

Wellbeing

Resource Management

Sustainable Transactions

Climate Resilience

SUSTAINABILITY REPORT  
2019



Hang Lung Group Limited  
Stock Code : 00010



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*If there is any discrepancy or inconsistency between the English and the Chinese versions, the English version shall prevail.*





**Ronnie Chan**  
Chairman

This is the third sustainability report for Hang Lung Group Limited (Hang Lung Group, stock code: 00010) and its subsidiaries (the Group), including Hang Lung Properties Limited (Hang Lung Properties, stock code: 00101). Hang Lung Group issued this Report to disclose information on material sustainability issues of the Group from January 1, 2019 to December 31, 2019, unless otherwise specified.

### Scope of this report

This Report covers our management approach to sustainability issues material to our entire operations, including 24 solely owned properties in Hong Kong, and 10 properties and one project under planning on the Mainland. The economic and social key performance indicators (KPIs) reported across our material topics cover our entire operations, whereas our reported environmental KPIs only cover properties that have operated for at least two years, to ensure the disclosed data reflect the normal operating conditions of the properties. The properties covered by the reported environmental KPIs include all 24 solely owned properties in Hong Kong, as well as eight properties on the Mainland: Plaza 66 and Grand Gateway 66 in Shanghai, Palace 66 and Forum 66 (Mall and Office Tower) in Shenyang, Parc 66 in Jinan, Center 66 (Mall and Office Tower) in Wuxi, Riverside 66 in Tianjin, and Olympia 66 in Dalian.

As we divested two investment properties in Hong Kong in 2019 – the reporting scope for Hong Kong is reduced when compared to our Sustainability Report 2018, while the approach remains the same.

### Reporting standards and assurance

This Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option (June 2018 version). We have also prepared this Report in compliance with the “comply or explain” provisions and “recommended disclosures” of the Environmental, Social and Governance Reporting Guide (ESG Guide) contained in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This Report also complies with the disclosure requirements contained in revised ESG Guide published in 2019. Information in this Report has been independently verified by the British Standards Institution with respect to the aforementioned standards. Please refer to the Independent Assurance Opinion Statement on pages 67 to 68 for details.

### Contact us

We welcome your feedback on our sustainability report and sustainability performance. Please share your views with us at [HLGroup@hanglung.com](mailto:HLGroup@hanglung.com).



## Message from the Chief Executive Officer



**Weber Lo**  
Chief Executive Officer

This year marks the beginning of a new decade. Looking back, Hang Lung has gone through astonishing changes in the last ten years.

We successfully evolved from a “dual-city” mode into a multi-city operation with our footprint covering Hong Kong and nine major cities in mainland China. To cope with such rapid growth, we doubled our headcount to over 4,700. We also reinforced our market position as a prestige commercial property developer in the region.

With a strong foundation built upon these phenomenal achievements, we are ready to establish and pursue a new set of aspirations for the decade ahead. As a more established company with a larger footprint and impact, Hang Lung recognizes that we have a commensurately larger responsibility to future generations. This is why we see our agenda as delivering **Sustainable Growth**. This mission carries two important meanings: we will never lose sight of the importance of creating financial value, and we will also be accountable for our impacts on the environment and society.

Building on this idea, we have worked hard to develop an enhanced sustainability framework with aspirations that fit into Hang Lung’s context. I am excited to announce that our new sustainability framework was endorsed by the Board in early 2020. The framework encompasses four priorities, namely **Climate Resilience, Resource Management, Sustainable Transactions** and **Wellbeing**, and will enable us to sharpen our focus and to increase the ambition of our targets. At the moment, we are developing our new targets under the framework. Please stay tuned.

While our commitment to sustainability is undoubtedly a competitive differentiator for our business, we also endeavor to be a force for good in society. The entire global community has been battling to protect and restore wellbeing in the face of the COVID-19 pandemic. In February 2020, we announced a donation of RMB 10 million to set up the “Hang Lung Novel Coronavirus Relief Fund” in support of measures to stem the spread of the novel coronavirus in Hong Kong and mainland China, including RMB 6 million allocated to support the life-saving efforts of Leishenshan Hospital in Wuhan. We also took all possible measures to ensure the health of our colleagues, customers and tenants. We need to remain vigilant, patient and come together as one in addressing and overcoming a public health crisis of extraordinary proportions.

This decade did not start in the best possible way that it could. Nevertheless, with a legacy of 60 years, experience tells us that crises invariably also entail opportunities. This too will pass. We are already looking for ways to sustain our growth and to make an even more resilient company and society in the decade ahead. Allow me to extend the invitation to all of you to capture these opportunities with us.

**Weber Lo**  
Chief Executive Officer  
May 2020

Overview

# About Us

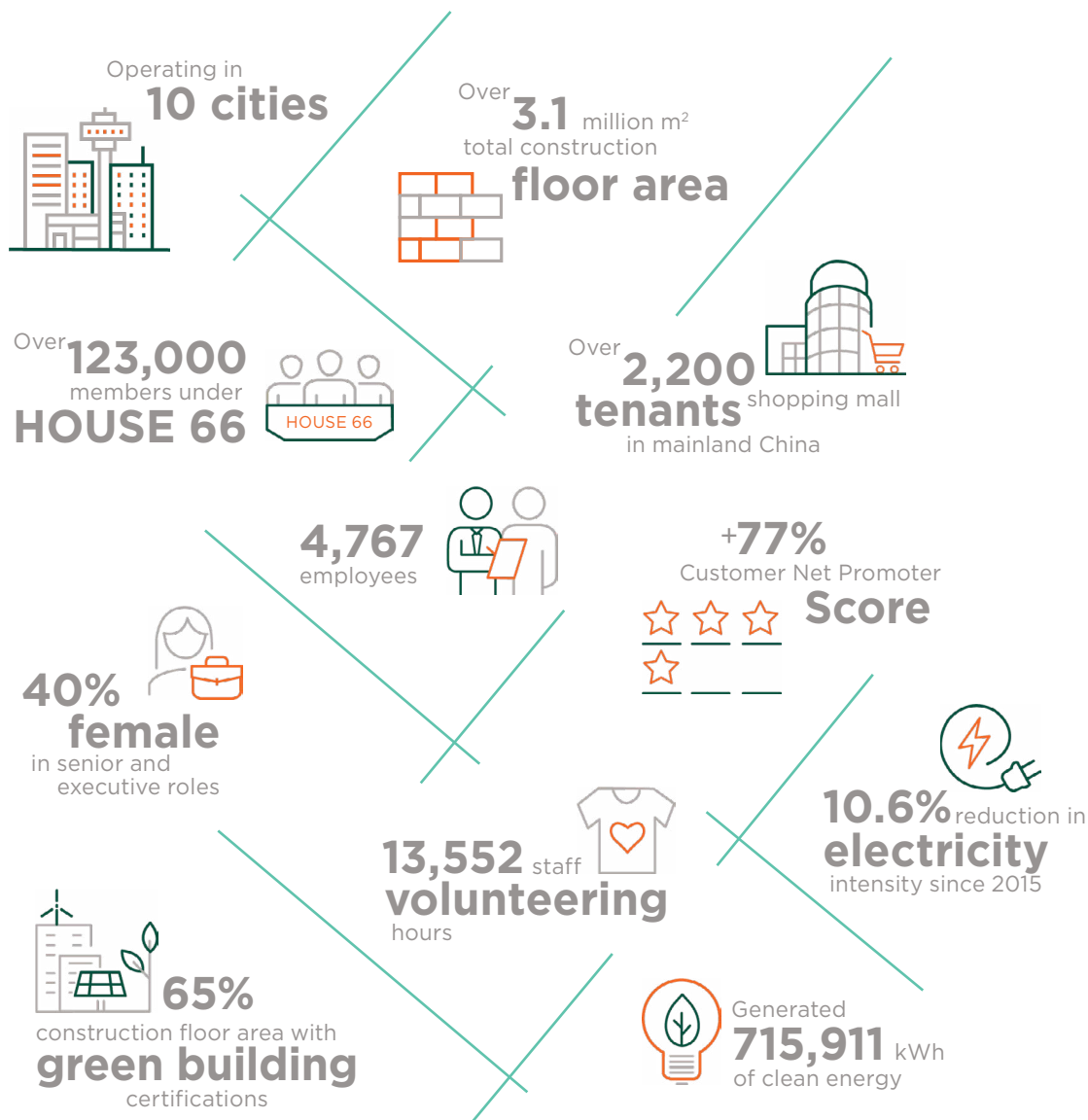
Hang Lung Group has gained international recognition as a leading player in the commercial real estate sector. Firmly rooted in Hong Kong, we have gradually grown our business locally since Hang Lung Group was founded in 1960. Building upon this solid foundation, we progressively branched out into mainland China in the 1990s and eventually achieved massive commercial success. We are now established in Hong Kong as well as nine cities on the Mainland: Shanghai, Shenyang, Jinan, Wuxi, Tianjin, Dalian, Kunming, Wuhan and Hangzhou.

We boast an extensive real estate portfolio across Hong Kong and the Mainland that includes commercial, office, residential, serviced apartments, industrial and parking spaces. In 2019, commercial property development, leasing and management continued to be the core business of the Group, supplemented by the sale of residential units and car parking spaces. As of the end of 2019, we managed 24 solely owned properties in Hong Kong and 10 properties on the Mainland. Of the Mainland properties, seven completed properties and three under development or expansion. All our solely owned properties serve mainly commercial retailers and office tenants.

Every week, customers visit our malls and shop at our tenants' stores online, while our colleagues, numbering over 4,700, strive to deliver quality service to our customers through initiatives to enhance customer experience and loyalty. For example, in 2019 we expanded our nationwide Customer Relationship Management (CRM) program, HOUSE 66, to four more projects – Center 66 in Wuxi, Spring City 66 in Kunming, Grand Gateway 66 in Shanghai and Palace 66 in Shenyang. Over 123,000 members of this program enjoy a wide range of personalized services and exclusive events.

For details of our business performance and outlook, please refer to our 2019 Annual Report.

## Key metrics in 2019





## Our Green 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 Leadership in Energy and Environmental Design (LEED) certification program (or an equivalent standard) for all of our new properties on the Mainland and in Hong Kong. Our green building certifications are listed in the two tables below.

**Overview** ▣

### Completed projects

Location	Property	Scope of Certification	Type of Certification	Rating	Certification
Hong Kong	Standard Chartered Bank Building	Entire Property	BEAM Plus V1.2 Existing Building	Platinum	2016
	Peak Galleria		BEAM Plus V1.1 Existing Building		2015
	23-39 Blue Pool Road		LEED BD+C: Homes v3 2008		2013
Shanghai	Plaza 66	Office Tower 1	LEED BD+C: Core and Shell v3 2009	Gold	2018
		Office Tower 2			2019
	Grand Gateway 66	Office Tower			Under Review
Shenyang	Palace 66	Entire Property	LEED BD+C: Core and Shell v2	Gold	2010
	Forum 66	Shopping Mall			2012
		Office Tower			2017
Jinan	Parc 66	Entire Property	LEED BD+C: Core and Shell v2	Gold	2011
Wuxi	Center 66 (Phase 1)	Shopping Mall			2014
		Office Tower 1			2015
		Office Tower 2	2019		
Tianjin	Riverside 66	Entire Property	LEED BD+C: Core and Shell v2	Gold	2015
Dalian	Olympia 66	Entire Property	2016		
Kunming	Spring City 66	Office Tower	LEED BD+C: Core and Shell v3 2009		Gold
		Shopping Mall			

## Projects under development

Location	Property	Scope of Certification	Type of Certification	Rating	Certification
Wuxi	Center 66 (Phase 2)	Entire Property	LEED BD+C: Core and Shell v3 2009	Gold	Under Review
Kunming	Spring City 66	Serviced Apartment			
Wuhan	Heartland 66	Office Tower			
		Shopping Mall			
		Serviced Apartment			



Center 66,  
Wuxi



Spring City 66,  
Kunming



# Approach to Sustainability

## Forces and trends shaping our business

### CLIMATE CHANGE

Climate change is already underway: the decade ending in 2019 was the warmest on record. The effects of climate change are visible not only in our oceans and at the ice caps, but also much closer to our day to day lives in our cities. According to the Intergovernmental Panel on Climate Change (IPCC), we need to halve global emissions by 2030 in order to have a one in two chance of limiting warming to 1.5°C, the goal set by the 2015 Paris Agreement. Otherwise, young people today may experience catastrophic climate change in their lifetimes.

Against this challenging backdrop, we see strong signals that the investor community is planning significant capital reallocations towards low-carbon investments. We also expect governments to step up emissions policies and regulations over time, just as we anticipate that other stakeholders (communities, media, customers) will raise their expectations. And from scientific models we recognize that both the means and extremes of the climate will continue to change in myriad ways, resulting in increased risks to our assets and operations.

### SUSTAINABLE FINANCE

Sustainable finance, albeit still at a small scale, gained significant momentum in 2019. Multiple global asset managers have expanded their commitment to develop and offer financial products that benefit society and the environment, including loans, bonds and sustainability-themed investment funds. We expect the supply and demand for responsible investments will continue to grow steadily, while there may also be increased scrutiny and regulation of these emerging products.

### SUPPLY CHAIN TRANSPARENCY

Although progress in supply chain oversight and transparency has been slow across all sectors, investors, consumers and customers increasingly expect enhanced disclosure from companies on their supply chain responsibilities and risks. Reinforcing this trend, innovations in technology and data analytics allow companies to capture and disclose better quality information than in the past. We expect to make substantial progress in improving oversight of our supply chain in the years ahead.

### SMART BUILDINGS

Technologies such as the Internet of Things (IoT), nanotechnologies and artificial intelligence may ultimately lead us to think of buildings very differently than we do today. Buildings are slowly evolving into “smart organisms”. Smart building solutions use automation and self-healing processes to manage and use resources efficiently and to enhance safety and wellbeing for occupants. We are committed to examining these new technologies and trends with a view to identifying and pursuing the long-term value and benefits they could bring to our assets and customers. We must prepare ourselves with knowledge and skills so that we can capitalize on smart building opportunities.

### CIRCULAR ECONOMY

The linear economy - how our economy is organized now - is based on taking, making and then disposing of resources. By contrast, the circular economy aims to eliminate waste and regenerate natural systems through continual use of resources. Widespread pollution, biodiversity loss, and resource scarcity are now giving impetus to consumer goods and other companies piloting





circular strategies, particularly in Europe. While circular strategies are in their infancy in Asia and in the real estate sector, there are some early examples of leadership that are raising the bar. We expect the circular economy trend to gain slow but steady momentum in China and elsewhere in Asia. We will increase our innovative capacity and explore collaborative projects with a view to contributing to the communities where we operate and to doing the right thing on this important global issue.

### Our sustainability framework

Starting from late 2018, the Group worked to formulate an enhanced sustainability framework, with a goal to identify sustainability priorities and create sustainable value for the company and its stakeholders. Building on the findings obtained through a comprehensive stakeholder engagement exercise in 2018, in 2019 we refined our framework and sharpened our focus. In January 2020, our enhanced sustainability framework, which comprises three foundations and four priorities, was endorsed by our Board.

**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 where we will aim to make significant progress and support our leadership ambitions in the next decade.

In 2020, we are formulating a set of new targets under the four priorities.

### Hang Lung Sustainability Framework



## Four Priorities



### Climate Resilience

Our approach to building climate resilience has two aspects. First, we need to adapt to the climate change that is already underway by identifying and managing the risks it presents to our assets and operations (climate adaptation). Second, we need to make best efforts to reduce carbon emissions in our business (climate mitigation). These two aspects correspond to the distinction between physical risks and transition risks under the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD). But we also see opportunities in advancing climate resilience in both aspects. We need to factor climate change into our corporate strategy, market positions and customer relationships.



### Sustainable Transactions

We aim to promote sustainability practices in all types of business transactions at all stages of our value chain: the materials we procure, the contractors we engage, our sources and uses of capital, and forms of collaboration with our tenants and customers through partnerships and contractual obligations. We will make our own efforts as well as work through relevant information platforms, associations and like-minded organizations to advance this agenda.



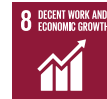
### Resource Management

We aim to optimize our use and management of natural resources, including energy, water and materials. Energy efficiency can lead to significant cost savings, and water scarcity is an important issue in many of the cities where we have properties. In general, responsible resource management constitutes good corporate citizenship and benefits our communities. Our efforts to use resources responsibly will encompass all our activities and materials and help support the transition to a circular economy. From this standpoint even so-called waste is better conceived of not as waste at all but as a resource having an implicit value.



### Wellbeing

We aim to sustain a healthy, inclusive and safe environment for our employees and customers as well as promote wellbeing in our communities. Wellbeing is a broad concept which includes not only health and safety but also other positive attributes, such as sense of belonging, sense of security, adequate nourishment, peace of mind, feeling connected to the natural world, etc. We will strive to improve the wellbeing of our employees, customers and community members with careful attention to established and emerging international best practices in this domain.



## Sustainability governance structure

The Group acknowledges the need to have an effective and strong sustainability governance structure in place.

In October 2019, we appointed a full-time senior executive to lead the Sustainability Team and to support development and execution of the Group's ambitious initiatives in the years ahead on the path to sustainability leadership.

To ensure adequate Board oversight of and input into our environmental, social and governance (ESG) management strategy, the Sustainability Team reports to the Board Executive Director Mr. Adriel Chan at least monthly, and to the Board three times a year.

Our sustainability governance structure aims to create accountability for sustainability at all levels, so that everybody is well aware of their roles and responsibilities in contributing to the sustainability objectives of the Group. Starting in 2020, every department and function will be required to formulate ESG metrics with quantifiable targets.

The **Sustainability Steering Committee** chaired by Board Executive Director Mr. Adriel Chan and comprising key executives, meets twice a year to identify emerging opportunities, review and shape the sustainability strategy, and endorse key targets and goals. Enterprise-level risks identified through the ESG stakeholder consultation process are addressed through the company's **Enterprise Risk Management (ERM) framework** and **ERM Working Group**.



- **Board of Directors**  
Provides oversight of sustainability/ESG strategy, targets, risks and opportunities with a view to the long-term development and positioning of the Group

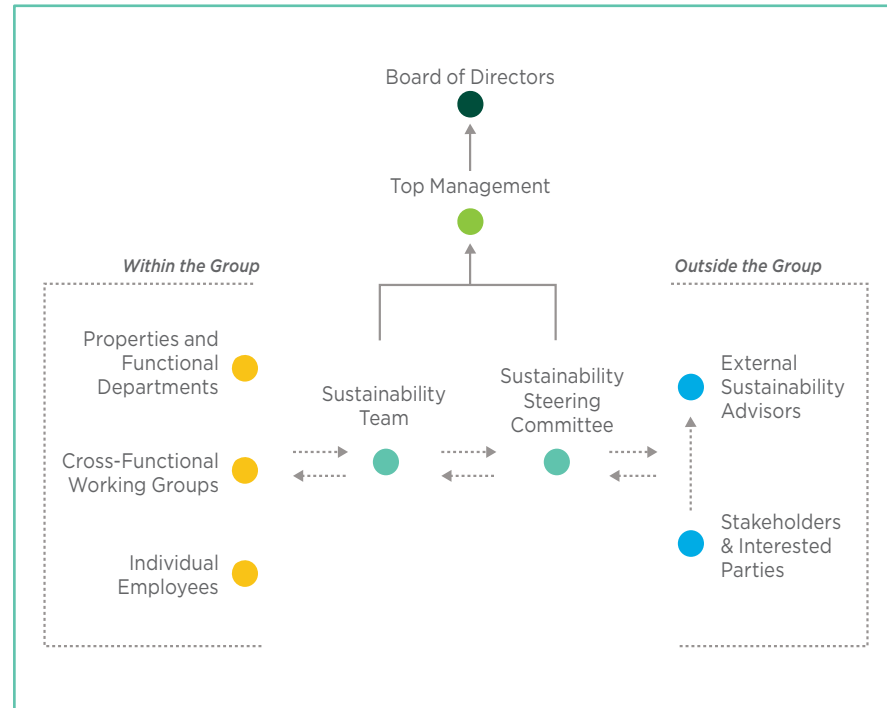
- **Top Management**
  1. Provides strategic direction of the Group to achieve sustainable growth
  2. Ensures implementation of priorities through annual ESG metrics
  3. Manages ESG-related risks through ERM Working Group

- **Sustainability Steering Committee**  
Identifies emerging opportunities, reviews and shapes the long-term sustainability strategy, and endorses key aspirations, targets and goals

- **Sustainability Team**
  1. Formulates Group-wide sustainability strategy and supports its execution
  2. Reviews sustainability performance, identifies risks and opportunities, and drives improvements in support of sustainability leadership
  3. Reports to Board Executive Director at least monthly
  4. Reports to Sustainability Steering Committee on strategy, targets and goals two times a year
  5. Reports to the Board three times a year

- **External Sustainability Advisors**  
Provide advice to the Group on emerging trends, technical matters, strategy development and execution, and global best practices

- **Stakeholders & Interested Parties**  
Provide feedback on the sustainability performance of the Group and how the Group could better meet their expectations




- **Properties and Functional Departments**  
Turn strategies and plans relevant to the functions into actionable tasks, and report on progress to top management


- **Cross-Functional Working Groups**  
Work as one team on cross-cutting projects to advance identified sustainability priorities


- **Individual Employees**  
Formulate goals in annual performance appraisal process to integrate sustainability into their daily work


## Sustainability benchmarks and commitments

The Group is committed to openness and transparency regarding our sustainability performance, and we are continually expanding our efforts by participating in different sustainability assessments and benchmarks, both locally and internationally. This commitment enables us to keep up with the latest market trends, and more importantly, better understand our strengths and weaknesses in order to drive continual improvement. Hang Lung Properties received the following recognitions in 2019:

- 

Selected as a member of the Dow Jones Sustainability Indices (DJSI) Asia Pacific Index for three consecutive years
- 









Constituent of the Hang Seng Corporate Sustainability Index and Hang Seng (Mainland and Hong Kong) Corporate Sustainability Index with an AA rating
- 

Named a Caring Company by the Hong Kong Council of Social Service for 10 consecutive years under the Caring Company Scheme
- 

Received a 3-star performance rating and an A grade disclosure rating under the Global Real Estate Sustainability Benchmark

## Stakeholder engagement

Our approach to stakeholder engagement is designed to ensure we maintain a good understanding of the views and expectations that help define our current and future sustainability strategies. In particular, we proactively engage with the stakeholder groups that are directly impacted by our operations, such as employees, investors, customers, tenants, suppliers and contractors. We also engage with groups that may provide guidance on our focus areas and inform our strategic approach, such as local communities, NGO partners, the government, academia, media and industry associations. In 2019, we continued to engage regularly with key stakeholder groups in a variety of ways to ensure effective communication of our progress in relation to their concerns. Feedback collected through all stakeholder engagement exercises also contributed to the preparation of this Report.

