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We Do It Well



恒隆集團
HANG LUNG GROUP

SUSTAINABILITY REPORT 2020



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If there is any discrepancy or inconsistency between the English and the Chinese versions, the English version shall prevail.

Our Vision

We create compelling spaces
that enrich lives

Our Mission

We pursue sustainable growth by connecting
our customers and communities

Our Values

We live up to our brand motto of
We Do It Well by focusing on

- Integrity
- Sustainability
- Excellence
- Openness



About this Report



Ronnie C. Chan,
Chair

This is the fourth sustainability report (the “Report”) for Hang Lung Group Limited (Hang Lung Group, stock code: 00010) and its subsidiaries (collectively known as “Hang Lung” or “the Group”), including Hang Lung Properties Limited (Hang Lung Properties, stock code: 00101). Hang Lung Group produced and issued this Report to disclose information transparently the Group’s material sustainability topics from January 1, 2020 to December 31, 2020, unless otherwise specified, so our stakeholders can fully understand our impacts. This Report follows our Sustainability Report 2019, which was published online in May 2020.

Scope of this report

This Report focuses primarily on the Group’s management approach to the material sustainability issues of the Group. Economic and social key performance indicators (KPIs) reported across our material topics cover our entire operations. To ensure the disclosed data reflect the normal operating conditions of the properties, the reported environmental KPIs excludes new properties that are operated by the Group for less than two years. The properties covered by the reported environmental KPIs include 24 properties in Hong Kong, as well as eight properties on the Mainland.

Reporting standards and assurance

This Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option (May 2020 version) with the content of this Report defined based on the principles of stakeholder inclusiveness, sustainability context, materiality, and completeness. The disclosures in this Report are in compliance with the “mandatory disclosure requirements” and “comply or explain” provisions of the latest Environmental, Social and Governance Reporting Guide contained in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited published in 2019 (ESG Reporting Guide). The adoption of these reporting standard and guideline ensures that the content of this Report is accurate, balanced, clear, comparable, reliable and is disclosed in a timely manner. Information in this Report has been independently verified by the British Standards Institution with respect to the aforementioned standards. Please refer to the Independent Assurance Opinion Statement on pages 64 to 66.

New in this year, we have also made our best efforts to report against metrics required by Sustainability Accounting Standards Board (SASB) for the real estate sector to cater for the broader expectations of investors. Please refer to pages 78 to 79 for details.

Contact us

We welcome your feedback on our Report and sustainability performance. Please share your views with us at HLGroup@hanglung.com.

Message from our Chief Executive Officer



Our enhanced sustainability framework, which we announced in last year's Sustainability Report, has sharpened our focus and increased our ambition across four priorities: Climate Resilience, Resource Management, Wellbeing and Sustainable Transactions. We have been fully engaged since then, and we are pleased to provide an update on our progress.

In late 2020 the Group announced a set of **sustainability goals and targets to be achieved by 2030**. The goals and targets are elaborated inside this Report, so I will not list them here, but I would highlight what they mean to us: they reaffirm our commitment to creating sustainable value and reflect our ambition to become one of the most sustainable real estate companies in the world.

As a major first step towards achieving these goals and targets, our Sustainability Steering Committee endorsed **35 strategic Environmental, Social and Governance (ESG) KPIs for 2021**. These KPIs empower us to drive change in areas as varied as greenhouse gas reduction, sustainable procurement for our operations and projects, and improving wellbeing for our employees, with departmental progress directly tied to their annual performance reviews. A summary of the major thematic areas covered by the KPIs is provided in this Report. A year from now, we will disclose our progress against these ESG KPIs, including both the challenges we faced and the results we achieved.

Following the 60th anniversary of Hang Lung Group in 2020, we articulated our **vision, mission and values** to position us for sustainable growth in the next 60 years. Our vision is to “create compelling spaces that enrich lives,” by which we mean enrichment not only in the material sense, but also in the holistic sense of personal wellbeing. Our mission is to “pursue sustainable growth by connecting our customers and communities,” indicating both the financial and ESG dimensions of sustainability. We recognize that these dimensions are inextricably linked and indispensable for our continued success, and so our commitment to sustainability animates our corporate purpose at every level. Our values of Integrity, Sustainability, Excellence and Openness provide a compass to guide employee decisions and actions.

Sustainability was also the centerpiece of our annual **Hang Lung Management Conference in March 2021**, which was attended virtually by 204 executives. The conference featured business leaders from Fifth Wall, Arup and Starbucks, who shared with us, respectively, insights into global decarbonization trends, practical steps towards decarbonization in real estate, and how a leading brand embeds sustainability throughout its operations while caring for its staff.

Lastly, we have managed **the challenges of COVID-19 by working as one team**. We adopted multiple measures to provide support to our colleagues and safeguard against infection risks, including a dedicated pandemic response team, provision of protective equipment, counselling services, compensation adjustments, and redeployment of staff. Through our concerted efforts, we achieved zero infection for all personnel in our newly opened large-scale commercial development Heartland 66 in Wuhan, and we were one of the first companies that resumed operation in April 2020. Even so, we know the battle to overcome COVID-19 is far from over, and we hope the global community will become more resilient and sustainable on the other side of this devastating crisis.

Weber Lo
Chief Executive Officer
May 2021

Sustainability At-a-Glance 2020

Four Priorities – Our Progress Made

Reduced over

46,000 tonnes of greenhouse gas (GHG) emissions compared to 2019



Adopted climate risk modelling that supports the development of our **first** company-wide climate adaptation plan



Generated

643,678 kWh of renewable energy



CLIMATE RESILIENCE

Achieved over

21% of reduction on our electricity intensity compared to 2019



Conserved over

146,000 m³ of fresh water by our Mainland portfolio compared to 2019



Collected nearly

800 tonnes of recyclables across our portfolio



RESOURCE MANAGEMENT

Sustainability Leadership

SUSTAINABLE TRANSACTIONS

Arranged sustainable finance amount to

HK\$5.4 billion



Maintain low accident rate at

0.013 accident per **100,000** man-hours at our construction sites in mainland China



WELLBEING

Delivered over

22 hours of training per employee



Female employees taking up around

40% of our executive positions



Our employees have contributed

12,805 hours on volunteer activities to **19,595** beneficiaries

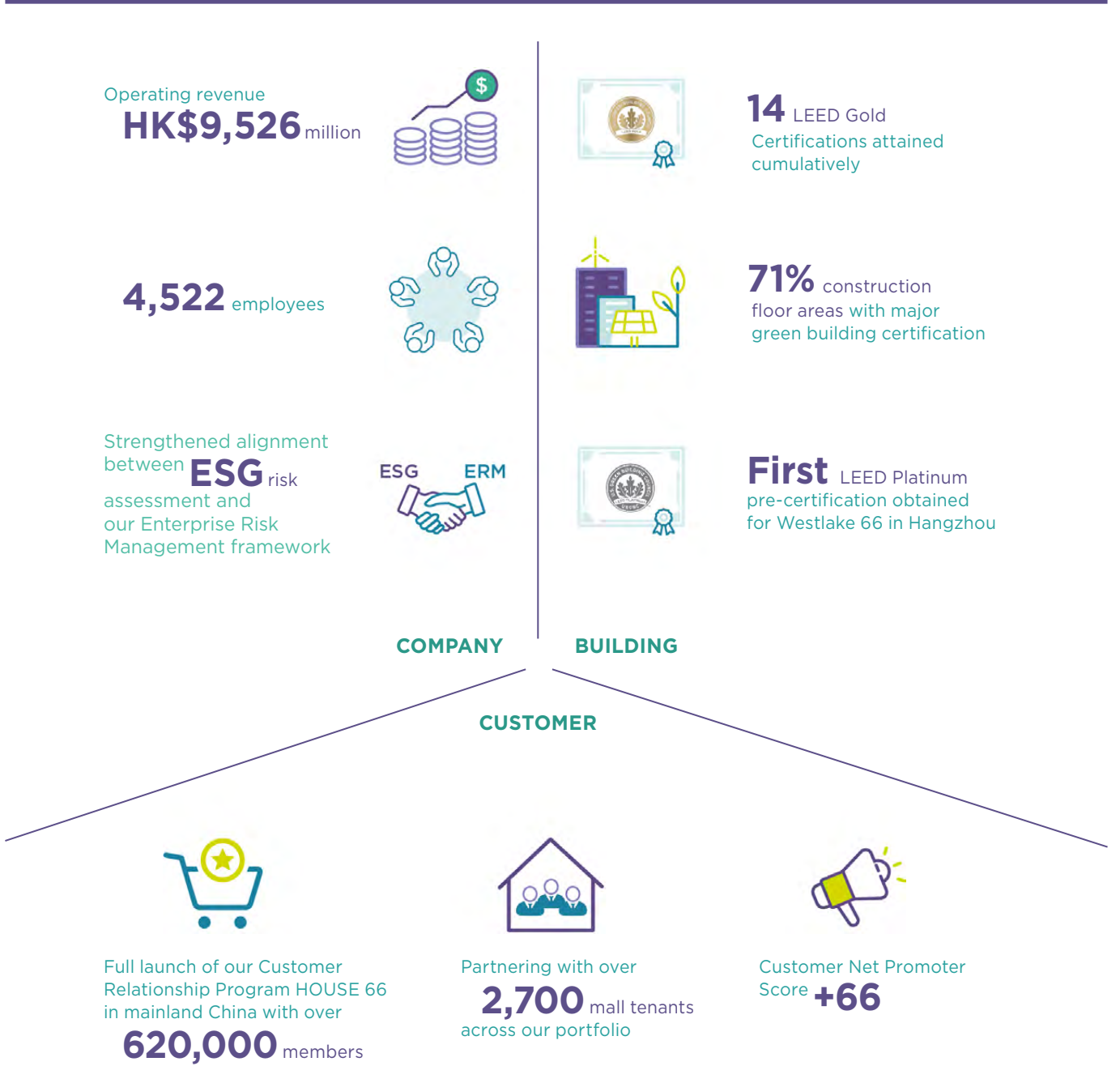


Donated

HK\$25 million for a wide array of sustainable community investment programs



Three Foundations



Key Accolades and Awards

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

Hang Lung Properties remained constituent for four consecutive years since 2017

 Hang Seng Corporate Sustainability Index Series Member 2020-2021

Hang Lung Properties remained index component for 11 consecutive years since inception in 2010



Hang Lung Properties achieved a 3-star performance rating and an A grade disclosure rating from 2018 to 2020



Hang Lung Group received Sustainability and Social Responsibility Reporting Award in the Non-Hang Seng Index (Medium Market Capitalization) Category in the Hong Kong Institute of Certified Public Accountants' Best Corporate Governance Awards 2020



Hang Lung Properties ranked among the top 10 companies in the "Hong Kong Institute of Directors Corporate Governance Scorecard 2020"



Hang Lung Properties named a Caring Company by the Hong Kong Council of Social Service for 10 consecutive years

For the full list of awards obtained by the Group, please visit our [corporate website](#).



Journey towards Leadership

2030 Sustainability Goals and Targets

In 2012, the Group launched our first sustainability vision. Between then and now, with support from top management and consistent progress in various areas, sustainability has become one of our core values, and compels us towards even deeper engagement. After almost a year of internal and external consultation, in December 2020 the Group officially announced a set of sustainability goals and targets to be achieved by 2030, reaffirming our commitment to creating sustainable value and reflecting our ambition to become one of the most sustainable real estate companies in the world. Below is a summary of the goals and targets, as well as a brief explanation of the rationale for each one.



RATIONALE

■ The building sector currently accounts for about 40% of global CO₂ emissions, and its capital stock turnover is slow. For the global economy to achieve net zero emissions by mid-century, it is crucial for the building sector to plan for deep reductions from today.

■ To achieve decarbonization in real estate, developers need to learn how to design and build – and later scale – net zero buildings. We are committed to demonstrating leadership and innovation in support of this imperative.

■ The building sector is resource-intensive. Circular building design could significantly reduce the environmental impact of buildings and their impacts on natural resources. We are committed to incorporating circular principles in our new properties on a journey of ongoing improvement to support the transition to a circular economy.

■ Water scarcity is a global issue, including in many parts of China. We are committed to managing the water consumption of our properties more systematically and reducing our water footprint in the long run.

■ Landfills have acute negative impacts on the environment and economy due to pollution and wastage. New practices and technologies are emerging as alternatives. We are committed to diverting more and more of our operational waste from landfill and to upcycling this waste wherever feasible.

RATIONALE

- A significant proportion of the environmental footprint of the building sector is contributed by the materials we procure and the contractors we engage. We are committed to understanding our supply chain sustainability and working closely with our suppliers to drive performance improvements.
- Landlords and tenants together determine the environmental footprint of buildings, and many of our tenants have their own significant sustainability commitments. We are committed to collaborating with our tenants to create a built environment that is sustainable and delivers shared value across society.
- Our business is integrally connected to the wellbeing of our communities. We are committed to investing in community sustainability initiatives, and in particular to engaging the next generation on shared values that enable our communities to grow sustainably.
- Urban dwellers spend most of their time indoors, and the COVID-19 pandemic has made healthy buildings more important than ever. We are committed to building all our new properties in a way that meet the highest possible wellbeing standards.
- A sustainable business builds upon a satisfied workforce and satisfied customers. We are committed to understanding thoroughly the wellbeing needs of our employees and customers, which will enable us to formulate plans and actions for continual improvement.



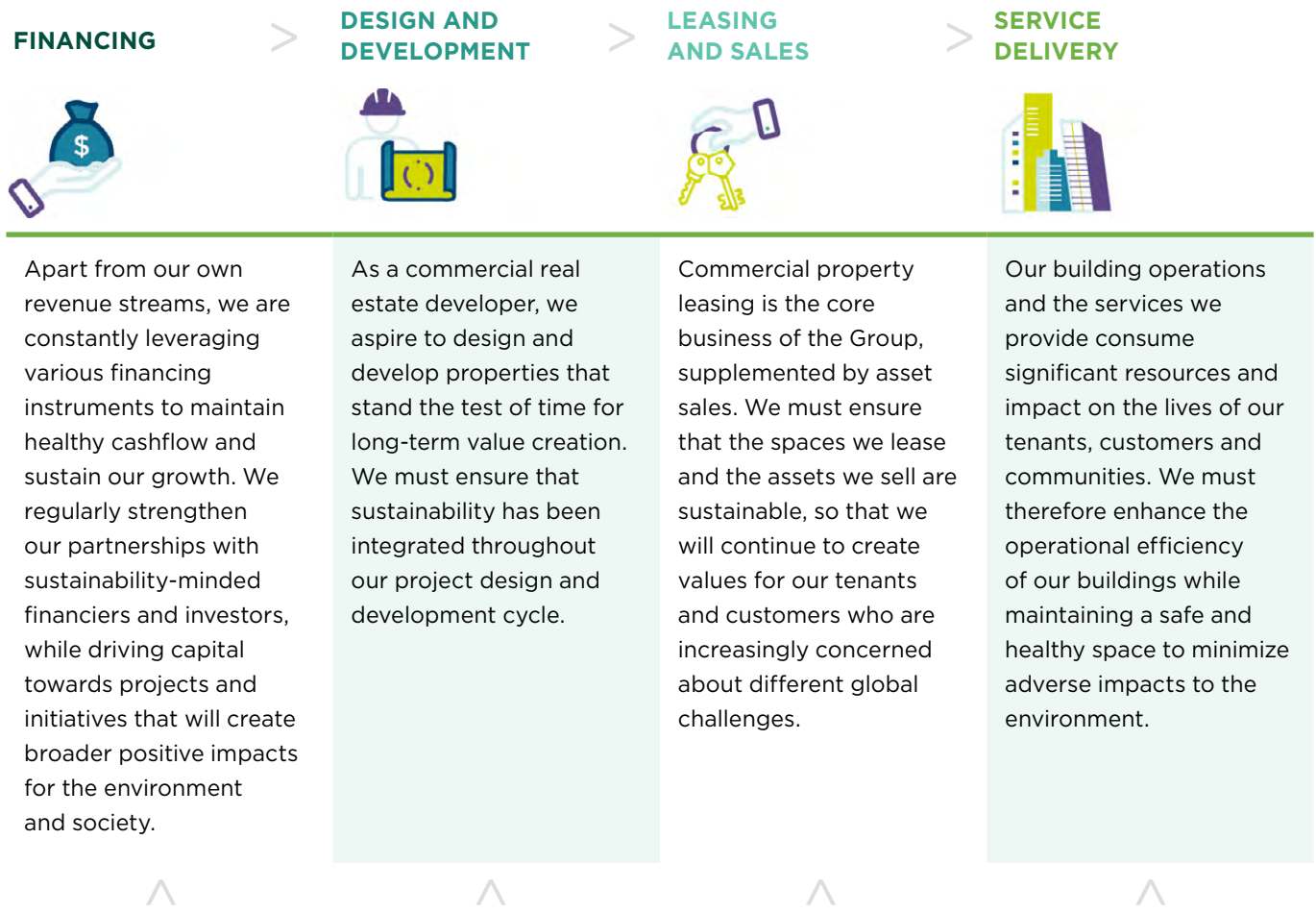
About Hang Lung Group

Our Business Value Chain

Hang Lung Group creates compelling spaces that enrich lives.

Headquartered in Hong Kong, Hang Lung Group, through its subsidiary Hang Lung Properties, develops and manages a diversified portfolio of world-class properties in Hong Kong and the nine Mainland cities of Shanghai, Shenyang, Jinan, Wuxi, Tianjin, Dalian, Kunming, Wuhan and Hangzhou. With its luxury positioning under the “66” brand, the Group’s Mainland portfolio has established its leading position as the “Pulse of the City”. Hang Lung Group’s is recognized for leading the way in enhanced sustainability initiatives as it pursues sustainable growth by connecting customers and communities. For details of our business performance and outlook, please refer to our [2020 Annual Report](#).

To support our overarching goal of achieving sustainability leadership, the Group considers sustainability to be an integral part of our business value chain.



STAKEHOLDER ENGAGEMENT



Every day we interact with hundreds of thousands of people, from tenants and customers to business partners and community members, in the course of our business operations. We must leverage this advantage to actively engage them in sustainable practices, enabling synergies that can drive the deeper changes crucial to the long-term viability of humankind.

Our Sustainable Portfolio

We are dedicated to adopting best practices in designing and constructing buildings. Since 2007, we have been committed to achieving a Gold rating or above under the Leadership in Energy and Environmental Design (LEED) certification program (or equivalent certifications under another program) for all of our new properties on the Mainland and in Hong Kong. The key sustainable building certifications attained by our properties as of December 2020 are listed in the two tables below.

KEY SUSTAINABLE BUILDING CERTIFICATIONS FOR COMPLETED PROJECTS

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

* The LEED Gold pre-certification of Grand Gateway 66 is under currently review.

