



新世界發展有限公司

New World Development Company Limited

(Stock Code: 17.HK)

New World Development Sustainability-Linked Bond Framework

Introduction

New World Development Company Limited (“NWD”/“the Group”, Hong Kong stock code: 00017), a premium brand infused with a unique personality defined by The Artisanal Movement, was founded in 1970 and was publicly listed in Hong Kong in 1972.

The Group’s core business areas include investment in property and property development, and investment in and/or operation of hotels and other strategic businesses, boasting operations in Greater China, especially the Greater Bay Area.

Sustainability forms the foundation of our corporate culture, aligning sustainability priorities and aspirations with our business activities. By empowering people to collaborate, innovate, and realise their potential, our sustainability efforts are acknowledged by various ESG ratings. For example, Global Real Estate Sustainability Benchmark (GRESB), CDP’s Climate Change Questionnaire and the S&P Global Corporate Sustainability Assessment, etc.

Our Sustainability Approach

Sustainability is the Group's top business priority. It is an integral part of NWD's mission to drive collective growth and long-term commitment to building sustainable communities and is a core consideration for NWD's property business. We strive to maximise our sustainability impact by prioritising issues that are most material to our business and stakeholders.

Underpinning the company's approach to sustainability is an emphasis on activating change and collective action through cross-sectoral platforms and partnerships. NWD is a member or supporter of multiple international initiatives and organisations, such as World Business Council for Sustainable Development (WBCSD), United Nations Global Compact, Task Force on Climate-related Financial Disclosures (TCFD), Women's Empowerment Principles and Urban Land Institute (ULI).

For additional information on NWD and the Group's sustainability approach, please visit <https://sustainability.nwd.com.hk/>.

Governance and Risk Management

NWD integrates sustainability management throughout its corporate governance structures and business functions. Our Board-level Sustainability Committee and senior management assume oversight and responsibility on setting and approving objectives, performance targets and execution plans of NWD's sustainability and environmental, social and governance (ESG) strategy and risk management. The practical implementation of our sustainability strategy is led and deployed by our Sustainability Steering Committee, which comprises senior executives from corporate functions and major business units, including the Group Sustainability Department, Group Audit & Management Services, Project Management and Property Management. Notably, sustainability targets are established as key performance indicators (KPI) for NWD's senior management, departments and employees.

New World Sustainability Vision 2030+

In reference to the Group's long-term business strategy and the United Nations Sustainable Development Goals ("UN SDGs"), Sustainability Vision 2030+ was developed to drive the Group's evolution from a leader in sustainability to become a sustainable business leader, by focusing on the sustainability topics most relevant to the business. SV2030+ is anchored in three pillars: Future-Fit Places, Organisational Resilience, and Enriched Lives. It enhances the integration of sustainability into our core business, generating economic, environmental, and social value.

Under SV2030+, Group-wide sustainability targets have been established, covering various business activities within the Group. To achieve these targets, NWD has created its own strategy to address its ESG performance and has developed comprehensive ESG policies to standardise its property lifecycle approach.

SV2030+ Scope 1&2 Near-term Science-based Target:

***To reduce absolute Scope 1 and 2 GHG emissions by 42.0% by FY2030.
(FY2023 Baseline)***

By preserving the environment, promoting healthy lifestyles, supporting the needs of stakeholders and innovating through technology, SV2030+ steers the Group to boldly grow its business in ways that nurture better outcomes for our people, customers and environment. This has enabled NWD, as the Group's property flagship, to create iconic, transformative and more sustainable spaces and places.

Our comprehensive ESG policies are designed to integrate sustainability considerations throughout the Group and standardise property development through a sustainable building lifecycle approach.¹ As a result of this approach, minimum standards and guidance are adopted to ensure sustainable design, finance, construction, supply chain management, operation and engagement are practised across upcoming and completed projects. Under our Sustainable Building Policy, all new and existing investments and operations strive to achieve second highest or above ratings of green building certifications, such as BEAM Plus, LEED or CGBL. Meanwhile, these policies are coupled with energy efficiency improvements, which assist the Group and NWD in working towards our SV2030+ strategy and carbon emissions reduction targets. Such improvements consist of, for example, chiller system enhancements, building management system (BMS) upgrades and control optimisation, which would collectively contribute to more than 20% asset-level energy savings.

Beyond SV2030+: Our Renewable Energy Roadmap

The Group's strategic sustainability goals have helped position NWD's business to capture opportunities and mitigate risks posed by climate change. In keeping with the urgency of the climate crisis, we recognise the need to ramp up our efforts beyond existing programs to reduce our carbon impact. We support the findings of the Intergovernmental Panel on Climate Change (IPCC) and endorse the call for limiting global temperature rise under 1.5°C from pre-industrial levels to avoid the most adverse impacts of climate change.

To put our commitment into actions, we are prepared to take bold steps that would enable us to set science-based targets and further decarbonise in line with the Paris Agreement's 1.5°C trajectory.

