

**SUSTAINABILITY
REPORT
2021**

STOCK CODE: 00010





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Hang Lung Group Limited

Stock code: 00010

Registered office: 28th Floor, Standard Chartered Bank Building, 4 Des Voeux Road Central, Hong Kong

Tel: +852 2879 0111 Email: Sustainability@HangLung.com

Web: www.hanglunggroup.com | www.hanglung.com/group/sustainability

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About this Report

This is the 10th sustainability report (the “Report”) for Hang Lung Group Limited (“the Company” or “Hang Lung Group”, stock code: 00010) and its subsidiaries (collectively known as “Hang Lung” or “the Group”), including Hang Lung Properties Limited (“Hang Lung Properties”, stock code: 00101). Hang Lung Group produced and issued this Report to disclose information transparently to our stakeholders on the Group’s material sustainability issues from January 1, 2021 to December 31, 2021, unless otherwise specified. This Report follows our Sustainability Report 2020, which was published online in May 2021.

Scope of this Report

This Report focuses primarily on the Group’s management approach to material sustainability issues. Economic and social key performance indicators (KPIs) reported across our material topics cover our entire operations. To ensure the disclosed data reflect the

normal operating conditions of the properties, unless otherwise specified, the reported environmental KPIs exclude new properties that have been operated by the Group for less than one year. Compared to our Sustainability Report 2020, the boundary of KPIs reporting in this Report has been expanded to include Spring City 66 in Kunming and Center 66 Office Tower 2 in Wuxi. Both of them opened in mid-2019 and reached significant occupancy levels in 2021, so in each case a full year of meaningful operational performance data is available for 2021. Heartland 66 in Wuhan has been excluded as it opened in March 2021. The reporting boundary for environmental KPIs also excludes sold properties. The properties covered by the reported environmental KPIs cover 24 properties in Hong Kong, as well as nine in mainland China.

Reporting Standards and Assurance

This Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option (May 2020 version) with content defined based on the principles of stakeholder inclusiveness, sustainability context, materiality, and completeness. It also complies with the Environmental, Social and Governance (“ESG”) Reporting Guide contained in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”) published (ESG Reporting Guide). The adoption of these reporting standards ensures that the content presented is accurate, balanced, clear, comparable, reliable and disclosed in a timely manner. We identified material ESG topics through ongoing stakeholder engagement and annual materiality assessment. Data are reported consistently and presented in a manner that allows for meaningful comparisons over time, and the methodologies used for calculations are described in the Performance Tables. The Report also reflects both positive and negative aspects of our performance to enable an unbiased and reasoned assessment. Information in this Report has been independently verified by the British Standards Institution against these aforementioned standards. Please refer to the Independent Assurance Opinion Statement on pages 96 to 98.

In addition, we support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and have adopted the framework recommended by the TCFD to discuss, on pages 102 to 106, the risks and opportunities brought by climate change, the potential impacts on our business, and the actions we are taking to mitigate risks and capture related business opportunities. Lastly, we have also made our best efforts to report against metrics required by the Sustainability Accounting Standards Board (SASB) for the real estate sector. Please refer to pages 117 to 118 for details.

Contact Us

We welcome your feedback on our sustainability report and sustainability performance. Please share your views with us at Sustainability@HangLung.com.



Weber Lo,
Chief Executive Officer

Message from the Chief Executive Officer

This **Sustainability Report 2021** is Hang Lung's 10th annual sustainability report, an auspicious milestone for the Group. We have much to share here, as we were hard at work in 2021 advancing our goal of sustainability leadership. Please allow me to highlight five major achievements:

1. 25 x 25 Sustainability Targets

Building on our 2030 Sustainability Goals and Targets endorsed by our Boards in 2020, we developed 25 sustainability targets to be achieved by the end of 2025 ("25 x 25 Sustainability Targets" or "25 x 25") in 2021. These targets provide all employees with a clear agenda over the next four years against our four sustainability priorities of Climate Resilience, Resource Management, Wellbeing and Sustainable Transactions. Progress towards these targets is directly tied to our biannual performance reviews.

2. Net-Zero by 2050 Commitment

Our subsidiary Hang Lung Properties became one of the first real estate groups in Asia to commit to setting both near- and long-term targets to reach net-zero value chain greenhouse gas (GHG) emissions by no later than 2050 in alignment with the Science Based Targets initiative's ("SBTi") Net-Zero Standard. We conducted extensive analyses prior to making this commitment.

3. Spring City 66, Kunming, 100% Powered by Renewable Energy

As an early win in support of our net-zero commitment, Spring City 66 is now 100% powered by renewable energy, making it the Group's first development and the first commercial complex in Yunnan Province to achieve net-zero carbon emissions in annual electricity consumption for both the landlord's and tenants' operations.

4. Response to COVID-19

In 2021, the Group launched initiatives worth HK\$27 million to support Hong Kong's COVID-19 vaccination drive. In February 2022, the Group announced a further donation of HK\$10 million to endow the "Hang Lung COVID-19 Relief Fund 2.0" to support urgent pandemic countermeasures and the operations of mobile cabin hospitals. We have also implemented a wide range of measures to safeguard the health and wellbeing of our employees, tenants and customers.

5. This Report

We took many other steps in 2021, both large and small, to advance our sustainability agenda. We improved our governance with amended policies and standards, introduced our first third party employee engagement survey, collected and analyzed new data on our emissions and resource consumption, deepened our learning and development agenda, engaged with both tenants and suppliers in innovative ways, and contributed more than 14,500 service hours to our communities. As the encapsulation of these and other efforts, we can share more in this report than we did a year ago.

Lastly, as for how we speak about sustainability in these pages, we aim to strike a balance. To be sure, we want to credit our team and stakeholders for our progress and lessons learned. But we also know that much more work is needed in a world beset by environmental, social and governance challenges. We will do our best to 'accelerate the change,' while remaining grounded in our own journey of sustainable growth. We hope you will join us.

Weber Lo
Chief Executive Officer
May 2022

About Hang Lung Group

Headquartered in Hong Kong, Hang Lung Group, through its subsidiary Hang Lung Properties, develops and manages a diversified portfolio of world-class properties in Hong Kong and the nine Mainland cities of Shanghai, Shenyang, Jinan, Wuxi, Tianjin, Dalian, Kunming, Wuhan and Hangzhou. With its luxury positioning under the “66” brand, the Group’s Mainland portfolio has established its leading position as the “Pulse of the City.” Hang Lung Group is recognized for its growing leadership role in enhanced sustainability initiatives in real estate as it pursues sustainable growth by connecting customers and communities. For details of our business performance and outlook, please refer to our [2021 Annual Report](#).

Our Vision

We create compelling spaces that enrich lives

Our Mission

We pursue sustainable growth by connecting our customers and communities

“Our mission of sustainable growth highlights both the financial and ESG dimensions of sustainability. We recognize that both are indispensable for our continued success”

- Weber Lo, CEO

Our Values

We live up to our brand motto of **We Do It Well** by focusing on

Integrity

Sustainability

Excellence

Openness

Integrity: We maintain the highest standards of integrity by operating according to principles of fairness, mutual respect and adherence to business ethics.

Sustainability: Together with our pursuit of sustainable business growth, we promote the long-term development and wellbeing of our communities.

Excellence: We are committed to delivering the finest services and experiences that surpass the expectations of our customers, tenants and communities.

Openness: We maintain an open and inclusive culture that respects diverse opinions. We strive to embrace new ideas and cultivate innovative thinking.



Sustainability Across Our Value Chain

To support our overarching goal of achieving sustainable growth, the Group considers sustainability to be integral to our business value chain.

FINANCING



In addition to our own revenue streams, we leverage various financing instruments to maintain healthy cashflow and sustain our growth. We regularly strengthen our partnerships with sustainability-minded financiers and investors, while driving capital towards projects and initiatives to create broader positive impacts for the environment and society.

DESIGN AND DEVELOPMENT



As a commercial real estate developer, we aspire to design and develop properties that provide long-term value creation. To do so, we must ensure that sustainability has been integrated throughout our project design and development cycle.

LEASING, SALES AND BUSINESS OPERATION



Commercial property leasing is the core business of the Group, supplemented by the sale of selected properties. We must ensure that the spaces we lease and the products we sell are sustainable. Doing so will appeal to tenants and customers who are also increasingly concerned about global sustainability challenges.

SERVICE DELIVERY



Our building operations, the services that we provide, and the activities of our tenants consume substantial resources. We must therefore enhance the operational efficiency of our buildings while maintaining a safe and healthy space to minimize adverse impacts on our environment and communities.






STAKEHOLDER ENGAGEMENT



Every day we interact with hundreds of thousands of people, from tenants and customers to business partners and community members. We must actively engage with our communities in sustainable practices, so that together we can drive systemic changes for our planet's future.

Highlights from 2021

Performance in Key Benchmarks and Indices

 <p>Hang Lung Properties upgraded to 4-star performance rating</p>	<p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p> <p>Hang Lung Properties moved up from 82nd >> 88th Percentile</p>	 <p>Hang Lung Properties upgraded to "A" rating</p>
 <p>Hang Lung Properties received a low ESG risk rating since July 2020</p>	 <p>Hang Lung Properties was included as a constituent of the FTSE4Good Index Series</p>	 <p>Hang Lung Properties upgraded to "AA" rating</p>

Awards and Recognition

<p>The Chamber of Hong Kong Listed Companies and The Centre for Corporate Governance and Financial Policy of Hong Kong Baptist University</p>	<p>Hong Kong Corporate Governance & ESG Excellence Awards 2021 - Awards of Excellence in Corporate Governance (Hang Seng Index Constituent Companies Category)*</p>
<p>The Hong Kong Institute of Certified Public Accountants</p>	<p>Best Corporate Governance and ESG Awards - Special Mention for ESG in the Non-Hang Seng Index (Medium Market Capitalization) Category</p>
<p>Hong Kong Economic Times</p>	<p>Excellent ESG Enterprise of 2020-2021*</p>
<p>Social Responsibility Conference</p>	<p>2021 Top CSR Company*</p>
<p>The 11th China Charity Festival</p>	<p>2021 Responsible Brands*</p>
<p>10th China Finance Summit</p>	<p>2021 Corporate Social Responsibility Model Award*</p>

* Received by Hang Lung Properties

Ambitious Targets Towards Sustainability Leadership



2050

Set Strategic Environmental, Social and Governance KPIs across the Group tied to departmental and employee performance reviews

25 x 25 Sustainability Targets



Our subsidiary Hang Lung Properties committed to setting both near-term and long-term targets to reach net-zero value chain greenhouse gas (GHG) emissions by no later than 2050

Spring City 66, Kunming is **100%** powered by renewable energy



> **1,800** volunteers
 > **138** volunteering activities
 > **14,500** service hours
 > **14,800** people benefitted



Launched initiatives worth **HK\$27** million to encourage **COVID-19 vaccination** in Hong Kong



Major Milestones



Conducted our first comprehensive **employee engagement survey** with a **97.4%** participation rate, followed by department-specific plans to strengthen employee engagement



Secured **28%** of total debts and available facilities from **sustainable financing**



Upcycled/reused **~24** tonnes of frontline **staff uniforms**

For further information on awards and recognition obtained by the Company, please visit our [corporate website](#).

Sustainability Governance and Policies

Sustainability Framework

In January 2020, we launched our enhanced Sustainability Framework, which comprises three foundations and four priorities. The Sustainability Framework provides clear direction for Hang Lung to define and strengthen a resilient business, make progress on key material issues together with our stakeholders, and achieve sustainability leadership.

Three Foundations: The three foundations describe the core organizational contexts and indispensable principles underlying all our sustainability efforts.

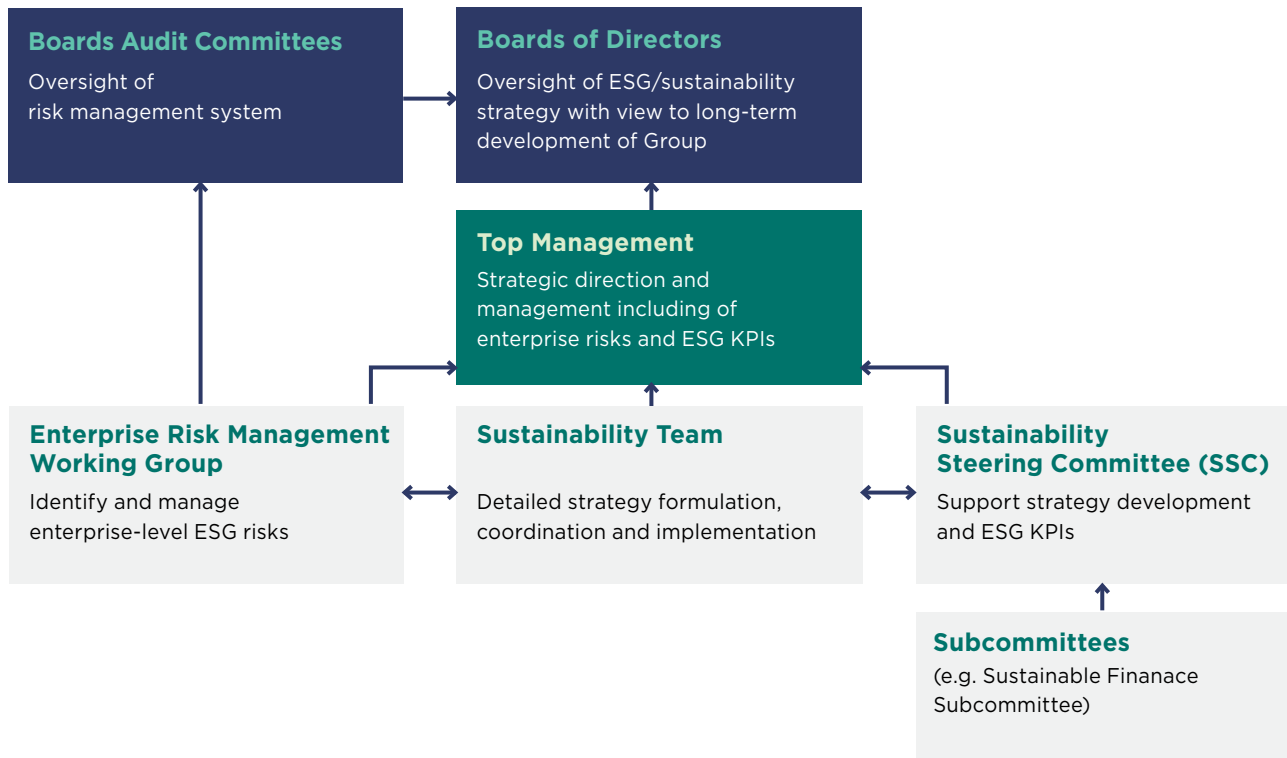
Four Priorities: The four priorities reflect the top four material sustainability issues of Hang Lung, where we aim to make significant progress and support our leadership ambitions in the next decade.



To provide clear guidance for our employees on developing and implementing initiatives aligned with our sustainability framework and leadership ambitions, we launched Hang Lung's [Sustainability Policy](#) in late 2020. We are planning to amend the policy in 2022 to incorporate our 25 x 25 Sustainability Targets and to elaborate on our commitments in several areas.

Sustainability Governance

The Group acknowledges the need for effective and strong sustainability governance, including clear definitions of accountabilities, roles and responsibilities among its various parties. Our sustainability governance is summarized as follows:



In 2021, we continued to strengthen and refine our sustainability governance at all levels.

Board Engagement

The Boards of Directors of Hang Lung Group and Hang Lung Properties (the “Boards”) have overall responsibility for the Group’s ESG strategy and reporting. They also provide oversight of sustainability trends, risks and opportunities affecting the long-term development and positioning of the Group.

In response to the requirements of the HKEX ESG Reporting Guide, the Boards issued a Joint Statement on Oversight and Management of Environmental, Social and Governance Issues ([the Joint Statement](#)) in November 2020. This statement elaborates on the Boards’ ESG management approach and strategy, as well as their role in reviewing progress against ESG-related goals and targets.

The Boards’ engagement on sustainability issues is robust. The Vice Chair of the Boards is also the executive responsible for overseeing the Group’s Sustainability Steering Committee and its Sustainability Team, the department dedicated to sustainability. In November 2021, the Vice Chair joined a plenary of the Asia Corporate Governance Association on the topic “Balancing the E, S and G: What smart corporate leaders need to know,” and that month he also joined a panel discussion on “Advancing Net Zero” organized by the Hong Kong Green Building Council.



“We continue to strengthen our sustainability governance to support our leadership ambitions.”

- Adriel Chan,
Vice Chair and Chair of SSC

The Sustainability Team reported twice to the Boards in 2021. It also conducted two separate briefings in late 2021 on the Science Based Target initiative’s Net-Zero Standard that were voluntarily attended by a majority of the Boards’ members.

Top Management

The top management of the Group provides oversight of the Group’s sustainability performance and progress towards achieving its long-term sustainability goals and targets, and its annual sustainability-related KPIs. The Sustainability Team reports to the Vice Chair and the CEO at least once a month. In addition, the direct reports of the CEO and Vice Chair all have sustainability-related KPIs for themselves and their departments against which their performance is measured annually.

Sustainability Steering Committee

Sustainability is a far-reaching, multi-disciplinary concept impacting every part of our business. The **Sustainability Steering Committee (SSC)**, currently chaired by the Vice Chair of the Group, and comprising 13 executives from major departments, meets regularly to ensure that understanding and expectations on sustainability are aligned across the Group.

The SSC also, supports long-term strategy development, the implementation of plans and progress tracking. The Terms of Reference of the SSC are available on our website. In 2021, the SSC agenda and achievements included:

- A progress review of the 2021 strategic ESG Key Performance Indicators (“Strategic ESG KPIs”)
- Endorsement of the 25 x 25 Sustainability Targets and 2022 Strategic ESG KPIs
- Endorsement of the Group’s plans related to the Science Based Targets initiative
- Several governance enhancements related to sustainability

Numerous other ad-hoc meetings on sustainability issues also occurred among various SSC members and other colleagues throughout the year.

Sustainability Team

Our Sustainability Team serves as a central function supporting the entire business in advancing its sustainability leadership ambitions. Led by the General Manager – Sustainability, it reports directly to the Vice Chair. In addition to reporting regularly to the Boards and Top Management, the Team works with colleagues across all aspects of the business to ensure we pursue our ambitious goals, targets and strategic ESG KPIs in a coordinated fashion. It also reports to the Enterprise Risk Management Working Group, as risk owner for the Group's response to climate change transition risks and physical risks.

Furthermore, in 2021 the Sustainability Team reported four times at “Key Corporate Project Management” meetings, held quarterly and attended by department heads and senior managers from nine departments. Each meeting highlights key sustainability issues and opportunities for the business's projects under development. They also provided detailed briefings to colleagues on climate mitigation, climate adaptation, sustainable procurement and other topics. In addition, the Team mentored two groups of Management Trainees on sustainability projects culminating in their presentations to the CEO. Lastly, they provided sustainability content for several internal business conferences, including the company-wide Hang Lung Management Conference.

Sustainable Finance Subcommittee

The Sustainable Finance Subcommittee (SFS) reports to the SSC. Chaired by the Chief Financial Officer, the SFS is comprised of six members, including executives responsible for finance, corporate sustainability, project planning and construction, and operations. The SFS meets regularly to discuss the latest market developments and the Group's plans for sustainable finance. It oversees the usage of sustainable finance and approves eligible projects as required by Hang Lung Properties Green Finance Framework.

Enterprise Risk Management Working Group

Effective risk management is critical to the Group's value creation, business continuity and resilience. It requires understanding risks throughout all phases of our business from asset selection, acquisition, and allocation, to ownership, management, and divestment. We are committed to continuously enhancing our **Enterprise Risk Management (ERM)** framework, linking it to our corporate strategies as well as integrating it into our day-to-day operations and decision-making processes. The ERM Working Group reports directly to the Audit Committees, which ensure proper oversight of the Group's risk management. Each enterprise-level risk is assigned to a risk owner who must continually monitor such risk and report to the ERM Working Group.

The Group acknowledges that ESG-related risks have become more important in recent years, and in response, we focus more on their internal oversight. For example, we refined our approach to risks related to climate change in 2021, one of the key ESG-related risks monitored and controlled under our ERM framework. The refined approach explicitly considers both physical and transition risks. We also complete an annual review of our latest materiality assessment of ESG-related risks, in order to determine whether the results warrant any adjustments to our enterprise-level risks.

Crisis Management

The Group also maintains a comprehensive crisis management system that ensures its preparedness to respond to and recover from emergencies. Our Crisis Management Manual sets out the principles, guidelines and measures in three aspects – prevention, response and recovery. This approach ensures the relevant personnel have clear guidance on their crisis roles and responsibilities.

Crisis drills are conducted every 12-24 months at each property. They aim to strengthen the awareness and skills of the crisis management team in protecting our corporate reputation and ensuring effective communication among departments in a crisis. Crisis management training is mandated for new joiners, while all existing colleagues must conduct the crisis management refresher program annually.

Key Sustainability-Related Policies and Governing Documents

Name of Document	Description
Board Policies and Documents	
Joint Statement on Oversight and Management of Environmental, Social and Governance Issues	Explains the Boards' oversight of ESG issues and how the Group approaches the management of ESG issues.
Board Diversity Policy	Sets out the Group's approach to achieve diversity on the Boards of Directors.
Corporate Policies and Documents	
Risk Management Framework	Explains the role of the Boards, Audit Committees and Management in relation to the design, implementation, and maintenance of a sound and effective risk management framework, and the principles underling our risk governance structure.
Whistleblowing Policy	Sets out the Group's policy on, and commitment to, whistleblowing and the protection of whistleblowers, and provides details on how reports of improprieties can be made and handled.
Sustainability Policy	Outlines our approach to pursuing sustainability leadership over the next decade, including our Sustainability Framework, 2030 Goals and Targets, and details of our Implementation and Governance.
Sustainability Steering Committee Terms of Reference	The SSC comprises a cross-section of senior executives, and provides a dedicated structure for the Group to advance its goal of achieving sustainability leadership. The terms of reference provide a framework for the general mandate and effective functioning of the SSC.
Competition Law Policy	Sets out the Group's policy of compliance with competition law, including the <i>Competition Ordinance (Cap 619)</i> in Hong Kong and the <i>Anti-Monopoly Law</i> and <i>Anti-Unfair Competition Law</i> in the People's Republic of China.

Code of Conduct and Related Policies for Employees

Code of Conduct	Acts as a benchmark of ethical behavior for all directors and staff members to follow.
Equal Employment Opportunities Policy (see Code of Conduct , part 13.1)	Sets out guidelines to ensure we provide a work environment that is free from all forms of unlawful discrimination. It is applicable to all human resources policies and practices including staff recruitment and selection, staff transfer, promotion, training and development, discipline, termination, and compensation and benefits.
Personal Data (Privacy) Policy (see Code of Conduct , part 13.2)	Provides guidance to protect data privacy and the confidentiality of employee personal data, and to comply with applicable legislation.
Occupational Health and Safety Policy (see Code of Conduct , part 13.3)	Outlines the Group's commitment to providing a safe and healthy environment for employees, including occupational safety guidelines to be observed by all directors and staff members.
Staff Handbook	Provides a summary of employment terms and benefits. It covers employee-related policies and procedures including grievance procedures, whistleblowing and protection of intellectual property.
Employee Cybersecurity Policy	Provides guidance to employees on maintaining a secure working environment and especially protecting confidential information.
Policy on Offering Advantages and Entertainment	Provides guidelines to all staff members when offering advantages and/or entertainment during the normal course of business, including prohibitions. Clear approval and monitoring procedures are established to ensure strict compliance with this policy.

Policies for Contractors and Suppliers

Code of Conduct for Contractors	Sets out the compliance standard expected of suppliers when conducting business with the Group. The Code includes requirements for compliance with laws and regulations, conducting business ethically, care for employees, responsible labor practices, responsibility to the communities, and ethical use of information.
Sustainable Procurement Policy	Promotes sustainable procurement decisions and practices; strengthens sustainability collaboration with our suppliers.

Sustainable Finance Policies

Hang Lung Properties Green Finance Framework	Demonstrates how the Group, through its subsidiary Hang Lung Properties, intends to pursue green finance transactions.
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Specific Policies with ESG Aspects

Sustainable Event Guideline	An internal document that establishes key principles to enhance sustainability collaboration with tenants, marketing event suppliers and customers, for advancing sustainability priorities.
Project Management Manual	An internal control document containing sustainability requirements for project development stages, including land/asset acquisition and project planning. A variety of ESG issues including biodiversity, heritage conservation, accessibility, health impact assessment, renewable energy, and climate adaptation (among others) should be considered as early as possible.
Operating Manual and Procedures	An internal control document for goods and services procurements from third-party suppliers/contractors. To ensure a supplier's ESG performance, the ESG evaluation guidelines are embedded within the procurement stages including new supplier registration, prequalification, tender specification and review.

Ethics and Integrity

Integrity is the Group's cornerstone value upon which we build a sustainable future for our investors, clients and people. We are proud to uphold a zero tolerance policy with regard to corruption and dishonesty, and to have systems and procedures that enhance transparency and accountability at all levels. Our previous motto, We Do It Right, has evolved into **We Do It Well**, with both expressions evoking this foundational feature of our corporate culture.



Employees completed
integrity training
100%

Anti-Bribery and Anti-Corruption

Fraud and corruption activities are considered seriously and subject to periodic monitoring as an enterprise risk under our existing ERM framework. We uphold our integrity culture through multiple means:

- Relevant requirements to our staff are provided in our Staff Handbook, Code of Conduct, and our Policy on Offering Advantages and Entertainment
- Employees are reminded twice a year to declare in writing and seek approval from a senior executive of the Group when an actual or a potential conflict of interest arises
- Periodic e-mail reminders are sent out by the Human Resources Department to all staff during festive seasons listing the guidelines for sending and/or receiving advantages
- Integrity online training is provided to employees, covering the Group's integrity standards, zero-tolerance approach to bribery and corruption, ways to handle improprieties and case studies. At the end of the program, participants must pass a test to demonstrate they have sufficient knowledge of the topic. The online training is mandated for new staff, with refresher training required for all other staff annually. In 2021, 100% of our staff completed either introductory or refresher integrity training
- In 2021, 131 of our Hong Kong staff attended the webinars organized by the Independent Commission Against Corruption (ICAC) regarding corruption prevention and staff integrity management

- Relevant requirements for our vendors/suppliers are embedded in our Code of Conduct for Contractors, as an integrated part of tendering documents and/or service agreements
- Periodic letter reminders are issued to all vendors/suppliers to remind them of our integrity standards and our available whistleblowing channels for them to raise any concerns over bribery, corruption or any malpractice

Whistleblowing Policy

The Group is committed to establishing and maintaining best practices in corporate governance. All directors, employees and related third parties are expected to conduct themselves with integrity, impartiality and honesty with zero tolerance for unethical behavior. A whistleblowing mechanism has been established for internal stakeholders (such as employees) or external stakeholders (such as consultants and contractors, customers and tenants) to raise serious concerns on matters related to suspected or actual improprieties or any behavior that may constitute misconduct, malpractice or irregularities that should be reported.

The Group respects that whistleblowers may wish to file their concerns in confidence and is committed to protecting individuals who make complaints in good faith from any unfair treatment (which may include protection against retaliation or victimization, unwarranted disciplinary action or unfair dismissal). Strict measures are in place to protect the identity of whistleblowers as well as all information collected, and only limited parties are granted access on a need-to-know basis. Associated investigations are governed by an independent investigation panel comprising senior executives from legal, human resources, corporate audit and/or relevant corporate functions to ensure all complaints are handled consistently, objectively and impartially. The results of such investigations are reported to the Audit Committees twice every year.

The whistleblowing policy is subject to periodic review and communicated to all stakeholders via different channels (such as websites, periodic circulars and correspondences, training, tender documents and terms of contracts, etc.). Our full [whistleblowing policy](#) is available on our corporate website.

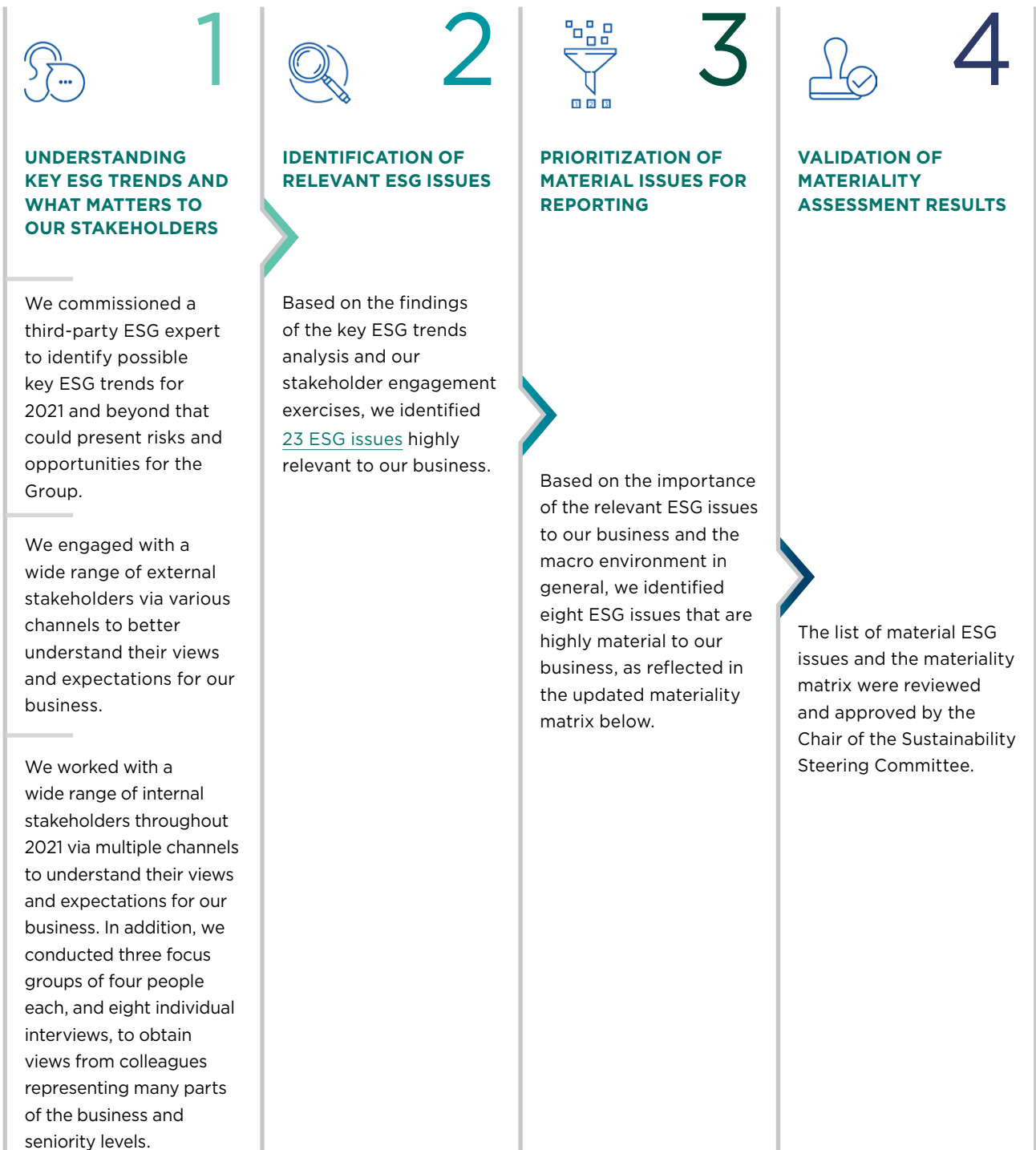


Materiality and Stakeholder Engagement

The Group has a robust approach to materiality assessment, stakeholder engagement trends analysis and the prioritization of material ESG issues.