Stakeholder groups	Why engage?	Forms of engagement
<b>Employees</b> 	<p>It is essential to understand our employees' sustainability concerns, particularly on labor practices, to ensure a satisfied workforce.</p>	<ul style="list-style-type: none"> <li>• Biannual two-way performance appraisal</li> <li>• Biannual town hall meetings</li> <li>• Staff focus group discussions and staff survey</li> <li>• Regular team building activities</li> <li>• Bi-monthly corporate newsletter</li> </ul>
<b>Investors and shareholders</b> 	<p>Addressing our investors and shareholders' concerns related to sustainability and ESG demonstrates our determination to pursue long-term financial returns in a manner that also benefits society.</p>	<ul style="list-style-type: none"> <li>• Annual sustainability reporting, benchmarks and indices</li> <li>• Regular investor interviews, meetings and roadshow</li> <li>• Annual General Meeting</li> </ul>
<b>Tenants and customers</b> 	<p>To retain our tenants and customers, we need to understand our shared sustainability values, so that the services we deliver meet their expectations.</p>	<ul style="list-style-type: none"> <li>• Regular customer engagement surveys</li> <li>• Annual tenant satisfaction surveys and interviews etc.</li> <li>• Regular social media</li> <li>• Bi-monthly corporate newsletter</li> </ul>
<b>Suppliers and contractors</b> 	<p>The sustainability performance of our suppliers and contractors directly impacts our performance as well. We must engage with them to ensure that our goals are aligned.</p>	<ul style="list-style-type: none"> <li>• Regular project meetings</li> <li>• Regular screening and performance evaluation</li> <li>• Focus group discussion</li> <li>• Annual online surveys</li> </ul>
<b>Local communities</b> 	<p>We must proactively engage with local communities to ensure that our business is creating societal benefits. We regard this as the social license to operate in the long run.</p>	<ul style="list-style-type: none"> <li>• Continuous flagship community programs</li> <li>• Community events</li> <li>• Community consultation</li> <li>• Bi-monthly corporate newsletter</li> </ul>
<b>NGO partners, academia and industry associations</b> 	<p>Engaging with NGO partners, academia and industry associations allows us to learn about specific sustainability trends and respond accordingly.</p>	<ul style="list-style-type: none"> <li>• Online surveys</li> <li>• Sustainability Innovation Workshop</li> <li>• Conferences, seminars and networking events</li> </ul>
<b>Governments and regulators</b> 	<p>Policies and regulations directly impact our business. We need to maintain close communication with the relevant governments and regulators to ensure that policies and regulations are well understood.</p>	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Site visits by government officials</li> <li>• Government consultations</li> </ul>
<b>Media</b> 	<p>Media are the principal channels through which the general public learns about us. We must ensure that our media partners are accurately informed of our sustainability performance.</p>	<ul style="list-style-type: none"> <li>• Media interviews and meetings</li> <li>• Media announcements and press releases</li> </ul>



## Issues that matter

### IDENTIFICATION OF ESG ISSUES

ESG management and identification of material issues is a dynamic process that needs to keep pace with how the world is evolving. By regularly updating the list of ESG issues that are relevant to our business, we keep our finger on the pulse of the external business environment. To best reflect the latest forces and trends and respond to the expectations of our stakeholders, we have updated our list of relevant ESG issues in 2019, with a total of 22 to be considered in the materiality assessment. The table on the right lists the ESG issues relevant to our business, with the rationale for any changes explained in the next page.

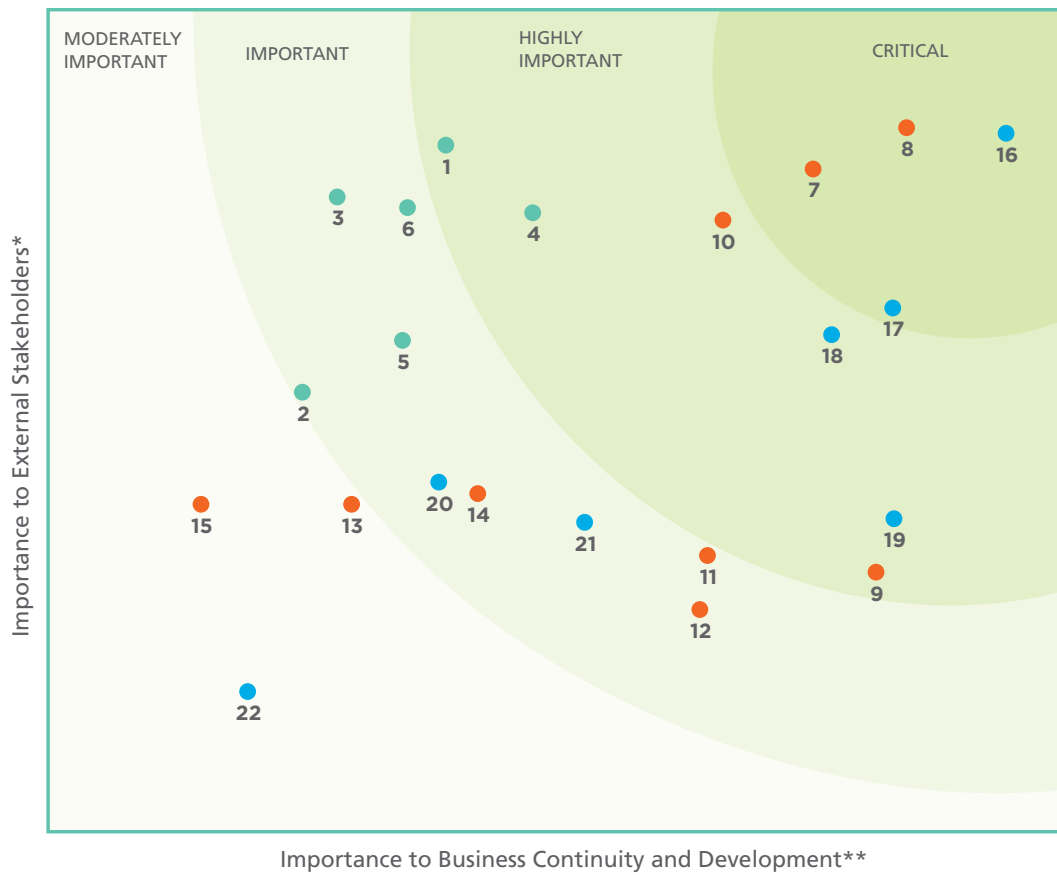
Relevant ESG issues (2018)	Relevant ESG issues (2019)
Legal compliance	Ethics and integrity
Ethics and integrity	Risk and crisis management
Risk and crisis management	Occupational health and safety
Occupational health and safety	Information privacy
Information privacy	Energy efficiency and carbon emission reduction
Energy efficiency	Customer health and safety
Customer health, safety and security	Employee attraction and retention
Employee attraction and retention	Employee wellbeing
Employee wellbeing	Financial performance and investor interests
Financial performance and investor interests	Customer engagement and collaboration
Tenant and customer engagement	Responsible supply chain management
Responsible supply chain management	Employee development
Employee development	Grievance mechanism
Customer feedback	Green building certification
Grievance mechanism	Social integration and accessibility
Green architecture and infrastructure	Waste disposal and recycling
Social integration	Water, land and air contamination
Internal communication	Diversity and equal opportunities
Waste disposal and recycling	Adaptability to climate change impacts
Pollution mitigation	Water efficiency and leakage
Diversity and equal opportunities	Community engagement and investment
Climate change	Sustainable finance
Water consumption	
Indirect economic impacts	
Community engagement and investment	
Use of materials and biodiversity	

Major changes	Rationale
<b>Removal - Legal compliance</b>	We consider “Legal compliance” to be a non-negotiable core and permanent feature of our governance, and independent of the materiality assessment developed through stakeholder consultation.
<b>Removal - Customer feedback</b>	Since “Customer feedback” is a means of customer engagement, it is represented within “Customer engagement and collaboration”.
<b>Removal - Internal communication</b>	“Internal communication” is now seen as part of “Employee wellbeing”: without good two-way communications, we cannot enable wellbeing.
<b>Removal - Indirect economic impacts</b>	For several consecutive years, the issue of “Indirect economic impacts” was ranked low by our stakeholders in our materiality assessment.
<b>Removal - Use of materials and biodiversity</b>	Our use of materials and our indirect impacts on biodiversity are represented under “Responsible supply chain management”; potential direct impacts on biodiversity as a result of our development activities are considered under “Water, land and air contamination”.
<b>Addition - Sustainable finance</b>	“Sustainable finance” will eventually play a significant role in determining our capacity to achieve sustainability leadership. We would like to understand stakeholder perspectives on its material importance to our business.
<b>Redefinition - Pollution mitigation</b>	“Pollution mitigation” is redefined as “Water, land and air contamination” in order to give a clearer definition on the type of pollution that are relevant to our operation.
<b>Redefinition - Energy efficiency and carbon emission reduction</b>	Since energy consumption accounts for over 99% of our Scope 1 & 2 emissions, we have expanded the definition of this issue to cover climate mitigation, or carbon emissions reduction.
<b>Redefinition - Adaptability to climate change impacts</b>	As mentioned earlier, our climate resilience strategy is divided into climate mitigation and climate adaptation. Climate mitigation is now covered by “Energy efficiency and carbon emission reduction” as above, leaving “Adaptability to climate change impacts” as a separate issue for evaluation.



## MATERIALITY ASSESSMENT

Based on the aggregated scores given by our internal and external stakeholders through an online questionnaire, we have mapped out and prioritized the 22 sustainability issues, reflecting their relevance to the Group and their perceived overall importance to society and the environment. The 10 issues that are classified as “Highly Important” or above are the material issues to be covered in this Report. In summary, while all stakeholder groups have concerns about governance related issues, internal and external stakeholder groups have particularly put their focus on people related issues and environmental or social related issues respectively. Details of the key topics and concerns raised by our stakeholders and how we responded to their concerns are found in the “Climate Resilience”, “Resource Management”, “Sustainable Transactions” and “Wellbeing” sections of this Report.



Sustainability issue	Issue boundaries	
	Inside the Group	Outside the Group
1	•	•
2	•	•
3	•	•
4	•	•
5	•	•
6	•	•
7	•	•
8	•	•
9	•	
10	•	
11	•	
12	•	•
13	•	•
14	•	
15	•	•
16	•	•
17	•	•
18	•	•
19	•	•
20	•	•
21	•	•
22	•	•

● Environmental ● Social ● Governance

\* rated by external stakeholders in terms of each issue's importance to the society at large and relevance to the Group.  
 \*\* rated by internal stakeholders in terms of each issue's likelihood of affecting the Group's business continuity and development, and the magnitude of impact.



# CLIMATE RESILIENCE



**Adapt to climate change and decarbonize our business**  
Relevant GRI Disclosure: 201 (2016), 302 (2016), 305 (2016)



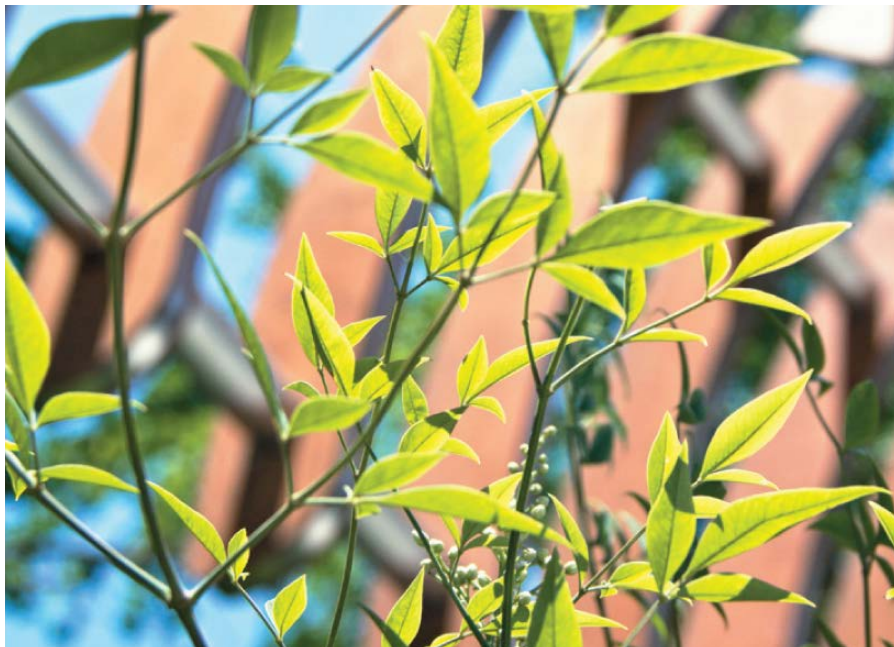


# Climate Resilience

## Our climate-related disclosure

Our external stakeholders, and particularly our investors, are increasingly asking for accurate information and insights about relevant climate-related risks and opportunities. We also recognize the benefits of deeper analysis and disclosure. In 2017, the Group began to adopt a systematic approach so as to effectively streamline the management and communication of climate-related risks and opportunities at the different levels of our company, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Since then, we have made gradual progress in implementing the recommendations of the TCFD.

This year, we are disclosing our cumulative efforts since 2017. In partial alignment with the recommendations of the TCFD, we are summarizing our current and future climate-related work under the categories “Governance”, “Strategy”, “Risk management”, and “Metrics & targets”.



## Governance

The Group has established a dual structure to ensure sufficient Board oversight of climate-related risks and opportunities. The Sustainability Team also reports directly to the Board three times a year.

### THE ROLE OF OUR ENTERPRISE RISK MANAGEMENT WORKING GROUP

The Board has overall responsibility for risk management and for determining the nature and extent of significant risks it is willing to take to achieve the Group’s strategic objectives. The Audit Committee is delegated by the Board to oversee the effectiveness of our risk management system. Our ERM Working Group, which is chaired by the Chief Executive Officer and reports to the Audit Committee on a quarterly basis, was established in 2016 to coordinate and oversee the risk management activities of the Group. In 2018, we identified climate-related risks (physical and transition risks) as one of the principal risks to be overseen by our ERM Working Group at the corporate level. This arrangement ensures Board oversight of the potential consequences of different short-to-medium term climate-related risks, as well as our control measures to mitigate such risks.

### THE ROLE OF OUR SUSTAINABILITY STEERING COMMITTEE

The Sustainability Steering Committee, chaired by a Board Executive Director, reviews and revises our strategies, goals and targets for the four priorities, including climate resilience, under our enhanced sustainability framework. This process enables the Board to address climate change not only as a risk to manage, but also as an opportunity – for competitive differentiation, for customer collaboration and for creating positive impacts on society.



## Strategy

### THE GENERAL STRATEGIC APPROACH

As a commercial property developer and owner, our business is exposed to both risks and opportunities relating to climate change. The nature and level of impact of climate change to our business depends on how the international community, the government, the business sector as well as the general public will respond to climate change in the short and long term. The Group started to deploy relevant strategies to mitigate the potential transition risks of climate change in 2007, when we first committed to obtain green building certifications for all our new constructions as specified in the section “Our Green Portfolio”. Over the following decade, we formulated energy reduction targets as part of our transition towards a sustainable, low-carbon future.

As of 2019, we elevated climate resilience further as one of the only four priorities under our enhanced sustainability framework; it is integral to our ambition to achieve sustainability leadership by 2030. Having said that, we also recognize that climate-related risks and opportunities will continue to evolve. The Group will regularly review its climate strategies, targets and programs through:

- Ongoing research on potential climate-related risks and opportunities that are applicable to our business;
- Collaborating with business partners and external experts to gain knowledge and exchange ideas on climate adaptation and decarbonization; and
- Engaging with external stakeholders to understand their expectations for climate change and the real estate sector.

In 2020, the Group will begin to develop a corporate-wide climate adaptation plan and a corporate-wide climate mitigation plan. Both plans will be reviewed, and revised at suitable intervals in an effort to continually improve our climate resilience.

### RISKS AND OPPORTUNITIES IDENTIFICATION AND SCENARIO ANALYSIS

In 2019, we completed a preliminary climate risk mapping exercise at the Group level, based on an empirical understanding of our business activities in connection with publicly available information from authoritative sources, such as the Intergovernmental Panel on Climate Change (IPCC). The outcome of the exercise provides a more holistic understanding of the physical and transition risks of climate change that are relevant to our business, as well as the potential consequences.

Since the TCFD recommends that businesses test the resilience of their strategies against climate-related scenarios, the Group will conduct a high-level scenario analysis. Through such analysis, we anticipate gaining a better understanding of our physical risk exposure, including any residual risks beyond the control measures our properties and operations already have in place.

