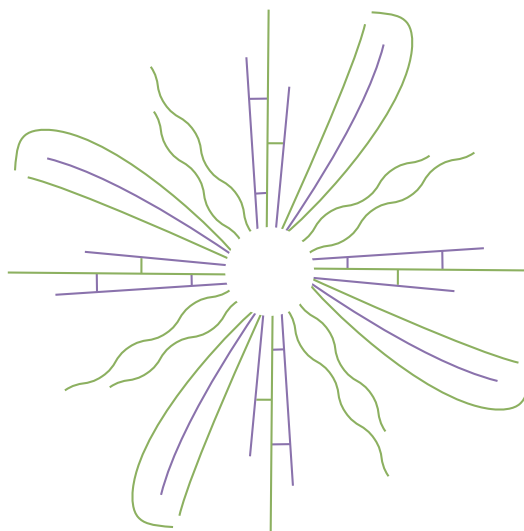


# SUSTAINABLE DEVELOPMENT



Hang Lung is committed to embedding an unwavering culture of sustainability across its business operations and value chain. In 2020, we joined efforts across borders to curb the impact of COVID-19 on our valued employees, customers, and communities. We also established a set of ambitious, long-term sustainability goals and targets to be achieved by 2030. Our key priority is to become a sustainability leader in the real estate industry over the next ten years and beyond.

## Reporting Approach and Standards

The Sustainable Development section of this report briefly summarizes the Company's new sustainability framework, goals, targets, and performance in 2020. Our standalone *Sustainability Report 2020* will disclose our sustainability policies, metrics, and performance in

greater detail. The sustainability report will follow the Global Reporting Initiative (GRI) Standards and the "mandatory disclosure requirements" and "comply and explain" provisions of the ESG Reporting Guide in Appendix 27 of the Listing Rules.