2021 Materiality Assessment Process

Materiality assessment is critical for advancing our sustainable development efforts. We first identify, analyze and refine our understanding of multiple dynamic ESG issues that could affect our business and our stakeholders. We then prioritize them into a short-list of topics that informs our business strategy, targets and reporting. Our 2021 materiality assessment process is set out in four steps below.

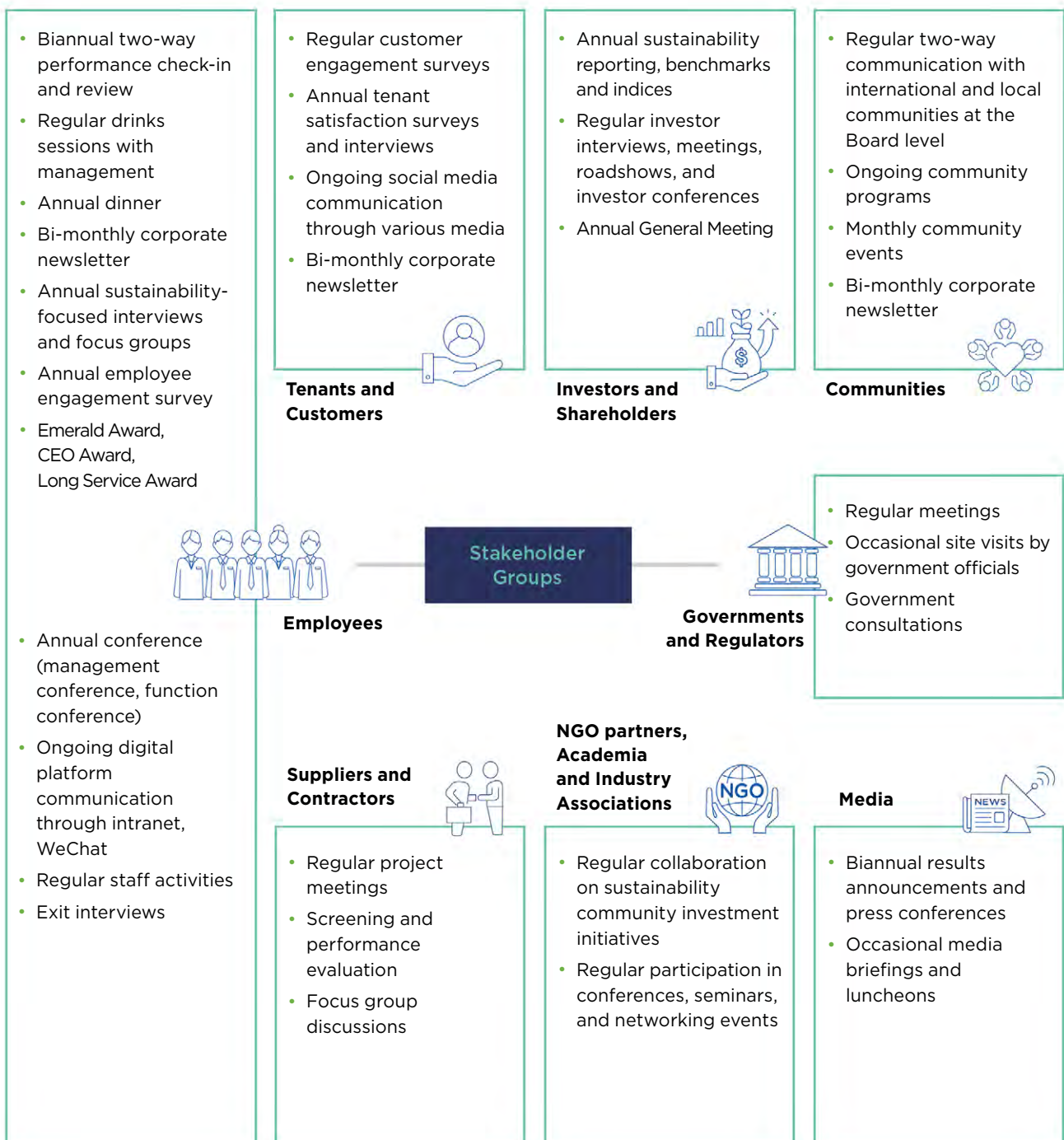


Stakeholder Engagement

Our approach to stakeholder engagement ensures a good understanding of the views and expectations that help define our current and future sustainability strategies. We proactively engage with stakeholder groups directly impacted by our operations, such as employees, investors, customers, tenants, suppliers and contractors. We also engage with groups for guidance on our focus areas and whose interests intersect with our business interest in various ways, such as local communities, NGO partners, the government, academia, media, and industry associations.

In 2021, we continued to engage regularly with key stakeholder groups, as listed in the table below, to ensure the effective communication of our sustainability progress regarding their concerns. Feedback collected through all stakeholder engagement exercises also contributed to the preparation of this Report.

Forms of Engagement



Issues that Matter: Key Sustainability Trends

To strengthen the Group's understanding of how the fast-changing sustainability landscape presents risks and opportunities to our business, we conducted an analysis to identify emerging sustainability and industry trends. In 2021, nine key trends were identified as relevant to the Group.

Nine Key Trends	Synopsis	Relevance to Our Business
Inequality	Economic inequality continues to be a global challenge. To drive real equity at scale, actions need to extend beyond the corporate workplace to the supply chain, communities, customers, external partners, and through public policy.	Inequality may reduce employee productivity and morale, disrupt supply chains, constrain customer spending and/or even lead to social instability. We strive to work with our stakeholders to foster equality and diversity across our value chains.
Net-zero Carbon Commitments	<p>According to the research initiative Net Zero Tracker, 90% of the world's GDP is now covered by net-zero commitments, and 131 countries have put forward emissions targets.</p> <p>The Hong Kong government announced its Climate Action Plan 2050 in October 2021, and in December 2021, HKEX published a Net-Zero Guide for Hong Kong listed issuers.</p>	<p>Reducing carbon emissions in buildings is crucial to achieving net-zero emissions as buildings represent about 40% of global greenhouse gas (GHG) emissions. To align our decarbonization efforts with climate science, our subsidiary Hang Lung Properties has committed to setting a net-zero target through the Science Based Targets initiative (SBTi).</p>
Climate Risks and Enhanced Disclosure	<p>The UN Secretary General called the sixth IPCC Climate Report released in August 2021 as "code red for humanity," and the authors believe a temperature rise of 1.5°C will be reached by 2040 in all scenarios.</p> <p>HKEX's ESG reporting requirements have incorporated key recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and is reviewing its ESG reporting framework to further align with TCFD recommendations by 2025.</p>	<p>The real estate sector is particularly vulnerable to physical and transition climate risks as buildings are fixed in locations and are energy-intensive to build and operate. We are striving to ensure our portfolio is as climate resilient as possible.</p> <p>In terms of disclosure, we have provided climate-related information with reference to TCFD recommendations since 2019, and are committed to improving the quality of these disclosures by 2025. We also closely monitor industry trends to keep abreast of developments in sustainability reporting standards.</p>
Health and Wellbeing	Wellness is growing in importance. According to the Global Wellness Institute, the global wellness real estate industry will reach a value of US\$197 billion by 2022, having grown by 6.4% annually since 2015. And wellness lifestyle real estate developments positioned at the middle/upper ends of the market are achieving home sale price premiums averaging 10-25%.	With the rising demand for healthy buildings, we aim to attract customers and tenants by incorporating wellness elements into building designs and promoting the health and wellbeing of our building occupants.

Nine Key Trends	Synopsis	Relevance to Our Business
<p>Increasing ESG Investing Appetite</p>	<p>Reuters has described 2021 as “the year of ESG investing.” A record US\$649 billion poured into ESG-focused funds worldwide through November 2021, up from the US\$542 billion and US\$285 billion that flowed into these funds in 2020 and 2019 respectively. ESG funds now account for 10% of worldwide fund assets.</p>	<p>Investors are increasingly encouraging us to invest our capital in sustainable projects, and financial institutions are increasingly offering a wide range of sustainable financial products to us and other companies.</p>
<p>Acceleration of Technologies</p>	<p>Forbes Business Development Council has identified several technology trends in the real estate industry to monitor in 2022: virtual tours, e-signing, property management automation, conversational artificial intelligence (AI), big data, blockchain, internet of things (IoT), and real estate crowdfunding platforms.</p>	<p>The rapid development of innovative technologies creates opportunities for us to improve service quality and operational efficiency, such as leveraging IoT technologies and automated systems to optimize property management, and conversational AI to enhance customer experience.</p>
<p>Circular Solutions</p>	<p>The “Circularity Gap Report 2022,” published by Circle Economy, finds that circular economy strategies can cut global GHG emissions by 39% and help avoid climate breakdown. The 22.8 billion tonnes of annual emissions associated with creating new products from virgin materials can be eliminated by applying circular strategies.</p>	<p>By applying circular principles to building design and operations, we can reduce operational and embodied carbon emissions and other types of pollution, as well as reduce our dependency on raw materials, making us more resilient to potential supply chain disruptions.</p>
<p>Diversity and Inclusion (D&I)</p>	<p>D&I can impact significantly on a company’s ability to recruit talent, engage and retain employees, and grow into new markets. And HKEX has imposed new requirements to listed issuers, aiming to promote gender diversity at the board level and gender ratios in the workforce.</p>	<p>The Group recognizes the valuable contribution of all our employees, regardless of gender, age, disability, race, or marital status. We also recognize that an inclusive workplace can attract more talent and boost employee satisfaction and productivity.</p>
<p>Nature-related Risks and Biodiversity</p>	<p>In October 2021, the United Nations called on countries to protect and conserve 30% of their territory by 2030. In response, 94 world leaders from across five continents representing around 38% of global GDP committed to this target.</p> <p>The Taskforce on Nature-Related Financial Disclosures (TNFD) was launched in June 2021 to provide a framework for organizations to report on risks from biodiversity loss and ecosystem degradation.</p>	<p>Property development and operations can significantly impact the environment through pollution and land use changes. To protect natural habitats and biodiversity, we aim to minimize the environmental impacts of our developments with responsible planning and design.</p>

Identification of Relevant ESG issues

The Group regularly reviews ESG issues relevant to our business based on our assessment of global sustainability trends and feedback from our stakeholders. In 2021, we identified 23 ESG issues considered relevant to our business, including a newly introduced topic of “Biodiversity.”

The table below lists the 23 ESG issues considered in the materiality assessment in 2021.

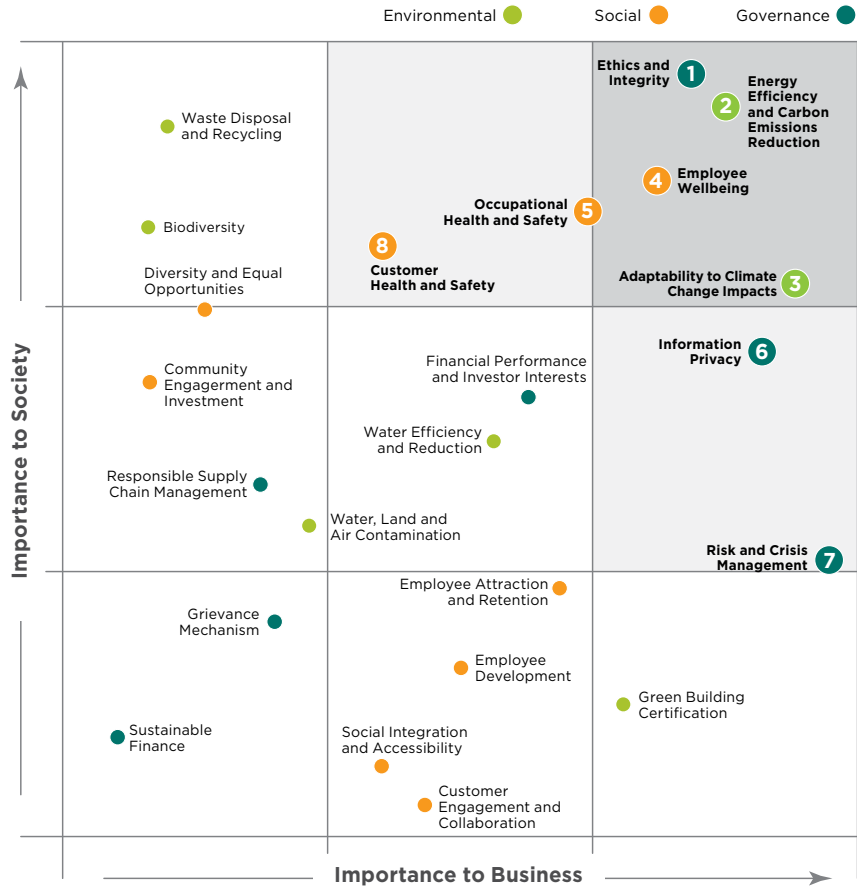
Environmental	Social		Governance
	Employees	Customers and Communities	
Energy efficiency and carbon emission reduction	Occupational health and safety	Customer health and safety	Ethics and integrity
Green building certification	Employee attraction and retention	Community engagement and investment	Risk and crisis management
Biodiversity	Employee wellbeing	Social integration and accessibility	Information privacy
Waste disposal and recycling	Employee development	Customer engagement and collaboration	Financial performance and investor interests
Water, land, and air contamination	Diversity and equal opportunities		Responsible supply chain management
Adaptability to climate change impacts			Grievance mechanism
Water efficiency and reduction			Sustainable finance



Prioritization of Material Issues

Upon identifying the ESG issues most relevant to our business, we analyzed them for their relative importance, taking into account each issue's importance to society and its importance to our business. Through the assessment we considered and weighed multiple inputs, including: surveys from external and internal stakeholders, our internal ERM risk register, research into key ESG trends, consumer research, and sustainability and financial reporting standards. The resulting prioritization is as follows:

Among the 23 ESG issues, we identified the following eight in the top right of the materiality matrix as those that are most material to our business.



Material ESG issues	Stakeholders impacted								GRI Standards	Addressed in this Report
	Employees	Investors & Shareholders	Tenants & Customers	Suppliers & Contractors	Communities	NGO partners, Academia, & Industry Associations	Governments & Regulators	Media		
1 Ethics and Integrity	•	•	•	•			•	•	GRI 205	Sustainability Governance and Policies
2 Energy Efficiency and Carbon Emissions Reduction	•	•	•	•	•	•	•	•	GRI 302 GRI 305	Climate Resilience; Resource Management
3 Adaptability to Climate Change Impacts	•	•	•	•	•	•	•	•	GRI 305	Climate Resilience
4 Employee Wellbeing	•	•	•	•			•		GRI 401 GRI 404 GRI 405	Wellbeing
5 Occupational Health and Safety	•	•	•	•		•	•	•	GRI 403	Wellbeing; Sustainable Transactions
6 Information Privacy	•	•	•	•			•	•	GRI 418	Sustainable Transactions
7 Risk and Crisis Management	•	•	•	•			•	•	GRI 201 GRI 205 GRI 401	Sustainability Governance and Policies
8 Customer Health and Safety	•	•	•	•			•	•	GRI 416	Wellbeing

In this Report, we disclose in detail the concerns and ideas raised by our stakeholders and our responses regarding the eight material issues. In addition, the Report also outlines our management approach and performance for the remaining topics. Please refer to the Content Indices for Reporting Guidelines section for the respective GRI topic numbers of material issues.

Hang Lung's Goals, Targets and KPIs

Sustainability Goals and Targets

The Group recognizes that sustainability leadership requires a well-integrated set of short, medium and long-term goals, targets and KPIs.



In December 2020, after almost a year of internal and external consultation, the Group [announced](#) a set of sustainability goals and targets for 2030. Organized according to the four priorities of our Sustainability Framework, the goals provide broad principles governing our efforts, while the targets provide more specific intended outcomes for each goal. This 2030 agenda reaffirms the Group's commitment to creating sustainable value and reflecting our ambition to become one of the world's most sustainable real estate companies.

In December 2021, the Group moved a step further, announcing a set of targets to be achieved by the end of 2025 ("25 x 25 Sustainability Targets" or "25 x 25"). These 25 x 25 targets address the four priorities outlined in the Group's Sustainability Framework, defining concrete and quantifiable measures to tackle sustainability challenges and providing employees with a clear blueprint for the next four years. The highlights include:

<p>Targets related to Scopes 1, 2, and 3 emissions, renewable electricity, and climate adaptation.</p>	<p>Targets related to recycling, water use, and landfill diversion.</p>
<p>Targets related to suppliers' ESG performance, marketing events, leases, sustainable finance, and asset acquisitions.</p>	<p>Targets related to employee engagement, gender pay ratio, people with disabilities, health and wellness, safety, and youth.</p>



Climate Resilience



Resource Management



Sustainable Transactions



Wellbeing

Please see below the full list of **2030 Sustainability Goals and Targets** and the **25 x 25 Sustainability Targets**.

CLIMATE RESILIENCE 

2030 Goal

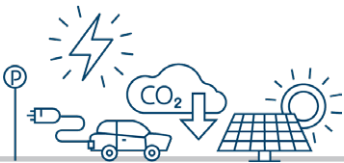
Reduce carbon footprint in line with climate science

2030 Targets

1. Build a nearly net-zero carbon building
2. Demonstrate best efforts to achieve a 70% reduction in scopes 1 and 2 greenhouse gas emissions intensity (per m²), compared to 2018 baseline

25 x 25 Sustainability Targets

1. 40% cumulative reduction in GHG intensity (kg CO₂e/m²) relative to 2018
2. 18% cumulative reduction in electricity intensity (kWh/m²) relative to 2018
3. 25% of our mainland China portfolio electricity demand met by renewable energy
4. Wherever feasible exceed local regulations for the provision of parking spaces installed with EV charging facilities across our portfolio
5. Demonstrate best efforts to achieve at least 10% reduction in embodied carbon intensity (kg CO₂e/m²) for new development projects that begin in 2022 or later, compared to typical practice in an equivalent building
6. 15% reduction in GHG intensity (kg CO₂e/m²) from tenants' electricity consumption for our properties in mainland China, relative to 2018
7. Complete technical analysis for climate adaptation measures for all properties



RESOURCE MANAGEMENT 

2030 Goal

Promote circular economy by reducing resource consumption and maximizing recycling

2030 Targets

3. Incorporate circular building principles in new properties
4. Implement water management program in all properties
5. Divert 90% of operational waste from landfill

25 x 25 Sustainability Targets

8. 60% of construction waste diverted from landfill for new projects starting in 2022 with maximized recycling
9. Demonstrate best efforts to maximize the use of recycled, reused and bio-based materials on all new projects
10. 10% reduction in water intensity (m³/m²/year) relative to 2018
11. 70% of operational waste diverted from landfill



WELLBEING

2030 Goal

Ensure employees, customers and communities enjoy an unrivalled environment that promotes their health and wellbeing

2030 Targets

6. Assess wellbeing for all employees and key customers
7. Meet or exceed wellbeing standards for new properties
8. Work with youth on sustainability solutions in all cities where we have assets

25 x 25 Sustainability Targets

12. Achieve an employee engagement rating greater than or equal to the 75th percentile
13. Maintain Female-to-Male pay ratio of 1:1
14. Conduct an audit of all our properties and corporate practices on how to enhance wellbeing and opportunities for persons with disabilities
15. Obtain local or international health and wellness certification for all our existing Mainland properties
16. Obtain WELL Gold certificate or equivalent for at least one new property in Hong Kong and mainland China
17. Deliver priority ESG training targeted to all departments and seniority levels
18. Maintain a Lost Time Injury Rate of 1.5 or below for employees
19. Maintain zero work-related fatalities for employees and contractors
20. Work with youth on wellbeing community initiatives at all properties by 2025



SUSTAINABLE TRANSACTIONS

2030 Goal

Collaborate with all suppliers and customers to advance our sustainability priorities

2030 Targets

9. Implement supplier evaluation and ranking system
10. Engage all tenants on emissions reduction, resource management, and wellbeing enhancement

25 x 25 Sustainability Targets

21. Embrace technology to build a robust digital platform for assessing suppliers' ESG performance
22. 100% of marketing events evaluated for their sustainability impacts
23. 100% of leases incorporate sustainability provisions
24. 50% of total debts and available facilities from sustainable finance through our subsidiary Hang Lung Properties
25. 100% of potential asset acquisitions include ESG due diligence



Annual ESG KPIs Introduced in 2021

In October 2020, in support of our 2030 goals and targets, our SSC endorsed the concept of annual strategic ESG KPIs. We set 36 strategic ESG KPIs for 2021. These have empowered us to collect more data and drive change in areas as varied as GHG reduction, sustainable procurement for our operations and projects, and improving the wellbeing of our employees, with departmental progress directly tied to their annual performance reviews. We completed 34 of 36 ESG KPIs on schedule. The two remaining KPIs, concerning the installation of sub-metering for energy and water, will be completed in the first half of 2022. While we are pleased by our ESG KPI progress in 2021, we need to continue to make significant progress in all these topics. In other words, the KPIs for 2021 represent only the start of a structured, disciplined process that will continue annually on the path to 2025, 2030 and 2050.

2022 ESG KPIs

In October 2021, the SSC endorsed 28 strategic ESG KPIs for 2022, with the breakdown as follows:

Category	Number of Strategic ESG KPIs	Examples of Topics Addressed
Climate Resilience	8	<ul style="list-style-type: none"> • Scopes 1, 2 and 3 GHG emissions reductions • Renewable energy • Electric vehicle parking • Adaptation to physical risks from climate change
Resource Management	6	<ul style="list-style-type: none"> • Reduce construction waste • Increase recycled, reused and bio-based materials • Improve water use efficiency • Reduce waste to landfill
Wellbeing	9	<ul style="list-style-type: none"> • Employee engagement • Diversion and inclusion practices, policies and training • Safety practices for construction and operations • Work with youth on community initiatives
Sustainable Transactions	5	<ul style="list-style-type: none"> • Digital platform for assessing suppliers on ESG • Sustainability provisions in leases • Increase sustainable finance • ESG due diligence on potential asset acquisitions

The strategic ESG KPIs cascade down to expectations for individual employees and are tied to the biannual performance appraisal process. For the complete details of the above 2022 Strategic ESG KPIs, please see pages 94 to 95. We are disclosing these KPIs publicly not only to hold ourselves accountable, but also to encourage stakeholder collaboration in all the areas identified.



Climate Resilience

Adapt to climate change
and decarbonize our business

Relevant GRI Disclosure:
201 (2016), 302 (2016), 305 (2016)

Climate Resilience

Highlights

Hang Lung Properties committed to **net-zero emissions** by **2050** in alignment with Science Based Target initiative's **Net-Zero Standard**



Spring City 66, Kunming became first property **100% powered** by **renewable electricity** for purchased electricity (Scope 2 emissions)



First calculation of **Scope 3 emissions**, and the formulation of reduction initiatives and targets (e.g., embodied carbon)



In pursuing climate resilience, we aim to manage both transition risks to a low carbon future and physical risks from the effects of a changing climate. Material climate-related risks are identified, managed and disclosed under our Enterprise Risk Management Framework. The Group also sees climate resilience as an opportunity: for leadership, to help contribute solutions to the climate crisis, and to strengthen relationships with like-minded stakeholders and customers.

This year, we continued to identify and manage climate issues relevant to our business. The table below summarizes climate related risks and opportunities, potential consequences for our business, and how we are managing these potential business impacts.



Climate-related risks	Potential consequences	Our responses
Physical risks		
Acute physical changes, such as increased severity and frequency of extreme weather events e.g., typhoons, intense precipitation, flooding, and extreme temperature	<ul style="list-style-type: none"> Increased operating and maintenance costs Reduced revenue due to business disruptions Increased insurance premiums Increased health and safety hazards 	<ul style="list-style-type: none"> Undertaking physical risk assessment at the portfolio-level to examine the Group's exposure to hazards Installing floodgates at entrances, and providing sandbags and water pumps to reduce flooding risks Providing regular checks and maintenance to curtain wall system, signage and glazing doors to prevent any potential physical risks caused by strong wind and heavy rain (e.g., typhoons, flooding, storms) In Westlake 66 in Hangzhou, we improved the design parameters for wind pressure to prevent potentially strong wind risks Crisis response plans in all our properties, including a simulation every 12 to 24 months
Chronic physical changes, such as changes in precipitation and weather patterns, mean temperature increase, and sea level rise	<ul style="list-style-type: none"> Increased operating and maintenance costs Reduced revenue due to business disruptions Write-offs and early retirement of existing assets Reduced workforce productivity 	<ul style="list-style-type: none"> Optimizing the operating efficiency of HVAC systems to reduce electricity consumption despite rising temperatures Incorporating climate resilient features into the building design of our new projects. For instance, in several new projects we are including overflow pipes on the roof and lowest floor, and a reserve floodgate for car ramp entrances Strengthening flooding mitigation measures on construction sites, e.g., applying sand bags or flood gates to entrances
Transition risks		
More ambitious climate policies and regulations to support international decarbonization efforts	<ul style="list-style-type: none"> Increased compliance costs Increased operating costs 	<ul style="list-style-type: none"> Committed to making greenhouse gas reductions in line with climate science Conducted a carbon pricing analysis in 2021 to understand our potential exposure to carbon price risk up to 2030 Regularly monitor regulatory changes in laws, policies and regulations to ensure compliance
Changing investor behavior to increase climate advocacy or divest out of businesses that fail to implement effective measures to manage climate risks	<ul style="list-style-type: none"> More stringent reporting obligations Reduced availability of capital 	<ul style="list-style-type: none"> Maintain high transparency on ESG issues to build trust and confidence among our investors Report against globally recognized frameworks such as TCFD, CDP and GRI to facilitate a clear assessment of our climate performance
Growing stakeholder preference for companies and properties that are more prepared for climate change	<ul style="list-style-type: none"> Reduced revenue Property devaluation 	<ul style="list-style-type: none"> Analyze emerging industry trends regularly Maintain close communication with stakeholders to understand their concerns and expectations Make efforts to demonstrate to our stakeholders our climate resilience through annual reporting, investor meetings, speaking engagements, etc.

Climate-related opportunities	Potential consequences	Our responses
Economic or policy incentives that support the transition to a low-carbon economy	<ul style="list-style-type: none"> • Reduced operating costs • Introduction of new technologies • Access to capital 	<ul style="list-style-type: none"> • Applying for subsidy schemes in Hong Kong and mainland China to fund energy efficiency projects • Raised funds to finance environmental projects under Hang Lung Properties Green Finance Framework and Sustainability-Linked Loans
Higher building energy efficiency and better operational management	<ul style="list-style-type: none"> • Reduced operating costs 	<ul style="list-style-type: none"> • Installed smart energy meters at our Hong Kong and mainland China properties to optimize energy management • Conducted energy retrofits of building facilities to enhance building energy efficiency, such as optimization of HVAC and lighting systems in most Hong Kong and mainland China properties, with lift modernization and upgrading works in three properties in Hong Kong • Leveraged smart digital data collection and analysis platform to enhance data accuracy, reporting effectiveness and working efficiency • Piloted an artificial intelligence technology in the headquarters of the Standard Chartered Bank Building to drive energy efficiency improvements; expecting to achieve an electricity reduction of 10% or more from HVAC consumption
On-site renewable electricity generation at our properties and offsite renewable electricity procurement	<ul style="list-style-type: none"> • Reduced electricity costs • Increased revenue • Increased market valuation 	<ul style="list-style-type: none"> • Procured renewable energy for 100% of our electricity needs at Spring City 66 in Kunming • Installed on-site solar panels at eight properties which generates over 600 MWh of renewable energy annually • Installed ground source heat pumps at Westlake 66 in Hangzhou in 2021 to improve energy efficiency by 20-30%, compared to conventional energy systems
Collaboration with peers and industry associations to drive a faster transition to a low-carbon economy	<ul style="list-style-type: none"> • Synergy with partners that increase the business rationale and enhance the benefits 	<ul style="list-style-type: none"> • Collaborating with business communities to combat climate change. We are one of the founding signatories of the Business Environment Council (BEC) Low Carbon Charter, the first business-led carbon reduction initiative in Hong Kong • Exchanged ideas with peers on embodied carbon targets, challenges and plans at an Urban Land Institute (ULI) event • Supporting local and international climate-related initiatives, such as being a signatory of the 4T Charter, and committing to the Science Based Targets initiative's Net-Zero Standard and its related campaigns, the UN Global Compact's Business Ambition for 1.5°C campaign and UN Race To Zero campaign

Climate-related opportunities	Potential consequences	Our responses
<p>Growing stakeholder preference for companies and properties that are more prepared for climate change</p>	<ul style="list-style-type: none"> • Attract high value tenants • Attract and retain talent • Higher marketability 	<ul style="list-style-type: none"> • Obtaining green building certifications for all new projects • Demonstrating our commitment in response to climate change, such as completing technical analysis for climate adaptation measures for all properties by 2025 • Highlighting our sustainability commitments and progress in our recruiting efforts • Collaborating with our tenants on sustainability initiatives, including ones related to emissions reduction and energy efficiency

Please see pages 102 to 106 for a matrix demonstrating the Group's alignment with TCFD's disclosure requirements with respect to governance, strategy, risk management and metrics.



