

#Hang Lung Group SUSTAINABILITYREPORT2017



Hang Lung Group Limited | Stock Code : 00010









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We Do It Right is the fundamental principle of Hang Lung Group and guides our operations as a business. With this philosophy, we aspire to sustainable business growth, creating long-term value for our stakeholders by developing world-class properties, engaging with our communities, enhancing partnerships, and providing extensive support to our staff for developing their potential. By leveraging the different expertise and insights of our rich industry experience, we strive to accomplish Hang Lung Group's mission, while maintaining high standards and integrity in our products and services.

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Drawings of the social media interface presented throughout this Report are artist's impressions for decorative purposes only and are unrelated to the businesses of the Group.



PHILIP CHEN

Chief Executive Officer

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COMMENT



Letter From The Chief Executive Officer

This is the sixth time I have been asked to give an overview of our company's progress towards sustainability. This is also probably the last time as I will retire later in the year.

We started a different and very systematic approach to sustainability six years ago. The pursuit of excellence in this area has never been easy. Fortunately, thanks to our colleagues' endeavors, we picked up pace quickly. More importantly, we have made sustainability a core value of our own. I am confident that our colleagues will continue to uphold our business philosophy, **We Do It Right**, as well as our commitments to sustainability.

Four years ago, we took a bold step to formulate an aggressive three-year action plan that covers five key sustainability areas. Now at the end of this first planning period, we have achieved most of our targets, and are now enjoying the fruits of our labor. In 2017, for the first time, we were selected as a member of the Dow Jones Sustainability Asia Pacific Index. We regard this as a testimony to our dedication to sustainability.

Other remarkable milestones of the past year include the grand re-opening of our Plaza 66 in Shanghai upon full renovation, and the successful launch of Kingston, Fashion Walk, Causeway Bay, marking the completion of our three-year transformation project of Fashion Walk in Hong Kong. These asset enhancement programs, abiding by our business strategy, **Build to Own, Build to Last**, not only increase the profitability of our portfolio, but also optimize our buildings' energy and operating efficiency by adopting new technologies and approaches. We are glad to report that we continue to reduce the electricity intensity of our buildings by over 9% by the end of 2017 against our 2015 baseline, just 3% away from our 2020 target.

We also put a strong emphasis on enhancing the neighborhoods surrounding our buildings through our operations. For years, we have been well aware

of increasing demand for healthier and more inclusive living environments, particularly in mainland China. This is the reason we invested over HK\$40 million in our *Clean Air Initiative* last year, determined to meet the highest possible standards for indoor air quality in our properties in mainland China. This is now launched in all of our venues and the results are very satisfactory.

While investing in hardware has an immediate impact on the performance of our properties, it is our people and corporate culture that ensures lasting performance. To build the best team in the industry, we undertook a series of restructuring and retitling exercises in 2017, and continued to accentuate the vital importance of integrity among our colleagues.

On the community investment side, we inaugurated our *Hang Lung Young Architects Program* in Hong Kong, while our *Hang Lung As One* volunteer teams continued to make their valuable contributions.

Now, the long winter seems to have passed. Yet as I have always told my colleagues, "With a strong economy, even the worst performer can do well!" So this is not the moment for us to relax. Sustainability is an endless journey that spares us no time to slow down. In the forthcoming years, we need to be highly disciplined in our sustainability commitments, and at the same time strive for continuous improvement and dare to break the norm. Only by doing so can we shine in this era of disruption and be truly sustainable in the long run.

May I once again extend my appreciation to all those who have given us tremendous support. Please enjoy our sixth sustainability report, and we do look forward to your feedback.

Philip Chen

Chief Executive Officer

June 2018

An Overview of 2017

+ Obtained **9 LEED Gold** Certificates to date

Over **86,000** training hours delivered to employees

HK **80 cents** dividends per share



HK\$1,509 million employee wages and benefits

Over **12,000** volunteering hours contributed by staff in Hong Kong and mainland China

HK\$16 million in community contributions

i **HK\$1,371 million** tax paid

Hang Lung Properties listed as a component for **the first time** in the Dow Jones Sustainability Indices Asia Pacific Index

0.059 accidents per 100,000 man-hours at the six construction sites in mainland China

Invested in over **HK\$40 million** to enhance the air filtration systems of our properties

Electricity intensity **reduced by 9.3%** compared to 2015



About this Report



This is the sixth 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). Through this Report, we aim to disclose our sustainability accomplishments and the challenges we encountered in 2017, as well as our future plans to enhance our sustainability performance.

Scope of this Report

This Report was produced and issued by Hang Lung Group, to share information regarding the material sustainability aspects of Hang Lung Group and Hang Lung Properties during the period 1 January 2017 to 31 December 2017, unless otherwise specified.

The scope of this Report covers our management approach for the material sustainability aspects of our entire operation*. For the respective key performance indicators (KPIs) of our material sustainability aspects, the reported economic and social KPIs also cover our entire operation*; whereas our reported environmental KPIs only include properties which have operated for at least two years** to ensure that the data we present can truly reflect the normal operating condition of our properties.

Compared to our Sustainability Report 2016, we expanded our reporting scope to cover energy, greenhouse gas emissions, water and waste data of Forum 66 (Office Tower) in Shenyang and Center 66 (Office Tower) in Wuxi.

Reporting Standards and Assurance

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, and the “comply or explain” provisions as well as “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 (the Listing Rules). We confirm that this Report has adopted and fully complied with the “comply or explain” provisions as well as “recommended disclosures” of the ESG Guide. Information in this Report has been independently verified by British Standards Institution. Please refer to the Independent Assurance Opinion Statement for the scope of verification.

* Including 28 solely-owned properties in Hong Kong, Plaza 66 and Grand Gateway 66 in Shanghai, Palace 66 and Forum 66 in Shenyang, Parc 66 in Jinan, Center 66 in Wuxi, Riverside 66 in Tianjin, Olympia 66 in Dalian, and the 2 construction sites in Kunming and Wuhan

** Including 28 solely-owned properties in Hong Kong and 7 properties in mainland China (Plaza 66 and Grand Gateway 66 in Shanghai, Palace 66 and Forum 66 in Shenyang, Parc 66 in Jinan, Center 66 in Wuxi, Riverside 66 in Tianjin)

About the Group

Corporate Profile

Hang Lung Properties, with its parent company, Hang Lung Group, was founded in 1960, and is a leading Hong Kong property developer possessing and managing top quality properties spanned across Hong Kong and eight cities in mainland China. We boast a diverse range of portfolios covering commercial, office, residential, serviced apartment, industrial/ office and car park properties.

Under our company's business model of **Build to Own, Build to Last**, we uphold the promise to build the best properties in cities with great growth potential. To achieve long-term sustainable growth, we take account of the interests of local community, environment and economy in the process of designing, building and operating our properties. Our buildings are regarded as architectural landmarks that demonstrate our dedication in integrating our business interests with those of society.

With a mindset of achieving long-term goals without sacrificing present needs, our mission remains to become an admired national commercial property developer that promises sustainable development financially, socially and environmentally.

Business Overview

While the Group is headquartered in Hong Kong and lives up to the reputation of being one of the leading property developers domestically, it has taken full advantage of the steady economic growth and promising potential in mainland China by branching out to eight first-tier and second-tier cities, namely Shanghai, Shenyang, Jinan, Wuxi, Tianjin, Dalian, Kunming and Wuhan.

The core businesses of the Group cover commercial property development, leasing and management, supplemented by the sales of residential units in Hong Kong to ensure healthy cash flow. As of the end of 2017, the Group managed a total of 28 solely-owned properties in Hong Kong and 10 properties (six completed properties, two properties under expansion and two properties under development) in mainland China, serving mainly commercial retail and office tenants as well as shoppers in the cities where we operate. The Group now holds a portfolio of expanding capacity and diversity, setting our path to becoming one of the most renowned national commercial property developers.

Considering the rapid shift of both political and economic situations in Hong Kong and mainland China, Hang Lung Properties recorded a promising financial performance in 2017 that sets strong roots for future growth in our business. In spite of a 36% decrease in property sales due to fewer residential units sold this year, revenue of property leasing slightly grew by 0.3% and increased by 4% when excluding areas closed for asset upgrading. 2017 marked the completed transformation and enhancement of two of our landmark projects: the grand re-opening of Plaza 66 in Shanghai in September 2017, that

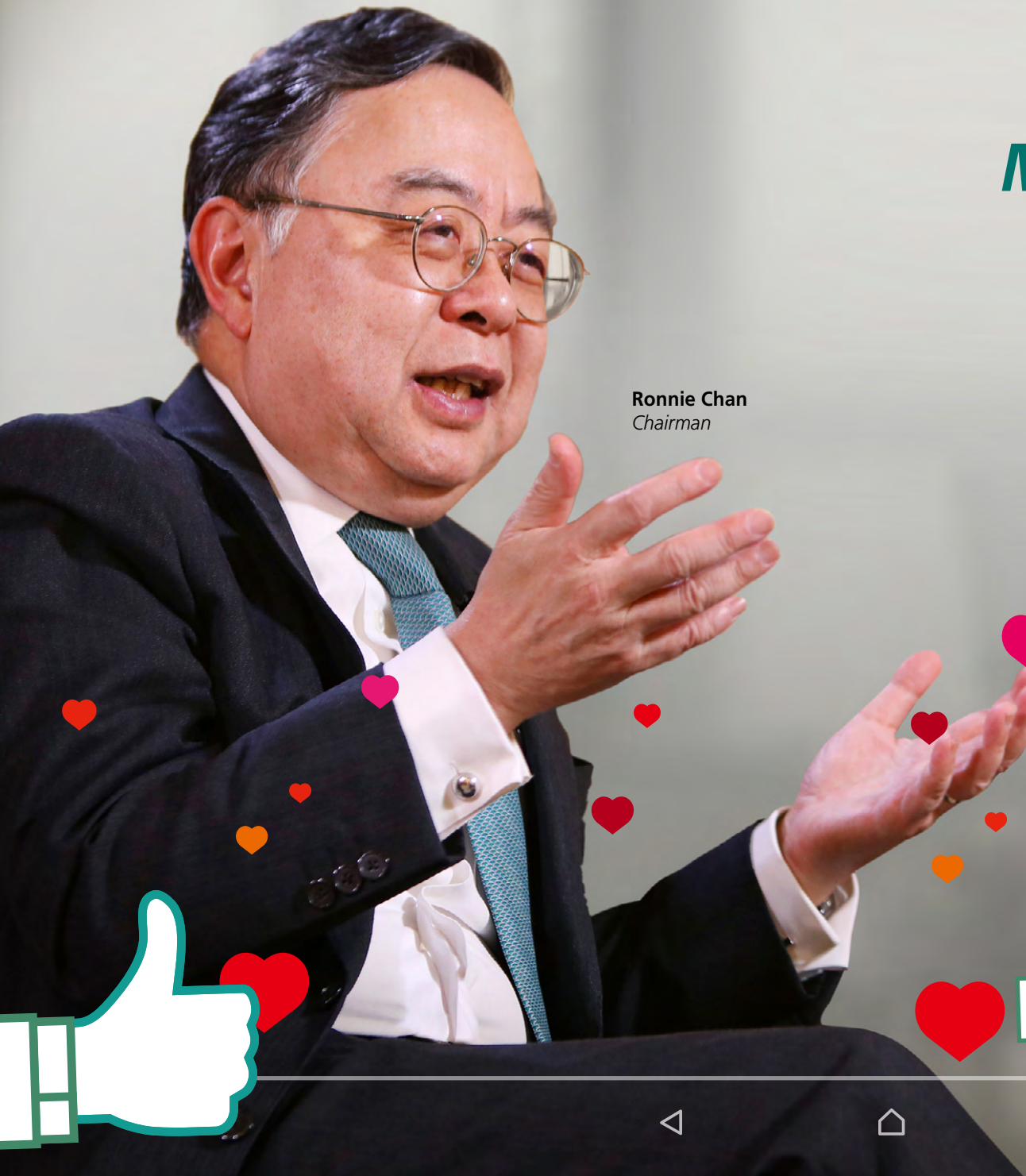
redefines the realm of modern luxury retail in China, and the successful launch of 9 Kingston Street by the end of 2017, that features a 100,000 sq. ft. retail space in Hong Kong's Fashion Walk. These upgraded properties not only offer a better shopping experience and wider variety of choice, but also strengthen our reputation and add to our momentum for business development over the coming years.

Outlook

Looking to the future, we anticipate that our businesses will continue to grow as the retail market in mainland China recovers from the six-year winter. In the meantime, we made bold investment in 2017 to revitalize and upgrade our landmark properties in Hong Kong and Shanghai, namely The Peak Galleria and Grand Gateway 66, respectively. In the year ahead, our main focus is to boost retail sales and rental growth in Hong Kong and Shanghai, while increasing the occupancy rate and tenant quality in other cities.

Our property development projects are also advancing as planned. The five-star hotel, Conrad Hotel at Forum 66 in Shenyang, is scheduled to open in 2019. The shopping mall at Spring City 66 in Kunming is expected to open in mid-2019. Site works at Heartland 66 in Wuhan will be completed in phases from 2019 onwards. These development plans will add to our existing investments, driving business growth in a sustainable manner.

For more details of our business performance and prospect, please refer to our [Annual Report 2017](#).



Ronnie Chan
Chairman

MANAGING SUSTAINABILITY

*The Group sees sustainability as a vital strategy to drive long-term business growth. Governed by our top management, and overseen by the Board, we make every effort to align our sustainability strategy with our business philosophy, **We Do It Right**, by embedding sustainability throughout the value chain of our business. This allows us to create value for our people, the environment and society at large, which will ultimately determine our financial performance in the long run.*



Our Sustainability Strategy

Our first sustainability strategy was formulated in 2012, and we made clear our position to create sustainable value within five areas: corporate governance, buildings, environment, people and community, for our stakeholders. Now in the fifth year of this strategy, we are as committed as ever to operating in a sustainable fashion.

Over the past five years, voices for a more sustainable world have continued to grow. We acknowledge the need to work on the next phase of our sustainability strategy in order to respond to our stakeholders' concerns. Building upon our existing strategy, we proposed a new sustainability framework which takes into account the emerging global trends outlined in the United Nations (UN) Sustainable Development Goals (SDGs). This new framework sets us on the path to develop longer-term sustainability goals and plans, aiming to transform the world into a better place for mankind while bringing the Group to the next level.



Governance Structure

CORPORATE GOVERNANCE

The Boards of Hang Lung Group and Hang Lung Properties comprise Executive Directors, Non-Executive Directors and Independent Non-Executive Directors of different backgrounds. We have a Board Diversity Policy in place that sets out our approach for the selection of Board members. Selection criteria of Board members include but are not limited to gender, age, cultural and educational background, ethnicity, professional experience, required expertise, skills, knowledge and length of service. This Policy makes sure that our Boards are well equipped to make sound, independent decisions in a timely manner.

The overall responsibilities of the Boards are to ensure business continuity through the development of sound business strategies and the deployment of adequate resources. The Boards designate three committees to enhance their capabilities in discharging their functions:

- The **Executive Committee** is responsible for establishing the strategic direction of the Group and monitoring the performance of management.
- The **Audit Committee** is responsible for reviewing financial information of the Group and overseeing the Group's financial reporting system, risk management and internal control systems.
- The **Nomination and Remuneration Committee** is responsible for setting policy on Executive Directors' remuneration and for fixing the remuneration packages for all directors and senior management.

For more details on our corporate governance and the detailed composition of our Boards, please refer to the 'Corporate Governance Report' section and 'Profile of the Directors' section of the Annual Report 2017 published by Hang Lung Group and Hang Lung Properties, and visit the corporate governance section of our websites: www.hanglunggroup.com and www.hanglung.com.

RISK MANAGEMENT

Risks are inherent in every sector of our business. We must take steps to understand, analyze and address risks if we are to achieve our business objectives. Our Boards have overall responsibility for risk management, and delegate to the Audit Committee the evaluation of our risk management system. The Group adopts the 'Three Lines of Defense' model for our Enterprise Risk Management (ERM) framework, under which different functions and levels of the Group are assigned clear responsibilities and can work collaboratively to provide enhanced safeguards against an ever-widening range of risks.

In 2015, we formalized our ERM framework by setting up the ERM Working Group, which is currently chaired by our Board Executive Director Mr. Adriel Chan and comprises the heads of all business functions, to strengthen our second line of defense. This ensures that risks are managed in a coordinated fashion. By the end of 2017, our ERM framework had expanded to cover all strategic risks at the corporate level, as well as site-specific operational risks at the project level.

To learn more about the Group's risk management approach, our principal risks and the respective mitigation measures, please refer to the 'Corporate Governance Report' section and 'Risk Management' section of our Annual Report 2017.



Our sustainability management framework aims to create accountability for sustainability at all levels, such that everybody is well aware of their role and responsibilities in achieving the sustainability objectives of the Group.

First of all, the **Sustainability Steering Committee** (the Committee) forms the core of this structure. Chaired by our Board Executive Director Mr. Adriel Chan, the Committee comprises key executives and heads of all major business functions, and reports directly to the Chief Executive Officer. The core functions of the Committee include:

- Providing overall strategic direction in sustainability across the Group;
- Evaluating the effectiveness of the Group's sustainability management framework;
- Reviewing and endorsing sustainability policies, action plans and targets; and
- Monitoring the Group's performance and progress against any action plans and pre-determined indicators.

Through the Chairman of the Committee, the Committee will also report the Group's sustainability performance and any latest development against our sustainability strategy to the Board of Directors at least once a year, which ensures Board oversight of our sustainability management framework.

We established a dedicated Sustainability Team in 2015 to support the Committee in developing and driving Group-wide sustainability strategies. Its key responsibilities include:

- Maintaining high level of transparency in sustainability;
- Building internal awareness;
- Engaging stakeholders; and
- Establishing the company as a sustainability leader.

Starting from 1 July 2017, the team was separated from the Legal and Secretarial Department to form the Group-level Sustainability Team, giving the team a broader remit to go beyond compliance and engage more widely across the Group to inspire sustainable change.

At the execution level, all business functions are responsible for translating our sustainability strategies into feasible actions. Cross-functional working groups are formed for areas that require regular and considerable input across multiple business functions, e.g. occupational health and safety. Lastly, all employees are required to formulate their own sustainability goals in the annual performance appraisal, so that everybody is accountable to the sustainability performance of the Group.

Benchmarking Performance

In 2017, we continued to benchmark our sustainability performance and to learn about the latest market trends through participating in different sustainability indices and benchmarks both locally and internationally.

For the first time, Hang Lung Properties was selected as an Index Component of the Dow Jones Sustainability Indices (DJSI) in the Asia Pacific Index. Further, we maintained our "AA" rating as a constituent of the Hang Seng Corporate Sustainability Index in Hong Kong and the Hang Seng (Mainland China and HK) Corporate Sustainability Index. In relation to industry specific indicators, we continued to report our performance to the Global Real Estate Sustainability Benchmark (GRESB). Please refer to page 47 of this Report for the full list of assessments in which Hang Lung Properties participated over the last fiscal year.

Priority Issues

The Group sees the management of sustainability as a dynamic process. Which sustainability issues are most relevant to our business will change in accordance with global trends and stakeholders' expectations. Through regular materiality assessment, we have our finger on the pulse of the ever-changing external business environment, and can respond swiftly to address the foremost concerns of our stakeholders.

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 for reporting and inform our strategic approach, such as local communities, NGO partners, government, academia, media and industry associations.

We adopted a multi-pronged approach, engaging with key stakeholder groups in a variety of ways on a regular basis, to ensure effective communication of our progress in relation to their concerns.