## KEY CLIMATE-RELATED RISKS

Risks	Potential consequences	Current response(s) to mitigate the risk
Increased severity and frequency of extreme weather events such as typhoons, high precipitation and flooding	<ul style="list-style-type: none"> <li>Increased operating and maintenance costs</li> <li>Increased health and safety hazards</li> <li>Increased insurance premiums</li> <li>Loss of income due to business interruption</li> </ul>	<p>Regularly review our crisis response plan at portfolio level, covering scenarios of extreme weather events that may potentially impact our business operations and outlining how our teams should react to minimize the adverse impacts</p> <p>Floodgates installed for our existing properties that are prone to flooding risks, and extra sandbags and water pumps procured for properties to increase their crisis response capacities</p> <p>Incorporate design considerations, such as elevated entrances, increased drainage capacity and sponge city features, into our new projects in response to increasing flooding risks</p>
Permanent shift of local weather patterns and mean temperature increase	<ul style="list-style-type: none"> <li>Increased operating and maintenance cost</li> <li>Reduced service stability</li> <li>Reduced indoor thermal comfort</li> </ul>	<p>Optimize the operating efficiency of our HVAC systems to reduce our electricity consumption despite rising temperatures</p> <p>Examine the feasibility of upgrading our building management systems to support advanced building automation for thermal comfort control and improved efficiency</p> <p>Increase the cooling capacity of chillers</p>
More ambitious climate policies and regulations to support international decarbonization efforts	<ul style="list-style-type: none"> <li>Increased capital investment required</li> <li>Increased operating and maintenance costs</li> <li>Non-compliance fines</li> </ul>	<p>Regularly monitor existing and emerging trends, policies and regulations relevant to climate change</p> <p>Prepared to alert the top management where necessary to avoid cost increments, non-compliance fines or reputational risks due to delayed response</p>
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"> <li>More stringent reporting obligations</li> <li>Reduced availability of capital</li> </ul>	<p>Maintain a high level of transparency regarding our ESG risk management activities to build trust and confidence among our investors</p> <p>Align with internationally recognized frameworks (e.g. the recommendations of the TCFD and the Carbon Disclosure Project) to facilitate clear assessment of our climate performance</p>
Growing customers preference for properties that are more prepared for climate change	<ul style="list-style-type: none"> <li>Reduced revenue</li> <li>Property devaluation</li> </ul>	<p>Regularly analyze the market trends and respond as required</p> <p>Maintain close communication with our customers to understand their expectations, and seek collaboration where appropriate to increase the loyalty of our customers</p>

## KEY CLIMATE-RELATED OPPORTUNITIES

Opportunities	Potential benefits	Current response(s) to capture the opportunity
Economic or policy incentives that support transition to low-carbon economy	<ul style="list-style-type: none"> <li>Reduced capital investment</li> <li>Introduction of new technologies</li> </ul>	Identify and apply for relevant subsidy schemes in both Hong Kong and the Mainland to fund energy efficiency projects. For instance, we have applied for building funds offered by the two utility companies in Hong Kong. Subsidies have been granted for two energy efficiency projects.
Higher building energy efficiency and better operational management	<ul style="list-style-type: none"> <li>Reduced operating cost</li> </ul>	<p>Retrofit and replace aged and inefficient building facilities, as well as optimize building facilities through automation and retro-commissioning. For instance, we have implemented various energy saving initiatives in properties in Hong Kong and on the Mainland, such as the installation of LED lightings and variable speed drive for a cooling tower's fan motor.</p> <p>Optimize operational schedule of building facilities, e.g. switching off unnecessary external lightings, lifts and escalators at night</p>
Collaborating with peers and industry associations to drive faster transition to low-carbon economy	<ul style="list-style-type: none"> <li>Synergy with partners that creates incremental benefits through collaboration, e.g. shared cost yet multiplied effect</li> </ul>	<p>To demonstrate our commitment to supporting the transition toward a low-carbon economy, the Group has been one of the champions of the first business-led carbon reduction initiative in Hong Kong - the Business Environment Council (BEC) Low Carbon Charter. The Charter was ultimately launched in March 2019 with the Group as one of the signatories.</p> <p>In addition, we continued to support government initiatives to combat climate change as a signatory of the 4Ts Charter under the Hong Kong Climate Action Plan 2030+.</p>
On-site renewable energy generation at our properties	<ul style="list-style-type: none"> <li>Reduced electricity cost</li> </ul>	Installed solar panels in Palace 66, Parc 66, Center 66, Forum 66, Riverside 66, Olympia 66 and Spring City 66 in mainland China to generate electricity. In 2019, 715,911 kWh of our electricity consumption was generated from solar panels.
Growing customer preference for properties that are more prepared for climate change	<ul style="list-style-type: none"> <li>Higher rental premium</li> <li>Higher marketability</li> </ul>	<p>Obtain green building certification for all new projects, e.g. LEED, China Green Building Evaluation Label, BEAM Plus</p> <p>Respond to solid market demand, e.g. increase the provision of charging facilities for electric vehicles for properties in mainland China</p>

## Risk management

As highlighted above, climate-related risks are assessed in accordance with our Enterprise Risk Management (ERM) Framework, under which we identify, manage and disclose material climate-related risks as part of our standard business practices. Our General Manager – Sustainability, who reports to a Board Executive Director, is the dedicated risk owner of the climate-related risks under our ERM Framework. He is responsible for ensuring that adequate control measures are in place to mitigate the risks.

Please refer to the “Corporate Governance Report” section in our 2019 Annual Report for detailed information on the overall risk management approach of the Group.

## Metrics & targets

### EMISSION CALCULATION

We regularly monitor and review our greenhouse gas (GHG) emissions. We have deployed a cloud-based data platform to record and calculate the direct GHG emissions (Scope 1) and indirect GHG emissions from energy (Scope 2) of our building operations for financial year 2019 and onwards. This arrangement will enhance the accuracy and reliability of our carbon footprint data.

Selected indirect GHG emissions (Scope 3) incurred by our direct operations have also been calculated and reported to demonstrate our commitment to transparency. However, it remains beyond our capacity to estimate the GHG emissions of our supply chain. In the meantime, we have begun to explore the feasibility of calculating the embodied carbon emissions of our construction materials in new projects in Hong Kong.

### EMISSION TARGETS

Currently, our building energy consumption accounts for over 99% of our Scope 1 and Scope 2 emissions. In terms of a year-to-year comparison, despite our efforts in energy conservation, a 6.4% increase was recorded for the GHG emissions (Scope 1 & 2) intensity of our Hong Kong portfolio. This could be explained by the slight increase in the emission intensity of one of the utility companies in Hong Kong, resulting in a net increase for our Scope 2 emission. On the other hand, for our Mainland portfolio, the GHG emissions (Scope 1 & 2) intensity had a large reduction of 10%, arising from two factors: 1) we achieved significant energy saving in 2019; and 2) the emission intensity of the grid in mainland China has decreased in 2019. Please refer to the section “Resource Management” for more details on our building energy consumption.

To support the international community’s best efforts to limit global warming to below 1.5°C, the Group is now evaluating the possibility of developing an ambitious 2030 target for the Scope 1 & 2 emissions of our core business. We are taking a systematic, rigorous approach to developing this target and the relevant baseline against which to measure our progress and will disclose our plan in our Sustainability Report 2020.

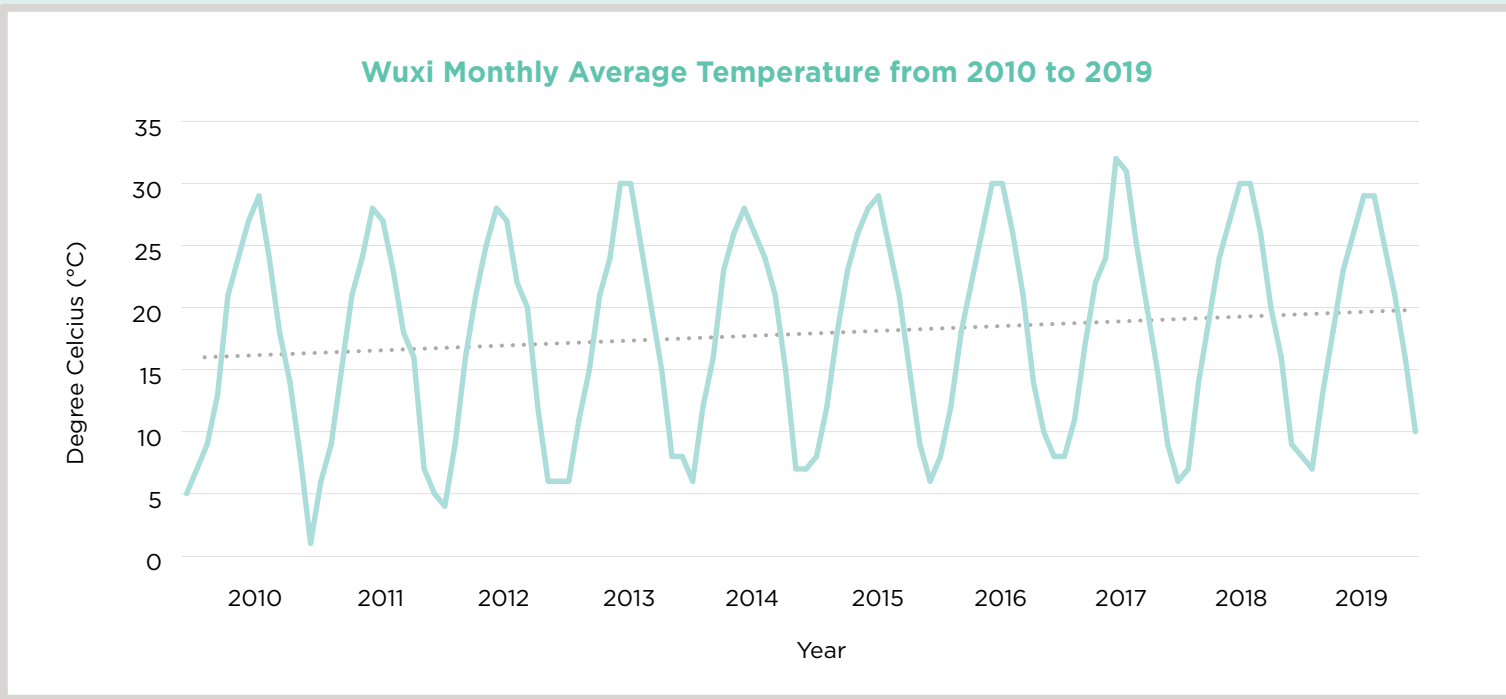


## Adapting to a Changing Climate

The Earth is heating up. The mean global temperature in 2019 was almost 1°C higher than the 20<sup>th</sup> century average. As a property developer and owner with a footprint across multiple latitudes, we acknowledge the potential risks and opportunities that climate change could bring. We must put resilience at the core of our operations, so that our business is well-prepared and remains sustainable in the long run. Our facility managers, who are like doctors safeguarding the health of our buildings, are already experiencing climate change impacts.

### Rising temperature in Wuxi

Over the past few years, we have observed an increasing number of requests from tenants in Center 66 Office Tower 1 in Wuxi to lower the thermostat setting of their office units. When such requests were made more frequently, especially during the summer seasons, the facility management team of Center 66 began to struggle to meet them all, because our air conditioning system was already working close to its full capacity. In view of the challenging situation, we tried to investigate the cause. Our team found that the average temperature of Wuxi has increased by almost 3°C since 2010. This phenomenon explains the increasing demand for cooling from our tenants, and we anticipate that cooling demand will continue to rise.





## From challenge to opportunity

Mindful of our customers, we decided to upgrade the air conditioning system of Center 66 Office Tower 1 by replacing five sets of cooling towers during the winter of 2018, expanding the overall cooling capacity. While solving the immediate problem, our project team also took this major retrofitting opportunity to increase the building's long-term resilience. As a result, a number of sustainability elements and considerations have been incorporated, including ventilation improvements and enhanced automation of the building management system.

In spite of harsh weather conditions during the winter of 2018-19, we completed the upgrade in less than half a year with zero injuries. Nor did we compromise our commitment to carbon emissions reduction: the upgraded air conditioning system of Center 66 Office Tower 1 achieved a total electricity saving of over 930,000 kWh in the summer months of 2019, 27% lower than the same period in 2018.

Electricity consumption **27%**

lower than the same period in 2018

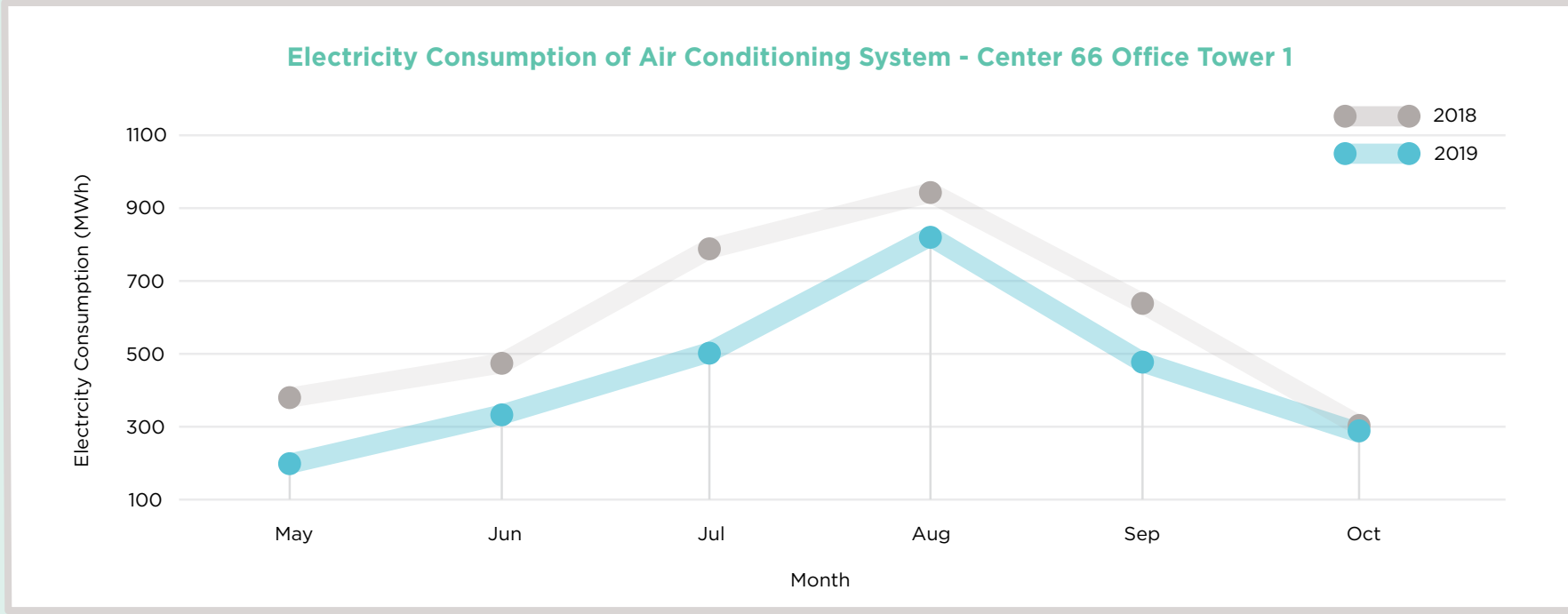
Replaced five sets of cooling tower with higher cooling capacity as well as better energy efficiency

Enhanced level of automation of our building management system for air conditioning system control, which improved the operating efficiency and enabled further data analytics

Additional steel structures with fall arrest were provided in the plant room for safer access

Altered the building façade to improve ventilation to the plant room, which enhanced the operating efficiency of the whole chiller plant





This project demonstrates our capacity to strike a balance between service quality and sustainability under the increasing threat of climate change. Instead of regarding climate change as a risk, we successfully captured it as an opportunity and brought multiple benefits to our operations:



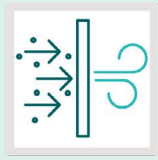
Responded promptly to tenants' demands, supporting their wellbeing



Achieved long term cost-savings by lowering operating costs



Adapted to rising temperature



Mitigated our climate impacts through emission reduction

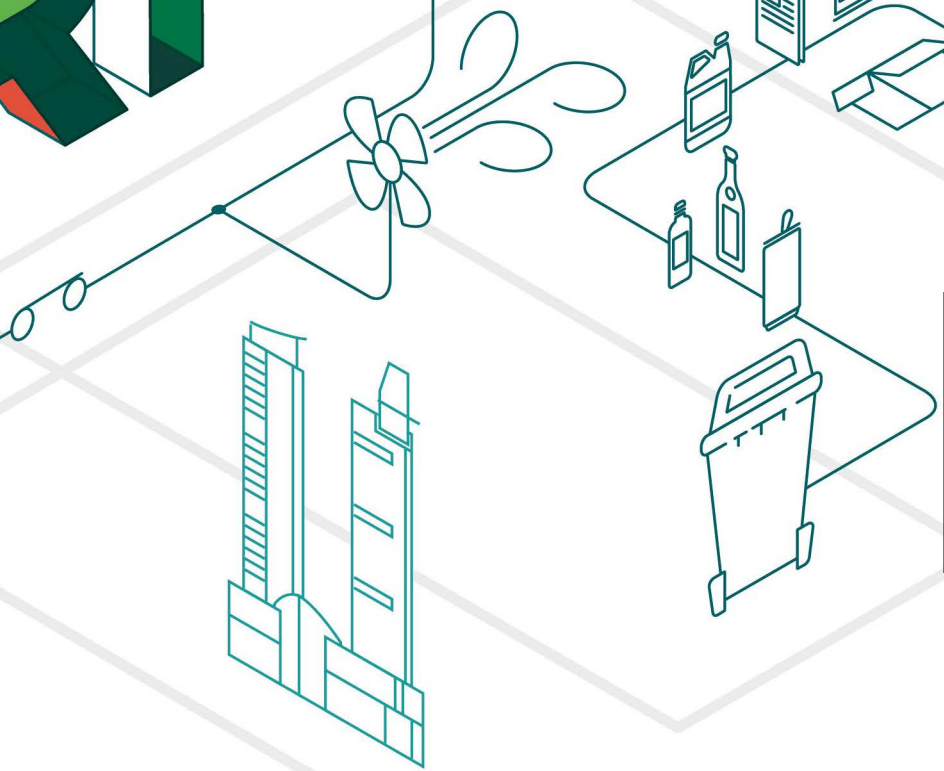
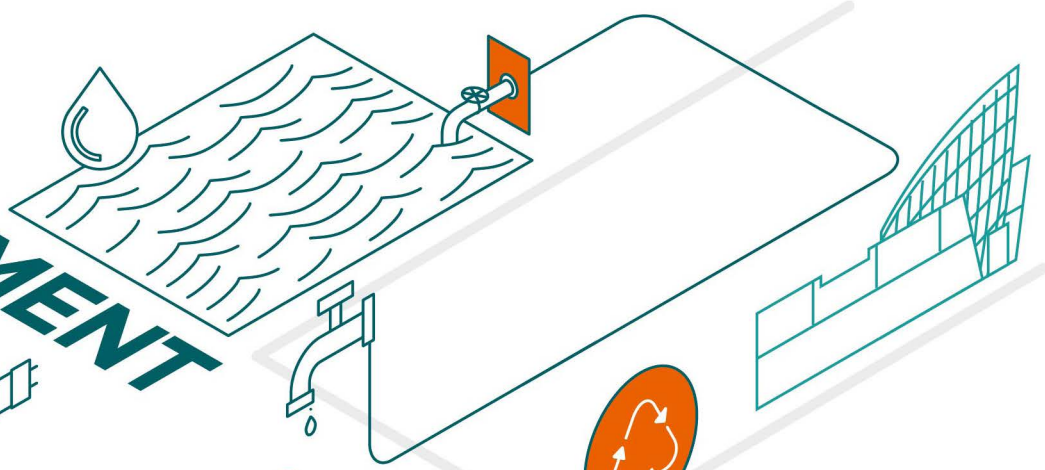


Accelerated transition to advanced building automation



Safeguarded the occupational health & safety of employees with enhanced safety features

# RESOURCE MANAGEMENT



**Optimize use and management of natural resources**  
Relevant GRI Disclosure: 302 (2016), 303 (2018), 306 (2016), 307 (2016)



# Resource Management

## Energy management

### ELECTRICITY CONSUMPTION

Buildings rely heavily on energy, and especially on electricity, to operate. Our properties are powered by utility companies that use fossil fuels as their major source of electricity. In addition, electricity accounts for a significant proportion of operational expenses on our investment properties. Improving our energy efficiency therefore preserves resources and reduces our operating costs - not to mention our carbon emissions.

Since 2015, we have been working towards a 12% reduction in our electricity intensity by construction floor area for our entire managed portfolio by the end of 2020. We are pleased to have made good progress towards this target, having achieved a 10.6% reduction in our electricity intensity by construction floor area by the end of 2019.