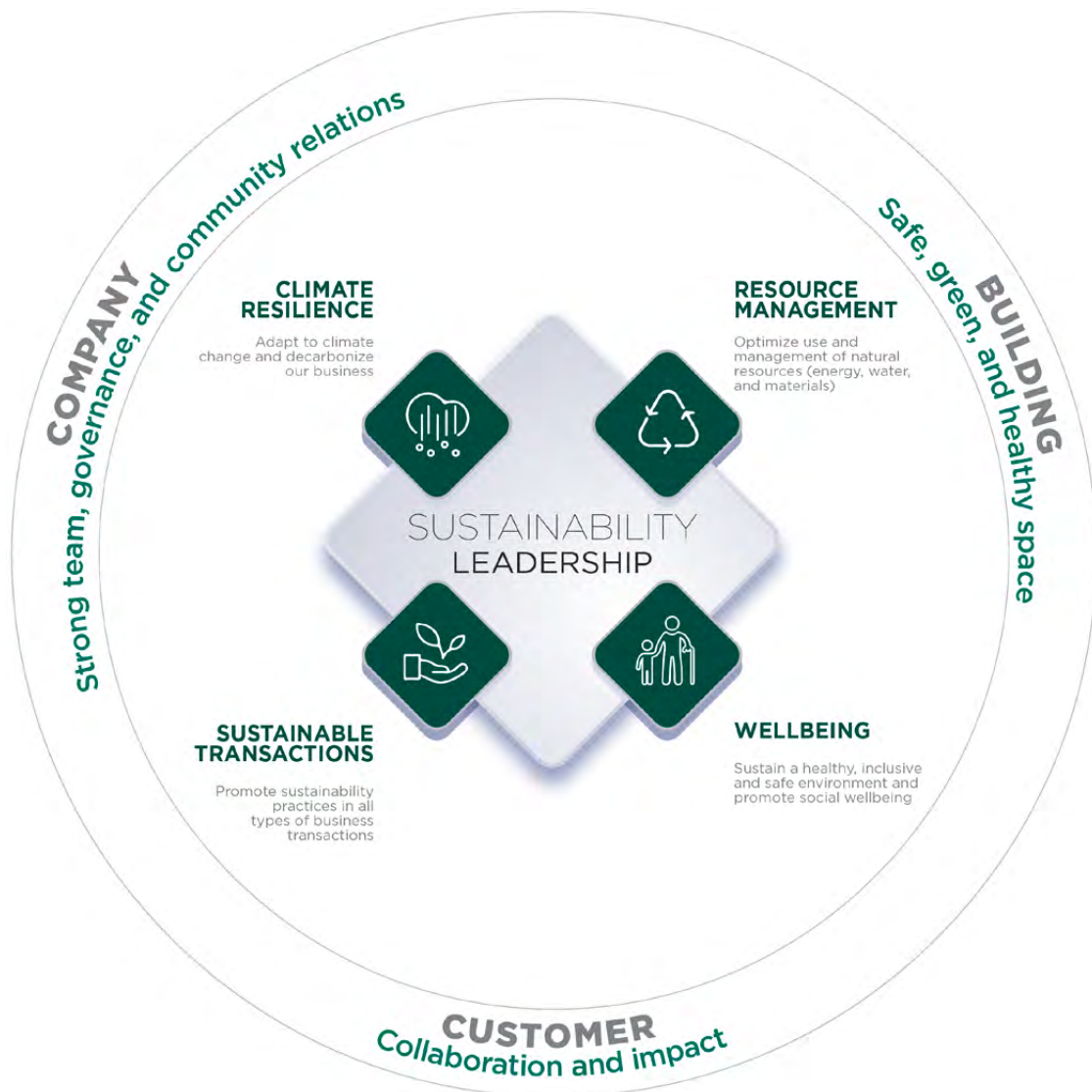
KEY SUSTAINABLE BUILDING PRE-CERTIFICATIONS FOR PROJECTS UNDER DEVELOPMENT

TYPE OF CERTIFICATION	RATING	PROPERTY	SCOPE	LOCATION		
LEED BD+C: Core and Shell v4	Platinum	Westlake 66	Office Tower 1	Hangzhou		
			Office Tower 2			
			Mall			
			Tower 3			
			Tower 4			
			Tower 5			
LEED BD+C: Core and Shell v3 2009	Gold	Center 66 (Phase 2)	Tower 6	Wuxi		
			Entire Property			
			Spring City 66		Serviced Apartments	Kunming
			Heartland 66		Office Tower	Wuhan
					Shopping Mall	
	Serviced Apartments					

Sustainability Governance

Sustainability Framework and Policy

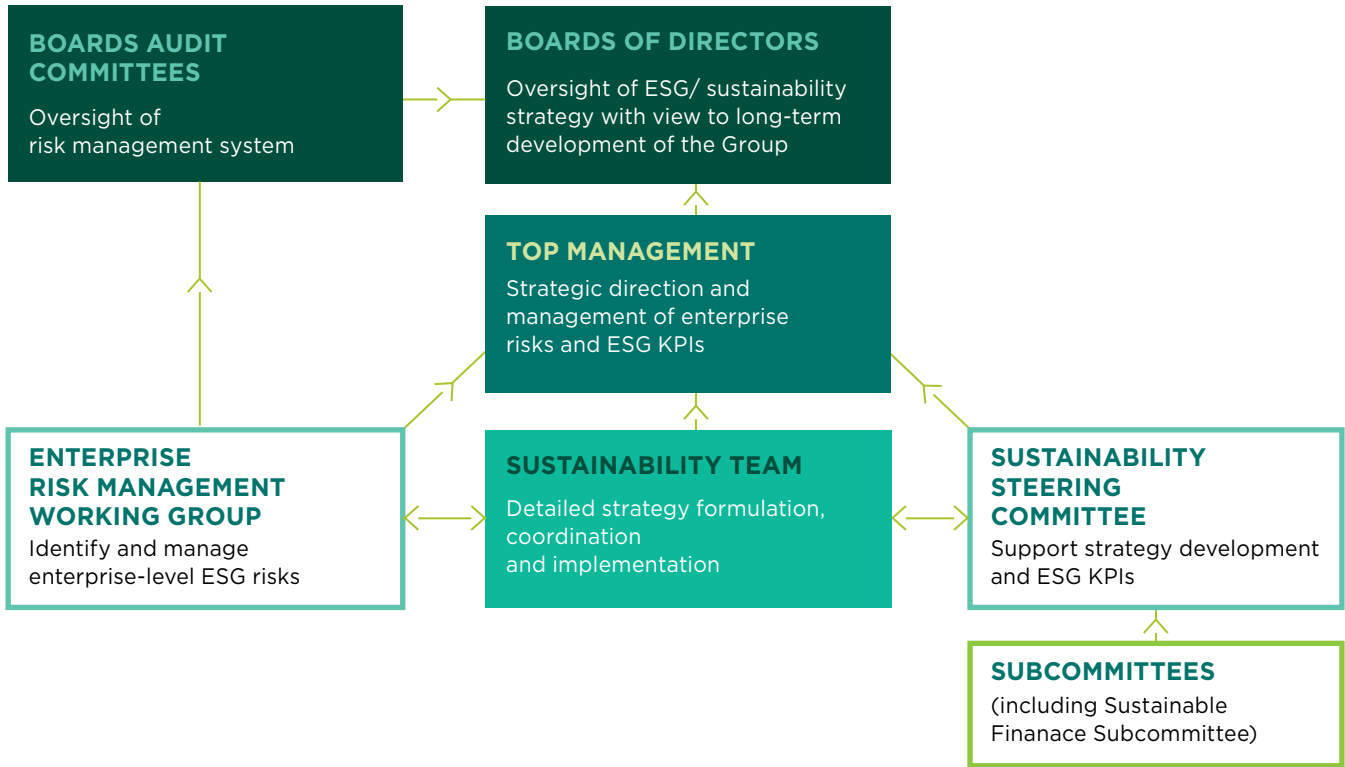
Sustainability, one of our core values, is about operating responsibly and contributing positively to the environment and the communities we serve. We work to identify the sustainability priorities that are most relevant to our business. In January 2020, we launched our new Sustainability Framework, which comprises three foundations and four priorities, outlining how we create sustainable value for our stakeholders under ever-changing external conditions.



To demonstrate our determination to pursue sustainability leadership, we developed the [Hang Lung's Sustainability Policy](#) in late 2020, which provides clear guidance for our employees on the development and implementation of initiatives that are aligned with our sustainability framework, with the goal of maintaining our position as a responsible business and driving positive changes.

Sustainability Governance

The Group acknowledges the need to have effective and strong sustainability governance in place. Good governance ensures accountability and a balance of authority by clearly defining the roles and responsibilities of different parties within the Group. Our sustainability governance structure is summarized below:



In 2020, we continued to strengthen our sustainability governance at different levels to support our long-term ambition of achieving sustainability leadership.

BOARD-LEVEL ENGAGEMENT

The Boards of Directors of Hang Lung Group and Hang Lung Properties (the Boards) are responsible for identifying broader sustainability trends, risks and opportunities that may affect the long-term development and positioning of the Group. In response to the latest ESG Reporting Guide, the Boards issued a [Joint Statement on Oversight and Management of Environmental, Social and Governance Issues](#) (the Joint Statement) in November 2020, which elaborates the Boards’ oversight of ESG issues, their ESG management approach and strategy, and their role in reviewing progress against the Group’s ESG-related goals and targets as they relate to our business.

To strengthen the Boards’ capacity to oversee ESG management for long-term value creation, the Group invited the renowned academic and policymaker, Professor Daniel C. Esty of Yale University, to speak on sustainability trends and strategies during the 2020

Board Retreat. The Group will invite leading sustainability professionals to address it on a regular basis to keep abreast of new thinking and best practice.

SUSTAINABILITY STEERING COMMITTEE

Sustainability is a multi-disciplinary concept that cuts across every part of our business. The **Sustainability Steering Committee (SSC)**, currently chaired by the Vice Chair of the Group Mr. Adriel Chan and comprising 10 executives from major departments, meets regularly to support strategy development, to ensure that understanding of and expectations for sustainability are aligned across the company, and to track progress for plans being implemented. In 2020, the SSC met twice. It first supported planning and approval of the 2030 sustainability goals and targets, followed by a set of 35 strategic ESG key performance indicators (KPIs) for 2021 on the path to achieving the 2030 sustainability goals and other major sustainability initiatives (see next page).

SUSTAINABILITY TEAM

Our **Sustainability Team** serves as a central function that supports the entire business on all aspects of sustainability strategy and execution. The team is led by the General Manager – Sustainability and reports directly to the Vice Chair of the Group. The team also reports to the CEO and to the Boards regularly to ensure their support and to seek their counsel on the overall strategic planning of the Group on sustainability. In 2020, the team reported to the Boards three times on the planning and development of the 2030 sustainability goals and targets and on various ESG governance enhancements. With a strong and supportive mandate from the top, the team is now working to support relevant departments in achieving our ambitious goals and targets as well as the corresponding strategic ESG KPIs in a coordinated fashion.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Effective risk management is critical to creating and sustaining value and requires an understanding of risks during all phases of our business value chain from financing, land acquisition, project design and development, building ownership and management to asset sales and divestment. We are committed to continuously enhancing our

Enterprise Risk Management (ERM) framework, linking it to our corporate strategies as well as integrating it into our day-to-day operations and decision-making processes.

The Group acknowledges that ESG-related risks now receive more attention from stakeholders and especially investors than in the past, and we intend to place greater focus on the oversight of these risks. We completed an exercise in mid-2020 to align enterprise-level risks controlled under our ERM framework with material ESG-related risks to our business. We will repeat this exercise annually, bringing forward any material ESG-related risks identified through trend analysis and stakeholder engagement, and ensuring that our ERM framework effectively monitors, control and reports on such ESG-related risks where appropriate.

Strategic ESG Key Performance Indicators

In 2020, the SSC endorsed and assigned to relevant departments strategic ESG KPIs for 2021. This process will be repeated annually – i.e., 2022 ESG KPIs will be set in late 2021, and so on – and provides a systematic means for the Group to engage the entire team on its progress towards sustainability leadership. Strategic ESG KPIs of the Group in 2021 are summarized below:

STRATEGIC ESG KPIs MAPPED TO MAJOR PRIORITIES




CATEGORY	NUMBER OF STRATEGIC ESG KPIs	TOPICS ADDRESSING
Climate Resilience	12	<ul style="list-style-type: none"> Net zero carbon building guidance and potential pilot Energy consumption measurement and monitoring GHG (scopes 1 and 2) emissions reduction for building operations GHG (scope 3 upstream and downstream) emissions reduction Adaptation to physical risks from climate change
Resource Management	7	<ul style="list-style-type: none"> Circular building guidance and potential pilot Water consumption measurement and monitoring Water efficiency for building operations Pilot for waste management/recycling
Wellbeing	4	<ul style="list-style-type: none"> Wellbeing assessment for employees, customers and tenants Wellbeing standards for new properties Youth initiative to develop sustainability solutions for community
Sustainable Transactions	8	<ul style="list-style-type: none"> Sustainable procurement strategy for building operation and property development projects Supplier engagement on sustainability improvements Green lease design and pilot Collaboration with mall tenants to engage customers on sustainability
Other Major ESG Initiatives	4	<ul style="list-style-type: none"> Enhancement of design guidelines for new projects Approach to sustainable building certification Innovation strategy and sustainability investments

Issues that matter

2020 MATERIALITY ASSESSMENT PROCESS

Materiality assessment is the process of identifying, refining, and assessing dynamic ESG issues that could affect our business and our stakeholders, and prioritizing them into a short-list of topics that inform our strategy, targets and reporting. This critical process – revised

periodically – enables the Group to analyse business risks and opportunities, supporting the ongoing development of our business strategy. Our 2020 materiality assessment process is set out in three steps below.

STEP 1	STEP 2	STEP 3
<p>Understanding key ESG trends and what matters to our stakeholders</p> 	<p>Identification of relevant ESG issues</p> 	<p>Prioritization of material issues for reporting</p> 
<p>We engaged a third-party ESG expert to identify key ESG trends for 2021 that could present risks and opportunities for the Group.</p> <hr/> <p>Following the launch of our 2030 sustainability goals and targets, we engaged an independent consultant to conduct interviews with 19 senior executives to ensure effective communication of our sustainability progress in relation to their concerns.</p> <hr/> <p>We continued to engage with a wide range of external stakeholders throughout 2020 to obtain good understanding of their views of and expectations for our business.</p>	<p>Based on the findings of the key ESG trends analysis and our stakeholder engagement exercises, we identified 22 ESG issues that are highly relevant to our business.</p>	<p>Based on the importance of the relevant ESG issues to our business and with further attention to the macro environment, we considered 11 ESG issues that are material to our business and as reflected in an updated materiality matrix.</p>

UNDERSTANDING KEY ESG TRENDS AND WHAT MATTERS TO OUR STAKEHOLDERS

Key ESG trends

In 2020, the world had to adapt most aspects of life under the threat of the COVID-19 pandemic. While the pandemic occupied most of our attention, other global challenges remained unresolved, and some became more acute. With the support of an external consultant, we have identified

seven key trends that will continue to shape our world as well as our business in 2021 and beyond. Analysis of such trends, including their relevance to our industry and business, helps the Group shape strategy, manage risks, and build resilience.

KEY TRENDS	SYNOPSIS	RELEVANCE TO OUR BUSINESS
Health and Wellbeing	The COVID-19 pandemic has pushed health and wellbeing to the forefront for companies across all business sectors. In this context, the health element of many product and service offerings has taken on elevated importance.	With ten of thousands of people visiting our buildings everyday, embedding wellness features into building design and ensuring occupiers' health have become commercial imperatives for us in an increasingly competitive market.
Erosion of trust	Economic struggles, social tensions, and questions related to equity during the COVID-19 pandemic have led to widespread uncertainty and called into question the role that institutions play – and ought to play – in the world today. In this context, businesses and governments face unprecedented risk, volatility, and public skepticism.	Stakeholders, including our employees and customers, expect us, as a sizeable business, to engage with and speak out on key societal challenges. We will endeavor to keep their trust by making our positions clear in line with our values.
Net Zero Carbon Commitment	The world needs to cut global GHG emissions by half in the next decade order to have a 50% chance of limiting global warming to 1.5°C (as advised by the Intergovernmental Panel on Climate Change). Both the public and private sectors will need to focus on an accelerated transition to a low-carbon economy. As of early 2021, countries representing 70% of the world economy had made commitments to carbon neutrality.	Buildings are currently responsible for about 40% of global energy related carbon emissions: 28% from operational emissions, and the remaining 11% from materials and construction, i.e. embodied carbon.
Physical Climate Risk and Resilience	Climate change is increasing the frequency and intensity of extreme weather events that often result in catastrophic losses. It is also altering seasonal and annual patterns in temperature, precipitation, and other variables. Businesses will face mounting pressure from policymakers and investors to manage physical climate risks. This pressure will focus on climate preparedness in direct operations and across value chains.	Buildings are standing structures prone to damage and business interruption as a result of different types of extreme weather events, such as extreme temperatures, intense precipitation and wind, and flooding. In addition, customer behaviour and supply chains may be impacted by seasonal and annual changes in climate variables and uncertainties.

KEY TRENDS	SYNOPSIS	RELEVANCE TO OUR BUSINESS
Increasing ESG Investing Appetite	Despite the economic volatility and uncertainty caused by the COVID-19 pandemic, the sustainable bond market, which mainly consists of green and social bonds, has rebounded to pre-COVID-19 levels. This trend reflects a wider shift in which investors are increasingly betting on ESG-linked financial products and services.	Banks are increasingly offering sustainability-linked products to us, while investors are increasingly encouraging us to invest our capital on sustainable projects.
Acceleration of Technologies	Technologies such as automation, artificial intelligence (A.I.), and the Internet of Things are maturing. These technologies offer huge potential in many industries, while datafication also makes businesses smarter and more efficient, with potential for massive efficiency and productivity gains. Businesses should experiment and learn from these technologies to create value.	Buildings are relying on more sophisticated automation systems, such as systems to measure the performance of the mechanical systems, track the energy use of lighting and plug loads, and optimize building schedules. We hope to be among early adopters as part of our commitment to embracing innovative technologies.
Circular Solutions	The synergies between climate resilience and a circular economy are becoming clearer, with a fundamental shift needed in the way the economy functions and creates value. This shift should include redesign of products to require less material and energy; adoption of product-as-a-service models; setting up product take-back schemes; recovering and repurposing waste; and substituting finite materials for renewable ones.	By delivering flexible, adaptable, and deconstructable buildings, reducing material and resource consumption and increasing the recovery and repurposing of waste during building operations, we can become more productive, more agile, and less damaging to the environment, while providing new revenue streams and greater value.





Stakeholder engagement




In support of the development of our sustainability strategies, 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 areas and inform our strategic approach, such as local communities, NGO partners, the government, academia, media, and industry associations.

In 2020, we continued to engage regularly with key stakeholder groups in a variety of ways as listed in the table below. We also engaged an independent consultant in early 2021 to conduct a series of in-depth interviews with 19 senior executives across various departments of the Group in order to:

- Understand internal impressions and perceptions of the Group’s sustainability efforts following the launch of our enhanced sustainability framework;
- Gather feedback on the Group’s sustainability performance, strategy, and initiatives;
- Identify emerging internal and external challenges affecting the sustainability of the Group; and
- Identify key opportunities for further development of the Group sustainability strategy.

Feedback collected through all stakeholder engagement exercises as listed below also contributed to the preparation of this Report.

STAKEHOLDER GROUPS	WHY ENGAGE?	FORMS OF ENGAGEMENT
Employees 	It is essential to understand our employees’ sustainability concerns, particularly on human resources practices, to ensure a satisfied workforce.	<ul style="list-style-type: none"> • Biannual two-way performance appraisal and ongoing performance discussion • Monthly staff focus group discussions • Annual staff interviews on sustainability • Bi-monthly corporate newsletter
Investors and Shareholders 	Addressing our investors’ and shareholders’ concerns on sustainability demonstrates our determination to pursue long-term financial returns.	<ul style="list-style-type: none"> • Annual sustainability reporting, benchmarks and indices • Regular investor interviews, meetings, roadshows, and investor conferences • Annual General Meetings
Tenants and Customers 	To retain our tenants and customers, we need to understand our shared sustainability values and their other major concerns, so that the services we deliver can meet or even exceed their expectations.	<ul style="list-style-type: none"> • Continuous customer engagement surveys • Annual tenant satisfaction surveys and interviews • Continuous social media communication • Bi-monthly corporate newsletter
Suppliers and Contractors 	The sustainability performance of our suppliers and contractors directly impacts 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 • Screening and performance evaluation • Focus group discussions • Online surveys

STAKEHOLDER GROUPS	WHY ENGAGE?	FORMS OF ENGAGEMENT
Communities 	We must proactively engage with communities to ensure that our business is creating societal benefits. We regard this engagement as our social license to operate in the long run.	<ul style="list-style-type: none"> Regular two-way communication with international and local communities at Board level Continuous flagship community programs Monthly community events Bi-monthly 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"> Regular collaboration on sustainability initiatives Regular conferences, seminars, and networking events
Governments and Regulators 	Policies and regulations directly impact our business. We need to maintain close communication with the relevant government departments and regulators to ensure that policies and regulations are well understood.	<ul style="list-style-type: none"> Regular meetings Occasional site visits by government officials Government consultations
Media 	The general public learns about us primarily from various media channels. We must ensure that our media partners are accurately informed of our sustainability performance.	<ul style="list-style-type: none"> Annual media interviews and meetings Media announcements and press releases on needed basis

IDENTIFICATION OF RELEVANT ESG ISSUES

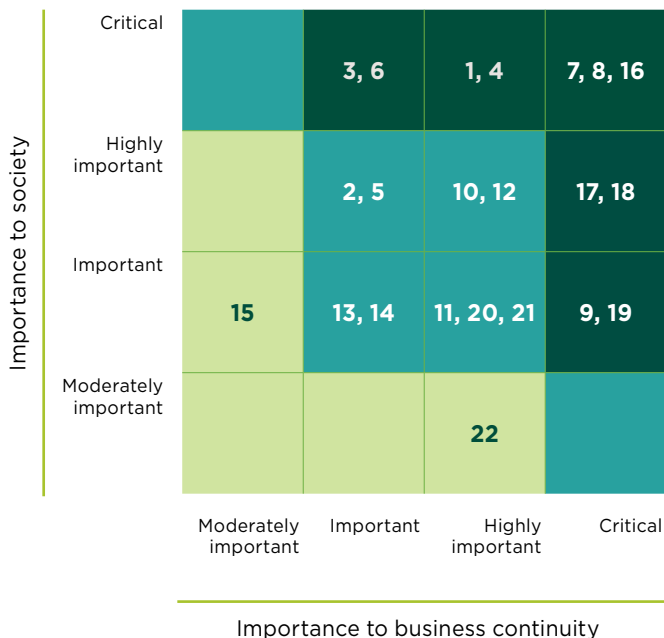
The Group regularly reviews the ESG issues that are relevant to our business based on our understanding of global sustainability trends and the feedback of our stakeholders, so that we can keep our finger on the pulse of the ever-changing external business environment. In 2020, the number of ESG issues considered relevant to our business remained at 22. “Information privacy”, an ESG issue relevant to our business in 2019, was replaced with “Technological disruption”. Issues related to information privacy are just one of many to contend with under the unstoppable trend of massive datafication. This broadening of focus will help us reflect upon the many impacts to our business from the transition to an era of technological disruption. The table below lists the ESG issues considered in the materiality assessment in 2020.

