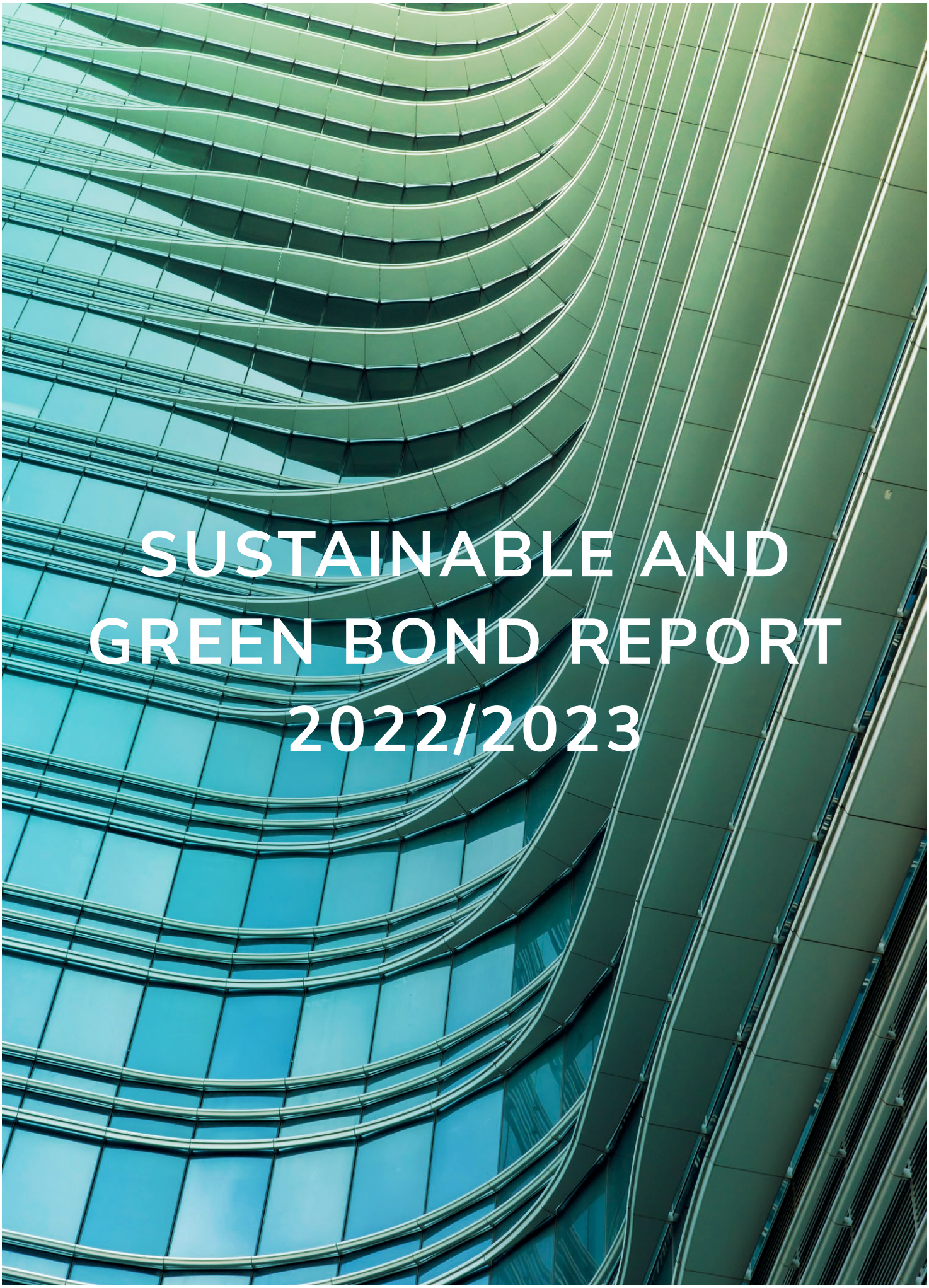

SUSTAINABLE AND GREEN BOND REPORT 2022/2023

Sustainable and Green Bond Report 2022/2023

Link adopts responsible financing practices to ensure the integration of sustainability best practices into our daily operations.

Investors and capital providers are key stakeholders that we engage with in our sustainability journey to maximise our collective impact. Sustainable financing arrangements allow us to connect with like-minded investors and hold us accountable to our sustainability goals.

Our sustainable and green bond transactions, including, bonds and convertible bonds are governed by our green and sustainable finance frameworks. We develop our green and sustainable finance frameworks in alignment with international market standards and best practices (including various green, social, sustainable financing standards).

Frameworks

We issued our first Green Bond Framework 2016 in alignment with the Green Bond Principles (GBP) published by the International Capital Market Association (ICMA) in June 2016. Our Green Bond Framework received a second party opinion from Sustainalytics.

We issued an updated Green Finance Framework 2019 in alignment with GBP published by ICMA in June 2018, and the Green Loan Principles (GLP) issued by the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications & Trading Association (LSTA) in December 2018. Our Green Finance Framework received a second party opinion from the Hong Kong Quality Assurance Agency (HKQAA).