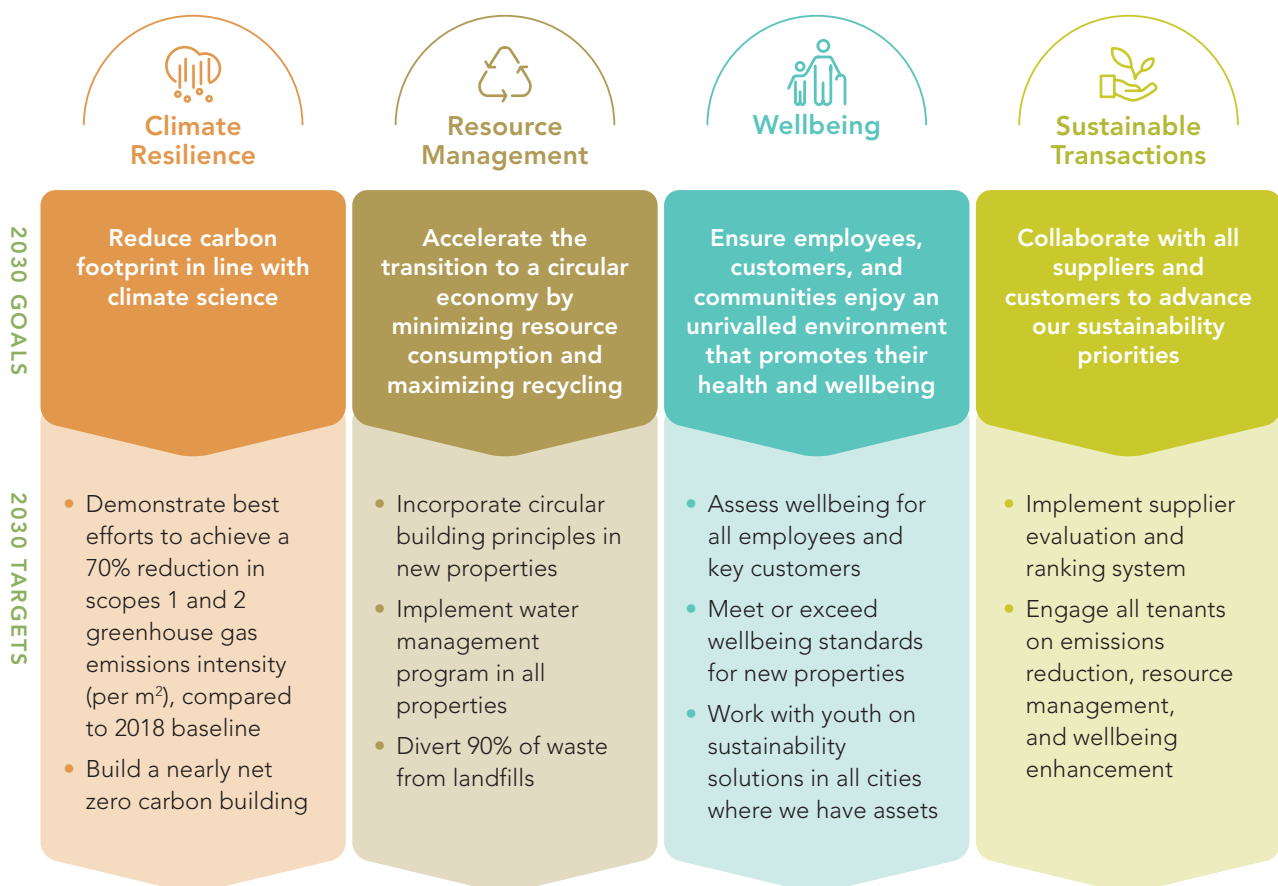


## SUSTAINABLE DEVELOPMENT

### Sustainability Priorities, Goals, and Targets

In 2019, following consultation with our stakeholders and benchmarking against our peers globally, we updated our sustainability framework to incorporate several improvements. In January 2020, the Boards of Hang Lung Group and Hang Lung Properties

endorsed a new framework comprising four priorities. In November 2020, the Boards approved four goals and ten targets within the framework for the end of 2030. The new goals and targets will escalate and refine our sustainability drive across the next decade. The priorities, goals, and targets are summarized below.



To formalize board oversight of sustainability issues and progress with sustainability goals and targets, the Boards of Hang Lung Group and Hang Lung Properties approved the Joint Statement on Oversight

and Management of Environmental, Social, and Governance Issues in November 2020, which was prepared following the Listing Rules.

## SUSTAINABLE DEVELOPMENT



Our senior management team rolled up their sleeves to pack and distribute anti-epidemic pack to show appreciation for our staff's dedication



Stalls with free snacks and hot drinks at our office towers across multiple Mainland cities thanked delivery workforce, couriers and security guards for their contributions

### Fight against COVID-19

Throughout the COVID-19 pandemic, the wellbeing of our employees, customers, and communities has been our topmost priority.

We provide personal protective equipment, including surgical masks, face shields, and gloves to protect our staff at work. Since February 2020, we adopted flexible yet productive work arrangements and a stringent reporting and self-quarantine protocol to reduce social contact and potential for spreading the virus.

We implemented extensive precautionary measures at all our properties in Hong Kong and mainland China to ensure the safety of our customers and tenants. Among others, we increased the frequency of thorough sanitization and disinfection with new technologies at our malls, office towers, and common areas. We also stepped up the sanitization of ventilation systems with fresh air intake to improve indoor air quality and provide hand sanitizers and thermometers at our malls.

We further earmarked a donation of RMB10 million from the "Hang Lung Novel Coronavirus Relief Fund" in February 2020 to serve our communities during the pandemic. Leishenshan Hospital in Wuhan received RMB6 million to fund COVID-19 preparedness

measures. The remaining RMB4 million was allocated to support various community initiatives, including distributing protective anti-epidemic items, fresh food packs, basic necessities, and meal coupons to over 14,000 beneficiaries in Hong Kong and mainland China throughout the year.

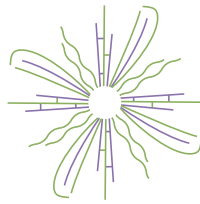
We also set up stalls with free snacks and hot drinks at Grand Gateway 66 in Shanghai, Olympia 66 in Dalian, and Palace 66 in Shenyang to thank the delivery workforce and couriers for their contributions and our security guards for their dedication and professionalism during the pandemic.

