

In 2023, we continued to make concerted efforts in support of our ambition to become one of the world’s most sustainable real estate companies. Our sustainability agenda has 4 priorities: Climate Resilience, Resource Management, Wellbeing, and Sustainable Transactions. These priorities are made concrete through our 2025 Sustainability Targets (“25 x 25”), our 2030 Sustainability Goals and Targets, and our 2050 targets to reach net-zero value chain greenhouse gas (GHG) emissions.







This section highlights our sustainability performance in 2023, including key achievements and areas of progress. Please refer to our *Sustainability Report 2023* for more in-depth discussions of our sustainability framework, management approach, policies, operating principles, metrics and performance.



Key Highlights in 2023

The following are some of our key highlights in 2023, including awards received, notable sustainability milestones and areas of progress, and performance in key ESG benchmarks:

Performance in Key Benchmarks and Indices

 <p>MSCI ESG Rating “AA” rating</p>	 <p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p> <p>Member of Dow Jones Sustainability Indices</p>	 <p>S&P Global ESG score: 66</p>	 <p>ESG score: 3.5 Constituent of FTSE4Good</p>
 <p>Sustainalytics “Low” ESG risk rating</p>	 <p>Hang Seng Corporate Sustainability Index Series Member 2023-2024</p> <p>Hang Seng Corporate Sustainability Index “AA” rating</p>	 <p>GRESB 4-star performance rating</p>	 <p>Institute of Public & Environmental Affairs (IPE) Green Supply Chain Corporate Information Transparency Index (CITI) Score: 20.3 Corporate Climate Action Transparency Index (CATI) Score: 30.0</p>

Awards and Recognitions

In 2023, we received 36 ESG awards, strengthening our reputation for ESG leadership among real estate companies in both Hong Kong and mainland China. These accolades underscore the company's dedication to sustainable business growth and its emphasis on the wellbeing of its employees and the communities it serves.

Excellence Award in Environmental, Social and Governance Reporting
 2023 HKMA Best Annual Reports Awards, The Hong Kong Management Association

Best Companies to Work for in Asia 2023
 HR Asia

Distinction Award (Large Organization Category)
 Hong Kong Sustainability Award 2023, The Hong Kong Management Association

Grand Award for Excellence in Environmental Positive Impact, Commendation for Best ESG Report – Large Cap, and Commendation for Carbon Neutral Award
 Hong Kong ESG Reporting Awards (HERA) 2023

OSH Report Award – Bronze Award
 The 22nd Hong Kong Occupational Safety and Health Award, Occupational Safety & Health Council

Best Corporate Governance and ESG Awards 2023 – Special Mention in the Most Sustainable Companies and Organizations (MSCO) Award (Non-Hang Seng Index (Medium Market Capitalization) Category)
 Hong Kong Institute of Certified Public Accountants (HKICPA)

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Grand Award for Excellence in Environmental Positive Impact, Commendation for Best ESG Report – Large Cap, and Commendation for Carbon Neutral Award
 Hong Kong ESG Reporting Awards (HERA) 2023

China Green Point – Sustainable Practice Case of the Year 2023, and China Green Point – Gravity Point – 10 Green Life Models in the Eyes of Consumers
 Yicai

Best Corporate Governance and ESG Awards 2023 最佳企業管治及 ESG 大獎 2023

2023 Top CSR Company
 Social Responsibility Conference

China Green Point – Sustainable Practice Case of the Year 2023, and China Green Point – Gravity Point – 10 Green Life Models in the Eyes of Consumers
 Yicai

BREEAM & GRESB Joint Awards in the Category of ESG Leadership Awards, and BREEAM Commercial Award – Leadership
 BRE China Awards 2023

Major Milestones

41% reduction in Scope 1 and 2 greenhouse gases emissions intensity compared to 2018 baseline

Westlake 66 in Hangzhou is the first commercial development project to use low carbon concrete bricks in mainland China and Hong Kong



180 female university students across the nation benefited from the inaugural Hang Lung Future Women Leaders Program



Launched the Sustainable Finance Framework to further support our long-term sustainability objectives.

55% of total debts and available facilities comprise ESG-related elements

Launched a Tenant Partnerships Program on Sustainability to engage tenants in both Hong Kong and mainland China

Implemented a holistic resource utilization scheme for Hong Kong Office Rejuvenation Project which diverted nearly 140,000 kg of municipal waste from landfill



Deepened cooperation on industry-university work in the field of sustainability with the Hang Lung Center for Real Estate at Tsinghua University

Increased percentile rank for employee engagement in the Gallup Overall Database by 6th percentile to 74th percentile

Launched a Common Charter with LVMH Group to collaborate on 20 Actions to accelerate sustainability progress

Climate Resilience

Hang Lung Properties has achieved a significant milestone by becoming the first real estate company in Hong Kong and mainland China, and one of the early adopters globally, to have its near- and long-term net-zero targets validated under the Net-Zero Standard framework by Science Based Targets initiative (SBTi).