In February 2022, we issued our Sustainable Finance Framework, in alignment with the GBP published by ICMA in June 2021, Social Bond Principles (SBP) published by ICMA in June 2021, the Sustainability Bond Guideline (SBG) published by ICMA in June 2021, the GLP established by LMA, APLMA and LSTA in February 2021, the Social Loan Principles (SLP) established by LMA, APLMA and LSTA in April 2021, the Sustainability-Linked Bond Principles (SLBP) published by the ICMA in June 2020, and the Sustainability Linked Loan Principles (SLLP) established by LMA, APLMA and LSTA in May 2021. Our Sustainable Finance Framework received second party opinion from HKQAA on its alignment with GBP, SBP, GLP, SLP, SLBP and SLLP. The framework also received a second party opinion from S&P Global Ratings on its alignment with GBP, SBP, SBG, GLP, and SLP.

Please refer to the Sustainable Finance section of our website to download the above frameworks and second party opinions.

Bond Issuance Details

We issued our inaugural green bond in 2016 and subsequently issued a green convertible bond in 2019. Outstanding issuances as of 31 March 2023 are detailed below.

	2016 Green Bond	2019 Green Convertible Bond
Issuer	The Link Finance (Cayman) 2009 Limited	Link CB Limited (formerly known as Link 2019 CB Limited)
Size	US$500,000,000	HK$4,000,000,000[1]
Tenor	10 years	5 years
Issue Date	21 July 2016	3 April 2019
Maturity Date	21 July 2026	3 April 2024
Coupon Rate	2.875%	1.600%
Listing	Hong Kong Stock Exchange	Hong Kong Stock Exchange
Second Party Opinion Provider	Sustainalytics	HKQAA
Relevant Framework	Green Bond Framework 2016	Green Finance Framework 2019

Reporting Criteria

In accordance with the reporting criteria in the Green Bond Framework 2016 and the Green Finance Framework 2019, the followings are disclosed for each green bond/green finance transaction:

- the list of eligible green project categories and amounts allocated to these categories;
- balance amount of unallocated bond/green finance proceeds; and
- a selection of project examples financed by an amount equal to the net proceeds of the issuances.

The information will be renewed annually until full allocation and as necessary thereafter in the event of new developments.

Use of Proceeds

As at the reporting date of 31 March 2023, the use of the bond proceeds is illustrated in the table below. The net proceeds from the issuance of green bonds have been fully allocated.

	Allocated Proceeds			
	Green Buildings	Energy Efficiencies	Renewable Energy	Total Allocated Proceeds
2016 Green Bond	HK$3.743B	HK$0.093B	–	HK$3.836B
2019 Green Convertible Bond	HK$3.934B	HK$0.030B	HK$0.010B	HK$3.974B
Grand Total	HK$7.677B 98.3%	HK$0.123B 1.6%	HK$0.010B 0.1%	HK$7.810B 100%

Note:

(1) On 4 April 2022, bond holders redeemed HK$3.123 B; after redemption, the outstanding amount stands at HK$787 M.

Green Project Updates

The Quayside, New Development

Project Name	The Quayside, New Development	
Location	77 Hoi Bun Road, Kwun Tong, Kowloon East	
Storeys	23	
Occupation Permit (OP) Date	May 2019	
GFA	82,044.5 sq m	
Certification		Certification Date
	• LEED V2009 BD+C: Core and Shell – Final Platinum	• July 2020
	• BEAM Plus New Buildings V1.2 – Final Platinum	• June 2020
	• WELL V1 Core and Shell Certification – Final Gold	• June 2021
Net Proceeds Allocated	HK$7.582 billion	

Area of Focus	Highlights of Green Elements	Estimated Environmental Impact
Renewable Energy	• 1,100 sq m of evacuated-tube solar thermal collectors were installed on the main roof, making up a 300kW of solar thermal system	• Around 400 MWh of solar thermal energy can be generated annually, which is equivalent to a carbon emissions avoidance of 200,000 kgCO_2e[(1)]
Energy Efficiency	• Solar responsive shading fins to prevent excessive solar heat gain and interior glare from curtain walls of the building • The solar thermal energy generated (see Renewable Energy above) heats up water that regenerates desiccant in the building's dehumidification system, reducing the need for purchased energy • Variable speed drive (VSD) chillers • Heat recovery systems • The use of LED lighting • Regenerative lifts	• Annual energy savings exceeding BEAM Plus[(2)] and LEED[(3)] baseline performance by >30% and >19% respectively • The solar-responsive architectural fins achieve an Overall Thermal Transfer Value (OTTV) of about 18W/sq m – significantly lower than the 24W/sq m requirement of Code of Practice for OTTV in Buildings issued by the Buildings Department • In 2022/2023, the common area electricity consumption of The Quayside was 11,547 MWh
Sustainable Water and Wastewater Management	• Cooling tower bleed-off for flushing • Water-efficient sanitary fittings • Rainwater recycling system	• Potable water reduction exceeding BEAM Plus and LEED baseline performance by >47% and >61% respectively • In 2022/2023, the common area water consumption of The Quayside was 52,776 m^3
Well-being	• Air Induction Unit (AIU) to enhance air quality and thermal comfort	• Achieved the air quality and thermal comfort standard of the WELL Building Standard. All pollutants tested including Total Volatile Organic Compounds (TVOC), Carbon Monoxide, $PM_{2.5}$ and PM_{10} are below the WELL Building Standard threshold limit

Notes:

(1) Using the 2019 emission factor of CLP Power Hong Kong Limited.