STAKEHOLDER GROUPS	WHY ENGAGE?	KEY WAYS TO ENGAGE
Employees	It is essential to understand our employees' sustainability concerns, particularly on labor practices, to ensure an acceptable turnover rate.	<ul style="list-style-type: none"> • Biannual two-way performance appraisal • Biannual town hall meetings • Breakfast/ lunch with senior executives • Staff focus group discussions • Team building activities • Staff intranet and corporate newsletter
Investors & Shareholders	Addressing our investors' and shareholders' concerns on sustainability demonstrates our determination to pursue long-term financial return.	<ul style="list-style-type: none"> • Sustainability reporting, benchmarks and indices • Investors interviews, meetings and site visits • Annual General Meeting
Tenants & Customers	To retain our tenants and customers, we need to understand our common sustainability values, so that the services we deliver can meet their expectations.	<ul style="list-style-type: none"> • Customer engagement surveys • Tenant satisfaction surveys and interviews • Social media and corporate newsletter
Suppliers & Contractors	The sustainability performance of our suppliers and contractors will directly impact our performance as well. We must engage with them to ensure that our goals are aligned.	<ul style="list-style-type: none"> • Regular project meetings • Regular screening and performance evaluation • Focus group discussion • Online survey
Local Communities	We must proactively engage with local communities to ensure that our business is creating societal benefits. We regard this as our social license to operate in the long run.	<ul style="list-style-type: none"> • Flagship community partnership programs • Community events • Community consultation • Corporate newsletter
NGO partners, Academia and Industry Associations	Engaging with NGO partners, academia and industry associations allows us to learn about specific sustainability trends and respond accordingly.	<ul style="list-style-type: none"> • Online survey • Sustainability Innovation Workshop • Conferences, seminars and networking events
Governments & Regulators	Policies and regulations will directly impact our business. We need to maintain close communication with relevant governments and regulators to ensure that policies and regulations are well understood.	<ul style="list-style-type: none"> • Regular meetings • Site visits by government officials • Government consultations
Media	Media is the major channel for the general public to learn about us. We must ensure that our media partners are accurately informed of our sustainability performance.	<ul style="list-style-type: none"> • Media interviews and meetings • Media announcement and press release • Social media

DETERMINING RELEVANT MATERIAL ASPECTS

In 2017, we continued our annual exercise to adopt a systematic three-step approach to prioritize relevant sustainability aspects to our business. The findings are used to define the material topics that must be disclosed in the Report. Besides, this exercise also allows us to effectively formulate strategies, which shall address any current and emerging issues that matter most to our stakeholders and that will have the most material impact on our business.

What is it?

How we do it?

Who are involved?

What have we done?

STEP 1

Mapping of Relevant Sustainability Aspects

In-depth Interviews with Key Stakeholders

Interviews with 14 representatives from major stakeholder groups, including our senior executives, investors, tenants and NGO partners

Through conducting in-depth interviews with experienced stakeholder representatives of different backgrounds, we were able to identify the sustainability challenges and opportunities that we are encountering, and map out 26 sustainability issues that are highly relevant to our business.

STEP 2

Prioritization of Relevant Aspects

Online Sustainability Survey

The survey is completed by 202 respondents from all internal and external stakeholder groups

We invited stakeholders of all backgrounds to rank the 26 sustainability issues on a scale of 1-5, based on their:

- Likelihood and potential impact affecting the continuity and development of our business;
- Importance to society and environment and relevance to our business.

We also asked the respondents to provide feedback on their overall perception of our sustainability performance. To encourage participation, this year we donated HK\$50 to WWF-Hong Kong and St. James Settlement for each response that we received.

STEP 3

Endorsement of Materiality Assessment Results

Management Review

Sustainability Steering Committee

The Sustainability Steering Committee reviewed the validity of the findings and endorsed the results.

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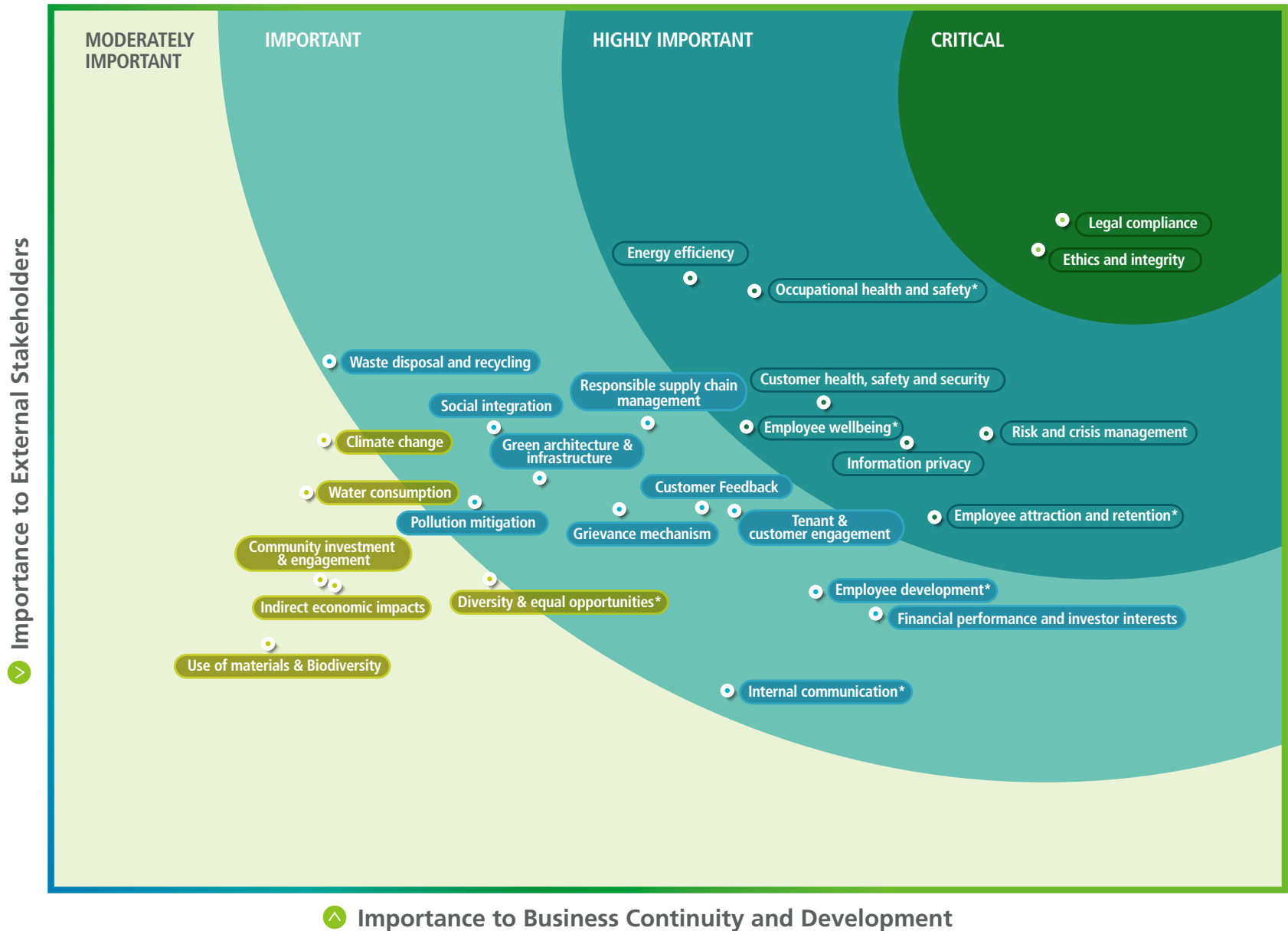
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MATERIALITY MATRIX

Once we have identified our material sustainability aspects through these comprehensive stakeholder engagement exercises, we prioritize them based on scores given in the online survey for "Importance to Business Continuity and Development" and "Importance to External Stakeholders". By visualizing the results in a materiality matrix, we gain a clearer picture of the immediate concerns and interests among our stakeholders, as well as those sustainability issues they believe we should focus on increasingly in the years ahead. The 9 topics in the "Critical" and "Highly Important" regions are the material topics that must be covered in the Report.



Note:
The boundaries of the topics considered cover both inside and outside the Group except those marked with "*" – which cover inside the Group only.

Review of Assessment Results

The results of the materiality assessment reflect the sustainability aspects that are considered important to our stakeholders as well as to our business in 2017. The assessment helps us review whether our current management approaches on various sustainability aspects can sufficiently meet our stakeholders' expectations. We will respond to those key topics and concerns of our stakeholders through this annual sustainability reporting exercise. Below are our responses on the key observations and stakeholder concerns we draw from our stakeholder engagement exercise for sustainability reporting and the materiality matrix.

KEY OBSERVATIONS AND STAKEHOLDER CONCERNS	OUR RESPONSES	CONCERNED STAKEHOLDER GROUPS
<p>CRITICAL concerns: Ethics, integrity and legal compliance</p>	<p>It remains a critical concern for our stakeholders that we take legal compliance as the bottom line, while upholding high standard of ethics and integrity in running our business. In particular, we acknowledge such concerns when we are operating in mainland China, where the legal landscape is more complicated than in Hong Kong. Time and again, we have emphasized the importance of building a culture of integrity across the Group. Every individual in the company, from our Board members to our frontline colleagues, bears the same responsibility to ensure legal compliance throughout our day-to-day operations. Any potential breach will not be tolerated, and shall be investigated by our Internal Audit Department reporting directly to the Board.</p>	<p>All stakeholder groups</p>
<p>HIGHLY IMPORTANT: colleagues and customers protection</p>	<p>Our stakeholders continue to view it as 'highly important' that we should protect our colleagues and customers on areas, such as safety, health, security and information privacy. In 2017, we completed a review of the Group-wide policy on information privacy. We have also established a central security team to oversee security management of our portfolio in Hong Kong and mainland China. Looking ahead, we are now working to enhance both the security management system and safety management system of our operations, and aim to increase our internal capacity to safeguard the interests of our colleagues and customers.</p>	<p>Employees, Tenants & Customers, Governments & Regulators</p>
<p>Importance of employee wellbeing</p>	<p>Both external and internal stakeholders find employee wellbeing an area that the Group shall focus on. This implies that an emphasis on employee wellbeing will not only benefit the company itself, but also contribute to our wider purpose in society. In view of this growing trend, we have launched a high variety of programs over the past few years that aim to enhance employee wellbeing, such as the Employee Wellness Program, Hang Lung Social Club, and Staff Communication Project. We are also exploring more ways to extend our care to the family members of our colleagues, in order to strengthen our brand as an employer of choice, and influence our peers to go a step further.</p>	<p>Employees, Investors, NGO partners</p>
<p>Growing integration of social priorities within operation</p>	<p>We see a growing trend of corporates to integrate social priorities and principles in their day-to-day operations. This is reflected in our materiality matrix: social integration has gradually shifted from among the lowest priority in the past few years to intone requiring attention. As such, we have launched certain projects, for instance, to review our barrier-free access provisions in our malls, and to enhance the indoor air quality of our properties. We will continue to explore future opportunities to address different emerging social priorities, such as aging population and public health imperatives, so as to create value for the communities where we operate.</p>	<p>Local Communities, NGO Partners, Tenants & Customers</p>
<p>Stakeholders' awareness on climate change</p>	<p>Despite global concerns on climate change, it appears that our stakeholders expressed low interest in and demonstrated relatively weak understanding of this issue. Meanwhile, the Group is well aware of the potential negative impact of climate change to our business. We are planning to conduct a comprehensive assessment on the climate-related financial risks of our business operation in 2018. Upon the completion of the study, we will start to involve our stakeholders and explore possible solutions to address the potential risks of climate change in a collaborative manner. All these exercises aim to increase our internal capacity to deal with climate change, as well as to build up stakeholders' awareness on this issue in the long run.</p>	<p>Investors, NGO Partners, Governments & Regulators</p>

Outcomes of Three-year Action Plan 2015-2017

In 2014, we developed a Three-year Action Plan in response to our stakeholders' expectations, under which we set the goal of implementing our sustainability vision by the end of 2017. Upon the conclusion of this action plan, the following table gives a summary of what we have achieved, and also what we could not achieve, in the last three years.

AREA	SUMMARY OF PLANNED ACTIONS	DETAILS	LEVEL OF ACHIEVEMENT
Environmental performance	To enhance the energy efficiency of our buildings in Hong Kong and mainland China	Our ongoing Asset Enhancement Program has significantly raised the energy efficiency of our buildings, leading to a 19.4% reduction on our electricity intensity by 2015 against our 2010 baseline. We further renewed our target to reduce 12% by 2020 against our 2015 baseline. By 31 December 2017, we are already halfway through this new target.	
	To enhance the overall level of disclosure on environmental data with a strengthened data management system	We have regularly expanded the scope of disclosure on our environmental KPIs. We are reporting 20 environmental KPIs for 2017, compared to only 4 for 2012. Starting from 2015, we have also appointed a third party organization to verify our environmental KPIs, ensuring the accuracy of our disclosed data.	
	To formulate and implement the Group-wide Environmental Policy in Hong Kong and mainland China	Our Group-wide Environmental Policy was formulated and launched in 2015. The Policy covers our strategies to manage the environmental impact of our daily operations. Every business function is delegated the responsibility to oversee its own environmental impacts.	
Occupational Safety and Health (OSH)	To strengthen the overall safety governance structure of our constructions projects in mainland China and Hong Kong	Over the past three years, we have invested substantially to strengthen the safety management of our construction sites in mainland China. We established dedicated department to formalize our entire safety management system for projects, and appointed an external consultant specifically to monitor the safety performance of our construction sites. In view of our good progress, we also initiated a new project to review our safety management system for workplace and frontline operations in Hong Kong by the end of 2017, to build a stronger safety culture.	
	To enhance the level of disclosure of OSH data	From a level of zero OSH disclosure in 2014, we are now able to disclose key OSH data for our major construction works in mainland China, published in our annual Sustainability Report.	

- Over-achieved
- Achieved
- Partially achieved
- Cannot achieve

AREA	SUMMARY OF PLANNED ACTIONS	DETAILS	LEVEL OF ACHIEVEMENT
Attracting and retaining talent	To provide adequate resources on staff development	The total number of training hours delivered by our Academy 66 increased by over 25% from around 69,000 hours in 2014 to over 86,000 hours in 2017.	
	To enhance wellbeing and create a sense of belonging among colleagues	Our Employee Wellness Program and Hang Lung Social Club, which were significantly strengthened over the past 3 years, have organized a wide range of staff activities and programs for our employees.	
	To engage with employees and regularly collect feedback to understand their needs through formal and informal channels	We use multiple channels to communicate with our employees, such as regular town hall meetings, employee focus groups, the Staff Communication Project, and breakfast with CEO. Meanwhile, we understand the need to learn about their expectations more proactively in order to remain an employer of choice.	
Supply chain risks	To develop plans to review the ESG performance of our supply chain for goods and services	Given the fact that our major suppliers and contractors are in mainland China, we inevitably encounter difficulties to evaluate their ESG performance due to their lower level of transparency. Nonetheless, our Supplier Code of Conduct continues to be the key defense to ensure that their operating practices are aligned with the industry norm on key ESG issues, as well as to maintain their general awareness on key ESG issues.	
	To enhance suppliers' awareness of ESG issues pertaining to supply chain management		
Integrating sustainability	To develop the Group into a recognized sustainability leader able to positively influence our industry peers	The Group gained multiple sustainability-themed accolades both internationally and locally over the past few years. Besides, we have regularly shared our experiences on managing sustainability in various occasions, such as conferences, seminars and media interviews.	
	To build greater capacity internally to embed sustainability considerations into our core business	We have developed a wide range of programs to build up our internal capacity to integrate sustainability into our operations. For instance, we have organized workshops and conferences to educate our executives on key sustainability trends. Regular talks and activities are also organized for our colleagues to create better awareness on sustainability issues relevant to our business.	

Legend for Level of Achievement:

- Over-achieved
- Achieved
- Partially achieved
- Cannot achieve



If some aspects of an organization's hardware breaks down, they can be repaired or replaced so far as the knowledge and tools are there; whereas if its workforce breaks down, it is hardly replicable, and the organization is very likely doomed. Our people form the core of our business. We must create a desirable work environment for them, address their needs, and provide them with adequate support to seize future opportunities. It is important that they feel valued at work and share our common goals, so that everyone is working together to further the company as a whole.



#Occupational Health and Safety



#Equal Opportunities



#Academy 66



#Hang Lung Social Club



#Emerald Award



#Management Trainee Program



#Employee Wellness Program



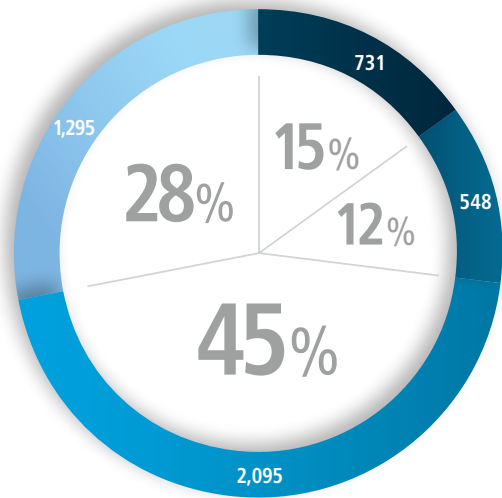
BUILDING COHESIVE WORKFORCE



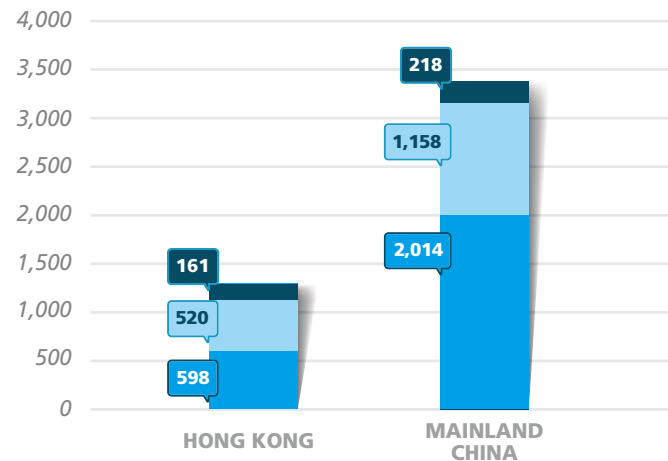
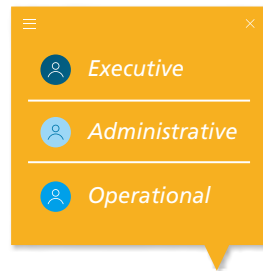
About Our Workforce

As of 31 December 2017, the Group employed 4,669 employees, including permanent full-time, permanent part-time and temporary employees, across Hong Kong and mainland China.

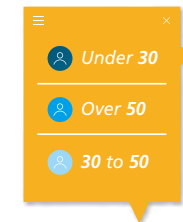
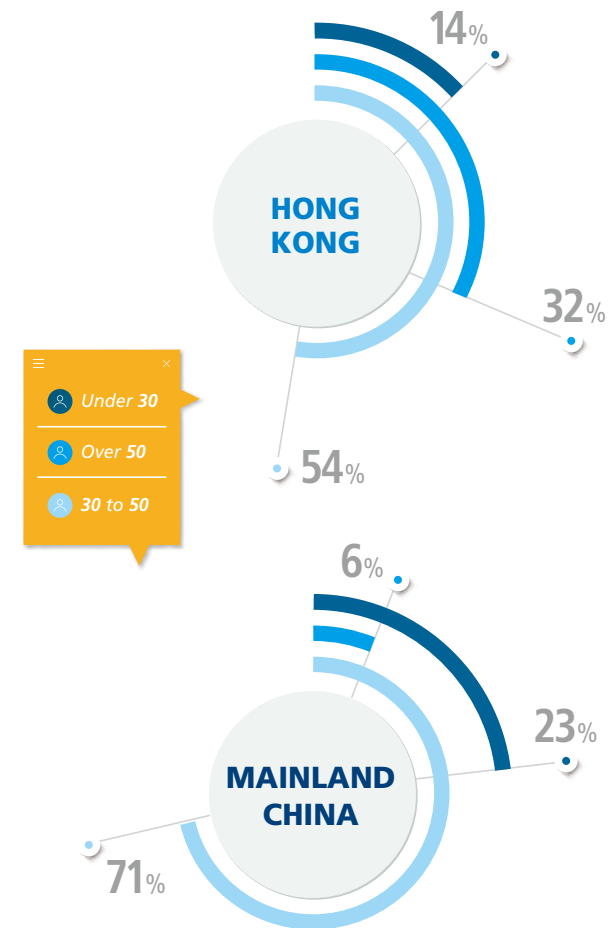
Breakdown of Workforce by Gender



Breakdown of Workforce by Employee Category



Breakdown of Workforce by Age Group



Building Our Talent Pipeline

With the ongoing expansion of our business, we need to continually develop our talent pool. We aim to acquire top-class professionals, and provide a wide range of incentives, including competitive remuneration and benefits packages, which are benchmarked against our industry peers regularly. Benefits to full-time employees include life, medical and dental insurance, carpark permits, and various corporate staff discounts. We made 973 new hires in 2017.

