



In 2022, we achieved several significant milestones as part of our mission to become one of the world’s most sustainable real estate companies. Four priorities govern our sustainability agenda: Climate Resilience, Resource Management, Wellbeing, and Sustainable Transactions. Our commitment to reach net-zero value chain greenhouse gas (GHG) emissions by 2050 is supported by our 2025 Sustainability Targets (“25 x 25”) and our 2030 Sustainability Goals and Targets.

This section outlines the Company’s sustainability performance in 2022, including key achievements and progress updates in support of our 25 x 25 Sustainability Targets. Refer to our *Sustainability Report 2022* for a more in-depth look at our sustainability framework and management approach, policies, operating principles, metrics, and performance.



Scan the QR code for Sustainability Report 2022

Key Highlights in 2022

Awards and Recognition received by our subsidiary Hang Lung Properties



Distinction Award (Large Organization Category) at the Hong Kong Sustainability Award 2022 by the Hong Kong Management Association (HKMA)

Excellence Award in ESG Reporting at the 2022 Best Annual Reports Awards by the Hong Kong Management Association (HKMA)



Grand Award in Best ESG Report (Large-Cap) at the Hong Kong ESG Reporting Awards (HERA) 2022

2022 Social Responsibility Pioneer Award at the 12th China Philanthropy Festival



Major Milestones



Our subsidiary, Hang Lung Properties, became the **first real estate company in Hong Kong and mainland China** to receive approval from the Science Based Target initiative (SBTi) for its near- and long-term company-wide emissions reduction targets in line with SBTi's Net-Zero Standard.

Procured additional renewable energy: almost **25%** of the mainland China portfolio's electricity demand will be met by **renewable energy** in 2023.

Parc 66 in Jinan has become **100%** powered by renewable energy from January 1, 2023.



Launched a three-year **sustainability partnership with LVMH Group** to lead climate and sustainability action in real estate and retail.

Increased the Employee Engagement Survey score in the Gallup Overall Database by +0.25 to 4.31 out of 5. Placed in the **top 25% of companies** with the fastest growth in the second year of the survey.

Celebrated the Hang Lung As One Volunteer Team's **10th anniversary**. Over the past decade, 12 teams have set up 11 projects in nine Mainland cities and Hong Kong, involving over **11,400 volunteers** with **135,000 service hours accumulated** to date.



Launched the **Hang Lung Future Women Leaders Program** to mentor 200 female students in Hong Kong and mainland China.

Plaza 66, Shanghai became the first large-scale commercial office complex in mainland China to receive both **LEED V4.0 EB: O+M Platinum** and **WELL V2 Core Platinum** ratings during its operating stage.*

Secured **45%** of total debts and available facilities from **sustainable finance**.

* The information is based on the result announced on the LEED and WELL official websites as of January 15, 2023

Climate Resilience

Approved Science-based Targets

Our subsidiary, Hang Lung Properties, is the first real estate company in Hong Kong and mainland China – and among the first globally – to have its near- and long-term net-zero targets endorsed under SBTi's Net-Zero Standard framework. In keeping with the SBTi Criteria and Recommendations (version 5.0), our target follows a 1.5°C trajectory. From a 2019 base year, Hang Lung Properties is committed to reducing absolute scope 1 and 2 GHG emissions by 46.6% by 2030. From a 2020 base year, Hang Lung Properties is committed to reducing absolute scope 3 GHG emissions from purchased goods and services and downstream leased assets by 25% by 2030. We commit to reaching net-zero GHG emissions across the value chain by 2050.



Committed to Net-Zero by 2050

Our subsidiary Hang Lung Properties is the first real estate developer in Hong Kong – and among the first in Asia – to commit to ULI Greenprint's net-zero carbon operations goal. Launched by the Urban Land Institute Greenprint Center for Building Performance, the goal aligns with the Paris Agreement and the Intergovernmental Panel on Climate Change's recommendation to keep global warming below 1.5°C. This initiative further affirms the Company's commitment to reducing our carbon footprint in line with climate science and reaching net-zero value chain GHG emissions by 2050.

Parc 66, Jinan: 100% Powered by Renewable Energy

In December 2022, we announced that Parc 66 would become the first commercial development in Jinan and Shandong Province that is 100% powered by renewable energy, effective from January 1, 2023. The achievement moves us close to achieving our 2025 renewable energy target, with renewable energy sources now supplying almost 25% of our mainland China electricity.



Parc 66 in Jinan

Resource Management

Recycling and Waste Management

The Company's multifunctional copiers were replaced in 2022 to align our internal print network and better manage data across all properties. We partnered with organizations in Hong Kong and mainland China to repurpose old copiers still in working order. 23 of the 30 copiers replaced were donated to primary schools or local NGOs, including 19 schools in mainland China to the benefit of over 10,500 students and teachers. The remaining seven were sent to authorized e-waste handling organizations for recycling.