While we remain committed to reducing our Scope 1 and 2 carbon footprint through ongoing investments in our projects and resources, we recognize the need for transformative and collaborative actions to meet our ambitious carbon emission reduction targets, especially for Scope 3 carbon emissions. We would like to highlight some of our key climate resilience initiatives for 2023, underscoring our dedication to addressing the challenges of climate change.

Collaboration in Reducing Embodied Carbon

Since embodied carbon accounts for about 75% of a building's total carbon emissions over a typical 60-year lifespan, we recognize the importance of reducing embodied carbon and collaborating with strategic partners on this issue. In 2023, we announced a two-year strategic collaboration with a carbon capture, utilization, and storage (CCUS) company, CLEANCO2. Under the partnership, we are incorporating CLEANCO2 low-carbon concrete bricks in our Westlake 66 development in Hangzhou – the first commercial development project in mainland China and Hong Kong to use low-carbon concrete bricks. We are also exploring with CLEANCO2 the feasibility of reusing waste concrete as low-carbon recycled concrete aggregate (RCA) to improve the project's circularity. The technology developed by CLEANCO2 originated from the State Key Laboratory of Clean Energy Utilization (CEU) of Zhejiang University.

Collaboration to Decarbonize Real Estate

Hang Lung Properties and Tsinghua University established The Hang Lung Center for Real Estate at Tsinghua University in 2010. To-date, Hang Lung has donated more than RMB 33 million to the Tsinghua University Education Foundation to promote the

development of the University's real estate discipline and provide targeted support for the center to carry out academic research and exchanges. In 2023, the 2 parties announced the deepening of cooperation on industry-university work in the field of sustainability, proptech innovations, and exceptional talent cultivation. We have also initiated a "Sustainable Real Estate Scheme" for Tsinghua University teachers and postgraduates, funding their creative academic research on topics including green buildings, healthy buildings, low-carbon development, and digitalization.

Renewable Electricity Procurement in mainland China

Starting in 2021, we have gradually increased the proportion of renewable energy among our properties in mainland China. In 2023, both our Spring City 66 and Parc 66 properties were fully powered by renewable electricity, meaning that renewable energy sources supplied almost 19% of our mainland China electricity. We are also actively pursuing opportunities to expand procurement of renewable energy in mainland China.

Climate Adaptation

Starting in 2022, we rolled out a three-year plan to implement a technical analysis for climate adaptation measures of all our properties in mainland China and Hong Kong. Climate adaptation means anticipating, preparing for and reacting to the effects of climate change by acting to reduce risks and pursue opportunities. The analysis includes an in-depth climate hazard and vulnerability assessment for flooding, typhoon and extreme rain, heat waves, cold spell, and/or rain-induced landslides. We also examine earthquake risks, a seismic hazard. We recognize the need for adaptation planning to manage risks to health, safety, assets, and operations and to enhance customer experience. The extreme weather events in Hong Kong in late 2023, such as Typhoon Signal Number 10 and the black rainstorm signal have served to reinforce the importance of our ongoing adaptation efforts.



Resources Management

Recycling and Waste Management

Our Hong Kong offices – at Gala Place in Mongkok, Hang Lung Centre in Causeway Bay and the Standard Chartered Bank Building in Central – have been undergoing a major rejuvenation project since May 2023. In the project, we have been working to minimize environmental impacts while enhancing wellness, engagement, and a collaborative culture, both among employees and across the broader community. We partnered with a green startup, Sustainable Office Solutions (SOS), and a local non-profit, Crossroads Foundation, to implement a holistic resource utilization scheme for our project. The first phase of the collaboration has seen over 3,200 pieces of office resources being reused, redistributed, or recycled, successfully diverting nearly 140,000 kg of municipal waste from landfill and avoiding more than 510 tons of carbon emissions. In the initial phase of the collaboration, 182 items were donated to 14 NGOs in Hong Kong, and nearly 90 staff members from Hong Kong also participated in the first round of the Staff Take Home Program to take home and reuse well-maintained office furniture and electronic appliances.



Staff Take Home Program – our Hong Kong employees were encouraged to take home well-maintained office furniture and electronic appliances

Our management team visited colleagues at their places of work across Hong Kong and mainland China on Staff Appreciation Day



In June 2023, we launched Safe Production Month to foster safety awareness and culture



Wellbeing

Employee Wellbeing and Engagement

The wellbeing of our staff is at the core of our corporate culture. We listened to our employees through various channels, including our annual Employee Engagement Survey which covers all our employees. We ensure the follow-up actions are effectively implemented every year. Following the previous years' efforts, we continued to improve our employee engagement score and ranked in the top 25% companies with the fastest growth in grand mean score in the third year of the survey.