ENVIRONMENTAL	SOCIAL		
	EMPLOYEES	CUSTOMERS AND COMMUNITIES	GOVERNANCE
Energy efficiency and carbon emission reduction	Occupational health and safety	Customer health and safety	Ethics and integrity
Green building certification	Employee attraction and retention	Customer engagement and collaboration	Risk and crisis management
Waste disposal and recycling	Employee wellbeing	Social integration and accessibility	Technological disruption
Water, land, and air contamination	Employee development	Community engagement and investment	Financial performance and investor interests
Adaptability to climate change impacts	Diversity and equal opportunities		Responsible supply chain management
Water efficiency and leakages			Grievance mechanism
			Sustainable finance

PRIORITIZATION OF MATERIALITY ISSUES

After identifying all ESG issues relevant to our business, we mapped out and prioritized them to reflect their relative importance to the business continuity of Hang Lung Group and their overall importance to the society. All relevant ESG issues are divided into three categories as illustrated in the materiality matrix below:

- **Issues that are material to our business (dark green area in the matrix):** Issues that are critical to our business continuity and at least important to society, and vice versa.
- **Issues that constantly show importance and hence shall be closely managed (lighter green area in the matrix):** Issues that are not material to our business but are at least important to both our business continuity and society; and issues that are critical to our business continuity while moderately important to society, and vice versa.
- **Issues that show some level of importance to our business and hence still required ongoing monitoring and management (lightest green area in the matrix):** Issues that are moderately important to our business continuity but are not critical to society, and vice versa.



The 11 issues that are material to our business are addressed in detail in this Report. In summary, all stakeholder groups expressed major concerns about health and wellbeing issues due to the COVID-19 pandemic in 2020. On other issues, internal stakeholders placed stronger emphasis on governance and people or customer-related issues, while external stakeholder groups in general expected better disclosure of environmental issues. Details of the key topics and concerns raised by our stakeholders and our corresponding responses are found in the Climate Resilience, Resource Management, Sustainable Transactions and Wellbeing sections of this Report. Please refer to the Content Indices for Reporting Guidelines section for respective GRI topics of material issues.

ESG ISSUE	Issue Boundaries	
	Inside the Group	Outside the Group
1 Energy efficiency and carbon emission reduction	•	•
2 Green building certification	•	•
3 Waste disposal and recycling	•	•
4 Water, land and air contamination	•	•
5 Water efficiency and leakage	•	•
6 Adaptability to climate change impacts	•	•
7 Occupational health and safety	•	•
8 Customer health and safety	•	•
9 Employee attraction and retention	•	
10 Employee wellbeing	•	
11 Employee development	•	
12 Customer engagement and collaboration	•	•
13 Social integration and accessibility	•	•
14 Diversity and equal opportunities	•	
15 Community engagement and investment	•	•
16 Ethics and integrity	•	•
17 Risk and crisis management	•	•
18 Technological disruption	•	•
19 Financial performance and investor interests	•	•
20 Responsible supply chain management	•	•
21 Grievance mechanism	•	•
22 Sustainable finance	•	•

■ Environmental
 ■ Social
 ■ Governance

CLIMATE RESILIENCE



Adapt to climate change and decarbonize our business

Relevant GRI Disclosure:
201 (2016), 302 (2016), 305 (2016)



Climate Resilience

Task Force on Climate-related Financial Disclosures

Climate continues to be a looming risk following a year in which global efforts were primarily focused on dealing with the COVID-19 pandemic situation. At the expense of one of the deepest recessions in the past century, global CO₂ emissions were only reduced by a modest 7% relative to 2019 and are expected to rise in 2021 as economies recover. Even so, momentum is building towards action: major jurisdictions around world, including Hong Kong and mainland China, have begun to scale up their emissions reduction commitments over the past year by setting a clear timeline to achieve carbon neutrality. Acknowledging the global trend, the Group continued to make gradual progress over the year in implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), aiming to build long-term resilience, and doing our part to support the transition towards a low-carbon economy.

In this section, we demonstrate our best effort to address climate-related issues in alignment with the recommendations of TCFD and highlighting our major gaps under the categories of “Governance”, “Strategy”, “Risk Management”, and “Metrics & Targets”. This disclosure allows us to provide external stakeholders, including investors in particular, accurate information and insights about climate-related risks and opportunities that are relevant to our business.

Governance

Building on the description of sustainability governance in [Hang Lung’s Sustainability Policy](#), below is a more detailed explanation of the roles and responsibilities of people at all levels within the Group to oversee climate-related risks and opportunities. Below are the three major parties that are involved.

Enterprise Risk Management Working Group



The Boards have overall responsibility for risk management and for evaluating and determining the nature and extent of significant risks it is willing to take to achieve the Group’s strategic objectives. The Audit Committees are delegated by the Boards to oversee the effectiveness of our risk management system on an ongoing basis. Our ERM Working Group, which is chaired by the Chief Executive Officer and reports to the Audit Committees on a quarterly basis, was established in 2016 to coordinate and oversee risk management activities of the Group. Currently, physical and transition risks are the two principal climate-related risks to be overseen by our ERM Working Group at the corporate level. The assigned owner of these two risks is the General Manager of the Sustainability Team, and he is required to report to the ERM Working Group annually on the status of these risks. The ERM process ensures that the Boards have sufficient oversight of potential climate-related risks relevant to our business.

Sustainability Steering Committee



The SSC, chaired by the Vice Chair of the Group, has the responsibility to formulate, coordinate and implement strategies under the four priorities of our sustainability framework, one of which is climate resilience. This process enables the Group to evaluate climate change not only as a business risk, but also as an opportunity – for competitive differentiation, for customer collaboration and for creating positive impacts to society.

Sustainability Team



In addition to the role of the General Manager – Sustainability in reporting to the ERM Working Group on climate risks, the Sustainability Team is responsible for identifying climate-related risks and opportunities identified during the day-to-day operation of the Group. The team also works with different departments and properties to ensure that our staff understand their roles and responsibilities to implement actions in mitigating the risks and capturing the opportunities as a result of climate change.

Strategy

UNDERSTANDING OUR CLIMATE-RELATED RISKS AND OPPORTUNITIES

As a commercial property developer and owner, our business is exposed to both risks and opportunities relating to climate change. The nature and level of impact to our business depends on how the international community, the government, the business sector as well as the general public will respond to climate change in the short and long term.

Climate resilience is one of our four priorities on the path to attaining sustainability leadership by 2030. In the meantime, we acknowledge that climate-related risks and opportunities will keep evolving due to ever-changing external physical, policy, business, technology and regulatory circumstances. Therefore, we will regularly review our climate strategies, targets and programs through:

- Ongoing research of potential climate-related risks and opportunities that apply to our business operations;
- Adopting scientific approaches to quantifying the potential impacts of any physical climate-related risks;
- Working with business partners and external experts to keep abreast of the latest trends in climate adaptation and decarbonization, such as policy changes and technological developments;
- Engaging with external stakeholders to understand their expectations as to how the Group or the real estate sector should respond to climate change.

We have already conducted a general climate-related risks and opportunities mapping exercise. The findings of the exercise enable us to understand better the overall climate risk landscape of the Group and the corresponding impacts, including the potential consequences of risks if we fail to address the risks as well as the potential benefits of opportunities, so that we can formulate relevant and effective measures accordingly.

SCENARIO ANALYSIS

The Group recognizes the limitations of our general climate-related risk and opportunity mapping exercise to distinguish and assess specific climate-related risks and opportunities under different climate scenario. Therefore, it is our plan to conduct a comprehensive scenario analysis in 2021. We will use this analysis to develop strategic plans that are more flexible and robust to accommodate uncertainty and enable us to maintain sustainable growth.



Climate-related risk management

Material climate-related risks are identified, managed and disclosed under our ERM Framework as part of our standard business practice. Our General Manager - Sustainability, who reports to the Vice Chair of the Group, is the dedicated risk owner of both the physical and transition climate-related risks under our ERM Framework. The General Manager - Sustainability bears the major responsibility to ensure that adequate control measures are in place to mitigate the risks. He also reports to the ERM Working Group regularly on the overall status in managing the risks.

Please refer to the Corporate Governance Report section in our [2020 Annual Report](#) for detailed information on the overall risk management approach of the Group.

Targets & metrics

GREENHOUSE GAS EMISSIONS INVENTORY

The Group strives to monitor and record our GHG emissions to ensure that our teams are well informed of our performance to facilitate continual improvement. In 2020, we also completed the migration of historical carbon emissions data to an online platform to improve traceability and reliability. Currently, we keep a full inventory of the direct GHG emissions (Scope 1) and indirect GHG emissions from energy consumption (Scope 2) of the buildings that are directly managed by us. Selected indirect GHG emissions (Scope 3) incurred by our direct operations have also been calculated and reported to demonstrate our commitment to transparency.

To enable better management of Scope 3 emissions to achieve long-term decarbonization, we plan in 2021 to map out a full list of Scope 3 emission sources relevant to our business value chain and to develop a high-level Scope 3 inventory. We hope that the findings of this mapping exercise will provide sufficient direction towards an initial approach for setting a Scope 3 emissions target along with the corresponding reduction opportunities. We also anticipate that our Scope 3 calculations and reduction efforts will need to continue to improve over time, together with other real estate sector stakeholders.

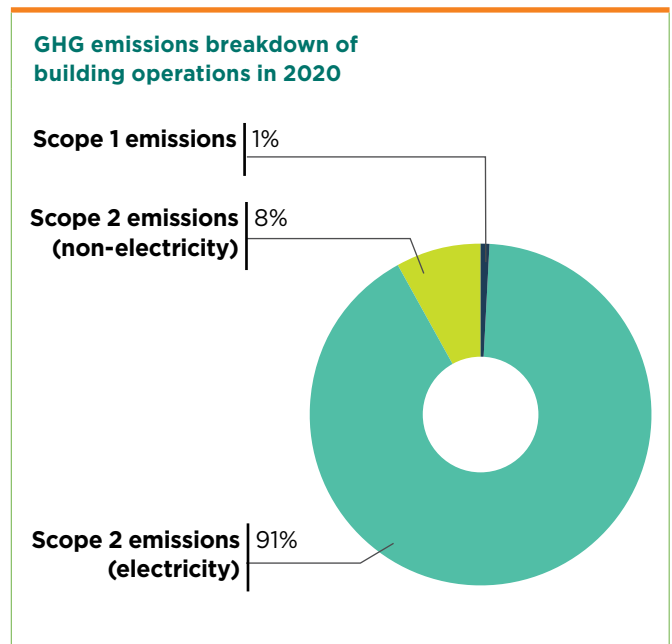
GHG EMISSIONS TARGET

The building and construction sector has a critical role to play in trying to keep carbon emissions below dangerous levels for our planet. To support to international efforts in limiting global warming, we have taken a rigorous approach over the year to develop an ambitious yet practical reduction target for Scope 1 & 2 GHG emissions. In particular, the target is to “demonstrate best efforts to achieve a 70% reduction of scope 1 and 2 GHG emissions intensity (per m²), compared to 2018 baseline”. The target setting process is informed by the methodology suggested by the Science-based Target Initiatives (SBTi) to ensure that the calculation is robust, credible, and in alignment with international best practices. 2018 was chosen as the baseline year because it is the previous year closest to 2020 with normal consumption patterns. In 2021, we will continue to explore the feasibility of developing a reduction target for Scope 3 GHG emissions in order to facilitate decarbonization along our business value chain.

PERFORMANCE MANAGEMENT

Our building energy consumption accounted for over 99% of our Scope 1 and Scope 2 emissions in 2020. In terms of a year-to-year comparison, we achieved a significant reduction of our GHG emissions (Scope 1 & 2) intensity for both our Hong Kong and mainland China portfolio, by 17.0% and 18.2% respectively. Such a reduction could be explained primarily by three factors:

- The grid emissions intensity for both Hong Kong and mainland China has decreased in 2020. In particular, the emission intensity of a utility company in Hong Kong declined by a remarkable 26%.
- The energy consumption of our buildings declined substantially as a result of the COVID-19 pandemic.
- Ongoing efforts to improve the energy efficiency of our buildings.



In the pursuit of our 2030 emissions reduction target, we have worked closely with all properties in operation to develop our first GHG mitigation plan in 2020. The plan will provide a clear direction for all properties of our entire portfolio to 1) improve measurement; 2) improve operational efficiency; and 3) identify and implement other emissions reduction opportunities in a proactive yet coordinated manner.

Please refer to the Resource Management section of this Report for a more detailed discussion of our building energy consumption.

Climate-related risks and opportunities

The tables below illustrate the climate-related risks and opportunities that the Group has identified in our general risk and opportunity mapping exercise, based on an empirical observation of what is currently happening related to climate change, and detail our current or planned responses to these changes. We have not yet quantified the financial implication of the climate-related risks and opportunities relevant to our business, but we are taking initial steps towards such an analysis in the forthcoming year.

KEY CLIMATE-RELATED RISKS

RISKS	POTENTIAL CONSEQUENCES	RESPONSES TO MITIGATE THE RISK AS OF 2020
Increased severity and frequency of extreme weather events such as typhoons, intense precipitation, and flooding	<ul style="list-style-type: none"> Increased operating and maintenance costs Increased health and safety hazards Increased insurance premiums Loss of income due to business interruption 	<ul style="list-style-type: none"> Conduct our first scientific physical climate-related risks analysis in 2020, with the support of an external climate modelling expert, covering extreme heat, river flooding, rain-induced flooding, typhoons and storm surge under different climate scenarios for five major properties in mainland China Review our crisis response plan at the portfolio level on a regular basis, covering scenarios of extreme weather events that may potentially interrupt our business operations, and outline how our teams should react to minimize any adverse impacts Install floodgates for our existing properties that are prone to flooding risks, and procure extra sandbags and water pumps for properties to increase their crisis response capacities Incorporate design considerations, such as elevated entrances, increased drainage capacity and sponge city features, into our new projects in response to increasing flooding risks
Permanent shift of local weather patterns, mean temperature increase, and sea level rise	<ul style="list-style-type: none"> Increased operating and maintenance cost Long-term business disruption Reduced service stability Reduced indoor thermal comfort 	<ul style="list-style-type: none"> Optimize the operating efficiency of our HVAC systems to reduce electricity consumption despite rising temperature Reduce cooling load (e.g., installation of more blinds) while increasing the cooling capacity of chillers to avoid overloading of our systems Regularly explore the feasibility of upgrading our building management systems to support advanced building automation for the control of thermal comfort
More ambitious climate policies and regulations to support international decarbonization efforts	<ul style="list-style-type: none"> Increased capital investment required Increased operating and maintenance costs Non-compliance fines 	<ul style="list-style-type: none"> Regularly monitor existing and emerging trends, policies and regulations relevant to climate and be prepared to alert the top management where necessary to avoid cost increments, non-compliance fines or reputational risks due to delayed response Set an aggressive Scope 1 and Scope 2 GHG emissions target that aligns with the “well below 2°C” climate scenario
Changing investor behavior to increase climate advocacy or divest out of businesses that fail to implement effective measures to manage climate risks	<ul style="list-style-type: none"> More stringent reporting obligations Reduced availability of capital 	<ul style="list-style-type: none"> Maintain a high level of transparency regarding our ESG risk management activities to build trust and confidence among our investors Report against internationally recognized frameworks (e.g. TCFD, CDP or the former “Carbon Disclosure Project”, GRI) to facilitate clear assessment of our climate performance
Growing stakeholder preference for companies and properties that are more prepared for climate change	<ul style="list-style-type: none"> Reduced revenue Property devaluation 	<ul style="list-style-type: none"> Analyze market trends regularly and respond as required Maintain close communication with our customers to understand their expectations and provide support wherever appropriate to increase customer loyalty

KEY CLIMATE-RELATED OPPORTUNITIES

OPPORTUNITIES	POTENTIAL BENEFITS	RESPONSES TO CAPTURE THE OPPORTUNITY AS OF 2020
Economic or policy incentives that support the transition to a low-carbon economy	<ul style="list-style-type: none"> Reduced capital investment Introduction of new technologies 	<ul style="list-style-type: none"> Apply for relevant subsidy schemes in both Hong Kong and the Mainland to fund energy efficiency projects. For instance, we have obtained support under the building funds offered by the two utility companies in Hong Kong.
Higher building energy efficiency and better operational management	<ul style="list-style-type: none"> Reduced operating cost 	<ul style="list-style-type: none"> Retrofit and replace aging and inefficient building facilities, as well as optimize the operations of building facilities, e.g., ongoing replacement of inefficient lightings with LED lightings, adjusting flow rate of primary air units (PAU) and air handling units (AHU) Optimize the operational schedule of building facilities, e.g., switching off unnecessary external lightings, lifts and escalators at night Explore opportunities to incorporate more energy-efficient designs in new projects. For example, in 2020 we studied the feasibility of incorporating a ground source energy system in our new development in Hangzhou.
Collaboration with peers and industry associations to drive a faster transition to a low-carbon economy	<ul style="list-style-type: none"> Synergy with partners that increase the business rationale and enhance the benefits – e.g. sharing costs while multiplying impacts 	<ul style="list-style-type: none"> Collaborate with business communities to combat climate change. We are one of the founding signatories the Business Environment Council (BEC) Low Carbon Charter, the first business-led carbon reduction initiative in Hong Kong Support government initiatives to combat climate change, such as being a signatory of the 4Ts Charter under the Hong Kong Climate Action Plan 2030+
On-site renewable electricity generation at our properties and off-site renewable electricity procurement	<ul style="list-style-type: none"> Reduced electricity cost Increased revenue 	<ul style="list-style-type: none"> Install solar panels to generate electricity. We have installations in Palace 66 and Forum 66 in Shenyang, Parc 66 in Jinan, Center 66 in Wuxi, Riverside 66 in Tianjin, Olympia 66 in Dalian and Spring City 66 in Kunming. In 2020, 643,678 kWh of our electricity consumption was generated from solar panels. Engaged a renewable energy expert in 2020 to review the efficiency of our solar energy systems. The findings have provided insights to inform future decisions on potential upgrades or retrofits of our existing systems.
Growing stakeholder preference for companies and properties that are more prepared for climate change	<ul style="list-style-type: none"> Higher rental premiums Higher marketability Attract better talents 	<ul style="list-style-type: none"> Obtain green building certification (e.g., LEED, China Green Building Evaluation Label, BEAM Plus) for all new projects Respond to notable market demands, e.g., increase the provision of charging facilities for electric vehicles for properties in mainland China Initiated early discussions with selected major tenants in 2020 on potential green lease arrangements to drive deeper collaboration on different sustainability topics including climate change Developed and disclosed solid and ambitious commitments in response to climate change, e.g., to build our first nearly net zero carbon building before 2030