In line with local employment laws and to support the United Nations Sustainable Development Goal of promoting decent work and economic growth, we prohibit the employment of children, and all forced and other unlawful forms of labor.

EQUAL EMPLOYMENT OPPORTUNITIES POLICY

Our Equal Employment Opportunities Policy demonstrates our commitment to create a work environment that is free of discrimination for our employees and job candidates. We prohibit discrimination against our employees and job candidates on any grounds, including gender, age, marital status, family status, pregnancy, disabilities, race, ethnic origin or religion. We also forbid unlawful harassment of any type, including sexual, disability and racial.

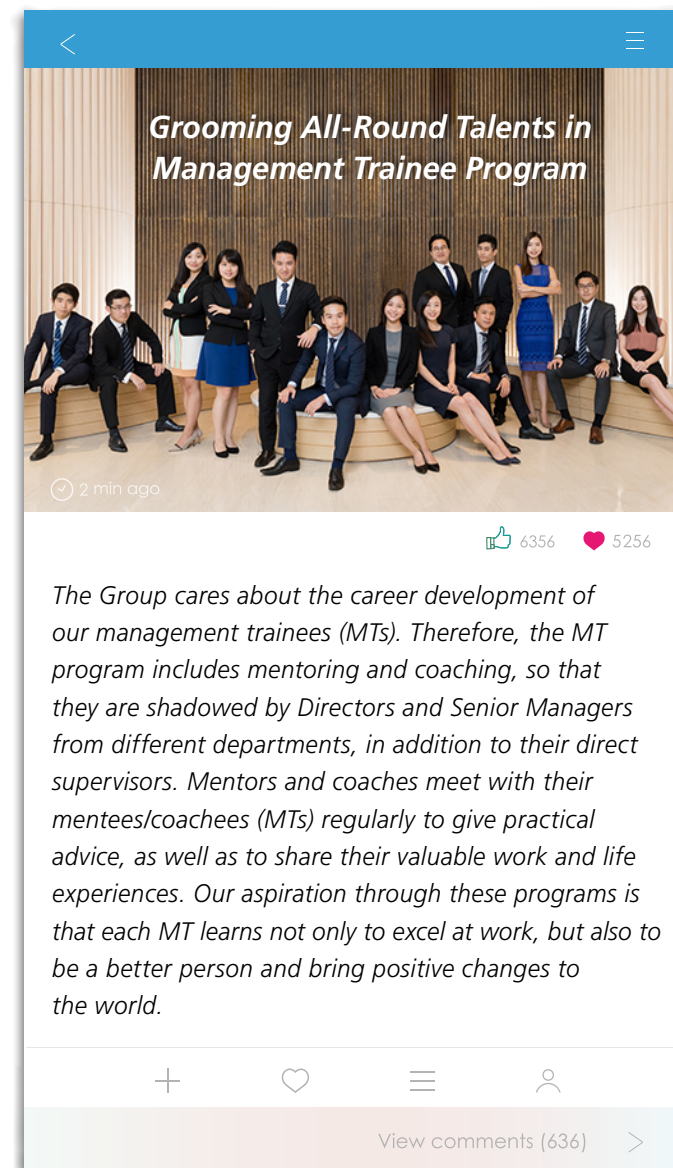
In particular, we recognize the importance of gender balance to provide diverse perspectives that are instrumental in decision-making. Therefore, we have maintained a relatively high proportion of women in executive positions. In 2017, about 40% of our executive staff members were female.

GROOMING FUTURE LEADERS

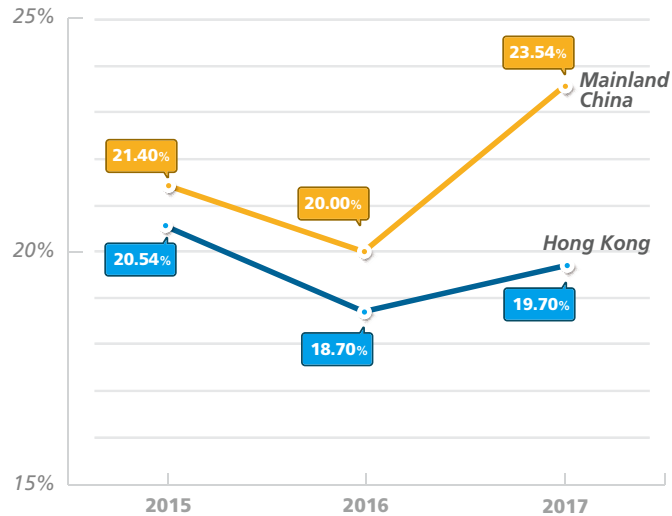
To establish a talent pool that will support our future business growth, we hire management trainees (MTs) and interns. Launched in 2005, the 18-month Management Trainee Program aims to groom university graduates with high potential to be the future leaders of the Group. In 2017, we selected 14 candidates out of over 1,600 applications from Hong Kong, mainland China and abroad to join the Group as MTs. We also hired eight and 15 university students as interns in Hong Kong and mainland China respectively last year, to help them hone professional skills and explore career interests.

Talent Retention

Talent retention is vital if we are to maintain our competitive edge. We endeavor to keep turnover at an acceptable rate in order to retain internal expertise and experience. In 2017, our turnover rates in Hong Kong and mainland China slightly increased to 19.70% and 23.54% respectively due to vigorous competition for talent. The Group will continue to enhance our talent management strategy, building up our brand as the preferred destination in the market for talent and aspiration.



Turnover Rates in Hong Kong and Mainland China



LEARNING AND DEVELOPMENT

The development of a company mirrors the growth of its employees. Through our learning and development division, Academy 66, we provide diversified, internal and external training to employees to equip them with latest knowledge and skills so that they thrive in an ever-changing business environment. Types of training include:

- Onboarding program
- Language skills
- Customer service
- Professional development

- Leadership development
- Health and safety
- Regulatory compliance

In addition to face-to-face training, we provide interactive online courses for core modules, such as crisis management and IT security, on our e-learning platform e-Academy 66, launched in 2016. This platform allows employees to access courses at any time through their computer or mobile phone. In 2017, we also rolled out an online course on integrity, offering case studies and best practice guidelines to counter corruption at work.

We are responding to employees' requests for more personalized training, moving towards tailored personal development programs. Our employees and their supervisors shall discuss and co-determine the types of training that are beneficial to the employees and the Group in the one-on-one biannual appraisal. Our Academy 66 will then arrange customized training programs, according to the priority training needs we have identified.

We also provide sponsorship for employees to apply for membership of professional bodies and pursue external training that will enhance their performance and support their career development.

NEW POST

Strengthening Team Spirit through Hang Lung Challenge

To deepen our employees' understanding of the Group and reinforce team spirit among employees, we launched the Hang Lung Challenge in February 2017.

The Hang Lung Challenge is a one-day mandatory program for all employees in Hong Kong and mainland China. Employees compete in groups in interactive games to learn more about the corporate structure and the latest development of the Group.

As of March 2018, over 3,900 staff members had completed the Hang Lung Challenge.

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Total Training Hours and Training Hours per Employee



KNOWLEDGE MANAGEMENT

We continue to strengthen our internal capacity by fostering knowledge transfer, sharing best practices and exchanging viewpoints within departments and across different levels of staff. In 2017, we organized two Group-level conferences, including legal and digital marketing. We expedite the internal movement of staff with appropriate capabilities, nurturing them as our future leaders. This facilitates our succession planning, particularly for key management team members.

In 2017, we stepped up our efforts in knowledge management by rolling out Library 66 in Hong Kong, which houses collections that are instrumental to our employees' work, such as architecture, business, economics, history and politics for employees to borrow. Library 66 also plays a pivotal role in accumulating and passing on the past knowledge, experience and development history of the Group as we continue to expand the collections.



4567 posts 6543 followers 321 following

Promote Reading through Recommendations from Senior Management

Since the launch of Library 66 in March 2017, we have invited senior management to recommend books in order to build the reading culture among staff. Chief Executive Officer Mr. Philip Chen, Executive Director Mr. Dane Cheng and Executive Director Mr. Norman Chan recommended books in different categories, covering travel, language and business management respectively, to promote the joy of reading to our employees.

SAFETY, HEALTH AND WELLBEING

Our committed employees are spending at least one-third of their time at work. As their employer, it is our responsibility to ensure that they are safe and healthy, both physically and mentally, at work, as well as to foster an environment that can help staff achieve a work-life balance.

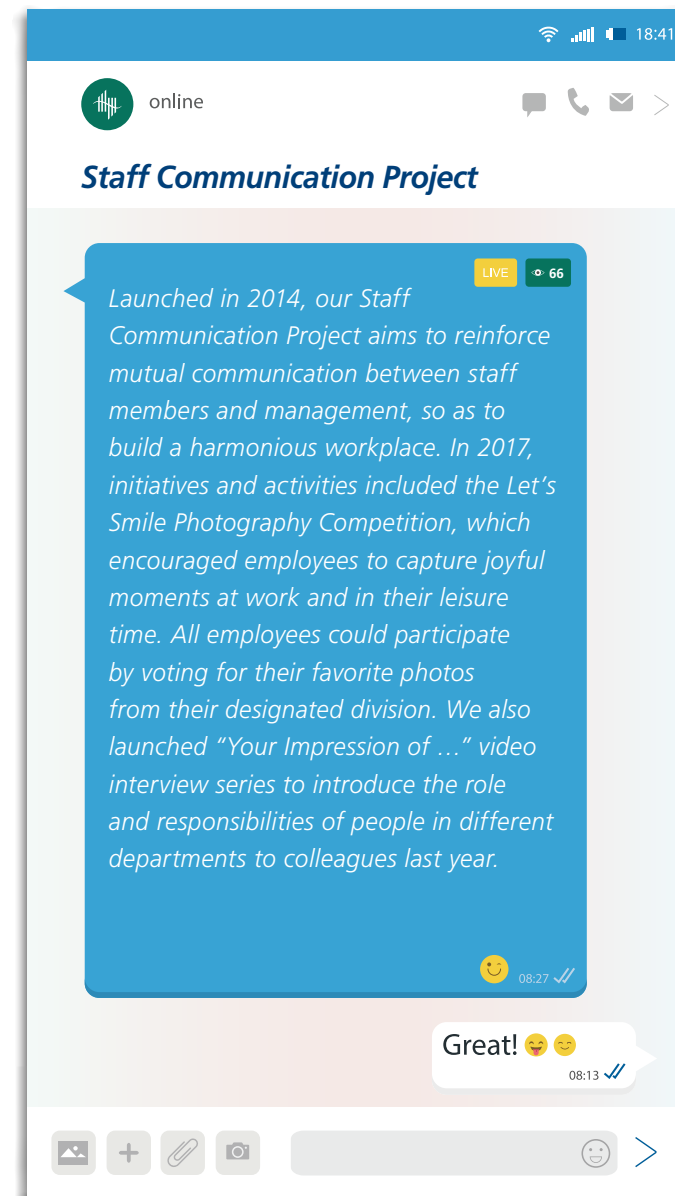
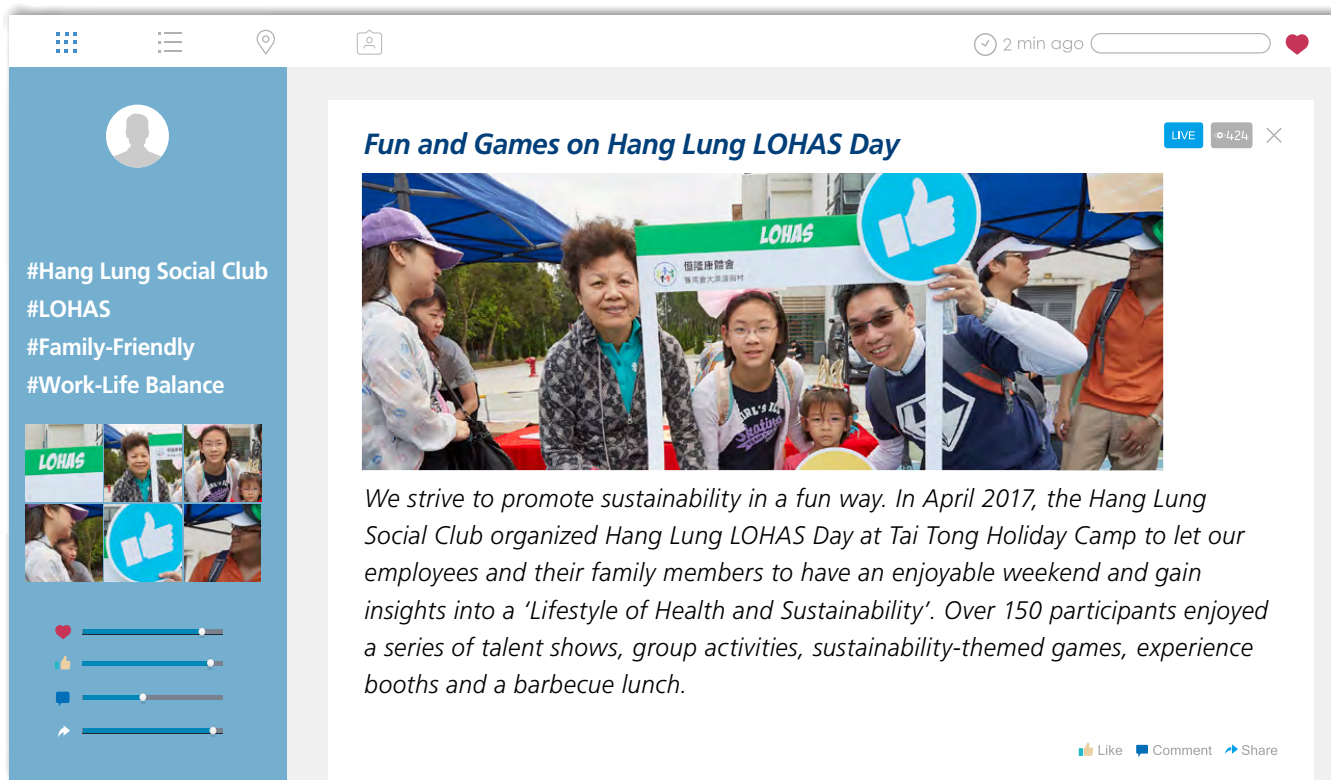
Our Occupational Health and Safety (OHS) Policy provides guidance on the roles and responsibilities of the Group and our employees in maintaining a safe workplace. In 2017, we delivered 6,956 hours of OHS training to our staff in Hong Kong and mainland China, both to raise general OHS awareness and to provide process/site-specific safety training for frontline staff. We also conducted crisis drills at all core projects to strengthen our emergency response capabilities. To create a stronger safety culture across the Group, we rolled out a review exercise on the Safety Management System for our office and frontline operations in Hong Kong in late 2017. We plan to adopt the enhanced system by late 2018.

We organized a variety of activities under the Employee Wellness Program to promote healthy lifestyles in 2017. In particular, we delivered a number of workshops, stretching exercise classes and arranged registered Chinese medicine practitioners and physiotherapists to offer professional consultations for our employees. Our Hang Lung Social Club also offers a diverse range of regular activities, from Annual Dinner and LOHAS ('Lifestyle of Health and Sustainability') Day, to tea tasting and hiking. These enable employees to develop their interests and offer them opportunities to bond with each other.

To help employees deliver their best at home and at work, we extend our support to the family members of our employees. On top of basic benefits, we offer shopping vouchers to newly-weds and employees with new-born babies, and our Chan Tseng-Hsi Foundation provides interest-free loans to aid children of employees to pursue tertiary education. In 2017, the Foundation approved 12 loans, amounting to HK\$224,000 of assistance. Lactation rooms are provided for our employees at major offices in Hong Kong and mainland China. A hotline for professional counselling service has also been set up since 2014, so that all staff and their family members can seek support if needed.

COMMUNICATION WITH EMPLOYEES

We aim to foster two-way communication between the management and staff, in order to build mutual trust, increase productivity and boost morale among staff. We adopt different channels to inform staff on the latest news of the Group and solicit feedback from employees, including biannual staff briefings, breakfast meetings with the management, monthly newsletter *Connections*, and various social media such as Facebook, WeChat and LinkedIn.



CULTURE OF APPRECIATION

We believe that making our employees feel valued and recognized for their contributions enhances loyalty and incentivizes them to give full dedication at work. We foster a culture of appreciation in two ways: presenting awards to employees with outstanding performance and loyalty, and encouraging mutual appreciation among staff.

Award	Objective	Number of Awards Bestowed in 2017
Emerald Award	The award is presented to frontline staff who demonstrate Go the Extra Mile spirit in their service to customers and tenants.	Six colleagues received the Emerald Award pins and nine individuals attained Merit Award certificates, out of over 220 nominations.
Hang Lung Leading Edge Marketing Awards	The award was established to encourage creativity and excellence, channel integration, quality execution, and collaboration with tenants in marketing campaigns in the Group's shopping malls in Hong Kong and mainland China.	Gold, Silver and Bronze awards were presented to three teams out of 15 entries, across 13 shopping malls.
Long-service Award	The award appreciates loyalty of staff who have worked with the Group for at least 10 years.	78 employees who had been with Hang Lung from 10 to 35 years were presented Long-service awards by the Group Chairman.



7456 likes, 16543 shares, 236 retweets

"Cheer for You" Campaign

To strengthen the appreciation culture, we launched the 'Cheer for You' campaign in all our offices in 2017. We encouraged employees to write thank-you cards to express gratitude to their colleagues for their contributions. The 40 employees who received the most thank-you cards were given complimentary shoulder and neck massage service, and a gift by the Group. The thank-you cards were also posted on the notice boards in our offices to commend our employees' efforts publicly.

HANG LUNG INTEGRITY PROGRAM

BARRIER FREE ACCESS

DRIVING PURPOSEFUL BUSINESS

CONSTRUCTION SITE SAFETY

SUSTAINABLE SUPPLY CHAIN

HANG LUNG STAR SERVICE CAMPAIGN

CUSTOMER ENGAGEMENT SURVEY

HERITAGE AND CULTURAL CONSERVATION

CLEAN AIR INITIATIVE

As a property developer and property manager, we interact with people of all backgrounds in our day-to-day operations. Every action we take and decision we make will determine how these people perceive us, and more importantly may ultimately influence their values and behaviors. On top of pursuing profits, we must be purpose-driven in running our business, so that we can mobilize our people and resources to bring positive changes and foster shared value with all those we meet. This lays a solid foundation for a more sustainable society, which we consider essential to support our business in the long run.

Acting Responsibly

It is of great importance to us to act as a responsible corporate citizen. We strongly believe that the core corporate value of integrity is our foundation in supporting our stakeholders and society to thrive.

ANTI-CORRUPTION AND INTEGRITY

The Group has established various policies and measures to promote anti-corruption and uphold integrity throughout the organization. All employees, including directors and full-time, part-time and temporary staff members of the Group, are required to fully comply with our Code of Conduct, which sets out the Group's philosophy in running its business and acts as a benchmark of ethical behavior for all staff to follow. In 2017, 235 hours of integrity training were delivered to introduce related ordinances in common workplace corruption scenarios, enhancing employees' awareness on corruption risks. Starting from 2017, all employees are also required to complete a one-hour refreshment e-learning course on integrity every year.

The Group has a zero-tolerance policy towards misconduct. We empower our employees and related third parties, such as contractors and tenants, 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 independent of the corporate structure and reports directly to the Board.