Wellbeing

COVID-19 Measures

To offer a reprieve from the severe challenges as a result of the COVID-19 pandemic, the Company created the "Hang Lung COVID-19 Relief Fund 2.0". The HK\$13 million fund supported urgent pandemic countermeasures in Hong Kong and mainland China, particularly Shanghai, Shenyang, and Dalian. To contain the spread of COVID-19, the fund provided communities in need with health protection items and other daily necessities. In Hong Kong, the fund financed mobile cabin hospitals. We also implemented a broad range of measures to safeguard the health and wellbeing of our employees, tenants, and customers.



Beneficiaries of the copier donation drive



Our Hang Lung As One Volunteer Team prepares care packages for frontline workers



Our colleagues and their families enjoying Christmas Fun Day activities



Participants in the Hang Lung Future Women Leaders Program

Employee Wellbeing and Engagement

The wellbeing of our staff is at the core of our corporate culture. During the reporting period, we effectively implemented follow-up actions from our first Employee Engagement Survey conducted in 2021. Significant improvements in overall engagement following our Employee Engagement Survey in 2022 put us in the top 25% of companies with the fastest growth that rolled out their second survey during the reporting period.

Youth Development and Diversity & Inclusion

Sustainable business growth goes hand in hand with sustainable growth in the communities we serve. In 2022, we stepped up our youth development efforts to help unleash their potential and build more diverse and inclusive communities. In September 2022, the inaugural edition of our “Hang Lung Future Women Leaders Program” launched in Hong Kong and mainland China in collaboration with the Hong Kong Federation of Youth Groups Leadership Institute and the Xuhui and Jing’an District Women’s Federation in Shanghai. 200 female university students were recruited to receive mentorship from over 40 elite female leaders across various fields, along with leadership training and internship opportunities to support their diversified developments.

We also mobilized over 40 employees to support the HKSAR government led “Strive and Rise Programme”. The tripartite collaboration between the government, business sector, and community set out to help secondary school students from underprivileged families broaden their horizons, reinforce their self-confidence, develop a positive outlook on life, set goals for the future, and strive for upward mobility.

Sustainable Transactions

Sustainable Building Certifications

Plaza 66, Shanghai received platinum ratings for LEED V4.0 EB: O+M and WELL V2 Core certifications in 2022. The recognition marks the first time a large-scale commercial office complex in mainland China received both certifications during its operating stage.* Plaza 66 was built in 2001 and completed an asset enhancement in 2017. Its key sustainability features include the following –

- 95 out of 100 U.S. Energy Star rating
- 66.9% sustainable consumables utilization rate

* The information is based on the result announced on the LEED and WELL official websites as of January 15, 2023



Plaza 66, Shanghai received platinum ratings for LEED (LEED V4 EB: O+M) and WELL (WELL V2 Core) certifications in 2022



Mr. Adriel Chan, Vice Chair and Chair of Sustainability Steering Committee delivers his closing remarks at the two-day Real Estate & Climate Forum

- 91.9% waste diversion rate for daily consumables
- Enhanced indoor air quality monitoring and HEPA air filtration system
- WELL Standard certified purification system and drinking water that curbs the use of and plastic waste from bottled water

Sustainable Finance

45% of the Company's total debt and available facilities are from green bonds, green loan facilities, and sustainability-linked loan facilities. We updated and renamed the 2019 Green Finance Framework (set up under our subsidiary, Hang Lung Properties Limited) to Sustainable Finance Framework (Framework) and extended the scope of the framework to the Company. The Framework takes effect in January 2023. Developed in alignment with best practices in international capital markets, the Framework facilitates access to ESG-based financial instruments and supports our long-term sustainability agenda.

Tenant Partnership

We believe that collective efforts amplify impact and work with like-minded stakeholders to address systemic challenges. In October 2022, we embarked on a first-of-its-kind sustainability partnership with the LVMH Group to address five key areas in mainland China over the next three years. These include Climate Resilience, Resource Management, Wellbeing, Sustainable Transactions, and Sustainability Communication, Events, and Progress Reviews. The collaboration spans Hang Lung's portfolio in seven cities and 26 LVMH brands that occupy more than 90 retail spaces with a lettable floor area in excess of 27,000 sq. m.

The endeavor brought together real estate and retail sector changemakers to collaborate on climate and sustainability solutions at our inaugural Real Estate & Climate Forum. Held in a hybrid format in Hong Kong, Shanghai, and Paris, among other cities, the forum took place one month after signing the partnership. Over 200 ideas generated across 12 sustainability topics like energy efficiency, learning and development, and social impact will form the basis for a Common Charter due for release in March 2023.