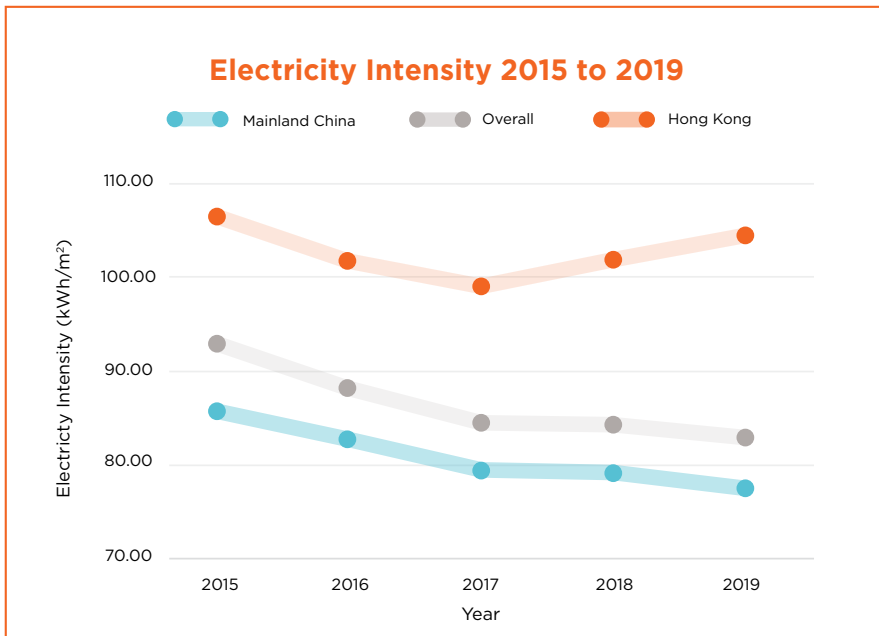
More specifically in Hong Kong, however, the electricity intensity by construction floor area of our Hong Kong portfolio increased by 2.4% compared to previous year, mainly due to the divestment of two properties with lower electricity intensity as well as the reopening of Peak Galleria in September 2019. Nevertheless, the absolute electricity consumption of our Hong Kong portfolio reduced by 0.9%, or 673,986 kWh, from the end of 2018 to the end of 2019. For our mainland China portfolio, the electricity intensity by construction floor area decreased by 2.4% compared to previous year. In addition, despite a slight increase in floor area due to the inclusion of an unleased floor space in Olympia 66 in Dalian, the absolute electricity consumption of our Mainland portfolio decreased by 1.8%, or 3,432,231 kWh, compared to 2018. Examples of initiatives contributing to the enhanced energy efficiency of our portfolio include:

- Upgrading Building Management Systems
- Major asset enhancements to improve operational efficiency, including chiller upgrades, lift replacement and lighting retrofits
- Retro-commissioning
- Optimization of major building facilities' operating schedules

### OTHER ENERGY CONSUMPTION

Apart from electricity consumption, our properties in the northern and central part of mainland China also consume other forms of energy - such as natural gas, hot water and steam - for heating during the winter months. In 2019, such consumption accounted for 23.1% of the total energy consumption of our buildings.

Resource Management



## Waste management

### WASTE MANAGEMENT APPROACHES

#### Operational waste

The bulk of our waste is generated through the operation of our properties and tenants. The Group has adopted a variety of measures to divert waste from landfill and facilitate recycling at our properties, including but not limited to:

- Regular collection services for key recyclables, including paper, plastics, metal and glass bottles
- Food waste collection services for F&B tenants at selected properties in Hong Kong, such as Amoy Plaza and Kornhill Plaza; and for all properties in mainland China
- Umbrella dryers at selected commercial properties in Hong Kong to reduce the consumption of plastic umbrella bags
- Paperless parking system in mainland China, which replaces at least 6.4 million tickets annually

We have implemented waste reduction initiatives at our offices as well, including:

- An online system to handle internal administration and IT service requests to enhance efficiency and reduce printing
- Communication encouraging our employees to print on both sides and conserve paper towels
- Recycling bins placed at prominent locations, such as pantries, to facilitate recycling

#### Hazardous waste

Used fluorescent lights, rechargeable batteries and clinical waste are the three major types of hazardous waste generated at our properties. To minimize environmental pollution and ensure compliance with applicable regulations, we hire licensed service providers to collect, handle and dispose of hazardous waste properly.

#### Construction waste

Given the huge scale of our development projects in mainland China, a vast amount of waste is generated at our construction sites. To handle the construction waste appropriately, we require our contractors to recover, handle, transfer and dispose of construction waste according to a site-specific Construction Waste Management Plan. Striving to minimize waste disposal, we require each construction site to achieve project-specific recycling targets defined by our LEED certification requirement, diverting at least 50% of construction waste from landfills and incineration facilities.

Resource  
Management



## HELPING OUR TENANTS ADAPT TO NEW AND UPCOMING LEGISLATION

### Hong Kong

The HKSAR Government plans to launch a Municipal Solid Waste (MSW) Charging Scheme. To prepare our tenants and our staff for the implementation of this legislation, Kornhill Plaza participated in a Municipal Solid Waste Charging Trial Project organized by the Environmental Protection Department (EPD) in Hong Kong, from November 2018 to May 2019. During the project, participating tenants received mock charge statements on a regular basis according to the amount of waste they generated. The exercise helped them to estimate the charge that they will pay when the MSW Charging Scheme takes effect. Over 70% of our tenants at Kornhill Plaza took part in the trial project and the majority of them indicated that it raised their waste reduction awareness.

Thanks to our efforts in collaborating with tenants on waste reduction, Kornhill Plaza received the Best Tenant Companion Award from Hong Kong Green Building Council's Hong Kong Green Shop Alliance Award 2019.

### Mainland China

Major cities are starting to formulate and implement their own domestic waste classification regulations as directed by the central government's municipal solid waste (MSW) policy which mandates building operators to classify waste into four categories: dry waste, recyclables, wet waste and hazardous waste.

To help tenants at our malls comply with the MSW classification regulations, we issued clear guidance to them, supplemented by regular communication, on how they should sort and discard waste. For tenants at our office towers, our cleaning contractors collect the classified waste at floor level, and they reserve the right to refuse any unclassified waste. For waste storage, designated zones have been provided at our refuse collection chambers to avoid mixing the four waste categories. We have also installed CCTV surveillance systems at waste disposal black spots in our properties to monitor for and prevent illegal dumping.

## PROMOTING WASTE REDUCTION TO OUR STAKEHOLDERS

We organized various activities in 2019 to enhance waste reduction awareness among our stakeholders. In Hong Kong, we organized red packet reuse for our colleagues, customers and tenants for the fourth consecutive year and held festive food sharing at our properties. In mainland China, we arranged a series of seminars themed Recycling and Green Lifestyle for our employees at Parc 66 in Jinan.



## Water management

The Group recognizes water scarcity as a severe global challenge, and most of the cities in which we operate are in areas with water stress. We have to be prepared to cope with this foreseeable challenge through better water management and conservation.

We have adopted a wide range of measures to reduce water consumption at our properties, including installing water-efficient fittings and rolling out initiatives to raise awareness on water conservation among our employees, customers and tenants. Nonetheless, our water consumption is highly dependent on the footfall and occupancy rate of our properties. Therefore, despite our ongoing efforts to promote water conservation among our tenants and customers, the water intensity of our mainland China portfolio increased by 9%, compared to the previous year.

For our Hong Kong portfolio, since the water consumption data of our buildings in December 2019 remains unavailable from the Water Services Department at the time of Report publication, we are unable to provide a fair analysis of the total water consumption of the year with incomplete data. The missing data shall be reported in our Sustainability Report 2020.

We will continue to evaluate opportunities to improve water efficiency and management through innovative technologies and better building operation.

## Green building certification

Hang Lung adopts various kinds of green building certification schemes to guide the integration of environmental and social aspects within development projects. These certification schemes can provide a basis for independent verification of each project's sustainability credentials in construction and operation.

In 2019, our Plaza 66 Office Tower 2 in Shanghai and Center 66 Office Tower 2 in Wuxi attained LEED for Core and Shell Development – Gold Level certification, increasing our total number of LEED Gold certifications to 12. 65% of the total construction floor area of our commercial properties has attained internationally recognized green building certifications. For details of the green building certifications and pre-certifications that we have attained, please refer to the section “Our Green Portfolio” in this Report.



## Blending Business and Sustainability

Standing proudly next to Hai River in Tianjin, Riverside 66 reached its five-year mark in September 2019. Since its opening, the mall has largely redefined the typical retail model in the city: encompassing over 1,400,000m<sup>2</sup> with a span of more than 380 meters, it has successfully revitalized the historical commercial street Heping Road and turned into a new urban landmark for the city.

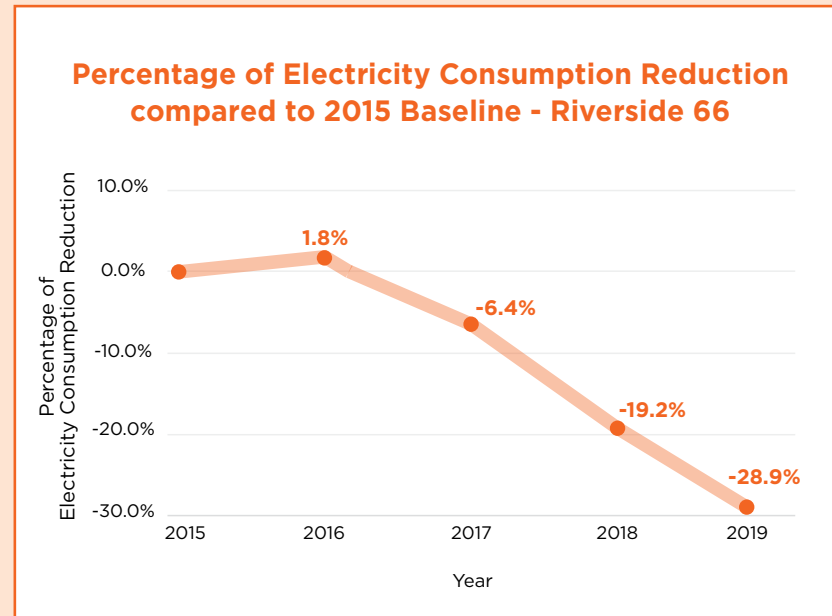
*“Whilst five years is a landmark, Riverside 66 needs to be sustainable for a long life ahead, adding to the legacy of this century-old commercial street, hopefully for another century, and supporting the growth of this vibrant city.”*

*James Zhu, General Manager, Riverside 66*

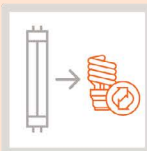
### Pursuing continual improvement

We believe sustainability must come first in the management and operation of our buildings, especially those like Riverside 66 that play a role in the local community and its culture. Even though Riverside 66 is a LEED Gold-certified building equipped with state-of-the-art facilities, our team there has continually sought out ways to enhance its sustainability performance and operational efficiency over the past five years. We are determined to ensure that our valued customers enjoy the unique “retailtainment” experiences it offers within a small environmental footprint.

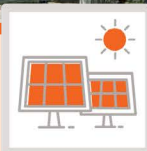
Our efforts to strive for excellence have paid off. As of 2019, the absolute electricity consumption of Riverside 66 reduced by 28.9% from the 2015 baseline, with a cumulative saving of over 12,200,000 kWh, which is equivalent to over 12,900 tons of CO<sub>2</sub>e emissions. This achievement has brought Riverside 66 external recognition, including Excellence in the Carbon Challenge Award co-organized and presented by the U.S. Green Building Council and Dow.







Starting from 2017, all conventional fluorescent lightings in the mall have been replaced in phases with highly efficient LED lightings.



Solar panels with a total capacity of 55 kW have been installed. From January 2015 to December 2019, a total of 421,435 kWh clean electricity was generated.



We further enhanced our highly efficient air filtration system (MERV13) with electrostatic precipitators in 2019 to create a healthier indoor environment for our customers.



Being one of the first malls in town to collect food waste for tenants, we collected on average 1,000 tonnes of food waste per year over the past four years.



Two ground-source heat pumps are in full operation. They have significantly boosted the efficiency of our air conditioning system.



CO<sub>2</sub> sensors are installed in both the common area of the mall and the carpark. They enable significant energy savings through demand control ventilation.



Floodgates were installed in 2017 to cope with increased flooding risk as a result of climate change. Additional sandbags and water pumps were also purchased as back up.

## The value of collaboration

Sustainability demands that we go beyond our own backyard to create broader impact through collaborative partnerships.

When we started restoring the historical Zhejiang Xingye Bank Building next to Riverside 66, we wanted not simply to preserve the renaissance-style heritage building, which dates back to 1921, but also to bring it back to life. At first, we faced the huge challenge of identifying a suitable business partner who would be willing to help rejuvenate the space. After almost two years of negotiation, one of our long-standing business partners, Starbucks, finally agreed to take up the challenge.

It took more than three years for Starbucks to complete the renovation works addressing the two ultra-stringent preservation principles imposed by the local authority:

- **Principle of Minimal Interference:** almost no destructive work, such as drilling, could be allowed throughout the entire renovation process
- **Principle of Reversibility:** all works have to be reversible so that the building interior can be restored to its originally preserved status

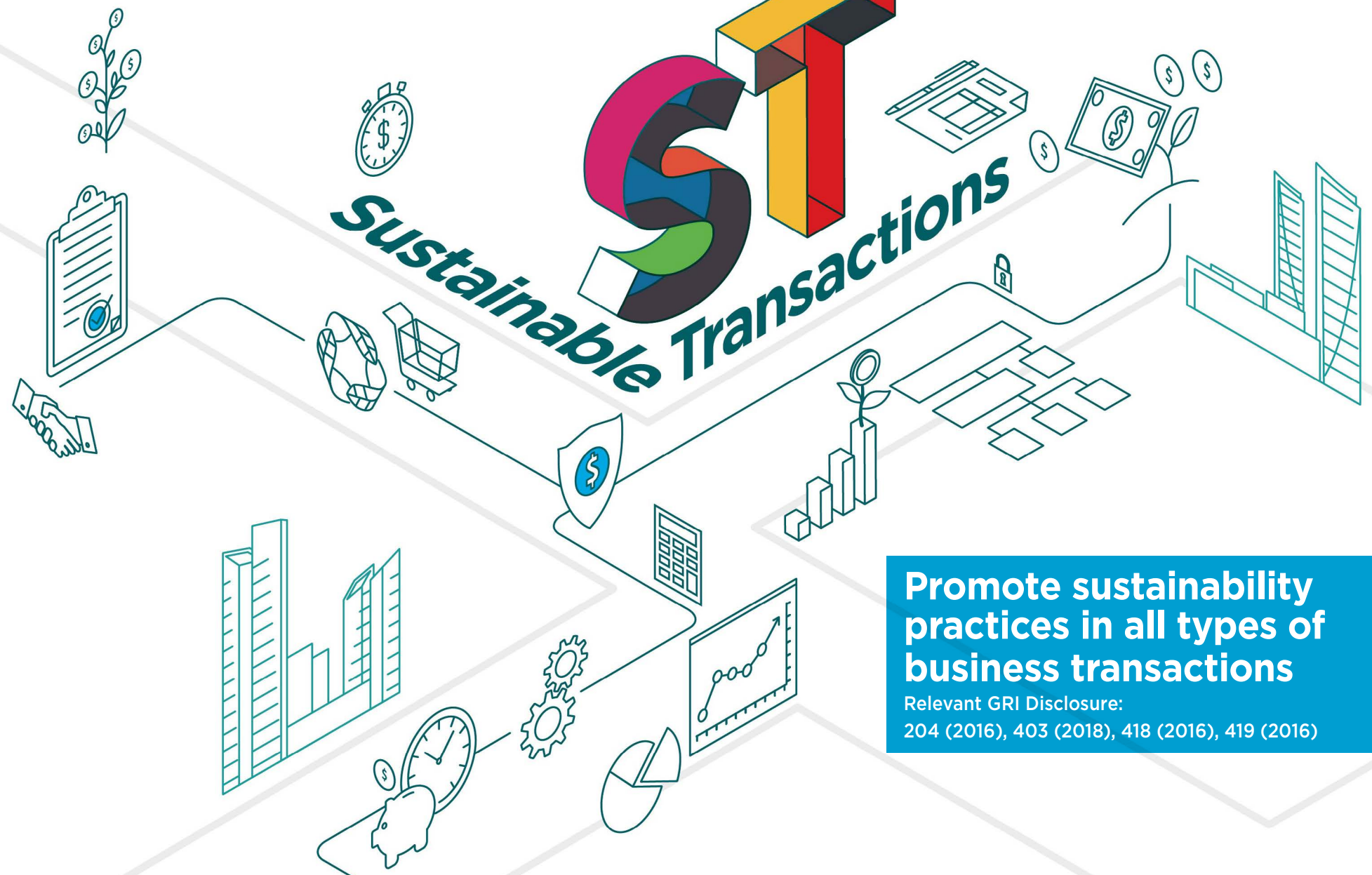


On August 30, 2019, the Starbucks Reserve Riverside 66 Tianjin flagship store, restored to its full splendor, was officially opened to receive its first customer. We highly appreciate the efforts of our team to make this happen through seamless communication and coordination with Starbucks. Our commitment to sustainability as an integral part of our business made this an essential course of action. This century-old work of art demonstrates our intention to create long-term value for our business and customers, for another century or more.





# Sustainable Transactions



**Promote sustainability practices in all types of business transactions**  
Relevant GRI Disclosure:  
204 (2016), 403 (2018), 418 (2016), 419 (2016)



# Sustainable Transactions

## Sustainable finance

Hang Lung's first green bond	
<b>Bond Nature</b>	Green Panda Bonds
<b>Size</b>	RMB 1 billion
<b>Issue Date</b>	July 13, 2018
<b>Tenor</b>	3-year
<b>Coupon</b>	5%
<b>Lead Manager</b>	Bank of China & China Construction Bank
<b>Rating</b>	AAA (Lianhe Credit Rating) AAA (CCXI)
<b>Third-Party Accreditation Body</b>	China Lianhe Equator Environmental Impact Assessment Co., Ltd.

## OUR GREEN FINANCING TRANSACTIONS

Given increasing demand for sustainable investment opportunities in both Hong Kong and mainland China, the Group issued its inaugural Green Panda Bond in 2018. This was our first attempt to leverage sustainable financing transaction to create lasting benefit for both our business and society at large.

**Sustainable Transactions** ■

We were the first property developer in Hong Kong to obtain approval from the National Association of Financial Market Institutional Investors (NAFMII) on the establishment of an onshore Renminbi green bond issuance platform. As such, we paved the way for other companies in Hong Kong to diversify their sustainable financing transactions.

All the RMB 1 billion proceeds of our first Green Panda Bond have already been allocated to finance four of our eligible green projects in mainland China, including Spring City 66 in Kunming, Heartland 66 in Wuhan, Forum 66 in Shenyang (Mall and Office Tower) and Center 66 in Wuxi. As the total approved amount by NAFMII for our green bond issuance platform is up to RMB 10 billion, we expanded its scope in 2019 to cover our other eligible green projects in mainland China, including Olympia 66 in Dalian, Palace 66 in Shenyang, Parc 66 in Jinan and Riverside 66 in Tianjin.

We also secured our maiden green loan in December 2019 from OCBC Bank to support sustainable development in the real estate industry in mainland China. This green loan is the first financial instrument issued under our new Green Finance Framework (see below), as well as the first sustainable finance transaction to come out of the Hong Kong branch of OCBC Bank. The loan can be used to finance our commercial property development projects in mainland China, Gold-level certified or pre-certified under the LEED certification scheme of the U.S. Green Building Council.



## GREEN FINANCE FRAMEWORK

In response to global investors' growing interest in sustainable finance, we launched the "[Hang Lung Properties Green Finance 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). The framework enables Hang Lung Properties to raise funds under due scrutiny to finance projects that will deliver environmental benefits to support both our business strategy and our long-term vision to achieve sustainability leadership.

We established a Green Finance Working Group under our Sustainability Steering Committee to review our existing and future projects on a regular basis and identify any projects eligible for fundraising under the framework. The framework was also reviewed by Sustainalytics, an independent environmental, social and governance research, ratings and analysis firm. Sustainalytics also provided a second-party opinion to affirm that our framework is credible, robust and impactful, and in full alignment with the GBP and GLP.

**Sustainable  
Transactions** ■



## Sustainable supply chain management

### SUSTAINABLE MANAGEMENT OF ALL GOODS AND SERVICES IN OUR SUPPLY CHAIN

#### Green procurement

The Group has a Sustainable Procurement Policy for Goods and Services in place to encourage our employees, suppliers and contractors in Hong Kong to source environmentally responsible materials, adopt simple packaging and recycle waste. By implementing this policy, we aim to balance quality, price and environmental impact in our procurement process.

In 2019, 267 green products were included in our procurement catalogue for use by our departments and operations: an increase of 17.6% compared to 2018. During the same year, our spending on green items rose by 7.9%, and 48% of the goods procured are considered as green.

#### Local procurement

We purchase goods and services locally as much as possible to minimize the environmental footprint arising from transportation, and to benefit the local economy. In 2019, we spent HK\$155,046,374 on purchasing goods and building services like cleaning, hygiene, sanitation, electrical and mechanical, security, IT services and consumables, for our operations in Hong Kong, all of which were spent on 308 local suppliers.