RESOURCE MANAGEMENT

Optimize use and management of natural resources

Relevant GRI Disclosure:

302 (2016), 303 (2018), 306 (2020), 307 (2016)



Resource Management

Energy management

ELECTRICITY CONSUMPTION

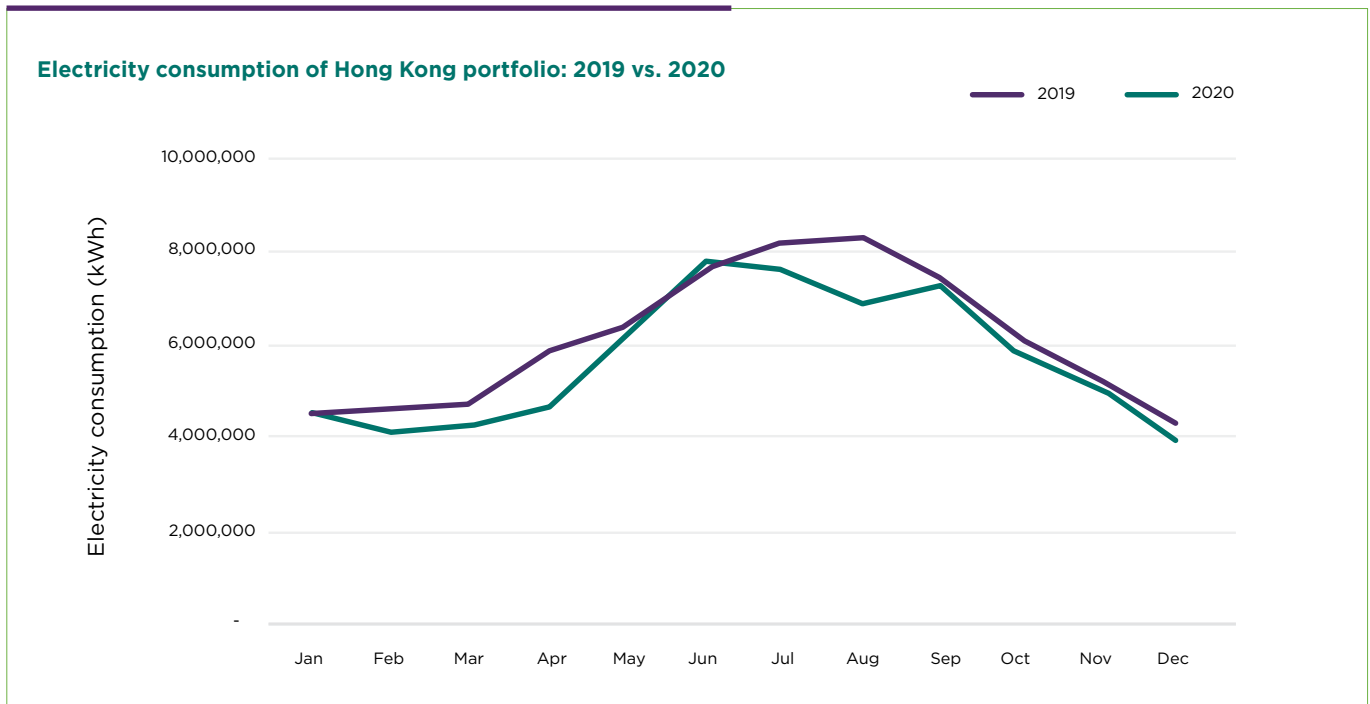
Buildings rely heavily on energy to operate, and electricity accounts for over 70% of our buildings' energy consumption. Improving the energy efficiency of our buildings therefore conserves natural resources and, just as importantly, reduces our operating costs. In 2015, we set a target to achieve a 12% reduction in our electricity intensity by construction floor area for our entire managed portfolio by the end of 2020. We are pleased to have exceeded this target with a 21.5% reduction in our electricity intensity by construction floor area by the end of 2020. Examples of initiatives contributing to the enhanced energy efficiency of our portfolio include:

- Major asset enhancement, including but not limited to chiller upgrades, lift replacements and lighting retrofits
- Optimization of major building systems through, for instance, the adjustment of operating parameters and retro-commissioning
- Regular review of major building facilities' operating schedules subject to actual operational needs

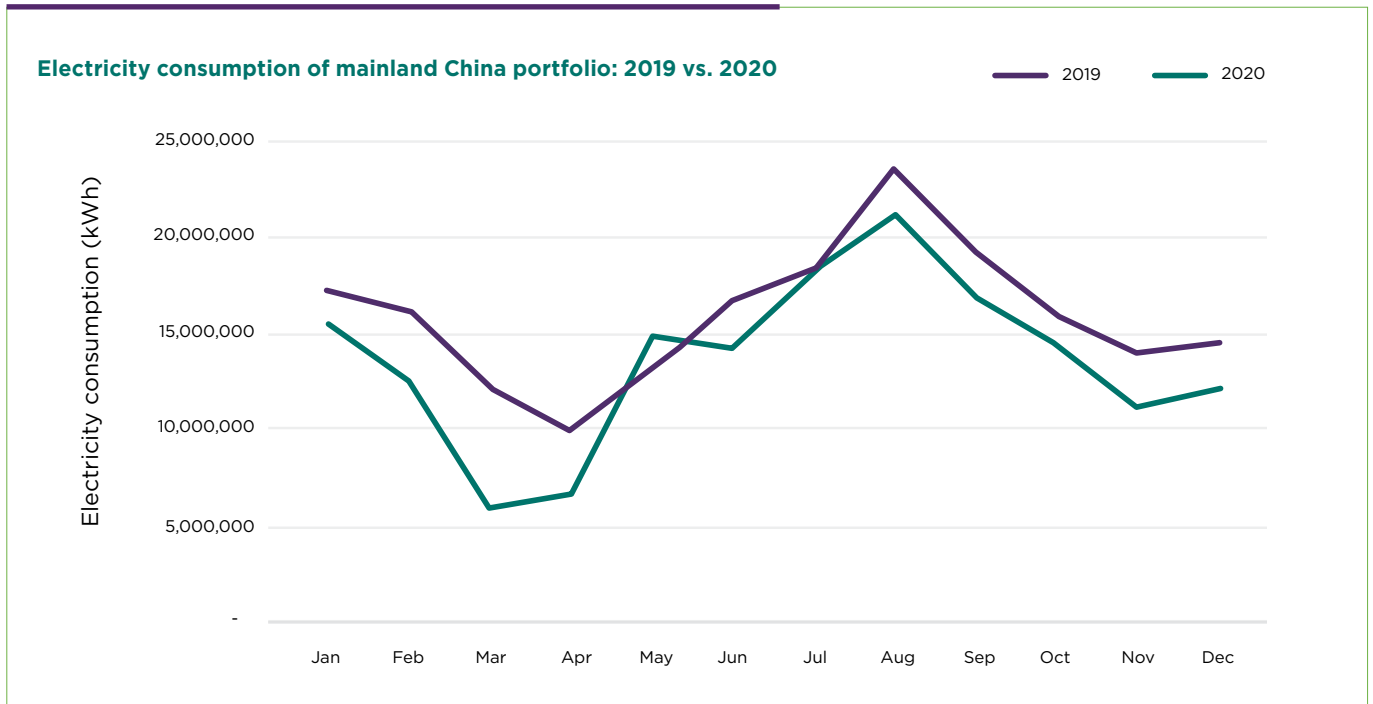
- Enhanced building automation through optimizing and/or upgrading building management systems or direct digital control systems for selected building facilities

The electricity consumption of both our Hong Kong and mainland China portfolio in 2020 was significantly lower than the previous year. This reduction is partially the result of the various levels of lockdown and social distancing measures adopted by both jurisdictions to contain the COVID-19 pandemic.

In Hong Kong, the electricity intensity by construction floor area of our portfolio fell by 7.3% in 2020 with an absolute electricity consumption reduction of 5,339,484kWh. In the four months of March, April, July and August 2020, stringent social distancing measures introduced by the Hong Kong government significantly limited business activities; during this period, the electricity consumption of our properties fell by 13.5% year-on-year, compared to a relatively modest average reduction of 3.5% over other months in the year.



In mainland China, the electricity intensity by construction floor area of our portfolio in 2020 decreased by 14.1% compared to 2019, with an absolute electricity consumption reduction of 26,994,470kWh. Also impacted by the COVID-19 pandemic, the central government imposed a nationwide lockdown in February, March, and April 2020, during which most non-essential businesses had to be suspended. As the number of active COVID-19 cases continued to decrease, businesses were allowed to resume starting from May. As such, the electricity consumption of our properties in these three months dropped by 34.5% year-on-year, compared to a 9.0% reduction in the rest of the year.



We anticipate a small year-on-year rebound in the overall electricity consumption of our entire portfolio as the pandemic begins to subside in 2021, but a reduction compared to 2019, thanks to our ongoing efforts to enhance the energy efficiency of our buildings.

OTHER ENERGY CONSUMPTION

Apart from electricity consumption, our properties in the northern and central part of mainland China also consume other forms of energy, such as natural gas, hot water and steam, for heating during the winter months. In 2020, our heating consumption also dropped very significantly – by 30.9% – as a result of the nationwide lockdown. Taken together, these forms of non-electricity consumption accounted for 19.2% of the total energy consumption of our buildings.

Waste management

OPERATIONAL WASTE

Most of our waste is generated by the business operations of our tenants and visitors to our malls. We have therefore implemented a wide range of measures to reduce waste at source and facilitate recycling at our properties, such as:

- Providing collection services for major recyclables, including paper, plastics, metal, and glass bottles
- Arranging food waste collection for food and beverage tenants at selected properties in Hong Kong and all properties in mainland China
- Providing umbrella dryers at selected commercial properties in Hong Kong to reduce usage of plastic umbrella bags
- Implementing a digital rental process for our Kornhill Apartments in Hong Kong to save paper
- Installing paperless parking systems

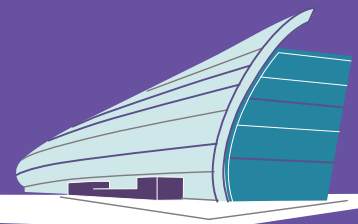
We have also adopted several waste reduction measures at our offices, including but not limited to:

- Digitizing internal forms for our operations in Hong Kong and mainland China to boost efficiency and reduce paper consumption
- Full implementation of our new Document Control Policy which reduces printing by promoting virtual documentation
- Stopped providing bottled water in selected offices
- Providing recycling bins at highly frequented locations, for example, pantries and next to printers
- Composting food waste at the canteen of Grand Gateway 66 in Shanghai

HELPING TENANTS RESPOND TO NEW WASTE CLASSIFICATION REGULATION

In recent years, cities in mainland China have formulated and gradually implemented city-specific waste classification regulations, compulsory for building operators, across four categories: dry waste, recyclables, wet waste and hazardous waste.

To help tenants observe these regulations, we enhanced the waste management provisions at our properties in mainland China and provided guidance on how they should sort and dispose of waste. For example, Riverside 66 in Tianjin has set up waste classification bins with clear signs to guide customers and tenants to discard waste properly. When our cleaning staff collect waste, they check if the tenants have sorted waste according to the local waste classification regulations. Where they have failed to do so, our cleaning staff reserve the right to reject the waste.



HAZARDOUS WASTE

To minimize environmental pollution, we appoint licensed service providers to collect two types of hazardous waste in Hong Kong and mainland China, namely used fluorescent lights and rechargeable batteries. All collected hazardous waste collected both in Hong Kong and mainland China is disposed of and handled properly offsite at licensed incineration facilities. For commercial office properties in Hong Kong that are primarily occupied by medical tenants, we also arrange licensed service providers to centrally collect clinical waste.

CONSTRUCTION WASTE

In both Hong Kong and mainland China, large quantities of waste are generated at our construction sites. To ensure this waste is handled properly, we require our contractors to recover, handle and dispose of it according to a customized Construction Waste Management Plan. For development projects in Hong Kong, contractors are required to divert at least 30% of construction waste from landfills and incineration facilities, as required for our BEAM Plus certification. At development projects in mainland China, contractors are required to achieve project-specific recycling targets defined by our LEED certification, with a minimum of 50% of construction waste diverted from landfills and incineration facilities.

ENGAGING CUSTOMERS AND COMMUNITIES ON WASTE REDUCTION

Waste is a common socio-environmental challenge that cannot be effectively managed, let alone solved, without everybody’s participation. With this challenge in mind, in addition to providing various recycling services to support the transition to a circular economy, we proactively engage our customers and communities to promote waste reduction at source.

In Hong Kong, social-distancing measures implemented by the government in response to the COVID-19 pandemic caused the sales of takeaway meals of food and beverage (F&B) tenants to increase significantly. This change in consumer behavior, in turn, increased the consumption and disposal of single-use containers. In response, we organized a one-month “Recycle & Reward” program with all F&B tenants at seven of our malls to incentivize customers



to bring reusable containers. If a patron brought a reusable container or eco-bag to collect takeaway meals, he or she would be rewarded with digital shopping vouchers.

With rising prosperity, per capita food consumption in China has increased at an unprecedented rate over the past decade. The government recently estimated that over 35 million tonnes of food waste are generated per year, resulting in a recent remark by President Xi Jinping in 2020 that China had to “maintain a sense of crisis about food security” and the launch of the nationwide “Clean Plate Campaign”. To support national efforts in tackling food waste, Grand Gateway 66 in Shanghai sponsored the venue for the opening ceremony of an All-China Youth Federation program that aims to engage one million youths across the country in the “Clean Plate Campaign”.

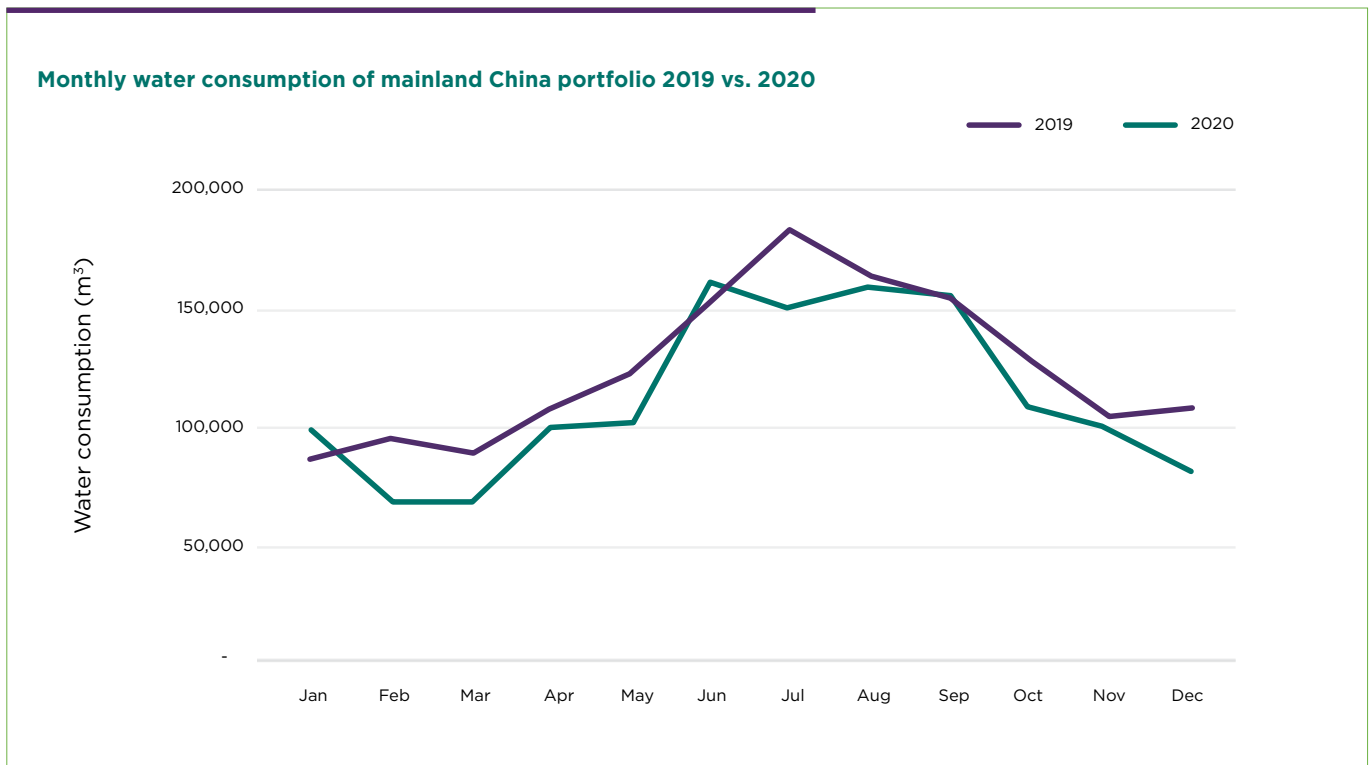


Water management

Water scarcity remains a severe yet relatively unattended global challenge that will affect the long-term sustainability of communities and businesses. The Group recognizes that most of the cities in which we operate are in areas with water stress. We have to be prepared to cope with this foreseeable challenge through better water management and conservation. Currently, our water consumption is highly dependent on the footfall and occupancy rate of our properties. Therefore, we have adopted a wide range of measures to reduce water consumption at our properties, including the installation of water-efficient fittings and promoting water conservation among our employees, customers, and tenants. We will continue to evaluate opportunities to improve water efficiency and management through technologies and better building operations.

In mainland China, the water intensity by construction floor area of our portfolio in 2020 decreased by 9.7% compared to 2019, with an absolute water consumption reduction of 146,361m³. Similar to the pattern of electricity consumption, the cumulative water consumption of our properties in February, March and April of 2020 was 18.8% lower than the same period in 2019 as a result of the nationwide lockdown, compared to a 7.5% reduction for the rest of the year.

As of the time of publication of this Report, historical data from 2020 was not yet fully available, as the Water Services Department in Hong Kong had reduced capacity in 2020 due to the COVID-19 pandemic and did not take meter records from most of our properties. Therefore, we are unable to provide a fair analysis of the total water consumption of the year. Outstanding data, subject to subsequent availability, will be included in our 2021 Sustainability Report.



Green building certification

To optimize resource consumption across our properties, and ensure the integration of environmental and social aspects in the design and construction of new projects as well as in the operations of existing projects, the Group strives to achieve various green building certifications.

In 2020, we attained the LEED for Core and Shell Development - Gold Level certification for the mall and office tower of Spring City 66 in Kunming, increasing our total number of LEED Gold certified projects at design and construction level to 14. We also successfully secured the LEED for Core and Shell Development - Platinum Level pre-certification for two office towers of Westlake 66 in Hangzhou, making this our first project officially committed to pursue the highest-level green building certification under LEED. We also obtained green building certifications at the operation level for two existing projects in Hong Kong.

By the end of 2020, 71% of the total construction floor area of our commercial properties had attained internationally recognized green building certifications at either the design and construction level or the operation level, such as LEED, BEAM Plus and/or equivalent. These certification schemes help provide a basis for independent verification of each new project's sustainability credentials and its corresponding impact on the built environment. The Group will continue to explore the feasibility of adopting a wider variety of green building certification schemes, such as China Green Building Labeling (CGBL) and BREEAM, to fulfill specific market needs and/or stakeholder expectations. For details of the green building certifications and pre-certifications we have attained, please refer to the Our Sustainable Portfolio section in this Report.



WELLBEING

Sustain a healthy, inclusive and safe environment and promote social wellbeing

Relevant GRI Disclosure:

205 (2016), 401 (2016), 403 (2018), 404 (2016), 405 (2016), 406 (2016), 413 (2016), 416 (2016)



Employee Wellbeing

Talent Attraction and Retention

To secure and retain talent in an increasingly competitive landscape, the Group provides competitive compensation and benefits packages, which are regularly benchmarked against industry standards. Full-time employees are entitled to benefits such as parental leave, life, medical and dental insurance, parking permits and various corporate staff discounts. Despite the difficult economic situation during the pandemic, we strived to maintain a stable working environment and also enhanced staff benefits during the year to meet our employees' needs, including an additional day of full paid leave called Founder's Day Leave for all employees in Hong Kong and mainland China to commemorate the 60th anniversary of Hang Lung Group. As a result, we recorded a lower voluntary turnover rate, at 9.8% compared to 14.5% in 2019.