Journey of Decarbonization



CEO Mr. Weber Lo supporting the Hong Kong Government's pledge of achieving carbon neutrality by 2050

Hang Lung Properties is one of the **first real estate companies in Asia** to commit to **SBTi's Net-Zero Standard**

Science Based Targets initiative (SBTi) and Net-Zero Standard

In December 2021, our subsidiary Hang Lung Properties became one of the first real estate companies in Asia to commit to setting both near- and long-term targets to reach net-zero value chain greenhouse gas (GHG) emissions by no later than 2050. The targets will be in alignment with the Science Based Targets initiative's ("SBTi") Net-Zero Standard.

Launched in October 2021, SBTi's Net-Zero Standard is the world's leading standard for corporate net-zero carbon emissions target setting in line with climate science. It includes the guidance, criteria, and recommendations for companies to set science-based net-zero targets consistent with limiting global temperature rise to 1.5°C. In committing to set a net-zero target through the SBTi, Hang Lung Properties also joined the Business Ambition for 1.5°C campaign, a global coalition, and the United Nations-led Race To Zero campaign.

Our **Scope 1 and 2 GHG Emissions Intensity Reduction in 2021**

28.9%
compared with 2018 baseline

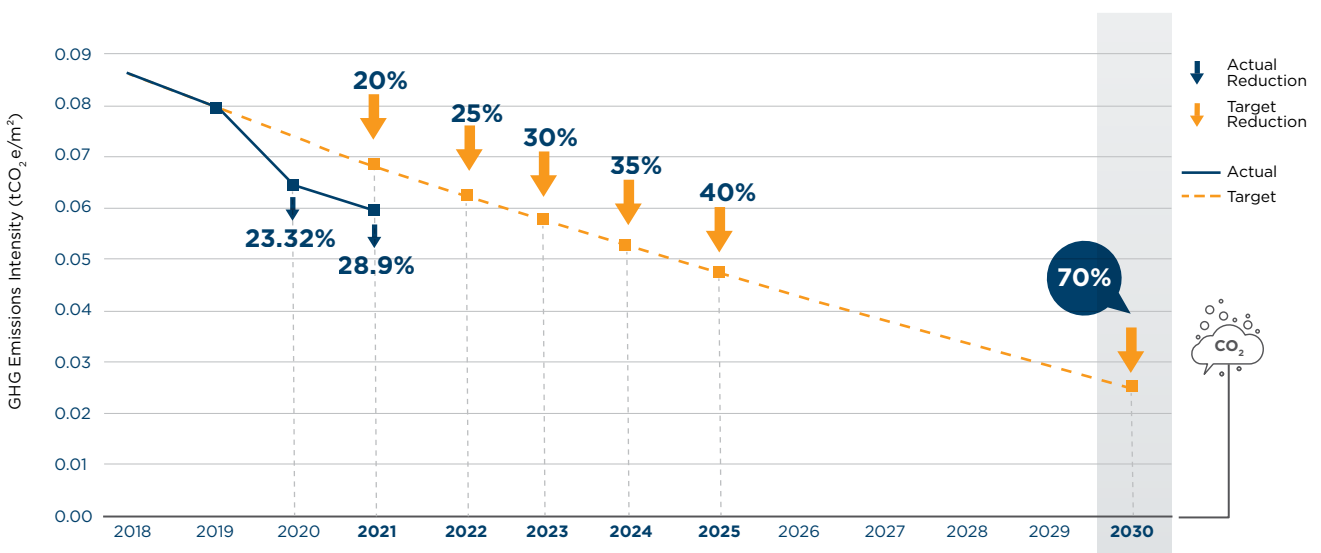
Group GHG Emissions Overview

From our assessment of 2020 GHG emissions, Scope 1 emissions represent less than 1% of our emissions, Scope 2 comprises about 35%, and Scope 3 about 64%. This distribution is expected to change annually, with the largest variable Scope 3 emissions from our development projects. We will provide further updates of our Scope 3 emissions data in our Sustainability Report 2022.

Scope 1 and 2 Greenhouse Gas (GHG) Emissions

In 2021 the Group conducted detailed Scopes 1 and 2 GHG emissions reduction scenarios for 2025 and 2030 in line with a 1.5°C trajectory reduction, including analysis of sensitivities related to grid decarbonization, energy efficiency, and renewable energy procurement. In addition, we implemented our 2021 GHG Mitigation Plan to reduce portfolio-wide Scope 1 and 2 GHG emissions and prepared our 2022 GHG Mitigation Plan. Within each plan, our properties must identify and include carbon reduction measures in the annual budgeting process to support our GHG targets. We also installed smart energy meters at most properties in Hong Kong and are on track to complete the installation work at our mainland China properties in the first half of 2022. In 2021, the Group achieved a cumulative 28.9% GHG emission intensity reduction compared to our 2018 baseline. In the 28.9% reduction, 3.9% came from Hong Kong properties and 25% was from mainland China properties. The reduction was the result of several factors: 10.7% from energy efficiency and onsite renewable energy (our energy saving measures adopted in 2021 are detailed under [Resource Management](#)), 10.3% from grid decarbonization, 7.6% from GHG reductions associated with heating demand, and 0.3% from Scope 1 reductions.

GHG Emission Intensity (tCO₂e/m²) Reduction Trajectory from 2018 to 2030



The Group is on track to achieve its target of reducing GHG emissions intensity 40% by 2025 and 70% by 2030.



Spring City 66, Kunming is 100% Powered by Renewable Energy

In December 2021, we announced that Spring City 66 in Kunming is now fully powered by renewable energy. A first for the Group, Spring City 66 is also the first commercial complex in Yunnan Province to achieve net-zero carbon emissions in annual electricity consumption for the landlord's and tenants' operations. Transaction highlights:

Renewable electricity from solar, wind and hydroelectric power

Increases usage of **renewable electricity** to **over 14%** among our Mainland portfolio

Expect to reduce the property's **carbon emissions** by approximately **46,471 tonnes** per year, translating into an expected GHG emissions intensity reductions of **1%** for our Scope 2 (the Group's purchased electricity), and **9.9%** for Mainland tenant GHG emissions (part of Scope 3)

Expect to **reduce** the total annual **electricity cost** for both landlord and tenant areas about **10%** compared to 2021

The transaction was completed in months, affirming that Hang Lung can be both disciplined and fast in executing important initiatives, and providing a quick win for our long decarbonization journey. We hope to replicate this landmark achievement in support of our 2025 target to meet at least 25% of our mainland China portfolio's electricity demand with renewable energy.



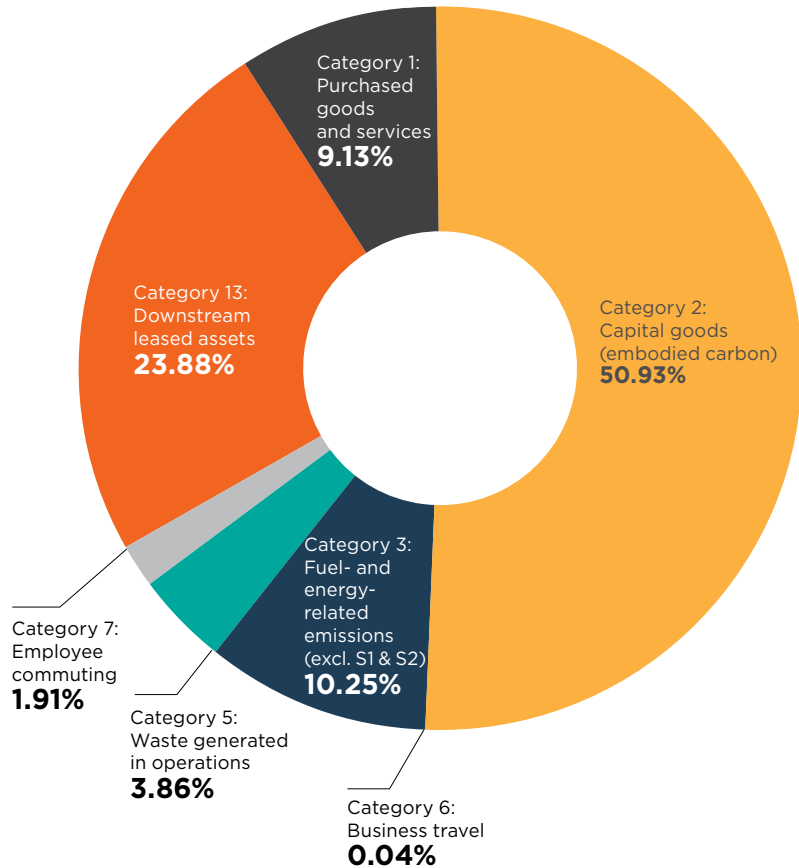
Scope 3 GHG Emissions

In 2021, the Group completed its first comprehensive inventory of 2020 Scope 3 emissions. The two most significant sources were:

Capital goods Embodied carbon from our building materials (e.g., steel and concrete):
~51%

Downstream leased assets Emissions from our tenants' electricity consumption:
~24%

Hang Lung's Scope 3 Emissions Breakdown in 2020



One of the **first developers in Asia** to set a 2025 **embodied carbon intensity target**

Early Progress in Reducing Scope 3 Emissions

Starting in late 2021, we have undertaken the following actions:

Embodied Carbon

- Adopted low-carbon concrete and reinforcement rebar (including recycled steel) from the electric arc furnace (EAF) route at our new development projects in Hong Kong.
- For Mainland development projects, we identified sustainability improvements to reduce embodied carbon, and will conduct feasibility studies in 2022. For example, we have identified the potential for emissions savings from recycled steel, steel produced by the EAF route, and low-carbon concrete with pulverized fuel ash (PFA) or ground granulated blast furnace slag (GGBS) content.
- Exploring potential collaboration and pilots with several innovative low-carbon technology/material providers, such as concrete cured by CO₂ mineralization to reduce carbon emissions.
- Developing plans to provide embodied carbon training for colleagues in our project-related departments in 2022.



Target:
15% reduction
 in **GHG intensity** from
tenants' electricity
consumption
 for our mainland China
 properties by 2025,
 relative to 2018

Tenant Electricity Emissions

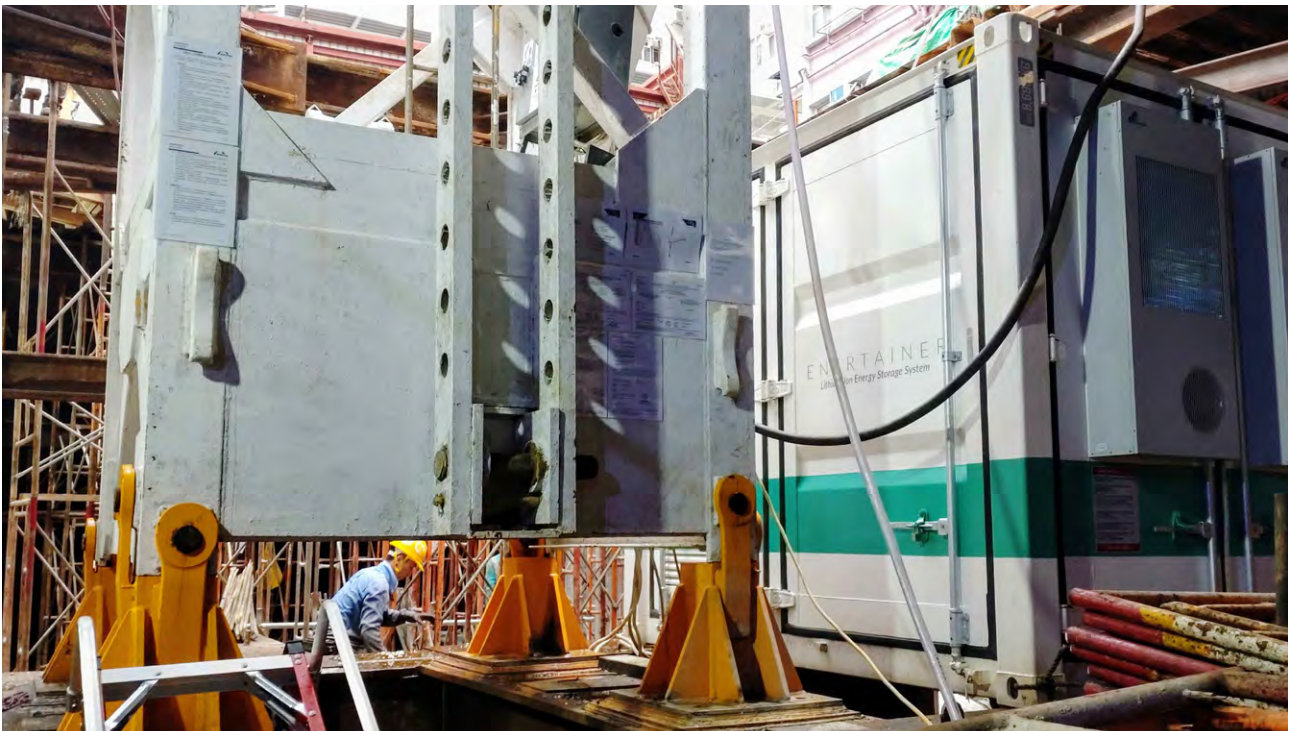
- We are amending our Tenant Handbook and Fit-out Guide for our Mainland properties to include more sustainability-related provisions. We are encouraging our tenants to install energy sub-meters to measure the electricity use of the HVAC system, lighting and other small equipment systems. For more details, please refer to the [Sustainable Transactions](#) section.
- We are in discussions with several major tenants about sustainability leadership collaboration, with key plans underway for 2022. We will encourage such tenants to exceed universally applicable updates to our Tenant Handbook and Fit-out Guide, and work with us to accelerate progress in emissions reduction across our respective value chains.
- We completed a 100% renewable energy transaction at Spring City 66, eliminating operational emissions from electricity consumption for both landlord and tenant.



Electrification
 on all
construction sites

Emissions from Construction

- We joined the Power Up Coalition in Hong Kong – a pledge to promote and facilitate the early delivery of sufficient electricity connection for all our construction sites. All our construction sites in Hong Kong and mainland China have been electrified.
- We adopted Enertainer, an advanced battery energy storage system (BESS) to replace traditional diesel generators, at our redevelopment project at 228 Electric Road (228 Electric Road Redevelopment) in North Point, and at The Aperture, our new residential project in Kowloon Bay, Hong Kong.



Deployment of Enertainer at 228 Electric Road Redevelopment

Our 2025 Scope 3 Targets

Building on our progress in 2021, we set a 2025 target for each of our two most significant sources of Scope 3 emissions: Embodied carbon and tenants' electricity consumption:

Source of emissions	Target	How we plan to meet or exceed the target
Embodied carbon	Demonstrate best efforts to achieve at least 10% reduction in embodied carbon intensity (kgCO ₂ e/m ²) for new development projects that begin in 2022 or later, compared to typical practice in an equivalent building	<ul style="list-style-type: none"> • Focus on key building materials • Substitute lower carbon building materials and add design measures to promote material efficiency (i.e., reduce material quantities)
Tenants' electricity consumption	Reduce GHG intensity (kgCO ₂ e/m ²) from tenants' electricity consumption at our properties in mainland China by at least 15% compared to 2018	<ul style="list-style-type: none"> • Tenant collaboration through Tenant Handbook and Fit-out Guide to drive energy consumption reduction • Encourage tenants to install smart meters and smart sensors to monitor, control, and reduce their electricity consumption • Potentially collaborate with tenants to install energy-efficient equipment • Offsite renewable energy procurement

In 2021, largely owing to grid decarbonization, there was an 8.9% GHG intensity reduction from tenants' electricity consumption across our Mainland portfolio compared to 2018. Combined with the additional GHG reduction expected from Spring City 66's renewable energy transaction in Kunming, the Group expects a reduction in GHG intensity from tenants' electricity consumption of more than 15% in 2022. We will not rest on these positive trends, however, and will continue to work with our tenants to further reduce electricity consumption in both Mainland and Hong Kong properties.

For the embodied carbon target, we recognize the need for the building sector to make better use of technology and enhance transparency in material selection. We are planning to collaborate with pioneers in China working on building materials' carbon footprint calculations (e.g., life cycle analysis) and material databases. We are also investigating digital solutions to manage carbon emissions effectively. Embodied carbon is a challenging but critical area, and we are one of the first developers in the region to commit to a 2025 target addressing it.

Carbon Pricing Analysis

The Group engaged South Pole to conduct a carbon pricing analysis to understand our potential exposure to carbon price risk up to 2030 under various scenarios. We considered four scenarios developed by the Network for Greening the Financial System (NGFS), a consortium of banks, partnering with an expert group of climate scientists and economists. These hypothetical scenarios provide a common reference point for understanding how climate-related risks could evolve in the future. The four scenarios we analyzed – **Net Zero 2050, Below 2°C, Delayed Transition**, and **Current Policies** – are summarized below (for further information on the NGFS scenarios, see [here](#)). For each scenario, we considered:

- our exposure (based on Business-as-Usual and Science-Based Target pathways for our emissions and progress against targets),
- the drivers and variables impacting potential carbon prices, and
- the resulting potential cost impacts to our business.

It is important to note that the NGFS uses 'shadow' carbon prices. These reflect not only the direct carbon prices associated with a carbon tax or emissions trading scheme, but also the wider costs associated with policies aiming to drive emissions reductions in line with national climate goals (such as energy or building efficiency standards).

Four Scenarios Impacting on Potential Carbon Price

Category	Scenario	Policy ambition	Policy reaction	Technology change	Carbon dioxide removal	Regional policy variation
Orderly	Net Zero 2050	1.5°C	Immediate and smooth	Fast change	Medium use	Medium variation
	Below 2°C	1.7°C	Immediate and smooth	Moderate change	Medium use	Low variation
Disorderly	Delayed Transition	1.8°C	Delayed	Slow/ Fast change	Low use	High variation
Hot House World	Current Policies	3°C+	None-current policies	Slow change	Low use	Low variation

Figure: Overview of risk drivers In the NGFS scenarios

Lower risk
 Moderate risk
 Higher risk

This analysis yielded three important insights. First, the extent to which carbon prices are passed through the supply chain is a critical factor. While the expected pass-through rate of some sectors (e.g., energy) is better understood, more uncertainty exists for other sectors such as materials and buildings. Since most of the Group’s emissions are Scope 3 emissions, this uncertainty could substantially affect the cost impacts for the Group. Second, the potential carbon cost to our business in 2030 varies widely depending on the speed of the transition, the level of ambition, and other factors, ranging from a low of HK\$0, under the **Current policies** and **Delayed transition** scenarios, to a high of HK\$150 million (inflation-adjusted) in the more ambitious **Net Zero by 2050** scenario. Finally, if the Group fully **achieves science-based target reductions** (i.e., reductions in full alignment with the SBTi’s required trajectory), the Group could reduce its potential carbon costs on average by -46% compared to Business-as-Usual in 2030. While the Group cannot control the speed of grid/economy decarbonization or whether pass-through rates are higher or lower, it can make best efforts to reduce its own emissions, with resulting potential benefits. We will build on our foundational carbon pricing analysis to inform our investment and planning decisions.

Adaptation to Climate Change

Climate change adaptation means anticipating or reacting to the effects of climate change by acting to reduce risks and pursue opportunities. The Group recognizes the need for adaptation planning to manage risks to health, safety, assets and operations, and to enhance customer experience. We regard climate adaptation planning as an ongoing and iterative process. Starting in 2020, and throughout 2021, the Group worked with technical consultants to complete a detailed physical risk analysis and initial adaptation plan for all properties.

We conducted a highly granular risk analysis to model the impact of potential changes to key climate hazards under various climate scenarios for the periods 2030-2050 and 2050-2070. Although we ran three Representative Concentration Pathway (RCP) scenarios for comparative purposes (RCP 2.6, 4.5 and 8.5), we focused our analysis on the RCP 8.5 scenario. The RCP 8.5 scenario models the consequences if emissions rise unabated, with corresponding temperature increases and climate changes - in other words, it is the worst-case scenario. The climate hazards we examined were typhoons, extreme heat, river flood, rainfall flood, and storm surges.

To deepen our understanding, specific assets were stressed tested across various return periods such as 1:100 and 1:200 for flood and 1:250 and 1:500 for typhoons. We focused our analysis on potential hazards, exposure, and vulnerability, with a preliminary assessment of potential financial loss as well. We also took inventory of existing adaptation and risk control measures, and shared internal and external best practices with colleagues. In 2021 we conducted three workshops to communicate and discuss property-specific findings, and then a fourth workshop at the corporate level to discuss overall results and implications with our top management.

Riverside 66, Tianjin – Flood Control Measures

On July 20, 2016, Tianjin City encountered a heavy rainfall of more than 250 mm, setting a record for the maximum daily average precipitation since 1961. The torrential rain caused a total of RMB1.64 million losses for Riverside 66. Following this event, Riverside 66 improved its extreme weather emergency plan and adopted a series of rainfall flood adaptation measures in 2017, measures which have been enhanced as needed annually. In subsequent years, even during heavy rainfall, the property was able to control the increased water flows.



Key rainfall flood adaptation measures in Riverside 66:

Rainwater reservoirs

to mitigate the consequences of rainwater backflow, and the stored rainwater can be reused for irrigation or flushing

Installed a **high power drain pump** and **auxiliary facilities** (i.e., supporting hoses, water pipes)

Installed **water retaining plate** around the site

Maintain inventory of **flood prevention materials**

Increased the power of generator and **water pumps**, **increased the diameter of rainwater pipes**, and used larger water tanks

Asked government to **widen rainwater pipes** around property to increase the flow rate of rainwater from road surface to the pipes

We highlighted Riverside 66 as a case study of best practices in adaptation measures in an internal webinar attended by 151 colleagues in December 2021.

Key Findings

We assessed our exposure to various hazards as follows.

Hazard	Key findings	Implications
Storm surge	<ul style="list-style-type: none"> Low storm surge exposure for most properties 	<ul style="list-style-type: none"> Monitor and review assessment periodically
Flooding	<ul style="list-style-type: none"> About 40% of our properties (and their municipalities) are exposed to significant flooding risks within the next 30 years 	<ul style="list-style-type: none"> A more detailed review warranted for potential flooding risk, especially in priority locations
Temperature	<ul style="list-style-type: none"> The Group's electricity cooling demand could increase by 7% to 2030, and 16% by 2050, with higher corresponding percentage increases in electricity costs 	<ul style="list-style-type: none"> Energy efficiency, already a Group imperative to reduce emissions, can also help reduce the physical risk of extreme high temperatures, e.g., through better insulation Periodic review of policies and practices for outdoor workers and customers (see cooling practices discussed under "Construction Site Safety" in the Wellbeing chapter)
Typhoon	<ul style="list-style-type: none"> Typhoon exposure will continue to be high in Hong Kong, and typhoons are trending northward (moving north about 110 km every 10 years) 	<ul style="list-style-type: none"> A more detailed review warranted for potential typhoon risk, especially in locations without prior significant exposure

Next Steps

In response to the above findings, plans are underway to enhance our adaptation measures. First, we are reviewing our existing risk controls and evaluating key areas and priority properties that may require enhanced adaptation. While the Group's existing risk controls may be robust enough to withstand tail risks from various climate hazards, we believe further study is warranted. To ensure that we take a systematic approach, we have established a target to complete technical analyses for climate adaptation measures for all properties by the end of 2025, and we will take physical climate risks into account at the early stages of designing new projects.

In 2022 we will undertake several key actions. First, we will conduct further technical analysis of flood risks and typhoon risks in several properties, and we have allocated RMB4 million for incremental adaptation measures for 2022. Second, we recognize the need for further assessment of risks from municipal infrastructure (drainage systems, subway systems, electrical and water utilities) which may not be fully prepared for changing climate conditions. We will initiate or continue a dialogue with municipalities where we have

assets in 2022 with the goal of collaborating to reduce infrastructure risks related to climate change. Third, we plan to advance our financial loss analysis to strengthen the business case for adaptation over inaction. Finally, while the Sustainability Team will remain the Group-level owner of climate risk under the Group's ERM framework, we also plan to strengthen our risk governance, by further defining property-specific ownership of physical climate risks in 2022.



Resource Management

Optimize use and management of
natural resources and promote circularity

Relevant GRI Disclosure:
302 (2016), 303 (2018), 306 (2020), 307 (2016)



Resource Management

Highlights

Energy



Our **electricity intensity** (kWh/m²) in 2021 was **10.7% below** our 2018 baseline, exceeding our internal KPI, and we have a detailed plan for further reductions in 2022

Water



We completed a detailed review of our average water consumption between 2018 and 2020 and our practices across our mainland China and Hong Kong portfolio, and set a **10% water intensity reduction** target for 2025

Waste and Recycling



We completed a waste data analysis for 29 properties across our mainland China and Hong Kong portfolios. We also started a project in **Heartland 66**, Wuhan in partnership with an environmental protection partner, Feimayi, to **collect and donate old clothes** from customers to those in need. We have since replicated the project at nine other mainland China properties, with the aim of collecting and donating up to **5,000 kg of clothing** in 2022.





Electricity intensity (kWh/m²) dropped

10.7%

in 2021 compared to our 2018 baseline

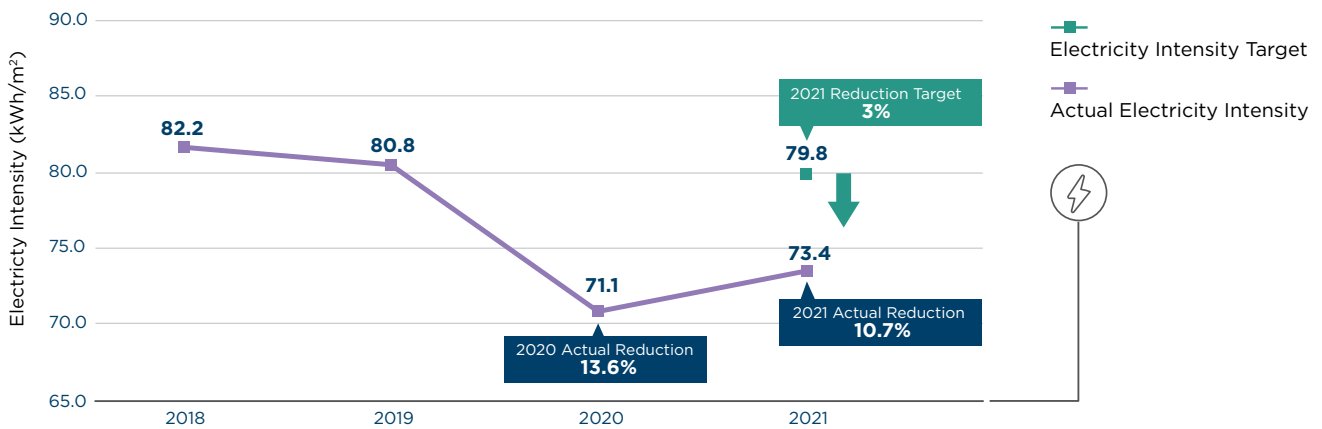
Energy Management

Our properties are embracing technologies to improve energy management. For example, CLP in Hong Kong honored Amoy Plaza with a Smart Energy Award in recognition of significant energy savings achieved through collaboration between our central and local Service Delivery Teams by embracing IoT and the latest HVAC control technologies. We have design plans to use brushless direct current (DC) motor fan coil units in multiple projects, and are piloting AI technologies starting with Arup's Neuron Energy system at the Standard Chartered Bank Building in Hong Kong. The Group will continue to innovate energy and electricity management and aims by 2025 to reduce our electricity intensity by 18%, compared to 2018.

Electricity Consumption

Electricity intensity (kWh/m²) dropped 13.6% in 2020 compared to our 2018 baseline, largely due to reduced footfall and economic activity from the COVID-19 outbreak. In 2021, with the outbreak well contained in mainland China, electricity consumption rebounded to some extent. However, external factors (including some continued reduction in footfall from the pandemic in Hong Kong, and power shortages in mainland China) combined with our internal efforts meant our 2021 electricity intensity (kWh/m²) remained 10.7% below our 2018 baseline and exceeded our internal KPI:

Electricity Intensity Reduction Trajectory (from 2018 - 2021)



The following internal factors contributed to the reduction:

Internal measures



HVAC system and lighting optimization in most Hong Kong and mainland China properties



Installing variable speed drives for chilled and condensing **water pumps** in Amoy Plaza in Hong Kong and Center 66 in Wuxi



LED lighting upgrade in some Hong Kong and most mainland China properties



Lift modernization and upgrading works in Kornhill Plaza and 9 Wing Hong Street in Hong Kong



Olympia 66, Dalian Electricity Intensity Reductions

In 2021, Olympia 66 achieved 24% electricity intensity reduction compared with its 2018 baseline.

Key measures undertaken:

Since 2019, Olympia 66 has **replaced 37,755** inefficient light tubes/bulbs with **LED light** fixtures throughout the property

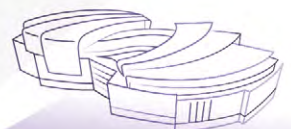
Adjusted the sequencing logic of **chillers, pumps** and **cooling towers** based on footfall, and indoor and outdoor temperatures

Switched off the mall's **escalators 15 minutes** before the mall's closing and started the escalator 15 minutes (instead of 30 minutes) ahead of mall opening

Turned off all **unnecessary equipment** such as lighting, A/Cs, and computers etc. on leaving the office

As Olympia 66's achievements demonstrate, significant energy savings do not always require large investments. Improving the daily operational measures by adjusting equipment setting, shutting down unnecessary equipment and day-to-day behavioral measures can also contribute to significant electricity savings.