To mark the 60<sup>th</sup> anniversary of Hang Lung Group, around 1,000 of our Company's volunteers from Hong Kong and nine cities in mainland China came together for our first-ever, large-scale community services event in September 2020. Together, we provided support for 4,500 underprivileged people and enhanced their awareness of health and safety measures.

### Climate Resilience

#### Carbon Emissions Reduction

To escalate our efforts to mitigate climate change, we set a 2030 portfolio-wide carbon reduction intensity target for our scopes 1 and 2 emissions, a target



## SUSTAINABLE DEVELOPMENT



Commemorating Hang Lung Group's 60<sup>th</sup> anniversary, our inaugural large-scale community services event supported 4,500 underprivileged people

informed by the Science Based Targets initiative (SBTi) methodology. In 2020, we completed the first greenhouse gas (GHG) mitigation plan for all properties in operation. Launching in 2021, the plan's key focus is to enhance energy efficiency as more than 90% of our scopes 1 and 2 emissions come from building energy consumption. We regularly monitor our carbon emissions to ensure we remain on track to achieve our carbon reduction target. We also migrated our carbon emissions data to an online platform in 2020 to improve traceability and reliability.

### Adaptation to Physical Climate Risks

Hang Lung recognizes the need to adapt our properties to the physical risks arising from changes in means and extremes of climate patterns. In late 2020, with the support of an external climate modeling expert, we launched a physical climate risks analysis of all our properties for different climate scenarios. The first iteration of our climate adaptation plan is due for completion by the end of 2021. The plan will identify physical risks to our assets and operations, our existing control measures, residual risks, and recommended adaptation measures. The climate adaptation plan will be updated periodically as a core feature of our climate risk management strategy.

## Resource Management

### Energy Conservation

As part of our GHG mitigation plan, each property has identified energy efficiency and conservation measures under four major categories: 1) capital measures that retrofit or replace inefficient equipment; 2) improved building operating practices; 3) testing, calibration, and optimization of building facilities; and 4) behavioral change measures (e.g., turning off the lights). All planned measures will be implemented in 2021. The process will be repeated annually.

### Water Conservation

Many of our operating cities are affected by water stress. As a result, we have implemented a broad spectrum of measures to reduce water consumption at our properties, from installing water-efficient fixtures to raising awareness of water conservation among our employees, customers, and tenants.

### Waste Management

Waste management remains a key environmental challenge in Hong Kong and mainland China. New measures launched in 2020 are set to increase our waste reduction efforts.



## SUSTAINABLE DEVELOPMENT

In Hong Kong, we partnered with Mastercard and KeyChain Pay to digitize and streamline the rental process and cut down paper consumption for some of our serviced apartments. We observed a significant increase in the sales of takeaway meals by food and beverage (F&B) tenants during the year due to the pandemic. To engage customers in waste reduction, we encouraged patrons to bring reusable containers to purchase takeaway food in exchange for shopping vouchers.

Our properties in mainland China continued to enhance waste management provisions to cope with the new municipal solid waste classification regulations. For instance, Riverside 66 in Tianjin has provided waste classification bins with clear signs to help customers and tenants dispose of waste appropriately. Our cleaning staff verifies the waste classification during collection, and we maintain close communication with all our tenants to ensure they adhere to the new classification and disposal arrangements.

Finally, we are digitizing internal forms for our office operations in Hong Kong and mainland China to boost efficiency, save paper, and reduce printing.

### Building Design and Construction

As a leading property developer in Hong Kong and mainland China, we are dedicated to enhancing industry standards for sustainable buildings across building operations, design, and construction. Our buildings are designed and constructed in line with international best practices as far as possible. In 2020, our Spring City 66 shopping mall and office tower in Kunming earned LEED (Leadership in Energy and Environmental Design) Gold certification for core and shell development. We also secured our first LEED Platinum pre-certifications for two office towers at Westlake 66 in Hangzhou.

The design guidelines for waste management provisions at our new buildings have also been updated to facilitate more effective waste disposal and recycling.