Key retention metrics in 2020

	2018	2019	2020
Voluntary turnover rate	16.9%	14.5%	9.8%
No. of voluntary turnover	789	689	441

To create a sense of belonging within our workforce and recognize our colleagues' achievements, we continued to present several internal awards. In 2020, four winners (listed below) were selected among 26 applications for the quarterly CEO Award for initiatives that exemplify our Five Strategies of sustainable growth and the Four Behaviors of our corporate culture for achieving sustainable growth.

WINNING INITIATIVES	DESCRIPTION	DEPARTMENT / PROJECT
SMILES under Masks	Multiple teams worked closely together to overcome the extreme shortage of personal protective equipment during the early stage of the COVID-19 pandemic.	Service Delivery Department, Central Purchasing Department and, Human Resources and Administration Department
Being Heart to Heart, We Fight Together	The Wuhan team worked hand in hand with our headquarters and local government to overcome unprecedented challenges under the threat of the COVID-19 pandemic.	Heartland 66, Wuhan
Concerted Combat against COVID-19	Taking lessons from the bitter experience of SARS in 2003, the Amoy Team demonstrated strong resilience to safeguard the health of our colleagues and customers during the COVID-19 pandemic.	Amoy Gardens and Amoy Plaza, Hong Kong
Sustainable Finance	Despite a challenging year, the Treasury Team and Sustainability Team explored various financial solutions and executed transactions that will enable the Group to operate more sustainably.	Treasury Team and Sustainability Team

Moreover, 51 employees who had worked with Hang Lung for 10 to 30 years were awarded the Long Service Awards to recognize their loyalty and dedication.

ATTRACTING GENERATION-Z LEADERS

Despite the challenging economic environment, we continued to invest resources to attract and develop future leaders through the Hang Lung Management Trainee (MT) Program and Hang Lung Internship Program under the Hang Lung Young Elite Success (YES) Program in 2020. To remain agile during the COVID-19 pandemic, we organized multiple virtual career talks during the year, including a large-scale virtual talk co-organized with 51Job that attracted over 70,000 participants from mainland China and overseas.



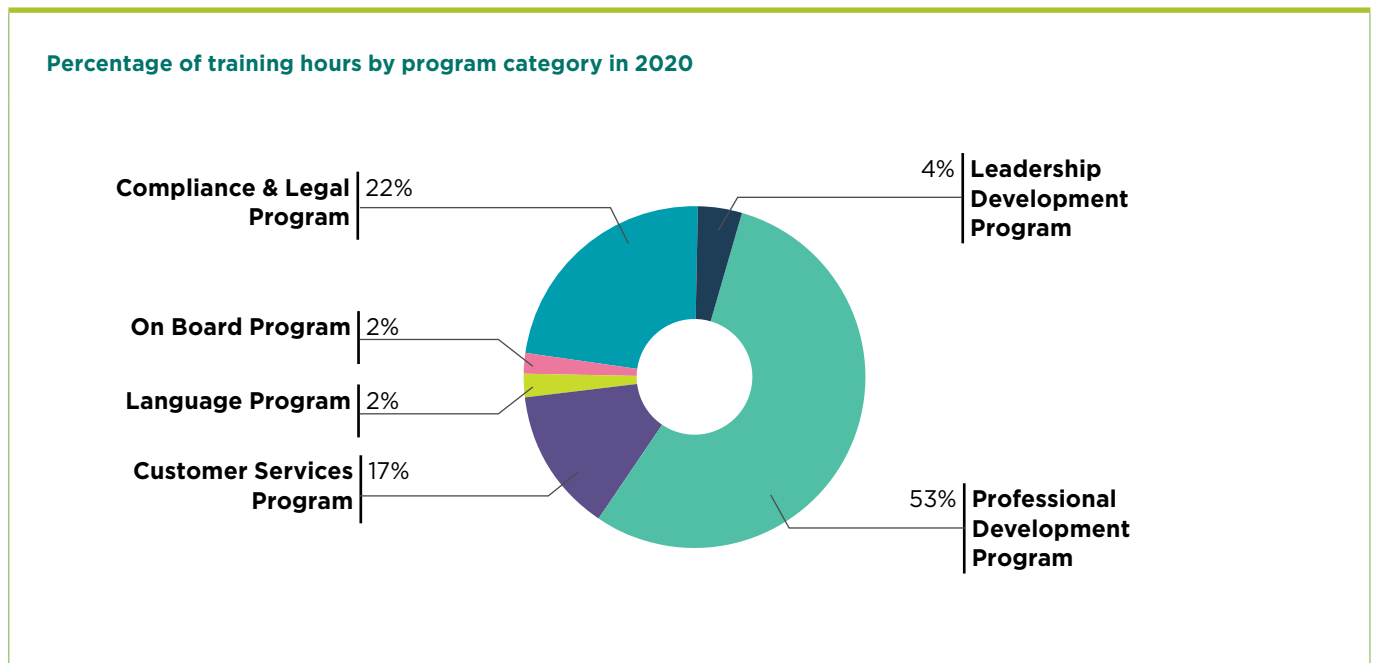
In 2020, we selected 12 candidates out of close to 3,500 applications from Hong Kong, mainland China and overseas for the MT Program. Management trainees rotate to three different business functions for six months each in Hong Kong and mainland China to gain a deeper understanding of the Group and the real estate industry. Throughout the program, they join diverse training programs and corporate events to hone their skills, for example, business etiquette, management skills and property management. We also hired eight university students from

Hong Kong and mainland China in 2020 under our Hang Lung Internship Program to help them explore career interests and broaden their horizons while supporting our business needs.

LEARNING AND DEVELOPMENT

To help our employees acquire the latest knowledge and skills to thrive in a fast-changing business environment, we conduct learning and development needs assessments and provide a wide spectrum of training courses and self-learning modules through our online platform Academy 66. During 2020, in response to the pandemic, 61% of our training events were delivered online. In total during the year, we delivered about 100,200 hours of training, an average of 22.1 hours per employee. Key training initiatives in 2020 include:

- A wide range of webinars to build employees' capacity to use technology, such as 5G and big data analytics, to enhance customer experience
- Customer service experience workshops for operational staff at eight properties in mainland China to ensure consistency and high standards
- Hang Lung Management Conference to help executives keep abreast of the latest market trends
- Multiple virtual trainings in helping employees adapt to remote working during the COVID-19 pandemic



In addition, we sponsored employees pursuing external training programs and applying for professional memberships that strengthen their work performance and support their career aspirations. A total of HK\$684,097 in training sponsorship was granted in 2020.

ESG PERFORMANCE MANAGEMENT

The Group aims to create accountability for sustainability at all levels, so that everybody understands their roles and responsibilities in contributing to our shared objectives. Starting in 2020, every colleague is now required to formulate ESG KPIs with quantifiable targets as part of the performance management process. Accordingly, ESG performance is now a factor affecting remuneration increments and discretionary bonuses.

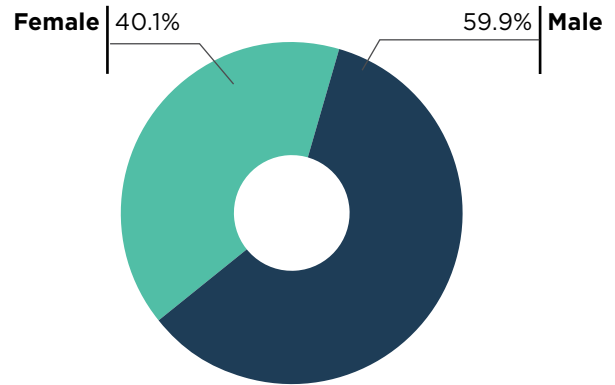
DIVERSITY AND INCLUSION

We strive to provide equal opportunities and fair treatment to our employees and job candidates from different backgrounds to build an effective team. As stipulated in the Equal Employment Opportunities Policy, we prohibit any form of discrimination against employees or job candidates on grounds of gender, age, marital status, family status, pregnancy, disability, race, ethnic origin, religion, or nationality. We also prohibit any form of harassment. We communicate the Equal Employment Opportunities Policy to our staff through our Code of Conduct.

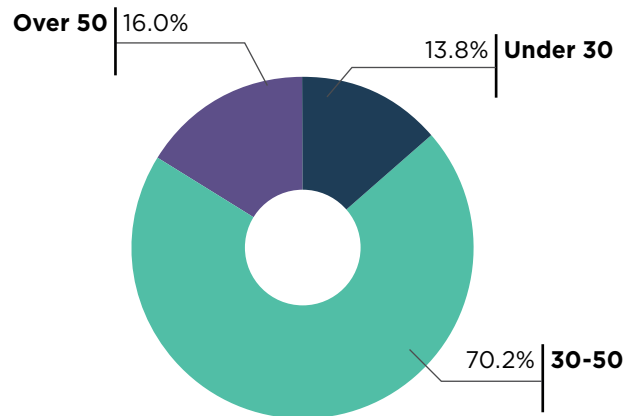
We pay special attention to the gender equality of our workforce to ensure a diverse range, perspectives in decision-making. Compared to peers the Group hires a relatively high percentage of women as executives, at about 40% since 2016, and would like to improve this number further.

The Group also emphasizes age diversity. On one hand, we are eager to attract young talent to build a talent pipeline to support our business expansion. On the other hand, we value the wisdom and experience of veterans in our workforce. When an employee is close to retirement, the departmental manager discusses with them whether he/she is willing to extend service in the company, subject to departmental needs. In 2020, the percentage of employees aged under 30 and over 50 account for 13.8% and 16.0% of our workforce respectively.

Percentage of executive staff by gender in 2020



Percentage of staff by age group in 2020



OCCUPATIONAL HEALTH AND SAFETY

Our Occupational Health and Safety (OHS) Policy specifies the roles and responsibilities of the employer and of employees in maintaining health and safety in the workplace. Owners of business functions currently share the responsibilities to:

- Oversee the safety performance of the Group
- Drive continual improvement through targets setting and annual review of our safety management systems
- Identify any external factors that may affect the overall risk level on occupational health and safety of the Group and determine the corresponding mitigation measures.

In 2020, we formalized our safety management system for property management operations in Hong Kong referencing the international standard ISO 45001. The system ensures that adequate controls and processes are in place to safeguard the health and safety of our employees, such as:

- Arranging task-specific risk assessment (including job hazard analysis) to identify hazards associated with work activity that pose a risk of injury
- Evaluating the risks and implementing control measures to eliminate the hazards or to reduce the risks to an acceptable level through substitutions, engineering controls, or administrative controls
- Forming site-level safety committees, comprising management and employee representatives, with meetings at least three times a year to enable employees' participation and consultation on health and safety related topics
- Assigning safety supervisors at site level that are empowered to identify and report safety hazards
- Investigating all reported accidents and dangerous occurrence by safety supervisors with follow up corrective actions that reference the hierarchy of hazard control measures
- Providing personal protective equipment to protect our employees from residual safety hazards as the last resort in the hierarchy of hazard control measures
- Arranging general and process-specific OHS training to our employees to foster a safe working culture (12,688 hours in 2020 across Hong Kong and mainland China).

Building on the experience and results gained in Hong Kong, we will standardize the safety management systems across our properties in mainland China by the end of 2021. In addition, we will form a group-level safety working group that comprises senior executives in 2021 to further strengthen management oversight on our safety performance.

During the year, we maintained zero fatalities among our employees in 2020.

EMPLOYEE WELLNESS

To support balanced lives for our employees, the Group formalized flexible work arrangements in Hong Kong and mainland China in 2020. Beginning in March 2020, office employees can apply to start and end work up to an hour earlier or later than the standard working hours, or can apply to work from home upon obtaining approval from the direct supervisor. We also launched Dress-Down Fridays to provide more flexibility on the dress code, except for staff required to wear uniforms.

We continued to provide various free or discounted medical services to our employees to safeguard their health. For example, 2,701 employees underwent a free health check and 375 employees received free influenza vaccine injections in 2020.

In response to social distancing measures during the COVID-19 pandemic, we held a series of virtual activities under our Employee Wellness Program, such as webinars for the prevention of back pain at work and to improve stress management, as well as online funky dance and yoga classes.



OVERCOMING CHALLENGES OF COVID-19 AS ONE TEAM

The COVID-19 pandemic undoubtedly brought us many challenges. Nevertheless, with the dedication and commitment of our workforce, we have been able to protect our staff while maintaining normal business operations as far as possible in 2020.

Standing alongside our colleagues through the storm

Multiple measures were adopted to provide practical support to our colleagues and safeguard against the risk of infection:

A dedicated pandemic response team to ensure rapid access to the latest information on COVID-19



Stock level of surgical masks maintained at 180 days to ensure sufficient supply for all employees



Flexible work arrangement and stringent reporting and self-quarantine protocols to minimize social contact and contagion



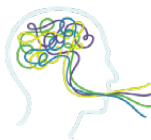
Provision of epidemic pack to all staff and adequate personal protective equipment for frontline colleagues, such as face shields, goggles, and gloves



Free COVID-19 tests for all employees required to self-quarantine



Counselling services for colleagues who are mentally stressed during the pandemic



Increased the overtime basic hourly rate for operational staff in Hong Kong by 30% during the third wave of COVID-19



Redeployed internal staff and outsourced part of the frontline service to address the manpower shortage during peak pandemic period



Demonstrating resilience at the epicenter of the pandemic

In the early stages of the pandemic, our team at Heartland 66 in Wuhan was unequivocally the hardest hit. With support from head office, they remained vigilant and reacted swiftly under the rapidly deteriorating situation. For instance, they:

- Established a local emergency team to maintain close communication with head office
- Stopped assignees travelling to Wuhan early in January 2020
- Adopted work-from-home arrangements ahead of the full lockdown
- Secured anti-epidemic supplies from other cities for our local employees
- Arranged early payment of wages to ease the financial burdens of employees



Through the concerted efforts across departments, we have overcome many difficulties during the pandemic and were one of the first batch of companies to resume operation in Wuhan in April 2020.

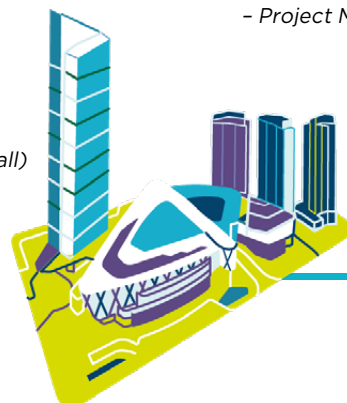
Billy Ip
General Manager

Confronting an unprecedented crisis, the Wuhan team worked hand in hand with the headquarters to ensure normal business operation.

Eder Kong
Deputy General Manager
- Project Management (Mall)

The management's quick and decisive response led the Wuhan team to adopt appropriate measures to effectively prevent the spread of the virus and achieve zero infection for all personnel in Heartland 66.

James Lin
Deputy General Manager
- Project Management (Office Tower)



ZERO Infection
at Heartland 66,
Wuhan

Customer wellbeing

SAFETY AND SECURITY

Our first consideration is to protect the safety of everyone within our properties, including our customers and tenants. To familiarize our staff, tenants, and customers and construction units with effective evacuation and procedures to deal with other emergency situations, we conduct emergency and fire drills at our premises under our Crisis Management Protocol on a regular basis.

Our efforts to provide quality security services received external recognition. In 2020, Amoy Plaza received seven awards related to security management at the Kowloon East Best Security Services 2019-2020 from the Regional Crime Prevention Office of Kowloon East in Hong Kong.

HEALTH AND WELLBEING

Indoor air quality of our premises is one of the key parameters that we strive to improve in order to safeguard the health and wellbeing of our customers. In 2019, we completed the upgrade of air filtration systems and installed electrostatic precipitators and photocatalytic oxidation filters in all our properties in mainland China. Since then, we have been using medical grade air filtration systems across our entire portfolio in mainland China, going far beyond national requirements. These air filtration specifications have also been incorporated into our project design guidelines to ensure that new projects adopt such provisions as a minimum.

Manifesting our commitment to provide healthy space for medical tenants' business operations, we attained the Indoor Air Quality (IAQ) Certificates issued by Environmental Protection Department for properties with a high ratio of medical tenants in Hong Kong.

We also prioritized customers' health throughout the COVID-19 pandemic in 2020. Since the early stages, we adopted comprehensive precautionary measures at all our properties in Hong Kong and mainland China. These include but are not limited to:

- Collaborating with Germ Tech to disinfect our commercial properties in Hong Kong, especially our medical hubs, with Germagic Thyme: a smart coating that inactivates up to 99.9% of highly infectious virus and is resistant to COVID-19

- Stepping up the sanitization of ventilation systems with fresh air intake and providing hand sanitizers and thermometers at our malls
- Increasing the air change rate within our toilet exhaust air system
- Installing thermal scanners at the entrance of commercial offices.

ACCESSIBILITY

Since forming our Barrier-Free Access Working Group in late 2016, we have reviewed the accessibility provisions of four properties in mainland China and arranged retrofits or upgrades to promote social inclusivity. From 2020 onwards, we have applied our updated development design guidelines that include provisions for barrier-free access that go beyond the national building standards in new property development projects. This has allowed us to provide an accessible shopping experience for vulnerable groups, including the elderly and disabled.

HERITAGE CONSERVATION

The Group strives to achieve a balance between developing new properties and conserving cultural heritage. When we design property development projects, we incorporate the restoration, preservation, and integration of onsite historical buildings as far as practicable. For instance, we spent months to repair and replicate the lost or damaged architectural features of the Zhejiang Xingye Bank Building which was built in 1921 at Riverside 66 in Tianjin. We went the extra mile to identify a suitable long-term business partner – Starbucks – to inject vitality into the building. And we took the time needed to do it right. After three years of renovation, Starbucks Reserve Riverside 66 Tianjin flagship store was officially opened in August 2019 with full integration of antique and modern architectural features.



FIGHTING PANDEMIC ACROSS TWO DECADES WITH CAUTION, COMMITMENT, AND CARE

Having learnt important lessons from SARS in 2003, our Amoy Gardens and Amoy Plaza in Hong Kong stayed alert and implemented a wide range of COVID-19 prevention measures under the Caution, Commitment, and Care principles.



CAUTION



- Advised residents of Amoy Gardens and tenants and visitors of Amoy Plaza to wear masks as early as January 2, 2020, long before wearing masks was made mandatory by the government
- Kept residents and tenants well informed of the latest COVID-19 situation in the area

COMMITMENT



- Formulated contingency plans by working with various departments at the headquarters
- Organized a drill on handling COVID-19 early in February 2020
- Arranged thorough disinfection of our frontline colleagues' uniforms before and after duty on a daily basis

CARE



- Required visitors to check temperature before entering Amoy Gardens
- Arranged thorough disinfection and deep cleaning for the common area and facilities on a regular basis
- Maintained close communication with suspected/confirmed cases

Despite the very high footfall and dense population in the area, our effort was acknowledged by the government and a renowned public health scholar to be successful in keeping the number of confirmed cases of COVID-19 low at Amoy Gardens and Amoy Plaza. By the end of 2020, six residents of Amoy Gardens, one employee from a tenant of Amoy Plaza and none of our staff of the Amoy team had been infected with COVID-19.

Community wellbeing

DONATION AND SPONSORSHIP

In 2020, the Group donated HK\$25 million, an increase of 47% compared to the previous year to support a wide array of sustainable community investment programs. Of this total, we set aside RMB 10 million to establish the Hang Lung Novel Coronavirus Relief Fund in February 2020 to support measures to restrain the spread of COVID-19. In particular, we donated RMB 6 million to fund preparations for COVID-19 at Leishenshan Hospital in Wuhan. During the year, we allocated the remaining RMB 4 million to support a spectrum of volunteer activities, such as distributing protective anti-epidemic items, fresh food packs and basic necessities to those in need. Over 14,000 beneficiaries, including the elderly, low-income families, frontline healthcare professionals and community support staff, received support in Hong Kong and mainland China.

In addition, we provided non-monetary support to communities through the provision of venues to 11 non-profit organizations with a nominal rental fee.