Closed one cargo lift per group during non-peak hours



Energy Management Plans

Plans for Operations

Our GHG Mitigation Plan for 2022, which has been endorsed by relevant budget owners and approved by Vice Chair in April 2021, has identified the following key energy management measures to be adopted in 2022:

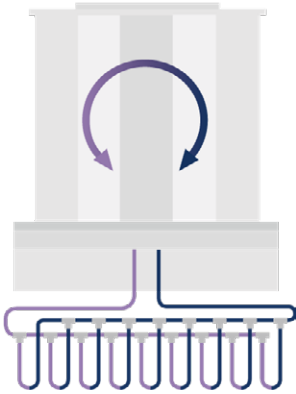
- Conduct retro-commissioning (RCx) for five properties in mainland China and over ten properties in Hong Kong to identify energy-saving opportunities
- Chiller plant upgrades in two Shanghai properties (Plaza 66 and Grand Gateway 66) and Center 66 in Wuxi with an expectation to achieve at least 10% in HVAC system energy savings
- Shading/shutters/solar blind installations in Riverside 66 and Center 66 to improve thermal comfort and reduce electricity consumption



Renewable energy
generated or consumed:

619,435 kWh

We are also evaluating the potential for more on-site renewable energy to reduce our GHG emissions. Currently eight Mainland properties (all except Plaza 66 and Grand Gateway 66) have installed on-site solar panel systems which can generate over 600MWh in renewable energy per year. In 2021, we undertook a detailed solar photovoltaic (PV) system investigation for our Mainland properties to review the current solar PV system performance and identified opportunities to increase capability and effectiveness.



Plans for Projects: Ground Energy Systems (GES)

By using thermal energy from the ground as a free source of energy, a GES is an energy efficient space heating and air conditioning system. GES systems provide several environmental benefits:

- Energy efficiency
(a 20% to 30% improvement compared to conventional energy systems)
- Low environmental impact
- Fewer CO₂ emissions
- Saves water consumption, with no make-up water needed for cooling towers

We have designed GES systems for the hotel tower at Westlake 66 in Hangzhou. Underground construction works for the GES at Westlake 66 – borehole drilling, water pressure testing and U-piping laying inside the borehole – were completed in 2021.

Water Management

Water Consumption in 2021



Water Consumption

Our mainland China portfolio accounted for 75% of our total water consumption. In Hong Kong, we consumed 484.1 ML of water in 2021, 25% of our overall water usage. In mainland China, water consumption in 2021 increased by 74.7 ML to 1,432.6 ML. This absolute increase was mainly due to the inclusion of Spring City 66 in the reporting boundary.

In 2021 we also completed a detailed review of our water consumption from 2018 to 2020 and our practices across our mainland China and Hong Kong portfolios. The study focused on the Group's own water consumption (and not that of our tenants), enabling us to understand our water consumption patterns, review existing water management practices, and identify potential water-saving opportunities.

Water Management Plans

Water Management in Operations

In 2021 we also conducted on-site visits to Grand Gateway 66, Shanghai and the Kornhill complex in Hong Kong (Kornhill Plaza, Kornhill Apartments, and Kornhill Recreation Club) to gauge our properties' current water operations and conservation practices. Five key strategies to enhance water management were identified: water-efficient fixtures, water recycling, efficient use of cooling towers, rainwater harvesting, and irrigation methods. We also developed a water metering installation plan across Mainland properties and at selected Hong Kong properties and will complete the installation in 2022. In 2022, we plan to conduct detailed water balances and/or water audits for selected Mainland properties to further identify water-saving opportunities and to study their feasibility. With water meter installation completion in early 2022, we will have more comprehensive water intensity data to enhance water management. We have set a 2025 target to reduce our water intensity by 10% compared to 2018.

Smart water meter installation will be completed in first half of

2022

Target:

10% reduction in water intensity ($m^3/m^2/year$) by 2025, relative to 2018*

* From the landlord side of operations

Key Areas to Improve Water Intensity

- Water-efficient fixtures
- Water recycling
- Efficient use of cooling towers
- Rainwater harvesting
- Irrigation methods

Water Management in Construction Projects

The Group is also pursuing water-saving opportunities in our construction projects, including using rainwater and river water where available to reduce potable water consumption. For example, at Westlake 66, we have installed an on-site collection pool for rainwater and are meeting national water quality standards through precipitation treatment to discharge sediments. After treatment, the water can be used in the automatic wheel-wash system.

Recycling and Waste Management

Various initiatives in 2021 improved our understanding of the Group's waste management and recycling practices.

Waste and Recycling in Operations

For operations waste management, we completed waste data analysis for 29 properties across our mainland China and Hong Kong portfolios to verify data accuracy and identify areas of improvement. We also conducted more detailed waste audits at Plaza 66, Shanghai and our properties in Hong Kong East, followed by interviews with our tenants and facility management colleagues to validate site waste management measures and data collection. More than half of our waste is diverted from landfill, mainly due to the incineration of municipal solid waste at our mainland China properties. The Group's overall recycling rate is 14.49%. Detailed sorting of waste has significant potential to improve the recycling rate, an area we will examine further in 2022.



Target:

70% of
operational waste
diverted from
landfill by 2025

Medical and Hazardous Waste

In Hong Kong and mainland China, the Group appoints licensed service providers to collect, handle and dispose appropriately of hazardous waste, including used fluorescent lights and rechargeable batteries. We also placed collection points for light tubes at the back of house area of each building of all Hong Kong properties. For medical waste in Hong Kong, we arrange for licensed service providers to collect medical waste for commercial office properties such as Hang Lung Centre, Grand Plaza, office tower at Kornhill Plaza, Grand Centre and Hanford Commercial Centre.

Improving Waste Management and Promoting Circularity

We have implemented and plan to enhance various measures to reduce waste and facilitate recycling at our properties, such as:

- promoting waste separation management to tenants;
- digitalizing internal and external forms to boost efficiency and reduce paper consumption;
- promoting food waste composting;
- Expanded polystyrene (EPS) recycling; and
- measures to reduce toner usage for printers, etc.

Other notable initiatives include:

- For commercial projects, our cleaning contractors in Amoy Plaza and Kornhill Plaza recycle food & beverage tenants' food waste, and a nominated service contractor sends it to organic waste treatment facilities, converting the waste into useful products such as compost and biogas.
- We promoted good waste management practices in our residential projects. For Amoy Garden in Hong Kong, we installed a food composting machine to treat 8,565 kg of residents' food waste annually, and in early 2022 joined the Environmental Protection Department's Food Waste Collection Pilot Scheme. In 2021 the property also recycled clothes (4,112 kg), paper (5,763 kg), plastic (15,850 kg), glass bottles (11,574 kg) and waste from electrical and electronic equipment (150 devices). A barter program was introduced to further encourage over 150 residents to recycle their waste in exchange for coupons and gifts.

- Three of our properties in Hong Kong – Hollywood Plaza, Grand Centre and Hang Lung Centre – joined the BEC Jockey Club Intelligent Resource Management Programme (IRMP) between 2019 and 2021. The IRMP aims to establish waste recyclables data collection and monitoring and share successful cases of waste reduction and resource recycling.
- We are investigating sourcing and procuring second-hand furniture for our offices to reduce our footprint while saving costs.
- In mainland China we collaborated with a recycling company to collect about 24 tonnes of used frontline staff uniforms from ten properties. The uniforms were either upcycled into gloves, yarn, and other materials or reused in other markets.
- Our project team at Heartland 66, Wuhan partnered with a national environmental protection partner, Feimayi, and the Hang Lung As One Volunteer Team, to collect, sort, and donate old clothes from customers to those in need. Tenants also sponsored shopping vouchers to incentivize customers to support the campaign. We have replicated the project at nine other mainland China properties, with the aim of collecting and donating up to 5,000 kg of clothing in 2022. As of this Report’s publication, we have completed more than 91% of the target.



Forum 66, Shenyang – A little girl donated her clothes via the clothing donation campaign



Dismantling temporary concrete bracing to recycle steel bar and concrete fragments in Westlake 66, Hangzhou

Construction Waste and Recycling

Our construction sites follow local statutory site waste management practices, a construction waste management plan and waste requirements from associated green building certifications (e.g., BEAM Plus certification for Hong Kong Projects and Leadership in Energy and Environmental Design [LEED] certification for Mainland projects).

Our main contractors for Westlake 66 in Hangzhou closely scrutinize waste management on site. Waste generated at the construction site is collected in designated recycling rooms for separation, reuse and recycling. As of December 2021, the overall recycling rate of construction waste was 89.6%, mainly from the reuse of demolished materials such as broken concrete. Other site waste including paper, cardboard packaging, plastics, metals and timber are also recycled as much as possible. We have also cut and dismantled concrete bracing to reuse the steel bar for steelmaking, and recycled the fragments as coarse aggregate concrete.

With our 2025 target set for construction waste management and our commitment to promoting circularity, we will work with our main contractors to further investigate innovative approaches to reduce, reuse and recycle waste on site.

Waste and Recycling Plans and Targets

Target	How we plan to meet or exceed the target
Divert 70% of operational waste from landfill	<ul style="list-style-type: none"> • Adopt smart waste collection platform to monitor daily waste rate and recycling rate • Conduct waste audits at some Hong Kong and mainland China properties to identify key opportunities • Apply technology to enhance the collection process and improve internal effectiveness • Centralize the waste contracts of different portfolios to make it easier for facilities to adopt recycling programs • Purchase adequate recycling bins at offices and malls • Establish a portfolio-wide waste reduction plan
Divert 60% of construction waste from landfill and maximizing recycling for projects under development.	<p>Reducing</p> <ul style="list-style-type: none"> • Optimize the structure design • Choose building products with minimal packaging • Order the right amount of materials • Apply recyclable materials in the design and construction (i.e., timber) • Work with contractor to minimize generation of construction waste and develop a practical waste recycling plan including target, responsibility of each stakeholder and clear implementation plan <p>Reusing</p> <ul style="list-style-type: none"> • Reuse the construction waste as much as we can (i.e., use clean concrete chunks, old brick as backfill along pedestrian routes or hoarding) <p>Recycling</p> <ul style="list-style-type: none"> • Arrange with adequate recyclers for the collection of all recyclable waste

Sustainability Certifications Across Our Portfolio

We are dedicated to adopting best practices in designing and constructing buildings. Since 2007, we have been committed to achieving a Gold rating or above under the LEED certification program or equivalent for all of our new Mainland and Hong Kong properties. To date, 37 buildings have been certified as green buildings, including 21 existing buildings and 16 projects under development. We obtained five green building certificates in 2021 including:

- one 3-star Certificate of China Green Building Design Label (CGBL) for Westlake 66, Hangzhou
- two LEED Gold Final certificates for Heartland 66, Wuhan
- one LEED Platinum Pre-Certified certificate for the 228 Electric Road Redevelopment
- one BEAM Plus provisional Gold rating for The Aperture residential project in Hong Kong

As of December 2021, over 77% of our overall construction floor area is certified with green buildings. The key sustainable building certifications attained by our properties by 2021 are listed below.

Key sustainable building certifications for completed projects

Type of Certification	Rating	Property	Scope	Location
BEAM Plus V1.2 Existing Building	Platinum	Standard Chartered Bank Building	Entire Property	Hong Kong
BEAM Plus V1.1 Existing Building	Gold	Peak Galleria		
BEAM Plus V2.0 Existing Building (Selective scheme)	Energy Excellent	Baskerville House		
		Grand Plaza	Shopping Mall	
			Office Tower 2	
LEED BD+C: Homes v3 2008	Gold	23-39 Blue Pool Road	Entire Property	
LEED BD+C: Core and Shell v3 2009	Gold	Plaza 66	Office Tower 1	Shanghai
			Office Tower 2	
		Grand Gateway 66	Office Tower 1	
		Center 66 (Phase 1)	Office Tower 2	Wuxi
		Olympia 66	Entire Property	Dalian
		Spring City 66	Shopping Mall	Kunming
			Office Tower 1	
		Heartland 66	Shopping Mall	Wuhan
			Office Tower 1	
LEED BD+C: Core and Shell v2	Gold	Palace 66	Entire Property	Shenyang
		Forum 66	Shopping Mall	
			Office Tower 1	
		Parc 66	Entire Property	Jinan
		Center 66 (Phase 1)	Shopping Mall	Wuxi
			Office Tower 1	
		Riverside 66	Entire Property	Tianjin

Key sustainable building pre-certifications for projects under development

Type of Certification	Rating	Property	Scope	Location
BEAM Plus v1.2 New Building	Gold	The Aperture	Residential Tower	Hong Kong
LEED BD+C: Core and Shell v4	Platinum	228 Electric Road Redevelopment	Office Tower	
		Westlake 66	Office Tower 1	Hangzhou
	Office Tower 2			
	Gold		Shopping Mall	
	Office Tower 3			
	Office Tower 4			
	Office Tower 5			
		Tower 6 (Hotel)		
	Center 66 (Phase 2)	Tower 1	Wuxi	
		Tower 2		
Tower 3				
China Green Building Design Label	3-star	Westlake 66	Entire portfolio	Hangzhou
LEED BD+C: Core and Shell v3 2009	Gold	Spring City 66	Serviced Apartment	Kunming
		Heartland 66	Serviced Apartment 1	Wuhan
			Serviced Apartment 2	
			Serviced Apartment 3	

For the Group's wellbeing-related certifications, please see the Wellbeing chapter on pages 62 to 63.

In addition to green building certifications, our properties in Hong Kong have received various awards and certifications for their sustainability management, including Wastewi\$e Certificates, Indoor Air Quality Certificates, and the Certificate of Quality Water Supply Scheme for Buildings.



Wellbeing

Sustain a healthy, inclusive and safe environment and promote social wellbeing

Relevant GRI Disclosure: 205 (2016), 401 (2016), 403 (2018), 404 (2016), 405 (2016), 406 (2016), 413 (2016), 416 (2016)



Wellbeing

Highlights

Conducted the first comprehensive, third-party **employee engagement survey** with a **97.4%** participation rate



Applied for the **WELL Health and Safety Rating** for all Mainland properties as well as our Standard Chartered Bank Building in Hong Kong, covering 19 buildings. One of our new projects, the **228 Electric Road Redevelopment**, achieved the **WELL Gold** rating (Pre-certified) in 2021



Despite the pandemic, **over 1,800 volunteers** completed **138 volunteering activities**, collectively contributing more than **14,500 service hours** and benefitting over **14,800 people** in Hong Kong and mainland China during 2021



Response to COVID-19

The COVID-19 pandemic has brought unprecedented impacts around the globe. The Group has been working hard to safeguard the health of employees, customers and tenants, while further supporting communities where we operate.

Promoting Vaccinations among our Employees and Customers

The Group has encouraged our employees to be vaccinated in order to protect themselves and the community. Since March 2021, we have offered flexibility for our employees receiving vaccinations during office hours, along with a partnership with a medical provider to administer vaccines for staff members.

We also provide incentives to further encourage vaccination among our workforce and the community. In 2021, the Group launched initiatives worth HK\$27 million in support of Hong Kong's COVID-19 vaccination drive. Each fully vaccinated and eligible Hong Kong employee was offered two additional days of paid vaccination leave and up to HK\$4,000 in e-shopping coupons. The offer of e-shopping coupons was also applicable to our outsourced staff. For the community, eligible fully vaccinated customers were entitled to redeem HK\$200 worth of e-shopping coupons at our malls.

Support to Communities

The Group has provided both in-kind and monetary donations to help communities manage and recover from the COVID-19's impacts in 2021, both in Hong Kong and mainland China. In Shanghai and Shenyang, for example, our volunteers expressed love and care to the needy by supporting the operation of a mobile vaccination bus and providing professional sanitizing services for schools and rehabilitation centers. In other cities such as Wuxi, Wuhan and Hangzhou, we also made donations of anti-pandemic supplies, including surgical masks, protective clothing, hand sanitizers and wet wipes, to frontline workers and underprivileged groups such as students with special education needs and children of migrant workers.



In response to the fifth wave of the COVID-19 outbreak in Hong Kong in February 2022, the Group announced a donation of HK\$10 million to endow the “Hang Lung COVID-19 Relief Fund 2.0.” In the first stage, the Group set aside HK\$6 million to finance the operation of “mobile cabin hospitals” and distribute “Caring Anti-pandemic Gift Packs” to frontline workers and low-income families. In the second stage, the fund was deployed to provide health protection items and daily necessities to senior citizens living alone, and for providing rapid antigen test kits to the Hong Kong Children’s Hospital. The Group will continue to seek ways of assisting needy groups facing the pandemic.



Employee Wellbeing

The Group remains committed to fostering employee wellbeing and engagement through a range of measures and initiatives.

Talent Attraction and Retention

The Group provides competitive remuneration and benefits regularly benchmarked against the market. In 2021, we achieved a key talent retention rate of 92.6% and about 53% of our key talent (as identified in our annual talent review exercise) were promoted or given opportunities to broaden their horizons in 2021.

We respect each employee’s personal needs and unique professional development and promote a healthy work-life balance with flexible working hours and work-from-home options. In 2021, JobMarket named our subsidiary Hang Lung Properties Employer of Choice and honored it with its Work-Life Balance and COVID-19 Caring Employer awards, while Jobs DB recognized Hang Lung Properties with its “Employer of Year” and “Employee Health & Safety (Well-being)” awards.

Full-time employees are entitled to benefits such as parental leave, life, medical and dental insurance, parking permits and different corporate staff discounts. Despite the pandemic’s difficult economic situation, we strived to maintain a stable working environment and enhanced staff benefits during the year to meet our employees’ needs. These included an additional day of fully paid annual leave called Founder’s Day Leave for all employees in Hong Kong and mainland China. In 2021, our voluntary turnover rate increased compared to 2020, returning to a rate quite similar to 2019 as the job market conditions improved. We gain insights into employees’ concerns through exit interviews, which enables us to identify opportunities for improving employee retention.

Key retention metrics in 2021	2019	2020	2021
Voluntary turnover rate	14.5%	9.8%	14.6%
No. of voluntary turnover	689	441	622

Employee Health and Safety

Endorsed by our SSC in 2021, we are planning to launch a group-level Health and Safety Policy in 2022. The policy fosters collaboration, the exchange of best practices among our projects, offices, and operations, and the sharing of lessons from safety incidents.

Our Occupational Health and Safety (OHS) Policy specifies the roles and responsibilities of the employer and employees in maintaining workplace health and safety. A Service Delivery Safety Management Committee (SDSMC) established in 2021 meets quarterly, tracks relevant safety KPIs and monitors safety issues across our Hong Kong operations. The SDSMC includes representatives from the Service Delivery Department, Hong Kong Business Operation, Central Purchasing, Human Resources and Sustainability. Through its work, we have strengthened the internal accident reporting workflow and enhanced contractors’ safety management during the registration process. We have also aligned the calculation methodology for the Lost Time Injury Rate (LTIR) among departments, and plan to obtain ISO 45001 certification for the Hong Kong portfolio.

We are also improving safety preventive measures across our portfolio. Safety responsibility cards have been distributed to frontline staff and Service Delivery colleagues. Relevant colleagues attended a Combined Certificate for Safety, Health and Environmental Supervisors course arranged by the Occupational Safety and Health Council in Hong Kong. The course contains four modules covering: (1) basic accident prevention; (2) basic occupational health; (3) property management safety; and (4) basic safety management.

Among our 2025 targets, we aim to maintain a LTIR of 1.5 or below for employees and zero work-related fatalities for employees and contractors.

Employee Wellness

We are committed to promoting a healthy culture that fosters employee wellness. The Group began offering more flexibility in 2021, empowering colleagues to make choices to enhance personal wellness according to individual needs. Under one option, eligible employees may receive a free voluntary medical examination at one of the medical examination institutions designated by the Group. Under the other, they may participate in our Wellness Allowance Program, which reimburses employees for their spending on physical or mental wellness activities of their choice in that year.

Motivating and Rewarding Performance

Hang Lung's total compensation approach encompasses salary, incentives, benefits, career development, and work-life wellbeing. Among our incentives, share options have also been granted to eligible executives periodically over the past several years to share in the Group's success and recognize their loyalty, performance, and contribution.

Under the Group's performance appraisal process, each department and staff member must formulate KPIs approved by management. These KPIs are defined against the Group's core strategies ("what to achieve"). In mid-year and year-end performance reviews, staff are evaluated not only by whether they achieved their stated objectives, but also by their behaviors in doing so ("how to achieve").

ESG-Linked Compensation

Within the Group's holistic approach to compensation, ESG plays a very important role. ESG KPIs are directly incorporated into our annual appraisal process for departments and individual employees (please see pages 94 to 95 for our Strategic ESG KPIs for 2022), setting the stage for biannual performance reviews, including for top management and the CEO. ESG performance is also an important factor in the discretionary bonuses granted at the end of each year at all levels, including the CEO level. Our CEO reports to the Boards biannually on the KPIs for which he is accountable. The CEO is accountable for all of the KPIs of his direct reports, including the annual Strategic ESG KPIs mandated to various departments by the SSC.



Employee Engagement Survey

97.4%

overall participation rate

Employee Engagement

In May 2021, the Group conducted our first comprehensive, third-party employee engagement survey. Altogether 4,207 staff responded to the survey with an overall participation rate of 97.4%. The overall participant breakdown was as follows:

Gender		Location	
Female	Male	Hong Kong	Mainland
38.1%	61.9%	24.8%	75.2%
Type of staff			
Administrative	Operational	Executive	
39.7%	53.2%	7.1%	

Among our key findings, we identified *opportunities* for supervisors to demonstrate more care and encourage more development, and *strengths* in employees finding best friends at work, in the provision of materials and equipment, and in our COVID-19 measures. Following the completion of the survey, each department head communicated the company-wide and department-specific results to their teams. They then formulated and documented action plans for the two lowest ranking items in their departments, with periodic reporting to the Human Resources Department on the progress of those actions. The Group will conduct the survey again in 2022, and has formulated a target to achieve an employee engagement rating greater than or equal to the 75th percentile by 2025. We have also established a 2022 Strategic ESG KPI to implement key employee engagement measures that strengthen manager-employee connections, a caring culture, learning and development, and work-life balance.



Average training hours
22.17 hours
per employee

Learning and Development

As a caring employer committed to nurturing our talent, we prioritize learning and development. COVID-19 has been a catalyst for change in our approach to learning and development and has accelerated the importance of adopting a more digital approach including the use of sophisticated learning platforms. We have adopted hybrid approaches to learning, including self-paced online resources and interactive experiences. In 2021, we delivered almost 95,000 hours of training with an average of 22.17 hours per employee.

Building on existing learning initiatives, we have formulated a four-pillar Hang Lung Learning & Development Academy offering integrated and holistic programs for our employees including leadership/management skills, personal effectiveness skills, functional skills, and company and market knowledge. The Academy provides a clear, structured framework for employees to understand what and how they can learn within a variety options and formats.

ACADEMY 66

Fostering a Sustainable Workforce through Learning & Development

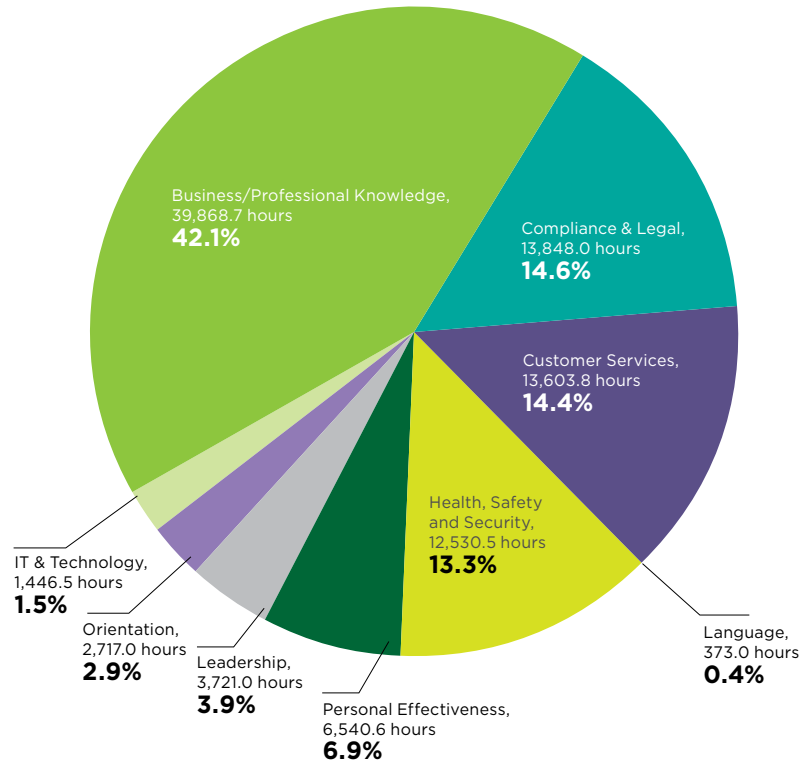
Leadership/Management	Personal Effectiveness	Functional	Company and Market Knowledge
<ul style="list-style-type: none"> High Potential Development Program Young Elite Program - Management Trainees and Interns Management Development Series for managers Supervisory Development Program for supervisors of operations employees 	<ul style="list-style-type: none"> Soft or People Skills including Negotiation, Presentation and Storytelling, Influencing, Communication, Collaboration, and Conflict Management Language and Computer Skills 	<ul style="list-style-type: none"> Customer Service Training Professional Examinations and Development Departmental Technical Skills Department-specific ESG Training 	<ul style="list-style-type: none"> Onboarding Compliance & Safety Business Knowledge and Insights Company-wide ESG Training

Highlight of specific programs addressing our employee needs include:

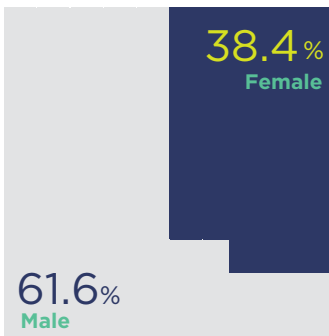
Internal speakers	Monthly webinars presented by internal speakers sharing Group initiatives and best practices across functions and sites to build company and market knowledge. Topics in 2021 included “Sustainable Finance,” “Service Delivery Daily Operations,” “Climate Resilience” and “Customer Relationship Management.”
External speakers	We invited external speakers to share research findings and insights into global sustainability trends. We also organized a webinar on disability inclusion at work, helping employees to understand how to create opportunities for persons with disabilities, and the benefits of leveraging talent diversity.
Dementia training	To build an inclusive and dementia-friendly environment in the community, and assist dementia patients, we organized Dementia Friends training for 40 employees this year.
Customer service workshops and recognition	We continued customer service workshops for operational employees to ensure high standards. We also recognized, through our annual Emerald Award Program, employees who delivered the finest services. We held our first online award presentation ceremony where we commended the winners.
Wellness events	Our approach to learning and development is not limited to hard, work-related skills. To support a work-life balance, we arranged face-to-face and virtual sessions to strengthen employee physical, mental and emotional wellness, coupled with wellness tips.
Leadership Development Program	We launched our Leadership Development Program (LDP), a series of acceleration programs designed to support key talents in various stages of their leadership development journey through interactive training, projects, and other opportunities.
Hang Lung Management Conference	Our annual Hang Lung Management Conference provides a learning platform for our management team to assemble and interact with industry experts. The 2021 theme was “Shaping Our Sustainable Future,” and featured senior executives from Fifth Wall, Arup and Starbucks, all of whom provided inspiring ideas related to various aspects of sustainability.
Sponsorship for individual learning	To enable employees to take charge of their personal and career development, we sponsored employees pursuing external learning programs and applying for professional memberships. In 2021, we granted a total of HK\$682,690 in training sponsorship.
ESG-specific training	Starting in 2022, we will deliver priority ESG training each year targeted to specific departments. In 2022 we target delivering at least 450 learning hours of ESG-specific training (e.g., three hours of training delivered to 150 people) on such topics as embodied carbon, energy efficient design, circularity, diversity and inclusion, and wellbeing.

To further advance our robust learning strategy, we are investing in a Learning Management System (LMS) integrated with our Human Resources Information System (HRIS) and offering external on-demand learning resources. The LMS, which is expected to launch by Q3 2022, will provide a single portal for employees to access all learning resources, and both employees and their managers will be able to keep track of the employees' learning progress.

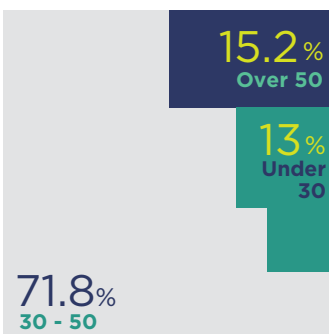
Training Hours by Category, 2021



Percentage of executive staff by gender in 2021



Percentage of staff by age group in 2021



Diversity and Inclusion

In keeping with our Equal Employment Opportunities Policy, we are pursuing a range of initiatives to ensure that candidates and employees are treated fairly, and that Hang Lung attracts, nurtures and retains talent from all backgrounds. Between 2020 and 2021, our executive staff ratio of 40.1% female to 59.9% male dropped to 38.4% and 61.6% respectively following a grading alignment between mainland China and Hong Kong. Despite this fluctuation, we are committed to improving the female-to-male ratio of executive employees. Within our key talent cohort, 49% are women, and in our newly launched Leadership Development Program, which has started with Senior Managers, 63% of the participants are women. We also have plans to support top female executives in their leadership development through an external executive female leadership program, and we have set a 2025 target to maintain a 1:1 female-to-male pay ratio. Lastly, we have established a 2022 Strategic ESG KPI to conduct D&I training and strengthen anti-discrimination practices.