With these ambitions in mind, we have developed a Renewable Energy Roadmap to facilitate building decarbonisation at science-based targets levels. This charts a path

¹ For more, visit <https://sustainability.nwd.com.hk/sustainability-governance-policies/>.

towards adopting 100% renewable energy within our core property business² by FY-end 2030/2031.³

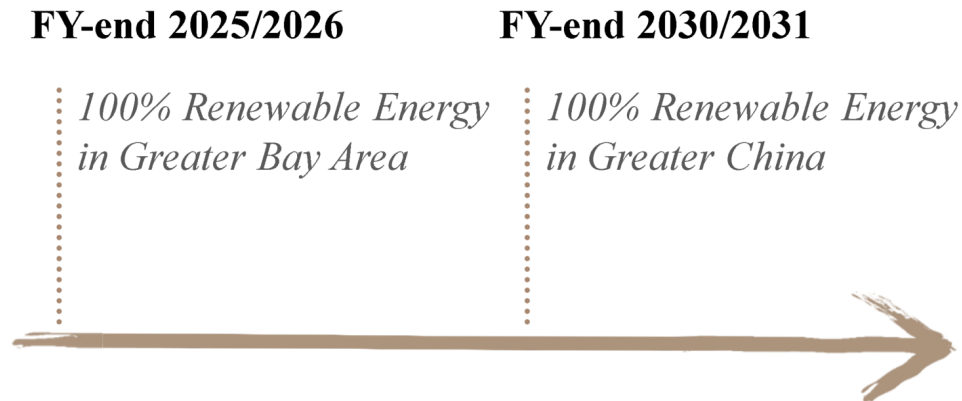


Figure 1: Renewable Energy Roadmap

To reach these milestones, we have been working closely with utility partners to develop decarbonisation strategies. In addition to preparing for renewable energy procurement in Greater China, the partnership is working towards developing a renewable energy portfolio that aligns to science-based targets requirements. The extensive shift to renewables will be achieved through a three-step strategy.

- i) Pursue on-site renewable energy installations (e.g. photovoltaic, solar thermal, wind etc.) to maximise capacity of renewable power generation in all its new commercial and retail properties, and retrofit renewable technologies into existing buildings, whenever possible.
- ii) Procure offsite renewable energy through long term Power Purchase Agreements (PPAs) with 3rd party energy providers and local partners in Hong Kong and Mainland China.⁴
- iii) Purchase Renewable Energy Certificates (RECs) from 3rd party energy providers and local partners in Hong Kong and Mainland China to support renewable energy development.⁵

Given the limited capacity for onsite renewable energy in Hong Kong and across the GBA, the majority of this renewable energy will be sourced through PPAs and RECs, with emphasis on securing long term PPAs. In sourcing PPAs or RECs, NWD will prioritise certificates within its electricity market, as well as require 3rd party energy providers to track and disclose to us the respective renewable electricity attributes based on regional frameworks and to avoid double counting. Unbundled RECs will be retired once they have been used by NWD.

² The roadmap covers rental properties under NWD's direct operational control, meaning properties where NWD has full authority to introduce and implement its operating policies at the operation such as major renovation or retrofit. For more, visit <https://sustainability.nwd.com.hk/wp-content/uploads/2021/01/NWD-Renewable-Energy-Roadmap.pdf>.

³ NWD's financial year starts on 1 July and ends on 30 June.

⁴ Renewable energy procurement includes direct purchases from specific generators and suppliers.

⁵ This includes bundled and unbundled RECs such as Green Electricity Certificates (GECs), Hong Kong RECs and other equivalents accepted by Science Based Targets initiative and/or I-REC Standard.

On top of the extensive shift to renewables, NWD has started tracking downstream leased assets and looking into embodied carbon of building materials. This reflects a coordinated effort to align with science-based targets.

Rationale for Sustainability-Linked Bond Framework

NWD was one of the first movers in sustainable financing in Hong Kong. We are committed to continuing our efforts to develop sustainable financing practices in the region. In line with international standards and guidelines, we actively leverage financing opportunities to achieve our sustainability goals, whilst closely assessing and reporting on the impact we deliver. Under the New World Development Green Finance Framework, established in September 2018, NWD has successfully raised a green bond and two green loans. To stay up-to-date with international standards and best practice, NWD has updated the New World Development Sustainable Finance Framework in December 2024. This framework aligns with the Green Bond Principles 2021 (including the June 2022 Appendix 1), Social Bond Principles 2023, Sustainability Bond Guidelines 2021, Green Loan Principles 2023 and Social Loan Principles 2023. All documents are available at <https://sustainability.nwd.com.hk/>.

