the life of the loan.</p>	
SPT5	Increase the percentage of employees received training by gender of WHL and Wharf REIC
Historical performance	The historical performance supplied by the Group is reviewed and will be provided to relevant parties if appropriate.
Benchmark or external reference	N/A
Timeline for the target achievement	Target observation date(s)/period(s): Align with the Group's Sustainable Finance Framework Trigger event(s): Nil

	Frequency of review of the SPTs: Annual (12-month period ending 31 December)
Baseline or reference point selected for improvement of KPIs (if relevant)	Rationale for that baseline or reference point to be used (including date/period): Align with the Group's Sustainable Finance Framework
Assessor's comment	
<p>SPT 5 is determined on a predefined timeline, consistent with the Group's overall sustainability strategy, and supported by an action plan. WHL and Wharf REIC launched a Training Sponsorship Scheme to develop employees' capabilities and expertise by attending outside courses, seminars, and conferences that are pertinent to their jobs. Additionally, training and development programmes specifically tailored to meet employee needs are created. Topics including leadership, management, people skills, human rights, anti-corruption, environmental protection, occupational safety and health, etc. are covered.</p> <p>The assessment of the level of ambition on SPT 5 was based on the Group's historical data. Historically, WHL and Wharf REIC progressively increases the percentage of employees trained with diversified and gender equal courses available.</p> <p>Given that the actual operational situation of the Group's businesses is highly people-intensive with shift arranged duty, the assessment team considered that the magnitude of the SPT set is demanding, continuously improving and ambitious.</p>	

## 2.2 Sustainability Performance Targets for WPL

SPT1	Achieve ESG performance score of 79 or above in HKQAA CSR Index Plus
Historical performance	The historical performance supplied by the Group is reviewed and will be provided to relevant parties if appropriate.
Benchmark or external reference	N/A
Timeline for the target achievement	<p>Target observation date(s)/period(s): Align with the Group's Sustainable Finance Framework</p> <p>Trigger event(s): Nil</p> <p>Frequency of review of the SPTs: Annual (12-month period ending 31 December)</p>
Baseline or reference point selected for	Rationale for that baseline or reference point to be used (including date/period): Align with the Group's Sustainable Finance Framework

improvement of KPIs (if relevant)	
Assessor's comment	
<p>SPT 1 establishes an ambitious target for the performance score, which demands WPL to consistently exert substantial efforts to enhance their ESG performance. WPL is committed to actively addressing ESG issues and elevating their importance in order to meet the SPT target.</p> <p>The assessment of the level of ambition on SPT 1 was based on the Group's historical data. Historically, WPL has continuously put in significant emphasis on its ESG performance and is progressively improving to achieve a ESG score improvement. Given the above, SPT 1 is deemed ambitious.</p> <p>Similar to the previous SPTs, the SLLP and SLBP suggest that SPT remains relevant (so long as they apply) and ambitious throughout the life of the loan.</p>	
SPT2	100% new development GFA with BEAM Plus Gold rating or above
Historical performance	The historical performance supplied by the Group is reviewed and will be provided to relevant parties if appropriate.
Benchmark or external reference	N/A
Timeline for the target achievement	<p>Target observation date(s)/period(s): Align with the Group's Sustainable Finance Framework</p> <p>Trigger event(s): Nil</p> <p>Frequency of review of the SPTs: Annual (12-month period ending 31 December)</p>
Baseline or reference point selected for improvement of KPIs (if relevant)	Rationale for that baseline or reference point to be used (including date/period): Align with the Group's Sustainable Finance Framework
Assessor's comment	
<p>The BEAM Plus rating system is a widely recognized sustainability assessment tool used in Hong Kong. Achieving a Gold rating or above requires meeting stringent criteria in various aspects, such as energy efficiency, water conservation, indoor environmental quality, and materials selection.</p> <p>To achieve this rating for 100% new development means that all new construction projects within a given scope would need to meet the high standards set by BEAM Plus. This represents a significant departure from the business-as-usual approach.</p> <p>The ambition to achieve BEAM Plus Gold rating or above for all new developments signifies a commitment to sustainability and a desire to go beyond minimum regulatory requirements.</p>	