The Group is also working to create opportunities for people from diverse backgrounds in mainland China and Hong Kong. In 2021, we launched a national summer internship program. The program provided 72 students, including two with special needs, with working opportunities across various functions and projects. We also recruited interns to participate in and organize social service initiatives, including soap recycling and battery disposal, thereby encouraging community service among young people. Moreover, we have partnered with CareER in Hong Kong, an NGO, to ensure that we will also consider people with disabilities or special needs when recruiting for recent graduates, and we are actively researching opportunities to hire more people with disabilities or special needs on the Mainland as well. We recognize that we can do more to support people with disabilities and aim to audit all our properties and corporate practices – in other words, both our hard and soft infrastructure – to enhance inclusive opportunities by 2025.

The Group also values age diversity. We are eager to attract young talent to support our business expansion, including through our highly competitive Management Trainee (MT) program. For the 2021 cohort, the MT program received 4,382 applications and hired ten candidates (eight women and two men), and we also value the wisdom and experience of our long-serving staff. In 2021, we extended the employment contract of 58 staff who had reached their retirement age as a recognition of their commitment to continue their career and good performance. In addition, we hired three staff aged 60 with the objective of providing them with opportunities to start a second career after retirement.

Employee Recognition

CEO Award

Our CEO Award, held on a quarterly basis, recognizes outstanding projects and teams that demonstrate the expected behaviors of our corporate culture while promoting teamwork and cross-team collaboration. In 2021, teams received awards as follows:

- **Q1:** The creation of our flexible, multifunction office space “HANGOUT” in Center 66 in Wuxi.
- **Q2:** An office leasing acceleration program in new office projects at Center 66 in Wuxi, Spring City 66 in Kunming and Heartland 66 in Wuhan.
- **Q3:** The hello Hang Lung Malls Rewards Program, the first-ever loyalty program launched on March 30, 2021 for the Hong Kong portfolios, integrating offers and promotions from over 600 merchants across our shopping malls into one digitalized membership system.
- **Q4:** The transaction making Spring City 66 fully powered by renewable energy, making it the first development of the Group and the first commercial complex in Yunnan Province to achieve net-zero carbon emissions in annual electricity consumption.



The “Best of the Year” winner is selected on a fifty-fifty weighting of votes between the award selection committee and all staff. As such, it represents recognition from colleagues. The Q3 award winner, the hello Hang Lung Malls Rewards Program, was voted Best of the Year.

Emerald Award

The Emerald Award, held annually since 2014, recognizes staff members delivering exceptional customer service. It encourages individuals to take pride in their jobs and shows staff that their work is valued and appreciated by management and other colleagues. An assessment form encourages nominations based on several criteria:

- initiative
- accountability
- problem handling
- creativity
- uniqueness
- “going the extra mile”

In 2021, there were two winning cases and seven merit award winners from 310 nominations received. The winning cases reflect the extraordinary services we aim provide to our customers and tenants with dedication and attention to detail.

Emerald Award: Safeguarding Customer Health and Safety

Wendy Chung, Dorothy Yau - Kornhill Apartments, Hong Kong

The staff in Kornhill Apartments have always paid extra attention to residents with mobility impairments. After receiving a call from an NGO informing us that one of our elderly residents was absent from her rehabilitation treatment, our staff members, Wendy Chung and Dorothy Yau, responded quickly by calling and visiting the elderly resident. However, they failed to get a response when they knocked on the door. As the resident was living alone and mobility impaired, they reacted promptly by adopting emergency procedures to break the lock. After unlocking the door, they found her suffering from a medical emergency. Therefore, they immediately sought emergency help, packed necessities for the resident and accompanied her until the ambulance arrived. Wendy also arranged room cleaning and disinfection services, as well as a wheelchair on the day that the resident was discharged from hospital. These prompt actions and care demonstrated Wendy and Dorothy's strong attention to detail, and capabilities in emergency management.



Long Service Award

We are fortunate to have staff whose many years of dedication, commitment and loyalty to the Group have earned our respect. The Long Service Award Presentation Ceremony is our way of honoring employees for their many years of service and a reminder of how they have helped make Hang Lung what it is today. In 2021, 85 staff members serving in the Group for 10, 15, 20, 25, 30, and 35 years received the Long Service Award.



Staff Appreciation Day

We believe that when employees feel happy at work, they are more engaged, productive, and more successful. We therefore encourage and foster a fun and appreciative work environment. To express our sincere gratitude for employees' hard work and dedication, our management team visited various portfolios to present gifts to employees on Staff Appreciation Day.



Customer and Community Wellbeing

Operations Health and Safety

Our first consideration is to protect the safety of customers and tenants within our properties. To familiarize our staff, tenants, and customers and construction units with effective evacuation and other procedures to deal with other emergency situations, we regularly conduct emergency and fire drills at our premises under our Crisis Management Protocol.

Indoor Air Quality

The indoor air quality of our premises is a key parameter that we strive to improve to safeguard the health and wellbeing of our customers. In 2019, we completed upgrades of air filtration systems and installed electrostatic precipitators and photocatalytic oxidation filters in all our properties in mainland China. Since then, we have been using medical grade air filtration systems across our entire portfolio in mainland China, going beyond national requirements to safeguard the health of our tenants and customers. These air filtration specifications have also been incorporated into our project design guidelines to ensure new projects adopt them as a minimum.

In Hong Kong, most shopping malls obtained the Anti-Epidemic Hygiene Measures Certification HM00684 launched by the Hong Kong Tourism Board (HKTB) and Hong Kong Quality Assurance Agency (HKQAA), and nine Hong Kong properties have joined the Environmental Protection Department's Indoor Air Quality Scheme and achieved Gold level or above. We also enhanced ventilation by operating all fresh air fans and toilet exhaust fans at maximum capacity. In 2022, five disinfection robots were placed at Kornhill Plaza, Peak Galleria, Amoy Plaza, Grand Plaza and Fashion Walk to ensure hygiene and good air quality.

WELL Certification and Rating

Our vision is to create compelling spaces that enrich lives. We are not only satisfied with obtaining green building certifications, but also pay attention to improving the wellbeing of building users by enhancing indoor environmental quality, water quality, thermal comfort, and the working environment. To support this vision, the Group has applied for the WELL Health and Safety Rating (HSR) for all Mainland properties as well as our Standard Chartered Bank Building (SCBB) in Hong Kong, covering 19 buildings, and we anticipate obtaining the rating in 2022. Evaluation will focus on the following five major areas:

- Cleaning and sanitization procedures
- Emergency preparedness programs
- Health service resources
- Air and water quality management
- Stakeholder engagement and communication

One of our projects under development, the 228 Electric Road Redevelopment in Hong Kong, achieved the WELL Gold rating (Pre-certified) in 2021. Westlake 66 in Hangzhou and Plaza 66 in Shanghai are applying for WELL certificates, and we expect others to follow.

As of December 2021, the building area applying for WELL and WELL HSR was around 37 million square feet, and nearly 64% of total construction floor area will be certified with WELL or WELL HSR by 2023. The key wellness certifications that our properties have applied for are listed in the table below.

WELL Certification and Rating for existing projects and projects under development

Buildings	Certification	Rating	Status
Existing Buildings			
Plaza 66	WELL	Platinum (Target)	Under assessment
All Mainland mall and offices, SCBB in HK	WELL HSR	-	Under assessment
Projects under Development			
Westlake 66	WELL	Platinum (Target)	Under assessment
228 Electric Road Redevelopment	WELL	Gold	Pre-certified



Project Environment, Health and Safety

Environmental Impacts

Activities at construction sites can result in water, sound, and air pollution, as well as demolition and construction waste. We consider these potentially negative impacts through detailed environmental impact assessments according to local laws before construction begins.



Minimizing the Environmental Impact of Construction Work at Westlake 66, Hangzhou

In our Sustainability Report 2020, we shared six environmental measures used at Westlake 66 that are still in practice today: the use of the **water-jet method** for removing excavation soil; installation of **insulated glass** for residents to reduce noise; installation of **green mesh** to cover exposed soil on site to reduce dust emissions; installation of an **automatic wheel-wash system**; improvement of an internal road with steel plates to **reduce dust generation**; and **stakeholder management**. Key additional environmental measures introduced on the site in 2021 include:

Installation of dust and noise monitoring system. Connects to a government website and ensures timely notification if dust and noise exceed specified thresholds.

Noise insulation measures. The project has installed sound insulation walls near residential buildings to reduce noise, as well as a sound insulation shed for the pump truck to reduce the concrete pouring noise and ensure the noise level does not exceed 70dB.

Installation of windproof and dustproof mesh. The project plans to install windproof and dustproof mesh in Zone C to reduce air and noise pollution and ensure environmental indicators in the construction stage meet requirements.

5G+ smart construction site technology. The project has introduced a new 5G technology which can monitor, among other things, construction safety and quality, energy consumption, and dust and noise levels.

Measures to reduce dust emissions.

To prevent heavy dust emissions due to construction, we use watering carts, spray gun machines, fire water monitors and other facilities to clean internal roads daily. The project has also installed sprinklers on hoardings to minimize on site dust emissions.

Health Impacts

We are also studying the feasibility and benefits of conducting health impact assessments for projects under development. The Group is carrying out a rapid appraisal desktop Health Impact Assessment (HIA) for the retail indoor green atrium that we are developing for the remaining developments of Forum 66 in Shenyang. This HIA covers five stages:

- (1) screening
- (2) defining the scope
- (3) assessment and analysis
- (4) recommendations and reporting
- (5) monitoring and evaluation

We are working with our HIA consultant to address the identified potential health impacts and improve our design in 2022.

Construction Site Safety

We continue to implement a construction site safety management system at all our active construction sites in mainland China, overseen by the Project Management and Cost and Controls departments. We go beyond the industry norm in appointing designated safety consultants as independent parties to monitor the performance of our contractors at key mainland China projects.

In 2021, we maintained zero fatalities at our construction sites in mainland China for the fourth consecutive year, and the overall accident rate was improved to zero accidents per 100,000 man-hours. We will continue to optimize work processes and promote safety awareness among construction site workers.

We also introduced measures to enhance the safety performance of our projects under construction, including updating the Hang Lung safety design guidelines in 2021, exploring smart innovation technologies to improve site safety performance, and Project Management colleagues and/or site staff upholding the safety awareness of contractors.

Our contractors and employees' wellness during construction, especially over hot summers, is a key safety and wellbeing issue for us, and we provide cooling measures as well as training on site to ensure their health and safety. Measures include:

- the distribution of heatstroke prevention and cooling materials (watermelon, cold drinks and heat dissipation items, iced green bean soup, and cooling medicines)
- physical examinations for workers to reduce the risk of illness or complications in hot weather
- the installation of sprinklers and spray water in working areas
- providing cooling fans

Other safety measures introduced at our construction sites include:

- **Visibility and demarcation routes**
 - Clear demarcation routes for site staff/ workers and moving objects
 - improved lighting and speeding limitation provisions
 - competent staff for traffic control and diversions
 - providing helmets with flashing lights during nightwork
- **Safety culture, norms and systems**
 - Frequent site inspections to enhance project quality and site safety
 - the use of the Digital Quality Management System (DQMS) for registering safety nominated contractors and follow-up
 - checking site safety conditions with CCTV by assigned staff
 - sharing lessons learned with all internal and external stakeholders in regular quality/ safety technical review

Key construction safety performance indicators in mainland China

	2019	2020	2021
Number of active construction sites	8	7	7
Total man-hours	16,659,451	7,769,227	4,721,091
Number of fatalities	0	0	0
Number of accidents	2	1	0
Number of near-misses	8	2	1
Number of accidents per 100,000 man-hours	0.012	0.013	0
Total construction safety training hours	980.55	449.00	7,082.50

For the two construction projects in Hong Kong, we continued our best efforts in adhering to best practices on construction site safety management. One near-miss accident was recorded in September 2021 due to an unsafe lifting operation. In response, enhanced training specific for lifting operations were carried out by safety consultants on all projects to increase vigilance. Furthermore, safety lessons are shared with all other project teams (both Hong Kong and mainland China) in bimonthly quality/safety review sessions.

Key construction safety performance indicators in Hong Kong

	2019	2020	2021
Number of active construction sites	2	2	2
Total man-hours	20,627	97,434	203,580
Number of fatalities	0	0	0
Number of accidents	0	0	0
Number of near-misses	0	1	1
Number of accidents per 100,000 man-hours	0	0	0
Total construction safety training hours	28.50	510.00	5,377.00

Accessibility

To make our spaces more compelling for everyone, the Group incorporates accessibility features when designing new projects and improving existing building performance. Our projects in mainland China such as Olympia 66 and Westlake 66 include various accessible designs such as entrances allowing for wheelchair access, accessible parking spaces with enough turnover space, accessible toilets and lifts with audio broadcasting systems, and outdoor barrier-free facilities. We have also designed two accessible hotel rooms in Westlake 66 to cater to people with disabilities, and further design enhancements to improve access are being developed.

Most of our Hong Kong properties were built before the publication of the Hong Kong Building Department's Design Manual: Barrier Free Access in 1997. In 2020, we conducted a review of the accessibility of some of our key properties including Amoy Plaza, Grand Plaza, Peak Galleria, Kornhill Plaza, Gala Place and Standard Chartered Bank Building and identified improvement priorities. We have upgraded the accessible signage system for the parking lots, toilets, information counters for Grand Plaza and Amoy Plaza, and updated the tactile guide path at the ground floor main entrance for Peak Galleria in 2021. More improvement works are planned for 2022 and 2023, including allocating directional signs to accessible toilets and providing accessible car lots with associated directional signs. In addition, we have established a 2025 target to audit all our properties and corporate practices on how to enhance wellbeing and opportunities for persons with disabilities and expect many further insights to emerge through this process.

Biodiversity

Biodiversity – the variety of life including plants and animals on Earth – is rightly receiving growing attention as a critical sustainability issue. The Group recognizes the potential for biodiversity loss during the design and operation of our properties as the result of changes in land use, invasive species, air and water pollution, greenhouse gas emissions and climate change. We are stepping up our efforts to promote and conserve biodiversity, and in 2021 reviewed at a high level how landscape design and operations can help in biodiversity conservation. We identified a set of species to avoid, and practices to encourage as follows:

Species to Avoid	Encouraged Practices
<ul style="list-style-type: none"> • Invasive Species (Alien or Exotic Species) • Rare Species & Endanger Species • Natural Mature Trees • Historical Tree and Famous Wood Species • Plants that were not cultivated or propagated in a nursery 	<ul style="list-style-type: none"> • Obey green policies and regulations • Maximize green area • Explore a biophilic design approach to bring nature indoors to improve health and well-being in the built environment • Incorporate vertical green and roof gardens • Cultivate urban farms • Incorporate pleasing sound effects from water features and nature • Use cultivated rare, endangered and native species for restoration • Adopt environmentally friendly pest control methods

We have also enhanced our horticulture tendering specification requirements. Our suppliers must confirm that they will not use any pesticide products that are prohibited and restricted by the Ministry of Agriculture of the People's Republic of China, or any drugs on the UTZ Banned Pesticides and Pesticide Watch List (UTZ is now part of the Rainforest Alliance). Other biodiversity initiatives we are pursuing include:

- Encouraging our tenants to serve sustainable, locally sourced food at Spring City 66 in collaboration with the Good Food Fund
- Providing an indoor green atrium at the remaining developments of Forum 66 in Shenyang
- Planning to host a conference later in 2022 to engage with some of our suppliers on key sustainability issues including biodiversity
- We enhanced biodiversity considerations at the asset acquisition and project planning stages in the Project Management Manual
- We enhanced cleaning requirements to encourage the use of sustainable cleaning products and reduce potential negative impacts on the environment
- We are monitoring emerging discussions regarding the potential ecological and health impacts associated with perfluoroalkyl and polyfluoroalkyl substances (PFAS), a family of synthetic chemicals useful in many building materials but extremely resistant to being broken down and persisting indefinitely in the environment

In sum, the Group is listening to and working with our stakeholders to help advance this critical sustainability issue.

Heritage Conservation

Recognizing that cultural conservation is vital for sustainability, we aim to strike a balance between conserving local heritage and adding vibrancy to local communities. We have carefully considered the planning, building and operations of our developments by restoring, preserving and integrating historical buildings into our project designs wherever possible. In recent years we conserved several historical buildings including the Zhejiang Xinye Bank (1922) near Riverside 66, and the Chenghuang Temple complex (Ming Dynasty circa 1369) in Center 66. In particular, we took three years to restore the Zhejiang Xingye Bank into the Starbucks Reserve flagship store with minimal interference and reversibility as imposed by the local authority.

In our Center 66 Phase 2 project, we are conserving an old house built in 1933 by a Wuxi real estate developer, Zhang Xiaocheng, which was a hospital and then became the Wuxi Branch of the Sino-Soviet Friendship Association in 1955. Also, a living quarters for church clergy built in the 1930s in Westlake 66 has also been preserved by our construction team. The construction team carefully dismantled the structures and put all the disassembled parts into temporary storage. Each part was clearly labeled and those broken were repaired. Upon project completion, the team will transport the parts back to the site for reassembly.

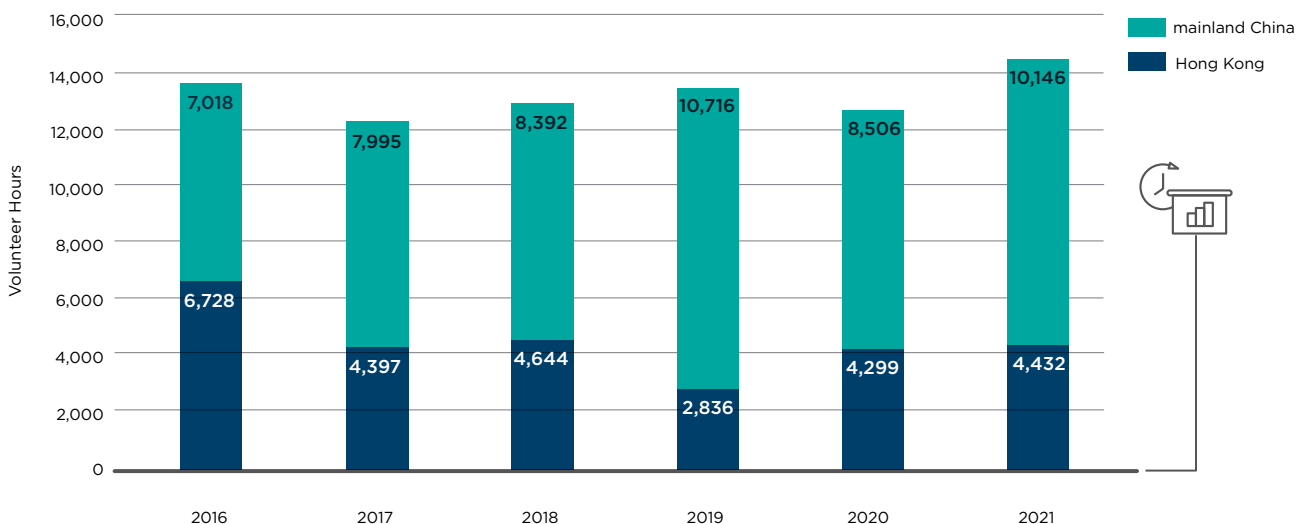
Number of Volunteering Activities by Focus Area



Sustainable Community Investment (SCI) Initiatives

The Group is committed to enriching lives and promoting diversity and inclusion in our communities. Despite the pandemic, 1,806 volunteers completed 138 volunteering activities, contributing 14,578 service hours and benefitting 14,861 people in Hong Kong and mainland China during 2021. In addition, the Group donated HK\$17 million to various charitable cause and provided venues at our properties to six non-profit organizations for nominal rental fees.

Breakdown of Volunteer Hours by Region



Examples include:

- **Nationwide Volunteer Day.** To commemorate the founding anniversary of the Group, our employees participate annually in a nationwide volunteer day in September across nine cities in mainland China and Hong Kong. In 2021, 980 volunteers dedicated over 4,000 service hours to promote low-carbon living and deliver care to more than 5,000 people in need.
- **Hang Lung x HKYWCA in Hong Kong.** In 2021, the Group partnered with the Hong Kong Young Women's Christian Association (HKYWCA) to launch a three-year program, Hang Lung x HKYWCA Love-No-Limit, to build an inclusive, dementia-friendly environment in the community. Volunteers contributed over 400 service hours benefitting more than 900 people in the first year.
- **Hang Lung x St James' Settlement in Hong Kong.** We partnered with St. James' Settlement in Hong Kong to introduce a volunteer program, Walking Through Arts with Kids, in which 26 staff contributed 200 service hours. The program helped 28 children with special education needs experience various art forms, including dance therapy and arts and crafts workshops.
- **Parc 66, Jinan.** The shopping mall hosted an art exhibition, Lighting Up the Starry Sky with Arts, to raise awareness of autism and encourage the social integration and understanding of people living with autism.
- **Grand Gateway 66, Shanghai.** For the Tuen Ng Festival, volunteers made and gave as presents scented sachets, along with rice dumplings, to senior citizens in an elderly care center.
- **Hang Lung Mathematics Awards.** The prestigious biennial mathematics research competition is for secondary school students in Hong Kong. Over the past eight editions, more than 2,400 students from 200 schools have participated. Hang Lung Properties donates HK\$2.5 million to each edition, to cover the academic consultancy, assessment, administration, and promotion, with HK\$1 million used as prize money. In 2021, the event included over 60 teams from nearly 40 secondary schools across Hong Kong.

Ming Tong Primary School Urban Ecology Visit to Spring City 66, Kunming

In 2021, we also promoted sustainability within the community. On October 20, 2021, Spring City 66 and Mingtong Primary School co-organized a practical study with a theme of "Urban Ecological Construction and Restoration." Students gained a deeper understanding of key concepts such as low-carbon materials, energy savings and recycling, by observing various features of Spring City 66, including its greywater and rainwater recycling system and its use of low-carbon construction materials. We also shared with students and teachers the Group's sustainability goals and targets, as well as the green design features and environmental management of Spring City 66. By introducing the sustainability design elements of Spring City 66 to students, we hope to instill the concept of sustainable development in our younger generation. One of the teachers wrote afterwards to say "Today's activity is great: the children and teachers both learned a lot! And the Hang Lung team's professional spirit is admirable. Thank you!"



Outstanding Volunteers 2021

Our employees generously contribute service to their communities and, as mentioned earlier, over 1,800 volunteers contributed more than 14,500 service hours in 2021. Every year, the Group recognizes those volunteers with the highest service hours in each of our Hong Kong and mainland China projects, and we highlighted four of them below.

Mok Man Chun

– Hong Kong Business Operation

Mr Mok was awarded outstanding volunteer for the ninth consecutive year. “It is more blessed to give than receive. I am delighted to help those in need. I have learned from my experiences that the beneficiaries really would like to be understood by others. I wish more colleagues could understand the purpose of volunteering through joining the Hang Lung As One Volunteer Team.”



Pang Ka Yu, Silver

– Hong Kong Business Operation

“I always learn some valuable life lessons from the beneficiaries. I highly recommend our colleagues to join the Hang Lung As One Volunteer Team. I have never thought that participating in volunteering activities would bring me an award! The recognition from the company has motivated me to be more proactive in serving the community!”

Zhang Yu, Shirley

– Human Resources and Administration, Heartland 66, Wuhan

“I have participated in the Hang Lung As One Volunteer Team for more than three years. Owing to the pandemic situation, only a few volunteers were allowed to enter the school to provide community services for children with special needs. However, before the event, all the volunteers were enthusiastic in designing the eco bags for the children, and we finished nearly 160 eco bags within one week! My heart was filled with warmth and pride as I passed the love of all our volunteers to the children.”



Shang Ming Yue

– Service Delivery, Palace 66, Shenyang

“I would like to thank the company for giving me the opportunity to do something meaningful with my life. I have been joining the volunteering activities for around five years, and I was especially touched by the elderly home visits. It was very satisfying to see the smiling faces of the elderly. During the visit, I could deeply feel the loneliness in the elderly, and this motivates me to continue my efforts to express love and care to the senior citizens.

Participating in volunteering activities not only strengthened my sense of responsibility, but also made me realize that I could make my life more meaningful.”

Sustainable Transactions

Promote sustainability practices
in all types of business transactions

Relevant GRI Disclosure: 204 (2016), 418 (2016), 419 (2016)



Sustainable Transactions

Highlights

Sustainable Finance



We secured **28% of total debts and available facilities** from **green bonds, green loan facilities, and sustainability-linked loan** facilities

Suppliers



For operations, we developed a **sustainable procurement strategy** and strengthened the ESG features of our Operating Manual and Procedures. For projects under development, we defined **16 ideas to improve sustainability**, ideas that are now being implemented

Tenants

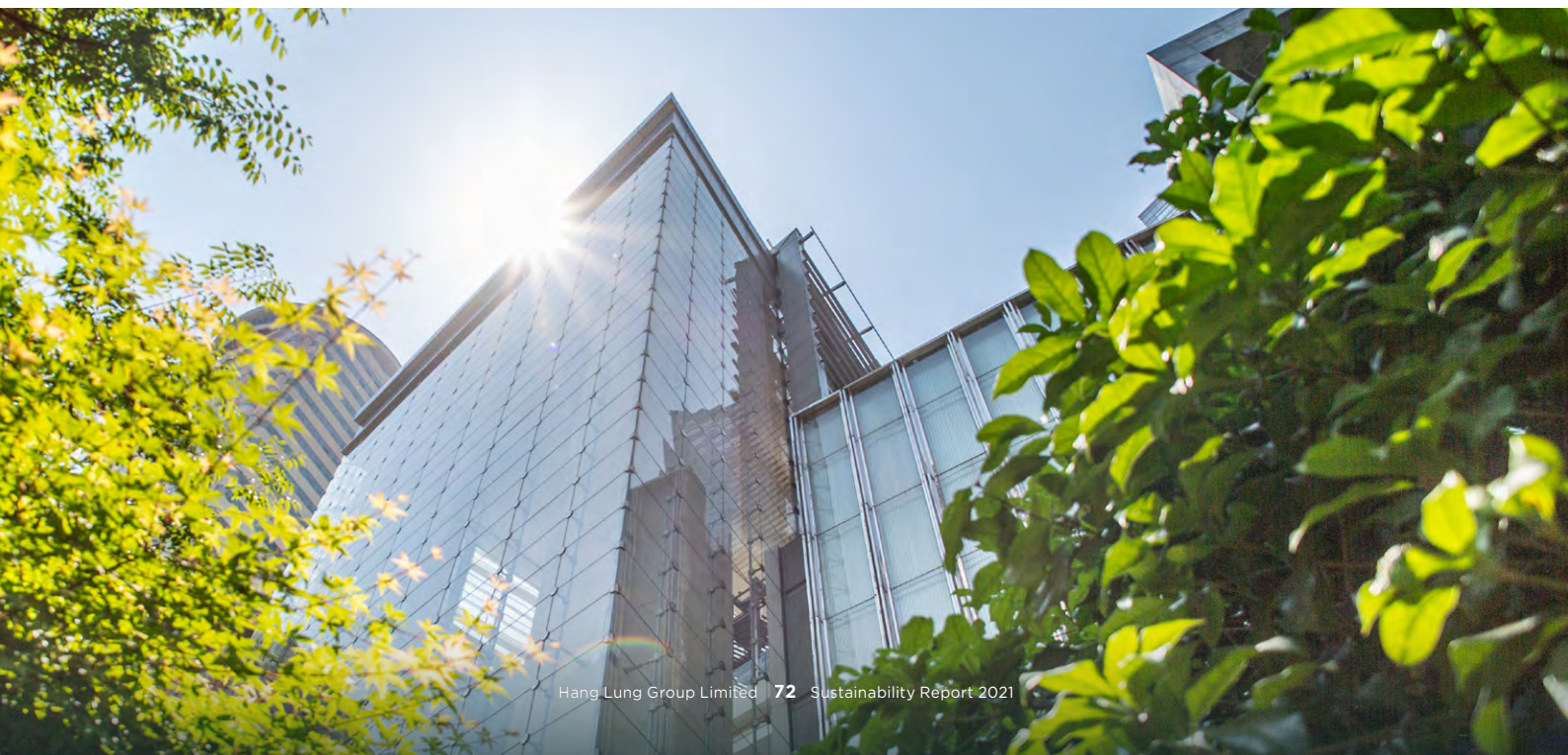


We collaborated with tenants on **multiple community sustainability initiatives**, introduced **amendments to Tenant Handbook and Fit-out Guides** to incorporate more sustainability provisions, and enhanced our **ESG communication** to tenants through various channels

Green Finance Framework

In response to global investors' growing interest in sustainable finance, our subsidiary Hang Lung Properties developed its "Hang Lung Properties Green Finance Framework ('the Framework') in June 2019. The Framework was developed in line with international guidelines, such as the International Capital Market Association's 2018 Green Bond Principles (GBP) and Green Loan Principles (GLP). It enables Hang Lung Properties to raise funds under due scrutiny to finance projects delivering environmental benefits, thereby supporting our business strategy and vision for sustainability leadership. We engaged Sustainalytics, an independent environmental, social and governance research, ratings, and analysis firm, to provide a second-party opinion on the Framework to affirm that it is credible, robust, and impactful, and fully aligned with the GBP and GLP. Please find details of the Framework [here](#).

In 2019, we established a Green Finance Subcommittee (GFS) under our SSC to review our existing and future projects regularly and identify any eligible for fundraising as defined under the Framework. In response to rising market demand to invest also in projects encompassing social and governance considerations, we expanded the scope of the GFS in 2020 and renamed it the Sustainable Finance Subcommittee.



Sustainable Finance

In 2021, Hang Lung Properties issued green bonds worth HK\$3.2 billion, obtained HK\$1.5 billion in green loan facilities and HK\$7 billion in sustainability linked loan facilities. These are collectively referred to as sustainable finance, which now accounts for 28% of the Group's total debts and available facilities. In March 2021, to educate employees on the topic, we conducted a webinar on sustainable finance for 316 colleagues in Hong Kong and mainland China. The Group considers sustainable finance to be an integral part of our commitment to incorporate ESG considerations into our business and investment decisions, for the benefit of stakeholders and society. We will continue to identify new opportunities in sustainable finance to support projects delivering both environmental and social impacts. Through our subsidiary Hang Lung Properties, we aim to obtain 50% of total debts and available facilities from sustainable finance by 2025.

