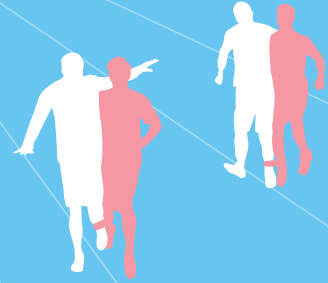






Care



Sustainability is multidirectional relationships of care, which foster the good of the whole through the good of all stakeholders. In keeping with our business model, “Building to Own and Building to Last”, such sustainability is intrinsic to every facet of our business. We partner with our employees, our communities, and our environment to make strides together for a sustainable future.



Sustainable Development

Hang Lung prioritizes its commitment to integrate sustainability into every facet of its business. While we remained focused on building and operating our properties in a sustainable fashion in 2016, we also maintain our determination to strengthen internal controls, develop and retain our workforce, engage with the community and consolidate partnerships. We are taking all these measures with one goal – to Do It Right. We are not running a for-profit business just for ourselves but for the wider benefit of the communities in which we operate, creating value for the economy, society and the environment, which we consider essential to sustaining long-term growth.

HONESTY AND ACCOUNTABILITY

Honesty about business impacts and accountability for commitments are fundamental to corporate sustainability. Keeping this in mind, we have published standalone sustainability reports since 2013, which follow, or in some cases exceed, international and local reporting guidelines on communicating our progress in pursuing sustainability. To ensure the credibility of the reported information, we have commissioned since 2015 a third-party assurance body to provide independent verification of the reports. Our consistent efforts were recently recognized when our 2015 Sustainability Report was crowned with three titles, including “Asia’s Best Sustainability Report (Stand-alone)”, and “Asia’s Most Transparent Report”, at the Asia Sustainability Reporting Awards 2016 organized by CSRWorks in Singapore.

OUR BUILDINGS

Being a commercial property developer at the forefront of the markets we serve, we are committed to our long-standing business mode, Build to Own and Build to Last, through the incorporation of sustainability principles in how we design, construct, and manage our properties. In Hong Kong, our investment in optimizing the operating efficiency of our buildings is yielding cost savings as well as receiving recognition.

One of the foremost examples is our allocation of more than HK\$30 million over the past six years to upgrade the chillers and enhance the indoor air quality of our headquarters, the Standard Chartered Bank Building. The recent presentation of the building with a Platinum Rating of Final Assessment under the BEAM Plus Existing Building Version 1.2 by the Hong Kong Green Building Council is a resounding affirmation of our tenacity in strengthening the environmental performance profiles of our portfolio. The certification also makes our headquarters the first office building in Hong Kong to attain such a high degree of recognition.



Hang Lung's 2015 Sustainability Report wins three titles at the Asia Sustainability Reporting Awards 2016

The Standard Chartered Bank Building attains a Platinum Rating of Final Assessment under the BEAM Plus Existing Building Version 1.2



In mainland China, we continue to strive for environmental excellence in construction. We are glad to have raised the total number of Leadership in Energy and Environmental Design (LEED) certified properties to seven this year, with our Olympia 66 recently becoming the recipient of the LEED for Core and Shell Development – Gold Level Certification.

Be it through asset enhancement or green building development, our ultimate goal is to reduce natural resource consumption in the course of our daily operations. In 2016, we successfully reduced the electricity and water intensity of our entire portfolio by 6.4% and 25.4% respectively, compared to the 2015 and 2012 baselines. We anticipate further reductions upon the completion of refurbishment initiatives carried out in the coming years at our major properties, such as Plaza 66, Grand Gateway 66 and The Peak Galleria.

2016 marked the first full year since the introduction of our company-wide Environmental Policy. The Policy guides our staff, contractors, and suppliers in working in an eco-friendly manner throughout our building lifecycle. With waste reduction being one of the key areas set out in the Policy, we encourage our tenants and customers to divert waste from landfills by recycling materials, such as paper, plastics, metal, glass, fluorescent light bulbs, and food waste. For new developments, we ensure, with the cooperation of our contractors, that construction waste is reused and recycled as much as possible. We are also in full support of global efforts to mitigate climate change by regularly monitoring, reviewing, reducing, and reporting our carbon footprint. In a concerted effort to reduce the regional and national carbon intensity at large, we have commenced cooperation with the Environment Bureau of the Hong Kong SAR Government and the private sector on relevant initiatives in 2016.





OUR PEOPLE

A quality and loyal workforce is the foundation of sustainable business growth. In order to attract and retain the best talent, we place employee development as a top priority in our corporate agenda. Through the provision of highly personalized capacity building programs, we enable our employees to acquire knowledge and skills to keep pace with the fast-changing business environment. Beginning in 2016, we also launched a series of custom-made online training courses on our e-learning platform, eAcademy 66, to enhance the coverage and efficacy of our training programs.

Hang Lung firmly believes that a strong sense of belonging on the part of employees is another key to building loyalty. We are committed to promoting a healthy work-life balance through our extensive Employee Wellness Program, which organizes a wide range of activities such as Green Week and Health Month to enhance the physical and mental wellbeing of our employees. We also restructured our Hang Lung Social Club and established various sub-committees, for instance the Dragon Boat Team and the Photography Club, to cater for a fuller spectrum of needs and interests.