COMPLIANCE WITH LAWS AND REGULATIONS

We are committed to ensure compliance with relevant laws and regulations, which particularly have significant impacts on the Group. Quarterly legal updates on any relevant new laws and regulations and/or changes to existing legislation are also disseminated to executive staff, who are responsible for sharing this information with appropriate members of their teams.

In order to address regulations related to the privacy of personal information, the Group completed a review of the internal guidelines on the use of personal data in 2017, specific to operations in both Hong Kong and mainland China. Relevant training is provided to equip our staff with the knowledge and skills regarding data privacy issues.

For more details on how we implement our Code of Conduct and ensure legal compliance, please refer to the 'Corporate Governance Report' section in our Annual Report 2017.



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Creative Ways to Reinforce Integrity

While integrity is a serious topic that cannot be compromised, we can always find creative ways to promote it. For instance, Forum 66 in Shenyang hosted an Integrity Micro Film Competition in April 2017 to invite colleagues to produce short films to explore issues such as business ethics, conflicts of interest, and fraud. Our Learning and Development Team, on the other hand, organized a Group-wide photo competition of integrity slogans, which we displayed in our offices in December 2017. These activities are essential to turn integrity from merely a concept to a motto for life.

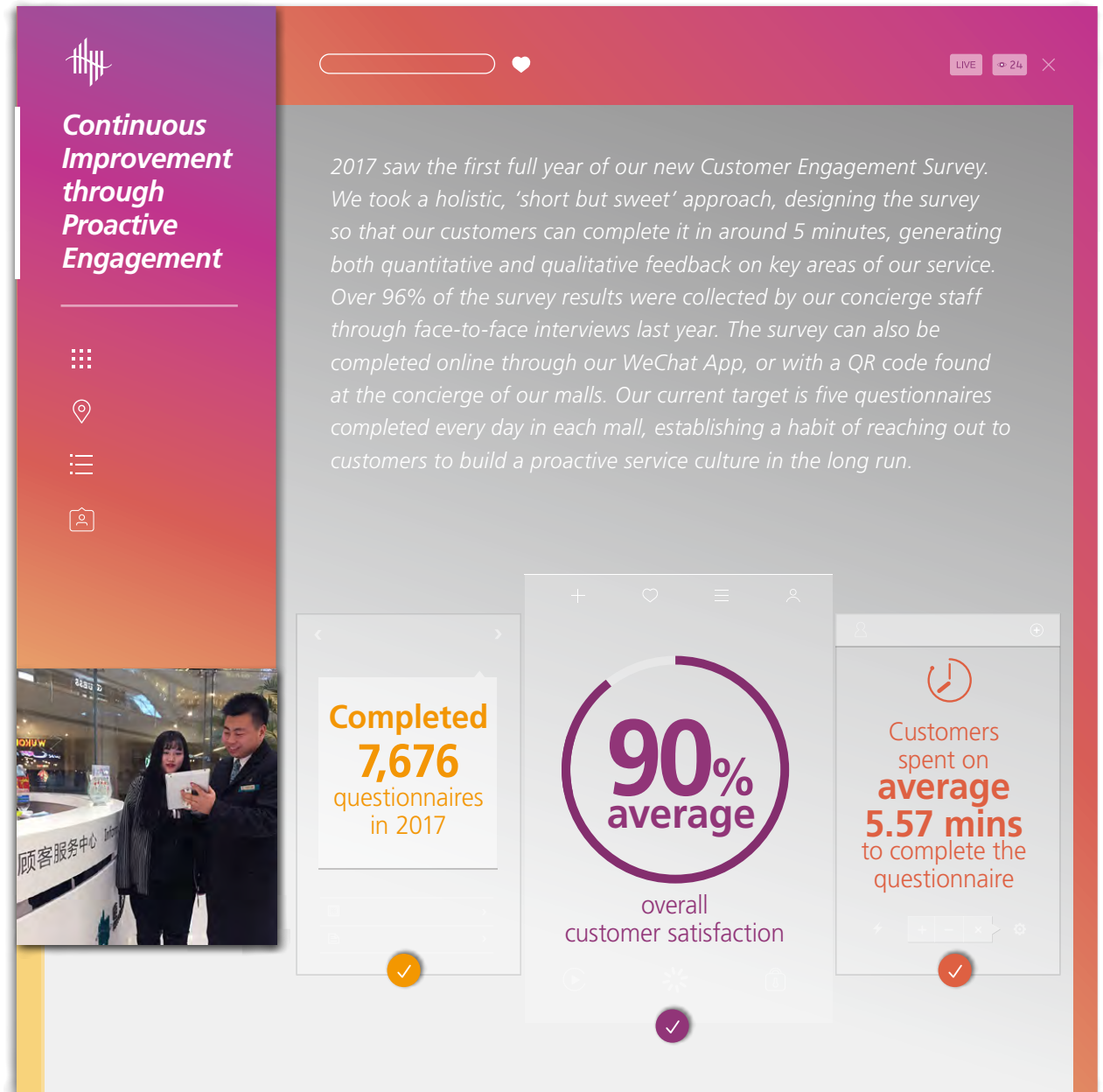
Delighting Our Customers

The expectations and behaviors of our customers are in constant flux in this era of disruption. To build up our internal capacity to ride this wave of change, we made a structural change in 2017, separating the service delivery functions from our Leasing and Management Department to form the Service Delivery Department. This new dedicated department allows us to better coordinate efforts and resources to address the needs of our customers, which we consider one of the keys to our financial sustainability.

HANG LUNG STAR SERVICE CAMPAIGN

The Group launched the 'Hang Lung Star Service Campaign' (the Campaign) in 2013, which aims to set the standard for quality and consistency in our customer service. In the first four years of the Campaign, we developed and deployed a full set of customer service standards across the Group, and delivered a series of tailor-made training courses to equip our frontline colleagues with the necessary knowledge and skills to follow the standards.

Starting in 2017, we rolled out a Customer Engagement Survey across our malls in mainland China, engaging with our customers to collect actionable feedback. In 2017, the survey covered six malls in mainland China, with plans for it to reach the remaining two malls in mainland China in early 2018. We are also developing a new Tenant Satisfaction Survey, which will help us systematically collect and consolidate the voices of tenants, enabling us to better understand their expectations and support them in delivering customer-centric service.



Hang Lung Retail Service Award
7456 posts 65431 followers 3321 following

We share our aspiration for excellent customer service with our tenants, in order to offer an extraordinary shopping experience within our malls. We launched our first Hang Lung Retail Service Award at Plaza 66 and Grand Gateway 66 in Shanghai in 2017. This Award is particularly designed for our tenants to encourage customer service excellence, attracting over 150 nominations for the Individual Award and nearly 100 nominations for the Group Award. A total of 26 awards were presented this year in recognition of the outstanding services provided by our tenants and their frontline staff.

EXPERIENCE, SERVICE AND TECHNOLOGY

Technology is now an integral part of customer service and experiences. In 2014, we established the Experience, Service and Technology (EST) Team to research and deploy technology as a key facet of creating outstanding mall experiences in both online and offline spaces.

In 2017, we continued to use our WeChat App to reach out to our customers through various promotion campaigns.



Going forward, the EST Team will continue to explore how the latest technologies could enhance our services. As part of this, it is initiating a 'Customers Insight Lab', which aims to embrace big data to provide insights for better decision making. This Project will play a pivotal role in the analysis of data collected from various customer interfaces across different business functions.

CUSTOMER PROTECTION

The Group gives the top priority to making sure that our customers and tenants feel safe, in every sense of the word, while they are on our premises. We see this as the very first step to earn their trust.

We regularly conduct emergency preparedness and fire drills at our premises under our Crisis Management Protocol, using different scenarios that could affect staff, tenants, customers and/or construction units. These drills help prepare those at risk to respond effectively during an evacuation or another emergency situation.

Every business function has a role to play in customer protection. In 2017, we established a central security team under the Service Delivery Department to align the security management approach of our entire portfolio. A new security management system is expected to be deployed in 2018. With today's ubiquitous connectivity, our IT Department is also overseeing the IT security of our premises.

Last but not least, we strictly comply with the Hong Kong's Personal Data (Privacy) Ordinance and all relevant personal data protection legislation in mainland China to make sure that all personal data collected from our customers shall be adequately protected. We did not receive any complaints regarding breaches of customer privacy or loss of customer data in 2017.

Building a Better Place

Buildings are an indispensable part of the community. Every decision we make, from the design, development and operation of our buildings, will determine how we are going to impact those who visit us and the surrounding neighborhoods. Therefore, we acknowledge our instrumental role in building a better place by creating community values and fulfilling the local needs as we are running our business.

COMMUNITY HEALTH AND WELLNESS

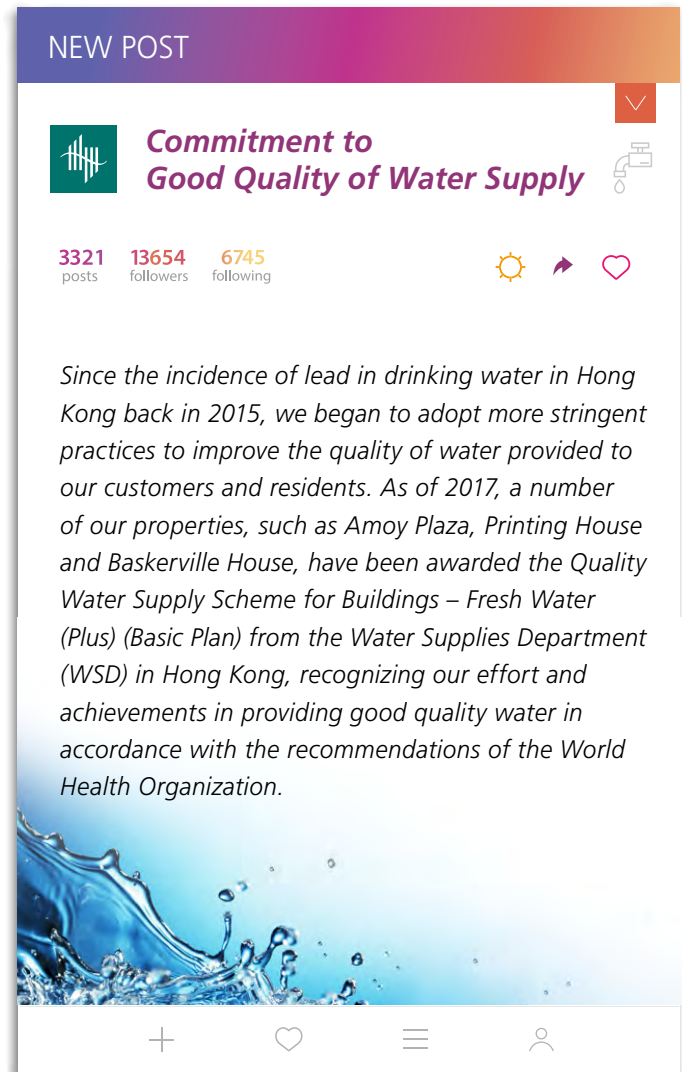
Health and wellness are two important elements that we have considered as we design and operate our buildings, with clear roles and responsibilities among different business functions. At the design stage, our Development and Design Department will incorporate features to enhance the livability of the area, such as natural light and ventilation, adequate open space and landscaping. Our Service Delivery Department, on the other hand, will make sure that our day-to-day operations do not cause any detrimental impacts for our guests and occupants. Last but not least, our Leasing and Management Department will introduce to our malls brands that promote health and well-being.



Creating a Pleasant Environment with Good Indoor Air Quality

The Group launched the Clean Air Initiative in 2016 to study the feasibility of upgrading the air filtration systems at our malls and office towers in mainland China. The Initiative aims to address rising expectations of stakeholders for healthier indoor environments, by providing excellent air quality in our buildings for our staff, tenants and customers.

Over HK\$40 million has been invested in the Initiative. The first phase of the Initiative was complete in late 2017, covering Plaza 66 in Shanghai, Center 66 in Wuxi, and Parc 66 in Jinan. The advanced systems can effectively remove up to 80% of airborne pollutants, including PM2.5, formaldehydes and bacteria. We will review the performance and effectiveness of the first phase and proceed to the second phase in 2018, covering the rest of our properties in mainland China.




ACCESSIBILITY AND CONNECTIVITY

We recognize that accessibility is a key element of sustainable buildings, and helps promote social inclusivity. Since we established the Barrier-Free Access working group in late 2016, we have already reviewed the existing provision of accessibility features of four properties in mainland China and arranged for retrofits or upgrades. In 2017, our efforts to promote accessibility in Palace 66 and Forum 66 in Shenyang and Parc 66 in Jinan also gained us accolades from the local authorities.

CULTURAL HERITAGE CONSERVATION

With our rapid expansion of business in mainland China, we always bear in mind our significant role in preserving and protecting the local cultural and architectural history and heritage where we operate.


We take cultural and community development into account when planning, building and operating projects in mainland China, by restoring, preserving and integrating onsite historical buildings into our project designs wherever possible. For instance, we carried out months of restoration work to inject new life into the Zhejiang Xingye Bank located at the southeast corner of our Riverside 66 in Tianjin, and preserved and restored historic buildings, including the opera house of Wuxi's ancient Chenghuang Temple, located on the site of Phase 1 of Center 66. Currently, we are under liaison with the local government of Kunming regarding the preservation of the Stone House, a historic structure situated next to our Spring City 66.



Preserving Intangible Cultural Heritage

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- 👤

LIVE



While it is very reasonable for a building operator to safeguard historical buildings, we go a step further through our voluntary activities to preserve intangible cultural heritage. In 2017, for instance, our Hang Lung As One volunteer team from Riverside 66 in Tianjin organized a visit to Xi'an Xiangsheng Hui Guan for a group of primary school students to promote Xiangsheng, also known as 'crosstalk', a traditional Chinese comic performance art that originated in the Qing Dynasty. The volunteer teams from Palace 66 and Forum 66 in Shenyang, and Spring City 66 in Kunming, also hosted various activities including museum visits and cultural tours, to help young people appreciate and learn about local history and traditions.

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View comments (663) >

Influencing Our Supply Chain

Effective management of environmental, social and economic performance throughout our supply chains helps us conserve resources, optimize processes, increase productivity and promote positive corporate values. In Hong Kong, we worked with 4,455 goods and services* suppliers during the year with a total procurement spending of HK\$148,645,630. We are committed to close collaboration with our supply chain partners for the consistent implementation of sustainability across our entire operation.

SUSTAINABLE SUPPLY CHAIN MANAGEMENT

To ensure suppliers are made aware of the Group's expectations on their sustainability performance, all suppliers are required to abide by the provisions of our Supplier Code of Conduct. The Supplier Code of Conduct outlines our principles of sustainability and minimum requirements, particularly regarding suppliers' compliance with local laws and regulations, labor practices, health and safety standards, anti-corruption and bribery, and product delivery.

We follow a set of stringent procurement and tendering policies which enables fair competition and value optimization for the Group. For example, before the commencement of tendering, all new tenderers are required to complete a pre-qualification questionnaire, which collects their records regarding work quality, product/service knowledge, partnerships, customer service, timeliness and safety. Regular assessment with all suppliers and

annual performance review with major suppliers are conducted in order to monitor and assess their work performance as well as environmental, social and governance (ESG) performance. Poor performers who fail to meet our standards may face exclusion from future tendering or even early termination of contract. We continuously reevaluate our ESG review process to drive holistic improvements on sustainability performance across the entire operation.

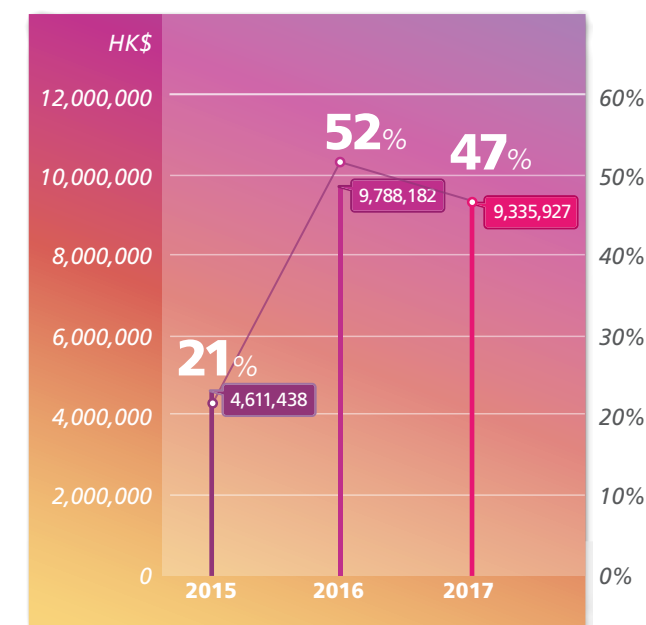
GREEN PROCUREMENT

Through balancing quality, price and environmental impact when procuring materials, the Group shares our values on sustainability with our suppliers and contractors. All employees and our suppliers and contractors are required to follow our Central Environmental Purchasing Policy, which promotes the use of locally sourced and environmentally responsible materials, emphasizes the importance of purchasing responsibly sourced materials, avoiding non-environmentally-friendly packaging, and recycling wastes.

We made reference to local green procurement standard in Hong Kong and identified 219 items for the use of our departments and projects, representing an increase of 75% compared to 2016. In 2017, our spending on green items and the percentage of green items slightly decreased by 4.6% and 4.9% respectively when compared to 2016, mainly due to a net reduction in spending on recycled toilet tissues and paper towels in support of waste reduction.

In 2018, our Central Purchasing Department will continue to increase the adoption of green purchasing items in the procurement catalogues. The team will adopt green specifications for both service tenders and goods tenders to ensure green criteria are included.

Spending on and Percentage of Green Items



Spending on Green items
% Percentage of Green items

* Our suppliers mainly include building services (cleaning, hygiene, sanitation, electrical and mechanical, security) suppliers, IT services suppliers, and consumables suppliers for building operations.

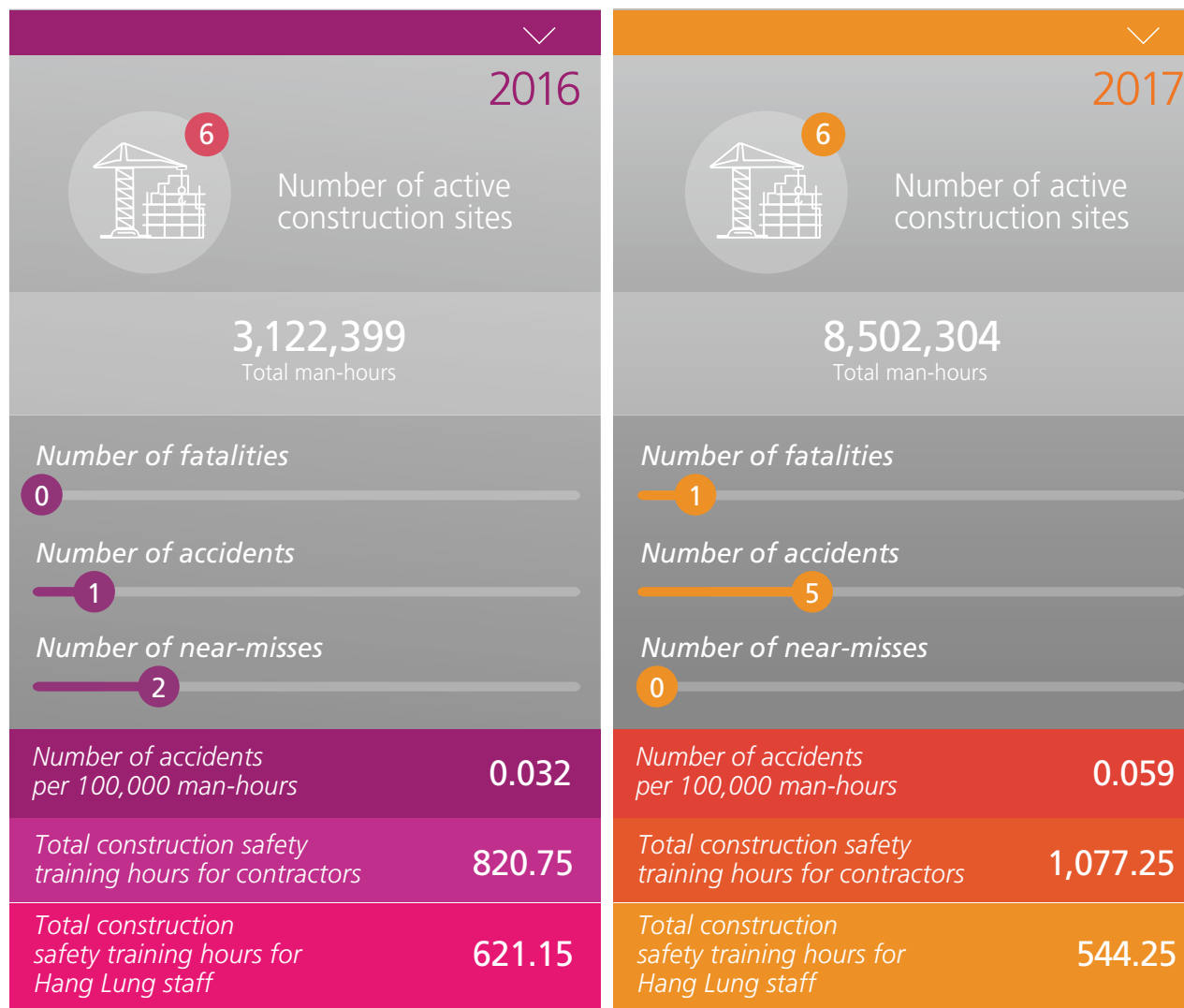
CONSTRUCTION SITE SAFETY MANAGEMENT

The Group never compromises on construction site safety. Starting from 2015, we formalized our construction site safety management system and implemented a customized Construction Safety Manual across the Group. The core objectives of this action are to strengthen our construction site safety performance while to promote safety as a core value that our staff as well as our contractors shall always uphold.