Green Loans and Green Bonds

As of the end of 2021, Hang Lung Properties had secured five green loan facilities and issued nine green bonds under the Hang Lung Properties Green Finance Framework, with the proceeds allocated to predefined eligible green projects as follows:

Green Loan and its Allocation (As at December 31, 2021)				
Arranged in Hong Kong	Year Signed	Facility Amount (HK\$'M)	Drawn Amount (HK\$'M)	Allocated to
Hong Kong	2019	1,000	-	
		Total 1,000		

Arranged in Mainland	Year Signed	Facility Amount (RMB'M)	Drawn Amount (RMB'M)	Allocated to
Spring City 66, Kunming	2020	1,565	1,200	Spring City 66, Kunming
Forum 66, Shenyang	2021	500	500	Forum 66, Shenyang
Riverside 66, Tianjin	2021	244	244	Riverside 66, Tianjin
Westlake 66, Hangzhou	2021	500	95	Westlake 66, Hangzhou
		Total 2,809	2,039	

Green Bond (As at December 31, 2021)					
Location	Year Issued	Maturity Date	Original Currency	Amount	Eqv HK\$'M
Hong Kong	2020	Feb 26, 2027	HK\$'M	700	700
		Apr 7, 2027		500	500
		Nov 20, 2025		750	750
	2021	Jan 19, 2028		230	230
		Feb 5, 2027		750	750
		Feb 2, 2026		465	465
		Feb 10, 2028		555	555
		Aug 27, 2028		805	805
		Sep 28, 2028		50	390
					5,145
Allocated					4,115
Pending for Allocation					1,030

Green Bond Allocation (As at December 31, 2021)

HK\$'M	Shenyang	Wuxi	Dalian	Kunming	Wuhan	Hangzhou	Hong Kong	Refinancing	Total Allocated
Allocated in	Forum 66	Center 66 II	Olympia 66	Spring City 66	Heartland 66	Westlake 66	Electric Road	Green Panda Bond*	
2020	-	-	-	634	745	-	-	-	1,379
2021	365	175	24	41	620	266	47	1,198	2,736
	365	175	24	675	1,365	266	47	1,198	4,115

*Green Panda Bond - All proceeds were applied to Spring City 66 and Heartland 66

Reporting Criteria

- A Green Bond is added to Hang Lung Properties' Sustainability Report when it was issued by Hang Lung Properties or its subsidiaries during the reporting period
- A Green Bond is removed from Hang Lung Properties' Sustainability Report when it has been fully repaid by Hang Lung Properties or its subsidiaries
- A Green Loan is added to Hang Lung Properties' Sustainability Report when it has been drawn by Hang Lung Properties or its subsidiaries and was still outstanding at the end date of the reporting period
- A Green Loan is removed from Hang Lung Properties' Sustainability Report when it has been repaid
- The green projects eligible for the use of the green proceeds are approved by Sustainable Finance Subcommittee under Sustainability Steering Committee

The unallocated proceeds are held in accordance with Hang Lung Properties' liquidity guidelines for short-term time deposits or investments, or used to repay existing borrowings within Hang Lung Properties or its subsidiaries. An independent practitioner, PricewaterhouseCoopers has issued a limited assurance report for Hang Lung Properties. Please refer to pages 99 to 101 of this Report for further details.

Under the green buildings category of our Green Finance Framework, we allocated green loan and green bond proceeds to eight properties as follows:

Portfolio and green building certification	Notable sustainability initiatives
<p>Forum 66 (Shenyang, mainland China) GFA: 293,905 m²</p> 	<ul style="list-style-type: none"> • Reduced electricity intensity by 8% in 2021 compared with 2018 • 82.2% of operational waste diverted from landfill
<p>Center 66 - Phase 2 (Wuxi, mainland China) GFA: 107,118 m²</p> 	<ul style="list-style-type: none"> • Designing a ground source heat pump system for the hotel • Applied a radiant ceiling and fresh air system for efficient temperature control as a pilot in the sales office • Heritage conservation of two historical buildings that aim to create a harmonious environment balancing the historical with the modern
<p>Riverside 66 (Tianjin, mainland China) GFA: 152,831 m²</p> 	<ul style="list-style-type: none"> • Successfully prevented rainfall flood risk in 2021 with a series of flood adaptation measures adopted; shared its practices in an internal webinar attended by 151 colleagues in December 2021 • Reduced electricity consumption for five consecutive years (from 2016-2021) • Completed LED lighting upgrade works in 2021: reduced 1,450,000kWh electricity and saved RMB 1 million per year

Portfolio
Green building certification

Notable sustainability initiatives

Olympia 66

(Dalian, mainland China)

GFA: 221,900 m²



- Reduced electricity intensity by 24% in 2021 compared with 2018
- Installed solar panel system that can generate 200MWh in renewable power per year
- Expecting to save 15% of water consumption by renovating condensing water system

Spring City 66

(Kunming, mainland China)

GFA: 333,112 m²



- 100% powered by renewable energy to achieve net-zero carbon emissions in annual electricity consumption for landlord and tenant operations
- A hospital-grade ventilation system (MERV 16) with UV light for sterilization, improving indoor air quality
- Reduction of 45,321 tonnes of potable water per year compared to LEED v3 water baseline

Heartland 66

(Wuhan, mainland China)

GFA: 328,612 m²



- Adopted advanced Building Management System with a highly efficient building service system
- Applied IAQ sensors in mall and offices to monitor real-time IAQ levels

Westlake 66

(Hangzhou, mainland China)

GFA: 194,100m²



- Adopted the first closed-loop ground source heat pump system in Hang Lung
- Exploring the feasibility of building a net-zero carbon building on site
- The first CGBL 3-star project in Hang Lung and target obtaining the first WELL Platinum rating in 2024

228 Electric Road Redevelopment

(Hong Kong)

GFA: 9,754 m²



- More than 75% (by weight) of all construction and demolition waste generated on site will be diverted from landfill
- At least a 35% energy reduction from the baseline model ASHRAE 90.1-2010 (US) and 28% from the baseline model Building Energy Code 2018 (HK)
- Use of the Battery Energy Storage System (i.e., Enertainer) instead of diesel generators during construction to minimize environmental pollution

Sustainability Expenditures

In our Interim Results announcement in July 2021, we indicated that we planned to spend about HK\$150 million and HK\$300 million on ESG priorities in the second half of 2021 and 2022 respectively. This spending mainly focuses on our sustainability priority of carbon emission reductions through energy efficiency initiatives for existing and new properties. In addition, we will be investing in low-embodied carbon materials in new development projects, the health and wellbeing of employees and communities, resource management and climate adaptation.

Supplier Collaboration

We maintain close communication with a wide range of suppliers including contractors in construction projects, building material suppliers and service providers. In 2021, we made significant progress in advancing sustainability across our operations and project supply chains. In terms of goods and services procurement, we had about 980 suppliers in Hong Kong (as of November 2021) and about 4,000 suppliers in mainland China. About 90% of our spending in Hong Kong and 100% in mainland China was paid locally to minimize the environmental footprint from transportation and to benefit local communities. The quantity of suppliers and contractors in project procurement is stable. We are also collaborating with them to explore smart construction site practices and new materials in 2022.

We continued to work with our suppliers to ensure their alignment with our Code of Conduct for Contractors - which sets out our expectations of our suppliers covering compliance with laws and regulations, integrity, health and safety, child or forced labor, environmental conservation and data protection. Suppliers' records and practices are periodically examined to determine whether the suppliers may present any sustainability risks to the Group and whether any risk mitigation measures should be taken.



We planned to spend about
HK\$150 million
 and
HK\$300 million
 on
ESG priorities in
 the second half of
2021 and 2022
 respectively.

Sustainable Procurement in Operations

On the operations side, we developed a sustainable procurement strategy and updated our **Central Purchasing Department - Operating Manual and Procedures** with enhanced ESG considerations. The ESG requirements have been strengthened in new supplier registrations, and prequalification and tendering processes. In 2021, we reviewed the ESG information of about 120 new suppliers at the registration stage. We also embedded ESG requirements into priority procurement areas, including hygiene, cleaning and sanitation, IT-related equipment, interior renovation works, E&M systems, and stationery. This process has enabled various internal departments such as Administration, Service Delivery and IT to work more closely together and strengthen our internal understanding of ESG priorities and procurement practices.

To further advance sustainable procurement, we invited two experts to speak about ESG and supply chain issues at an internal conference attended by more than 100 colleagues from our finance, IT, and central procurement departments. During the conference, the panelists shared inspiring stories about how they engaged strategic suppliers to enhance supply chain's ESG performance.

We understand the complexity and challenges in suppliers' ESG performance evaluation and have formulated a 2025 target to build a robust digital platform to assess suppliers' ESG performance. The platform will focus on monitoring suppliers' ESG performance, tracking industry trends, and provide analytics and insights to our internal departments. We have conducted market intelligence research and aim to define the process elements of the platform as the basis for requesting tender proposals in 2023.

Sustainable Project Management

On the projects' side, we defined an initial framework with 16 ideas to improve sustainability, including low embodied carbon materials, energy efficiency, environmentally friendly design features, indoor environmental quality, and employee wellbeing. Six of our projects under development - Westlake 66 in Hangzhou, Center 66 Phase 2 in Wuxi, remaining developments of Forum 66 in Shenyang, Grand Hyatt Kunming hotel and Grand Hyatt Residences Kunming at Spring City 66, The Aperture in Kowloon East and 228 Electric Road Redevelopment in North Point in Hong Kong - are examining the feasibility of incorporating some of the 16 improvement ideas, subject to their project schedule and other considerations. For our two Hong Kong projects now underway, we have adopted low carbon materials in structural elements, such as concrete with pulverized fuel ash ("PFA"), and electric arc furnace ("EAF") route produced rebar and recycled steel to reduce projects' embodied carbon. Candidly, the adoption of these low carbon materials on these projects was simply a function of market availability, but we have started to add such specifications for development projects whenever feasible.

For Grand Hyatt Kunming hotel at Spring City 66, we will use the high efficiency refrigerant R-514A in our chillers. R-514A refrigerant is an environmentally friendly refrigerant with zero Ozone Depletion Potential (ODP) and an extremely low Global Warming Potential (GWP) value. Our development project Westlake 66 has also worked on the feasibility of using sustainable materials and technologies, including low carbon concrete and bricks. Lastly, we plan to host an ESG conference in late 2022 focused on embodied carbon, energy efficient design, and other priority areas to advance sustainability with some of our suppliers.

To enhance sustainability performance in project development, we updated our internal Project Management Manual with sustainability requirements through the whole project life cycles. These include:

- land/asset acquisition;
- project planning;
- supplier and consultant registration;
- tendering procedure;
- performance evaluation; and
- construction site safety management.

We also set a 2025 target to have 100% of potential asset acquisitions include ESG due diligence. The ESG due diligence guideline will be developed in 2022.



Incorporating

16 sustainability improvement ideas in

6 projects under development

Tenant Engagement

Tenant Surveys

In Hong Kong, we are collaborating with the Hong Kong University of Science and Technology's Environmental Management and Technology Program. As part of their final year Capstone Project, students in that program are assessing our tenants' understanding of and commitments to sustainability. The project not only benefits the students as a case study, but is also helping us identify and prioritize opportunities for landlord-tenant collaboration. We also included a tenant satisfaction survey in the project: the questions are related to our customer service including our staff's attitude and courtesy, the capability of our staff to answer enquiries, the motivation of staff to provide service, efficiency of case handling, and overall satisfaction.

On the Mainland, two properties - Plaza 66 and Grand Gateway 66 in Shanghai - included sustainability questions in their office tenant satisfaction survey in 2021. We will replicate this approach with other Mainland office tenants in annual satisfaction surveys in 2022.

Tenant Collaboration

Project	Event	How Tenants Collaborated with Us
Amoy Plaza & Kornhill Plaza, Hong Kong	<ul style="list-style-type: none"> Food waste collection and reuse 	<ul style="list-style-type: none"> Food and beverage (F&B) tenants
Grand Gateway 66, Shanghai	<ul style="list-style-type: none"> Signed the Joint Environmental Protection Convention to promote waste recycling, use of sustainable materials and packaging, reduce carbon emissions arising from logistics transportation 	<ul style="list-style-type: none"> Longchamp
Palace 66, Shenyang	<ul style="list-style-type: none"> Sustainability workshop Battery Recycling Scheme 	<ul style="list-style-type: none"> F&B tenants HUAWEI and Xiaomi
Parc 66, Jinan	<ul style="list-style-type: none"> Adidas Primeblue Exhibition Environmental protection themed CSR event 	<ul style="list-style-type: none"> Collaborated with Adidas on themed exhibition related to waste reduction and recycling MUJI, Starbucks, Apple, and Tesla
Riverside 66, Tianjin	<ul style="list-style-type: none"> Sustainability campaign with workshops to children related to circularity, ecosystem, protection of ocean and earth. ESG marketing event for local students 	<ul style="list-style-type: none"> Four tenants collaborated (TOOT, Starbucks Reserve, Flowers by Matt, YMM Art Academy) YMM Art Academy and local community
Olympia 66, Dalian	<ul style="list-style-type: none"> Charity sale and recycling of second-hand goods Volunteer activities (provided recyclable stationery and study package to students) 	<ul style="list-style-type: none"> Invited Chow Tai Fook to participate in the charity event Collaborated with Ole
Spring City 66, Kunming	<ul style="list-style-type: none"> Good Food Fund Meatless Mondays 	<ul style="list-style-type: none"> Nine F&B tenants offered vegetarian dishes with special offers/discounts
Heartland 66, Wuhan	<ul style="list-style-type: none"> Old clothes collection with Feimayi 	<ul style="list-style-type: none"> Tenants sponsored shopping vouchers as campaign incentives



Grand Gateway 66 x Longchamp - Joint Environmental Protection Convention

Amendments to Tenant Handbook and Fit-out Guide

To improve sustainability collaboration with our tenants, we are rolling out a Tenant Handbook and Fit-out Guide revision plan in 2021 and 2022. The Tenant Handbook amendments were first introduced to Plaza 66 and Grand Gateway 66's office tenants in Shanghai in 2021 and will be extended to all Mainland properties, including Fit-out Guide – both office and retail tenants – in 2022. We are also studying similar potential amendments in Hong Kong.

Tenant Handbook. We introduced five sustainability areas for collaboration – our four priorities of Climate Resilience, Resource Management, Wellbeing, and Sustainable Transactions, with a fifth area, Communication and Progress Reviews.

Among key concepts, we are encouraging our tenants to install energy sub-meters to measure their electricity use of HVAC, lighting and other small equipment systems (such as computers, photocopiers and televisions), and share energy, water and waste data with us to improve operating practices. We also encourage tenants to work with us in other key

areas such as social community service, wellbeing, sustainable procurement, and sustainable cleaning. Lastly, we are incorporating sustainable food principles for our F&B tenants, and encouraging them to adopt practices for promote a healthy and environmentally-friendly operations.

Fit-out Guide. In tandem with the Tenant Handbook update, we have incorporated the amendments below in our Fit-out Guide revision, which again will be rolled out to all Mainland properties in 2022.

Fit-out Guide Amendments



CLIMATE RESILIENCE

Encourage energy metering installation during construction and operation



RESOURCE MANAGEMENT

Encourage water saving
Adopt sustainable timber
Encourage recycling practices



WELLBEING

Ensure indoor air quality
Comply with volatile organic compounds (VOCs) requirements for flooring systems, paint, adhesives, and sealants
Comply with statutory requirements for insulation materials



SUSTAINABILITY COMMUNICATION AND PROGRESS

Encourage data sharing for energy and water consumption, and waste
Encourage other forms of communications

We have established a target to incorporate sustainability provisions into 100% of our leases by 2025.

Customer Care

Protecting Customer Data Privacy

Our business involves many direct and indirect daily transactions with our tenants and customers. Our handling of the personal data of our tenants and customers in Hong Kong is governed by our Privacy Statement to ensure it is in compliance with the city's Personal Data (Privacy) Ordinance. We also have policies for our operations in mainland China to comply with relevant personal data protection legislations in Mainland. With the China Personal Information Protection Law (PIPL) effective on November 1, 2021, the terms and conditions and privacy policy for our HOUSE 66 program were updated accordingly for compliance.

Our ERM Working Group is responsible for monitoring any potential breach of relevant laws and regulations, and there were no significant complaints received concerning breaches of customer privacy and losses of customer data during the reporting period.

Cybersecurity

To effectively manage the risks of cyberattacks and data leakage, cybersecurity is one of the principal risks monitored under our ERM framework. Multiple policies covering security control, risk management and incident handling minimize cyber threats and ensure data protection. All new employees with company email addresses are required to complete compulsory online cybersecurity training to increase their vigilance with regard to cybersecurity risks, and other relevant employees must complete refresher training at least once a year.

During 2021, we stepped up our cybersecurity efforts by enforcing cloud governance across the Group, setting up a dedicated security operation center function for continuous threat monitoring, and strengthening measures for remote and third-party access to corporate data. We also engaged external security professionals to test our vigilance through phishing email and attack simulation. We plan to advance our threat monitoring capabilities, enhance cyber-attack data exfiltration prevention and monitoring, and modernize our network and infrastructure to cope with next-generation energy-saving building solutions.

Maintaining Quality Standards

The Group is committed to putting customers first by providing them with products and services that meet high standards of quality. Our operational manuals set out the standard procedures for managing our Hong Kong and mainland China properties. Annual inspections are conducted to identify any defects or deficiencies in the building facilities and electrical and mechanical systems. To avoid the sudden breakdown of services and ensure safety for building occupants, we also undertake regular maintenance of facilities such as HVAC systems, fire services systems, elevators and electrical systems.

In major renovations of existing properties led by our Asset Assurance and Improvement Department, and in close collaboration with relevant departments, the design, layout and circulation of the malls and offices have been rejuvenated to improve customer experience and achieve a timeless design quality. Most works carried out by contractors have a one to two-year defects liability period (DLP) to ensure their quality, and major equipment has a warranty of 5-10 years on top of the DLP. Improvements to existing systems, such as upgrading closed-circuit television (CCTV) systems from analog to digital and expanding their storage capacity, were completed in Forum 66, Riverside 66 and Parc 66.

We continue to maintain high standards of hygiene by revamping projects and arranging for frontline staff to attend regular training on improving service. We also monitor the service quality of the cleaning service providers through daily checks and monthly inspections. In 2021, we refurbished toilets in Amoy Plaza, Peak Galleria, Grand Plaza, Standard Chartered Bank Building, and Kornhill Plaza in Hong Kong.

Enhancing Customer Experience

The Group continues to enhance our customer experience and loyalty throughout our operations in mainland China and Hong Kong. HOUSE 66 is a nationwide customer relationship management program in mainland China where members can earn points. The program is now found across ten malls in eight cities, including the latest addition, Heartland 66 in Wuhan, as of March 2021. Moreover, we continue to provide experiences that ‘money can’t buy’ to build our unique positioning in the market. In 2021, the program reached 1.2 million of spending members, with member sales representing over 50% of retail sales. In addition, we improved our sustainability communication to customers through social media channels, including the creation of a sustainability column in each property’s WeChat account. We communicated three of our major achievements to customers, with strong interest from readers.

Topics	Views from WeChat accounts (As of March 15, 2022)
Hang Lung Announces 25 x 25 Sustainability Targets	7,069
Spring City 66, Kunming is Hang Lung’s First Property with 100% Powered by Renewable Energy	6,827
Hang Lung Properties Commits to Setting Science Based Targets to Reach Net-Zero Emissions by 2050	6,584

In Hong Kong, the hello Hang Lung Malls Rewards Program was launched on March 30, 2021 and covers more than 600 tenants across seven malls and our Central portfolio. The program expanded to more than 120,000 members in nine months to the end of 2021. The Hang Lung Malls app offered a platform to engage with our shoppers. We enhanced customer experience in 2021 through close collaboration with our tenants, creating extraordinary experiences for shoppers with various tastes and lifestyle needs. Participating hello members can redeem unique experiences ranging from private movie theatre experiences, celebrity concerts, fun-filled private tours, personal styling services, afternoon tea sets, and private hotpot dining reservations. We also launched the Hang Lung e-shopping coupon in August 2021 with seamless redemption using the Hang Lung Malls app.

Measuring Customer Satisfaction

Feedback is vital for us to understand customer expectations and facilitate continual improvement. Our ongoing customer survey tracks both the Net Promoter Score (NPS) and qualitative feedback on customer touchpoint areas through verbatim analysis. Using word-by-word feedback from respondents to create a statistical summary, it provides a clear and quantifiable picture of customer sentiment. In 2021, we took actions to address several key customer pain points, notably including parking facility management and seamless digital experience. Our overall NPS score, as of year-end 2021, was higher than for the same period in 2020.

Key figures of customer satisfaction survey in 2021

	2020	2021
Number of surveys completed	23,904	25,667
Overall net promoter score*	+52.7	+57.9
Number of verbatim collected	7,750	9,095

*Overall NPS was calculated and compared based on December's figure in that year

Written Complaints



In response to customer complaints, standardized complaint handling procedures are in place to ensure customer feedback is addressed in a timely, consistent, and efficient manner. Complaints are logged, managed and investigated by dedicated staff within an appropriate timescale, and they must maintain close communication with the customer throughout the whole process. Service delivery staff are required to study various complaint cases regularly to strengthen their skills in problem solving and complaint handling.

Hong Kong

Interim reply within

3 working days

Formal reply within

14 working days

mainland China

Formal reply within

7 working days

Memberships and Charters

The Group, through its subsidiary Hang Lung Properties, actively supports government bodies, sustainability organizations and industry associations that have positive impacts on society. The following table summarizes our memberships and charters in 2021.

Performance

Area	Partner	Nature of Membership/Charter
Environmental	Hong Kong Special Administrative Region Government	Carbon Reduction Charter and Carbon Audit Green Partner (Environmental Protection Department)
		Carbon Neutrality Partnership (Environment Bureau)
		Charter on External Lighting (Environment Bureau)
		Energy Saving Charter and 4Ts Charter (Environment Bureau and Electrical and Mechanical Services Department)
		Food Wise Charter (Environment Bureau)
		Glass Container Recycling Charter (Environmental Protection Department)
	Business Environment Council	Council Member
		BEC Low Carbon Charter
		Power Up Coalition Member
	Civic Exchange and Walk 21	International Charter of Walking
	The Green Earth	Green Earth Companion (Air)
	Hong Kong Green Building Council	Gold Patron Member
	World Business Council for Sustainable Development	Manifesto for Energy Efficiency in Buildings
WWF Hong Kong	'No Shark Fin' Pledge	
GRESB	Real Estate Manager Member	
Green Council	Sustainable Procurement Charter - Established Member	
Urban Land Institute	Asia Pacific Corporate Partnership and Greenprint Programs	

Memberships and Charters

Area	Partner	Nature of Membership/Charter
Social	Hong Kong Special Administrative Region Government	Joyful@Healthy Workplace Charter (Department of Health and Occupational Safety & Health Council)
		Talent-Wise Employment Charter (Labour and Welfare Bureau, in collaboration with the Rehabilitation Advisory Committee, the Hong Kong Joint Council for People with Disabilities and the Hong Kong Council of Social Service)
	Agency for Volunteer Service	Group Member
	Asia Society	Asia Corporate Member
	Business and Professionals Federation of Hong Kong	Corporate Member
	China Real Estate Developers and Investors Association	Executive Member
	Employers' Federation of Hong Kong	Member
	Hong Kong Institute of Human Resource Management	Corporate Member
	Hong Kong Management Association	Chartered Member
	Hong Kong Public Relations Professionals' Association Limited	Corporate Member
	The Chamber of Hong Kong Listed Companies	Full Member
	The Hong Kong Institute of Directors	Member
	The Hong Kong Construction Association Limited	Member
	The Real Estate Developers Association of Hong Kong	Corporate Member
Hong Kong Green Finance Association	Corporate Member	

Performance Tables

Economic

HK: Hong Kong

MC: mainland China

Indicator	Unit	2019			2020			2021		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Economic value generated										
Revenue (including property sales revenue)	HK\$ million	4,460	4,975	9,435	3,832	5,694	9,526	3,517	7,402	10,919
Interest Income		N/A	N/A	160	N/A	N/A	70	N/A	N/A	82
Economic value distributed										
Operating costs ^a		N/A	N/A	1,752	N/A	N/A	1,867	N/A	N/A	2,186
Employee wages and benefits		N/A	N/A	1,624	N/A	N/A	1,575	N/A	N/A	1,812
Total borrowing costs		N/A	N/A	1,573	N/A	N/A	1,518	N/A	N/A	1,509
Dividends paid	HK\$ million	N/A	N/A	1,089	N/A	N/A	1,470	N/A	N/A	1,144
Dividends paid to non-controlling interests		N/A	N/A	1,727	N/A	N/A	1,757	N/A	N/A	1,845
Income taxes to government		477	728	1,205	401	870	1,271	313	1,114	1,427
Community investments		N/A	N/A	17	N/A	N/A	25	N/A	N/A	17
Number of cities of operation	Number	1	9	10	1	9	10	1	9	10
Economic value retained or invested										
Economic value retained or invested	HK\$ million	N/A	N/A	608	N/A	N/A	135	N/A	N/A	1,061

Note a: Operating costs exclude:

- (1) employee wages and benefits; and
- (2) community investments.

Environmental

HK: Hong Kong MC: mainland China

Indicator	Unit	2019			2020			2021		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Energy consumption and generation ^{(1), (2), (3), (4), (5)}										
Direct energy consumed by type										
Petrol by vehicles		416	1,925	2,341	380	1,251	1,631	369	1,339	1,708
Diesel by vehicles and vessels	GJ	253.64	0	253.64	181	0	181	224	0	224
Diesel by emergency generators		67.6	171.6	239.2	5	43	48	9	276	285
Natural gas		0	4,711	4,711	0	2,226	2,226	0	2,248	2,248
Indirect energy consumed (all non-renewable by type)										
Electricity	kWh	73,427,325	191,016,119	264,443,444	68,087,841	164,566,590	232,654,431	70,850,028	210,736,066	281,586,094
Electricity	GJ	264,338	687,658	951,996	245,116	592,440	837,556	255,060	758,650	1,013,710
Electricity intensity of buildings in use ⁽⁶⁾	kWh/m ² /year	101.67	74.88	80.79	94.28	64.51	71.08	98.11	67.67	73.40
Hot water	GJ	0	244,642	244,642	0	165,961	165,961	0	164,826	164,826
Steam		0	37,145	37,145	0	29,802	29,802	0	32,052	32,052
Total energy consumed										
Building operation	GJ	264,406	974,328	1,238,734	245,121	790,472	1,035,593	255,069	958,052	1,213,121
Energy intensity of buildings in use ⁽⁶⁾	GJ/m ² /year	0.37	0.38	0.38	0.34	0.31	0.32	0.35	0.31	0.32
Energy generated and consumed										
Renewable energy	kWh	0	715,911	715,911	0	643,678	643,678	0	619,435	619,435

Performance

HK: Hong Kong MC: mainland China

Indicator	Unit	2019			2020			2021		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Greenhouse gas (GHG) emissions ^{(1), (2), (3), (4), (7), (8)}										
Direct emissions (Scope 1)										
Building operation	Tonnes CO ₂ e	1,810.9	4,220.9	6,031.8	613	2,407	3,020	208.9	2,271.7	2,480.6
Company vehicles and vessels ⁽⁹⁾		48.78	138.68	187.46	40.82	90.11	130.93	46.16	108.62	154.78
Energy indirect emissions (Scope 2)										
Building operation	Tonnes CO ₂ e	48,840.7	202,169.0	251,009.7	41,406.3	166,515	207,921.3	39,979.9	186,635.5	226,615.4
Other indirect emissions (Scope 3)										
Business air travel	Tonnes CO ₂ e	677.64	277.75	955.39	85.52	78.50	164.02	22.94	85.78	108.71
Total building operation emissions (Scope 1&2)										
Building operations	Tonnes CO ₂ e	50,651.6	206,389.9	257,041.5	42,019.3	168,922.0	210,941.3	40,188.8	188,907.2	229,096.0
Carbon emission intensity of buildings in use ⁽⁶⁾	Tonnes CO ₂ e/m ² /year	0.0701	0.0809	0.0785	0.0582	0.0662	0.0644	0.0556	0.0607	0.0597
Waste management ^{(1), (2), (10)}										
Waste disposal										
Municipal solid waste	Tonnes	7,335	19,180	26,515	6,946	27,593	34,539	18,639	25,710	44,349
Hazardous waste (Fluorescent light bulbs/tubes)	kg	3,428	4,283	7,711	6,036	320	6,356	1,956	472	2,428
Recycled waste										
Paper		89,501	343,294	432,795	104,152	209,150	313,302	125,171	107,265	232,436
Metal		1,898	35,683	37,581	810	37,735	38,545	2,926	63,859	66,785
Food waste ⁽¹¹⁾	kg	325,541	N/A	N/A	371,148	N/A	N/A	321,494	6,822,895	7,144,389
Plastics		926	36,653	37,579	727	25,065	25,792	1,053	23,338	24,391
Glass		3,353	19,518	22,871	4,875	40,475	45,350	13,816	35,953	49,769
Water management ^{(1), (2), (12)}										
Fresh water consumption	ML	N/A	1,504.3	N/A	N/A	1,357.9	N/A	484.1	1,432.6	1,916.7
Water intensity of buildings in use	m ³ /m ² /year	N/A	0.61	N/A	N/A	0.55	N/A	0.67	0.46	0.50

Performance

Notes:

- (1) The coverage of energy, greenhouse gas emissions, material, water and waste data in 2019 and 2020 includes all 24 properties in Hong Kong and eight properties in mainland China (Plaza 66, Grand Gateway 66, Palace 66, Parc 66 and Forum 66 (Mall and Office Tower of Phase 1), Center 66 (Mall and Office Tower 1 of Phase 1), Riverside 66 and Olympia 66). Spring City 66 and Center 66 Office Tower 2 are excluded as they opened in September 2019 and operational data in 2020 is unrepresentable due to the pandemic situation in 2020.
- (2) The coverage of energy, greenhouse gas emissions, material, water and waste data in 2021 includes 24 properties in Hong Kong and nine properties in mainland China (Plaza 66, Grand Gateway 66, Palace 66, Parc 66 and Forum 66 (Mall and Office Tower of Phase 1), Center 66 (Mall, Office Tower 1 and Office Tower 2), Riverside 66, Olympia 66 and Spring City 66 (Mall and Office Tower 1). Heartland 66 is excluded as it opened in mid-2021.
- (3) The conversion factors from volumetric units of petrol, diesel and natural gas consumption to energy units are referenced from Technical Note: Conversion of fuel data to MWh published by CDP in 2020.
- (4) As the emission of NO_x, SO_x and other pollutants are considered not significant to our operations, we do not report the emissions data for NO_x and SO_x separately.
- (5) We started to report petrol and diesel consumption by vehicles in mainland China since 2019.
- (6) Certain comparative intensity figures (electricity intensity, energy intensity, carbon emission intensity) have been restated to conform to the current year's presentation. Without any restatement of the data disclosed in our Sustainability Report 2020, the electricity intensity of buildings in use (kWh/m²/year) from 2019 to 2021 for our Mainland properties is as follows: 77.21 for 2019, 66.30 for 2020, and 70.84 for 2021.
- (7) Calculation standards and methodologies for carbon emissions:
- Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition) published by the Environmental Protection Department (EPD) and the Electrical and Mechanical Services Department (EMSD) of the Hong Kong Government
 - Emission intensity published by CLP Power Hong Kong Limited in 2021 and Hongkong Electric in 2021
 - 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Chapter 2: Stationary Combustion (Commercial Institutional)
 - Baseline Emission Factors for Regional Power Grids in China (2019 edition) and local Regulations issued by local Municipality of Environmental Protection
- (8) Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and hydrofluorocarbons (HFCs) are included in greenhouse gas (GHG) calculations. Perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃) are not applicable.
- (9) This only covers vehicles and vessels that are entirely owned and operated by the Group, excluding any vehicles and vessels operated by our service providers.
- (10) Currently, all non-hazardous waste of our Hong Kong portfolio is disposed of offsite at public landfills. In mainland China, our non-hazardous waste is disposed of offsite either at incineration facilities without energy recovery or in landfills; we aim to have more quantitative information in our subsequent report. The reported quantity of recyclables only reflects those being disposed of directly at our designated collection points. Data on recyclables that have been handled through informal channel, e.g., collected by individual recyclers, cannot be captured. The Group's operations did not involve significant generation of hazardous waste. Since our Mainland properties have primarily switched to use LED lighting, the disposal of fluorescent tubes has decreased significantly in 2020. The amount of hazardous waste diverted from disposal is not available. We will work with our service providers to understand the weight of hazardous waste diverted from disposal in the future.
- (11) We started to report the amount of food waste recycled in mainland China in 2021.
- (12) Municipal water supplies are the sole fresh water source of our operation. Our water intensity is the fresh water consumption per unit construction floor area. Water consumption data in Hong Kong remains incomplete for 2020 as a result of the disrupted services of the Water Services Department. It is estimated that the water consumption of our Hong Kong portfolio in 2019 and 2020 is around 550,000m³ and 500,000m³ respectively.

