



# Caring Insights

Hang Lung is committed to sustainability in all areas of its business. From our staff to the wider community and the environment, our pledge is to encourage sustainable growth and development for all. Excellence in standards and success in business see sustainability in the holistic development of all with whom we come into contact.





二零一四年恒隆數學獎頒獎典禮

10th Anniversary

2014 Hang Lung Mathematics Awards

Announcement and Awards Presentation



香港中文大學  
THE CHINESE UNIVERSITY OF HONG KONG





# Sustainable Development

In 2014, Hang Lung remained focused on embedding sustainability into our business operations; constructing and managing world-class buildings; working towards becoming the Employer of Choice; contributing to the communities in which we operate through the Hang Lung As One volunteer team; and formulating strategic partnerships with our suppliers and community partners to create long-term benefits for our business and the community.

## OUR FOUNDATION

We live up to our business philosophy – We Do It Right – in our approach to sustainability in order to create value both for our business and the community. Our Sustainability Steering Committee, comprising key executives, reports directly to the Managing Director to ensure that concrete actions are taken and adequate resources are allocated to achieve our sustainability vision. We hold our executives accountable by incorporating sustainability linked key performance indicators into their performance evaluation.

Our business is built on the solid foundation of integrity. We actively cultivate a culture of integrity among our employees and business partners through the Hang Lung Integrity Program and the Supplier Code of Conduct. In 2014, 323 training hours were conducted for the Hang Lung Integrity Program. Assessments of the implementation of the Supplier Code of Conduct were conducted with five suppliers which contributed 18% to our annual procurement spending.

We aim to be honest and transparent with our stakeholders by sharing detailed information regarding our management approach, business and sustainability performance, and future plans, in both our annual report and sustainability report. For our sustainability reports, we have steadily increased the scope and scale of information disclosed. It remains our aim to be for our investors, tenants, customers, employees and for the community at large, one of the most transparent and well-governed corporations in mainland China.

We value the importance of two-way communication with our stakeholders and provide channels for our stakeholders to provide feedback and contribute to our decision-making process. This year, we appointed an independent consultant to facilitate a structured engagement with our key stakeholders through an extensive survey, focus groups, and one-to-one interviews. The feedback received was very constructive in assisting senior management in formulating the next three-year sustainability plan.

## OUR BUILDINGS

As a top-tier property developer in Hong Kong and mainland China, we recognize the dual role we play in generating sustainable returns for our investors and in driving long-term economic development in the communities in which we operate. Our long-term business model, building to own and building to last, remains the ethos under which we design, construct and operate our properties. To this end, it has been the consistent aim of the company to align the standards of our buildings with international best practices, in the interest of both the company and the wider community.

We invest significant resources in environmental equipment and features in our properties. Riverside 66, opened in Tianjin in September 2014, is the latest demonstration of our commitment to green investment. We chose building envelopes to optimize the building's insulation during hot and cool seasons and heat recovery systems that enhance energy efficiency. Energy-efficient lighting and chillers were installed to further optimize energy consumption in the operation of the building. Additionally, we have been successful in our recycling initiatives and have recycled a large variety and high volume of waste. These trends reflect the result of our commitment to attain the Leadership in Energy and Environmental Design (LEED) Gold certification issued by the U.S. Green Building Council across all new projects in mainland China and the benefit of incorporating environmental considerations into the design of the buildings. While Riverside 66 already received the Gold Level certificate under the LEED for Core and Shell Development in 2015, our 10<sup>th</sup> project on the Mainland, Heartland 66 in Wuhan, also received the pre-certification gold standard in 2014.



Hang Lung is one of the 64 listed companies that are first-movers in disclosing carbon data through the Carbon Footprint Repository for Listed Companies in Hong Kong



Amoy Gardens Management Office provides extra waste recycling facilities and organizes promotional activities to encourage residents to participate in the Municipal Solid Waste Charging Pilot Scheme

In Hong Kong, we focus on enhancing the environmental performance of our existing buildings. Since 2006, we have improved the energy efficiency of our buildings primarily through the replacement of our air conditioning chillers. In 2014, we achieved a 14% reduction in electricity consumption as compared to our 2010 baseline. It is worthy to note that this has much exceeded our target. We also focused our efforts on supporting our tenants and customers to manage their waste, as this is an area about which the Hong Kong government and the community at large have expressed concerns in recent years. In 2014, Amoy Gardens participated in the Municipal Solid Waste Charging Pilot Scheme initiated by the Environmental Protection Department. We further supported this initiative by encouraging residents to recycle their food waste and use the resultant fertilizer to plant vegetables and fruits in a designated area of Amoy Gardens.



We started collecting data on the environmental performance of our buildings in 2010 and we now have a better understanding of their environmental impacts which is useful information we rely on to enhance our systems accordingly. We are proud to be one of the 64 listed companies that are first-movers in disclosing carbon data through The Carbon Footprint Repository for Listed Companies in Hong Kong, which was co-organized by the Environment Bureau and Hong Kong Exchanges and Clearing Limited in 2014.