#### Embedding sustainability principles in the supply chain

We require all of our suppliers and contractors to abide by our [Code of Conduct for Contractors](#), which stipulates our sustainability principles and minimum requirements, including compliance with local laws and regulations, labor practices, health and safety standards, environmental protection and the prevention of corruption and bribery. We also maintain regular communication with them to ensure their awareness on the Code of Conduct for Contractors.

In order to facilitate fair competition and optimize value for the Group, we implement a set of stringent procurement and tendering policies. Before the start of any tendering process, we invite new suppliers to complete a pre-qualification questionnaire to demonstrate the quality of their work, their product or service expertise, and share details of their partnerships, customer service, timeliness and safety records. We also conduct regular assessments of all suppliers and annual performance reviews of major suppliers to monitor and assess their work and sustainability performance. Suppliers and service providers who fail to meet our requirements may be excluded from future tendering. In serious situations, we may even terminate their contract early.

Sustainable Transactions ■



## SUSTAINABLE SUPPLY CHAIN MANAGEMENT ON PROJECT DEVELOPMENT

### Use of construction materials

We are aware that our stakeholders expect us to purchase construction materials from sustainable sources. Although we have not yet developed a green procurement catalogue for construction materials, we do follow the requirement of the LEED certification scheme to procure construction materials that incorporate recycled content materials and that are manufactured in the region.

In 2020, we started to build an inventory of the materials most commonly used in our construction projects. This initiative will enable us to better understand and quantify the impact of the construction materials we use, and eventually to calculate their total embodied carbon emissions.

### Construction site safety management

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

In 2019, we maintained zero fatalities at our eight construction sites in mainland China for the second consecutive year, and the overall accident rate remained low at 0.012 accidents per 100,000 man-hours. While we would like this rate to be lower still, the safety culture in mainland China is still undergoing development and we will continue to optimize work processes and promote safety awareness among construction site workers to ensure that this standard can be improved.

### Key construction safety performance indicators in mainland China

	2017	2018	2019
<b>Number of active construction sites</b>	6	7	<b>8</b>
<b>Total man-hours</b>	8,502,304	13,592,560	<b>16,659,451</b>
<b>Number of fatalities</b>	1	0	<b>0</b>
<b>Number of accidents</b>	5	1	<b>2</b>
<b>Number of near-misses</b>	0	11	<b>8</b>
<b>Number of accidents per 100,000 man-hours</b>	0.059	0.0074	<b>0.012</b>
<b>Total construction safety training hours for contractors</b>	1,077.25	1,051.10	<b>737.20</b>
<b>Total construction safety training hours for Hang Lung staff</b>	544.25	322.25	<b>243.35</b>

Sustainable Transactions

Two new construction projects commenced in Hong Kong in 2019. We continued to adhere to local best practices on construction site safety management for these new projects, so as to ensure the highest possible safety standard at our construction sites.

### Key construction safety performance indicators in Hong Kong

	2019
<b>Number of active construction sites</b>	<b>2</b>
<b>Total man-hours</b>	<b>20,627</b>
<b>Number of fatalities</b>	<b>0</b>
<b>Number of accidents</b>	<b>0</b>
<b>Number of near-misses</b>	<b>0</b>
<b>Number of accidents per 100,000 man-hours</b>	<b>0</b>
<b>Total construction safety training hours for contractors</b>	<b>25</b>
<b>Total construction safety training hours for Hang Lung staff</b>	<b>3.5</b>

## Customer care

### PROTECTING CUSTOMER DATA PRIVACY

Our business involves numerous direct or indirect transactions with our tenants and customers every day. We have developed and implemented the Privacy Practices Guide: Use of Personal Data in Direct Marketing and Personal Data Privacy Guidelines for Building Management for our operations in Hong Kong to safeguard the personal data of our customers and ensure compliance with the Personal Data (Privacy) Ordinance in Hong Kong. We have also put in place similar policies and procedures for our operations in mainland China in conformity with relevant local personal data protection legislation. We did not violate any privacy related laws and regulations and did not receive any complaints regarding breaches of customer privacy or loss of customer data in 2019.

To effectively manage the risks of cyberattacks and data leakage, we incorporated cybersecurity as one of the principal risks to be managed under our Enterprise Risk Management Framework. Regular online trainings have been delivered to our colleagues to increase our awareness and vigilance of the increasing cybersecurity risks and mitigate them.

### CUSTOMER RELATIONSHIP MANAGEMENT

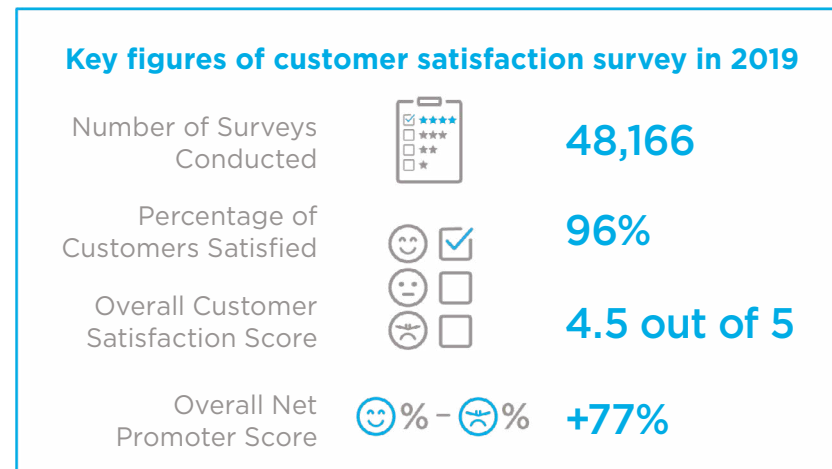
We continually invest in initiatives to enhance customer experience and loyalty throughout our operations. Having successfully launched our Customer Relationship Management (CRM) program HOUSE 66 in 2018 at Plaza 66 in Shanghai and Parc 66 in Jinan, we rolled it out to four more projects across the nation in 2019: Center 66 in Wuxi, Spring City 66 in Kunming, Grand Gateway 66 in Shanghai and Palace 66 in Shenyang.

Under HOUSE 66, members can enjoy an array of personalized services and exclusive events which have been instrumental in enhancing customer loyalty and developing our relationships with customers and tenants. We also continue to draw on new technology to enhance customer experience, for instance through the launch of a car-finding, paperless car park payment system in 2019. SmartPOS, our integrated point-of-sale system, enables mobile payments and allows seamless HOUSE 66 reward points registration and targeted marketing promotions in the mall. It was rolled out to all our Mainland malls during 2019.

**Sustainable Transactions** ■

### MEASURING CUSTOMER SATISFACTION

To develop an official channel for customers to provide their feedback on our services, we launched a customer engagement survey in 2019, following a full trial year in all our Mainland malls. This survey aims to collect both the top down Net Promoter Score (NPS) and qualitative feedback through verbatim reports. Specific action plans are developed to address any negative customer feedback in respective shopping malls.







# A Strong Mission for a New Beginning

In Chinese culture, 60 years represents one complete cycle of life. Hang Lung has seen ups and downs over the past 60 years, and yet we have continued to thrive. Over all these years, it has been our mission to create value for our customers. This is one of the key factors which has helped us thrive and grow through so many changes. At the beginning of another life cycle, we intend to remain steadfast in doing what we think is right. We shall continue to run our business in a way that aims to create shared value with our customers and bring positive impacts to the environment and society.

## Five Strategies and Four Behaviors

In 2018, we formulated a set of Five Strategies to consolidate and extend the wisdom that we have accumulated over the years and guide our decision-making processes to reinforce our mission and pursue sustainable growth.

**Sustainable Transactions** ■

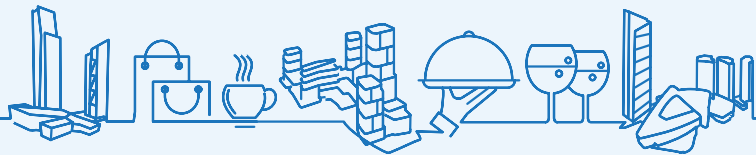
### Be Customer-Centric

We put customers at the heart of our operations, by offering the best products and prioritizing local relevance.



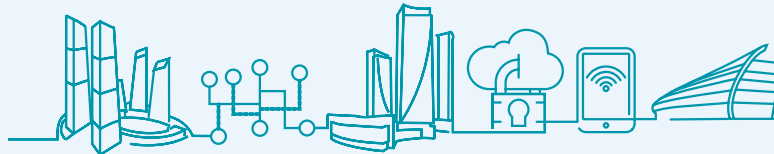
### Build Hang Lung Branded Experience

We take customer experience to a new level by responding not only to their physical needs, but also to their psychological needs and values.



### Embrace Technology

We see technology as the key to efficiency and productivity, and value innovation as the ultimate solution to long-term sustainability.



### Disciplined Execution

We focus on personal development, nurturing a satisfied yet disciplined workforce that is capable of world-class execution.



### Uphold Hang Lung Core Values

We make sure ethics and integrity are deeply ingrained in our corporate culture, working to create greater good as a common goal.



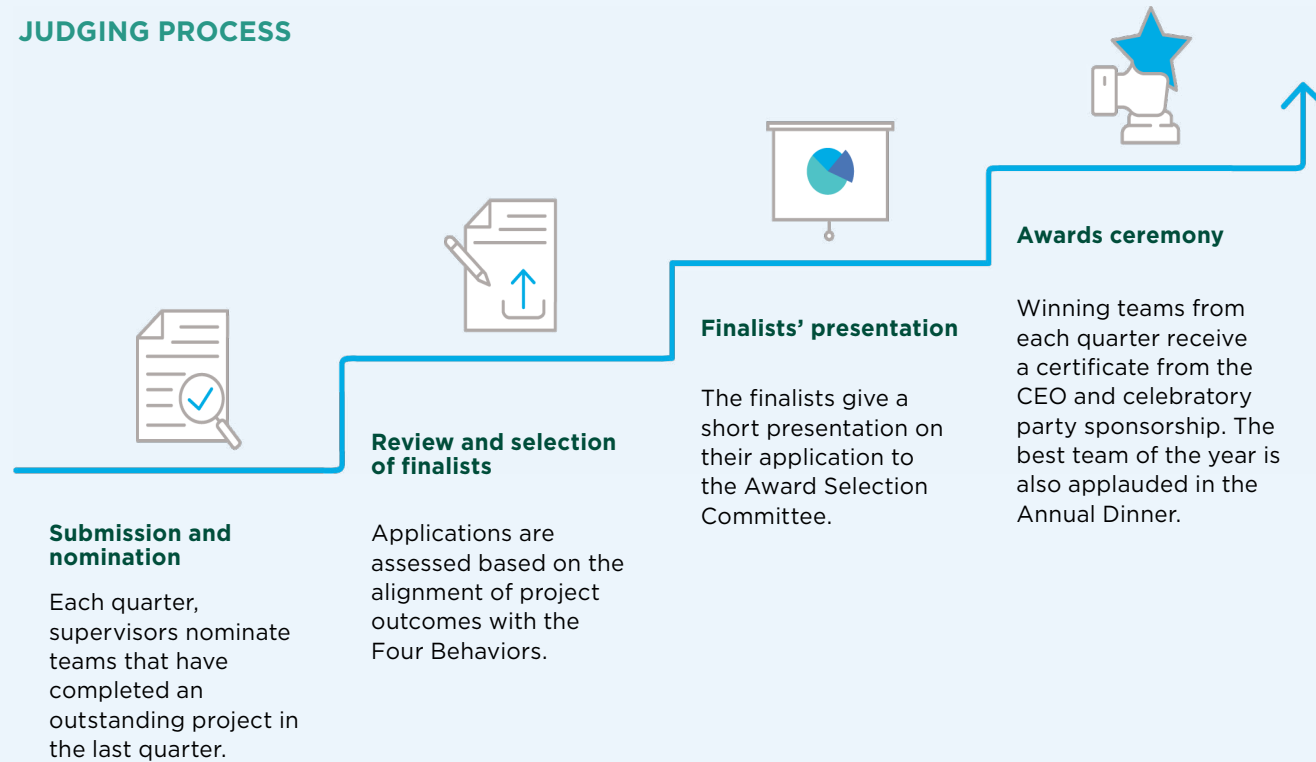
We also introduced a set of Four Behaviors that our colleagues are expected to demonstrate as they implement the Five Strategies.



## Hang Lung CEO Award

To continue our journey of value creation and achieve sustainable growth, we recognize the need to embed the Five Strategies and Four Behaviors in our corporate culture. In 2019, we launched Hang Lung CEO Award to recognize projects that contribute to them, while promoting teamwork and cross-team collaboration.

### JUDGING PROCESS



There must be some reasons why Hang Lung has been able to last for six decades and is well positioned for further growth. We had a chance to talk to one of our longest serving colleagues in Shanghai recently. He commented: ***“I feel a strong sense of mission and responsibility when I come to work every day. I believe every single colleague will treat Hang Lung as their home and help create a better place by working together.”***

Hang Lung does not just offer our colleagues a place to work, but also a purpose. There is still a way to go before we fully realize the potential of our Five Strategies. In the meantime, with the right strategies and the right people, we are confident that we are heading in the right direction.

## WINNING PROJECTS

In 2019, a total of six winning projects were selected out of 52 applications.

### Spring City 66 - One Team One Goal

Hang Lung CEO Award - Best of the Year 2019

All 406 colleagues of Spring City 66 in Kunming worked together to prepare for the grand opening in August 2019. The team cut through silos between different departments to speed up their progress. They established practices that could support future projects, offering useful guidance for tenant handovers, fitting out premises, and obtaining relevant certifications. The team's dedication and strong teamwork made it possible for Spring City 66 to open on August 23, 2019 as planned, and attracted over 70,000 customers on its first day.



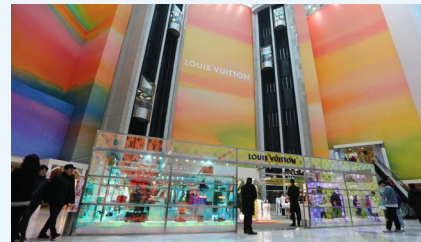
### Gala Place

Transformation of Office Space



### Peak Galleria

Challenges to Opportunities



### Grand Gateway 66

Asset Enhancement



### Plaza 66

Home to Luxury 2019



### Center 66

Office Tower 1  
Air Conditioning Plant  
Improvement

Sustainable Transactions





# Wellbeing

## Employee wellbeing

Recognizing that employee wellbeing can influence business performance significantly, we invest considerable resources to build a positive corporate culture, facilitate employees' careers and personal growth, and promote work-life balance among our workforce. These initiatives have helped create win-win situations for our employees and the Group, such as healthier employees and lower absenteeism, fulfilling the career aspirations for our employees while retaining talent for the Group.

## CREATING A DESIRABLE WORKPLACE

### Upholding integrity

We firmly believe that the integrity of our employees, business and stakeholders is a cornerstone of our success. All employees, including executive directors and full-time, part-time and temporary staff members of the Group, must fully abide by our Code of Conduct, which sets out the Group's philosophy in its business operations and acts as a benchmark of ethical behavior for all staff to follow. To remind our staff of the importance of integrity and to communicate our anti-corruption policies and procedures, we launched a new Integrity Digital Learning Program for all employees in 2019 and delivered over 4,600 hours of training through the program.

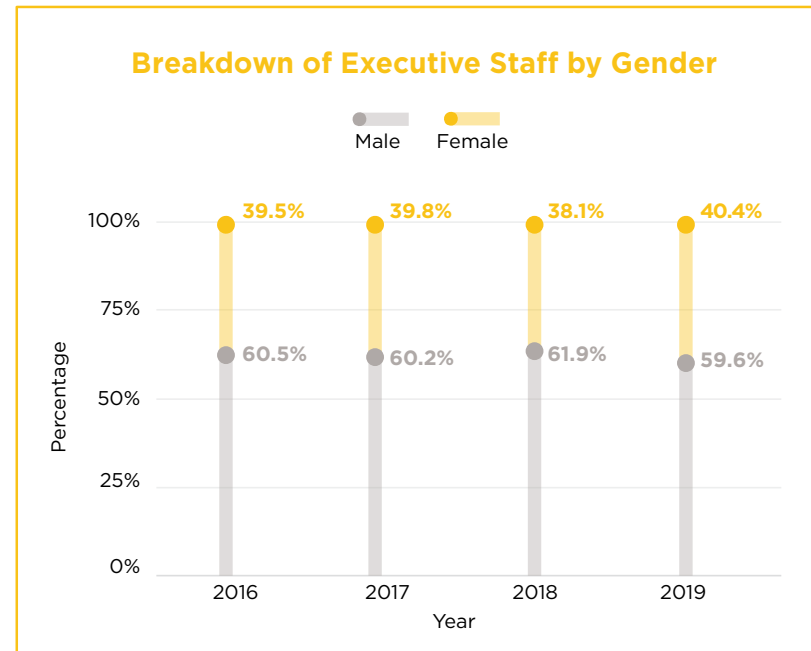
We have a zero-tolerance policy for misconduct, especially for bribery and corruption. We encourage our employees and related third parties, such as tenants and contractors, to raise concerns about misconduct, fraudulent activities or malpractices in any matter related to the Group through our effective and confidential whistleblowing mechanism and grievance reporting system. To ensure fair investigations, all reports are directly addressed to the Director of Corporate Audit and investigated by the Internal Audit Department, which is an independent function reporting directly to the Audit Committee.

## Promoting diversity and inclusion

To build a strong team, we provide equal opportunities to our employees and job candidates from different backgrounds so that we can leverage their different perspectives to create better solutions. We have put in place an Equal Employment Opportunities Policy, prohibiting discrimination against our employees or job candidates on any grounds, including gender, age, marital status, family status, pregnancy, disability, race, ethnic origin or religion. In addition, we forbid harassment in any form.

Wellbeing 




Gender equality is especially important to our decision - making and enabling a wider range of viewpoints. Women occupy a relatively high proportion of executive positions in the Group. Over the past four years, the percentage of women holding senior and executive management roles in the company has remained at about 40%, and we hope to see the gap close further in the years ahead.



The Group also puts a strong emphasis on generational diversity. We are keen to attract young talent in order to maintain a healthy talent pipeline to support our business growth; on the other hand, acknowledging the aging populations in the cities where we operate, we draw on veteran talent to add invaluable experience to our workforce. In 2019, the percentage of employees aged under 30 and over 50 are 16.3% and 15.2% respectively.

## WORKFORCE DEVELOPMENT

### Talent retention

Retention metrics at a glance	2018	2019
 Voluntary Turnover Rate	16.9%	14.5%
 No. of Voluntary Turnover	789	689
 Maternity Leave Return Rate	100%	97%

If we want our people to be motivated and apply their skills, we must do our best to meet their expectations, we do so by acting on our shared values, offering adequate compensation, and bringing them learning and development opportunities. At the most basic level, the Group provides to all employees competitive compensation and benefits packages, including parental leave, life, medical and dental insurance, parking permits and various corporate staff discounts, and regularly benchmarks these against our industry peers. In addition, our Staff Handbook has also stipulated our policies relating to compensation, dismissal, recruitment and promotion, working hours and rest periods. In 2019, we recorded a slightly lower voluntary turnover rate at 14.5% compared to 2018, with 689 colleagues leaving the company of their own accord.

In order to retain talent and enable our employees to explore new job opportunities and challenges within the Group, we rolled out the internal recruitment platform CareerConnect in 2019. During the year, three cases have been approved through this platform.

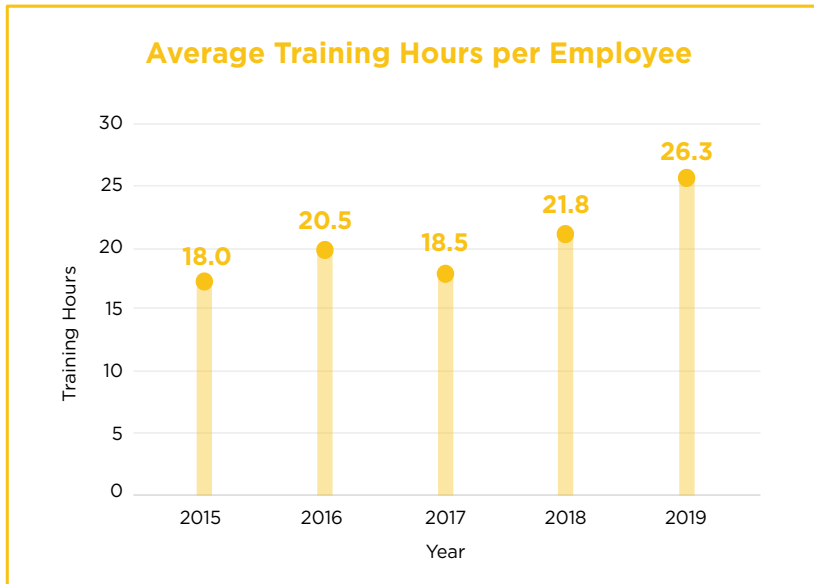
We also offer various internal award schemes to motivate our colleagues to deliver outstanding work and recognize their loyalty.