It demonstrates a willingness to invest in environmentally responsible practices and contribute to long-term societal and environmental goals.	
SPT3	100% residential carparks are cable enabled with electric vehicle charging
Historical performance	The historical performance supplied by the Group is reviewed and will be provided to relevant parties if appropriate.
Benchmark or external reference	N/A
Timeline for the target achievement	Target observation date(s)/period(s): Align with the Group's Sustainable Finance Framework Trigger event(s): Nil Frequency of review of the SPTs: Annual (12-month period ending 31 December)
Baseline or reference point selected for improvement of KPIs (if relevant)	Rationale for that baseline or reference point to be used (including date/period): Align with the Group's Sustainable Finance Framework
Assessor's comment	
<p>The SLLP and SLBP emphasize sustainability in the building and construction sector, including measures to mitigate climate change and reduce greenhouse gas emissions. Implementing EV charging infrastructure in 100% of residential car parks is a significant departure from the business-as-usual approach, where the provision of EV charging stations is often limited or non-existent. It requires a proactive effort to integrate charging infrastructure into property developments.</p> <p>Pursing SPT 3 would encourage the adoption of electric vehicles, contribute to reducing greenhouse gas emissions, and support the transition to a low-carbon transportation system. It would also provide convenience and accessibility for residents who own or plan to own electric vehicles.</p> <p>Having a comprehensive EV charging network in residential areas can help alleviate range anxiety, increase the attractiveness of electric vehicles to potential buyers, and foster a culture of sustainability within communities.</p> <p>Given the above, the Assessment Team considered that the level of SPT will lead to material improvement in GHG reduction and beyond both a business-as-usual trajectory and regulatory required targets.</p>	

## 7. Loan / Bond Characteristics<sup>5</sup>

Proceeds of SLT will be for general corporate purposes, unless otherwise specified. Subject to the SLT, incentives and/or penalties may be included to drive the achievement of the relevant SPTs. Details of the incentives and/or penalties (if any) will be set out in the relevant documents for each SLT.

## 8. Reporting

Reporting obligation will be included in the relevant document of each SLT. Annual reporting of the performance of the SPTs will be available on the Group's website for sustainability-linked bonds, whereas for sustainability-linked loans, annual reporting of the performance of the SPTs will be provided to the relevant parties.

## 9. Verification

The assessment team of HKQAA considers the Verification description provided by The Group is aligned with the SLLP and SLBP. The Group can appoint an external reviewer to verify the performance of the KPIs annually on a best effort basis, and in any case at the trigger event date. This will outline the performance against the SPTs, the related impact and timing of such impact on the financial characteristics of Instruments.

## Conclusion

### Use of Proceeds

The assessment team of Hong Kong Quality Assurance Agency has determined that WAC's Sustainable Finance Framework is well-structured and in accordance with the requirements of Green Bond Principles 2021, Green Loan Principles 2023, Social Bond Principles 2023, Social Loan Principles 2023 and Sustainability Bond Guideline 2021.

### Sustainability-Linked Loan / Bond's Settings

The assessment team of Hong Kong Quality Assurance Agency has determined that WAC's Sustainability-Linked Loan / Bond's setting includes all core components of Sustainability-linked Loan Principles 2023 / Sustainability-linked Bond Principles 2023. KPIs and SPTs are meaningful and ambitious. Thus, the loan / bond's setting is in alignment with the core components of Sustainability-linked Loan Principles 2023 / Sustainability-linked Bond Principles 2023.

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<sup>5</sup> The meaningfulness of the variation of the SLL/SLB's characteristics are not assessed.