Considering the difference in safety awareness across cities in mainland China, our Cost and Controls Department is responsible for coordinating the implementation of the new system, so that the safety standard adopted by different projects is well aligned. We have gone beyond the industry norm and appointed designated safety consultants as an independent party to monitor the performance of our contractors at key projects in mainland China.

In 2017, the overall accident rate of our six constructions sites in mainland China remained low, yet has slightly increased to 0.059 accidents per 100,000 man-hours. In spite of our great dedication to construction site safety, it is regrettable to report a fatal incident involving a contractor's worker at our construction site in Kunming in April 2017. We took immediate action to investigate the root cause of the incident with the responsible contractor. We will continue to optimize work processes and promote safety awareness among construction site workers to prevent the recurrence of similar events.

Key Construction Safety Performance Indicators



Note:

- (1) On the disclosure of construction site safety performance data, it is the common practice to report accident rate instead of injury rate.
- (2) We do not further breakdown our construction site safety data by gender and injury type because we consider such data insignificant to be reported.

CONSERVING NATURAL CAPITAL

RENEWABLE
ENERGY

WASTE
REDUCTION

POLLUTION
MITIGATION

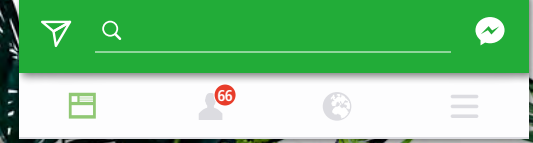
WATER
CONSERVATION

ASSET ENHANCEMENT
PROGRAM

RESOURCES
RECYCLING

ENERGY EFFICIENCY

Natural capital is essential to support our business, whether it is the air that we breathe, the water that we drink, or the raw materials and fuel that we use to construct our buildings and to maintain our day-to-day operations. However, as we turn natural capital into financial values, the true cost to the environment is always a lot higher than the value delivered, and for the most part, irreversible. Therefore, we have to be mindful of our impact on natural capital by using resources efficiently and minimizing pollution in every aspect of our operations.



Environmental Policy

Our Environmental Policy has been implemented since 2015 to put into practice our commitment to environmental sustainability. The Policy outlines our expectations and requirements of our staff, contractors and suppliers, with regards to general environmental management, sustainable use of resources, climate change, and the conservation of biodiversity and natural habitats.

Energy Management

Buildings rely heavily on energy to operate, especially on electricity. 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 helps mitigate depletion of resources and reduce our operating costs.

ENERGY EFFICIENCY

Starting from 2006, we have invested significant resources to refurbish our existing buildings in Hong Kong to increase their energy efficiency under our Asset Enhancement Program. In the past 11 years, we replaced air-cooled chillers by more efficient water-cooled chillers at 14 of our properties. This is estimated to lower our electricity consumption by 95.98 million kWh, which is equivalent to a reduction in electricity cost of HK\$123 million.



Energy Conservation through Asset Enhancement



In order to enhance the energy performance of Hanford Commercial Centre in Hong Kong, we started to replace the old air-cooled chillers with high-efficiency water-cooled chillers in 2017. By the end of 2017, Phase 1 of the replacement project was complete, helping us to achieve about 183,000 kWh reduction, which is estimated a cost saving of over HK\$220,000, compared to 2016.

In addition to replacing chillers, we have implemented other energy saving initiatives in our old properties in Hong Kong and mainland China. Examples of our energy conservation initiatives in 2017 with the corresponding savings by estimation are listed below:

22:31

HONG KONG

22:32

- Completed replacement of halogen lamps with LED lights, and T8 lighting fixtures with T5 lighting fixtures, at Amoy Plaza. This has helped us save approximately 56,000 kWh of electricity annually.
- Replaced T8 light tubes with LED lights at Kornhill Plaza. This has resulted in annual energy saving of around 59,400 kWh.

22:32

MAINLAND CHINA

22:33

- Replaced recirculating chiller pumps with more efficient models at Grand Gateway 66 in Shanghai. This has reduced annual electricity consumption by an estimated 551,100 kWh.
- Adopted free cooling at Forum 66 Shopping Mall in Shenyang. This has cut down annual electricity consumption by about 70,000 kWh.

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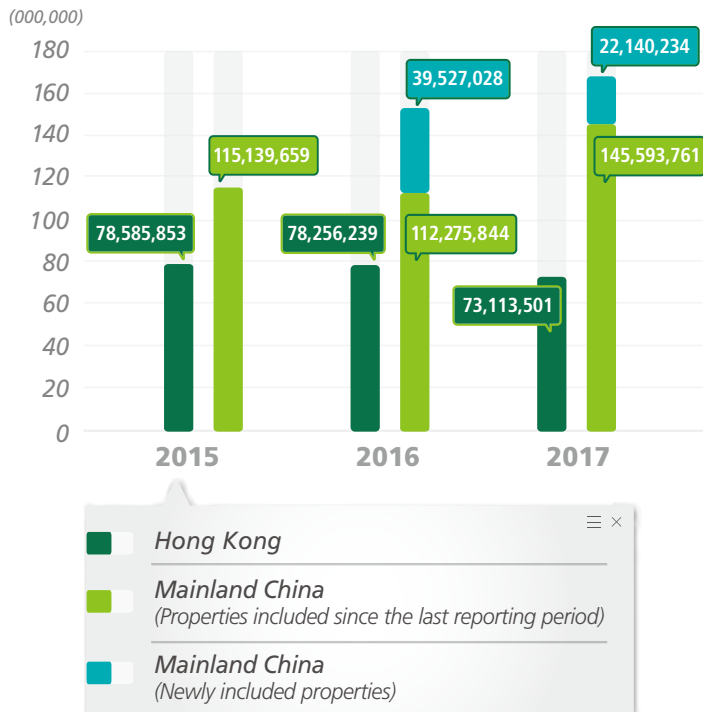
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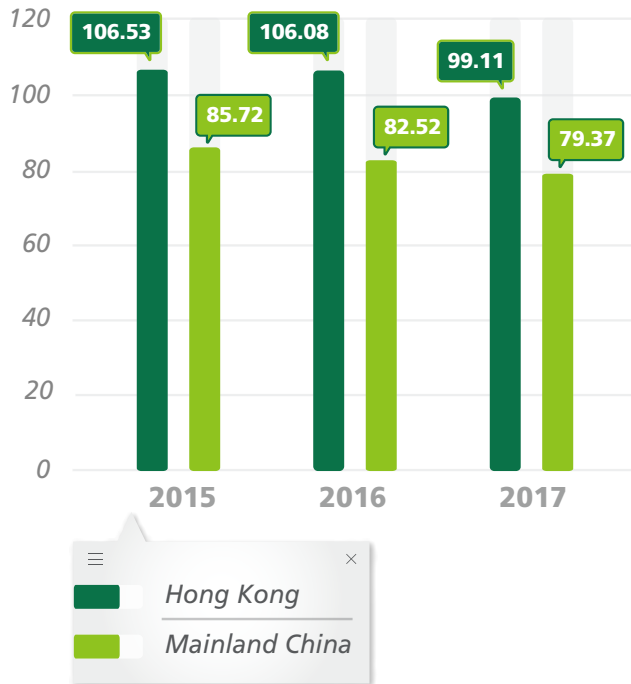
By the end of 2017, our continuous efforts in energy conservation had helped us reduce the electricity intensity of our portfolio by 9.3%, compared to our 2015 baseline, bringing us closer to the target of 12% electricity intensity reduction by 2020. In 2017, both electricity consumption and electricity intensity of our Hong Kong portfolio dropped by 6.6% compared to previous year.

For our mainland China portfolio, the electricity intensity decreased by 3.8% but the electricity consumption went up by 10.5%. This is due to the expansion of our reporting scope to cover Forum 66 (Office Tower) in Shenyang and Center 66 (Office Tower) in Wuxi in 2017.

Electricity Consumption (kWh)



Electricity Intensity (kWh/m²/year)



RENEWABLE ENERGY

To reduce reliance on fossil-fuel based electricity, we strive to utilize renewable energy at our properties wherever feasible. We have installed solar panels at The Peak Galleria in Hong Kong, Palace 66 and Forum 66 in Shenyang, Parc 66 in Jinan, Center 66 in Wuxi, Riverside 66 in Tianjin and Olympia 66 in Dalian to generate electricity. In 2017, 521,431 kWh of our electricity consumption was generated from solar panels.

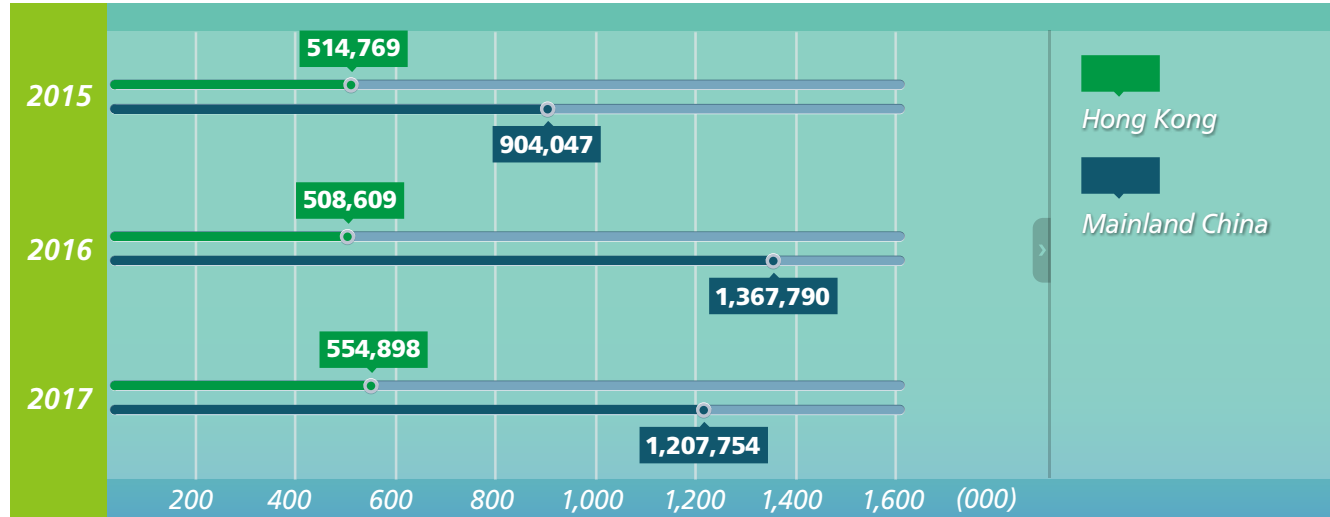
Water Conservation

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

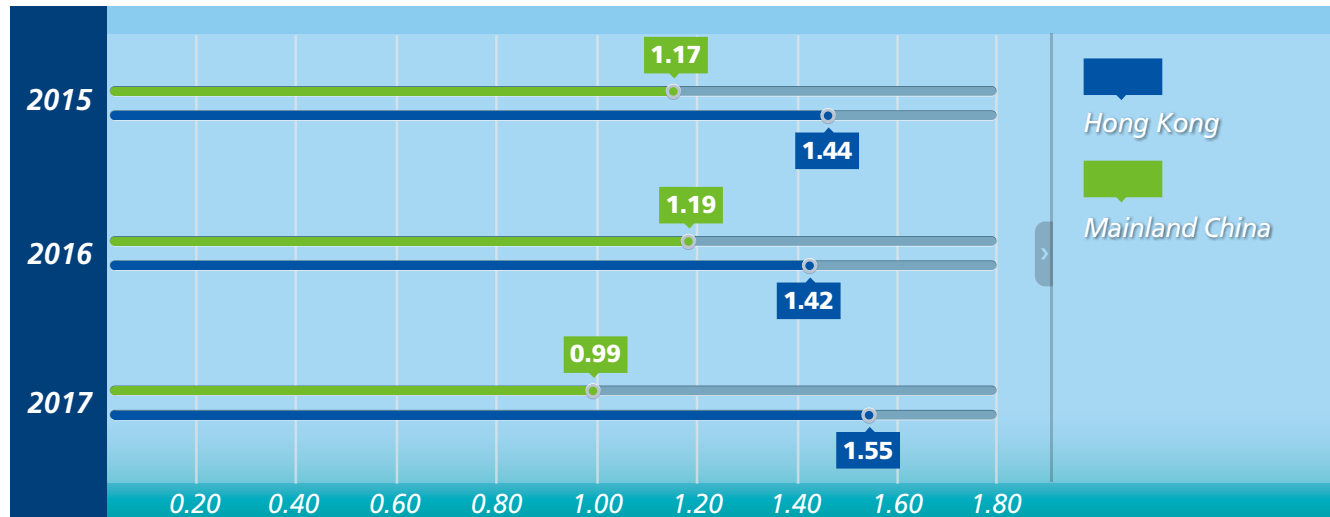
We have adopted a wide range of measures to reduce water consumption at our properties, including installing water-efficient fittings and raising awareness on water conservation among our employees, customers and tenants. Nonetheless, water consumption and water intensity for our Hong Kong portfolio increased by 9.1% compared to last year, mainly due to the increase in water consumption upon the gradual replacement of the conventional air-cooled chillers with water-cooled chillers at our various properties.

For our mainland China portfolio, we record an absolute reduction of water consumption by 11.7% as a result of our water conservation effort, in spite of the fact that our scope of reporting has extended to cover Forum 66 (Office Tower) in Shenyang and Center 66 (Office Tower) in Wuxi in 2017.

Water Consumption (m³)



Water Intensity (m³/m²/year)



Waste Management

Waste treatment and disposal is an escalating environmental challenge, especially for densely populated cities like Hong Kong and major cities in mainland China, which have limited space to accommodate waste treatment, recycling and disposal facilities.

As a property developer and manager, we are aware that our operations and tenants are major sources of waste generation. Therefore, we have implemented a wide range of measures to reduce waste generation at source, facilitate recycling and ensure waste disposal in a responsible manner. In addition, we encourage our tenants, customers, suppliers and contractors to join forces in waste reduction. In view of the rapidly evolving waste regulations in Hong Kong, we started to review our waste management framework in Hong Kong in late 2017. A holistic waste management plan for Hong Kong is expected to launch in 2018, which will set the direction to continually improve our waste management performance in the long run.

In 2017, a total of 28,112 tonnes municipal solid waste has been generated across our entire portfolio, with a diversion rate of 2.2%.

CONSTRUCTION WASTE MANAGEMENT

In our large-scale property development projects in mainland China, a substantial quantity of construction waste is produced at our construction sites. To properly handle construction waste, we require our contractors at each site to follow our Construction Waste Management Plan for the recovery, handling, transfer and disposal of construction waste. Striving to minimize waste disposal, we set project-specific recycling targets for individual sites, with at least a 50% construction waste diversion rate from landfills and incineration facilities.

HAZARDOUS WASTE

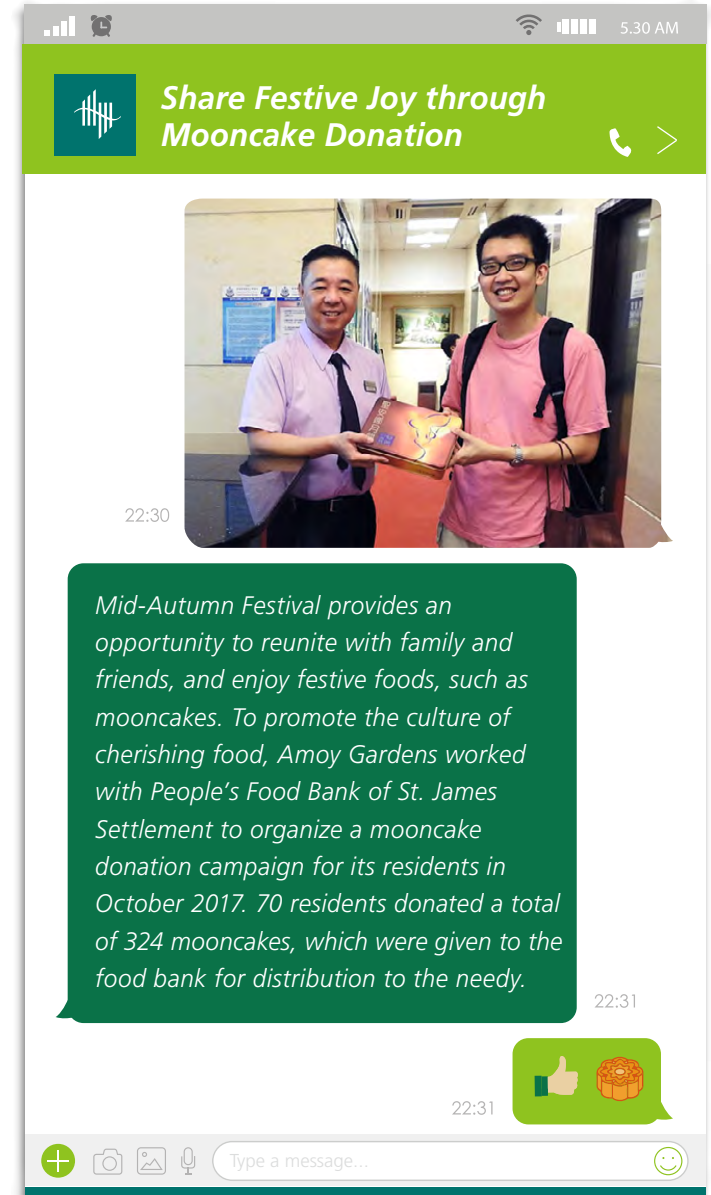
There are three main types of hazardous waste generated across our portfolio. They are 1) used fluorescent lights; 2) rechargeable batteries; and 3) clinical waste generated by our tenants with medical services. To minimize environmental risks, we commission licensed service providers for collecting and handling hazardous waste for proper disposal.

WASTE REDUCTION AND RESOURCES RECYCLING

With the aim of facilitating recycling for our customers and tenants, we provide recycling bins and arrange collection services for paper, plastics, metal, glass bottles, food waste, rechargeable batteries, toner and ink cartridges at our properties. We also support festive waste recycling. For example, we arrange a contractor to collect Christmas trees for recycling.