Wellbeing 

Award	What does it recognize?	Presentation in 2019
<b>Emerald Award</b>	Excellent customer service delivered by our frontline staff	Seven employees were selected as the winners and six employees received Merit Award certificates out of 534 nominations. The winners joined the four-day exchange tour of service excellence in Shenyang, where they participated in The Art of Luxury training and shared their experience with local colleagues.
<b>Hang Lung CEO Award</b>	Projects that exemplify our Five Strategies of sustainable growth and the Four Behaviors of our corporate culture	Please refer to P.41 to learn more about this award.
<b>Long Service Award</b>	Loyalty of employees who have served the Group for 10 years or longer	The Chairman presented Long Service Awards to 83 employees who had worked with Hang Lung from 10 to 35 years.

## Professional development

We regularly review the learning and development needs of our employees and provide diverse internal and external training and development opportunities for our employees to acquire the latest knowledge and skills, supporting them to adapt to the ever-changing business environment. We deliver face-to-face training as well as digital training through our online platform eAcademy66. In 2019, we delivered over 125,000 hours of training to our staff. On average, each employee received 26.3 hours of training, marking a 46% increase over the past five years.



For the development of senior executives, we organized our second Hang Lung Management Conference in February 2019, inviting over 180 senior executives from Hong Kong and mainland China for a whole-day event to share knowledge among our team members. Separately, we engaged The Hong Kong University of Science and Technology Business School to tailor a two-day program for selected executives on the development of customer-centric strategies and change management, which took place in December 2019.

We also sponsor employees to pursue external training programs and apply for professional memberships that will boost their performance at work and support their career aspirations. A total of HK\$738,763 was granted in 2019.

## Grooming future leaders

Wellbeing ■

We continue to groom future leaders through the Hang Lung Management Trainee Program and Hang Lung Internship Program under the Hang Lung Young Elite Success (YES) Program.

In 2019, our Hang Lung Management Trainee (MT) Program selected 15 candidates from over 2,000 applications to support the expansion of the Group. During the program, MTs rotate to different departments in Hong Kong and mainland China to enrich their understanding of the Group and the property industry. They also participate in comprehensive training programs to sharpen their skills, including business etiquette, time management and presentation skills. Since late 2018, we have held recruitment talks in mainland China to expand our sourcing channels.

Under our Hang Lung Internship Program, we hired 57 university students from Hong Kong and mainland China in 2019, more than doubling our previous intake to help them explore their career interests. On top of our regular internship program, we continued to participate in the Hong Kong Government's Corporate Summer Internship on the Mainland and Overseas pilot scheme, as well as offered internships to 10 university students to work for eight weeks at Plaza 66 and Grand Gateway 66 in Shanghai. During the internship period, they received on-the-job training and had the opportunity to exchange ideas with different department heads.

## HEALTH, SAFETY AND WELLNESS

### Enhancing occupational health and safety

We provide guidance on the role and responsibilities of the Group and our employees in maintaining a safe workplace through our Occupational Health and Safety (OHS) Policy. To eliminate safety hazards, the Group:

- Regularly conducts work-related safety hazard assessments
- Implements necessary preventive and mitigation measures, including the provision of personal protective equipment (PPE)
- Provides general and process-specific training to our staff. In 2019, we delivered 11,355 hours of OHS training to our employees in Hong Kong and mainland China.

In addition, in 2019, we appointed an independent third-party safety consultant to conduct safety inspections at our properties in Hong Kong and took corrective actions accordingly. These inspections have helped enhance our occupational safety and health management systems for office and frontline operations.

During the year, we maintained zero fatalities among our employees.



### Fostering employee wellness

We provide a wide range of free medical services on top of free medical insurance for our employees to safeguard their health. For instance, in 2019, 2,249 colleagues went through a complimentary health check; while 265 received the flu vaccine under our annual vaccination program.

Wellbeing

Moreover, we continue to organize activities to promote a healthy lifestyle to our employees under the Employee Wellness Program. In Hong Kong, we hosted an annual Wellness Week in 2019, under the theme of 'stress management'. We provided health talks and arranged health booths offering aromatherapy, massage and Chinese medicine consultation to our colleagues for free. In mainland China, we arranged talks for our employees on various diseases and preventive methods, such as chronic conditions and thyroid gland disease. Our Hang Lung Social Club also held different kinds of activities, such as an Annual Dinner, movie appreciation and sports competitions, to help employees develop their interests and build camaraderie with each other.

### Caring for our employees' families

To help our employees strike a good balance between work and family life, we have adopted a wide range of family-friendly measures. For instance, we provide lactation rooms in all of our offices in Hong Kong and mainland China. Our Chan Tseng-Hsi Foundation offers interest-free loans to our employees' children to pursue tertiary education in Hong Kong or overseas. In 2019, the Foundation approved 13 loans, totaling HK\$266,900. We also provide a hotline for professional counselling to our employees and their family members so that they can seek support and professional advice if necessary.



## Customer wellbeing

### PHYSICAL AND MENTAL WELLNESS

#### Indoor air quality

To safeguard the health of our tenants and their customers, we completed the upgrade of our air filtration system in all our properties in mainland China in 2019 under our Clean Air Initiative. The air filtration provision of our properties in mainland China is now far beyond national requirements, and complete with electrostatic precipitators and photocatalytic oxidation filters.

In Hong Kong, we obtained the Indoor Air Quality (IAQ) Certificates issued by the Environmental Protection Department for those properties with medical tenants, to demonstrate our commitment to their expectation of a healthy space for their business operations.

#### Accessibility

Since the formation of our Barrier-Free Access Working Group in late 2016, we have reviewed the existing provision of four properties in mainland China and arranged retrofits or upgrades to promote social inclusivity. As of December 2019, our development design guidelines include provisions for barrier-free access that go beyond the national building standard, so as to ensure an accessible shopping experience for vulnerable groups, such as the elderly and the disabled, in the cities where we operate.

### SAFETY AND SECURITY

It remains our top priority to make sure that our customers and tenants feel safe, in every sense of the word, while they are on our premises. We regularly conduct emergency and fire drills at our premises under our Crisis Management Protocol, preparing for different scenarios that could affect staff, tenants, customers and/or construction units. These drills help equip those at risk to respond effectively during an evacuation or other emergency situations.

In 2017, we developed plans to strengthen the security management of our properties. In December 2019, we completed the recommended upgrade to digital CCTV surveillance systems at Forum 66 and Palace 66 in Shenyang. The upgrade for Parc 66 in Jinan and Riverside 66 in Tianjin shall commence in 2020. The new systems also enable smart technologies, such as image recognition, to support business-oriented data analytics, so that valuable data on customer preferences can be collected for further development of marketing and customer relationship management initiatives.


## Community wellbeing

Community wellbeing is fundamental to the operations and growth of our business. We adopt a multi-pronged approach to enhance the livelihoods of the communities that we serve, ranging from donation and volunteer services to investing in youth development. All these initiatives help foster a mutually beneficial relationship between local communities and the Group.

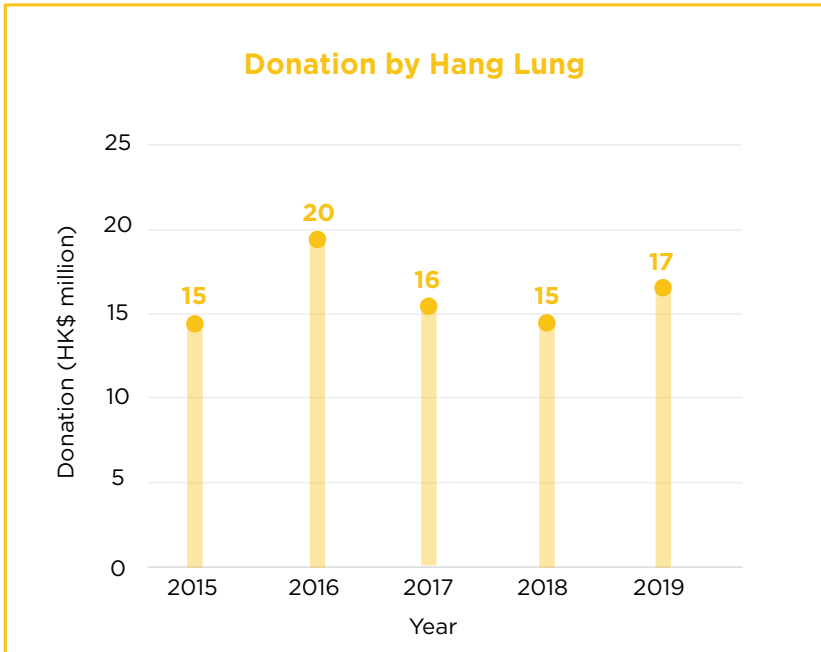
### DONATION AND SPONSORSHIP

In 2019, the Group donated HK\$17 million. We also provided non-monetary support to communities in a number of ways, including the provision of free venues at our properties in Hong Kong to 17 community and non-profit organizations.

**DONATED**  
HK\$17 million



Wellbeing 



### Supporting regional efforts in fighting COVID-19

In response to the novel coronavirus concerns, Hang Lung Properties announced a donation of RMB 10 million on February 5, 2020 to set up the “Hang Lung Novel Coronavirus Relief Fund” in support of measures to stem the spread of the novel coronavirus in mainland China and Hong Kong. Under the Fund, RMB 6 million has been allocated to support the Leishenshan Hospital in Wuhan in fighting the pandemic. In addition, between late February and early March 2020, the Fund was also used to support a series of community initiatives in Hong Kong and mainland China. Health and food kits have been delivered to over 10,000 beneficiaries including elderly, underprivileged families, and frontline people who helped to fight against the pandemic.

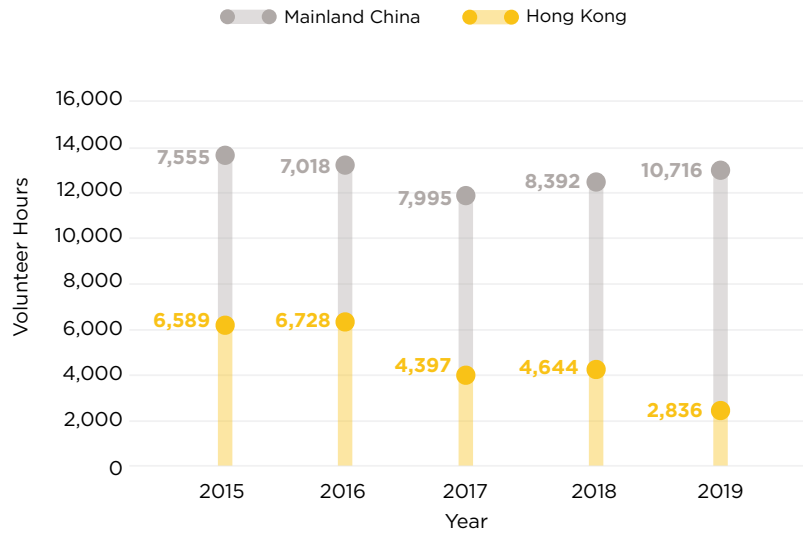
### STAFF VOLUNTEERING

Since 2012, our Hang Lung As One volunteer teams in Hong Kong and mainland China have regularly organized volunteering activities and supported activities hosted by partnering non-governmental or charitable organizations. In 2019, we organized 109 volunteer activities in total, contributing 13,552 hours of volunteer service. The activities focus on three areas, namely youth development, elderly services and environmental protection.

Wellbeing ■



### Breakdown of Volunteer Hours by Region



Wellbeing

### HERITAGE CONSERVATION

We invest significant resources to protect cultural heritage in our property development projects. Onsite historical buildings are restored, preserved and integrated into our projects from the design stage wherever possible. For example, the restoration of three historical buildings within the Chenghuang Temple complex, including an opera house built during the Ming Dynasty, was factored into the planning and construction of our Center 66 in Wuxi. At Riverside 66 in Tianjin, we also spent months repairing and replicating the lost or damaged architectural features of the nearly century-old Zhejiang Xingye Bank Building.



## HANG LUNG YOUNG ARCHITECTS PROGRAM

As one of the leading property developers in the region, we have a responsibility to leverage our expertise and network to create wider societal impacts. Our biennial Hang Lung Young Architects Program (HLYAP), launched in 2017, aims to inspire students with the beauty and cultural relevance of architecture, encourage them to explore the relationship between architecture and our communities, and provide them with basic architectural knowledge.

### Sketch Your Sky

In 2019, HLYAP ran for a second time, offering three learning modules under the theme ‘Sketch your Sky’: architectural history, Hong Kong’s architectural DNA, and architecture technology. Over 150 teams applied to join, and we selected 330 students from 66 participating secondary schools by ballot.

During the ten-month program, the participating students are required to join a wide range of tailored activities, including a two-day Architectural Fun Camp, seminars, workshops and walking tours, in order to gain a better understanding of the relationship between architecture and the community. We also added, sketching in the walking tours to give participants hands-on experience of an architect’s daily work. In the final stage of the

program, the participants apply what they have learnt in a competition to design a learning space that caters for modern needs. Their entries will be judged on criteria such as the people-centricity of their proposal, architectural elements, creativity, presentation skills, and team spirit. The three winning teams will receive scholarships and other rewards. Please visit the [website](#) for more details of HLYAP.

Wellbeing 

### Engaging the wider community

Given the positive response to HLYAP, we wanted to take aspects of this experience into the wider community. In 2019, we began by incorporating architectural elements into our volunteering activities. For instance, our Hang Lung As One volunteer team in Hong Kong organized the “Cantonese Opera and Architectural Tour of Xiqu Centre” for a group of elderly people, and the “Little Architects: Creative Playground” program for a group of primary students. These activities enable us to use our knowledge to involve more people in sharing the stories of buildings and architecture in their communities.



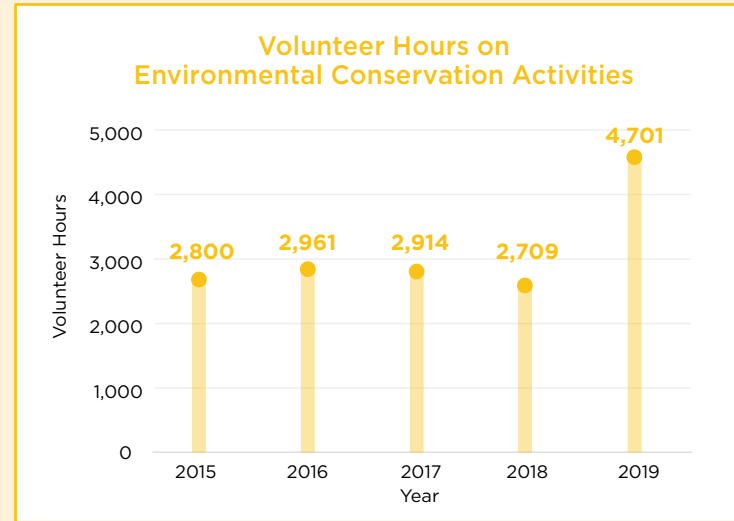
## Inspiring Youth to Adopt Green Lifestyle

Volatile food supplies, increasing strain on natural resources, and a growing burden of untreated waste are some of the key environmental challenges the global community is facing. According to WWF Hong Kong, we need the equivalent of 1.7 Earths to supply the resources consumed across the world today. The ever-increasing living standards of the global population will further aggravate pollution and speed up the depletion of natural resources. If we continue this trajectory, we will all suffer the consequences.

### Developing eco-conscious citizens

Among the many plausible long-term solutions, one of the most important is to engage the youth. We aim to empower young people with motivation, commitment and knowledge on various global environmental issues, so that they can bring environmental values to public decision-making in future.

Our Hang Lung As One volunteer team has made green education one of its focus areas since it was founded in 2012. From 2015 to 2019, our dedicated volunteers contributed a total of 16,085 hours to environmental conservation activities, most of them designed to target youth. Through a wide range



of green education activities, such as eco-tours, cooking with surplus food and a waste recycling festival, our volunteers share the common goal to help young people cultivate green lifestyle habits from an early age.

Wellbeing



## Addressing local environmental concerns

To effectively drive change, we must strengthen our understanding of how broader environmental issues affect our daily lives. Therefore, our Hang Lung As One volunteer teams carefully design and customize volunteer activities to address the major environmental concerns in the cities where we operate.



### HONG KONG

When a product is broken, it is often cheaper and more convenient to buy a new one rather than have it repaired. But this approach generates more waste. To enable students to reduce waste and put upcycling into practice, in 2019, our volunteer team organized a Bamboo Upcycling Camp for a group of 25 primary school students, in partnership with Green Come True (Hong Kong) Limited. Through playing games, the students learnt how to convert used bamboo into various creative home products.



### MAINLAND CHINA

Mainland Chinese have become more and more concerned with air pollution as they recognize its health and environmental impacts. As such, our volunteers in mainland China hosted different activities to help children learn more about air quality. For example, in 2019, the Hang Lung As One volunteer teams of Center 66 in Wuxi, Parc 66 in Jinan, Riverside 66 in Tianjin and Heartland 66 in Wuhan organized DIY planting workshops for about 150 students. In the workshops, the participants learnt about environmental protection, the importance of good air quality, and how plants play a role in this.

Wellbeing

## Memberships, Charters and Awards

### Memberships and charters

The Group actively supports government bodies, environmental organizations and industry associations that have positive impacts on society. The following table summarizes the memberships, charters and initiatives we participated in during 2019.

Partner	Area	Nature of Charter/ Initiative
<b>Hong Kong Special Administrative Region Government</b>	Environmental	Carbon Reduction Charter and Carbon Audit Green Partner (Environmental Protection Department)
		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)
	Social	Glass Container Recycling Charter (Environmental Protection Department)
<b>Business Environment Council</b>	Environmental	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)
<b>Civic Exchange and Walk 21</b>	Environmental	Council Member
<b>Green Earth</b>		BEC Low Carbon Charter
<b>Hong Kong Green Building Council</b>		International Charter of Walking
<b>World Business Council for Sustainable Development</b>		Green Earth Companion (Soil)
<b>WWF Hong Kong</b>	Environmental	Gold Patron Member
<b>Global Real Estate Sustainability Benchmark</b>		Manifesto for Energy Efficiency in Buildings
<b>Asia Society</b>		'No Shark Fin' Pledge
<b>Hong Kong Management Association</b>	Social	Real Estate Manager Member
<b>Hong Kong Public Relations Professionals' Association Limited</b>		Asia Corporate Member
		Chartered Member
		Corporate Member

Performance

## Awards and recognitions

Our achievements in sustainability, human resources management, green buildings, marketing and public relations have received external commendations. The following list details the major awards and forms of recognition we received in 2019.

Award	Recognition	Organizer
<b>2019 Carbon Challenge Award</b>	<ul style="list-style-type: none"> <li>Excellence in Carbon Challenge – Riverside 66</li> </ul>	U.S. Green Building Council and Dow
<b>Employer of Choice Award 2019</b>	<ul style="list-style-type: none"> <li>Employer of Choice Award</li> <li>Health and Wellbeing Strategy Award</li> <li>Appreciation Culture Award</li> </ul>	JobMarket
<b>HR Asia Award (China Edition)</b>	<ul style="list-style-type: none"> <li>Best Companies to Work for in Asia 2019</li> </ul>	HR Asia
<b>Hong Kong Green Shop Alliance Award 2019</b>	<ul style="list-style-type: none"> <li>Best Tenant Companion Award – Kornhill Plaza</li> </ul>	Hong Kong Green Building Council
<b>Hong Kong Sustainability Award 2018/19</b>	<ul style="list-style-type: none"> <li>Certificate of Excellence</li> </ul>	Hong Kong Management Association
<b>International Business Awards 2019</b>	<p>Plaza 66's Home to Luxury event:</p> <ul style="list-style-type: none"> <li>Gold Stevie Award in Innovation in Consumer Events</li> <li>Silver Stevie Award in Innovation in Business-to-Business events</li> </ul> <p>Hang Lung Young Architects Program:</p> <ul style="list-style-type: none"> <li>Bronze Stevie Award in Innovation in Community Relations</li> <li>Bronze Stevie Award in Innovation in Brand Development</li> </ul>	The Stevie Awards
<b>International Customer Relationship Excellence Awards</b>	<ul style="list-style-type: none"> <li>Employee Engagement Program of the Year 2019 (Property Management)</li> <li>People Development Program of the Year 2019 (Property Management)</li> </ul>	Asia Pacific Customer Service Consortium
<b>Mercury Awards 2018/19</b>	<ul style="list-style-type: none"> <li>Silver Award – Writing: Chairman's Letter – Hang Lung Properties' 2017 Annual Report</li> <li>Bronze Award – Annual Reports – Overall Presentation: Property Development – Hang Lung Properties' 2017 Annual Report</li> </ul>	MerComm Inc.