## Appendix 1: Documents reviewed or referenced

No.	Author	Title
1	Asia Pacific Loan Market Association, Loan Market Association and Loan Syndications & Trading Association	<i>Sustainability-Linked Loan Principles, February 2023.</i>
2	GRESB	<i>2023 Real Estate Assessment Results, <a href="https://www.gresb.com/nl-en/2023-real-estate-assessment-results/">https://www.gresb.com/nl-en/2023-real-estate-assessment-results/</a></i>
3	UN Environment Programme (2021).	<i>A Manual to Measuring and Monitoring Resource Efficiency and Greenhouse Gas Emissions in the Hotel and Conference Sector. Paris.</i>
4	Sustainable Hospitality Alliance (formerly known as International Tourism Partnership)	<i>Water Stewardship For Hotel Companies, March 2018.</i>
5	Wharf REIC	Interim Report for the period ended 30 June 2023
6	HKSAR	Hong Kong Climate Action Plan 2050

## Appendix 2: External Review Form

### Independent External Review Form

#### Section 1. Basic Information

Issuer / borrower name:

Sustainability-Linked Bond ISIN: *(indicate not applicable for loan)*

Independent External Review provider's name for second party opinion pre-issuance (sections 2 & 3):

Completion date of second party opinion pre-issuance:

Independent External Review provider's name for post-issuance verification (section 4):

Completion date of post issuance verification:

At the launch of the bond/ loan, the structure is:

Bond:

- ☐ a step-up structure ☐ a variable redemption structure  
☐ others:

Loan:

- ☐ term loan ☐ revolving credit facilities  
☐ others:

#### Section 2. Pre-Issuance Review

##### 2-1 SCOPE OF REVIEW

*The following may be used or adapted, where appropriate, to summarise the scope of the review.*

The review:

- ☐ assessed all the following elements (complete review) ☐ only some of them (partial review):

- |                                                                                      |                                                                                   |
|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| <input type="checkbox"/> Selection of Key Performance Indicators (KPIs)              | <input type="checkbox"/> Bond/ Loan characteristics<br><i>(acknowledgment of)</i> |
| <input type="checkbox"/> Calibration of Sustainability Performance Targets<br>(SPTs) | <input type="checkbox"/> Reporting                                                |
| <input type="checkbox"/> Verification                                                |                                                                                   |

- ☐ and confirmed their alignment with the SLBP/SLLP.

## 2-2 ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- |                                               |                                         |
|-----------------------------------------------|-----------------------------------------|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification  |
| <input type="checkbox"/> Verification         | <input type="checkbox"/> Scoring/Rating |

*Note: In case of multiple reviews / different providers, please provide separate forms for each review.*

## 2-3 EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

## Section 3. Detailed pre-issuance review

*Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.*

### 3-1 SELECTION OF KEY PERFORMANCE INDICATORS (KPIs)

**Overall comment on the section (if applicable):**

**List of selected KPIs:**

- ✓ ...
- ✓ ...

#### Definition, Scope, and parameters

- |                                                                 |                                                        |
|-----------------------------------------------------------------|--------------------------------------------------------|
| <input type="checkbox"/> Clear definition of each selected KPIs | <input type="checkbox"/> Clear calculation methodology |
| <input type="checkbox"/> Other (please specify):                |                                                        |

#### Relevance, robustness, and reliability of the selected KPIs

- |                                                                                                                                                             |                                                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| <input type="checkbox"/> Credentials that the selected KPIs are relevant, core and material to the Borrower/ Issuer's sustainability and business strategy. | <input type="checkbox"/> Evidence that the KPIs are externally verifiable |
| <input type="checkbox"/> Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis                                      | <input type="checkbox"/> Evidence that the KPIs can be benchmarked        |
| <input type="checkbox"/> Other (please specify):                                                                                                            |                                                                           |

### 3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

**Overall comment on the section (if applicable):**

### Rationale and level of ambition

- |                                                                                                                             |                                                                                                            |
|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Evidence that the SPTs represent a material improvement                                            | <input type="checkbox"/> Credentials on the relevance and reliability of selected benchmarks and baselines |
| <input type="checkbox"/> Evidence that SPTs are consistent with the Borrower/ Issuer's sustainability and business strategy | <input type="checkbox"/> Credentials that the SPTs are determined on a predefined timeline                 |
|                                                                                                                             | <input type="checkbox"/> Other ( <i>please specify</i> ):                                                  |