Let's Go Green was the theme of Hang Lung's Annual Dinner 2014



The Hang Lung Management Trainee program attracts numerous university graduates from Hong Kong, the Mainland and overseas to apply

## OUR PEOPLE

The size of our workforce has been growing rapidly in recent years reflecting the fast growth of our business interests, particularly in mainland China. Our focus in people management is attracting, developing and retaining the best talent. Withstanding the market competition for talent in both Hong Kong and mainland China, we have in recent years taken the prudent approach of continuously reviewing the remuneration packages of our employees, as well as conducting benchmarking exercises with other market leaders. During 2014, we conducted compensation benchmarking of key and defined positions across the board. We also further aligned our human resource management to ensure that our employees are protected and compensated equally and fairly.

In developing our talent, we have further strengthened our employee training and development programs. Our emphasis is on providing professional and high-quality training that meets the growing needs of our business and the aspirations of our employees. We capitalized on the expertise and knowledge of our employees through the Team Building Program and Executive Exchange Program to allow them to learn from each other. We also invited industrial experts and renowned academics to share their expert knowledge with employees. These included a branding and digital marketing professional as well as a professor from the Tsinghua University who shared his insights on the real estate market in mainland China.

In retaining our talent, we believe that cultivating a greater sense of belonging to the company is key to people management. We organize work-life-balance initiatives like recreational and volunteer activities, annual outings, as well as annual dinners for our employees working in different business units and regions. A Green Office campaign was also carried out under which regular green talks, visits and workshops were organized for our employees with the objective of promoting green living within the office environment.

As a result of our efforts, our turnover rate in 2014 was 12.4%, which is lower than that in 2013. In addition, we were recognized as a Family-Friendly Employer for the second time by the Family Council of the HKSAR Government.

## OUR COMMUNITIES

At Hang Lung, we are committed to fulfilling our corporate responsibility by serving the communities in which we operate. We also engage with our communities throughout our renovation and construction process to ensure the environmental impact that we have, if any, will be at a minimal level. Visits and discussion sessions have also been held with local neighborhoods with this objective in mind.



The Hang Lung As One volunteer team organizes a refreshing summer poolside party for 30 elderly people



A series of Architectural Tours leads over 70 secondary school students to observe and study Hong Kong's distinctive architectural landmarks

## Community engagement

At Hang Lung, we recognize the importance of considering the impact that our business has on local communities throughout the life cycle of our buildings. We consult our stakeholders to ensure that we meet their expectations and aspirations on sustainability. We have also established a framework for collecting information on our sustainability performance which allows us to make continuous improvement. In areas of significant historical or cultural interest in our development projects, we work with the community to preserve or revitalize them as much as we can.

## Support for communities

In 2014, we provided HK\$22 million of financial donations and offered free venues to support various worthwhile causes. Through the Hang Lung As One volunteer team, we contributed 11,000 hours in voluntary service to society last year, a 72% increase compared to 2013.

Our sustainability initiatives and volunteer activities focus on three areas: youth development, environmental protection, and services to the elderly. Most of these initiatives were carried out through our volunteer teams in Hong Kong and mainland China. Some highlights of our initiatives are listed below:

### *Youth development*

- Architectural tours with the themes Hong Kong History and Core Values and Conservation and Development were organized with staff volunteers trained to be docents for over 70 secondary school students.



## Volunteer Hours

11,000

↑ 72%

### *Promoting green living*

- The Hang Lung Green LEEDers program was organized for the third consecutive year to promote the message of environmental protection to 240 youngsters in Hong Kong and mainland China.

### *Services for the elderly*

- In 2014, we organized 18 volunteer activities for senior citizens in Hong Kong and mainland China. These included a poolside party, delivery of seasonal soups, home-made mooncakes, as well as handicrafts to the elderly on a regular basis.

## OUR PARTNERSHIPS

We recognize the importance of establishing strategic partnerships with our key stakeholders. Managing our supply chain effectively is integral to our business strategy. This means having a robust system in place to continuously review our supply chain practice, taking concrete actions to enhance the quality of the services and products we procure, and working closely with our suppliers to improve their sustainability performances. One area in which we have devoted more resources and effort in recent years has been working more closely with our contractors to track and continuously improve their occupational health and safety performance. Recognizing the inherent risks in any construction site, we began the process in 2013 to collect the occupational health and safety data of our contractors. We also conducted training sessions in occupational health and safety for our contractors.

We believe in cultivating meaningful long-term partnerships with community organizations, thus we select partners that share our sustainability vision. We focus on areas that are aligned with our overall business strategy and the needs of the community. For example, we established the Hang Lung Center for Real Estate, Tsinghua University, which is a research institute jointly developed by Tsinghua's School of Civil Engineering, School of Economics and Management and School of Architecture to strive for research excellence and develop talent for the industry. In September 2014, the Center along with two academic institutions launched the first Chinese Residential Land Price Indexes, which track changes in the real value of residential land parcels in 35 major cities across mainland China.



2014 marks the 10<sup>th</sup> anniversary of the Hang Lung Mathematics Awards (HLMA). The HLMA is co-organized by Hang Lung and the Institute of Mathematical Science and Department of Mathematics of The Chinese University of Hong Kong. This program is held every two years to encourage secondary school students to discover their potential in mathematics and science. To date, more than 1,700 students have taken part in HLMA, with Hang Lung awarding a total of HK\$6 million in scholarships to assist their studies over the past decade.

For more information about our sustainability performance, please refer to the 2014 Sustainability Report.