Performance



Award	Recognition	Organizer
<b>PR Awards 2019</b>	Fortune Walk: <ul style="list-style-type: none"> <li>• Silver Award - Campaign of the Year</li> <li>• Silver Award - Best Result-Driven Campaign</li> <li>• Bronze Award - Best Experiential Campaign</li> </ul> Halloween Styloween Hong Kong Zombie Walk <ul style="list-style-type: none"> <li>• Silver Award - Best PR Event</li> <li>• Silver Award - Best Engagement - Mass Community</li> <li>• Silver Award - Best PR-Led Integrated Communications</li> </ul>	Marketing Magazine
<b>Sustainable Business Award 2019</b>	<ul style="list-style-type: none"> <li>• Sustainable Business Award</li> </ul>	World Green Organisation
<b>The Asset Corporate Awards 2019</b>	<ul style="list-style-type: none"> <li>• Platinum Award - Excellence in Environmental, Social and Corporate Governance (ESG)</li> </ul>	The Asset
<b>The International Architecture Awards 2019</b>	<ul style="list-style-type: none"> <li>• Multi-family Housing - 23-39 Blue Pool Road</li> </ul>	The Chicago Athenaeum: Museum of Architecture and Design, The European Center for Architecture Art Design and Urban Studies and Metropolitan Arts Press, Ltd.
<b>2018 Excellence Practice Awards</b>	<ul style="list-style-type: none"> <li>• ATD Excellence in Practice Award</li> </ul>	Association for Talent Development
<b>2019 China Experience Commercial Real Estate Pilot</b>	<ul style="list-style-type: none"> <li>• Popular Experiential Retail Mall - Spring City 66</li> </ul>	Winshang.com and the China Experience Commercial Real Estate Development Forum Committee
<b>5<sup>th</sup> Investor Relations Awards</b>	<ul style="list-style-type: none"> <li>• Best Investor Relations Company (Large Cap) Award</li> </ul>	Hong Kong Investor Relations Association

**Performance** ▣



# Performance Tables

## Economic

Indicator	Unit	2017			2018			2019		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
<b>Economic value generated</b>										
Revenue (including property sales revenue)	HK\$ million	7,402	4,372	11,774	5,329	4,686	10,015	<b>4,460</b>	<b>4,975</b>	<b>9,435</b>
<b>Economic value distributed</b>										
Operating cost		1,824	1,638	3,462	1,114	1,652	2,766	<b>N/A</b>	<b>N/A</b>	<b>2,537</b>
Employee wages and benefits		834	675	1,509	889	769	1,658	<b>N/A</b>	<b>N/A</b>	<b>1,624</b>
Borrowing costs capitalization		N/A	N/A	56	N/A	N/A	251	<b>N/A</b>	<b>N/A</b>	<b>1,429</b>
Interest and other borrowing costs paid	HK\$ million	N/A	N/A	1,227	N/A	N/A	1,340	<b>N/A</b>	<b>N/A</b>	<b>1,486</b>
Dividends paid		N/A	N/A	1,089	N/A	N/A	1,089	<b>N/A</b>	<b>N/A</b>	<b>1,089</b>
Payments to government (all taxes and related penalties)		723	648	1,371	501	698	1,199	<b>477</b>	<b>728</b>	<b>1,205</b>
Community investments		N/A	N/A	16	N/A	N/A	15	<b>N/A</b>	<b>N/A</b>	<b>17</b>
Number of cities of operation	Number	1	8	9	1	9	10	<b>1</b>	<b>9</b>	<b>10</b>
<b>Economic value retained</b>										
Economic value retained	HK\$ million	N/A	N/A	4,609	N/A	N/A	3,606	<b>N/A</b>	<b>N/A</b>	<b>3,101</b>

Performance

HK: Hong Kong

MC: Mainland China



# Performance Tables

## Environmental

Indicator	Unit	2017			2018			2019		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
<b>Energy consumption and generation</b> <sup>(1),(2),(3),(4),(5),(6)</sup>										
Direct energy consumed by type										
Petrol by vehicles	GJ	402	N/A	N/A	402	N/A	N/A	<b>416</b>	<b>1,925</b>	<b>2,341</b>
Diesel by vehicles and vessels		440	N/A	N/A	168	N/A	N/A	<b>253.64</b>	<b>0</b>	<b>253.64</b>
Diesel by emergency generators		56	195	251	87	141	228	<b>68</b>	<b>172</b>	<b>239</b>
Natural gas		0	4,278	4,278	0	4,075	4,075	<b>0</b>	<b>4,711</b>	<b>4,711</b>
Indirect energy consumed (all non-renewable by type)										
Electricity	kWh	73,113,501	167,733,995	240,847,495	74,101,311	194,448,350	268,549,661	<b>73,427,325</b>	<b>191,016,119</b>	<b>264,443,444</b>
Electricity	GJ	263,209	603,842	867,051	266,765	700,014	966,779	<b>264,338</b>	<b>687,658</b>	<b>951,996</b>
Electricity intensity of buildings in use	kWh/ m <sup>2</sup> /year	99.11	79.37	N/A	101.97	79.09	N/A	<b>104.41</b>	<b>77.21</b>	<b>N/A</b>
Hot water	GJ	0	143,510	143,510	0	245,606	245,606	<b>0</b>	<b>244,642</b>	<b>244,642</b>
Steam		0	39,274	39,274	0	37,566	37,566	<b>0</b>	<b>37,145</b>	<b>37,145</b>
Total energy consumed										
Building operation	GJ	263,265	791,099	1,054,364	266,852	987,402	1,254,254	<b>264,406</b>	<b>974,328</b>	<b>1,238,734</b>
Energy intensity of buildings in use	GJ/m <sup>2</sup> /year	0.36	0.37	N/A	0.37	0.40	N/A	<b>0.38</b>	<b>0.39</b>	<b>N/A</b>
Energy generated and consumed										
Renewable energy	kWh	26	521,405	521,431	0	756,380	756,380	<b>0</b>	<b>715,911</b>	<b>715,911</b>
<b>Greenhouse gas (GHG) emissions</b> <sup>(1),(2),(3),(7),(8)</sup>										
Direct emissions (Scope 1)										
Building operation	Tonnes CO <sub>2</sub> e	2,628.84	2,339.07	4,967.91	1,204.37	1,858.28	3,062.65	<b>1,810.56</b>	<b>4,239.37</b>	<b>6,049.93</b>
Company vehicles and vessels <sup>(9)</sup>		61.81	N/A	N/A	41.45	N/A	N/A	<b>48.78</b>	<b>138.68</b>	<b>187.46</b>

Performance



# Performance Tables

Indicator	Unit	2017			2018			2019		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Energy indirect emissions (Scope 2)										
Building operation	Tonnes CO <sub>2</sub> e	48,897.65	182,466.17	231,363.82	47,996.88	223,242.65	271,239.53	<b>48,840.73</b>	<b>202,168.97</b>	<b>251,009.70</b>
Other indirect emissions (Scope 3)										
Business air travel	Tonnes CO <sub>2</sub> e	490.29	249.54	739.83	586.63	251.51	838.22	<b>677.64</b>	<b>277.75</b>	<b>955.39</b>
Emission Intensity										
Building operation <sup>(10)</sup>	Tonnes CO <sub>2</sub> e/ m <sup>2</sup> /year	0.0698	0.0874	N/A	0.0677	0.0916	N/A	<b>0.0720</b>	<b>0.0834</b>	<b>0.0809</b>
<b>Waste management</b> <sup>(1),(2),(3)</sup>										
Waste disposal										
Municipal solid waste	Tonnes	7,864 <sup>(11)</sup>	20,258	28,122	7,735	22,063	29,798	<b>7,335</b>	<b>19,180</b>	<b>26,515</b>
Construction waste by tenants <sup>(12)</sup>		N/A	157,970	N/A	N/A	109,982	N/A	<b>N/A</b>	<b>92,930</b>	<b>N/A</b>
Hazardous waste (Fluorescent light bulbs/tubes)	kg	5,176	1,776	6,952	1,355 <sup>(13)</sup>	1,511	2,866	<b>3,428</b>	<b>4,283</b>	<b>7,709</b>
Recycled waste										
Paper	kg	102,028	389,957	491,985	84,277	392,047	476,324	<b>89,501</b>	<b>343,294</b>	<b>432,795</b>
Metal		1,810	17,945	19,755	88	32,919	33,007	<b>1,898</b>	<b>35,683</b>	<b>37,581</b>
Food waste		15,907	N/A	N/A	89,145	N/A	N/A	<b>325,541</b>	<b>N/A</b>	<b>N/A</b>
Plastics		1,724	50,316	52,040	1,259	51,637	52,896	<b>926</b>	<b>36,653</b>	<b>37,579</b>
Glass		5,242	37,596	42,838	4,123	30,226	34,349	<b>3,353</b>	<b>19,518</b>	<b>22,871</b>
<b>Water management</b> <sup>(1),(2),(3),(14)</sup>										
Fresh water consumption	ML	554.898	1,207.754	1,762.652	526.784	1,379.484	1,906.268	<b>N/A<sup>(14)</sup></b>	<b>1,504.296</b>	<b>N/A</b>
Water intensity of buildings in use	m <sup>3</sup> /m <sup>2</sup> /year	0.75	0.57	N/A	0.72	0.56	N/A	<b>N/A</b>	<b>0.61</b>	<b>N/A</b>

Performance

# Performance Tables

## Social

Indicator	Unit	2017			2018			2019		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
<b>Profile of workforce <sup>(15)</sup></b>										
Total workforce (employees and supervised workers)	Number	1,279	3,415	4,694	1,225	3,474	4,699	<b>1,223</b>	<b>3,582</b>	<b>4,805</b>
Male		731	2,095	2,826	704	2,144	2,848	<b>695</b>	<b>2,213</b>	<b>2,908</b>
Female		548	1,295	1,843	521	1,305	1,826	<b>522</b>	<b>1,337</b>	<b>1,859</b>
Supervised workers <sup>(16), (17)</sup>		0	25	25	0	25	25	<b>6</b>	<b>32</b>	<b>38</b>
<b>Employees by employment contract <sup>(18)</sup></b>										
Permanent	Number	1,240	3,390	4,630	1,187	3,449	4,636	<b>1,165</b>	<b>3,550</b>	<b>4,715</b>
Full time		1,234	3,390	4,624	1,180	3,449	4,629	<b>1,161</b>	<b>3,550</b>	<b>4,711</b>
Part time		6	0	6	7	0	7	<b>4</b>	<b>0</b>	<b>4</b>
Temporary		39	0	39	38	0	38	<b>52</b>	<b>0</b>	<b>52</b>
<b>Employees by employee category</b>										
Executive staff	Number	161	218	379	165	226	391	<b>162</b>	<b>266</b>	<b>428</b>
Administrative staff		520	1,158	1,678	511	1,256	1,767	<b>488</b>	<b>1,299</b>	<b>1,787</b>
Operational staff		598	2,014	2,612	549	1,967	2,516	<b>567</b>	<b>1,985</b>	<b>2,552</b>
<b>Employees by age group</b>										
Under 30	Number	182	762	944	152	692	844	<b>153</b>	<b>626</b>	<b>779</b>
30 - 50		689	2,410	3,099	647	2,510	3,157	<b>603</b>	<b>2,658</b>	<b>3,261</b>
Over 50		408	218	626	426	247	673	<b>461</b>	<b>266</b>	<b>727</b>

Performance



## Performance Tables

Indicator	Unit	2017			2018			2019		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
<b>New hires</b>										
Total new hires	Number	268	705	973	222	846	1,068	<b>279</b>	<b>831</b>	<b>1,110</b>
New hire rate	%	20.95	20.80	20.84	18.12	24.53	22.85	<b>22.93</b>	<b>23.41</b>	<b>23.29</b>
<b>By age</b>										
Under 30	Number	85	310	395	62	343	405	<b>80</b>	<b>344</b>	<b>424</b>
30 - 50		142	379	521	120	489	609	<b>147</b>	<b>479</b>	<b>626</b>
Over 50		41	16	57	40	14	54	<b>52</b>	<b>8</b>	<b>60</b>
<b>By gender</b>										
Male	Number	129	389	518	111	481	592	<b>130</b>	<b>499</b>	<b>629</b>
Female		139	316	455	111	365	476	<b>149</b>	<b>332</b>	<b>481</b>
<b>Turnover</b>										
Total turnover	Number	252	798	1,050	271	791	1,062	<b>292</b>	<b>718</b>	<b>1,010</b>
Turnover rate <sup>(19)</sup>	%	19.70	23.54	22.49	22.12	22.93	22.72	<b>23.99</b>	<b>20.23</b>	<b>21.19</b>
<b>By age</b>										
Under 30	Number	62	283	345	60	246	306	<b>50</b>	<b>211</b>	<b>261</b>
30 - 50		147	491	638	150	520	670	<b>183</b>	<b>461</b>	<b>644</b>
Over 50		43	24	67	61	25	86	<b>59</b>	<b>46</b>	<b>105</b>
<b>By gender</b>										
Male	Number	121	501	622	136	435	571	<b>144</b>	<b>427</b>	<b>571</b>
Female		131	297	428	135	356	491	<b>148</b>	<b>291</b>	<b>439</b>

Performance



# Performance Tables

Indicator	Unit	2017			2018			2019		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
<b>Compensation</b>										
Ratio of basic salary and remuneration of women to men by employee category										
Executive staff	N/A	1:1.841	1:1.376	N/A	1:1.348	1:1.268	N/A	<b>1:1.345</b>	<b>1:1.361</b>	<b>N/A</b>
Administrative staff		1:1.226	1:1.353		1:1.192	1:1.286		<b>1:1.185</b>	<b>1:1.245</b>	
Operational staff		1:1.163	1:1.079		1:1.129	1:1.066		<b>1:1.152</b>	<b>1:1.059</b>	
<b>Parental leave <sup>(20)</sup></b>										
Total number of employees entitled to parental leave	Number	N/A			1,210	3,449	4,659	<b>1,180</b>	<b>3,550</b>	<b>4,730</b>
By gender										
Male	Number	N/A			701	2,144	2,845	<b>681</b>	<b>2,213</b>	<b>2,894</b>
Female		509	1,305	1,814	<b>499</b>	<b>1,337</b>	<b>1,836</b>			
Total number of employees took parental leave		34	153	187	30	148	178	<b>16</b>	<b>119</b>	<b>135</b>
By gender										
Male	Number	17	68	85	11	74	85	<b>9</b>	<b>57</b>	<b>66</b>
Female		17	85	102	19	74	93	<b>7</b>	<b>62</b>	<b>69</b>
Return to work rate by gender										
Male	%	100	100	100	100	98	99	<b>100</b>	<b>98</b>	<b>98</b>
Female		94	99	98	100	100	100	<b>100</b>	<b>96</b>	<b>97</b>

Performance



# Performance Tables

Indicator	Unit	2017			2018			2019		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
<b>Employee training <sup>(21)</sup></b>										
Total hours of employee training	Hours	16,774.8	69,694.3	86,469.0	22,890.3	79,000.3	101,890.5	<b>19,524.3</b>	<b>106,079.0</b>	<b>125,603.2</b>
Average hours of employee training		13.12	20.56	18.52	18.69	22.91	21.80	<b>16.04</b>	<b>29.88</b>	<b>26.35</b>
<b>Average training hours by employee category</b>										
Executive staff	Hours	14.53	23.35	19.61	25.61	29.27	27.73	<b>27.20</b>	<b>33.55</b>	<b>31.15</b>
Administrative staff		15.39	24.98	22.00	20.08	25.44	23.89	<b>20.98</b>	<b>30.89</b>	<b>28.18</b>
Operational staff		10.76	17.72	16.12	15.31	20.55	19.41	<b>8.61</b>	<b>28.73</b>	<b>24.26</b>
<b>Average training hours by gender</b>										
Male	Hours	13.50	20.56	18.73	19.08	22.85	21.92	<b>16.36</b>	<b>29.72</b>	<b>26.53</b>
Female		12.60	20.56	18.19	18.15	23.00	21.62	<b>15.62</b>	<b>30.15</b>	<b>26.07</b>
<b>Employees receiving regular performance and career development reviews</b>										
Percentage of total employees	%	96.87	100	N/A	96.33	100	N/A	<b>100</b>	<b>100</b>	<b>N/A</b>
<b>By employee category</b>										
Executive staff	%	98.11			91.72					
Administrative staff		97.26	100	N/A	94.82	100	N/A	<b>100</b>	<b>100</b>	<b>N/A</b>
Operational Staff		96.08			98.86					
<b>By gender</b>										
Male	%	97.44			97.18					
Female		97.63	100	N/A	94.95	100	N/A	<b>100</b>	<b>100</b>	<b>N/A</b>

Performance





## Performance Tables

Indicator	Unit	2017			2018			2019		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
<b>Employees covered by collective bargaining</b>										
Percentage of total employees	%	0	46.58	N/A	0	37.90	N/A	<b>0</b>	<b>34.48</b>	<b>N/A</b>
<b>Anti-corruption training</b>										
Number of employees received anti-corruption training										
Executive staff	Number	20	15	35	161	223	384	<b>121</b>	<b>235</b>	<b>356</b>
Administrative staff		78	4	82	655	1,446	2,101	<b>440</b>	<b>1,316</b>	<b>1,756</b>
Operational staff		85	0	85	614	1,272	1,886	<b>564</b>	<b>1,984</b>	<b>2,548</b>
Percentage of employees received anti-corruption training <sup>(22)</sup>										
Executive staff	%	12.4	6.9		97.6	98.7		<b>74.7</b>	<b>88.3</b>	
Administrative staff		15.0	0.3	N/A	128.2	115.1	N/A	<b>90.2</b>	<b>101.3</b>	<b>N/A</b>
Operational staff		14.2	0.0		111.8	64.7		<b>99.5</b>	<b>99.9</b>	

Performance



# Performance Tables

Indicator	Unit	2017			2018			2019		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
<b>Occupational health and safety <sup>(23), (24)</sup></b>										
Work-related injuries <sup>(25)</sup>	Number	27	25	52	23	31	54	<b>23</b>	<b>32</b>	<b>55</b>
High-consequence work-related injuries <sup>(26)</sup>		1	2	3	2	4	6	<b>1</b>	<b>2</b>	<b>3</b>
Recordable work-related injuries		25	27	52	22	29	51	<b>23</b>	<b>32</b>	<b>55</b>
Number of hours worked	Hours	2,609,922	6,780,000	9,389,922	2,479,485	6,898,000	9,377,485	<b>2,477,220</b>	<b>7,100,000</b>	<b>9,577,220</b>
Injury rate	Cases per 100 employees	2.07	0.74	1.11	1.86	0.90	1.15	<b>1.86</b>	<b>0.90</b>	<b>1.15</b>
Rate of high-consequence work-related injuries		0.08	0.06	0.06	0.16	0.12	0.13	<b>0.08</b>	<b>0.06</b>	<b>0.06</b>
Rate of recordable work-related injuries		1.92	0.80	1.11	1.77	0.84	1.09	<b>1.86</b>	<b>0.90</b>	<b>1.15</b>
Lost days due to work-related injuries	Days	550.0	1,211.0	1,761.0	868.0	997.9	1,865.9	<b>561.5</b>	<b>857.1</b>	<b>1,418.6</b>
Lost day rate (per 100 employees)	N/A	42.15	35.72	37.51	70.01	28.93	39.80	<b>45.33</b>	<b>24.14</b>	<b>29.62</b>
Lost-time injury frequency rate (LTIFR)	Number of injuries/ million hours worked	9.58	3.98	5.54	8.87	4.20	5.44	<b>9.28</b>	<b>4.51</b>	<b>5.74</b>
Absentee rate <sup>(27)</sup>	%	1.98	2.25	2.17	2.46	2.31	2.35	<b>2.29</b>	<b>2.11</b>	<b>2.15</b>
Fatalities	Number	0	0	0	0	0	0	<b>0</b>	<b>0</b>	<b>0</b>
Fatalities rate	%	0	0	0	0	0	0	<b>0</b>	<b>0</b>	<b>0</b>
<b>Occupational health and safety (OHS) training</b>										
Number of employees received OHS training	Number	694	1,549	2,243	396	2,694	3,090	<b>462</b>	<b>4,357</b>	<b>4,819</b>
Percentage of employees received OHS training	%	54.3	45.7	N/A	32.3	78.1	N/A	<b>38.0</b>	<b>122.7</b>	<b>N/A</b>