### Benchmarking approach

- |                                                           |                                                           |
|-----------------------------------------------------------|-----------------------------------------------------------|
| <input type="checkbox"/> Borrower/ Issuer own performance | <input type="checkbox"/> Borrower/ Issuer's peers         |
| <input type="checkbox"/> reference to the science         | <input type="checkbox"/> Other ( <i>please specify</i> ): |

### Additional disclosure

- |                                                                                                    |                                                                             |
|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| <input type="checkbox"/> potential recalculations or adjustments description                       | <input type="checkbox"/> Borrower/ Issuer's strategy to achieve description |
| <input type="checkbox"/> identification of key factors that may affect the achievement of the SPTs | <input type="checkbox"/> Other ( <i>please specify</i> ):                   |

## 3-3 LOAN/ BOND CHARACTERISTICS

Overall comment on the section (*if applicable*):

### Financial impact:

- ☐ variation of the coupon
- ☐ ...
- ☐ Other (*please specify*):

### Structural characteristic (only applicable for bond):

- ☐ ...
- ☐ ...
- ☐ Other (*please specify*):

## 3-4 REPORTING

Overall comment on the section (*if applicable*):

### Information reported:

- |                                                           |                                                        |
|-----------------------------------------------------------|--------------------------------------------------------|
| <input type="checkbox"/> performance of the selected KPIs | <input type="checkbox"/> verification assurance report |
|-----------------------------------------------------------|--------------------------------------------------------|

☐ level of ambition of the SPTs

☐ Other (please specify):

**Frequency:**

☐ Annual

☐ Semi-annual

☐ Other (please specify):

**Means of Disclosure**

☐ Information published in financial report

☐ Information published in sustainability report

☐ Information published in ad hoc documents

☐ Other (please specify):

☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the “useful links” section.

**Level of Assurance on Reporting**

☐ limited assurance

☐ reasonable assurance

☐ Other (please specify):

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

**Section 4. Post-issuance verification**

**Overall comment on the section** (if applicable):

**Information reported:**

☐ limited assurance

☐ reasonable assurance

☐ Other (please specify):

**Frequency:**

☐ Annual

☐ Semi-annual

☐ Other (please specify):

**Material change:**

☐ Perimeter

☐ KPI methodology

☐ SPTs calibration

## Appendix 3: About role(s) of review providers as defined by the ICMA

**1. Second Party Opinion:** An institution with environmental/ social/sustainability expertise that is independent from the issuer may provide a Second Party Opinion (either required or recommended pre-issuance as described in the respective Principles). The institution should be independent from the issuer's adviser for its green, social, sustainability and sustainability-linked bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second Party Opinion. Any concerns on the institution's independence should be disclosed to investors.

**2. Verification:** An issuer can (or "needs to" in the case of sustainability-linked bonds post issuance) obtain independent verification against a designated set of criteria, typically pertaining to environmental/social/sustainability or KPI performance and sustainability targets for the SLBs.

**3. Certification:** An issuer can have its green, social, sustainability and sustainability-linked bond or associated green, social, sustainability and sustainability-linked bond framework or Use of Proceeds or Key Performance Indicators (KPIs) and Sustainability Performance targets (SPTs) certified against a recognised external green/ social/sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

**4. Green, Social, Sustainability and Sustainability-Linked Bond Scoring/Rating:** An issuer can have its green, social, sustainability and sustainability-linked bond associated framework or a key feature such as Use of Proceeds, selection of KPIs, calibration of the level of ambitiousness of SPTs, evaluated or assessed by third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology.