START ANEW @ WUHAN

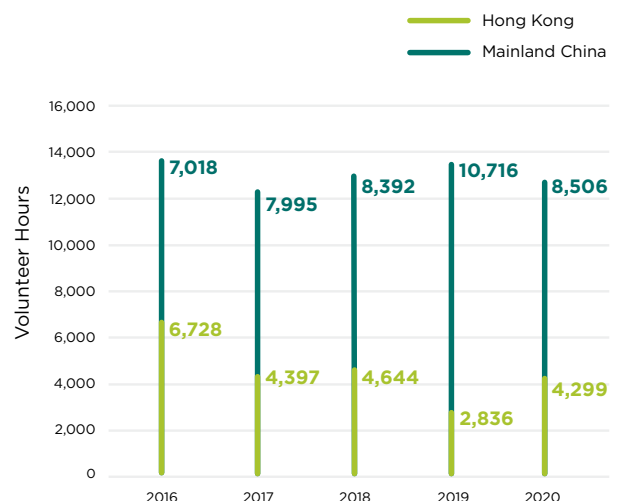
After the coronavirus lockdown of Wuhan in 2020, the Group felt that it was important to encourage the public to resume normal daily life and bring vitality back to the city. To inspire people to take a positive outlook of life after the pandemic, the Heartland 66 team partnered with the Wuhan Municipal Committee of the Communist Youth League of China to launch a series of sustainable community investment videos titled "Start Anew @ Wuhan". The seven-episode video series was funded by the Hang Lung Novel Coronavirus Relief Fund and featured a wide range of celebrities, including China's renowned tennis player, Li Na; popular actor Justin Yuan Hong, and famous actress Charmaine Sheh Sze Man, to showcase the refreshed city of Wuhan from different perspectives. The video series was released online on Wednesdays starting from September 30, 2020.

HANG LUNG AS ONE VOLUNTEER TEAM

During the year, the COVID-19 pandemic did not stop our Hang Lung As One Volunteer Team from delivering volunteer services in three focus areas: youth development and education, environmental protection, and services for the elderly. We also organized a number of volunteering activities to help our communities overcome social isolation during the pandemic. For example, we collaborated with Lok Kwan Social Service to arrange one-to-one pairing of single senior citizens with our volunteers in Hong Kong to share health tips and provide remote companionship. We also co-organized workshops on parent-child storytelling and pastel nagomi art with the Hans Andersen Club to assist underprivileged families in Wong Tai Sin district in Hong Kong to express their emotions and reduce stress.

In 2020, we organized 97 volunteer activities and contributed 12,805 volunteer hours, benefiting 19,595 people despite social distancing constraints, by hosting virtual events or through a safe combination of online and physical activities.

Breakdown of Volunteer Hours by Region



SPREADING LOVE DURING OUR 60TH ANNIVERSARY

Commemorating the 60th anniversary of Hang Lung Group, about 1,000 volunteers from Hong Kong and nine cities in mainland China jointly organized our first large-scale community service event on September 19, 2020. Around 4,500 underprivileged people received support from our volunteers during the event.

HONG KONG

We were aware that many schools had switched to online teaching since 2020 during the COVID-19 pandemic. Due to the lack of access to online resources, disadvantaged students fell behind in their learning progress. Therefore, we collaborated with St James' Settlement and Principal Chan Free Tutorial World to prepare 150 "Welcome Back to School Kits", including data SIM cards, stationery and kids' masks, to help students start the academic year healthily with new tools and with some relief of the financial burden on their family.



MAINLAND CHINA

Prevention is the key to fighting COVID-19. Volunteers from Riverside 66 in Tianjin, Parc 66 in Jinan and Westlake 66 in Hangzhou distributed anti-epidemic materials to communities in need. To raise disease prevention awareness, volunteers from Plaza 66 and Grand Gateway 66 in Shanghai arranged guided tours of museums and health exhibitions for the beneficiaries. Volunteers from Spring City 66 in Kunming not only distributed health protection kits for the elderly and underprivileged students, but also helped senior citizens to clean their homes.

HANG LUNG YOUNG ARCHITECTS PROGRAM

Leveraging our expertise and network to create positive societal impacts, we organized the second edition of the Hang Lung Young Architects Program with the social enterprise Walk in Hong Kong from 2019 to 2020, after encouraging feedback from the inaugural edition. A total of 330 students from 66 secondary schools deepened their receiving architectural knowledge and practical skills, such as sketching and 3D modelling, through a combination of online and offline activities, including workshops, seminars, and walking tours. Participants received over 11,000 hours of expert-led training, interacting with each other and their mentors to broaden their horizon during the 10-month program.

SUSTAINABLE TRANSACTIONS

Promote sustainability practices in all types of business transactions

Relevant GRI Disclosure:

204 (2016), 403 (2018), 418 (2016), 419 (2016)



Sustainable Transactions

Sustainable finance

GREEN FINANCE FRAMEWORK

In response to global investors' growing interest in sustainable finance, we developed the "Hang Lung Properties Green Finance Framework" (the "Green Finance Framework") in June 2019. The Green Finance Framework was developed in line with international guidelines, such as the International Capital Market Association's 2018 Green Bond Principles (GBP) and Green Loan Principles (GLP). It enables Hang Lung Properties to raise funds under due scrutiny to finance projects that will deliver environmental benefits to support both our business strategy and our long-term vision to achieve sustainability leadership. We engaged Sustainalytics, an independent environmental, social and governance research, ratings, and analysis firm, to provide a second-party opinion on the Green Finance Framework to affirm that it is credible, robust, and impactful, and in full alignment with the GBP and GLP. Please find all details of the Green Finance Framework [here](#).

In 2019, we established a Green Finance Subcommittee under our SSC to review our existing and future projects on a regular basis and identify any projects eligible for fundraising as defined under the Green Finance

Framework. In response to the rising market demand to invest in projects that encompass social and governance considerations as well, and the growing diversity of sustainable finance instruments being offered by financial institutions, we expanded the scope of the Green Finance Subcommittee in 2020 and renamed it the Sustainable Finance Subcommittee.

OUR SUSTAINABLE FINANCING TRANSACTIONS

The Group considers sustainable finance a core element to drive integration of ESG criteria into business and investment decisions, for the lasting benefit of stakeholders and society at large. Starting from 2018, our team have been exploring various opportunities on sustainable financing to support our ambitious goals in the pursuit of sustainability leadership. We have a high variety of transactions, including green panda bond, green bonds, green loans and sustainability-linked loans. We will continue to identify new opportunities in sustainable finance to support projects that deliver both environmental and social impacts in the long run. As of the end of 2020, sustainable finance accounted for 13% of Hang Lung Properties' total debts and available facilities.



Spring City 66, Kunming



Heartland 66, Wuhan

OUR INAUGURAL SUSTAINABILITY-LINKED LOANS

In 2020, Hang Lung Properties secured our first two sustainability-linked loan (SLL) facility agreements with Crédit Agricole Corporate and Investment Bank and DBS Hong Kong to the value of HK\$1.5 billion, demonstrating our commitment to further its sustainability performance through sustainable financing. These SLLs feature a mechanism by which Hang Lung Properties has an incentive to achieve the following ESG-linked performance objectives:

- Retain listing on the Dow Jones Sustainability Asia Pacific Index
- Achieve an annual target reduction in electricity intensity across parts of our portfolio, measured in units of kWh/m²

These loans will be used for general corporate funding and supporting the Group’s 2030 sustainability goals and targets as well as other major sustainability initiatives that support the pursuit of sustainability leadership, such as funding ongoing sustainable building developments, and adopting advanced technologies to enhance the energy efficiency of buildings.



GREEN LOANS AND GREEN BONDS AND THEIR ALLOCATION

As of end-2020, Hang Lung Properties had issued three green bonds and secured two green loan facilities under the Hang Lung Properties Green Finance Framework, with the proceeds allocated to predefined eligible green projects as follows:

As at December 31, 2020 (HK\$'M)

GREEN LOAN			
Location	Year Signed	Facility Amount	Drawn Amount*
Hong Kong	2019	1,000	-
Mainland China	2020	1,869	1,435
		2,869	1,435
			1,435 a

GREEN BOND			
Location	Year Issued	Maturity Date	Issued Amount
Hong Kong	2020	February 26, 2027	700
Hong Kong	2020	April 7, 2027	500
Hong Kong	2020	November 20, 2025	750
			1,950 b
		Green Loan Drawn and Green Bond Issued	3,385 a+b

Reporting Criteria

- A Green Bond is added to the Sustainability Report when it was issued by the Company or its subsidiaries during the reporting period.
- A Green Bond is removed from the Sustainability Report when it has been fully repaid by the Company or its subsidiaries.
- A Green Loan is added to the Sustainability Report when it has been drawn by the Company or its subsidiaries and was still outstanding at the end date of the reporting period.
- A Green Loan is removed from the Sustainability Report when it has been repaid.
- The green projects eligible for the use of the green proceeds are approved by Sustainable Finance Subcommittee under Sustainability Steering Committee.

As at December 31, 2020 (HK\$'M)

	Loan Drawn/Bond Issued	Allocated			Pending for Allocation
		Spring City 66, Kunming	Heartland 66, Wuhan	Total	
Green Loan	1,435	1,435	-	1,435	-
Green Bond	1,950	634	745	1,379	571
	3,385	2,069	745	2,814	571

The unallocated proceeds are held in accordance with our liquidity guidelines for short term time deposits or investments, or used to repay existing borrowings within the Group. An independent practitioner, PricewaterhouseCoopers has issued a limited assurance report on these numbers. Please refer to pages 67 to 69 of this Report for further details.

Details of the green projects funded by our green loans and green bonds are summarized below:

Project	Spring City 66	Heartland 66
Green project category	Green building	Green building
Location	Kunming, Yunnan, China	Wuhan, Hubei, China
Nature	Shopping mall, office tower, serviced apartment, and hotel	Shopping mall, office tower, and serviced apartment
Total gross floor area	432,388 m ²	460,000 m ²
Certifications	LEED for Building Design and Construction: Core and Shell Development Gold-level certification obtained for mall and office tower in November 2020	LEED for Building Design and Construction: Core and Shell Development Gold-level precertification obtained for mall, office tower, and serviced apartment in 2014
Selected sustainability features	<ul style="list-style-type: none"> Estimated annual energy savings exceeding ASHRAE 90.1-2007 baseline standard by at least 12% Estimated annual potable water savings exceeding LEED baseline performance by over 40% 400 electric vehicle chargers in the car park to promote green transportation 	<ul style="list-style-type: none"> Estimated annual energy savings exceeding ASHRAE 90.1-2007 baseline standard by at least 14% Estimated annual potable water savings exceeding LEED baseline performance by over 40%

Sustainable supply chain management

EMBEDDING SUSTAINABILITY PRINCIPLES IN THE SUPPLY CHAIN

All suppliers are subject to our Code of Conduct for Contractors which stipulates our sustainability principles and minimum requirements, including compliance with local laws and regulations, labor practices, health and safety standards, environmental protection and the prevention of corruption and bribery.

In order to facilitate fair competition and optimize value for the Group, we implement a set of stringent procurement and tendering policies. Before the start of any tendering process, we invite new suppliers to complete a pre-qualification questionnaire to demonstrate the quality of their work and their product or service expertise, and to share details of their partnerships, customer service, timeliness and safety records. We also conduct regular assessments of all suppliers and annual performance reviews of major suppliers to monitor and assess their work and sustainability performance. Suppliers and service providers who fail to meet our requirements may be excluded from future tendering. In serious situations, we may even terminate their contract early.

SUSTAINABLE PROCUREMENT FOR GOODS AND SERVICES

The Group's Sustainable Procurement Policy for Goods and Services encourages our employees, suppliers and contractors in Hong Kong to source environmentally responsible materials, adopt simple packaging, and recycle waste. By implementing this policy, green specifications referencing external guidelines (such as the green specifications adopted by the Hong Kong government) have been incorporated in the tendering documents in order to balance quality, price and environmental impact in our procurement process. We also purchase goods and services locally as much as possible to minimize the environmental footprint arising from transportation, and to benefit the local economy. In 2020, 100% of our spending on goods and services for our operations in Hong Kong was sourced from 300 local suppliers by our Central Purchasing Department.

In 2020, we established a central purchasing function under our China management office with the aim of driving sustainable procurement across our operations in mainland China in a more coordinated manner.

SUSTAINABLE SUPPLY CHAIN MANAGEMENT ON PROJECT DEVELOPMENT

Quality project management

Our project development cycle begins immediately after land acquisition and runs until construction work has completed. This complex cycle involves numerous internal and external parties, and therefore inevitably requires sophisticated internal control and documentation processes if a project is to be seamlessly delivered.

To streamline these intricate processes, we piloted the implementation of the Digital Quality Management System (DQMS) at our two development projects in Hong Kong in 2020. Paper-intensive processes, such as site inspection and quality check, have been digitalized on a cloud-based platform under the DQMS. This enables real-time documentation as well as instant notification to relevant project team member for timely review and approval. The DQMS has significantly improved effectiveness in the identification and rectification of quality and safety non-conformance. By the third quarter of 2020, we started to prepare for portfolio-wide implementation of the DQMS and we anticipate full implementation of the DQMS across our major development projects in 2021.

Use of construction materials

The Group is aware that our stakeholders increasingly expect us to purchase construction materials from sustainable sources. Currently, we primarily follow the requirement of the LEED certification scheme to procure construction materials that incorporate recycled content materials and that are manufactured in the region for our new development projects. In the forthcoming year, we will explore other possibilities related to low-carbon construction materials and technologies as part of a systematic effort towards reducing our Scope 3 GHG emissions in the long run.

Construction site safety management

We continue to implement a construction site safety management system at all our active construction sites in mainland China, overseen by the Cost and Controls Department. We have gone beyond the industry norm in appointing designated safety consultants as independent parties to monitor the performance of our contractors at key projects in mainland China.

In 2020, we maintained zero fatalities at our seven construction sites in mainland China for the third consecutive year, and the overall accident rate remained low at 0.013 accidents per 100,000 man-hours. While we consider this a respectable achievement given the relatively weaker safety culture in mainland China, we will continue to optimize work processes and promote safety awareness among construction site workers to ensure that this standard can be improved.

Key construction safety performance indicators in mainland China

	2018	2019	2020
Number of active construction sites	7	8	7
Total man-hours	13,592,560	16,659,451	7,769,227
Number of fatalities	0	0	0
Number of accidents	1	2	1
Number of near-misses	11	8	2
Number of accidents per 100,000 man-hours	0.0074	0.012	0.013
Total construction safety training hours for contractors	1,051.10	737.20	294.00
Total construction safety training hours for Hang Lung staff	322.25	243.35	155.00

For the two construction projects in Hong Kong, we continued to adhere to local best practices on construction site safety management with no accidents in 2020.

Key construction safety performance indicators in Hong Kong

	2019	2020
Number of active construction sites	2	2
Total man-hours	20,627	97,434
Number of fatalities	0	0
Number of accidents	0	0
Number of near-misses	0	1
Number of accidents per 100,000 man-hours	0	0
Total construction safety training hours for contractors	25	384
Total construction safety training hours for Hang Lung staff	3.5	126

Construction site environmental management

Activities at construction sites can result in water, noise, and air pollution, as well as demolition and construction waste. All of these potential negative impacts should be considered through detailed environmental impact assessments in accordance with the local law before construction begins. To support necessary mitigation measures, our tendering documents include detailed requirements for contractors in areas such as environmental monitoring and audits, environmental management planning, and training provision. Upon the commencement of construction, we endeavor to maintain regular dialogue with local stakeholders, including local authorities and surrounding communities, to ensure that their concerns are well understood.

MINIMIZING ENVIRONMENTAL IMPACT OF CONSTRUCTION WORKS AT WESTLAKE 66, HANGZHOU

As we continue to make significant progress on the foundation works of Westlake 66 in Hangzhou, it has caused some environmental disturbance to the surrounding neighborhood given the massive scale of the project. In September 2020, a few households located next to the project site expressed concerns to the Central Environmental Protection Inspection Office regarding dust and noise levels at our construction site. Mindful of the importance of harmonious community relations, our project team immediately sought advice from local authorities and worked with our main contractors on six improvement measures to rectify the situation.



Application of the innovative **“water-jet method”** to transport excavation soil to an off-site dumping pier via pipelines that run through existing local infrastructure. This method has eliminated the need to transport excavation soil using conventional dump trucks, minimized noise and dust pollution, reduced diesel consumption, and alleviated traffic congestion nearby.

Installation of **double-glazed windows** for 317 households in the surrounding neighborhood



Application of **green mesh to cover exposed soil, reducing dust generation by up to 85%**



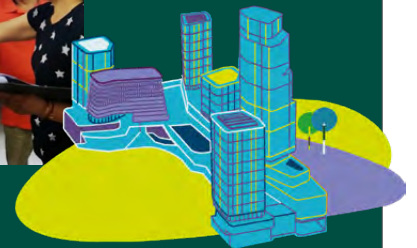
Installation of **automatic vehicle-washing system** to remove dust and grits on vehicles more effectively with lower water consumption



Hardening road surfaces and covering mud path with steel plates within the construction site to reduce dust generation



Proactive engagement with the surrounding neighborhood to understand their concerns and strengthen our presence in the local community



The above improvement measures, especially the application of the “water-jet method”, have been highly regarded by the local government as industry best practices. Looking ahead, our project team will continue to explore opportunities to manage our potential environmental impact, build strong community relations, and strive to be exemplary among our peers in the region.

Customer care

PROTECTING CUSTOMER DATA PRIVACY

Our business involves numerous direct or indirect transactions with our tenants and customers every day. We have developed and implemented the “Privacy Practices Guide: Use of Personal Data in Direct Marketing and Personal Data Privacy Guidelines for Building Management” for our operations in Hong Kong to safeguard the personal data of our customers and ensure compliance with the Personal Data (Privacy) Ordinance in Hong Kong. We have also put in place similar policies and procedures for our operations in mainland China to conform with relevant local personal data protection legislation. During the year, we also provided training on data privacy to ensure that our colleagues are well aware of our expectations. Our Legal & Secretarial Department is responsible for monitoring any potential breach of laws and regulations, and we did not receive any complaints regarding breaches of customer privacy or loss of customer data in 2020.

To effectively manage the risks of cyberattacks and data leakage, cybersecurity is one of the principal risks monitored under our Enterprise Risk Management Framework. We undertake regular online training to increase our vigilance with regards to increasing cybersecurity risks and how to mitigate them.

ENHANCING CUSTOMER EXPERIENCES

The Group continually invests in initiatives to enhance customer experience and loyalty throughout our operations. Having successfully launched our Customer Relationship Management (CRM) program HOUSE 66 in 2018, we completed the full roll-out across all projects in mainland China in 2020. As of the end of 2020, we have already accumulated over 620,000 members under various tiers of membership of HOUSE 66, where members can enjoy an array of personalized services and exclusive events offered by our Member Engagement Specialist Team.

Beyond this CRM program, in September 2020 we completed a three-year Asset Enhancement Initiative at Grand Gateway 66 in Shanghai, and launched HANGOUT, our own brand of multifunctional co-working space, at Center 66 in Wuxi. All these initiatives have effectively diversified our services and offerings to take customer experience to new heights.

MEASURING CUSTOMER SATISFACTION

Customer feedback is vital for us to understand their expectations and facilitate continual improvement. Our customer satisfaction survey, run on an annual basis since 2019, aims to collect both the top-down Net Promoter Score (NPS) and qualitative feedback on specific areas through verbatim reports. The number of customers engaged reduced significantly in 2020 compared to 2019 as a result of the nationwide lockdown in the first four months of the year. Action plans were developed to address any negative customer feedback in respective shopping malls.

Key figures of customer satisfaction survey in 2020

	2019	2020
Number of Surveys Completed	48,166	23,904
Overall Net Promoter Score	+77	+66.2
Number of Verbatim Collected	9,736	7,750

HANGOUT - REIMAGINING WORKSPACE

As organizations and enterprises adapted to remote working in response to the COVID-19 pandemic, we saw an increasing demand for decentralizing workforces into smaller yet flexible offices to minimize the potential risks of being too centralized. In response, the Group launched our first multifunctional co-working space in September 2020, HANGOUT, to broaden our appeal to a variety of potential quality tenants looking for healthy and environmentally friendly workspaces that offer flexible lease terms and access to world-class facilities. Key features of HANGOUT include:



Installation of the Intense Field Dielectric air filtration system, which can effectively remove up to 99.98% of PM2.5, bacteria, and virus



Offering over 500 flexible workstations that can accommodate different business needs



Embracing smart office solutions that support facilities reservation, visitor management, printing, and real-time concierge service through an all-in-one mobile application



Provision of a 1,200m² balcony that offers an outdoor space for tenants to relax, gather and interact



Offering world-class and stylish conference, meeting, and training facilities that can accommodate up to 150 people



Regularly organizing social activities and events to connect tenants and encourage knowledge exchange and collaborations

Memberships and Charters

The Group actively supports government bodies, sustainability organizations and industry associations that have positive impacts on society. The following table summarizes our memberships and charters during 2020.