## Wellbeing

### Employee Wellbeing

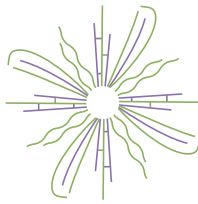
#### *Talent Attraction and Retention*

Hang Lung provides competitive remuneration and benefits packages, which are regularly benchmarked against industry standards to ensure a fair and respectful workplace. We remain committed to ensuring the fair and equal treatment of all our employees and job candidates. Our Equal Employment Opportunities Policy prohibits any form of discrimination against employees or job candidates, including gender, age, marital status, family status, pregnancy, disability, race, ethnic origin, or religion. We also uphold and respect the rights of all our employees and job candidates in keeping with international standards, which forbids any unlawful forms of labor, including child or forced labor.

To mark the 60<sup>th</sup> anniversary of Hang Lung Group, our employees received an additional day of paid annual leave, named Founder's Day Leave, starting in 2020 to recognize their hard work and contributions. During the reporting year, we organized multiple virtual training events, including webinars on leadership, technology application, and recent regulations, to equip staff with the knowledge and skills required to remain agile during the pandemic.

#### *Occupational Health and Safety*

Our Occupational Health and Safety Policy describes the Company's and employees' roles in maintaining health and safety in the workplace. Regular training of employees across all levels reinforces our safety culture. In 2020, we completed the enhancement of our safety management system for property management operations in Hong Kong, including safety organizational structures, comprehensive guidelines, and management processes in line with the international standard ISO 45001. Based on our Hong Kong knowledge and achievements, we are on track to standardize safety management systems across our properties in mainland China by the end of 2021.



## SUSTAINABLE DEVELOPMENT

### Wellness

We employ a multi-pronged approach to foster employee wellness. We formalized flexible working arrangements in Hong Kong and mainland China in March 2020 to help employees fulfill both work and family obligations and attain a better work-life balance. Office staff can apply to start and leave work up to one hour earlier or later than our standard working hours. They can also apply to work from home temporarily both in and outside of the pandemic. A series of online events for our colleagues in Hong Kong and mainland China, including webinars on the prevention of back pain and fitness classes, further raised awareness of health and wellness in 2020.



Undeterred by the pandemic, we continued supporting our communities virtually or through a safe combination of online and physical activities

### Community Wellbeing

#### Hang Lung As One Volunteer Team

Our Hang Lung As One Volunteer Team aims to enhance the wellbeing of the communities where we operate. In 2020, our volunteering efforts focused on three areas, including youth development and education, environmental protection, and services for the elderly. Undeterred by the pandemic, we tackled social distancing constraints by serving communities virtually or through a safe combination of online and physical activities.

In Hong Kong, we collaborated with The Hong Kong Federation of Youth Groups to organize the "Let's Sportsor!" program for underprivileged teenagers. Each 18-hour set of exercises that was completed by a volunteer resulted in one full sponsorship of a three-month sports training scheme for a teenager, including soccer, skipping, roller skating, and gymnastics.

### "Let's Sportsor!" Program



~80 volunteers supported



1,766 sports training hours



100+ underprivileged teenagers were benefitted

## SUSTAINABLE DEVELOPMENT



Students in the Hang Lung Young Architects Program participated in a design challenge to submit team proposals for a community learning space to foster creativity, knowledge sharing and sustainable development

Our volunteers also participated in Green Earth's Green Power Night Walk to raise funds for environmental programs that promote waste reduction. We partnered with Lok Kwan Social Service to pair single senior citizens with our volunteers to share health tips and provide remote companionship through weekly phone calls. We also joined forces with the Hong Kong Young Women's Christian Association to teach our volunteers about dementia and guide them through making simple training tools, which were handed out in gift bags to 150 families of dementia patients to resume rehabilitation at home during the pandemic.

In mainland China, we expanded our youth development efforts. In one instance, volunteers from Parc 66 in Jinan worked with tenants to organize a rice dumpling-making activity for children and their parents to learn more about the Tuen Ng Festival and Chinese culture.

