

HANG LUNG'S SUSTAINABILITY POLICY

Hang Lung Group Limited and Hang Lung Properties Limited, collectively, the “Group,” aspires to become one of the most sustainable real estate companies in the world. The Hang Lung Sustainability Policy (the “Policy”) outlines our approach to pursuing sustainability leadership over the next decade, including:

1. Sustainability Framework
2. 2030 Goals and Targets
3. Implementation and Governance.

1. SUSTAINABILITY FRAMEWORK

The Group enhanced the sustainability framework in 2020 to provide direction for our employees to create sustainable value for our stakeholders. The framework comprises three **Foundations** and four **Priorities**. The three **Foundations** describe the organizational context and indispensable principles underlying our sustainability efforts:

- **Company:** Strong team, governance, and community relations
- **Building:** Safe, green and healthy space
- **Customer:** Collaboration for impact.

The four **Priorities** identify the top four material sustainability issues where the Group aims to make significant progress and support its leadership ambitions in the next decade:

- **Climate Resilience:** Adapt to climate change and decarbonize our business
- **Resource Management:** Optimize use and management of natural resources (energy, water and materials)
- **Wellbeing:** Sustain a healthy, inclusive and safe environment and promote social wellbeing
- **Sustainable Transactions:** Promote sustainability practices in all types of business transactions.

Figure 1: Sustainability Framework



Climate Resilience

We aim to mitigate our impacts on climate change by taking the following actions:

- Calculate, monitor, verify and disclose our greenhouse gas (GHG) emissions on an annual basis
- Reduce GHG emissions in our existing operations and new projects, and collaborate with our stakeholders to take similar action
- Increase renewable energy generation in new and existing properties, and
- Explore the potential for the direct procurement of off-site renewable energy.

We aim to adapt to the changing climate through the approaches below:

- Identify and understand climate-related risks and opportunities relevant to our business
- Establish and monitor risk control measures for climate-related risks under the Group's enterprise risk management (ERM) processes

- Evaluate and capture climate-related opportunities in early decision-making processes, and
- Develop and periodically update a Group climate adaptation plan.

Resource Management

We are committed to supporting and accelerating the transition to a circular economy. We strive to:

- Minimize natural resources consumption throughout our business operations, including but not limited to energy consumption, water consumption and use of materials
- Minimize waste sent to landfill through reduction, reuse and recycling, including construction and demolition waste and waste generated from our building operations
- Minimize the environmental footprint for all unavoidable consumption of resources, such as through sustainable procurement, and
- Prevent or minimize pollution such as emissions to air, noise, contamination of soil and discharge of wastewater.

Wellbeing

We aim to provide an environment that promotes the wellbeing of our employees, customers and communities. Our approach is to:

- Define wellbeing in a systematic manner to facilitate objective monitoring and measurement
- Foster a culture of inclusivity, diversity, health, and wellbeing within our workplace
- Create spaces that enhance the physical and mental wellbeing of our occupants and visitors, and
- Work with community members on solutions to improve broader social wellbeing.

Sustainable Transactions

We are committed to working with our stakeholders along our value chain to advance our sustainability priorities. Our approach is to:

- Set a minimum standard for the sustainability performance of our suppliers by incorporating our Code of Conduct for Contractors in all contracts
- Evaluate the sustainability performance of suppliers and give preference to suppliers that perform better in
- Engage tenants on GHG emissions reduction, resource management and wellbeing enhancement, and
- Utilize sustainable financial instruments to fund projects that will help us achieve sustainability leadership.

2. 2030 GOALS AND TARGETS

Under the four **Priorities** of the sustainability framework, the Group has formulated a set of ambitious sustainability **Goals and Targets** to be achieved by 2030 to demonstrate sustainability leadership and contribute to our communities.

Priority	2030 Goals	2030 Targets
Climate Resilience	Reduce carbon footprint in line with climate science	<ul style="list-style-type: none"> • Demonstrate best efforts to achieve a 70% reduction in scopes 1 and 2 greenhouse gas emissions intensity (per m²), compared to 2018 baseline • Build a nearly net zero carbon building
Resource Management	Accelerate the transition to a circular economy by minimizing resource consumption and maximizing recycling	<ul style="list-style-type: none"> • Incorporate circular building principles in new properties • Implement water management program in all properties • Divert 90% of waste from landfill
Wellbeing	Ensure employees, customers and communities enjoy an unrivalled environment that promotes their health and wellbeing	<ul style="list-style-type: none"> • Assess wellbeing for all employees and key customers • Meet or exceed wellbeing standards for new properties • Work with youth on sustainability solutions in all cities where we have assets
Sustainable Transactions	Collaborate with all suppliers and customers to advance our sustainability priorities	<ul style="list-style-type: none"> • Implement supplier evaluation and ranking system • Engage all tenants on emissions reduction, resource management, and wellbeing enhancement

3. IMPLEMENTATION AND GOVERNANCE

The Group has developed principles and processes to ensure effective implementation of the Policy, including the following:

- The **Boards** and **Top Management** of the Group provide oversight of Group’s sustainability performance and progress towards achieving its Goals and Targets, principally through regular reporting of the Group’s **Sustainability Team**.
- The **Sustainability Steering Committee** (“SSC”) of the Group reviews the Group’s sustainability vision, and performance, and monitors and ensures the Group’s progress in implementing action plans. The SSC may also establish subcommittees, e.g., the **Sustainable Finance Subcommittee**.
- The Sustainability Team of the Group together with the Chair of the SSC will develop annual **Key Performance Indicators** for sustainability (“Strategic **ESG KPIs**”) in support of the Group’s sustainability leadership goals, targets and major initiatives. All **Departments** will also be expected to develop their own **ESG KPIs** to build capacity and embed sustainability practices throughout the Group.
- All ESG KPIs will be collected into an **ESG KPIs Register** maintained by the SSC, and progress will be reviewed by the SSC at least two times a year.

Figure 2: Sustainability Governance Structure



4. REVIEW

The Policy shall be reviewed from time to time with consideration of taking into account changes in the business context and the development of best practices of sustainability. Any changes or updates to the Policy shall be endorsed by the SSC.