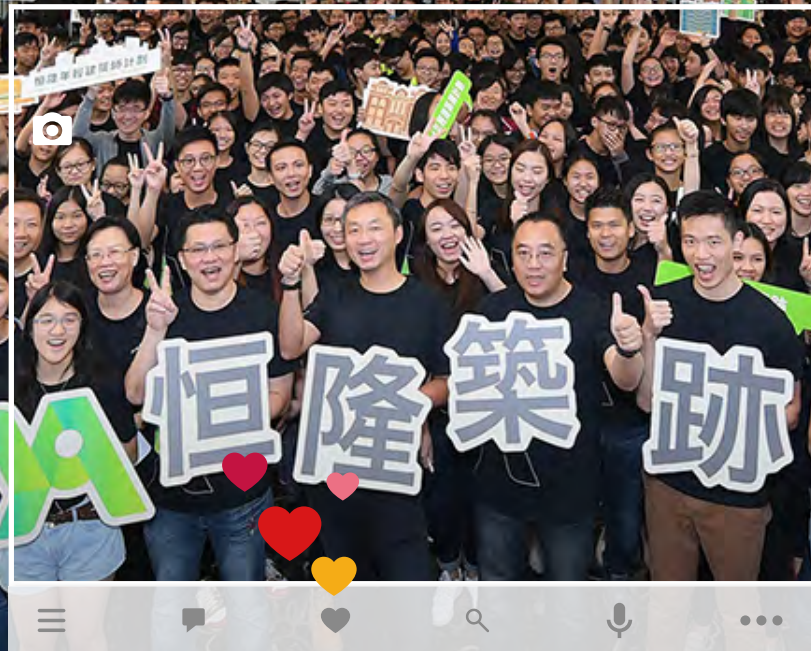
As food waste takes up the greatest share of municipal solid waste in Hong Kong, we have provided food waste recycling services to some of our F&B tenants since 2013. In 2017, a total of 15,907 kg of food waste was collected from tenants at The Peak Galleria and Amoy Plaza under this service. In mainland China, our Riverside 66 in Tianjin has also participated in the food waste segregation and recycling pilot scheme organized by the Tianjin Heping Environmental Protection Bureau since 2014 to support the local government's effort in food waste management.

The Group is also dedicated to raising the environmental awareness of our employees, customers and tenants in waste reduction and recycling. In 2017, we organized an array of campaigns at our Hong Kong portfolio to promote waste reduction, such as red packet reuse, mooncake sharing and donations, and book exchanges.



SAFEGUARDING COMMON FUTURE

In an era where emerging global challenges prevail, we share a fundamental value to safeguard the common future of the planet and the people. Understanding that these challenges are always complex and out of our direct control, we will continue to collaborate with a wide range of societal partners and experts to design new pathways to make the world more sustainable. To future-proof our business, we also need to think ahead and prepare for the possibility that emerging challenges worsen. All in all, sustainability is about the survival of our business in the long run. We shall not only tackle issues that have immediate impacts on our business, but also help create an environment that can sustain our business.



Buildings of the Future

We are committed to constructing buildings that can stand the test of time in face of future global challenges. Currently, we strive to align with the best practices in sustainable buildings, by pursuing Gold rating or above under the Leadership in Energy and Environmental Design (LEED) certification program for all our new properties in mainland China, and striving to attain Building Environmental Assessment Method (BEAM) Plus certification for existing properties in Hong Kong. We continue to explore different certification schemes to benchmark our building performances, so that we can maintain our competitive edge and contribute to enhancing the industry standards on sustainable buildings over the long term.

In 2017, we secured the certification under LEED for 'Core and Shell Development – Gold Level' for our Forum 66 Office Tower in Shenyang. This has increased the Group's LEED Gold Level certifications to nine.

COMPLETED PROJECTS

LOCATION	PROPERTY	SCOPE OF CERTIFICATION	TYPE OF CERTIFICATION	RATING	PRE-CERTIFICATION	CERTIFICATION
Hong Kong	The Peak Galleria	Entire Property	BEAM Plus V1.1 Existing Building	Gold	2013	2015
	Standard Chartered Bank Building		BEAM Plus V1.2 Existing Building	Platinum		2016
	23-39 Blue Pool Road		LEED BD+C: Homes v3 2008			2010
Shanghai	Plaza 66	Office Tower 1	LEED BD+C: Core and Shell v3 2009	Gold	2012	Under Review
		Office Tower 2				
Shenyang	Grand Gateway 66	Office Tower	LEED BD+C: Core and Shell v2	Gold	2008	2010
	Palace 66	Entire Property				2012
	Forum 66	Shopping Mall				2017
Jinan	Parc 66	Entire Property	LEED BD+C: Core and Shell v3 2009	Gold	2009	2011
Wuxi	Center 66 (Phase 1)	Shopping Mall				2014
			Office Tower 1		2015	
Tianjin	Riverside 66	Entire Property	LEED BD+C: Core and Shell v3 2009	Gold	2011	2016
Dalian	Olympia 66					

PROJECTS UNDER DEVELOPMENT

LOCATION	PROPERTY	SCOPE OF CERTIFICATION	TYPE OF CERTIFICATION	RATING	PRE-CERTIFICATION	CERTIFICATION
Wuxi	Center 66 (Phase 1)	Office Tower 2	LEED BD+C: Core and Shell v3 2009	Gold	2016	Under Review
	Center 66 (Phase 2)	Entire Property			2009	
Kunming	Spring City 66	Office Tower	LEED BD+C: Core and Shell v3 2009	Gold	2013	Under Review
		Shopping Mall				
		Serviced Apartment Tower				
Wuhan	Heartland 66	Office Tower	LEED BD+C: Core and Shell v3 2009	Gold	2014	Under Review
		Shopping Mall				
		Serviced Apartment Tower				

Olympia 66 – Defining Sustainable and Innovative Building

The sustainable and innovative design of Olympia 66 in Dalian has been well recognized with several external certifications and awards. In addition to the Certificate under LEED for Core and Shell Development – Gold Level from the US Green Building Council, Olympia 66 has also received the Gold Award and the Sustainable Design Award for Design and Development – New Development at the 2017 International Council of Shopping Centers (ICSC) Asia-Pacific Shopping Center Awards; the Best International Retail Architecture 2011 Award at the International Property Awards 2011; the Best Retail Architecture in Asia Pacific, and the Five-star Best Retail Architecture in China titles at the 2011 Asia Pacific Property Awards, under the International Property Awards program.

Climate Change

It is widely recognized that the emission of greenhouse gases due to human activities will continue to intensify global warming, leading to catastrophic economic and social consequences to humankind in the foreseeable future. Both China and Hong Kong have formulated plans to curb greenhouse gas emissions in response to the Paris Agreement. As a property developer of considerable scale, we are both responsible for and vulnerable to the impacts of climate change, and so we need to define our management approach in terms of both mitigation and adaptation.

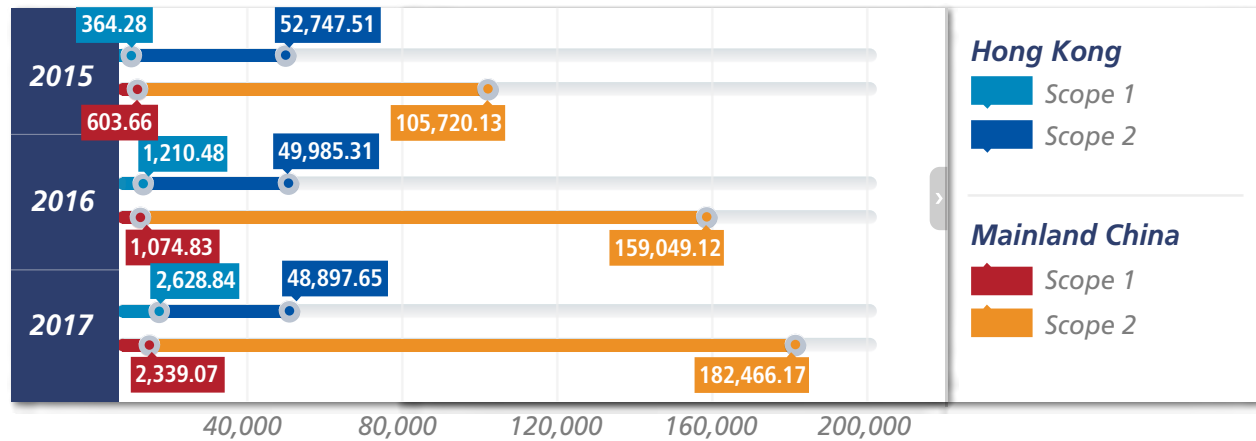
CLIMATE-RELATED RISK IDENTIFICATION

Climate change exposes us to different physical and transitional risks (such as changes in policy and technology in the shift to a low-carbon economy) that may disrupt our operations. Investors and shareholders are increasingly concerned about the vulnerability of companies to climate-related risks. We therefore plan to conduct a climate risk assessment on our operations in late 2018. This climate risk assessment will help us gauge the likelihood and severity of climate change impacts on our business, as well as potential business opportunities as a result of climate change. The findings of the assessment will give us better understanding of the current situation, allowing us to formulate feasible adaptation plans to alleviate the relevant climate-related risks.

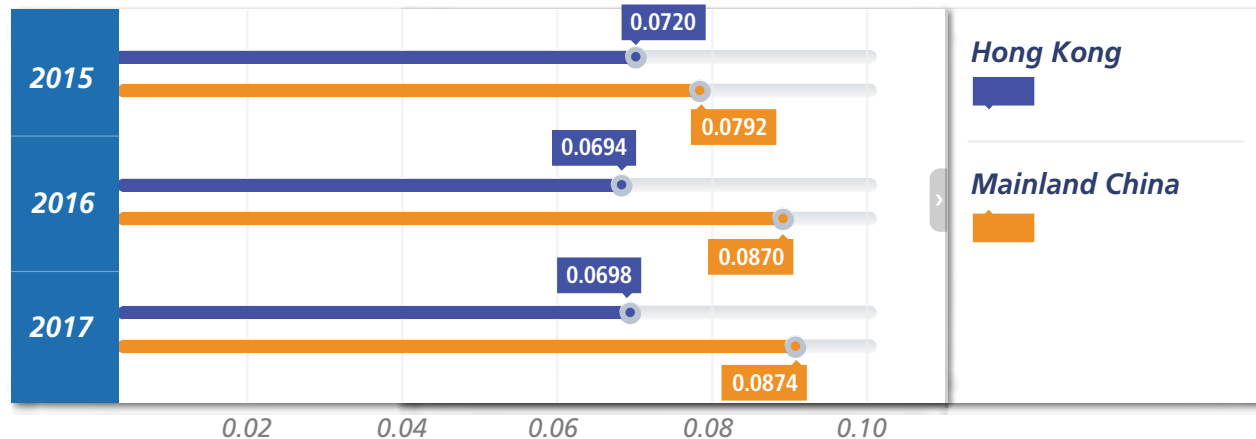
MONITORING GREENHOUSE GAS EMISSIONS

To keep track of and manage our impact on climate change, we regularly monitor and review our greenhouse gas (GHG) emissions. In addition, we have appointed an independent consultant to verify our direct GHG emissions (Scope 1) and energy indirect GHG emissions (Scope 2) of our building operations, aiming to ensure that our carbon footprint data are accurate and reliable. Since last reporting year, we have reported selected indirect GHG emissions (Scope 3) to increase transparency. For details of our Scope 3 GHG emissions, please refer to the Performance Tables section in this Report.

Scope 1 and Scope 2 GHG Emissions (Tonnes of CO₂e)



GHG Intensity (Tonnes of CO₂e/m²/year (CFA))



APPROACH TO DECARBONIZATION

Currently, our building energy consumption accounts for over 99% of our Scope 1 and Scope 2 emissions. To reduce our buildings' energy consumption and decarbonize our business, we take a three-pronged approach:

- Incorporating energy consumption and other environmental considerations into the design stage;
- Increasing the energy efficiency of our building facilities; and
- Installing renewable energy systems to reduce our dependence on fossil fuels.

For further details on how we reduce our carbon emission through more resource-efficient consumption, please refer to the Conserving Natural Capital section in this Report.

Beyond these internal actions, we demonstrate our full support to government initiatives in combating climate change as a signatory of the "4Ts" Charter under the Hong Kong Climate Action Plan 2030+. In 2017, Standard Chartered Bank Building and The Peak Galleria also won the Hanson Merit Award of the Hong Kong SAR Government's Energy Saving Championship Scheme.

Community Investment

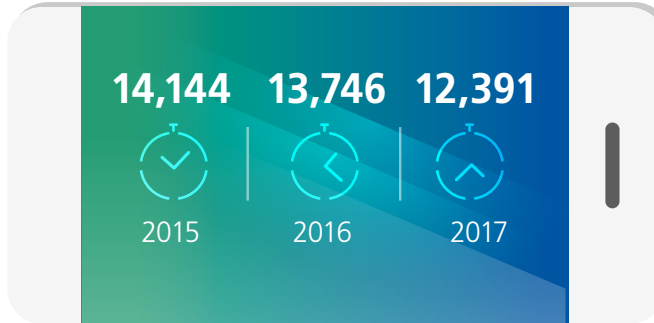
We recognize the importance of our role, as a leading commercial property developer in Hong Kong and mainland China, in building sustainable communities where we operate. Our community investment programs aim to drive social progress and create positive impacts. We are deeply devoted to comprehensive community engagement with a diversified approach, from direct financial contributions, such as the enhancement of our properties to provide better community environments, to the investment of our time, through voluntary services for targeted groups in need.

In 2017, the Group donated HK\$16 million to various charities. We also provided non-monetary support to the community through various means, such as free venues at our properties in Hong Kong to 34 communities and non-profit organizations. We have contracted the Hong Chi Association, a non-profit organization providing special education services and work training for the intellectual disabilities, to provide delivery services for our company newsletter, *Connections*, since 2011.

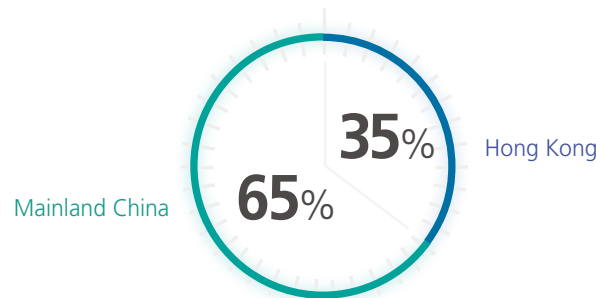
HANG LUNG AS ONE VOLUNTEER TEAM

Since 2012, Hang Lung As One volunteer teams have been established in each of our operations in Hong Kong and mainland China, bringing together over 1,000 staff volunteers. These teams provide our staff members with the chance to create value for the communities touched by our operations, while enhancing business value. With the dedication of our staff volunteers, we organized 102 activities in Hong Kong and mainland China under the theme of "Shaping the Future" and supported voluntary activities by other organizations, contributing a total of 12,391 volunteer hours in 2017.

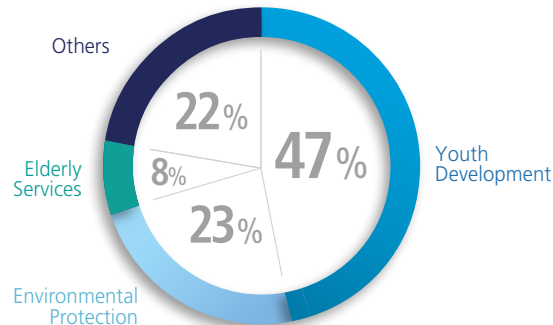
Total Volunteer Hours Contributed by Staff



Breakdown of Volunteer Activities (By Region)



Breakdown of Volunteer Activities (By Focus Area)



News Feed

Filling Elderly Homes with Love: Elderly Services

3321 posts 13654 followers 6745 following

According to the United Nations, China is ageing more rapidly than almost any country in recent history. In response to this aggravating social issue, volunteers from our 10 projects across eight cities in mainland China visited elderly homes during festivals all over the year in 2017, sending the senior citizens warmth and best wishes. Participating projects included Plaza 66 and Grand Gateway 66 in Shanghai, Palace 66 and Forum 66 in Shenyang, Parc 66 in Jinan, Center 66 in Wuxi, Riverside 66 in Tianjin, Olympia 66 in Dalian, Spring City 66 in Kunming, and Heartland 66 in Wuhan.

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👤



7456 posts, 65431 followers, 3321 following

Nurturing Food-Wise Talent – Youth Development Meets Environmental Protection

In 2017, Hong Kong's Hang Lung As One volunteer team launched its first Food Waste Education Program together with the local green organization Food Grace, to engage young people in environmental protection. 40 participating primary school students gained a better understanding of food waste as a concept, and the importance of waste reduction in our daily lives, through a series of interesting interactive activities. These included seminars on food waste, cooking with surplus food from the market, visiting an aquaponics system, a farming experience, and DIY with food waste workshops.

Hang Lung As One Volunteer Team

Invite friends



Hang Lung As One Volunteer Recognition Ceremony #12,000hours

Youth Development

To equip future leaders with knowledge, skills and perspectives to address challenges, and help develop well-rounded future employees and community members.

News Feed



Elderly Services

To tackle the challenging social issues that are arising as a result of ageing population and to recognize senior citizens for their past and present contributions to society.

Suggested Groups



August 2017 Be a Butterfly Ambassador #ButterflyParadise #Green #Volunteering

Environmental Protection

To enhance public awareness and understanding of environmental issues, and encourage members of the public to join hands with us in making a positive environmental impact.

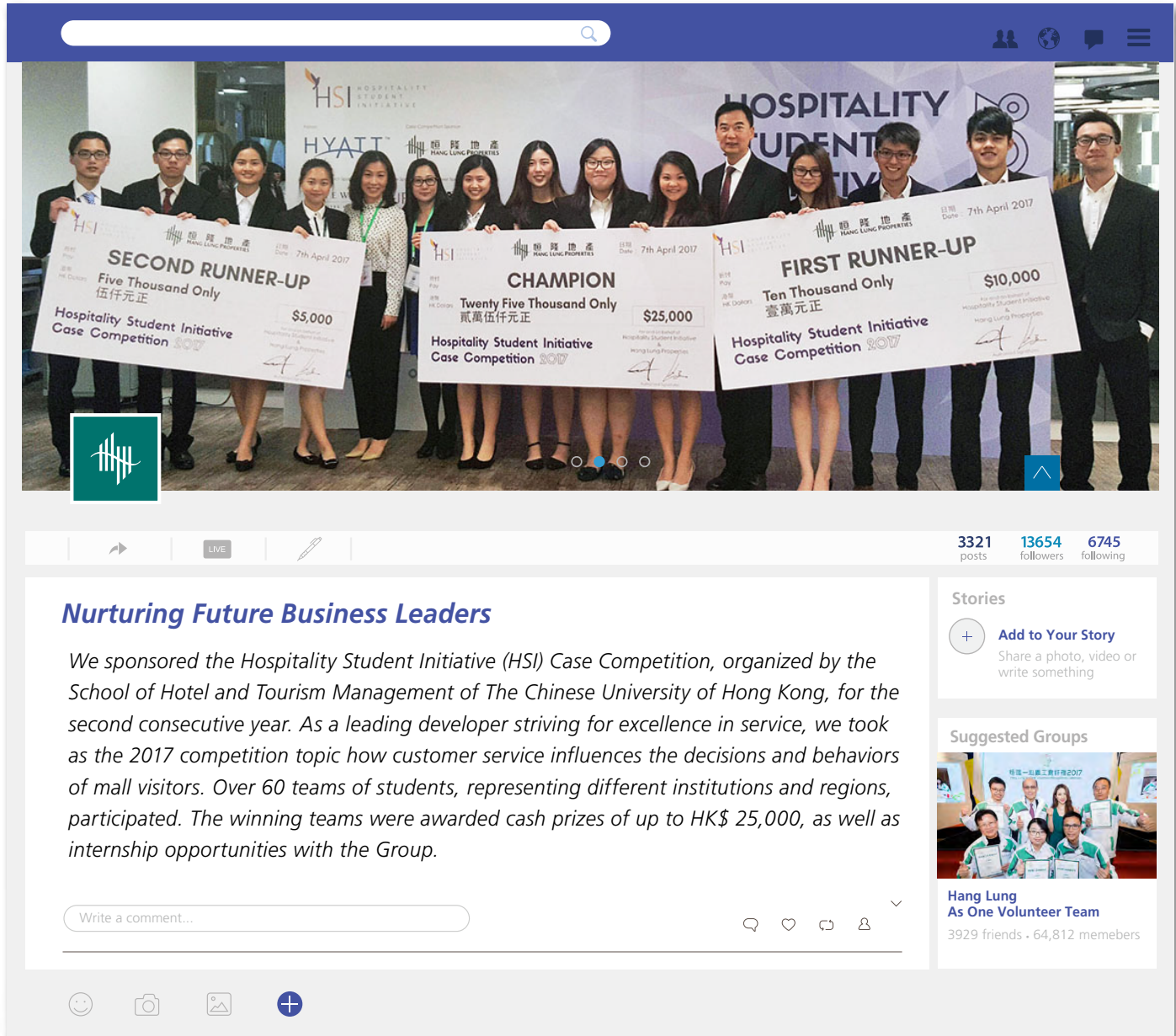
+ Join

SOCIAL IMPACT THROUGH PARTNERSHIPS

As a top-tier property developer in Hong Kong and mainland China, we are dedicated to extending our positive social impact and fulfilling our responsibilities through partnerships, fully leveraging our experience, expertise and connections across different fields.