Our ongoing success as a company relies on the full commitment and contribution of our people. To motivate our employees to excel, we recognize our staff for their loyalty and commend them for outstanding performance. We present long-service awards to employees whose tenure with Hang Lung is 10 years or more. The Emerald Award, on the other hand, was established to applaud service excellence among our frontline teams. With our comprehensive people initiatives, we were gratified to be named, once again, “Family-Friendly Employer” and “Employer of Choice” in 2016.



Hang Lung is committed to promoting a healthy work-life balance through organizing a wide range of activities for colleagues

As of 31 December, 2016, the Company employed 4,720 staff across Hong Kong and mainland China. Total employee costs amounted to HK\$1,374 million. We regularly review our remuneration packages based on market conditions to ensure that our remuneration and benefits packages remain competitive in the market. We also comply with the local employment regulations in the jurisdictions in which we operate, with necessary policies set out in our company's Code of Conduct to safeguard an equal, safe, and harassment-free work environment.



The Emerald Award is established to applaud service excellence among our frontline teams

OUR COMMUNITY

Hang Lung takes its role within society seriously and strives constantly to give back to the wider community through our corporate social responsibility initiatives and resolute efforts to maintain the highest levels of accessibility and safety throughout our portfolio. Olympia 66 recently received acknowledgement from the Union for the Disabled in Dalian for providing a completely barrier-free environment in the mall, thereby demonstrating our commitment to go beyond statutory requirements for the provision of amenities and facilities for disabled people and others in need of assistance.

Our Hang Lung As One volunteer teams endeavor to engage more people and contribute meaningfully to society through wide-ranging initiatives conducted in collaboration with non-governmental organizations. Our activities for the year under review have remained focused on fostering the development of young people, promoting environmental protection and supporting the elderly. In 2016, we organized more than 100 activities with nearly 14,000 hours contributed by our colleagues to voluntary services in Hong Kong and mainland China under the slogan for the year “Better Me Better Society”.

In Hong Kong, the volunteer team not only continued the “Architectural Tour” and “Be an Arty-Youth” series but has also launched the “Cultural Heritage” events. In this series, volunteers accompanied underprivileged primary school students to learn about unique traditional arts and crafts, such as moveable type printing, bamboo scaffolding, fire dragon dances and Chinese opera. Last year, three architectural and cultural tours were organized for over 200 secondary school students to inspire their enthusiasm for local history and culture. This program won the second runner-up award in the 2014-16 Best Corporate Volunteer Service Project Competition organized by the Steering Committee for the Promotion of Volunteer Services of the Hong Kong Social Welfare Department. This honor is a testimony to the effective application of our staff's expertise in making valuable contributions to society.





Volunteers accompany primary school students to learn about unique traditional arts and crafts



On the Mainland, our volunteer teams organized and took part in a variety of green activities, such as seashore cleaning in Tianjin, and a Green Cycling Day in Wuxi. Also, we visited homes for the elderly during festivals to organize parties and bring love and care to the senior citizens.

OUR PARTNERSHIPS

To ensure the full cooperation of our suppliers and contractors with our rigorous sustainability policies, we have issued a Supplier Code of Conduct detailing our expectations, and conduct regular assessments to monitor compliance with the Code. Following the implementation of a more sophisticated Project Management Manual, the occupational safety and health performance of the contractors at our five construction sites in mainland China has been steadily enhanced, with the accident rate remaining low at 0.1% in 2016.

Surveys have been conducted to solicit feedback on the level of satisfaction with our services among tenants and customers. In the ever-evolving retail and real estate markets, it is crucial for us to engage our tenants and customers in open dialogue in order to consistently exceed their expectations in the way we conduct our business.



Hang Lung co-organized the biennial landmark event Hang Lung Mathematics Awards (HLMA) with the Institute of Mathematical Science and the Department of Mathematics of The Chinese University of Hong Kong

We constantly leverage the capacity of different organizations to achieve what we cannot achieve by ourselves to the benefit of society. We donated HK\$2 million to the Hong Kong Red Cross (HKRC) for the establishment of a multi-function room at their new headquarters, and organized the Hang Lung Blood Donation Day with the support of the HKRC to engage our colleagues' and tenants' participation in this life-saving act.

Hang Lung co-organized the Seventh Hang Lung Mathematics Awards (HLMA), our biennial landmark event, with the Institute of Mathematical Science and the Department of Mathematics of The Chinese University of Hong Kong. To develop the potential of secondary school students in mathematics and science, a total of HK\$1 million in scholarships was awarded to the winning teams this year. Apart from the competition, our Hang Lung As One volunteer team collaborated with the HLMA participants and students from the Department of Mathematics of The Chinese University of Hong Kong to provide six free mathematics tutorial classes to underprivileged primary school students, thereby extending the reach and merit of the program.

We also nurture partnerships that are closely aligned with our business strategy. Inaugurated in 2010, The Hang Lung Center for Real Estate at Tsing Hua University bolstered its efforts to spearhead academic research in real estate and develop talent in mainland China. Furthermore, we deepened our collaboration with the Center through co-organizing an executive study program at Tsing Hua University, allowing our colleagues to gain a better grasp of the latest market conditions on the Mainland.

As a good corporate citizen, we have adopted and fully complied with the “comply and explain” provisions of the ESG Guide.