Area	Partner	Nature of Membership/ Charter
Environmental	Hong Kong Special Administrative Region Government	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)
		Glass Container Recycling Charter (Environmental Protection Department)
	Business Environment Council	Council Member BEC Low Carbon Charter
	Civic Exchange and Walk 21	International Charter of Walking
	The Green Earth	Green Earth Companion (Air)
	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
GRESB	Real Estate Manager Member	
Social	Hong Kong Special Administrative Region Government	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)
	Agency for Volunteer Service	Group Member
	Asia Society	Asia Corporate Member
	Business and Professionals Federation of Hong Kong	Corporate Member
	China Real Estate Developers and Investors Association	Executive Member
	Hong Kong Institute of Human Resource Management	Corporate Member
	Hong Kong Management Association	Chartered Member
	Hong Kong Public Relations Professionals' Association Limited	Corporate Member
	The Chamber of Hong Kong Listed Companies	Full Member
	The Real Estate Developers Association of Hong Kong	Corporate Member

HK: Hong Kong
MC: Mainland China

Performance Tables

Economic

Indicator	Unit	2018			2019			2020		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Economic value generated										
Revenue (including property sales revenue)	HK\$ million	5,329	4,686	10,015	4,460	4,975	9,435	3,832	5,694	9,526
Interest income		N/A	N/A	465	N/A	N/A	160	N/A	N/A	70
Economic value distributed										
Operating cost ^a		N/A	N/A	2,059	N/A	N/A	1,752	N/A	N/A	1,845
Employee wages and benefits		N/A	N/A	1,658	N/A	N/A	1,624	N/A	N/A	1,575
Total borrowing costs		N/A	N/A	1,431	N/A	N/A	1,573	N/A	N/A	1,518
Dividends paid		N/A	N/A	1,089	N/A	N/A	1,089	N/A	N/A	1,470
Dividends paid to non-controlling interests	HK\$ million	N/A	N/A	1,786	N/A	N/A	1,727	N/A	N/A	1,757
Income taxes to government		501	698	1,199	477	728	1,205	401	870	1,271
Community investments		N/A	N/A	15	N/A	N/A	17	N/A	N/A	25
Number of cities of operation	Number	1	9	10	1	9	10	1	9	10
Economic value retained or invested										
Economic value retained or invested	HK\$ million	N/A	N/A	1,243	N/A	N/A	608	N/A	N/A	135

Note a:

Operating costs exclude 1) employee wages and benefits and 2) community investments.

HK: Hong Kong
MC: Mainland China

Environmental

Indicator	Unit	2018			2019			2020		
		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		402	N/A	N/A	416	1,925	2,341	380	1,251	1,631
Diesel by vehicles and vessels	GJ	168	N/A	N/A	253.64	0	253.64	181	0	181
Diesel by emergency generators		87	141	228	68	172	239	5	43	48
Natural gas		0	4,075	4,075	0	4,711	4,711	0	2,226	2,226
Indirect energy consumed (all non-renewable by type)										
Electricity	kWh	74,101,311	194,448,350	268,549,661	73,427,325	191,016,119	264,443,444	68,087,841	164,021,619	232,109,460
	GJ	266,765	700,014	966,779	264,338	687,658	951,996	245,116	590,478	835,594
Electricity intensity of buildings in use	kWh/m ² /year	101.97	79.09	N/A	104.41	77.21	N/A	96.82	66.30	N/A
Hot water	GJ	0	245,606	245,606	0	244,642	244,642	0	165,961	165,961
Steam		0	37,566	37,566	0	37,145	37,145	0	29,802	29,802
Total energy consumed										
Building operation	GJ	266,852	987,402	1,254,254	264,406	974,328	1,238,734	245,121	788,510	1,033,681
Energy intensity of buildings in use	GJ/m ² /year	0.37	0.40	N/A	0.38	0.39	N/A	0.35	0.32	0.33
Energy generated and consumed										
Renewable energy	kWh	0	756,380	756,380	0	715,911	715,911	0	643,678	643,678
Greenhouse gas (GHG) emissions ^{(1),(2),(3),(7),(8)}										
Direct emissions (Scope 1)										
Building operation	Tonnes CO ₂ e	1,204.37	1,858.28	3,062.65	1,810.56	4,239.37	6,049.93	613	2,407	3,020
Company vehicles and vessels ⁽⁹⁾		41.45	N/A	N/A	48.78	138.68	187.46	40.82	90.11	130.93
Energy indirect emissions (Scope 2)										
Building operation	Tonnes CO ₂ e	47,996.88	223,242.65	271,239.53	48,840.73	202,168.97	251,009.70	41,405	166,446	207,851
Other indirect emissions (Scope 3)										
Business air travel	Tonnes CO ₂ e	586.63	251.51	838.22	677.64	277.75	955.39	85.52	78.50	164.02
Emission Intensity										
Building operation ⁽¹⁰⁾	Tonnes CO ₂ e/m ² /year	0.0677	0.0916	N/A	0.0720	0.0834	0.0809	0.0597	0.0683	0.0664

HK: Hong Kong
MC: Mainland China

Environmental

Indicator	Unit	2018			2019			2020		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Waste management ^{(1),(2),(3), (11)}										
Waste disposal										
Municipal solid waste	Tonnes	7,735	22,063	29,798	7,335	19,180	26,515	6,946	27,593	34,539
Hazardous waste (Fluorescent light bulbs/ tubes)	kg	1,355	1,511	2,866	3,428	4,283	7,709	6,036	320	6,356
Recycled waste										
Paper		84,277	392,047	476,324	89,501	343,294	432,795	104,152	209,150	313,302
Metal		88	32,919	33,007	1,898	35,683	37,581	810	37,735	38,545
Food waste	kg	89,145	N/A	N/A	325,541	N/A	N/A	371,148	N/A	N/A
Plastics		1,259	51,637	52,896	926	36,653	37,579	727	25,065	25,792
Glass		4,123	30,226	34,349	3,353	19,518	22,871	4,875	40,475	45,350
Water management ^{(1),(2), (3),(12)}										
Fresh water consumption	ML	526.7	1,379.5	1,906.3	N/A	1,504.3	N/A	N/A	1,357.9	N/A
Water intensity of buildings in use	m ³ /m ² /year	0.72	0.56	N/A	N/A	0.61	N/A	N/A	0.55	N/A

HK: Hong Kong
MC: Mainland China

Social

Indicator	Unit	2018			2019			2020		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Profile of workforce ⁽¹³⁾										
Total workforce (employees and supervised workers)		1,225	3,474	4,699	1,223	3,582	4,805	1,150	3,445	4,595
Male	Number	704	2,144	2,848	695	2,213	2,908	661	2,131	2,792
Female		521	1,305	1,826	522	1,337	1,859	479	1,251	1,730
Supervised workers ^{(14), (15)}		0	25	25	6	32	38	10	63	73
Employees by employment contract ⁽¹⁶⁾										
Permanent total		1,187	3,449	4,636	1,165	3,550	4,715	1,119	3,382	4,501
Permanent full time	Number	1,180	3,449	4,629	1,161	3,550	4,711	1,115	3,382	4,497
Permanent part time		7	0	7	4	0	4	4	0	4
Temporary		38	0	38	52	0	52	21	0	21
Employees by employee category										
Executive staff		165	226	391	162	266	428	156	275	431
Administrative staff	Number	511	1,256	1,767	488	1,299	1,787	430	1,223	1,653
Operational staff		549	1,967	2,516	567	1,985	2,552	554	1,884	2,438
Employees by age group										
Under 30		152	692	844	153	626	779	128	497	625
30 - 50	Number	647	2,510	3,157	603	2,658	3,261	567	2,605	3,172
Over 50		426	247	673	461	266	727	445	280	725
New hires										
Total new hires	Number	222	846	1,068	279	831	1,110	135	424	559
New hire rate	%	18.12	24.53	22.85	22.93	23.41	23.29	11.84	12.54	12.36
By age										
Under 30		62	343	405	80	344	424	38	162	200
30 - 50	Number	120	489	609	147	479	626	77	251	328
Over 50		40	14	54	52	8	60	20	11	31
By gender										
Male	Number	111	481	592	130	499	629	93	254	347
Female		111	365	476	149	332	481	42	170	212

HK: Hong Kong
MC: Mainland China

Social

Indicator	Unit	2018			2019			2020		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Turnover										
Total turnover	Number	271	791	1,062	292	718	1,010	176	587	763
Turnover rate ⁽¹⁷⁾	%	22.12	22.93	22.72	23.99	20.23	21.19	15.44	17.36	16.87
By age										
Under 30	Number	60	246	306	50	211	261	32	159	191
30 – 50		150	520	670	183	461	644	89	370	459
Over 50		61	25	86	59	46	105	55	58	113
By gender										
Male	Number	136	435	571	144	427	571	106	335	441
Female		135	356	491	148	291	439	70	252	322
Compensation										
Ratio of basic salary and remuneration of women to men by employee category										
Executive staff	N/A	1:1.348	1:1.268	N/A	1:1.345	1:1.361	N/A	1:1.323	1:1.296	N/A
Administrative staff		1:1.192	1:1.286	N/A	1:1.185	1:1.245	N/A	1:1.161	1:1.171	N/A
Operational staff		1:1.129	1:1.066	N/A	1:1.152	1:1.059	N/A	1:1.139	1:1.049	N/A
Parental leave ⁽¹⁸⁾										
Total number of employees entitled to parental leave	Number	1,210	3,449	4,659	1,180	3,550	4,730	1,140	3,382	4,522
Male		701	2,144	2,845	681	2,213	2,894	661	2,131	2,792
Female		509	1,305	1,814	499	1,337	1,836	479	1,251	1,730
Total number of employees took parental leave		30	148	178	16	119	135	25	105	130
Male		11	74	85	9	57	66	12	55	67
Female		19	74	93	7	62	69	13	50	63
Return to work rate by gender										
Male	%	100	98	N/A	100	98	N/A	100	100	N/A
Female		100	100	N/A	100	96	N/A	100	100	N/A

HK: Hong Kong
MC: Mainland China

Social

Indicator	Unit	2018			2019			2020		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Employee training ⁽¹⁹⁾										
Total hours of employee training	Hours	22,890.3	79,000.3	101,890.5	19,524.3	106,079.0	125,603.2	5,735.8	94,389.3	100,125.0
Average hours of employee training		18.69	22.91	21.80	16.04	29.88	26.35	5.03	27.91	22.14
Average training hours by employee category										
Executive staff	Hours	25.61	29.27	27.73	27.20	33.55	31.15	9.76	19.65	16.07
Administrative staff		20.08	25.44	23.89	20.98	30.89	28.18	6.18	23.78	19.20
Operational staff		15.31	20.55	19.41	8.61	28.73	24.26	2.81	31.80	25.21
Average training hours by gender										
Male	Hours	19.08	22.85	21.92	16.36	29.72	26.53	5.15	27.90	22.52
Female		18.15	23.00	21.62	15.62	30.15	26.07	4.86	27.92	21.53
Employees receiving regular performance and career development reviews										
Percentage of total employees	%	96.33	100	N/A	100	100	N/A	100	100	N/A
By employee category										
Executive staff	%	91.72	100	N/A	100	100	N/A	100	100	N/A
Administrative staff		94.82	100	N/A	100	100	N/A	100	100	N/A
Operational Staff		98.86	100	N/A	100	100	N/A	100	100	N/A
By gender										
Male	%	97.18	100	N/A	100	100	N/A	100	100	N/A
Female		94.95	100	N/A	100	100	N/A	100	100	N/A
Employees covered by collective bargaining										
Percentage of total employees	%	0	37.90	N/A	0	34.48	N/A	0	32.80	N/A
Anti-corruption training										
Number of employees received anti-corruption training										
Executive staff	Number	161	223	384	121	235	356	74	71	145
Administrative staff		655	1,446	2,101	440	1,316	1,756	228	230	458
Operational staff		614	1,272	1,886	564	1,984	2,548	196	278	474
Percentage of employees received anti-corruption training ⁽²⁰⁾										
Executive staff	%	97.6	98.7	N/A	74.7	88.3	N/A	47.4	25.8	N/A
Administrative staff		128.2	115.1	N/A	90.2	101.3	N/A	53.0	18.8	N/A
Operational staff		111.8	64.7	N/A	99.5	99.9	N/A	35.4	14.8	N/A

HK: Hong Kong
MC: Mainland China

Social

Indicator	Unit	2018			2019			2020		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
Occupational health and safety ^{(21), (22), (23)}										
Work-related injuries ⁽²⁴⁾		23	31	54	23	32	55	24	24	48
High-consequence work-related injuries ⁽²⁵⁾	Number	2	4	6	1	2	3	2	2	4
Lost-time work-related injuries		22	29	51	23	32	55	21	21	42
Number of hours worked	Hours	2,479,485	6,898,000	9,377,485	2,477,220	7,100,000	9,577,220	2,364,648	6,764,000	9,128,648
Injury rate (per 100 employees)		1.86	0.90	1.15	1.86	0.90	1.15	2.03	0.71	1.05
Rate of high-consequence work-related injuries (per 100 employees)	N/A	0.16	0.12	0.13	0.08	0.06	0.06	0.17	0.06	0.09
Rate of lost-time work-related injuries		1.77	0.84	1.09	1.86	0.90	1.15	1.78	0.62	0.92
Lost days due to work-related injuries	Days	868.0	997.9	1,865.9	561.5	857.1	1,418.6	670.5	706.7	1,377.2
Lost day rate (per 100 employees)	N/A	70.01	28.93	39.80	45.33	24.14	29.62	56.71	20.90	30.17
Lost-time injury frequency rate (LTIFR)	Number of injuries/ million hours worked	8.87	4.20	5.44	9.28	4.51	5.74	8.88	3.10	4.60
Absentee rate ⁽²⁶⁾	%	2.46	2.31	2.35	2.29	2.11	2.15	1.63	1.70	1.68
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	Man-time	396	2,694	3,090	462	4,357	4,819	226	11,771	11,997
Percentage of employees received OHS training	%	32.3	78.1	N/A	38.0	100.0	N/A	19.8	100.0	N/A

Notes:

- (1) The coverage of energy, greenhouse gas emissions, material, water and waste data in 2018 includes all 26 properties in Hong Kong and eight properties in mainland China (Plaza 66, Grand Gateway 66, Palace 66, Parc 66 and Forum 66 (Mall and Office Tower of Phase 1), Center 66 (Mall and Office Tower 1 of Phase 1), Riverside 66 and Olympia 66).
- (2) The coverage of energy, greenhouse gas emissions, material, water and waste data in 2019 includes all 24 properties in Hong Kong and eight properties in mainland China (Plaza 66, Grand Gateway 66, Palace 66, Parc 66 and Forum 66 (Mall and Office Tower of Phase 1), Center 66 (Mall and Office Tower 1 of Phase 1), Riverside 66 and Olympia 66). Properties that have been operated for less than two years, including Spring City 66 and Center 66 Office Tower 2, are excluded.
- (3) The coverage of energy, greenhouse gas emissions, material, water and waste data in 2020 includes 24 properties in Hong Kong and eight properties in mainland China (Plaza 66, Grand Gateway 66, Palace 66, Parc 66 and Forum 66 (Mall and Office Tower of Phase 1), Center 66 (Mall and Office Tower 1 of Phase 1), Riverside 66 and Olympia 66). Properties that have been operated for less than two years, including Spring City 66 and Center 66 Office Tower 2, are excluded.
- (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 2020.
- (5) As our direct energy consumption has a weak relationships with our key business metrics, we do not report the intensity data for our direct energy consumption.
- (6) We started to report petrol and diesel consumption by vehicles in mainland China since 2019.
- (7) Our greenhouse gases emission data for building operations in 2018 were 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 consumption 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.
- (8) We referred 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), emission intensity published by CLP Hong Kong Limited in 2021, emission intensity published by HK Electric in 2019, Baseline Emission Factors for Regional Power Grids in China (2019 edition) by Clean Development Mechanism, US EIA Emission Factors for Steam and Chilled Water, and 2020 Government greenhouse gas conversion factors for company reporting published by the UK Department for Business, Energy & Industrial Strategy in July 2020 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) Currently, all non-hazardous waste of our Hong Kong portfolio is disposed of offsite at public landfills; while approximately 75% of our non-hazardous waste in mainland China is disposed of offsite at incineration facilities without energy recovery and the remaining 25% is sent offsite to landfills. The reported quantity of recyclables only reflects those being disposed of directly at our designated collection points. Data on recyclables that have been handled through informal channels, e.g., collected by individual recyclers, cannot be captured. Since our mainland properties have primarily switched to using LED lightings, the disposal of fluorescent tubes has decreased significantly in 2020.
- (12) Municipal water supplies are the sole fresh water source of our operation. Our water intensity is the fresh water consumption per unit construction floor area. Water consumption data in Hong Kong remains incomplete for 2020 as a result of the disrupted services of the Water Services Department. It is estimated that the water consumption of our Hong Kong portfolio in 2019 and 2020 is around 550,000m³ and 500,000m³ respectively.
- (13) 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 our 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.
- (14) The Group does not report data of supervised workers by gender.
- (15) 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.
- (16) 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.
- (17) The turnover rates cover voluntary resignations, retirements, and involuntary leave during the corresponding reporting periods.
- (18) 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 as this particular data is not tracked. In the meantime, we do track the number of ex-colleagues who consider "family responsibility" as one of the reasons for resignation.
- (19) Training categories include: onboarding program, language skills, customer service, professional development, leadership development, occupation health and safety, and regulatory compliance. 100% of our employees are required to receive the refresher training courses on a) integrity; b) crisis management; and c) cybersecurity during the year.
- (20) The percentages of administrative employees and operational employees in Hong Kong and administrative employees in mainland China receiving anti-corruption training exceeds 100% mainly due to the turnover of employees.
- (21) 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 rates as we encounter difficulties in data collection. We do not further break down our occupational health and safety data by gender because we consider such data to be insignificant from a materiality reporting perspective. For occupational health and safety data of our contractors at our construction sites, please refer to page 51 of this report.
- (22) Lost-time work-related injuries are equivalent to recordable work-related injuries as defined by GRI. The injury rates, rates of high-consequence work-related injuries, rates of recordable work-related injuries and lost day rates were calculated on 200,000 hours worked. The factor 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year.
- (23) To uphold the highest possible standard of safety management and safeguard our employees, employees are encouraged, with full protection against reprisals, to report work-related hazards and hazardous situations to their direct supervisors or the site-level safety committee, or through report through our whistle-blowing mechanism to the Boards if the hazardous situations are as a result of internal negligence. In addition, drills were conducted regularly to ensure that our employees are prepared to escape from work situations that might cause injury or ill health.
- (24) Major types of injury include scratches, being struck by objects, fractures and cuts.
- (25) High-consequence work-related injuries (excluding fatalities) refer to work-related injuries that result in an injury from which a worker cannot, does not or is not expected to recover fully to pre-injury health status within six months. Major work-related hazards that may cause high-consequence work-related injuries include falling from height, slipping and falling, use of machines with moving parts, hot & electrical work, and manual handling. Such hazards are determined through job hazard analysis conducted at least annually by third-party professional safety practitioner.
- (26) 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

Statement No.: **SRA-HK 747655**



Hang Lung Group Limited and Hang Lung Properties Limited Sustainability Report 2020

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 HLP Sustainability Report 2020 (“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 2020 to 31st December 2020. 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”).
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, Responsiveness and Impact. 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 assurors. 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, Responsiveness and Impact.

CONCLUSIONS

A detailed review against the principles of Inclusivity, Materiality, Responsiveness and Impact 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; monthly staff focus group discussions; annual staff interviews; bi-monthly corporate newsletter; annual sustainability reporting, benchmarks and indices; regular investors interviews, meetings, roadshow and investor conferences; annual general meeting; continuous customer engagement surveys; annual tenant satisfaction surveys and interviews; continuous social media communication; regular project meetings; screening and performance evaluation; focus group discussion; online surveys; regular two-way communication with international and local communities at board level; continuous flagship community programs; monthly community events; regular collaboration on sustainability initiatives; regular conferences, seminars and networking events; regular meetings; occasional site visits by government officials; annual 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.