Our Corporate Communications Department takes the initiative as driver and coordinator, collaborating with various organizations to deliver a wide range of activities and programs, such as the Hang Lung Young Architects Program, the Hospitality Student Initiative (HSI) Case Competition, and the Hang Lung Mathematics Awards.

Our sense of responsibility to society is also demonstrated through our marketing campaigns. We strive to incorporate social responsibility into our business events and bring social impacts through business activities. During this year's Halloween, The Peak Galleria sponsored Halloween Go 2017 event, the first Halloween-themed charity walk event in Hong Kong, which was organized by the Hong Kong Network for the Promotion of Inclusive Society (HKNPIS). Nearly 800 participants supported the event and raised funds for the HKNPIS's Community-based Support Service for Persons with Acquired Disability, helping disabled people to adapt their social lives.



Nurturing Future Business Leaders

We sponsored the Hospitality Student Initiative (HSI) Case Competition, organized by the School of Hotel and Tourism Management of The Chinese University of Hong Kong, for the second consecutive year. As a leading developer striving for excellence in service, we took as the 2017 competition topic how customer service influences the decisions and behaviors of mall visitors. Over 60 teams of students, representing different institutions and regions, participated. The winning teams were awarded cash prizes of up to HK\$ 25,000, as well as internship opportunities with the Group.

Write a comment...

Comment, Like, Share, Tag icons

3321 posts | 13654 followers | 6745 following

Stories: Add to Your Story (Share a photo, video or write something)

Suggested Groups: Hang Lung As One Volunteer Team (3929 friends · 64,812 members)

Hang Lung Young Architects Program

Add + About +

Young Architects 🔍

Invite friends



App for HLYAP #Innovative



HLYAP Lecture & Workshop #DesignYourOwnCity #UrbanPlanning #Teamwork



HLYAP Opening Ceremony #YoungArchitect



HLYAP @ Hang Lung Properties Limited

following 2017 followers 2018

June 20 #Since2017 #HongKong #Architecture #History #ExploreOurCity

Developing Young Architects

This year, we inaugurated the Hang Lung Young Architects Program, organized in conjunction with the leading local cultural enterprise Walk in Hong Kong, and involving over 300 participating students from 29 secondary schools. Students learn about architecture and its connection to community through a series of interactive lectures, workshops, games and walking tours. We engaged over 50 college students or graduates of architecture or relevant disciplines as mentors to provide support and advice. We also drew on the professional knowledge and deep experience of our Project Management team, together with renowned architects and academics in Hong Kong, as Program Advisors.

In November 2017, the first round of walking tour under the Program was launched. During the walking tour, a group of students was led around historical Sheung Wan to retrace the footsteps of early Chinese residents in the area. More walking tours and events are planned for 2018.

To increase the reach of the Program and cater for various user groups, we are working with different platforms to share information and timely updates.



Official website <https://youngarchitects.hanglung.com/>

YouTube channel <https://www.youtube.com/channel/UCbOMjE0VQQjLJQAaLPUV2vg>

Instagram <https://www.instagram.com/hanglungyoungarchitects/>



Sai Ying Pun Guided Tour - A Jaunt in 'City West' #HKU #EdwardianBaroque-style



Choi Hung & Ngau Chi Wan Guided Tour - Public Housing Memories #Mentoring #ChoiHungEstate



MEMBERSHIPS, CHARTERS AND AWARDS

Memberships and Charters

The Group actively supports government bodies, environmental organizations and industry associations in creating positive environmental and social impact. The following table lists our memberships, charters, and participation in various initiatives during 2017.

PARTNER	AREA	NATURE OF MEMBERSHIP/ INITIATIVE ENDORSED	
Hong Kong Special Administrative Region Government	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	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)	
Business Environment Council	Environmental	Council Member	
Civic Exchange and Walk 21		International Charter of Walking	
Friends of The Earth (HK)		'Light Banquets' Campaign and 'Order Less Waste Less' Pledge	
Green Earth		Green Earth Companion (Soil)	
Hong Kong Green Building Council		Gold Patron Member	
World Business Council for Sustainable Development		Manifesto for Energy Efficiency in Buildings	
WWF Hong Kong		'No Shark Fin' Pledge	
Asia Society		Social	Asia Corporate Member
Hong Kong Management Association			Chartered Member
Hong Kong Public Relations Professionals' Association Limited	Corporate Member		

Awards and Recognition


Our achievements in sustainability, human resources management, corporate governance, green buildings, marketing and public relations attract external recognition. The following table lists the major awards and recognition we attained in 2017.

AWARDS	RECOGNITIONS	ORGANIZER
Best Barrier-free Facilities	<ul style="list-style-type: none"> Best Barrier-free Facilities in Commercial Property Category – Palace 66 Best Barrier-free Facilities in Commercial Property Category – Forum 66 	Promotion of Accessibility for the Disabled Association in Shenyang
	<ul style="list-style-type: none"> Best Barrier-free Facilities in Jinan – Parc 66 	Union for the Disabled in Jinan
China Top 100 Players of The Commercial Real Estate & Rewards For Best Performance of Commercial	<ul style="list-style-type: none"> Second in the China Top 100 Players in Commercial Real Estate 2017 Best Commercial Asset Enhancement Performance Award – Plaza 66 	Guandian
Employer of Choice Award 2017	<ul style="list-style-type: none"> Corporate Sustainability Award Employer of Choice Award 	JobMarket
Energy Saving Championship Scheme 2016	<ul style="list-style-type: none"> Hanson Merit Awards (Office Building category) - Standard Chartered Bank Building Hanson Merit Awards (Shopping Mall category) - The Peak Galleria 	Environment Bureau and the Electrical and Mechanical Services Department
International Customer Relationship Excellence Awards	<ul style="list-style-type: none"> Best Use of Knowledge Management of the Year Best Use of Technology of the Year Corporate Employer of the Year Corporate Social Responsibility Leadership of the Year Employee Engagement Program of the Year People Development Program of the Year 	Asia Pacific Customer Service Consortium
MIPIM Asia Awards 2017	<ul style="list-style-type: none"> Silver Award – Best Retail Development – Olympia 66 	MIPIM Asia
HR Asia Best Companies to Work for in Asia 2017 Awards	<ul style="list-style-type: none"> Best Companies to Work for in Asia 2017 	HR Asia
The Marketing Events Awards 2017	<ul style="list-style-type: none"> Gold Award – Best Mall Event – The Peak Galleria’s “Fear in the Ears” installation at Halloween Haunted Playground Campaign 2016 Silver Award – Best Event – Design – Fashion Walk’s Joy of Lights 2016 	Marketing
The 3rd Hong Kong Public Relations Awards 2016	<ul style="list-style-type: none"> Merit Award in the category of Corporate Social Responsibility – Hang Lung Mathematics Award - Mathematics Promotion Campaign 	Hong Kong Public Relations Professionals’ Association

AWARDS	RECOGNITIONS	ORGANIZER
The 3 rd Investor Relations Awards	<ul style="list-style-type: none"> Best IR Presentation Collaterals (Large Cap) Award 	Hong Kong Investor Relations Association
2016/2017 MERCURY Awards	<ul style="list-style-type: none"> Gold Award – Annual Reports – Overall Presentation: Property Development Gold Award – Annual Reports – Overall Presentation: Real Estate Developer 	MerComm, Inc.
2017 Asia Pacific Stevie Awards	<ul style="list-style-type: none"> Silver in the “Innovation in Consumer Events - Advertising, Marketing & Public Relations” category – Plaza 66 - “Santa Atelier” Program 	Stevie Awards organization
2017 Best Corporate Governance Award	<ul style="list-style-type: none"> Commendation for Internal Control and Risk Management 	Hong Kong Institute of Certified Public Accountants
2017 GALAXY Awards	<ul style="list-style-type: none"> Bronze Award – The Chairman’s Letter to Shareholders 	MerComm, Inc.
2017 ICSC VIVA (Vision, Innovation, Value, Achievement) Best of the Best Awards	<ul style="list-style-type: none"> Honoree title in the Marketing Category – Fashion Walk - Fashion Intelligence Index 	International Council of Shopping Centers
2017 International Council of Shopping Centers (ICSC) Asia-Pacific Shopping Center Awards	<ul style="list-style-type: none"> Gold Award for Design and Development – New Development - Olympia 66 Sustainable Design Award for Design and Development – New Development - Olympia 66 	International Council of Shopping Centers
2017 Kam Fan Awards	<ul style="list-style-type: none"> Silver Award – Promo & Activation (Single) for Use of Data – Fashion Walk - Walk Your Fashion Promotion Campaign Bronze Award – Design & Crafts (Design Single) for Brand Environments and Space Design – Fashion Walk - Walk Your Fashion Promotion Campaign Bronze Award – Media (Media Single) for Best Use of Data Driven Insight Fashion Walk - Walk Your Fashion Promotion Campaign Bronze Award – Promo & Activation (Single) for Use of Ambient (large physical scale) – Fashion Walk - Walk Your Fashion Promotion Campaign Merit Award – Media - Media Single - Best Use of Ambient – Fashion Walk - Walk Your Fashion Promotion Campaign 	The Association of Accredited Advertising Agencies of Hong Kong

Sustainability Benchmarks and Indices


The Group has actively participated in various sustainability benchmarks and indices to self-evaluate our sustainability performance to drive continuous improvements.



Received the **Caring Company Logo** for the eighth consecutive year



5 years+ **商界展關懷**
caring company
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發



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Constituent of the **Hang Seng Corporate Sustainability Index** and Hang Seng (Mainland and HK) Corporate Sustainability Index with "AA" rating



Hang Seng Corporate Sustainability Index Series Member 2017-2018

Ranked the **TOP 20** companies for the third consecutive year under the **Hong Kong Business Sustainability Index**



SMRC
Hong Kong Business Sustainability Index
香港企業可持續發展指數

Received the **Business for Sustainability** Logo for the second consecutive year



Business for Sustainability
可持續發展企業 2017/18
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發





First selected as the member of **Dow Jones Sustainability Indices (DJSI) Asia Pacific Index** in 2017



MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Received a **Green Star** performance rating and A grade disclosure rating under **Global Real Estate Sustainability Benchmark (GRESB)** Real Estate Assessment

ADD

G R E S B
★ ★ ★ ★ ★ 2017



PERFORMANCE TABLES

Economic

Indicator	Unit	2015			2016			2017		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Economic value generated										
Revenue <i>(including property sales revenue)</i>	HK\$ million	4,903	4,625	9,528	9,221	4,427	13,648	7,402	4,372	11,774
Economic value distributed										
Operating cost	HK\$ million	953	1,620	2,573	2,697	1,613	4,310	1,824	1,638	3,462
Employee wages and benefits		N/A	N/A	1,395	920	518	1,438	834	675	1,509
Borrowing cost capitalization		N/A	N/A	444	N/A	N/A	223	N/A	N/A	56
Interest and other borrowing costs paid		N/A	N/A	1,543	N/A	N/A	1,399	N/A	N/A	1,227
Dividends paid		N/A	N/A	1,098	N/A	N/A	1,085	N/A	N/A	1,089
Payments to government <i>(all taxes and related penalties)</i>		459	743	1,202	859	664	1,523	723	648	1,371
Community investments		N/A	N/A	15	N/A	N/A	20	N/A	N/A	16
Number of cities of operation	Number	1	8	9	1	8	9	1	8	9
Economic value retained										
Economic value retained	HK\$ million	N/A	N/A	3,097	N/A	N/A	5,311	N/A	N/A	4,609

Environmental

Indicator	Unit	2015			2016			2017		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Energy consumption and generation ^{(1),(2),(3),(4),(5),(6)}										
Direct energy consumed by type										
Petrol by vehicles	GJ	N/A	N/A	N/A	N/A	N/A	N/A	402	N/A	N/A
Diesel by vehicles and vessels		N/A	N/A	N/A	N/A	N/A	N/A	440	N/A	N/A
Diesel by emergency generators	Liters	2,664	5,490	8,154	2,423	6,880	9,303	1,546	5,410	6,956
	GJ	96	198	295	88	249	336	56	195	251
Natural gas	m ³	0	94,775	94,775	0	118,741	118,741	0	114,187	114,187
	GJ	0	3,551	3,551	0	4,448	4,448	0	4,278	4,278
Indirect energy consumed (all non-renewable by type)										
Electricity	kWh	78,585,853	115,139,659	193,725,511	78,256,239	151,801,871	230,058,110	73,113,501	167,733,995	240,847,495
Electricity intensity of buildings in use	kWh/ m ² /year (CFA)	106.53	85.72	N/A	106.08	82.52	N/A	99.11	79.37	N/A
Hot water	GJ	N/A	N/A	N/A	N/A	N/A	N/A	0	143,510	143,510
Steam	GJ	N/A	N/A	N/A	N/A	N/A	N/A	0	39,274	39,274
Energy generated and consumed										
Renewable energy	kWh	2,171	444,878	447,049	156	501,916	502,072	26	521,405	521,431
Greenhouse gas (GHG) emissions ^{(1),(2),(3),(7),(8)}										
Direct emissions (Scope 1)										
Building operation	Tonnes CO ₂ e	364.28	603.66	967.94	1,210.48	1,074.83	2,285.31	2,628.84	2,339.07	4,967.91
Company vehicles and vessels ⁽⁹⁾		N/A	N/A	N/A	N/A	N/A	N/A	32.10	N/A	N/A
Energy indirect emissions (Scope 2)										
Building operation	Tonnes CO ₂ e	52,747.51	105,720.13	158,467.64	49,985.31	159,049.12	209,034.43	48,897.65	182,466.17	231,363.82

Indicator	Unit	2015			2016			2017		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Other indirect emissions (Scope 3)										
Business air travel	Tonnes CO ₂ e	N/A	N/A	N/A	343.17	106.83	449.99	490.29	249.54	739.83
Emission Intensity										
Building operation ⁽¹⁰⁾	Tonnes CO ₂ e/ m ² /year (CFA)	0.0720	0.0792	N/A	0.0694	0.0870	N/A	0.0698	0.0874	N/A
Waste management ^{(1),(2),(3),(11)}										
Waste disposal										
Municipal solid waste	Tonnes	5,418	74,680	80,098	5,608	16,476	22,084	7,864⁽¹²⁾	20,258	28,122
Construction waste by tenants		N/A	N/A	N/A	N/A	50,354	N/A	N/A	157,970	N/A
Hazardous waste (Fluorescent light bulbs/ tubes)	kg	6,825	1,063	7,888	10,628	1,181	11,809	5,176	1,776	6,952
Recycled waste										
Paper	kg	121,417	506,186	627,603	110,837	509,400	619,980	102,028	389,957	491,985
Metal		8,019	16,723	24,742	1,387	55,440	56,792	1,810	17,945	19,755
Food waste		8,655 (Liters)	N/A	8,655 (Liters)	55,211	N/A	55,211	15,907	N/A	15,907
Plastics		1,056	48,992	50,048	2,239	50,417	52,626	1,724	50,316	52,040
Glass		4,009	47,946	51,955	4,727	57,968	61,722	5,242	37,596	42,838
Water management ^{(1),(2),(3),(13)}										
Fresh water consumption	m ³	514,769	904,047	1,418,816	508,609	1,367,790	1,876,399	554,898	1,207,754	1,762,652
Water intensity of buildings in use	m ³ /m ² /year	1.44	1.17	N/A	1.42	1.19	N/A	1.55	0.99	N/A

Social

Indicator	Unit	2015			2016			2017		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Profile of workforce⁽¹⁴⁾										
Total workforce (employees and supervised workers)	Number	1,212	3,620	4,832	1,257	3,504	4,761	1,279	3,415	4,694
Male		707	2,275	2,982	722	2,210	2,932	731	2,095	2,826
Female		505	1,319	1,824	535	1,273	1,808	548	1,295	1,843
Supervised workers ^{(15),(16)}		0	26	26	0	21	21	0	25	25
Employees by employment contract⁽¹⁷⁾										
Permanent	Number	1,200	3,594	4,794	1,241	3,482	4,723	1,259	3,390	4,649
Full time		1,184	3,594	4,778	1,226	3,482	4,708	1,240	3,390	4,630
Part time		16	0	16	15	0	15	19	0	19
Temporary		12	0	12	16	1	17	20	0	20
Employees by employee category										
Executive staff	Number	145	183	328	159	190	349	161	218	379
Administrative staff		474	1,156	1,630	496	1,163	1,659	520	1,158	1,678
Operational staff		593	2,255	2,848	602	2,130	2,732	598	2,014	2,612
Employees by age group										
Under 30	Number	177	1,164	1,341	184	736	920	182	762	944
30 – 50		707	2,242	2,949	705	2,547	3,252	689	2,410	3,099
Over 50		328	188	516	368	200	568	408	218	626

Indicator	Unit	2015			2016			2017		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
New hires										
Total new hires	Number	314	1,089	1,403	279	594	873	268	705	973
New hire rate	%	25.91	30.30	29.19	22.20	17.05	18.42	20.95	20.80	20.84
By age										
Under 30	Number	106	544	650	93	239	332	85	310	395
30 – 50		177	523	700	140	344	484	142	379	521
Over 50		31	22	53	46	11	57	41	16	57
By gender										
Male	Number	151	742	893	133	352	485	129	389	518
Female		163	347	510	146	242	388	139	316	455
Turnover										
Total turnover	Number	249	769	1,018	235	704	939	252	798	1,050
Turnover rate ⁽¹⁸⁾	%	20.54	21.40	21.18	18.70	20.00	19.81	19.70	23.54	22.49
By age										
Under 30	Number	59	367	426	52	251	303	62	283	345
30 – 50		157	380	537	130	422	552	147	491	638
Over 50		33	22	55	53	31	84	43	24	67
By gender										
Male	Number	128	501	629	119	420	539	121	501	622
Female		121	268	389	116	284	400	131	297	428
Compensation										
Ratio of basic salary and remuneration of women to men by employee category										
Executive staff	N/A	1:1.933	1:1.519	N/A	1:1.946	1:1.516	N/A	1:1.841	1:1.376	N/A
Administrative staff		1:1.219	1:1.485	N/A	1:1.211	1:1.470	N/A	1:1.226	1:1.353	N/A
Operational staff		1:1.135	1:1.074	N/A	1:1.148	1:1.077	N/A	1:1.163	1:1.079	N/A