(2) Based on Building Energy Code 2012 Edition as baseline.

(3) Based on ASHRAE 90.1 2007 (Appendix G) as baseline.

Renovation to Existing Building – T.O.P This is Our Place

Project Name	Renovation to existing building – T.O.P This is Our Place	
Location	700 Nathan Road, Mong Kok, Kowloon	
Storey	23 (15-storey tower block and eight-storey retail podium)	
IFA[1]	1,981.51 sq m	
GFA[1]	26,456 sq m	
Certification		Certification Date
	• BEAM Plus Interiors V1.0 – Unclassified[2]	• July 2020
	• BEAM Plus Existing Buildings V2.0 Selective Scheme (Management) – Good	• March 2021
Net Proceeds Allocated	HK$0.095 billion	

Notes:

(1) The IFA covering eight-storey retail podium was used in applying for the BEAM Plus Interiors V1.0 scheme whereas the GFA was used in the application of the BEAM Plus Existing Buildings V2.0 Selective Scheme (Management).

(2) We allocated the green bond proceeds on this project targeting to obtain BEAM Plus Interiors V1.0 – Silver but have not achieved this target at the time of reporting. We have instead obtained BEAM Plus Existing Buildings V2.0 Selective Scheme (Management) – Good in March 2021.

Area of Focus	Highlights of Green Elements	Estimated Environmental Impact
Sustainable Building Materials	• Promotes the use of environmentally friendly materials and manufacturing processing by adopting sustainable flooring, ceiling, internal walls and door materials	• 85.6% of the flooring materials were manufactured in a factory that implemented an Environmental Management System (EMS) • 82.2% of all newly installed ceiling materials were made from recycled materials, manufactured locally within 800km radius from the project space, and in a factory that implemented an EMS • 58.6% and 67% of all internal wall and door materials were manufactured in a factory that implemented an EMS and were manufactured locally within 800km radius from the project space
Energy Efficiency	• Upgraded energy-efficient lighting systems in the common area	• Lighting Power Density (lux/sq m) was reduced by >60% compared to BEAM Plus(1) baseline performance • In 2022/2023, the common area electricity consumption of T.O.P This is Our Place was 3,446 MWh
Sustainable Water and Wastewater Management	• Upgraded water-efficient fixtures in the common area	• Adoption of the Water Efficiency Labelling Scheme (WELS) Grade 1 potable water fitments • Installation of sensor type water taps • In 2022/2023, the common area electricity consumption of T.O.P This is Our Place was 15,156 m^3
Indoor Environmental Quality	• Established Indoor Air Quality (IAQ) Management Plans during construction for both enabling work and main construction work in accordance with Construction IAQ Management Plan • Measured Total Volatile Organic Compounds (TVOCs), Formaldehyde (HCHO), Carbon Monoxide (CO), Nitrogen Dioxide (NO_2), Respirable Suspended Particulate (RSP, PM_{10}) and ozone level during normally occupied period	• Minimised potential IAQ problems arising from deconstruction and fit-out activities • Ensured our interior spaces were not under contamination from indoor sources or infiltration from outdoor sources during normally occupied period • Attained Good Class in the IAQ Certification Scheme administered by Environmental Protection Department

Note:

(1) Based on Building Energy Code (BEC) 2015 Edition as baseline.

Solar PV Installations in Lok Fu Place, TKO Spot and Tai Yuen Commercial Centre

1. *Lok Fu Place*
2. *TKO Spot*
3. *Tai Yuen Commercial Centre*

Project Name	Solar PV installation in Lok Fu Place, TKO Spot and Tai Yuen Commercial Centre
Net Proceeds Allocated	HK$0.010 billion

Area of Focus	Highlights of Green Elements	Estimated Environmental Impact
Renewable Energy	• Installation of solar photovoltaics (PV) system at roof	2022/2023 renewable energy generation: • Lok Fu Place: 79.1 MWh • TKO Spot: 77.5 MWh • Tai Yuen Commercial Centre: 51.3 MWh 2022/2023 carbon emissions avoided(1): • Lok Fu Place: 30,865 $kgCO_2e$ • TKO Spot: 30,244 $kgCO_2e$ • Tai Yuen Commercial Centre: 20,021 $kgCO_2e$

Note:

(1) Using the 2022 emission factor of CLP Power Hong Kong Limited.

Portfolio-wide Energy Efficiency Projects

Project Name	Portfolio-wide energy efficiency projects
Net Proceeds Allocated	HK$0.123 billion

Area of Focus	Highlights of Green Elements	Estimated Environmental Impact
Energy Efficiency	• Energy management projects in various properties	• Reduced energy consumption and improved operational efficiency via chiller replacement, chiller plant optimisation, lighting improvement, Variable Speed Drive (VSD) installation, re-commissioning and power analyser installation