

Protecting Ecosystems - Our Commitment to Biodiversity Enhancement

The Taskforce on Nature-related Financial Disclosures (“TNFD”) was established in 2021, aiming to integrate nature considerations into financial decisions and promote investments that benefit the environment. We have demonstrated our strong support to TNFD by officially committed to be an inaugural Early Adopter.

We are a silver member of the World Wild Fund for Nature Hong Kong, and have signed pledges such as the No Shark Fin Restaurant Pledge and the Earth Hour Pledge. These initiatives showcase our determination to conserve natural resources and advocate for sustainable practices. We are committed to incorporating nature into our properties:

Nina Park

- Diverse plant community of a variety of native trees, shrubs, and flowering plants with 30% green area coverage
- Provide suitable habitat for nesting sites with green corridors



One New Street Square in London, UK

- Biophilic design, incorporating 6,300 plants, 1,500 sq ft of green walls, landscaped terraces



Governance on Nature-related Issues

The ESG Steering Committee, which is chaired by the CEO, is responsible for overseeing the Group's overall ESG strategies, reviewing and endorsing plans and monitoring the progress. More details on our ESG governance structure can be found in the "Strengthening Our ESG Governance Structure" section.

The Group's commitment to environmental and nature protection is evident through our various policies including the Climate Change Policy, Sustainability Policy, and Sustainable Procurement Policy. Moreover, the Group emphasises ecosystem balance in operations and procurement, assessing suppliers' adherence to nature-related standards. We have integrated robust governance mechanisms into our supply chain management and are committed to monitoring nature-related impacts through controls and grievance mechanisms. The Group also engages with local stakeholders and hosts an annual Sustainability Conference to address nature-related issues.

Strategy on Nature-related Issues

We recognise the interconnectedness of our business with natural resources and are committed to responsibly and sustainably managing our dependencies, impacts, risks, and opportunities associated with nature. Our strategy commences with a comprehensive evaluation of our use of resources, such as water, land, and biodiversity to ensure the resilience and sustainability of our operations. We actively strive to reduce our environmental footprint by embracing innovative technologies and methods that cut down on resource consumption and waste generation. To address potential risks, we regularly assess environmental impacts and engage in proactive risk management, including the formulation of contingency plans for natural disasters and resource scarcity. Moreover, we identify significant opportunities in supporting nature-friendly initiatives, such as investing in renewable energy, sustainable supply chains, and projects that enhance urban biodiversity. Through nurturing a strong bond with nature capital, our objective is to bolster our business resilience in the long term, contribute to ecosystem health, and create value for our stakeholders and the communities we engage with.

Risk and Impact Management on Nature-related Issues

In 2024, we commenced our first TNFD study in line with the TNFD framework, specifically adopting the LEAP (Locate, Evaluate, Assess, Prepare) approach. We have embarked on this journey to better understand our impacts and dependencies on nature, and to manage the associated risks and opportunities.

Our LEAP Assessment Scope and Framework

Our LEAP assessment covers our 62 crucial assets, including hotels and residences, construction projects, residential, industrial, and commercial properties in Hong Kong. Through the implementation of the LEAP approach, we have identified the locations of our operations and supply chains in critical ecosystems, evaluated our impacts and dependencies on nature, assessed the associated risks and opportunities, and devised strategies to lessen adverse effects and leverage beneficial outcomes. We have conducted stakeholder engagement to obtain insights from stakeholders on the actual dependencies and impacts on the nature specific to the Group.

Locate

In the Locate phase, we examined the geographical distribution of our operations and their interactions with the natural surroundings. The aim was to pinpoint priority zones where these interactions could yield substantial risks or opportunities to guide our decision-making processes. Our prioritisation was based on the proximity of operational sites to areas of significant biodiversity value (e.g. IUCN red list) through the utilisation of tools such as the Integrated Biodiversity Assessment Tool ("IBAT"), WWF Risk Filter, and comprehensive desktop research.

In conducting the location-based analysis, we have shortlisted 23 sites that are in close proximity to crucial biodiversity areas. We have carried out an assessment to identify impacts and propose potential mitigation strategies.