To aid environmental protection, volunteers from Forum 66 and Palace 66 in Shenyang arranged a tree-planting event with Conrad Shenyang. In furthering our work with the elderly, volunteers from Grand Gateway 66 in Shanghai sent sachets with traditional Chinese medicine to senior citizens at a nearby nursing home. Volunteers from Spring City 66 in Kunming helped local elderly people clean their homes.

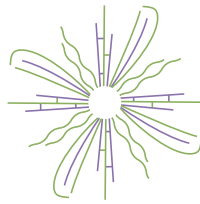
### **Hang Lung Young Architects Program**

Following encouraging feedback, our Hang Lung Young Architects Program, co-organized with the social enterprise Walk in Hong Kong, returned for a second installment in 2020. The 10-month program facilitated 330 students from 66 secondary schools to expand their understanding of architecture in the community through a series of online and offline activities, including workshops, seminars, and walking tours. Students had access to over 11,000 hours of training to continue learning, interacting, and expanding their horizons during the pandemic. Putting their newly acquired skills to the test, participants were split into teams and required to identify a plot of land and design a community learning space to foster creativity, knowledge sharing, and sustainable development. The "Sketch Your Sky" project ended with three winning teams praised by the judging panel for their outstanding proposals.

### **Sustainable Transactions**

#### **Sustainable Financing**

To further enhance our sustainability performance through sustainable financing, we signed two sustainability-linked loan (SLL) facility agreements worth HK\$1.5 billion with Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) and DBS Hong Kong (DBS). While the SLL proceeds can be



## SUSTAINABLE DEVELOPMENT

used for general corporate funding purposes, we will prioritize funding initiatives that advance our sustainability performance in the long run.

Our SLL agreement with Crédit Agricole CIB converts an existing five-year credit facility of HK\$500 million, while our deal with DBS is for a new five-year SLL of HK\$1 billion. We will work towards the predetermined sustainability performance targets agreed with the two banks, including retaining our listing on the Dow Jones Sustainability Asia Pacific Index and an annual reduction in electricity intensity across parts of our portfolio.

Apart from the SLL initiatives, Hang Lung reinforces its sustainability leadership agenda through raising funds and financing environmental projects under the green finance framework launched in 2019. Under the framework, the Company issued green bonds worth HK\$2 billion and arranged green loans to the value of HK\$1.9 billion in 2020.

In 2020, we secured HK\$5.4 billion in sustainable finance, up 440% from 2019.

### Supply Chain Management

We work closely with our suppliers and service providers to incorporate sustainability into our value chain. In 2020, we replaced the Supplier Code of Conduct with the Code of Conduct for Contractors. Major additions address our standard of fair

competition, anti-money laundering, confidentiality and data protection, and the prohibition of insider trading. All our suppliers and contractors must adhere to our Code of Conduct for Contractors and be regularly assessed to ensure compliance. We have also substituted our Central Environmental Purchasing Policy with a more comprehensive Sustainable Procurement Policy for Products and Services.

Designated safety consultants continue to enforce a stringent safety management system at our construction sites to ensure contractors adhere to safe working practices.

### Sustainability Recognition

We have received both local and international recognition for our sustainability performance and disclosure. In Hong Kong, Hang Lung Group's Sustainability Report 2019 was recognized at the 20<sup>th</sup> Anniversary Best Corporate Governance Awards hosted by the Hong Kong Institute of Certified Public Accountants. One of only 30 winners among 500 companies evaluated, the Group won the Sustainability and Social Responsibility Reporting Award in the Non-Hang Seng Index (Medium Market Capitalization) category.

Hang Lung Properties has also been included in the following indices and achieved good ratings in industry benchmarks in Hong Kong and abroad.



Hang Seng Corporate Sustainability Index Series Member 2020-2021

Constituent of the Hang Seng Corporate Sustainability Index and the Hang Seng (Mainland and Hong Kong) Corporate Sustainability Index with an 'AA-' rating or above for 11 consecutive years.

Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA

Constituent of the Dow Jones Sustainability Asia Pacific Index for four consecutive years.



G R E S B  
★ ★ ★ ★ ★ 2020

Received a three-star performance rating and an A-grade disclosure rating under GRESB for three consecutive years.