Social

HK: Hong Kong MC: mainland China

Indicator	Unit	2019			2020			2021		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Profile of workforce ⁽¹³⁾										
Total workforce (employees and supervised workers)		1,223	3,582	4,805	1,150	3,445	4,595	1,104	3,236	4,340
Male	Number	695	2,213	2,908	661	2,131	2,792	609	1,973	2,582
Female		522	1,337	1,859	479	1,251	1,730	451	1,237	1,688
Supervised workers ^{(14), (15)}		6	32	38	10	63	73	44	26	70
Employees by employment contract										
Permanent total		1,165	3,550	4,715	1,119	3,382	4,501	1,043	3,210	4,253
Permanent full time	Number	1,161	3,550	4,711	1,115	3,382	4,497	1,039	3,210	4,249
Permanent part time		4	0	4	4	0	4	4	0	4
Temporary		52	0	52	21	0	21	17	0	17
Employees by employee category ^{(16), (17)}										
Executive staff		162	266	428	156	275	431	157	153	310
Administrative staff	Number	488	1,299	1,787	430	1,223	1,653	400	1,350	1,750
Operational staff		567	1,985	2,552	554	1,884	2,438	503	1,707	2,210
Employees by age group										
Under 30		153	626	779	128	497	625	97	456	553
30 - 50	Number	603	2,658	3,261	567	2,605	3,172	569	2,498	3,067
Over 50		461	266	727	445	280	725	394	256	650
New hires										
Total new hires	Number	279	831	1,110	135	424	559	186	592	778
New hire rate ⁽¹⁸⁾	%	24.03	23.41	23.56	12.11	12.54	12.43	17.90	18.44	18.31
By age										
Under 30		80 (57.97)	344 (54.95)	424 (55.50)	38 (31.15)	162 (32.60)	200 (32.31)	58 (60.42)	220 (48.25)	278 (50.36)
30 - 50	Number (%)	147 (25.09)	479 (18.02)	626 (19.30)	77 (13.77)	251 (9.64)	328 (10.37)	98 (17.44)	363 (14.53)	461 (15.07)
Over 50		52 (11.90)	8 (3.01)	60 (8.53)	20 (4.61)	11 (3.93)	31 (4.34)	30 (7.87)	9 (3.52)	39 (6.12)
By gender										
Male	Number (%)	130 (19.43)	499 (22.55)	629 (21.83)	93 (14.29)	254 (11.92)	347 (12.47)	90 (15.03)	271 (13.74)	361 (14.04)
Female		149 (30.28)	332 (24.83)	481 (26.30)	42 (9.05)	170 (13.59)	212 (12.36)	96 (21.82)	321 (25.95)	417 (24.87)

Performance

HK: Hong Kong MC: mainland China

Indicator	Unit	2019			2020			2021		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Turnover										
Total turnover	Number	292	718	1,010	176	587	763	232	784	1,016
Turnover rate ^{(18), (19)}	%	25.15	20.23	21.44	15.78	17.36	16.97	22.33	24.42	23.91
By age										
Under 30	Number (%)	50 (36.23)	211 (33.71)	261 (34.16)	32 (26.23)	159 (31.99)	191 (30.86)	46 (47.92)	194 (42.54)	240 (43.48)
30 - 50		183 (31.23)	461 (17.34)	644 (19.85)	89 (15.92)	370 (14.20)	459 (14.51)	119 (21.17)	559 (22.38)	678 (22.16)
Over 50		59 (13.50)	46 (17.29)	105 (14.95)	55 (12.67)	58 (20.71)	113 (15.83)	67 (17.59)	31 (12.11)	98 (15.38)
By gender										
Male	Number (%)	144 (21.52)	427 (19.30)	571 (19.81)	106 (16.28)	335 (15.72)	441 (15.85)	128 (21.37)	437 (22.15)	565 (21.97)
Female		148 (30.08)	291 (21.77)	439 (24.00)	70 (15.09)	252 (20.14)	322 (18.78)	104 (23.64)	347 (28.05)	451 (26.89)
Compensation										
Ratio of basic salary and remuneration of women to men by employee category										
Executive staff	N/A	1:1.345	1:1.361	N/A	1:1.323	1:1.296	N/A	1:1.319	1:1.179	N/A
Administrative staff		1:1.185	1:1.245	N/A	1:1.161	1:1.171	N/A	1:1.174	1:1.201	N/A
Operational staff		1:1.152	1:1.059	N/A	1:1.139	1:1.049	N/A	1:1.152	1:1.031	N/A
Parental leave ⁽²⁰⁾										
Total number of employees entitled to parental leave	Number	1,180	3,550	4,730	1,140	3,382	4,522	1,060	3,210	4,270
Male		681	2,213	2,894	661	2,131	2,792	609	1,973	2,582
Female		499	1,337	1,836	479	1,251	1,730	451	1,237	1,688
Total number of employees took parental leave		16	119	135	25	105	130	21	109	130
Male		9	57	66	12	55	67	8	41	49
Female		7	62	69	13	50	63	13	68	81
Return to work rate by gender										
Male	%	100	98	N/A	100	100	N/A	100	100	N/A
Female		100	96	N/A	100	100	N/A	100	100	N/A

Performance

HK: Hong Kong MC: mainland China

Indicator	Unit	2019			2020			2021		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Employee training ⁽²¹⁾										
Total hours of employee training	Hours	19,524.3	106,079.0	125,603.2	5,735.8	94,389.3	100,125.0	10,178.1	84,470.9	94,649.0
Average hours of employee training		16.04	29.88	26.35	5.03	27.91	22.14	9.60	26.31	22.17
Average training hours by employee category										
Executive staff	Hours	27.20	33.55	31.15	9.76	19.65	16.07	13.75	40.47	26.94
Administrative staff		20.98	30.89	28.18	6.18	23.78	19.20	9.61	23.08	20.00
Operational staff		8.61	28.73	24.26	2.81	31.80	25.21	8.30	27.61	23.21
Average training hours by gender										
Male	Hours	16.36	29.72	26.53	5.15	27.90	22.52	9.67	26.54	22.56
Female		15.62	30.15	26.07	4.86	27.92	21.53	9.52	25.95	21.56
Employees receiving regular performance and career development reviews										
Percentage of total employees	%	100	100	N/A	100	100	N/A	100	100	N/A
By employee category										
Executive staff	%	100	100	N/A	100	100	N/A	100	100	N/A
Administrative staff		100	100	N/A	100	100	N/A	100	100	N/A
Operational Staff		100	100	N/A	100	100	N/A	100	100	N/A
By gender										
Male	%	100	100	N/A	100	100	N/A	100	100	N/A
Female		100	100	N/A	100	100	N/A	100	100	N/A
Employees covered by collective bargaining										
Percentage of total employees	%	0	34.48	N/A	0	32.80	N/A	0	40.20	N/A
Anti-corruption training										
Number of employees received anti-corruption training										
Executive staff	Man-time	121	235	356	74	71	145	177	180	357
Administrative staff		440	1,316	1,756	228	230	458	481	1,581	2,062
Operational staff		564	1,984	2,548	196	278	474	541	1,715	2,256
Percentage of employees received anti-corruption training ⁽²²⁾										
Executive staff	%	74.7	88.3	N/A	47.4	25.8	N/A	100	100	N/A
Administrative staff		90.2	101.3	N/A	53.0	18.8	N/A	100	100	N/A
Operational staff		99.5	99.9	N/A	35.4	14.8	N/A	100	100	N/A

Performance

HK: Hong Kong MC: mainland China

Indicator	Unit	2019			2020			2021		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Occupational health and safety ^{(23), (24)}										
Work-related injuries ⁽²⁵⁾		23	32	55	24	24	48	27	29	56
High-consequence work-related injuries ⁽²⁶⁾	Number	1	2	3	2	2	4	2	2	4
Loss-time work-related injuries		23	32	55	21	21	42	26	27	53
Number of hours worked	Hours	2,477,220	7,100,000	9,577,220	2,364,648	6,764,000	9,128,648	2,366,760	6,204,736	8,571,496
Injury rate (per 100 employees)		1.86	0.90	1.15	2.03	0.71	1.05	2.28	0.93	1.31
Rate of high-consequence work-related injuries (per 100 employees)	N/A	0.08	0.06	0.06	0.17	0.06	0.09	0.17	0.06	0.09
Rate of lost-time work-related injuries		1.86	0.90	1.15	1.78	0.62	0.92	2.20	0.87	1.24
Lost days due to work-related injuries	Days	561.5	857.1	1,418.6	670.5	706.7	1,377.2	537	828	1,365
Lost day rate (per 100 employees)	N/A	45.33	24.14	29.62	56.71	20.90	30.17	45.38	26.69	31.85
Lost-time injury frequency rate (LTIFR)	Number of injuries/ million hours worked	9.28	4.51	5.74	8.88	3.10	4.60	10.99	4.35	6.18
Absentee rate ⁽²⁷⁾	%	2.29	2.11	2.15	1.63	1.70	1.68	2.17	1.63	1.78
Fatalities ⁽²⁸⁾	Number	0	0	0	0	0	0	0	0	0
Fatalities rate	%	0	0	0	0	0	0	0	0	0
Occupational health and safety (OHS) training										
Number of employees received OHS training	Man-time	462	4,357	4,819	226	11,771	11,997	625	8,055	8,680

Notes:

- (13) The profile of workforce data was compiled based on the number of employees and number of workers as of the end of each reporting year, provided by our Human Resources Department. We do not yet report data on the employment of people from minority and vulnerable groups.
- (14) The Group does not report data of supervised workers by gender and age.
- (15) There were no significant variations in number of employees or number of supervised workers in the reporting period. Supervised workers do not cause significant variation to the Group's workforce and activities.
- (16) The percentage of employees per employee category by gender: Executive staff: 61.6% male and 38.4% female; Administrative staff: 40.5% male and 59.5% female; Operational staff: 76.1% male and 23.9% female.
- (17) The number of executive staff in mainland China decreased in 2021 due to employee grade alignment between Hong Kong and mainland China.
- (18) The new hire and turnover rate in 2019 and 2020 has been adjusted.
- (19) The turnover rates cover voluntary resignations, retirements, and involuntary leave during the corresponding reporting periods.
- (20) We do not report the total number of employees that returned to work after parental leave ended and that were still employed 12 months after their return to work as this particular data is not tracked. In the meantime, we do track the number of ex-colleagues who consider "family responsibility" as one of the reasons for resignation.
- (21) Training categories include: onboarding program, language skills, customer service, professional development, leadership development, occupational health and safety, and regulatory compliance. We do not report the percentage of employees trained by gender and employee category as the breakdown of data is not tracked. However, 100% of our employees are required to receive either induction or refresher training courses on integrity and crisis management during the reporting period, and all employees with company email addresses receive cybersecurity training. We are preparing to launch a Learning Management System to optimize our future data collection.
- (22) The percentages of administrative employees and operational employees in Hong Kong and administrative employees in mainland China received anti-corruption training exceed 100% mainly due to the turnover of employees.
- (23) Our occupational health and safety data reported in the performance table only covers our office and frontline operations. We do not report data on the occupational disease rate as we encounter difficulties in data collection. We do not further breakdown our occupational health and safety data by gender because we consider such data insignificant for reporting. For the occupational health and safety data of our contractors at our construction sites, please refer to page 66 of this Report.
- (24) Loss day injuries are equivalent to recordable work-related injuries as defined by GRI. The injury rates, rates of high-consequence work-related injuries, rates of recordable work-related injuries and lost day rates were calculated on 200,000 hours worked. The factor 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year.
- (25) Major work-related hazards that may cause high-consequence work-related injuries include falls from height, slips and falls, the use of machines with moving parts, hot & electrical work, and manual handling. Major types of injury include scratches, being struck by objects, fractures and cuts.
- (26) High-consequence work-related injuries (excluding fatalities) refer to work-related injuries that result in an injury that a worker cannot, does not or is not expected to recover fully to pre-injury health status within six months.
- (27) Absentee days is defined as the sum of non-work-related sick leave (i.e., sick leave not caused by a work-related accident/ injury/ illness).
- (28) Fatalities refer to work-related fatalities of employees as defined by HKEX and GRI.

Strategic ESG KPIs for 2022

Climate Resilience

Performance

2025 Target	2022 KPIs
40% cumulative reduction in GHG intensity (kg CO ₂ e/m ²) relative to 2018	1. Develop a portfolio-wide 2025 GHG reduction action plan.
18% cumulative reduction in electricity intensity (kWh/m ²) relative to 2018	2. All properties demonstrate best efforts towards portfolio-wide 8% kWh/m ² reduction compared to 2018.
25% of our mainland China portfolio electricity demand met by renewable energy	3. Direct procurement of renewables for at least one Mainland property.
Wherever feasible exceed local regulations for the provision of parking spaces installed with EV charging facilities across our portfolio	4. Study regulatory trends for EVs and develop a plan to expand EV parking spaces for Mainland and Hong Kong.
Demonstrate best efforts to achieve at least 10% reduction in embodied carbon intensity (kg CO ₂ e/m ²) for new development projects that begin in 2022 or later, compared to typical practice in an equivalent building	5. Develop a consistent methodology for collection of data and accounting of embodied carbon. 6. Develop a plan for reduction of embodied carbon from bamboo, concrete, rebar, insulation, glazing and finish materials and through integrated design on future projects.
15% reduction in GHG intensity (kg CO ₂ e/m ²) from tenants' electricity consumption for our properties in mainland China, relative to 2018	7. Work with a major tenant to pilot a plan to reduce GHG intensity from the tenant's electricity consumption.
Complete technical analysis for climate adaptation measures for all properties	8. Conduct technical analysis for climate adaptation in four properties on Mainland and ten properties in Hong Kong.

Resource Management

2025 Target	2022 KPIs
60% of construction waste diverted from landfill for new projects starting in 2022 with maximized recycling	1. Pilot with a relevant organization to identify innovative ways to reduce construction waste and increase recycling.
Demonstrate best efforts to maximize the use of recycled, reused and bio-based materials on all new projects	2. Examine the technical and economic feasibility of increasing the use of recycled, reused and/or bio-based materials to support circularity on a Mainland project.
10% reduction in water intensity (m ³ /m ² /year) relative to 2018	3. Conduct at least three water audits or pilots on Mainland to support major improvements in water. 4. Develop a portfolio-wide water reduction plan for the period 2023-2025.
70% of operational waste diverted from landfill	5. Implement at least five waste reduction and recycling measures across the portfolio. 6. Develop a portfolio-wide waste reduction plan for the period 2023-2025.

Wellbeing

2025 Target	2022 KPIs
Achieve an employee engagement rating greater than or equal to the 75 th percentile	1. Implement key employee engagement measures to strengthen manager-employee connections, a caring culture, learning and development, and work-life balance.
Maintain Female-to-Male pay ratio of 1:1	2. Conduct D&I training and workshops and strengthen anti-discrimination policies and procedures.
Conduct an audit of all our properties and corporate practices on how to enhance wellbeing and opportunities for persons with disabilities	3. Conduct an audit of our corporate practices and formulate recommendations.
Obtain local or international health and wellness certification for all our existing Mainland properties	4. Develop a health and wellness program including guidance and activities for employees.
Obtain WELL Gold certificate or equivalent for at least one new property in Hong Kong and mainland China	5. Conduct a feasibility study to obtain the China Healthy Building Label or equivalent in at least one property.
Deliver priority ESG training targeted to all departments and seniority levels	6. Develop and deliver priority ESG training to specific departments on major sustainability priorities.
Maintain a Lost Time Injury Rate of 1.5 or below for employees	7. Develop a plan to rollout key safety practices from Service Delivery Safety Management Committee and elsewhere.
Maintain zero work-related fatalities for employees and contractors	8. Study smart technology options and define practical approaches for enhancing construction site and employee safety.
Work with youth on wellbeing community initiatives at all properties by 2025	9. Work with youth to organize at least one high profile community wellbeing event with measurable impacts on the community.

Sustainable Transactions

2025 Target	2022 KPIs
Embrace technology to build a robust digital platform for assessing suppliers' ESG performance	1. Examine technology options, identify parameters and define process elements of digital platform.
100% of marketing events evaluated for their sustainability impacts	2. Launch sustainable marketing guideline for all properties.
100% of leases incorporate sustainability provisions	3. Pilot implementation of sustainability leases with our Shanghai office tenants.
50% of total debts and available facilities from sustainable finance through our subsidiary Hang Lung Properties	4. 35% of total debts and available facilities from sustainable finance through our subsidiary Hang Lung Properties by the end of 2022.
100% of potential asset acquisitions include ESG due diligence	5. Develop ESG due diligence guideline.



Independent Assurance Opinion Statement

Statement No.: **SRA-HK 768251**

Performance

Hang Lung Group Limited and Hang Lung Properties Limited Sustainability Report 2021

The British Standards Institution is independent to Hang Lung Group Limited, and its subsidiaries including Hang Lung Properties Limited (hereafter referred to as “HLP” collectively in this statement), and has no financial interest in the operation of HLP other than for the assessment and assurance of HLP Sustainability Report 2021 (“Report”).

This independent assurance opinion statement has been prepared for HLP only for the purposes of assuring its statements relating to the Report, more particularly described in the Scope, below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read. This statement is intended to be used by stakeholders & management of HLP.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by HLP. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to HLP only.

Scope

The scope of engagement agreed upon with HLP includes the followings:

1. The assurance covers the whole Report, and focuses on systems and activities of HLP and its subsidiaries (the Group), including Hang Lung Properties Limited (Hang Lung Properties) in Hong Kong and mainland China, which include commercial property development, leasing, management and construction during the period from 1st January 2021 to 31st December 2021. The Report is prepared in accordance with the Core Option of GRI Sustainability Reporting Standards (“GRI Standards”) and in accordance with the Hong Kong Stock Exchange’s (“HKEX”) Environmental, Social and Governance Reporting Guide (“ESG Guide”).
2. Type 1 Moderate Level of Assurance evaluates of the nature and extent of HLP’s adherence to three reporting principles, which include Inclusivity, Materiality, Responsiveness and Impact. The specified sustainability performance information/data disclosed in the Report has been evaluated.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Report provides a fair view of the HLP’s sustainability programmes and performances in the reporting year. We believe that the economic, social and environmental performance indicators are fairly represented in the Report, in which HLP’s efforts being made to pursue sustainable development are widely recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers. We planned and performed this part of our work to obtain the necessary information and explanations. We considered HLP has provided sufficient evidence that HLP’s self-declaration of compliance with the Core Option of GRI Standards and the HKEX ESG Guide were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to HLP's policies to provide a check on the appropriateness of statements made in the Report
- Discussion with senior executives on HLP's approach to stakeholder engagement. We had no direct contact with external stakeholders
- Interview with staff involved in sustainability management, report preparation and provision of report information were carried out
- Review of key organizational developments
- Review of supporting evidence for claims made in the Report
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact.

Conclusions

A detailed review against the principles of Inclusivity, Materiality, Responsiveness and Impact and HKEX ESG Guide, and in accordance with GRI Standards is set out below:

Inclusivity

The Report has reflected a fact that HLP is seeking the engagement of its stakeholders through numerous channels such as biannual two-way performance check-in and review; regular drinks sessions with management; annual dinner; bi-monthly corporate newsletter; annual sustainability-focused interviews and focus groups; annual employee engagement survey; Emerald Award; CEO Award; Long Service Award; annual conference (management conference, function conference); ongoing digital platform communication through intranet and WeChat; regular staff activities; exit interviews; annual sustainability reporting, benchmarks and indices; regular investor interviews, meetings, roadshows, and investor conferences; Annual General Meeting; regular customer engagement surveys; annual tenant satisfaction surveys and interviews; ongoing social media communication through various media; regular project meetings; screening and performance evaluation; focus group discussions; regular two-way communication with international and local communities at the Board level; ongoing community programs; monthly community events; regular collaboration on sustainability community investment initiatives; regular participation in conferences, seminars, and networking events; regular meetings; occasional site visits by government officials; Government consultations; biannual results announcements and press conferences; occasional media briefings and luncheons, and more.

HLP's operation involves various methods of engaging its stakeholders on daily basis. The Report covers economic, social and environmental aspects concerned by its stakeholder with a fair level of disclosures. In our professional opinion, HLP adheres to the principle of Inclusivity. Our view of areas for enhancement to the Report was adopted by HLP before issue of this opinion statement.

Materiality

HLP publishes sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion, the Report adheres to the principle of Materiality and identifies HLP's material aspects by using appropriate method of materiality analysis and demonstrating material issues in a matrix form. Areas for enhancement to the Report were adopted by HLP before issue of this opinion statement.

Responsiveness

HLP has implemented practices to respond to the expectations and perceptions of its stakeholders. It includes various surveys and feedback mechanisms to both internal and external stakeholders. In our professional opinion, HLP adheres to the principle of Responsiveness. Areas for enhancement to the Report were adopted by HLP before issue of this opinion statement.

Impact

HLP has established processes to understand, measure and evaluate its impacts in qualitative and quantitative way. These processes enable HLP to assess its impact and disclose them in the Report. In our professional opinion, HLP adheres to the principle of Impact. Areas for enhancement of the Report were adopted by HLP before the issue of this opinion statement.

GRI Standards Reporting

HLP provided us with their self-declaration of compliance with GRI Standards “In accordance” - Core option.

Based on our verification review, we are able to confirm that social responsibility and sustainable development disclosures in all three categories (Environmental, Social and Economic) are reported “In accordance” with the GRI Standards - Core option.

In our professional opinion the report covers HLP’s social responsibility and sustainability issues.

HKEX ESG Guide Reporting

Based on our verification review, we are able to confirm that social responsibility and sustainable development key performance indicators and disclosures in two ESG subject areas (Environmental and Social) being reported are based on HKEX ESG Guide.

In our professional opinion, the Report covers the HLP’s social responsibility and sustainability issues. Areas for enhancement to the report were adopted by HLP before issue of this opinion statement.

Assurance Level

The Type 1 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this statement.

Responsibility & Limitations

It is the responsibility of HLP’s senior management to ensure the information being presented in the Report is accurate. The assurance is limited by information presented by HLP. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead Auditors, who are experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including GRI G3, GRI G3.1, GRI G4, GRI Standards, AA1000, HKEX ESG Guide, UNGC’s Ten Principles, ISO20121, ISO14064, ISO 14001, OHSAS 18001, ISO45001, ISO 9001, and ISO 10002, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Mr. Stephen Yu
Chief Operating Officer – Hong Kong

Hong Kong
12 May 2022

Independent Practitioner's Assurance Report for Green Bonds and Green Loans of Hang Lung Properties



羅兵咸永道

Independent practitioner's assurance report

To the Board of Directors of Hang Lung Properties Limited

We have been engaged to perform a limited assurance engagement on the allocation of green loan and green bond disclosed on pages 73 to 74 of the Sustainability Report 2021 of Hang Lung Properties Limited (the "Company") as at 31 December 2021 (the "Selected Information").

Selected Information

The scope of our work was limited to assurance over the Selected Information disclosed on pages 73 to 74 of the Sustainability Report 2021 as at 31 December 2021 as summarised below:

- amounts of proceeds allocated to the eligible green projects, and
- the remaining balance of unallocated proceeds as at 31 December 2021.

Our assurance does not extend to information in respect of earlier periods or to any other information included in the Sustainability Report 2021 as at 31 December 2021.

Reporting Criteria

The criteria used by the Company to prepare the Selected Information is set out in Appendix I of this report (the "Reporting Criteria").

Directors' Responsibilities

The directors of the Company are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- the Selected Information disclosed in the Sustainability Report 2021 as at 31 December 2021.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

It is our responsibility to express a conclusion on the Selected Information based on our work performed and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Practitioner's Assurance Report for Green Bonds and Green Loans of Hang Lung Properties



羅兵咸永道

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to form the conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The extent of procedures selected depends on the practitioner's judgment and our assessment of the engagement risk. Within the scope of our work we performed amongst others the following procedures:

- made enquiries of the Company's management, including those involved in providing information relating to the Sustainability Report 2021 as at 31 December 2021;
- checked the approval of allocation of proceeds by the Sustainability Steering Committee of the Company to eligible green projects; and
- checked the approved allocated proceeds by the Sustainability Steering Committee of the Company were injected into the eligible green projects during the year ended 31 December 2021.

Our work did not include reviewing the effectiveness of systems, processes and controls that generated the Selected Information. Thus, our work was not performed for the purposes of expressing an opinion on the effectiveness and performance of the Company's management systems, processes and controls, and not for the purposes of expressing an opinion on any statutory financial statements.

Inherent Limitation

We draw attention to the fact that the Reporting Criteria includes certain inherent limitations that can influence the reliability of the information. The Selected Information needs to be read and understood together with the Reporting Criteria, which the Company is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information are as at 31 December 2021.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Selected Information as at 31 December 2021 is not prepared, in all material respects, in accordance with the Reporting Criteria.

Restriction on Use

Our report has been prepared for and only for the board of directors of the Company and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of the report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 May 2022

Independent Practitioner's Assurance Report for Green Bonds and Green Loans of Hang Lung Properties

Performance



羅兵咸永道

Appendix 1 - Reporting Criteria

- A Green Bond is added to the Sustainability Report when it was issued by the Company or its subsidiaries during the reporting period.
- A Green Bond is removed from the Sustainability Report when it has been fully repaid by the Company or its subsidiaries.
- A Green Loan is added to the Sustainability Report when it has been drawn by the Company or its subsidiaries and was still outstanding at the end date of the reporting period.
- A Green Loan is removed from the Sustainability Report when it has been repaid.
- The green projects eligible for the use of the green proceeds are approved by Sustainable Finance Subcommittee under Sustainability Steering Committee.

Task Force on Climate-Related Financial Disclosures (TCFD)

In this section, we disclose our approach to addressing climate-related issues in alignment with the TCFD's recommendations.

