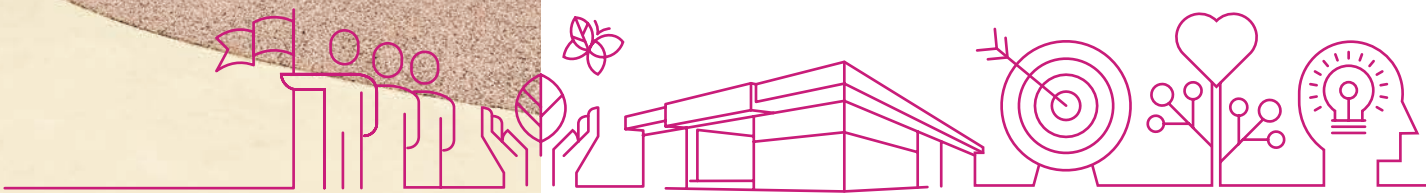






# UPHOLD HANG LUNG CORE VALUES



**Hang Lung remains steadfast in integrating sustainability into its business value chain. In 2019, we maintained our high standard of integrity and constructed and operated our buildings in a sustainable fashion. Meanwhile, we continued to cultivate our talent and support community development. All these measures exemplify how we uphold our business philosophy – We Do It Right – contributing to economic vibrancy, social development, and protecting the environment as elements of our own sustainable growth.**

### Reporting Approach and Standards

The Sustainable Development section in this Report serves as a summary of our performance in key sustainability topics in 2019. Comprehensive review of our sustainability policies and performance will be disclosed separately in our standalone Sustainability Report 2019, which will be prepared in accordance with the Global Reporting Initiative (GRI Standards), and the “comply or explain” provisions and “recommended disclosures” of the ESG Guide contained in the Appendix 27 of the Listing Rules.

### Deliver Employee-Centric Experience Coveted Workplace

We are committed to providing a coveted workplace to create shared value with our employees. As such, we provide competitive remuneration and benefits packages which are regularly benchmarked against industry peers to sustain a fair and respectful work culture. We also remain committed to providing equal opportunities to our employees and job candidates. As stated in our Equal Employment Opportunities Policy, we prohibit discrimination against our employees or job candidates on any grounds, including gender, age, marital status, family status, pregnancy, disability, race,

ethnic origin, and religion. To ensure that we comply with local employment laws, we include relevant policies in our Code of Conduct and remind our employees about the Company’s discipline practices biannually. In addition, we forbid any unlawful forms of labor, including child labor and forced labor.

As of December 31, 2019, the Company employed 4,732 staff across Hong Kong and mainland China. Total employee costs for the year were HK\$1,624 million.

### Learning and Development

We firmly believe that investment in our workforce is a key driver of sustainable business growth. By providing sufficient training and development opportunities for our employees, we enable them to acquire the latest knowledge and skills to adapt to the fast-changing business environment. Total employee training hours in 2019 amounted to over 125,000 hours. In addition to internal training programs, we provide sponsorship for employees applying for professional memberships and pursuing external training programs. With the aim of enabling our employees to explore new job opportunities and challenges within the Group, and to retain talent, we launched CareerConnect, an internal recruitment platform for our staff.



We organized various activities including workshops, yoga classes and Christmas Family Day to promote work-life balance and well being among our employees



### Health, Safety and Wellbeing

We place great emphasis on the health, safety and wellbeing of our employees. In 2019, we refined our occupational safety and health management systems for office and frontline operations in Hong Kong through independent third-party safety inspections at sites and conducting corrective actions. Fostering a culture of safety, we provide safety training for our employees and contractors on a regular basis. During the year, we maintained zero fatalities among our staff. At our construction sites in mainland China, we appointed safety consultants to monitor the safety performance of our contractors. We maintained strong safety performance with the overall accident rate of 0.012 accidents per 100,000 man-hours.

We also encourage work-life balance and promote wellbeing among our employees. In 2019, we arranged a series of talks on common diseases in Hong Kong, facilitated by a registered nutritionist. We also arranged a talk to introduce preventive measures of common eye diseases conducted by an optometrist. In addition, we hosted a diverse array of leisure activities, including a mooncake baking class, family photo shooting day, and a movie appreciation activity in Hong Kong, and yoga classes and rope skipping competitions in mainland China. Helping our employees to balance work and family life, we have implemented various family-friendly measures such as providing lactation rooms in all of our offices in Hong Kong and mainland China.