IMPACT

HLP has established processes to understand, measure and evaluate its impacts in qualitative and quantitative way. These processes enable HLP to assess its impact and disclose them in the Report. In our professional opinion, HLP adheres to the principle of Impact. Areas for enhancement of the Report were adopted by HLP before the 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 “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 & LIMITATIONS

It is the responsibility of HLP’s senior management to ensure the information being presented in the Report is accurate. The assurance is limited by information presented by HLP. 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, ISO45001, 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. Chris Cheung
Head of Compliance & Risk - Asia Pacific

Hong Kong
09-May-2021

Independent Practitioner's Assurance Report for Green Bonds and Green Loans



羅兵咸永道

Independent practitioner's assurance report

To the Board of Directors of Hang Lung Properties Limited

We have been engaged to perform a limited assurance engagement on the allocation of green loan and green bond disclosed on pages 48 to 49 of the Sustainability Report 2020 of Hang Lung Properties Limited (the "Company") as at 31 December 2020 (the "Selected Information").

Selected Information

The scope of our work was limited to assurance over the Selected Information disclosed on pages 48 to 49 of the Sustainability Report 2020 of Hang Lung Properties Limited as at 31 December 2020 as summarised below:

- amounts of proceeds allocated to the eligible green projects, and
- the remaining balance of unallocated proceeds as at 31 December 2020.

Our assurance does not extend to information in respect of earlier periods or to any other information included in the Sustainability Report 2020 as at 31 December 2020.

Reporting Criteria

The criteria used by the Company to prepare the Selected Information is set out in Appendix I of this report (the "Reporting Criteria").

Directors' Responsibilities

The directors of the Company are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- the Selected Information disclosed in the Sustainability Report 2020 as at 31 December 2020.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

It is our responsibility to express a conclusion on the Selected Information based on our work performed and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Practitioner's Assurance Report for Green Bonds and Green Loans



羅兵咸永道

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to form the conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The extent of procedures selected depends on the practitioner's judgment and our assessment of the engagement risk. Within the scope of our work we performed amongst others the following procedures:

- made enquiries of the Company's management, including those with involved in providing information relating to the Sustainability Report 2020 as at 31 December 2020;
- checked the approval of allocation of proceeds by the Sustainability Steering Committee of the Company to eligible green projects; and
- checked the approved allocated proceeds by the Sustainability Steering Committee of the Company were injected into the eligible green projects during the year ended 31 December 2020.

Our work did not include reviewing the effectiveness of systems, processes and controls that generated the Selected Information. Thus, our work was not performed for the purposes of expressing an opinion on the effectiveness and performance of the Company's management systems, processes and controls, and not for the purposes of expressing an opinion on any statutory financial statements.

Inherent Limitation

We draw attention to the fact that the Reporting Criteria includes certain inherent limitations that can influence the reliability of the information. The Selected Information needs to be read and understood together with the Reporting Criteria, which the Company is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information are as at 31 December 2020.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Selected Information as at 31 December 2020 is not prepared, in all material respects, in accordance with the Reporting Criteria.

Restriction on Use

Our report has been prepared for and only for the board of directors of the Company and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of the report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 13 May 2021

Independent Practitioner's Assurance Report for Green Bonds and Green Loans

Appendix 1 - Reporting Criteria

- A Green Bond is added to the Sustainability Report when it was issued by the Company or its subsidiaries during the reporting period.
- A Green Bond is removed from the Sustainability Report when it has been fully repaid by the Company or its subsidiaries.
- A Green Loan is added to the Sustainability Report when it has been drawn by the Company or its subsidiaries and was still outstanding at the end date of the reporting period.
- A Green Loan is removed from the Sustainability Report when it has been repaid.
- The green projects eligible for the use of the green proceeds are approved by Sustainable Finance Subcommittee under Sustainability Steering Committee.

GD: General Disclosure
MD: Mandatory Disclosure
KPI: Key Performance Indicator

Content Indices for Reporting Guidelines

GRI Standards and ESG Reporting Guide Index

GRI Standards Disclosure	ESG Reporting Guide	Description	Section/ Explanation	Page	
GENERAL DISCLOSURE (2016)					
Organizational Profile	102-1	-	Name of the organization	About this Report	3
	102-2		Activities, brands, products, and services	About Hang Lung Group	10-11
	102-3		Location of headquarters		
	102-4		Location of operations		
	102-5		Nature of ownership and legal form	About this Report	3
	102-6		Markets served	About Hang Lung Group	10-11
	102-7		Scale of the organization	About Hang Lung Group Performance Tables - Economic and Social	10-11 56-62
	102-8	KPI B1.1	Number of employees and other workers	Performance Tables - Social	59-62
	102-9	-	Supply chain description	Sustainable Transactions	46-54
	102-10		Significant changes to the organization and its supply chain	About this Report	3
	102-11		Precautionary approach	Sustainability Governance	12-20
	102-12		External initiatives	Memberships and Charters	55
	102-13		Memberships of external associations		
Strategy	102-14	-	Statement from the most senior decision-maker of the organization	Message from our Chief Executive Officer	4
	102-15		Key impacts, risks and opportunities	Journey towards Leadership 2020 Annual Report (P.108-112)	8-9 N/A
	-	Aspect A4 GD	Policies on identification and mitigation of significant climate-related issues	Climate Resilience	21-26
	-	KPI A4.1	Description of the significant climate-related issues, and the actions taken to manage them		
Ethics and Integrity	102-16	-	Values, principles, standards, and norms of behavior	Please refer to our corporate website .	N/A
	102-17		Mechanisms for advice and concerns about ethics	2020 Annual Report (P.113)	N/A
Governance	102-18		Governance structure	Sustainability Governance	12-20
	-	MD-13	ESG-related Governance structure	Sustainability Governance Joint Statement on Oversight and Management of Environmental, Social and Governance Issues	12-20 N/A

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GRI Standards Disclosure	ESG Reporting Guide	Description	Section/ Explanation	Page	
Stakeholder Engagement	102-40	-	List of stakeholder groups engaged	Sustainability Governance	12-20
	102-41	-	Percentage of total employees covered by collective bargaining agreements	Performance Tables - Social	59-62
	102-42	-	Identification and selection of stakeholders	Sustainability Governance	12-20
	102-43	-	Stakeholder engagement approach		
	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 2020 Annual Report (P.196-200).	N/A
	102-46	MD 14	Process for defining report content and topic boundaries	About this Report Sustainability Governance	3 12-20
	102-47		List of material topics	Sustainability Governance	12-20
	102-48	-	Restatements of information	Performance Tables	56-62
	102-49	MD 14	Significant changes in material topics and topic boundaries	Sustainability Governance	12-20
	102-50	-	Reporting period	About this Report	3
	102-51	-	Date of most recent report	Our Sustainability Report 2019 was published on May 28, 2020.	N/A
	102-52	-	Reporting cycle	Annual	N/A
	102-53	-	Contact point for enquiries	About this Report	3
	102-54	MD 14	Claims of reporting in accordance with the GRI Standards		
	102-55	-	GRI content index	Content Indices for Reporting Guidelines	70-77
	102-56	-	External assurance	About this Report Independent Assurance Opinion Statement	3 64-66

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GRI Standards Disclosure	ESG Reporting Guide	Description	Section/ Explanation	Page	
TOPIC-SPECIFIC DISCLOSURES					
Economic					
Economic Performance (2016)	103-1 103-2 103-3	-	Management approach disclosure	2020 Annual Report (P.10-21)	N/A
	201-1	-	Direct economic value generated and distributed	Performance Tables – Economic	56
	201-2	-	Financial implications and other risks and opportunities due to climate change	Climate Resilience	21-26
	201-3	-	Defined benefit plan obligations and other retirement plans	We report on our benefit plan obligations and retirement benefits for employees in the 2020 Annual Report (P.183-187).	N/A
Market Presence* (2016)	103-1 103-2 103-3	-	Management approach disclosure	2020 Annual Report (P.30-77). About Hang Lung Group	N/A 10-11
	202-2	-	Proportion of senior management hired from the local community at significant locations of operation	100% of our key executives (Deputy Director grade and above) was hired from the local community, i.e., Hong Kong and the Mainland. Please refer to 2020 Annual Report (P.119-125) for details.	N/A
Procurement Practices* (2016)	103-1 103-2 103-3	Aspect B5 GD, KPI B5.2	Management approach disclosure	Sustainable Transactions	46-54
	-	-	Proportion of spending on local suppliers		
	-	KPI B5.1	Number of suppliers by geographical region		
Anti-corruption (2016)	103-1 103-2 103-3	Aspect B7 GD	Management approach disclosure	Sustainability Governance Our Code of Conduct has clearly stipulated our management approach towards anti-corruption. Please refer to our 2020 Annual Report (P.113) for detailed elaboration.	12-20 N/A
	205-2	KPI B7.3	Communication and training about anti-corruption policies and procedures	2020 Annual Report (P.113) Sustainable Transactions Performance Tables – Social	N/A 46-54 59-62
	205-3	KPI B7.1	Confirmed incidents of corruption and actions taken	We did not have any confirmed incidents of corruption during the reporting period.	N/A
		KPI B7.2	Description of whistle-blowing procedures, how preventive measures and whistle-blowing is implemented and monitored	Please refer to our 2020 Annual Report (P.113) and our corporate website for detailed elaboration.	N/A

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GRI Standards Disclosure	ESG Reporting Guide	Description	Section/ Explanation	Page	
Environmental					
Materials* (2016)	-	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 (2016)	103-1	Aspect A2 GD	Management approach disclosure	Resource Management Hang Lung's Sustainability Policy	27-33
	103-2	Aspect A3 GD			N/A
	103-3				
	302-1	KPI A2.1	Energy consumption within the organization	Performance Tables - Environmental	57-58
	302-3	KPI A2.1	Energy intensity		
	302-4	KPI A2.3	Reduction of energy consumption	Resource Management	27-33
Water and Effluents* (2018)	103-1	Aspect A2 GD	Management approach disclosure	Resource Management Hang Lung's Sustainability Policy	27-33
	103-2	Aspect A3 GD			N/A
	103-3				
	-	KPI A2.2	Water consumption	Performance Tables - Environmental	57-58
	-	KPI A2.2	Water intensity		
	-	KPI A2.4	Water sourcing and water efficiency	During the reporting period, we did not encounter any problems in sourcing water for our operations.	N/A
Emissions (2016)	103-1	Aspect A1 GD	Management approach disclosure	Climate Resilience Hang Lung's Sustainability Policy	21-26
	103-2	Aspect A3 GD			N/A
	103-3	KPI A1.5			
	305-1	KPI A1.1 KPI A1.2 KPI A3.1	Direct (Scope 1) GHG emissions	Journey Towards Leadership Climate Resilience Resource Management	8-9 21-26 27-33
	305-2	KPI A1.1 KPI A1.2 KPI A3.1	Energy indirect (Scope 2) GHG emissions	Performance Tables - Environmental	57-58
	305-3	KPI A1.1 KPI A1.2 KPI A3.1	Other indirect (Scope 3) GHG emissions		
	305-4	KPI A1.2	GHG emissions intensity		
Waste (2020)	103-1	Aspect A1 GD	Management approach disclosure	Resource Management Hang Lung's Sustainability Policy	27-33
	103-2	Aspect A3 GD			N/A
	103-3	KPI A1.6 KPI A3.1		Performance Tables - Environmental	57-58
	306-1		Waste generation and significant waste-related impacts		
	306-2		Management of significant waste-related impacts		
	306-4	KPI A1.3 KPI A1.4	Weight and type of waste diverted from disposal	Resource Management Performance Tables - Environmental	27-33 57-58
306-5	KPI A1.3 KPI A1.4	Weight and type of waste directed to disposal			

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MD: Mandatory Disclosure
KPI: Key Performance Indicator

GRI Standards Disclosure	ESG Reporting Guide	Description	Section/ Explanation	Page	
Environmental Compliance* (2016)	103-1 103-2 103-3	Aspect A1 GD	Management approach disclosure	Sustainability Governance Resource Management Sustainable Transactions Hang Lung's Sustainability Policy	12-20 27-33 46-54 N/A
	307-1	Aspect A1 GD	Non-compliance with environmental laws and regulations	We were not issued with any significant fine or sanctions for any non-compliance with environmental laws and regulations.	N/A
Supplier Environmental Assessment* (2016)	103-1 103-2 103-3	Aspect A1 GD	Management approach disclosure	Sustainable Transactions	46-54
		Aspect B5 GD	Policies on managing environmental risk in supply chains		
	-	KPI B5.3	Practices used to identify environmental risks along the supply chain		
	-	KPI B5.4	Practices used to promote environmentally preferable products and services when selecting suppliers		

GD: General Disclosure
MD: Mandatory Disclosure
KPI: Key Performance Indicator

GRI Standards Disclosure	ESG Reporting Guide	Description	Section/ Explanation	Page	
Social					
Employment (2016)	103-1 103-2 103-3	Aspect B1 GD KPI B1.1	Management approach disclosure	Wellbeing Performance Tables – Social We did not violate any employment related laws and regulations during the reporting period.	34-45 59-62 N/A
	401-1	KPI B1.2	New employees hiring and employee turnover	Performance Tables – Social	59-62
	401-2	Aspect B1 GD	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Wellbeing	34-45
	401-3	-	Parental leave	Performance Tables – Social	59-62
Occupational Health and Safety (2018)	103-1 103-2 103-3	Aspect B2 GD KPI B2.3	Management approach disclosure	Sustainability Governance Wellbeing (Occupational Health and Safety) Sustainable Transactions	12-20 38-39 46-54
	403-1		Occupational health and safety management system	Performance Tables – Social We did not violate any occupational health and safety related laws and regulations during the reporting period.	59-62 N/A
	403-2		Hazard identification, risk assessment, and incident investigation		
	403-3		Occupational health services		
	403-4		Worker participation, consultation, and communication on occupational health and safety		
	403-5		Worker training on occupational health and safety		
	403-6		Promotion of worker health		
	403-7		Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-9	KPI B2.1 KPI B2.2	Number, rates and types of work-related injuries, lost days due to work-related injuries and, number and rate of work-related fatalities	Wellbeing Sustainable Transactions Performance Tables – Social	34-45 46-54 59-62
	Training and Education (2016)	103-1 103-2 103-3	Aspect B3 GD	Management approach disclosure	Wellbeing
404-1		KPI B3.2	Average hours of training per year per employee	Performance Tables – Social	59-62
-		Aspect B3 GD	Description of training activities	Wellbeing	34-45
404-3		-	Percentage of employees receiving regular performance and career development reviews	Performance Tables – Social	59-62
-		KPI B3.1	The percentage of employees trained by gender and employee category		

GD: General Disclosure
MD: Mandatory Disclosure
KPI: Key Performance Indicator

GRI Standards Disclosure	ESG Reporting Guide	Description	Section/ Explanation	Page	
Diversity and Equal Opportunity* (2016)	103-1 103-2 103-3	Aspect B1 GD	Management approach disclosure	Wellbeing	34-45
	405-1	-	Diversity of governance bodies and employees	Performance Tables - Social Please refer to 2020 Annual Report (P.93) on the diversity of our Board. Two Board members fall under the age group of 30-50 years old; the rest are all over 50 years old.	59-62 N/A
Non-discrimination* (2016)	103-1 103-2 103-3	Aspect B1 GD	Management approach disclosure	Wellbeing	34-45
	406-1	-	Incidents of discrimination and corrective actions taken	There were no confirmed incidents or discrimination in the reporting period.	N/A
Local Communities* (2016)	103-1 103-2 103-3	Aspect B8 GD	Management approach disclosure	Wellbeing	34-45
	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	Wellbeing	34-45
	-	KPI B8.2	Resources contributed to the focus area		
Customer Health and Safety (2016)	103-1 103-2 103-3	Aspect B6 GD	Management approach disclosure	Sustainability Governance Sustainable Transactions Wellbeing We did not violate any laws and regulations relevant to health and safety, advertising, labelling and privacy matters relating to our products and services during the reporting period.	12-20 46-54 34-45 N/A
	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 health and safety reasons	This KPI is not applicable to our business.	N/A
	-	KPI B6.4	Description of quality assurance process and recall procedures	This KPI is not applicable to our business.	N/A
Customer Privacy (2016)	103-1 103-2 103-3	Aspect B6 GD KPI B6.5	Management approach disclosure	Sustainable Transactions	46-54
	418-1	KPI B6.2	Substantiated complaints concerning breaches of customer privacy and losses of customer data		

GD: General Disclosure
MD: Mandatory Disclosure
KPI: Key Performance Indicator

GRI Standards Disclosure	ESG Reporting Guide	Description	Section/ Explanation	Page	
Socioeconomic Compliance* (2016)	103-1	-	Management approach disclosure	Sustainability Governance	12-20
	103-2			Sustainable Transactions	46-54
	103-3			Wellbeing	34-45
				Code of Conduct	N/A
	419-1	-	Non-compliance with laws and regulations in the social and economic sphere	We were not issued with any significant fine or sanctions for any non-compliance with laws and regulations in the social and economic sphere.	N/A
	-	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	We have relevant policy in place to 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	Although child and forced labor is not a material topic for the Group, we specify in our Code of Conduct for Contractor that we forbid our suppliers or contractors to use child labor and/ or forced labor. We did not violate any laws and regulations relating to child and forced labor during the reporting period.	N/A
	-	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor		
	-	KPI B4.2	Description of steps taken to eliminate such practices when discovered		

*Topics marked with an asterisk are defined by stakeholders as not significant enough to be material based on the GRI reporting principle. However, since we 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.

** The 11 material sustainability issues covered in this report are mapped against the corresponding GRI topics as follows:

- 1) Ethics and integrity - Anti-corruption (GRI 205:2016)
- 2) Risk and crisis management - Economic Performance (GRI 201:2016), Anti-corruption (GRI 205:2016) and Employment (GRI 401:2016)
- 3) Technological disruption - Customer Privacy (GRI 418:2016)
- 4) Employee attraction and retention - Employment (GRI 401:2016), and Training and Education (GRI 404:2016)
- 5) Customer health and safety - Customer Health and Safety (GRI 416:2016)
- 6) Occupational health and safety - Occupational Health and Safety (GRI 403:2018)
- 7) Energy efficiency and carbon emission reduction - Energy (GRI 302:2016), and Emissions (GRI 305:2016)
- 8) Adaptability to climate change impacts - Emissions (GRI 305:2016)
- 9) Financial performance and investor interest - Economic Performance (GRI 201:2016)
- 10) Water, land, and air contamination - Environmental Compliance (GRI 307:2016)
- 11) Waste disposal and recycling - Waste (GRI 306:2020)

SASB Index

Topic	Code	Accounting Metric	Section/ Explanation	Page
Energy Management	IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector	100%	N/A
	IF-RE-130a.2	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector	(1) Performance Tables - Environmental (2) 99.7% (3) 0.3%	57-58 N/A N/A
	IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Resource Management	27-33
	IF-RE-130a.4	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector	Nil	N/A
	IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	Resource Management	27-33
Water Management	IF-RE-140a.1	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	(1) 78% in 2020 due to data unavailability in HK (2) 100%	N/A N/A
	IF-RE-140a.2	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	(1) Performance Tables - Environmental (2) 59%	57-58 N/A
	IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	Resource Management	27-33
	IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	Resource Management	27-33
Management of Tenant Sustainability Impacts	IF-RE-410a.1	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency related capital improvements and (2) associated leased floor area, by property subsector	Not currently tracked.	N/A
	IF-RE-410a.2	Percentage of tenants that are separately metered or sub-metered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	Not currently tracked.	N/A
	IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	Sustainable Transactions	46-54

Topic	Code	Accounting Metric	Section/ Explanation	Page
Climate Change Adaptation	IF-RE-450a.1	Area of properties located in 100-year flood zones, by property subsector	As our physical climate risks analysis is still underway, we will disclose this information in our next sustainability report.	N/A
	IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks		N/A

Code	Activity Metric	Section/ Explanation	Page
IF-RE-000.A	Number of assets, by property subsector	About Hang Lung Group	10-11
IF-RE-000.B	Leasable floor area, by property subsector	Nil	N/A
IF-RE-000.C	Percentage of indirectly managed assets, by property subsector	Nil	N/A
IF-RE-000.D	Average occupancy rate, by property subsector	Please refer to P.30-38 of our 2020 Annual Report for the occupancy rate of our major properties.	N/A

Note: The Group discloses against the SASB criteria on a voluntary basis only and the disclosed metrics are not verified by any external party.

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