## Appendix 4: Hong Kong Quality Assurance Agency (HKQAA)

### Local Excellence, Global Perspective

Established by Hong Kong Government in 1989, Hong Kong Quality Assurance Agency (HKQAA) is a non-profit public organisation committed to introducing international management standards, promoting good management practices and sustainability in Greater China for decades. As one of the leading conformity assessment organisations in the region, HKQAA not only provides certification, assessment, registration, training and research services to help organisations enhance management performance and competitiveness, but also develops a wide range of good management practices and related criteria to cope with increasingly diversified market demands and the growing need for sustainable development, fostering a better environment and bringing benefits to the community.

### Ample Experience in Fostering Sustainable Economy

In recent years, sustainability has become one of the key forces driving organisations towards a prolonged success. To support and encourage them to walk the talk, HKQAA has developed diverse services and obtained ample experience in the field of social responsibility, environmental protection, sustainability and responsible investment:

- With the initial support of **The Hongkong and Shanghai Banking Corporation Limited (HSBC)**, HKQAA introduced the **CSR Index** to provide quantitative metrics to measure organisations' maturity level in practicing their social responsibilities in 2008;
- HKQAA was **the only Hong Kong organisation accredited as the Designated Operational Entity (DOE)** by the Executive Board of the Clean Development Mechanism (CDM) under the United Nations Framework Convention on Climate Change (UNFCCC) to deliver CDM validation and verification services since 2011;
- HKQAA has been providing assessment and rating services on companies' sustainability performance for the **Hang Seng Corporate Sustainability Index Series** since 2014;
- Since 2017, our expert has been nominated by the **Innovation and Technology Commission of the HKSAR Government** and the **China National Institute of Standardization** respectively to directly take part in the technical committee of ISO/ TC 207/SC 4 and the working group of **ISO/TC 207/SC 4/ WG 7** to develop **ISO 14030 Green bonds – Environmental performance of nominated projects and assets**;
- Since 2018, HKQAA has been admitted as an **Observer of the Green Bond Principles (GBP) under the International Capital Market Association (ICMA)**;
- Since 2018, HKQAA has become an **approved verifier under the Climate Bonds Standard**.
- Since 2018, the HKQAA expert was nominated by the **Innovation and Technology Commission of the HKSAR Government** to participate in the **ISO Technical Committee, Sustainable Finance (ISO/TC 322)** for the development of sustainable finance related standards.

Contact HKQAA

Website: <http://www.hkqaa.org>

## Appendix 5: Methodologies and Limitation

### Methodology

The process applied in this assessment made reference with ICMA's Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews.

Our assessment procedure performed covered reviewing of relevant documentation, interviewing responsible personnel with accountability for preparing the SLL / SLB's setting and verifying the selected representative sample of project, data and information. Supporting evidence of the selected samples might also be examined during the assessment process.

### Independence

Borrower / Issuer is responsible for the collection and presentation of the information presented in the document describing the SLL /SLB's setting (SLL/SLB Document). HKQAA does not involve in calculating, compiling, or in the development of the SLL/SLB's setting. Our assessment activities are independent from Borrower / Issuer.

### Limitation

There are inherent limitations in performing assessment which are set out as follows. The report is issued on the assumption that the documents and information provided to HKQAA are accurate, complete and valid as of the date of this document. While HKQAA uses all reasonable endeavours to detect any false, inaccurate or fraudulent information and data, the assessment is based on selective testing of the information and data being examined and it is possible that fraud, error or non-compliance may occur and not be detected. The assessment did not provide assurance on information outside the defined reporting boundary and period. Unless explicitly expressed by HKQAA, HKQAA expresses no opinion in relation to any representation or warranty that may contain in any of the data and information provided to HKQAA. HKQAA does not provide any guarantee or endorsement in respect of any business of any parties mentioned in the document. There are additional inherent risks associated with assurance over non-financial information including reporting against which may require information to be assured against source data compiled using definitions and estimation methods that are developed by the Borrower/ Issuer.

Our assessment is limited to the selected information on the document describing the SLL / SLB's setting, and did not include statutory financial statements, financial statements and economic performance. Our assessment is given only as to and based on the circumstances and matters of fact existing and known to HKQAA and based on the policies and procedures in place as of 07/03/2024.

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