Indicator	Unit	2015			2016			2017		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Parental leave⁽¹⁹⁾										
Total number of employees took parental leave	Number	N/A	N/A	N/A	N/A	N/A	N/A	34	153	187
By gender										
Male	Number	N/A	N/A	N/A	N/A	N/A	N/A	17	68	85
Female		N/A	N/A	N/A	N/A	N/A	N/A	17	85	102
Return to work rate by gender										
Male	%	N/A	N/A	N/A	N/A	N/A	N/A	100	100	100
Female		N/A	N/A	N/A	N/A	N/A	N/A	94	99	98
Employee training										
Total hours of employee training	Hours	11,772.3	74,861.3	86,633.6	16,561.5	80,450.7	97,012.2	16,774.8	69,694.3	86,469.0
Average hours of employee training		9.71	21.3	18.02	13.18	23.10	20.47	13.12	20.56	18.52
Average training hours by employee category										
Executive staff	Hours	7.81	10.18	9.13	27.66	21.28	24.19	14.53	23.35	19.61
Administrative staff		12.53	16.63	15.44	17.19	20.29	19.36	15.39	24.98	22.00
Operational staff		7.93	23.84	20.53	6.04	24.79	20.66	10.76	17.72	16.12
Average training hours by gender										
Male	Hours	9.71	20.69	18.09	13.66	22.93	20.65	13.50	20.56	18.73
Female		9.71	21.07	17.92	12.52	23.38	20.17	12.60	20.56	18.19

Indicator	Unit	2015			2016			2017		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Employees receiving regular performance and career development reviews										
Percentage of total employees	%	98.68	100	N/A	98.65	100	N/A	96.87	100	N/A
By employee category										
Executive staff		100	100	N/A	99.06	100	N/A	98.11	100	N/A
Administrative staff	%	97.26	100	N/A	97.90	100	N/A	97.26	100	N/A
Operational staff		99.16	100	N/A	99.00	100	N/A	96.08	100	N/A
By gender										
Male	%	99.43	100	N/A	99.24	100	N/A	97.44	100	N/A
Female		97.23	100	N/A	97.61	100	N/A	97.63	100	N/A
Employees covered by collective bargaining										
Percentage of total employees	%	0	47.75	N/A	0	47.92	N/A	0	46.58	N/A
Anti-corruption training										
Number of employees received anti-corruption training										
Executive staff		48	114	162	23	10	33	20	15	35
Administrative staff	Number	177	702	879	107	0	107	78	4	82
Operational staff		33	59	92	49	0	49	85	0	85
Percentage of employees received anti-corruption training										
Executive staff		33	92	N/A	14.5	5.3	N/A	12.4	6.9	N/A
Administrative staff	%	37	62	N/A	21.6	0	N/A	15.0	0.3	N/A
Operational staff		5.5	2.6	N/A	8.1	0	N/A	14.2	0.0	N/A

Indicator	Unit	2015			2016			2017		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Occupational health and safety ⁽²⁰⁾										
Injury rate ⁽²¹⁾	%	2.23	1.10	1.37	2.39	1.03	1.39	2.11	0.74	1.11
Lost days due to work-related injuries	Days	324	974.3	1,298.3	905.5	949.6	1,855.1	550.0	1,211.0	1,761.0
Lost day rate	%	0.10	0.11	0.11	0.28	0.11	0.16	0.17	0.14	0.15
Absentee rate ⁽²²⁾		2.02	2.08	2.06	1.72	2.34	2.17	1.98	2.25	2.17
Fatalities	Number	0	0	0	0	0	0	0	0	0
Fatalities rate	%	0	0	0	0	0	0	0	0	0
Occupational health and safety (OHS) training										
Number of employees received OHS training	Number	N/A	N/A	N/A	N/A	N/A	N/A	694	1,549	2,243
Percentage of employees received OHS training	%	N/A	N/A	N/A	N/A	N/A	N/A	54.3	45.7	N/A

Notes:

- (1) The coverage of energy, greenhouse gas emissions, water and waste data in 2015 includes all 28 properties in Hong Kong and five properties in mainland China (Plaza 66, Grand Gateway 66, Palace 66, Parc 66 and Forum 66 (Mall)); it excludes Forum 66 (Office Tower), Center 66, Riverside 66 and Olympia 66 due to renovation and ongoing construction to improve the operational optimization of the buildings during renovation and the defect liability period.
- (2) The coverage of energy, greenhouse gas emissions, water and waste data in 2016 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), Center 66 (Mall) and Riverside 66; it excludes Forum 66 (Office Tower) and Center 66 (Office Tower) and Olympia 66 due to recent renovation and ongoing construction to improve the operational optimization of the buildings during renovation and the defect liability period.
- (3) 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 Olympia 66 due to recent renovation and ongoing construction to improve the operational optimization of the buildings during renovation and the defect liability period.
- (4) The conversion factors from volumetric units of petrol, diesel and natural gas consumption to energy units are referenced from Technical Note: Conversion of fuel data to MWh published by CDP in 2016.
- (5) As our direct energy consumptions have got weak relationships with our key business metrics, we do not report the intensity data for our direct energy consumption.
- (6) We did not collect the data of petrol consumption by vehicle in mainland China for this reporting year.
- (7) Our greenhouse gases emission data for building operation are verified by a third-party consultant, ISPL Consulting Limited. The greenhouse gases included in the emission calculation covers CO₂, CH₄, N₂O as a result 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 CO₂ emissions during the reporting year. No base year was chosen for calculation as no emission target has yet been set.
- (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), Greenhouse Gas Accounting Tool for Chinese Cities published by World Resources Institute in 2013, and the Greenhouse gas reporting: conversion factors published by the Department for Business, Energy & Industrial Strategy of UK in 2016 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 emission 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 mainland China plummeted in 2016 as construction waste generated from tenants was reported jointly with general municipal solid waste generated in 2015. Starting from 2016, we have reported separately the quantity of construction waste from our tenants in mainland China.
- (12) 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 2015 and 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.
- (13) Municipal water supplies are the sole fresh water source of our operation. Our water intensity is the fresh water consumption per unit common floor area.
- (14) The profile of workforce data was compiled based on number of employees and number of workers as of the end of each reporting year provided by Human Resources Department. We do not report data on the employment of people from minority and vulnerable groups because vast majority of our employees are local people.
- (15) The Group does not report data of supervised workers by gender.
- (16) There were no significant variations in number of employees or number of supervised workers in the reporting period. Supervised workers do not cause significant variation to the Group's workforce and activities.
- (17) 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.
- (18) The turnover rates cover voluntary resignations, retirements and involuntary leave during the corresponding reporting periods.
- (19) 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.
- (20) Our occupational health and safety data reported in the performance table only covers our office and frontline operations. 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 30 of this Report.
- (21) Major types of injury include scratches, struck by objects, fractures and cuts.
- (22) Absentee Days is defined as the sum of non-work related sick leave (i.e. sick leave not caused by a work-related accident/ injury/ illness).

INDEPENDENT ASSURANCE OPINION STATEMENT

Hang Lung Group Limited and Hang Lung Properties Limited Sustainability Report 2017

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 2017 HLP Sustainability Report (“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 2017 to 31st December 2017. The Report is prepared in accordance with the Core Option of GRI Sustainability Reporting Standards (“GRI Standards”) and in accordance with the Hong Kong Stock Exchange’s (“HKEx”) Environmental, Social and Governance Reporting Guide (“ESG Guide”).



By Royal Charter

bsi.

Statement No.: SRA-HK 694606

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.

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, breakfast / lunch with senior executives, staff focus group discussions, team building activities, staff intranet and corporate newsletter, sustainability reporting, benchmarks and indices, investors interviews and meetings, investors site visits, annual general meeting, customer engagement surveys, tenant satisfaction surveys and interviews, social media and corporate newsletter, regular project meetings, regular screening and performance evaluation, focus group discussion, online survey, flagship community partnership programs, community events, community consultation, corporate newsletter, online survey, 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

with reference to "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, 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. Wilfred Chan

Head of Operations, BSI Asia Pacific

Hong Kong
15th Jun 2018

CONTENT INDEX FOR REPORTING GUIDELINES

GRI Standards Disclosure	HKEx ESG Guide General Disclosure (GD) & KPIs	Description	Section/ Explanation	Page	
GENERAL DISCLOSURE					
Organizational Profile	102-1	-	Name of the organization	About this Report	4
	102-2	-	Activities, brands, products, and services	About the Group Performance Tables	5 48-56
	102-3	-	Location of headquarters	About the Group	5
	102-4	-	Location of operations		
	102-5	-	Nature of ownership and legal form	About this Report	4
	102-6	-	Markets served	About the Group	5
	102-7	-	Scale of the organization	About the Group Performance Tables Annual Report 2017 (P.143)	5 48-56 N/A
	102-8	KPI B1.1	Number of employees and other workers	Performance Tables – Social	51-55
	102-9	-	Supply chain description	Driving Purposeful Business	23-30
	102-10	-	Significant changes to the organization and its supply chain	There was no significant change in the reporting period.	N/A
	102-11	-	Precautionary approach	Managing Sustainability	6-15
	102-12	-	External initiatives	Memberships, Charters and Awards	44-47
	102-13	-	Memberships of external associations		
Strategy	102-14	-	Statement from the mostsenior decision-maker of the organization	Letter from the Chief Executive Officer	2
	102-15	-	Key impacts, risks and opportunities	Managing Sustainability Annual Report 2017 (P.90-93)	6-15 N/A
Ethics and Integrity	102-16	-	Values, principles, standards, and norms of behavior	About the Group	5
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GRI Standards Disclosure	HKEx ESG Guide General Disclosure (GD) & KPIs	Description	Section/ Explanation	Page	
GENERAL DISCLOSURE					
Stakeholder Engagement	102-40	-	List of stakeholder groups engaged	Managing Sustainability	6-15
	102-41	-	Percentage of total employees covered by collective bargaining agreements	Performance Tables - Social	51-55
	102-42	-	Identification and selection of stakeholders		
	102-43	-	Stakeholder engagement approach	Managing Sustainability	6-15
	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 Annual Report 2017 (P.208 to 212).	N/A
	102-46	-	Process for defining report content and topic boundaries	Managing Sustainability	6-15
	102-47	-	List of material topics		
	102-48	-	Restatements of information	There was no restatement of information in this Report.	N/A
	102-49	-	Significant changes in material topics and topic boundaries	There was no significant change during the reporting period.	N/A
	102-50	-	Reporting period	About this Report	4
	102-51	-	Date of most recent report	Our Sustainability Report 2016 was published on 29 September 2017.	N/A
	102-52	-	Reporting cycle	Annual	N/A
	102-53	-	Contact point for enquiries	Inside cover	1
	102-54	-	Claims of reporting in accordance with the GRI Standards	About this Report	4
	102-55	-	GRI content index	Content Index for Reporting Guidelines	59-66
102-56	-	External assurance	About this Report Independent Assurance Opinion Statement	4 57-58	

Topics	Relevant GRI Standards	HKEx ESG Guide General Disclosure (GD) & KPIs	Description	Section/ Explanation	Page
TOPIC-SPECIFIC DISCLOSURES					
Economic					
Economic Performance*	103-1 103-2 103-3	-	Management approach disclosure	About the Group Managing Sustainability	5 6-15
	201-1	-	Direct economic value generated and distributed	About the Group Performance Tables - Economic	5 48
	201-2	-	Financial implications and other risks and opportunities due to climate change	Safeguarding Common Future	36-43
	201-3	-	Defined benefit plan obligations and other retirement plans	We report on the organization's benefit plan obligations and retirement benefits for employees in the Annual Report 2017 (P.193-198).	N/A
Market Presence*	103-1 103-2 103-3	-	Management approach disclosure	About the Group Managing Sustainability	5 6-15
	202-2	-	Proportion of senior management hired from the local community at significant locations of operation	100% of our senior management (Director grade and above) are hired from the local community, i.e. Hong Kong and mainland China. The profile of the directors and key executives is outlined in the Annual Report 2017 (P.120 to 126).	N/A
Indirect Economic Impacts*	103-1 103-2 103-3	-	Management approach disclosure	Letter from the Chief Executive Officer Managing Sustainability	2 6-15
	203-1	-	Infrastructure investments and services supported	Letter from the Chief Executive Officer Driving Purposeful Business Conserving Natural Capital	2 23-30 31-35
	203-2	-	Significant indirect economic impacts	Conserving Natural Capital Safeguarding Common Future	31-35 36-43

Topics	Relevant GRI Standards	HKEx ESG Guide General Disclosure (GD) & KPIs	Description	Section/ Explanation	Page
TOPIC-SPECIFIC DISCLOSURES					
Economic					
Procurement Practices*	103-1 103-2 103-3	Aspect B5 GD KPI B5.2	Management approach disclosure	Managing Sustainability Driving Purposeful Business	6-15 23-30
	204-1	-	Proportion of spending on local suppliers	We only disclose procurement spending in Hong Kong. Our total procurement spending for Hong Kong operations in the reporting period was HK\$148,645,630, all of which were spent on local suppliers.	N/A
	-	KPI B5.1	Number of supplies by geographical region	We purchased goods and services from 4,455 suppliers for our Hong Kong operations in the reporting period.	N/A
Anti-corruption	103-1 103-2 103-3	Aspect B7 GD KPI B7.2	Management approach disclosure	Managing Sustainability Driving Purposeful Business Annual Report 2017 (P.113-114)	6-15 23-30 N/A
	205-2	-	Communication and training about anti-corruption policies and procedures	Performance Tables - Social	51-55
	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
TOPIC-SPECIFIC DISCLOSURES					
Environmental					
Material*	-	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	103-1 103-2 103-3	Aspect A2 GD Aspect A3 GD KPI A2.3 KPI A3.1	Management approach disclosure	Managing Sustainability Conserving Natural Capital	6-15 31-35
	302-1		Energy consumption within the organization	Performance Tables – Environmental	49-50
	302-3	KPI A2.1	Energy intensity	Conserving Natural Capital Performance Tables - Environmental	31-35 49-50
	302-4	KPI A2.3	Reduction of energy consumption	Conserving Natural Capital	31-35

Topics	Relevant GRI Standards	HKEx ESG Guide General Disclosure (GD) & KPIs	Description	Section/ Explanation	Page
TOPIC-SPECIFIC DISCLOSURES					
Environmental					
Water*	103-1 103-2 103-3	Aspect A2 GD Aspect A3 GD KPI A2.4 KPI A3.1	Management approach disclosure	Managing Sustainability Conserving Natural Capital In 2017, we did not encounter any problems in sourcing water for our operations.	6-15 31-35 N/A
	303-1 -	KPI A2.2	Water withdrawal by source Water intensity	Performance Tables – Environmental	49-50
Emissions*	103-1 103-2 103-3	Aspect A1 GD Aspect A3 GD KPI A1.5 KPI A3.1	Management approach disclosure	Managing Sustainability Safeguarding Common Future	6-15 36-43
	305-1		Direct (Scope 1) GHG emissions		
	305-2 305-3	KPI A1.1 KPI A1.2	Energy indirect (Scope 2) GHG emissions Other indirect (Scope 3) GHG emissions	Performance Tables - Environmental	49-50
	305-4	KPI A1.2	GHG emissions intensity	Safeguarding Common Future Performance Tables - Environmental	36-43 49-50
Effluents and Waste*	103-1 103-2 103-3	Aspect A1 GD KPI A1.5 KPI A1.6 KPI A3.1	Management approach disclosure	Managing Sustainability Conserving Natural Capital	6-15 31-35
	306-2	KPI A1.3 KPI A1.4 KPI A1.6	Weight of waste by type and disposal method	Performance Tables – Environmental	49-50
Environmental Compliance	103-1 103-2 103-3	Aspect A1 GD	Management approach disclosure	Managing Sustainability Driving Purposeful Business Conserving Natural Capital Annual Report 2017 (P.109-113)	6-15 23-30 31-35 N/A
	307-1		Non-compliance with environmental laws and regulations	We were not imposed any significant fine or sanctions for any non-compliance with environmental laws and regulations.	N/A

Topics	Relevant GRI Standards	HKEx ESG Guide General Disclosure (GD) & KPIs	Description	Section/ Explanation	Page
TOPIC-SPECIFIC DISCLOSURES					
Social					
Employment	103-1 103-2 103-3	Aspect B1 GD	Management approach disclosure	Managing Sustainability Building Cohesive Workforce	6-15 16-22
	401-1	KPI B1.2	New employees hire and employee turnover	Performance Tables – Social	51-55
	401-2	Aspect B1 GD	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Building Cohesive Workforce	16-22
	401-3	-	Parental leave	Performance Tables – Social	51-55
Occupational Health and Safety	103-1 103-2 103-3	Aspect B2 GD KPI B2.3	Management approach disclosure	Managing Sustainability Building Cohesive Workforce Driving Purposeful Business	6-15 16-22 23-30
	403-2	KPI B2.1 KPI B2.2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Safety data of our construction site workers: Driving Purposeful Business Safety data of our employees: Performance Tables – Social	23-30 51-55
Training and Education	103-1 103-2 103-3	Aspect B3 GD	Management approach disclosure	Managing Sustainability Building Cohesive Workforce	6-15 16-22
	404-1	KPI B3.2	Average hours of training per year per employee	Performance Tables – Social	51-55
	404-2	Aspect B3 GD	Programs for upgrading employee skills and transition assistance programs	Building Cohesive Workforce	16-22
	404-3	-	Percentage of employees receiving regular performance and career development reviews	Performance Tables – Social	51-55
	-	KPI B3.1	The percentage of employees trained by gender and employee category	All employees received training in the reporting period.	N/A
Diversity and Equal Opportunity*	103-1 103-2 103-3	Aspect B1 GD	Management approach disclosure	Managing Sustainability Building Cohesive Workforce	6-15 16-22
	405-1	-	Diversity of governance bodies and employees	Performance Tables – Social Annual Report 2017 (P.97)	51-55 N/A

Topics	Relevant GRI Standards	HKEx ESG Guide General Disclosure (GD) & KPIs	Description	Section/ Explanation	Page
TOPIC-SPECIFIC DISCLOSURES					
Social					
Non-discrimination*	103-1 103-2 103-3	Aspect B1 GD	Management approach disclosure	Managing Sustainability Building Cohesive Workforce	6-15 16-22
	406-1	-	Incidents of discrimination and corrective actions taken	There were no confirmed incidents of discrimination in the reporting period.	N/A
	Local Communities*	103-1 103-2 103-3	Aspect B8 GD	Management approach disclosure	Managing Sustainability Safeguarding Common Future
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	Safeguarding Common Future	36-43
-		KPI B8.2	Resources contributed to the focus area		
Customer Health and Safety		103-1 103-2 103-3	Aspect B6 GD	Management approach disclosure	Managing Sustainability Driving Purposeful Business
	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 safety and health reasons.	This KPI is not applicable to our business.	N/A
	-	KPI B6.4	Description of quality assurance process and recall procedures		
Customer Privacy	103-1 103-2 103-3	Aspect B6 GD KPI B6.5	Management approach disclosure	Managing Sustainability Driving Purposeful Business	6-15 23-30
	418-1	KPI B6.2	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No substantiated complaints concerning breaches of customer privacy and losses of customer data were received in the reporting period.	N/A

Topics	Relevant GRI Standards	HKEx ESG Guide General Disclosure (GD) & KPIs	Description	Section/ Explanation	Page
TOPIC-SPECIFIC DISCLOSURES					
Social					
Socioeconomic Compliance	103-1 103-2 103-3	Aspect B1 GD Aspect B2 GD	Management approach disclosure	Managing Sustainability Driving Purposeful Business Annual Report 2017 (P.109-113)	6-15 23-30 N/A
	419-1	-	Non-compliance with laws and regulations in the social and economic area	We were not imposed any significant fine or sanctions for any non-compliance with laws and regulations in the social and economic area.	N/A
	-	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	We have put relevant policy in 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	Managing Sustainability Building Cohesive Workforce	6-15 16-22
	-	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor	Child and forced labor is not a material aspect for the Group.	N/A
	-	KPI B4.2	Description of steps taken to eliminate such practices when discovered		N/A

Remark: The topics marked with "*" are defined by stakeholders not significant enough to be material based on the GRI reporting principle. Meanwhile, since we still 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.

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