Evaluate

When assessing the dependencies and impacts related to nature throughout the real estate value chain, we have undertaken an in-depth analysis. This evaluation offers a glimpse into the interactions between each aspect of the value chain and natural ecosystems, emphasising notable areas of concern and opportunities for enhancement. By employing the ENCORE (Exploring Natural Capital Opportunities, Risks, and Exposure) database, as advised by TNFD, as well as the insights from stakeholder engagement, we have identified top five nature dependency and impact topics for our value chain.

Top Five Nature Dependency Topics



Mass Stabilisation and
Erosion Control



Ground Water and
Surface Water



Climate Regulation



Mediation of Sensory Impacts



Flood and Storm Protection

Top Five Nature Impact Topics



Soil Pollutants



Water Pollutants



Non-GHG Air Pollutants



Solid Waste



Water Use

Assess and Prepare

The LEAP approach recommends that for better integration of nature-related considerations in businesses, a company should identify and prioritise the nature-associated risks and opportunities associated with the most significant impacts and dependencies highlighted during the initial "Locate" and "Evaluate" phases. As per TNFD, nature-related risks refer to potential hazards that organisations encounter due to their interactions with nature and society at large. The Group has acknowledged the nature-related risks and opportunities that could influence our operations, outlined in the table presented below.

Physical Risks

Risks	Potential Impacts	Risk Mitigation
Biodiversity Loss: Construction activities near protected areas and key biodiversity zones may negatively impact local biodiversity.	- Increased costs for biodiversity mitigation measures (e.g. flood barriers, enhanced site management) - Potential delays in project timelines due to stricter environmental regulations	- Conduct pre-development biodiversity assessments for new development projects, ensuring minimal impact on surrounding ecosystems - Establish a robust compliance framework to ensure adherence to environmental regulations - Implement monitoring and reporting mechanisms for construction activities
Resource Scarcity: Supply chain disruptions for essential raw materials due to resource scarcity and ecosystem degradation	- Project delays due to unavailability of materials - Raw materials extracted from ecologically sensitive areas may incur additional costs to comply with regulations	- Diversify suppliers to reduce dependency on single sources - Enforce compliance with the Supplier Code of Conduct, prioritising suppliers with certified sustainable practices - Optimise resource efficiency by adopting efficient construction practices to minimise consumption, such as MiC method at ECHO HOUSE
Natural Disasters: Ecosystem degradation may reduce natural barriers, increasing vulnerability to natural disasters	- Increased costs for disaster recovery and infrastructure repairs - Potential damage to property and business continuity	- Ensure all new major development project achieve the second-highest sustainable building assessment scheme rating (such as BEAM Plus, LEED and WELL certifications) - Integrate climate-resilient infrastructure (e.g. flood barriers) and biophilic design (e.g. green roofs) in new development projects - Collaborate and support institutions and NGOs to conserve and protect biodiversity, such as partnering with The Green Earth to organise beach and trail clean-ups and supporting The University of Hong Kong and Lingnan University in conducting an Insect Pollinator Survey at Nina Park
Pollution: Air and noise pollution from construction activities may harm local ecosystems and communities	- Increased health and safety costs, potential legal claims, and fines - Negative community relations and opposition to future projects.	Use low-emission and quieter construction methods, such as adoption of electric-powered construction equipment, MiC and MiMEP methods