In 2023, we launched Safe Production Month in June to strengthen workplace safety awareness and skills for our employees and contractors. We organized a series of safety trainings and activities at our Mainland and Hong Kong properties covering over 4,200 employees and 1,100 personnel from our contractors. As a leading property developer, we adhere to a national Safe Production Law as well as the Company's own stringent safety policies, regularly conducting emergency drills, training, safety inspections, and other measures as it commits itself to providing a safe and healthy environment for customers, tenants, employees, and contractors.



Participants with outstanding performance from Hong Kong and mainland China were invited to join a "Shanghai-Hong Kong Inspirational Talk" in Shanghai to exchange views



The Hang Lung As One Volunteer Team in Hong Kong made hand creams for nearly 500 disadvantaged women

Promote Youth Development

We held a graduation ceremony to mark the successful completion of the inaugural Hang Lung Future Women Leaders Program, our nationwide community investment project aiming to empower young women, develop their personal and professional potential, and build their confidence for growth. Since the program launched in 2022, about 180 female university students from across the nation participated, and 75% of them were the first in three generations of their families to attend university. The participants received over 6,300 hours of leadership training and mentorship, and 90% of them successfully completed the program. The program also boasted 43 elite women mentors from various industries who provided 6 months of mentorship. Under the guidance of mentors, and with support from the Hang Lung As One Volunteer Team, the students successfully completed 31 sustainable community projects related to the United Nations Sustainable Development Goals (SDGs), benefiting over 4,500 community members, and further promoting social wellbeing.

Diversity and Inclusion

With the theme of "Caring for Women's Physical and Mental Health", more than 1,200 Hang Lung As One volunteers participated in our annual nationwide volunteer day in September 2023. Over 7,300 grassroots women and their children from Hong Kong and 9 cities across mainland China participated in engaging activities such as art workshops, health lectures, and fitness classes to relieve their daily work and family pressures.

During the year, we also partnered with the Ebenezer School & Home for the Visually Impaired ("Ebenezer") to set up "The Hang Lung Scholarship and Development Donation for the Visually Impaired", with a donation of HK\$30 million. The scholarships and learning subsidies will support the holistic development of outstanding students and graduates of Ebenezer in pursuing their studies and career development.



“Step Up for Good” City Walk jointly organized with LVMH in Shanghai, which promoted the benefits of exercise and caring for children’s physical and mental health



All our properties in mainland China and Standard Chartered Bank Building in Hong Kong achieved WELL HSR, including Heartland 66 in Wuhan

Sustainable Transactions

Tenant Engagement

We entered into a first-of-its-kind sustainability partnership with LVMH Group in October 2022, followed by a Real Estate & Climate Forum the 2 groups held together in November 2022, which convened hundreds of people and generated more than 200 ideas. Based on this wealth of ideas, in March 2023 we announced an ambitious joint agenda for collaborative sustainability action entitled *Common Charter: Joining Forces to Accelerate Change* (“Charter”), which outlines a set of 20 innovative actions to be implemented to accelerate sustainability progress. The actions are organized under 4 pillars, namely Climate Resilience (e.g., sharing energy data), Resource Management (e.g., auditing waste streams), People and Wellbeing (e.g., initiatives to enhance community wellbeing), and Sustainability Governance (e.g., the use of digital platforms to improve environmental governance). The 2 groups will provide an updated Charter in May 2024.

In 2023, we also launched a broader tenant partnership program – *Changemakers: Tenant Partnerships on Sustainability*. The program is open to all our tenants in Hong Kong and mainland China covering segments including office, retail, food and beverage, and hospitality. It aims to foster mutually beneficial collaboration to reduce carbon emissions, minimize

waste, advance circularity, and enhance community wellbeing. Through these collaborative efforts, we aim to create meaningful sustainability impacts while recognizing tenants’ commitments and achievements in environmental and social sustainability.

Sustainable Building Certifications

In 2023, we announced that we had achieved the WELL Health-Safety Rating (WELL HSR) from the International WELL Building Institute (IWBI) for 19 properties located in Hong Kong and 8 cities in mainland China. The WELL HSR covers 80% of the total gross floor area of our completed investment properties. The WELL HSR was initially created in response to the COVID-19 pandemic, and consists of operational interventions that have broader benefits. In a post-pandemic environment, the WELL HSR seal at our properties remains a visible indication of confidence and trust that the Company has achieved third-party verification for evidence-based measures and best practices for health and safety.

Sustainable Finance

55% of the Company’s total debt and available facilities are from green bonds, green loan facilities, and sustainability-linked loan facilities. Hang Lung Group’s Sustainable Finance Framework, effective from January 2023, facilitates access to ESG-based financial instruments and supports our long-term sustainability agenda.