Performance

TCFD's Core element	The Group's Approach	Addressed in Sustainability Report 2021
Governance	(a) Describes the board's oversight of climate-related risks and opportunities.	
	<p>As indicated in the Boards' "Joint Statement on Oversight and Management of Environmental, Social and Governance Issues," the Boards have overall responsibility for the Group's ESG strategy and reporting, including identification of relevant risks and opportunities. The Boards also approve the Sustainability Framework, and the long-term sustainability goals and targets under the Sustainability Framework. One of the four priorities under the Sustainability Framework is Climate Resilience.</p> <p>The Boards review progress towards sustainability goals and targets related to climate resilience - including the Group's 2025, 2030 and 2050 goals and targets - principally through regular reporting of the Sustainability Team to the Boards (at least twice a year). In addition, the Sustainability Steering Committee identifies and advises the Boards on opportunities related to climate change.</p> <p>More generally, the Boards have overall responsibility for risk management, evaluating and determining the nature and extent of significant risks they are willing to take to achieve the Group's strategic objectives. The Audit Committees is delegated by the Boards to oversee the ongoing effectiveness of the Group's risk management system, including climate-related risks.</p> <p>Key decisions endorsed by the Boards during this reporting year included the 25 x 25 Sustainability Targets and Hang Lung Properties' commitment to setting both near- and long-term targets to reach net-zero value chain GHG emissions by no later than 2050 in alignment with the Science Based Targets initiative's ("SBTi's") Net-Zero Standard (NZS).</p>	<p>Sustainability Governance and Policies</p>
	(b) Describes management's role in assessing and managing climate-related risks and opportunities.	
	<p>Role of Sustainability Steering Committee (SSC)</p> <p>The SSC, chaired by an executive director of the Boards and comprising senior representatives from a cross-section of departments, formulates, coordinates and implements climate resilience strategies, and ensures that our climate-related targets are translated into annual ESG KPIs.</p>	<p>Sustainability Governance and Policies</p>
	<p>Role of Sustainability Team</p> <p>The Sustainability Team provides regular updates to the Boards (at least twice a year) and top management (at least monthly) on climate resilience, and supports the detailed strategy development and execution of ESG KPIs.</p>	
	<p>Role of Enterprise Risk Management (ERM) Working Group</p> <p>The ERM Working Group, chaired by the Chief Executive Officer and reporting quarterly to the Audit Committee, is responsible for coordinating and overseeing the Group's risk management activities. Physical risks of climate change and the risks of the transition to a low-carbon economy are among the enterprise-level risks overseen by the ERM Working Group and the executive leading the Sustainability Team is assigned as the owner of these specific climate-related risks.</p>	

TCFD's Core element	The Group's Approach	Addressed in Sustainability Report 2021
Strategy	<p>(a) Describes the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p> <p>(b) Describes the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning</p>	

Physical risks

We conducted a detailed risk analysis in 2021 to model the potential changes of key climate hazards and their impact on our assets under various climate scenarios for the periods 2030-2050 and 2050-2070.

Although three scenarios (RCP 2.6, RCP 4.5 and RCP 8.5) were assessed for comparative purposes, we focused our analysis on the RCP 8.5 scenario. The RCP 8.5 scenario is considered the worst-case scenario, whereby it models the consequences if emissions continue to rise unabated. The climate hazards we examined were typhoons, extreme heat, river and rainfall flooding, and storm surges. Under the RCP 8.5 scenario, we have identified significant flooding, typhoon and high temperature risks for our properties.

To gain a deeper understanding of climate risks and how to develop concrete adaptation plans, specific assets were stress-tested across various return periods such as 1:100 and 1:200 for flood and 1:250 and 1:500 for typhoons.

Transition risks and opportunities

In 2021, we conducted an analysis to understand our risk exposure to carbon price up to 2030 under four scenarios developed by the Network for Greening the Financial System (NGFS), namely Net Zero 2050, Below 2°C, Delayed Transition, and Current Policies. For each scenario, we considered our exposure based on Business-as-Usual and Science-Based Target pathways for our emissions and progress against targets, the drivers and variables impacting potential carbon prices, and the resulting potential cost impacts to our business.

Decarbonization in line with Science-Based Target pathways could potentially:

- reduce our potential carbon costs;
- expand the availability of capital, and reduce our cost of capital;
- help attract and retain talented people who are concerned about the climate crisis, and
- strengthen the loyalty of tenants that have their own climate change commitments, which in turn could help secure our long-term revenues.

For each of the above-mentioned opportunities from decarbonization, failure to decarbonize represents a corresponding risk to our business.

Climate Resilience

TCFD's Core element	The Group's Approach	Addressed in Sustainability Report 2021
Strategy	<p>Our responses to physical risks</p> <p>The findings have influenced our business strategy and financial planning as follows:</p> <ul style="list-style-type: none"> • We recognize the need to optimize our existing risk control measures and have allocated RMB4.04 million for incremental resilience and adaptation measures for 2022. • We will conduct further technical analysis of flood risks and typhoon risks in several properties. • We are investing significantly in energy efficiency to help reduce our exposure to potential increases in cooling demand costs. • We recognize the need for further assessment of risks from municipal infrastructure which may not be fully prepared for changing climate conditions. In 2022, we will initiate or continue a dialogue with all the municipalities where we have assets, with the goal of collaborating to reduce infrastructure risks related to climate change. • We plan to advance our financial loss analysis to strengthen the business case for adaptation measures over inaction. • While the Sustainability Team is the group-level owner of climate risk under the Group's ERM framework, we plan to strengthen our risk governance by further defining property-specific ownership of physical climate risks in 2022. 	<p>Our responses to transition risks</p> <ul style="list-style-type: none"> • Starting in 2021, we implemented an annual greenhouse gases mitigation plan to reduce our portfolio-wide Scope 1 and 2 GHG emissions, with inputs from all properties. Each annual plan is first endorsed by the management at property-level, then ultimately approved by the Vice Chair of the Boards. The 2021 GHG Mitigation Plan achieved its objectives, and our 2022 GHG Mitigation Plan has been approved and is now being implemented. By adopting a wide range of energy-saving measures, the Group is on track to achieve its GHG emission intensity targets for 2025 and 2030. For 2023, we plan to broaden the GHG Mitigation Plan to include reduction of our principal sources of Scope 3 emissions, namely, embodied carbon and tenant electricity consumption. • In 2021, through our subsidiary Hang Lung Properties, we stepped up our ambition towards decarbonization by becoming one of the first real estate companies in Asia to commit to setting both near-term and long-term targets to reach net-zero value chain greenhouse gas (GHG) emissions by no later than 2050 in alignment with the SBTi's NZS. Hang Lung Properties also joined the Business Ambition for 1.5°C campaign and the Race To Zero campaign led by the United Nations. In early 2022, Hang Lung Properties also committed to the Urban Land Institute (ULI) Greenprint Net Zero Carbon Operations by 2050 Goal. • In our Interim Results announcement in July 2021, we indicated that we planned to spend about HK\$150 million and HK\$300 million of our spending to be on ESG priorities in the second half of 2021 and 2022 respectively. The spending mainly focuses on our sustainability priority of carbon emissions reduction through energy efficiency initiatives for existing and new properties. • We have also formulated plans to develop our people to strengthen our climate resilience, including plans to deliver priority ESG training to identified departments in 2022 on embodied carbon and operational carbon, among other issues.

TCFD's Core element	The Group's Approach	Addressed in Sustainability Report 2021
Strategy	<p>(c) Describes the resilience of the organization's strategy and taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p> <p>Resilience of our strategy</p> <p>Our strategy is resilient, since it reflects our preparedness on the one hand for physical risks under the highest emissions scenario, and on the other, the fastest decarbonization scenario for transition risks. More specifically, we have established a 2025 target to conduct technical analysis of physical risks from climate change for all our properties, and our alignment with SBTi's NZS gives us the confidence that our decarbonization targets are aligned with climate science. For new projects, we aim to optimize energy efficiency and renewable energy investments and measures that offer co-benefits for mitigation and adaptation.</p>	<p>Climate Resilience</p>
Risk Management	<p>(a) Describes the organization's processes for identifying and assessing climate-related risks.</p> <p>The Group conducts a materiality assessment annually to identify material ESG issues that are relevant to our business. In 2021, we worked with technical consultants to undertake a physical risk analysis against three climate scenarios and a carbon pricing analysis against four transition scenarios to identify potential climate-related risks relevant to our business. We also consult regularly with stakeholders on policy, technology and regulatory risks, and participate in numerous industry platforms, benchmarks and indices in Hong Kong and mainland China, the Asia-Pacific region, and internationally to benchmark ourselves against our peers and identify emerging trends.</p> <p>(b) Describes the organization's processes for managing climate related risks.</p> <p>Climate-related risks are managed through:</p> <ul style="list-style-type: none"> regular meetings of our Enterprise Risk Management Working Group regular meetings of our Sustainability Steering Committee annual Strategic ESG KPIs related to Climate Resilience (see 2022 ESG KPIs), working groups dedicated to implementing specific climate-related KPIs, and monthly reporting of the Sustainability Team to top management. <p>(c) Describes how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p> <p>Material climate-related risks are identified, managed and disclosed under our corporate Enterprise Risk Management Framework. Our executive leading the Sustainability Team, as the dedicated risk owner of both physical and transition climate-related risks, reports to the ERM Working Group regularly on the status of climate-related risk management to ensure adequate control measures are in place. Please refer to the Corporate Governance Report section in our 2021 Annual Report for detailed information on the overall risk management approach of the Group. In addition, annual Strategic ESG KPIs related to climate resilience are tied to biannual performance reviews for relevant departments and individuals, including the CEO in his reporting to the Boards.</p>	<p>Materiality and Stakeholder Engagement, Climate Resilience</p> <p>Sustainability Governance and Policies, Climate Resilience</p> <p>Sustainability Governance and Policies</p>

TCFD's Core element	The Group's Approach	Addressed in Sustainability Report 2021
Metrics and Targets	<p>(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>We track our use of resources monthly at portfolio-level to help manage relevant climate-related risks and opportunities. We also report quarterly to our top management on our progress towards key emissions and energy targets. Key climate-related metrics, including GHG emissions, energy usage, waste and water consumption, are also disclosed annually in the Performance Table of our Sustainability Report.</p> <p>We have also developed metrics to track our ESG training related to climate resilience.</p>	<p>Climate Resilience; Resource Management; Performance Table -Environment</p>
	<p>(b) Discloses Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p> <p>The Group's direct and indirect energy use and the related Scope 1 and 2 GHG emissions are disclosed in the Performance Table - Environment in this Sustainability Report.</p> <p>Key findings from its Scope 3 2020 inventory (completed in 2021) can be found in the Climate Resilience chapter of this Sustainability Report. Scope 3 emissions will be incorporated into our 2023 GHG Mitigation Plan.</p>	<p>Performance Table -Environment; Climate Resilience</p>
	<p>(c) Describes the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p> <p>We have committed to setting short-term (2025), medium term (2030) and long-term (2050) targets to reach net-zero emissions by 2050, as well as annual Strategic ESG KPIs for climate resilience and resource management in support of these targets. More details can be found on pages 24 to 27, and 94 to 95 of this Report.</p>	<p>Hang Lung's Goals, Targets and KPIs; 2022 Strategic ESG KPIs</p>

Content Indices for Reporting Guidelines

GRI Standards and ESG Reporting Guide Index

GRI Standards Disclosure	ESG Reporting Guide	Description	Section/Explanation	Page	
GENERAL DISCLOSURE (2016)					
Organizational Profile	102-1	-	Name of the organization	About this Report	3
	102-2		Activities, brands, products, and services	About Hang Lung Group	5-7
	102-3		Location of headquarters		
	102-4		Location of operations		
	102-5		Nature of ownership and legal form	About this Report	3
	102-6		Markets served	About Hang Lung Group	5-7
	102-7		Scale of the organization	About Hang Lung Group Performance Tables – Economic and Social	5-7 85-93
	102-8	KPI B1.1	Number of employees and other workers	Performance Tables – Social	89-93
	102-9	-	Supply chain description	Sustainable Transactions	71-83
	102-10		Significant changes to the organization and its supply chain	About this Report There were no significant changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	3
	102-11		Precautionary approach	Sustainability Governance and Policies	10-17
	102-12		External initiatives	Memberships and Charters	83-84
	102-13		Memberships of external associations		
Strategy	102-14	-	Statement from the most senior decision-maker of the organization	Message from the Chief Executive Officer	4
	102-15		Key impacts, risks and opportunities	Hang Lung's Goals, Targets and KPIs 2021 Annual Report (P.109-113)	24-27 N/A
	-	Aspect A4 GD	Policies on identification and mitigation of significant climate-related issues	Climate Resilience Task Force on Climate-Related Financial Disclosures (TCFD)	28-41 102-106
	-	KPI A4.1	Description of the significant climate-related issues, and the actions taken to manage them		
Ethics and Integrity	102-16	-	Values, principles, standards, and norms of behavior	Please refer to our corporate website .	N/A
	102-17		Mechanisms for advice and concerns about ethics	Sustainability Governance and Policies 2021 Annual Report (P.114)	10-17 N/A

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GRI Standards Disclosure	ESG Reporting Guide	Description	Section/Explanation	Page	
Governance	102-18	Governance structure	Sustainability Governance and Policies	10-17	
	-	MD-13	ESG-related Governance structure	Sustainability Governance and Policies	10-17
				Materiality and Stakeholder Engagement Joint Statement on Oversight and Management of Environmental, Social and Governance Issues	18-23 N/A
Stakeholder Engagement	102-40	-	List of stakeholder groups engaged	Materiality and Stakeholder Engagement	18-23
	102-41		Percentage of total employees covered by collective bargaining agreements	Performance Tables – Social	89-93
	102-42		Identification and selection of stakeholders	Materiality and Stakeholder Engagement	18-23
	102-43		Stakeholder engagement approach		
	102-44		Key topics and concerns raised, and the organization's response		
Reporting Practice	102-45	-	Entities included in the consolidated financial statements	We report on our principal subsidiaries in our Annual Report as required by the Listing Rules. A list of our principal subsidiaries is outlined in the 2021 Annual Report (P.196-200).	N/A
	102-46	MD 15	Process for defining report content and topic boundaries	About this Report Materiality and Stakeholder Engagement	3 18-23
	102-47	MD 14	List of material topics	Materiality and Stakeholder Engagement	18-23
	102-48	-	Restatements of information	Performance Tables	85-93
	102-49	MD 14	Significant changes in material topics and topic boundaries	Materiality and Stakeholder Engagement	18-23
	102-50	-	Reporting period	About this Report	3
	102-51		Date of most recent report	Our Sustainability Report 2020 was published on May 13, 2021.	N/A
	102-52		Reporting cycle	Annual	N/A
	102-53		Contact point for enquiries	About this Report	3
	102-54	MD 14	Claims of reporting in accordance with the GRI Standards		
	102-55	-	GRI content index	Content Indices for Reporting Guidelines	107-118
102-56		External assurance	About this Report Independent Assurance Statement	3 96-98	

GRI Standards Disclosure	ESG Reporting Guide	Description	Section/Explanation	Page
TOPIC-SPECIFIC DISCLOSURES				
Economic				
Economic Performance (2016)	103-1	-	Management approach disclosure	18-23
	103-2			N/A
	103-3			
	201-1		Direct economic value generated and distributed	85
	201-2	KPI A4.1	Financial implications and other risks and opportunities due to climate change	Climate Resilience Task Force on Climate-Related Financial Disclosures (TCFD) 28-41 102-106
201-3	-	Defined benefit plan obligations and other retirement plans	We report on our benefit plan obligations and retirement benefits for employees in the 2021 Annual Report (P.183-187). N/A	
Market Presence* (2016)	103-1	-	Management approach disclosure	N/A
	103-2			5-7
	103-3			
202-2		Proportion of senior management hired from the local community at significant locations of operation	100% of our key executives (Deputy Director grade and above, excluding the Chair) was hired from the local community, i.e., Hong Kong and the Mainland. Please refer to 2021 Annual Report (P.119-125) for details. N/A	
Procurement Practices* (2016)	103-1	Aspect B5 GD, Management approach disclosure	Sustainable Transactions	71-82
	103-2	KPI B5.2		
	103-3			
	-	-	Proportion of spending on local suppliers	
-	KPI B5.1	Number of suppliers by geographical region		

GRI Standards Disclosure	ESG Reporting Guide	Description	Section/Explanation	Page
TOPIC-SPECIFIC DISCLOSURES				
Economic				
Anti-corruption (2016)	103-1	Aspect B7 GD Management approach disclosure	Sustainability Governance and Policies	10-17
	103-2		Materiality and Stakeholder Engagement	18-23
	103-3		Our Code of Conduct has clearly stipulated our management approach towards anti-corruption. Please refer to our 2021 Annual Report (P.114) for detailed elaboration. There were no confirmed incidents of non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering that had a significant impact on the Group during the reporting period.	N/A
	205-2	KPI B7.3 Communication and training about anti-corruption policies and procedures	2021 Annual Report (P.114) Sustainability Governance and Policies Performance Tables – Social We have communicated our anti-corruption policies and procedures to 100% of our business partners.	N/A 10-17 89-93
	205-3	KPI B7.1 Confirmed incidents of corruption and actions taken	There were no concluded legal cases regarding corrupt practices brought against the Group or its employees during the reporting period.	N/A
		KPI B7.2 Description of whistle-blowing procedures, how preventive measures and whistle-blowing is implemented and monitored	Sustainability Governance and Policies Please refer to our 2021 Annual Report (P.114) and our corporate website for detailed elaboration.	10-17 N/A

GRI Standards Disclosure	ESG Reporting Guide	Description	Section/Explanation	Page	
Environmental					
Materials* (2016)	-	KPI A2.5 Total packaging material used for finished products and if applicable, with reference to per unit produced	This KPI is not applicable to our business.	N/A	
Energy (2016)	103-1	Aspect A2 GD Management approach disclosure	Materiality and Stakeholder Engagement	18-23	
	103-2	Aspect A3 GD	Hang Lung's Goals, Targets and KPIs	24-27	
	103-3	KPI A2.3	Resource Management Hang Lung's Sustainability Policy	42-52 N/A	
	302-1	KPI A2.1	Energy consumption within the organization	Performance Tables – Environmental There was no solar energy sold via the Feed-in Tariff (FIT) scheme in Hong Kong in the reporting period.	86-88
	302-3		Energy intensity		
	302-4	KPI A2.3	Reduction of energy consumption	Resource Management	42-52
	Water and Effluents* (2018)	103-1	Aspect A2 GD Management approach disclosure	Resource Management	42-52
103-2		Aspect A3 GD	Hang Lung's Sustainability Policy	N/A	
103-3					
-		KPI A2.2	Water consumption	Performance Tables – Environmental	86-88
		KPI A2.2	Water intensity		
		KPI A2.4	Water sourcing and water efficiency	Resource Management During the reporting period, we did not encounter any problems in sourcing water for our operations.	42-52 N/A
303-4		KPI A1.1 KPI A1.5	Water discharge	We do not report the amount of wastewater discharged from our operation as this is not tracked. Most water discharged from our operations was transported to local municipal wastewater systems. We adopted various measures in our operations, including water-efficient fixtures and water recycling to enhance our water management and help reduce wastewater discharged.	N/A

GRI Standards Disclosure	ESG Reporting Guide	Description	Section/Explanation	Page	
Environmental					
Emissions (2016)	103-1	Aspect A1 GD	Management approach disclosure	Materiality and Stakeholder Engagement	18-23
	103-2	Aspect A3 GD		Climate Resilience	28-41
	103-3	KPI A1.5		Hang Lung's Sustainability Policy	N/A
	305-1	KPI A1.2	Direct (Scope 1) GHG emissions	Hang Lung's Goals, Targets and KPIs	24-27
		KPI A3.1		Climate Resilience	28-41
	305-2		Energy indirect (Scope 2) GHG emissions	Resource Management	42-52
				Performance Tables - Environmental	86-88
	305-3		Other indirect (Scope 3) GHG emissions		
305-4	KPI A1.2	GHG emissions intensity			
305-7	KPI A1.1 KPI A1.5	The types of emissions and respective emissions data	Air emissions including SO _x , NO _x and PM are not considered significant in our operations.	N/A	
Waste* (2020)	103-1	Aspect A1 GD	Management approach disclosure	Resource Management	42-52
	103-2	Aspect A3 GD		Hang Lung's Sustainability Policy	N/A
	103-3	KPI A1.6 KPI A3.1		Performance Tables - Environmental	86-88
	306-4	KPI A1.3 KPI A1.4	Weight and type of waste diverted from disposal	Resource Management	42-52
				Performance Tables - Environmental	86-88
306-5	KPI A1.3 KPI A1.4	Weight and type of waste directed to disposal			
Environmental Compliance* (2016)	103-1	Aspect A1 GD	Management approach disclosure	Sustainability Governance and Policies	10-17
	103-2			Resource Management	42-52
	103-3			Sustainable Transactions	71-82
	307-1		Non-compliance with environmental laws and regulations	Hang Lung's Sustainability Policy There were no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations that had a significant impact on the Group during the reporting period.	N/A N/A
Supplier Environmental Assessment* (2016)	103-1	Aspect A1 GD	Management approach disclosure	Sustainable Transactions	71-82
	103-2				
	103-3	Aspect B5 GD	Policies on managing environmental risk in supply chains		
	-	KPI B5.3	Practices used to identify environmental risks along the supply chain		
	KPI B5.4	Practices used to promote environmentally preferable products and services when selecting suppliers			

GRI Standards Disclosure	ESG Reporting Guide	Description	Section/Explanation	Page		
Social						
Employment (2016)	103-1	Aspect B1 GD KPI B1.1	Management approach disclosure	Materiality and Stakeholder Engagement	18-23	
	103-2		Wellbeing	53-70		
	103-3		Performance Tables – Social	89-93		
				Code of Conduct Section 13	N/A	
			Our Staff Handbook outlines the information and policies related to working hours, rest days, leaves and benefits for executive, administrative and operational employees. There were no confirmed incidents of non-compliance with employment related laws and regulations that had a significant impact on the Group during the reporting period.			
	401-1	KPI B1.2	New employees hiring and employee turnover	Performance Tables – Social	89-93	
	401-2	Aspect B1 GD	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Wellbeing	53-70	
	401-3	-	Parental leave	Performance Tables – Social	89-93	
	Occupational Health and Safety (2018)	103-1	Aspect B2 GD KPI B2.3	Management approach disclosure	Sustainability Governance and Policies	10-17
		103-2		Materiality and Stakeholder Engagement	18-23	
103-3		Wellbeing		53-70		
403-1			Occupational health and safety management system	Sustainable Transactions Performance Tables – Social	71-82 89-93	
403-2			Hazard identification, risk assessment, and incident investigation	There were no confirmed incidents of non-compliance with occupational health and safety related laws and regulations that had a significant impact on the Group during the reporting period.	N/A	
403-3			Occupational health services			
403-4			Worker participation, consultation, and communication on occupational health and safety			
403-5			Worker training on occupational health and safety			
403-6			Promotion of worker health			
403-7			Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			
403-9	KPI B2.1 KPI B2.2	Number, rates and types of work-related injuries, lost days due to work-related injuries and, number and rate of work-related fatalities	Wellbeing Performance Tables – Social	53-70 89-93		

GRI Standards Disclosure	ESG Reporting Guide	Description	Section/Explanation	Page	
Social					
Training and Education (2016)	103-1	Aspect B3 GD	Management approach disclosure	Materiality and Stakeholder Engagement Wellbeing	18-23
	103-2				53-70
	103-3				
	404-1	KPI B3.2	Average hours of training per year per employee by gender and employee category	Performance Tables – Social	89-93
	-	Aspect B3 GD	Description of training activities	Wellbeing	53-70
	404-3	-	Percentage of employees receiving regular performance and career development reviews	Performance Tables – Social	89-93
-	KPI B3.1	The percentage of employees trained by gender and employee category	We do not report the percentage of employees trained by gender and employee category as the breakdown of data is not tracked. However, 100% of our employees are required to receive either induction or refresher training courses on a) integrity and b) crisis management during the reporting period. We are currently preparing to launch a Learning Management System to optimize our future data collection.	N/A	
Diversity and Equal Opportunity (2016)	103-1	Aspect B1 GD	Management approach disclosure	Materiality and Stakeholder Engagement Wellbeing Board Diversity Policy	18-23
	103-2				53-70
	103-3				N/A
	405-1	-	Diversity of governance bodies and employees	Performance Tables – Social Please refer to 2021 Annual Report (P.94) on the gender diversity of our Board. Two Board members fall under the age group of 30-50 years old; the rest are all over 50 years old.	89-93 N/A
Non-discrimination* (2016)	103-1	Aspect B1 GD	Management approach disclosure	Wellbeing	53-70
	103-2				
	103-3				
406-1	-	Incidents of discrimination and corrective actions taken	There were no confirmed incidents of non-compliance with the laws and regulations relating to discrimination that had a significant impact on the Group during the reporting period.	N/A	

GRI Standards Disclosure	ESG Reporting Guide	Description	Section/Explanation	Page	
Social					
Local Communities* (2016)	103-1	Aspect B8 GD	Management approach disclosure	Wellbeing	53-70
	103-2				
	103-3				
	413-1	-	Operations with local community engagement, impact assessments, and development programs	Wellbeing	53-70
-		KPI B8.1	Focus areas of contribution	Wellbeing	53-70
		KPI B8.2	Resources contributed to the focus area		
Customer Health and Safety (2016)	103-1	Aspect B6 GD	Management approach disclosure	Sustainability Governance and Policies	10-17
	103-2			Materiality and Stakeholder Engagement	18-23
	103-3			Wellbeing	53-70
	416-2	-	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainable Transactions Code of Conduct We ensure our marketing and promotional materials comply with relevant laws and regulations, and avoid making any misrepresentation, exaggeration or overstatement of the Group's capabilities. There were no confirmed incidents of non-compliance with laws and regulations relevant to health and safety, advertising, labelling and privacy matters relating to our products and services that had a significant impact on the Group during the reporting period.	71-82 N/A
	-	KPI B6.1	Percentage of total products sold or shipped subject to recalls for health and safety reasons	This KPI is not applicable to our business.	N/A
		KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Sustainable Transactions There were no materially significant complaints received relating to the provision and use of products and services during the reporting period.	71-82
		KPI B6.4	Description of quality assurance process and recall procedures	Sustainable Transactions Product recall procedures are not considered as material to the Group's operations.	71-82
Customer Privacy (2016)	103-1	Aspect B6 GD	Management approach disclosure	Materiality and Stakeholder Engagement	18-23
	103-2	KPI B6.5		Sustainable Transactions	71-82
	103-3				
	418-1	KPI B6.2	Substantiated complaints concerning breaches of customer privacy and losses of customer data		

GRI Standards Disclosure	ESG Reporting Guide	Description	Section/Explanation	Page	
Social					
Socioeconomic Compliance* (2016)	103-1	-	Management approach disclosure	Sustainability Governance and Policies	10-17
	103-2			Wellbeing	53-70
	103-3			Sustainable Transactions	71-82
	419-1		Non-compliance with laws and regulations in the social and economic sphere	Code of Conduct There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations in the social and economic area that had a significant impact on the Group during the reporting period.	N/A N/A
-	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	We have relevant policy in place to observe and protect intellectual property rights. Our Staff Handbook provides guidelines on respecting intellectual property rights. Employees using infringing copies of copyright works in the course of their employment may incur disciplinary action or summary dismissal.	N/A	
Child Labor and Forced Labor*	-	Aspect B4 GD	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	Although child and forced labor is not a material topic for the Group, we specify in our Code of Conduct for Contractor that we forbid our suppliers or contractors to use child labor and/or forced labor.	N/A
		KPI B4.1	Description of measures to review employment practices to avoid child and forced labor	There were no confirmed incidents of non-compliance with laws and regulations relating to child and forced labor that had a significant impact on the Group during the reporting period.	
		KPI B4.2	Description of steps taken to eliminate such practices when discovered		

* Topics marked with an asterisk are defined by stakeholders as not significant enough to be material based on the GRI reporting principle. However, since we consider these topics important to our business, these topics are covered in the Report on a voluntary basis and are reported not in accordance with the GRI Standard.

** The eight material sustainability issues covered in this report are mapped against the corresponding GRI topics as follows:

- 1) Ethics and integrity – Anti-corruption (GRI 205:2016)
- 2) Risk and crisis management – Economic Performance (GRI 201:2016), Anti-corruption (GRI 205:2016) and Employment (GRI 401:2016)
- 3) Employee wellbeing – Employment (GRI 401:2016), Training and Education (GRI 404:2016) and Diversity and Equal Opportunity (GRI 405:2016)
- 4) Occupational health and safety – Occupational Health and Safety (GRI 403:2018)
- 5) Customer health and safety – Customer Health and Safety (GRI 416:2016)
- 6) Energy efficiency and carbon emission reduction – Energy (GRI 302:2016), and Emissions (GRI 305:2016)
- 7) Adaptability to climate change impacts – Emissions (GRI 305:2016)
- 8) Information privacy – Customer Privacy (GRI 418:2016)

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Topic	Code	Accounting Metric	Section/Explanation	Page
Energy Management	IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector	100%	N/A
	IF-RE-130a.2	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector	(1) Performance Tables - Environmental (2) 89.03% (3) 0.22%	86-88
	IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Resource Management	42-52
	IF-RE-130a.4	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector	Nil	N/A
	IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	Resource Management	42-52
Water Management	IF-RE-140a.1	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	(1) 100% (2) 100%	N/A
	IF-RE-140a.2	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	(1) Performance Tables - Environmental (2) 62.7%	86-88
	IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	Resource Management	42-52
	IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks		

Topic	Code	Accounting Metric	Section/Explanation	Page
Management of Tenant Sustainability Impacts	IF-RE-410a.1	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency related capital improvements and (2) associated leased floor area, by property subsector	Not currently tracked.	N/A
	IF-RE-410a.2	Percentage of tenants that are separately metered or sub-metered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	(1) 66.74% (2) Not currently tracked.	N/A
	IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	Sustainable Transactions	71-82
Climate Change Adaptation	IF-RE-450a.1	Area of properties located in 100-year flood zones, by property subsector	Climate Resilience	28-41
	IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks		
Code	Activity Metric	Section/ Explanation	Page	
IF-RE-000.A	Number of assets, by property subsector	About Hang Lung Group	5-7	
IF-RE-000.B	Leasable floor area, by property subsector	Nil	N/A	
IF-RE-000.C	Percentage of indirectly managed assets, by property subsector			
IF-RE-000.D	Average occupancy rate, by property subsector	Please refer to our 2021 Annual Report (P.24-31) for the occupancy rate of our major properties	N/A	

Note: The Company discloses against the SASB criteria on a voluntary basis only and the disclosed metrics are not verified by any external party.

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We Do It Well



恒隆集團
HANG LUNG GROUP

HANG LUNG GROUP LIMITED

28th Floor, Standard Chartered Bank Building,
4 Des Voeux Road Central,
Hong Kong

Tel: +852 2879 0111

Email: Sustainability@HangLung.com

www.hanglunggroup.com