Transition Risks

Risks	Potential Impacts	Risk Mitigation
Policy and Regulatory: Stricter regulations on biodiversity, land use, and environmental impact assessments ("EIAs")	- Increased compliance costs and potential project delays - Risk of fines and legal repercussions for non-compliance	- Proactively monitor and align with emerging policies and regulations - Participant in industry coalitions (e.g. policy groups of Hong Kong Green Building Council, Business Environment Council and Hong Kong Green Finance Association) to advocate for balanced regulations - Conduct regular training on environmental compliance
Market Risks: Fluctuating prices of alternative construction materials	- Budget unpredictability and potential delays in project schedules - Risk of reduced competitiveness if sustainable materials are not prioritised	- Build strategic partnerships with certified sustainable suppliers - Incubate and invest in R&D for innovative, low-environmental-impact solutions (e.g. "CCG Accel - Powered by HKSTP" accelerator programme and partnering with NAMI to green building technology)
Reputational: Increased public scrutiny and awareness of biodiversity and sustainability issues	- Potential decline in revenue and customer trust - Increased costs for marketing and public relations efforts	- Disclose nature-related performance annually via TNFD-aligned reports - Engage with stakeholders through different channels (e.g. focus groups and surveys allowing stakeholders to report environmental concerns and feedback)
Technological: Growing market preference for alternative construction materials with lower environmental and biodiversity impacts	- Higher procurement costs for sustainable materials - Lagging behind industry innovation curves	Incubate and invest in R&D for innovative, low-environmental-impact solutions (e.g. "CCG Accel - Powered by HKSTP" accelerator programme and partnering with NAMI to green building technology)
Liability: Potential liability arising from non-compliance with environmental regulations or damage caused by the Group's activities	- Legal costs and potential fines for regulatory breaches or environmental harm claims - Restoration costs to remediate damaged ecosystems - Long-term reputational damage leading to decreased customer trust and loss of business opportunities	- Establish a robust compliance framework to ensure adherence to environmental regulations - Implement monitoring and reporting mechanisms for construction activities - Engage with stakeholders through different channels (e.g. focus groups and surveys allowing stakeholders to report environmental concerns and feedback)

Opportunities

Opportunity Types	Opportunities and Potential Impacts	Opportunity Management
Sustainable Buildings and Certifications	- Increased demand for sustainable-certified properties in Hong Kong's competitive market - Higher rental premiums and tenant retention due to sustainable-focused designs (e.g. BEAM Plus and WELL certifications) - Enhanced market positioning as a leader in sustainability	- Integrate biophilic design (e.g. green walls at Nina Tower) and blue-green infrastructure (e.g. rainwater harvesting at Nina Park) to enhance sustainability and biodiversity - Ensure all new major development project achieve the second-highest sustainable building assessment scheme rating (such as BEAM Plus, LEED and WELL certifications)
Resource Efficiency and Circular Economy	- Cost savings through reduced material waste and energy/water consumption - Compliance advantages with Hong Kong's tightened waste disposal regulation	- Adopt MiC method at ECHO HOUSE and recycled materials (e.g. ceiling products with 96% recycled content in Shun Fook Barn) to reduce construction waste - Install net-zero carbon chillers at Nina Tower and LED lighting/water-saving fixtures across hotels - Conduct proper sorting and recycling waste at construction sites
Eco-Tourism and Community Engagement	- New revenue streams through biodiversity-focused offerings and activities - Strengthened community relations and loyalty via educational initiatives	- Explore eco-tours and workshops at Nina Park, highlighting pollinator habitats - Partner with The Green Earth to organise beach and trail clean-ups
Innovation and Partnerships	- First-mover advantage through adoption of cutting-edge sustainable technologies - Easier access to sustainable financing for TNFD-aligned projects	- Incubate and invest in R&D for innovative, low-environmental-impact solutions (e.g. "CCG Accel - Powered by HKSTP" accelerator programme and partnering with NAMI to green building technology - Participate in policy groups of Hong Kong Green Building Council, Business Environment Council and Hong Kong Green Finance Association to shape future regulations
Reputation and ESG Leadership	Aligning with international guidelines (e.g. TNFD recommendations) to improve ESG ratings and market evaluation	- Publish TNFD-aligned disclosure with third-party verification - Showcase biodiversity efforts (e.g. Nina Park's pollinator habitats) in marketing campaigns

Metrics and Targets on Nature-related Issues

We have pinpointed nature-related physical and transition risks and opportunities, and we have identified relevant metrics on spatial footprint, state of nature, resources, and capital deployment to facilitate the monitoring and tracking of nature-related performance. We are exploring on the selection and adoption of the identified metrics and establishing our approach to acquire reliable data for the specified metrics. Short- to long-term objectives will be established for the material metrics with substantial nature-related dependencies and impacts, allowing them to align with the overarching strategy.