The Sustainability-Linked Bond (SLB) Framework (the “Framework”) was established in January 2021 and has been updated in March 2026 to align the sustainability ambitions of the property business with financing transactions, and to support further decarbonisation beyond SV2030+ targets. NWD understands that by supporting climate change mitigation through the extensive adoption of renewables, it can assume a catalytic role in addressing the climate crisis. We hope our issuance will generate momentum for sustainable development in Greater China and inspire other similar companies to join our ranks. This Framework is developed in accordance with the International Capital Market Association (ICMA) 2024 Sustainability-Linked Bond Principles⁶ and its five components:

1. Key Performance Indicator
2. Sustainability Performance Target
3. Bond characteristics
4. Reporting
5. Verification

⁶ For more, visit <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Sustainability-Linked-Bond-Principles-June-2024.pdf>

Our Framework

Scope of this framework

NWD has created this framework based on its Renewable Energy Roadmap, which supports its Scope 2 emissions reduction beyond SV2030+ targets and the diversification of its energy portfolio. Property accounts for the majority of NWD's environmental impacts and thus this framework outlines how NWD will use sustainability-linked financing to address the performance of properties within its operational control.

1. Key Performance Indicator

NWD has selected the following KPI as a measure of the key progress to the Renewable Energy Roadmap.

KPI: Percentage of Renewable Energy in Rental Properties⁷ in the Greater Bay Area (“GBA Rental Properties”).

As a Greater Bay Area developer, properties form the bulk of NWD's future growth and development pipeline, covering major growth of our core property business leading up to FY-end 2025/2026.

2. Sustainability Performance Target

SPT: 100% Renewable Energy in GBA Rental Properties by FY-end 2025/2026.

NWD has set the ambitious target by FY-end 2025/2026, 100% of the GBA Rental Properties will be supplied by renewable energy. This would represent a significant increase from 2020 levels and our commitment to adopting renewable energy in a swift and consistent manner.

Through driving the measures detailed under the Renewable Energy Roadmap, NWD is expected to achieve the targets and maintain its performance on the selected KPI:

KPI	FY2019/2020 (baseline)	FY-end 2025/2026 (target year)
% Renewable Energy in GBA Rental Properties	<1%	100%

3. Bond characteristics

The bond issue will support the ambitions of NWD's Renewable Energy Roadmap. The perimeter of the KPI or calibration of the SPT may change if there is a material change

⁷ Covers exclusively properties under NWD's direct operational control. See Appendix I for the list of GBA Rental Properties in-scope.

to NWD's property business. Any such change will be communicated within the annual reporting.

If NWD is not able to achieve the SPT, then NWD will make a purchase of carbon off-sets equivalent to a 25 bps increase in the coupon of the NWD Sustainability-Linked Bond for the remaining life of the bond until it is fully redeemed, as disclosed in the deal documentation.⁸

NWD's performance against the SPT will be reported in the Annual Report.

4. Reporting

Disclosure will be made available in our Annual Report published each year until maturity of the bond. Annual Disclosure will include the following:

- up-to-date information on the performance of the selected KPI(s), including baselines where relevant;
- a verification assurance report relative to the SPT outlining the KPI performance against the SPT and the related impact, and timing of such impact, on the bond's financial and/or structural characteristics; and
- any information enabling investors to monitor the level of ambition of the SPT (e.g., any update in the issuers' sustainability strategy or on the related KPI/ESG governance, and more generally any information relevant to the analysis of KPI and SPT).

When feasible and possible, the annual disclosure will also provide:

- a qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of performance/KPI;
- illustration of positive sustainability impacts of performance improvements; and
- any re-assessments of KPIs and/or restatement of the SPT and/or proforma adjustments of baselines or KPI scope.

5. Verification

NWD has engaged an external reviewer to obtain a Second-Party Opinion of this Framework which can be viewed in the relevant section at <https://sustainability.nwd.com.hk/>.

NWD's performance against the SPT will be reported in the Annual Report until maturity of the bond. Data and information contained in the Corporate Sustainability section of the Annual Report will receive an independent limited assurance by a qualified third party in accordance with the relevant ISAE standards. From FY-end 2025/2026, additional bond-level review / assurance will be obtained prior to Annual Report disclosure from a qualified independent third party, to specifically attest to the

⁸ Carbon offsets purchased will align to internationally reputable sources such as The Gold Standard and CCER (China Certified Emissions Reduction).



SLB KPI SPT performance. This bond-level review / assurance report will also be made available on our corporate website.

Appendix I

The following details a list of GBA Rental Properties under NWD's direct operational control, and represents properties that fall within the scope of the SLB's KPI. This list is produced based on information available as of March 2026 and may be subject to change.⁹

Completed Projects in Greater Bay Area

Manning House, Central
New World Tower, Central
K11 ATELIER King's Road
K11 ATELIER of Victoria Dockside, Tsim Sha Tsui
K11 MUSEA of Victoria Dockside, Tsim Sha Tsui
K11 Art Mall Hong Kong
K11 Art Mall Guangzhou¹⁰
K11 ATELIER Guangzhou¹⁰
83 King Lam Street
NEW PARK·NEW SQUARE·NEW SENSE
New World Financial Center · Canton
The Canton Place Select

⁹ Newly completed projects within the pipeline that fall within the scope of the KPI will be added to the list after 2 full years of operation.

¹⁰ Asset owned by external party and managed by NWD.