Performance



## Notes:

- (1) The coverage of energy, greenhouse gas emissions, water and waste data in 2017 includes all 28 properties in Hong Kong and seven properties in Mainland China: Plaza 66, Grand Gateway 66, Palace 66, Parc 66 and Forum 66 (Mall and Office Tower), Center 66 (Mall and Office Tower) and Riverside 66. It excludes Forum 66 (Office Tower), Center 66 (Office Tower) and Olympia 66 due to recent renovation and ongoing construction to optimize building operations during renovation and the defect liability period.
- (2) The coverage of energy, greenhouse gas emissions, water and waste data in 2018 includes all 26 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), Center 66 (Mall and Office Tower) and Riverside 66 and Olympia 66.
- (3) The coverage of energy, greenhouse gas emissions, water and waste data in 2019 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), Center 66 (Mall and Office Tower), Riverside 66 and Olympia 66. It excludes Spring City 66 due to recent renovation and ongoing construction to optimize building operations during renovation and the defect liability period. Water consumption of Hong Kong is also excluded due to the unavailability of data from Water Services Department.
- (4) For the conversion factors from volumetric units of petrol, diesel and natural gas consumption to energy units please refer to 'Technical Note: Conversion of fuel data to MWh', published by CDP in 2019.
- (5) As there is not a strong correlation between our direct energy consumption and our key business metrics, we do not report the intensity data for our direct energy consumption.
- (6) We do not report on petrol or diesel consumption by vehicles in Mainland China from 2017 to 2018 as it was beyond our capacity to collect fuel consumption data of our company vehicles in Mainland China.
- (7) Our greenhouse gas emissions data for building operations in 2017 and 2018 were verified by a third-party consultant, ISPL Consulting Limited. The greenhouse gases included in the emission calculation are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O as a result of consumption of direct energy consumption, indirect energy consumption and business air travel. Fugitive emissions in CFCs and HFCs from consumption of refrigerants are also included in the calculation. We did not have any biogenic CO<sub>2</sub> emissions during the reporting year.
- (8) We made reference to the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition), emission intensity published by CLP Hong Kong Limited and HK Electric in 2019, Baseline Emission Factors for Regional Power Grids in China 2017 Edition, and the Greenhouse Gas Reporting: Conversion Factors published by the UK Department for Business, Energy & Industrial Strategy in 2019 for the calculation of our Scope 1, Scope 2 and Scope 3 emissions.
- (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) Our greenhouse gas emissions intensity is the sum of Scope 1 emissions from building operation and Scope 2 emissions, divided by the total construction floor area of the properties included.
- (11) The weight of municipal solid waste generated from our properties in Hong Kong significantly increased in 2017 due to changes of conversion factors from volume to weight of waste. In 2016, a 660-liter bin of waste weighed 70kg. In 2017, a 660-liter bin of waste weighed 90kg and a 240-liter bin of waste weighed 33kg.
- (12) We do not report the quantity of construction waste discarded by tenants for our operations in Hong Kong as our tenants in Hong Kong are responsible for arranging disposal of construction waste on their own. For our construction projects in Hong Kong, currently we do not require our contractor to report the quantity of waste being disposed of during construction, and shall continue to explore the feasibility to cover this data in the future.
- (13) The weight of hazardous waste generated from our properties in Hong Kong drastically dropped in 2018 due to the change of calculation methodology. In 2017, the weight of containers used to collect the hazardous waste was used for estimation. In 2018, the weight of hazardous waste collected was used for calculation.
- (14) Municipal water supplies are the sole fresh water source of our operations. Our water intensity is the freshwater consumption per unit construction floor area. Water consumption data of our HK portfolio is unavailable due to missing information from the Water Services Department in Hong Kong. The Group shall update the Report once the data is available.
- (15) 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 report data on the employment of people from minority and vulnerable groups because the vast majority of our employees are local people.
- (16) The Group does not report data of supervised workers by gender.
- (17) There were no significant variations in number of employees or number of supervised workers in the reporting period. Supervised workers do not constitute a significant portion of the Group's workforce and activities.
- (18) Given that the proportion of part-time and temporary staff is insignificant, no further breakdown on the gender of our workforce by employment category is reported.
- (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 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, occupation health and safety, and regulatory compliance.
- (22) The percentages of administrative employees and operational employees in Hong Kong and administrative employees in Mainland China that have 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, including our contracted cleaning workers. We do not report data on 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 to be reported. For occupational health and safety data of our contractors at our construction sites, please refer to page 38 of this report.
- (24) The injury rates, rates of high-consequence work-related injuries, rates of recordable work-related injuries and lost day rates were calculated based 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, slip and fall, 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 such 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 or illness).

# Independent Opinion Assurance Statement

## HANG LUNG GROUP LIMITED AND HANG LUNG PROPERTIES LIMITED SUSTAINABILITY REPORT 2019

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 2019 (“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 2019 to 31st December 2019. The Report is prepared in accordance with the Core Option of GRI Sustainability Reporting Standards (“GRI Standards”) and in accordance with the existing 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 and Responsiveness. 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.



Statement No.: SRA-HK 728336

### 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 and Responsiveness.

### CONCLUSIONS

A detailed review against the principles of Inclusivity, Materiality and Responsiveness 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 appraisal; biannual town hall meetings; staff focus group discussions; regular team building activities; bi-monthly corporate newsletter; annual sustainability reporting, benchmarks and indices;

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# Independent Opinion Assurance Statement

regular investors interviews, meetings and roadshow; annual general meeting; regular customer engagement surveys; annual tenant satisfaction surveys and interviews; regular social media; regular project meetings; regular screening and performance evaluation; focus group discussion; annual online surveys; continuous flagship community programs; community events; community consultation; online surveys; Sustainability Innovation Workshop; conferences, seminars and networking events; regular meetings; site visits by government officials; government consultations; media interviews and meetings; media announcement and press release, 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 in area 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. Area for enhancement to the Report was 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. Area for enhancement to the Report was adopted by HLP before 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. Area for enhancement to the report was 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

It is the responsibility of HLP's senior management to ensure the information being presented in the Report is accurate. 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. Chris Cheung  
Head of Compliance & Risk - Asia Pacific  
Hong Kong  
**22-May-2020**

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GRI Standards Disclosure	HKEX ESG Guide MD, GD and KPIs	Description	Section/ Explanation	Page	
<b>GENERAL DISCLOSURE (2016)</b>					
Organizational Profile	102-1	-	Name of the organization	About this Report	2
	102-2		Activities, brands, products, and services	About Us	4
	102-3		Location of headquarters		
	102-4		Location of operations		
	102-5		Nature of ownership and legal form	About this Report	2
	102-6		Markets served	About Us	4
	102-7		Scale of the organization	About Us	4
				Performance Tables – Social 2019 Annual Report (P.151-153)	60-66 N/A
	102-8	KPI B1.1	Number of employees and other workers	Performance Tables – Social	60-66
	102-9	-	Supply chain description	Sustainable Transactions	34-42
	102-10		Significant changes to the organization and its supply chain	About this Report	2
	102-11		Precautionary approach	Approach to Sustainability	7-16
	102-12		External initiatives	Memberships, Charters and Awards	54-56
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	3
	102-15		Key impacts, risks and opportunities	Approach to Sustainability	7-16
	-	Aspect A4 GD	Policies on identification and mitigation of significant climate-related issues	Climate Resilience	17-25
	-	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	Message from the Chief Executive Officer Please refer to our <a href="#">corporate website</a> for our vision and mission.	3 N/A
	102-17		Mechanisms for advice and concerns about ethics	Wellbeing	43-53
Governance	102-18	-	Governance structure	Approach to Sustainability	7-16
	-	MD 13	ESG-related Governance structure		

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GRI Standards Disclosure	HKEX ESG Guide MD, GD and KPIs	Description	Section/ Explanation	Page	
Stakeholder Engagement	102-40	-	List of stakeholder groups engaged	Approach to Sustainability	7-16
	102-41		Percentage of total employees covered by collective bargaining agreements	Performance Tables – Social	60-66
	102-42		Identification and selection of stakeholders	Approach to Sustainability	7-16
	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 2019 Annual Report (P.212-216).	N/A
	102-46	MD 14	Process for defining report content and topic boundaries, Application of reporting principles - "materiality", "quantitative" and "consistency"	Approach to Sustainability	7-16
	102-47		List of material topics		
	102-48	-	Restatements of information	Performance Tables	57-66
	102-49	MD 15	Significant changes in material topics and topic boundaries	Approach to Sustainability	7-16
	102-50	-	Reporting period	About this Report	2
	102-51		Date of most recent report	Our Sustainability Report 2018 was published on June 20, 2019.	N/A
	102-52		Reporting cycle	Annual	N/A
	102-53		Contact point for enquiries	About this Report	2
	102-54	MD 14	Claims of reporting in accordance with the GRI Standards		
	102-55	-	GRI content index	Content Index for Reporting Guidelines	69-76
	102-56		External assurance	About this Report Independent Assurance Opinion Statement	2 67-68

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GRI Standards Disclosure	HKEX ESG Guide MD, GD and KPIs	Description	Section/ Explanation	Page	
<b>TOPIC-SPECIFIC DISCLOSURES**</b>					
<b>Economic</b>					
Economic Performance (2016)	103-1 103-2 103-3	-	Management approach disclosure	Approach to Sustainability Please refer to 2019 Annual Report (P.17-39) for the detailed approach of how we manage and respond to this topic.	7-16 N/A
	201-1		Direct economic value generated and distributed	Performance Tables - Economic	57
	201-2		Financial implications and other risks and opportunities due to climate change	Climate Resilience	17-25
	201-3		Defined benefit plan obligations and other retirement plans	We report on our benefit plan obligations and retirement benefits for employees in the 2019 Annual Report (P.198-202).	N/A
Market Presence* (2016)	103-1 103-2 103-3	-	Management approach disclosure	About Us	4
	202-2		Proportion of senior management hired from the local community at significant locations of operation	100% of our key executives (Director grade and above) was hired from the local community, i.e. Hong Kong and the Mainland. The profiles of the directors and key executives are outlined in the 2019 Annual Report (P.131-137).	N/A
Procurement Practices* (2016)	103-1 103-2 103-3	Aspect B5 GD, KPI B5.2	Management approach disclosure	Sustainable Transactions	34-42
	204-1	-	Proportion of spending on local suppliers		
	-	KPI B5.1	Number of suppliers by geographical region		
Anti-corruption (2016)	103-1 103-2 103-3	Aspect B7 GD	Management approach disclosure	Wellbeing 2019 Annual Report (P.125-126)	43-53 N/A
	205-2	KPI B7.3	Communication and training about anti-corruption policies and procedures	Wellbeing Sustainable Transactions Performance Tables - Social	43-53 34-42 60-66
	205-3	KPI B7.1	Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption during the reporting period.	N/A
		KPI B7.2	Description of whistle-blowing procedures, how preventive measures and whistle-blowing procedures are implemented and monitored	Wellbeing	43-53

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GRI Standards Disclosure	HKEX ESG Guide MD, GD and KPIs	Description	Section/ Explanation	Page					
<b>Environmental</b>									
Material* (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	Resource Management <a href="#">Environmental Policy</a>	26-33 N/A				
	103-2	Aspect A3 GD							
	103-3								
	302-1	KPI A2.1	Energy consumption within the organization	Performance Tables - Environmental	58-59, 66				
302-3		Energy intensity							
	302-4	KPI A2.3	Reduction of energy consumption	Resource Management	26-33				
Water* (2018)	103-1	Aspect A2 GD	Management approach disclosure	Resource Management	26-33				
	103-2	Aspect A3 GD							
	103-3								
		303-5	KPI A2.2	Water consumption	Performance Tables - Environmental	58-59, 66			
	-		Water intensity						
	-	KPI A2.4	Water sourcing and water efficiency	During the reporting period, we did not encounter any problems in sourcing water for our operations.	N/A				
Emissions (2016)	103-1	Aspect A1 GD	Management approach disclosure	Climate Resilience	17-25				
	103-2	Aspect A3 GD							
	103-3	KPI A1.5							
		305-1				KPI A1.1	Direct (Scope 1) GHG emissions	Performance Tables - Environmental	58-59, 66
						KPI A1.2	Energy indirect (Scope 2) GHG emissions		
	305-2	KPI A3.1							
	305-3		Other indirect (Scope 3) GHG emissions						
	305-4	KPI A1.2	GHG emissions intensity						

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GRI Standards Disclosure	HKEX ESG Guide MD, GD and KPIs	Description	Section/ Explanation	Page	
Effluents and Waste* (2016)	103-1 103-2 103-3	Aspect A1 GD Aspect A3 GD KPI A1.6 KPI A3.1	Management approach disclosure	Resource Management	26-33
	306-2	KPI A1.3 KPI A1.4 KPI A1.6	Weight of waste by type and disposal method	Performance Tables - Environmental	58-59, 66
Environmental Compliance* (2016)	103-1 103-2 103-3	Aspect A1 GD	Management approach disclosure	Resource Management 2019 Annual Report (P.94-99)	26-33 N/A
	307-1		Non-compliance with environmental laws and regulations	We were not issued with any significant fine or sanctions for any non-compliance with environmental laws and regulations.	N/A
Supplier Environmental Assessment* (2016)	103-1 103-2 103-3	Aspect A1 GD	Management approach disclosure	Sustainable Transactions	34-42
	308-1	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		

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GRI Standards Disclosure	HKEX ESG Guide MD, GD and KPIs	Description	Section/ Explanation	Page	
<b>Social</b>					
Employment (2016)	103-1 103-2 103-3	Aspect B1 GD KPI B1.1	Management approach disclosure	Wellbeing Performance Tables – Social We did not violate any employment related laws and regulations during the reporting period.	43-53 60-66 N/A
	401-1	KPI B1.2	New employees hiring and employee turnover	Performance Tables – Social	60-66
	401-2	Aspect B1 GD	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Wellbeing	43-53
	401-3	-	Parental leave	Performance Tables – Social	60-66
Occupational Health and Safety (2018)	103-1 103-2 103-3	Aspect B2 GD KPI B2.3	Management approach disclosure	Wellbeing Sustainable Transactions We did not violate any occupational health and safety related laws and regulations during the reporting period.	43-53 34-42 N/A
	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 Sustainable Transactions Performance Tables – Social	43-53 34-42 60-66
Training and Education (2016)	103-1 103-2 103-3	Aspect B3 GD	Management approach disclosure	Wellbeing	43-53
	404-1	KPI B3.2	Average hours of training per year per employee	Performance Tables – Social	60-66
	-	Aspect B3 GD	Description of training activities	Wellbeing	43-53
	404-3	-	Percentage of employees receiving regular performance and career development reviews	Performance Tables – Social	60-66
	-	KPI B3.1	The percentage of employees trained by gender and employee category	All employees received training in the reporting period.	63
Diversity and Equal Opportunity* (2016)	103-1 103-2 103-3	Aspect B1 GD	Management approach disclosure	Wellbeing	43-53
	405-1	-	Diversity of governance bodies and employees	Performance Tables – Social 2019 Annual Report (P.112)	60-66 N/A

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GRI Standards Disclosure	HKEX ESG Guide MD, GD and KPIs	Description	Section/ Explanation	Page	
Non-discrimination* (2016)	103-1 103-2 103-3	Aspect B1 GD	Management approach disclosure	Wellbeing	43-53
	406-1	-	Incidents of discrimination and corrective actions taken	There were no confirmed incidents of discrimination in the reporting period.	N/A
Local Communities* (2016)	103-1 103-2 103-3	Aspect B8 GD	Management approach disclosure	Wellbeing	43-53
	413-2	-	Operations with significant actual and potential negative impacts on local communities	No significant actual or potential negative impacts were identified during the reporting period.	N/A
	-	KPI B8.1	Focus areas of contribution	Wellbeing	43-53
	-	KPI B8.2	Resources contributed to the focus area		
Customer Health and Safety (2016)	103-1 103-2 103-3	Aspect B6 GD	Management approach disclosure	Wellbeing We did not violate any laws and regulations relevant to health and safety, advertising, labelling and privacy matters relating to our products and services during the reporting period.	43-53 N/A
	416-2	-	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no confirmed incidents of non-compliance in the reporting period.	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 B6.4	Description of quality assurance process and recall procedures	This KPI is not applicable to our business.	N/A
Customer Privacy (2016)	103-1 103-2 103-3	Aspect B6 GD KPI B6.5	Management approach disclosure	Sustainable Transactions	34-42
	418-1	KPI B6.2	Substantiated complaints concerning breaches of customer privacy and losses of customer data		

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GRI Standards Disclosure	HKEX ESG Guide MD, GD and KPIs	Description	Section/ Explanation	Page	
Socioeconomic Compliance* (2016)	103-1 103-2 103-3	-	Management approach disclosure	Wellbeing	43-53
	419-1		Non-compliance with laws and regulations in the social and economic sphere	We were not issued with any significant fine or sanctions for any non-compliance with laws and regulations in the social and economic sphere.	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.	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. We did not violate any laws and regulations relating to child and forced labor during the reporting period.	N/A
	-	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor		
		KPI B4.2	Description of steps taken to eliminate such practices when discovered		

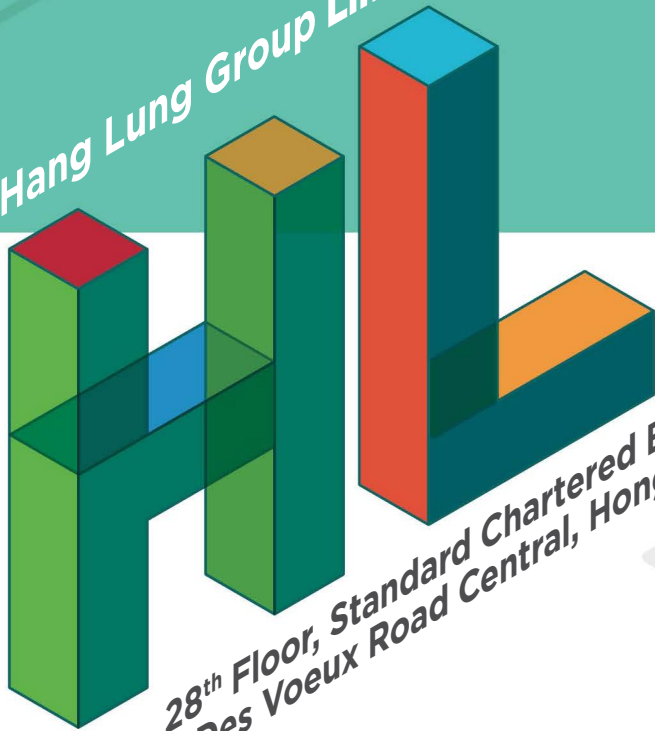
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\* Topics marked with an asterisk are defined by stakeholders as not significant enough to be material based on the GRI reporting principle. However, since we consider these topics important to our business, these topics are covered in the Report on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

\*\* The 10 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) Information Privacy – Customer Privacy (GRI 418:2016)
- 4) Employee Attraction and Retention – Employment (GRI 401:2016), and Training and Education (GRI 404:2016)
- 5) Customer Health and Safety – Customer Health and Safety (GRI 416:2016)
- 6) Occupational Health and Safety – Occupational Health and Safety (GRI 403:2018)
- 7) Employee Wellbeing – Occupational Health and Safety (GRI 403:2018)
- 8) Energy Efficiency and Carbon Emission Reduction – Energy (GRI 302:2016), and Emissions (GRI 305:2016)
- 9) Financial Performance and Investor Interest – Economic Performance (GRI 201:2016)
- 10) Water, Land and Air Contamination – Environmental Compliance (GRI 307:2016)

# Hang Lung Group Limited



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