## Making Better Places

### Sustainable Buildings

As a leading commercial property developer in Hong Kong and mainland China, we aspire to continually raise the bar of sustainable buildings in the region by taking environmental and social impacts into consideration throughout the lifecycle of our buildings. We also provide guidance to our staff, contractors, and suppliers on the construction and management of our buildings in an environmentally friendly fashion through our Environmental Policy. In addition, we design, construct and manage buildings according to international best practices wherever possible. Our effort in implementing green practices in building operations has received commendations, with two of our shopping malls, Riverside 66 in Tianjin and Olympia 66 in Dalian, named Green Malls by the Ministry of Commerce of the People's Republic of China.

### Heritage Conservation

Aiming to preserve local culture and architectural history, and add vitality to economy, we have invested substantial resources in the restoration, conservation and integration of onsite historical buildings into our project designs. At Riverside 66 in Tianjin, we incorporated the nearly century-old, traditional European-style Zhejiang Xingye Bank Building into plans for our contemporary retail center at the design stage. We also partnered with a like-minded tenant, Starbucks, on the transformation of the historical landmark into a flagship store for the coffee chain. Through this three-year project, we preserved most of the original interior architectural features of the historical landmark and blended them with a modern customer experience.

### Climate Change and Energy Conservation

To begin addressing the potentially damaging physical impacts of climate change on our business, we conducted a preliminary climate risk mapping exercise at the corporate level in 2019. We have also monitored our carbon emissions and appointed an independent consultant to verify our annual Scope 1 and Scope 2 greenhouse gas emissions.



Our shopping malls and tenants co-organized activities to promote green and low carbon lifestyle to local citizens

Since over 90% of our carbon footprint is generated by energy consumption, we make every effort to reduce our carbon footprint through energy conservation. As an example, we have replaced existing equipment with more energy efficient options as a part of our Asset Enhancement Initiative to optimize the energy consumption of our facilities.

Our efforts in energy conservation and carbon reduction have won external recognition. Riverside 66 in Tianjin was presented the Excellence in the Carbon Challenge Award at Greenbuild China 2019. The Carbon Challenge was co-organized by the U.S. Green Building Council and Dow to recognize the building industry's commitment to a sustainable built environment and leadership in reducing carbon emissions.

### Water Conservation

Water scarcity is a worldwide challenge that affects many of the cities we operate in. We have implemented a wide range of measures to reduce water consumption at our properties, including the installation of water-efficient fixtures and enhancing awareness about water conservation through regular reminders to our staff, customers, and tenants.

## Waste Management

Waste management remains a major environmental issue in Hong Kong and mainland China. As such, the HKSAR Government plans to introduce the Municipal Solid Waste (MSW) Charging Scheme in the near future. To prepare for its implementation, Kornhill Plaza joined the Municipal Solid Waste Charging Trial Project organized by the Environmental Protection Department (EPD) in Hong Kong, from November 2018 to May 2019. Over 70% of our tenants at Kornhill Plaza also participated in the trial project and most of them agreed that it enhanced their awareness about waste reduction.

In mainland China, the Chinese Government has introduced mandatory MSW classification regulations in some of the cities where we operate, including Shanghai. Leading up to and following implementation of these regulations in Shanghai, we maintained close communication with our tenants to ensure that they could adapt to the new waste classification and disposal arrangements.

## Green Financing

To govern how green funding is used and allocated in eligible projects, we launched the corporate-level Green Finance Framework, which complies with international standards, including Green Bond

Principles and Green Loan Principles, in June 2019. In December 2019, we also secured our maiden green loan, which can be used to finance our commercial property development projects in mainland China certified or pre-certified under the Leadership in Energy and Environmental Design (LEED) rating system of the U.S. Green Building Council.

## Community and Partnership

### Hang Lung As One Volunteer Team

Growing with our community is a crucial element in our sustainability strategy, and the Hang Lung As One Volunteer Team is indispensable in realizing this goal. In 2019, our volunteer activities remained focused on three areas: youth development, elderly services, and environmental protection. This year, we organized 104 volunteer activities, devoting over 13,500 volunteer hours in Hong Kong and mainland China.



We organize meaningful activities in collaboration with our community partners along with our staff to support those in need





A wide range of volunteer activities with a focus on environmental protection was held in Hong Kong and mainland China to promote green living

In Hong Kong, working collaboratively with three organizations, namely Walk in Hong Kong, the Evangelical Lutheran Church in Hong Kong, and the Shatin District Community Centre for the Golden-Aged, we organized a guided tram tour for the elderly. We also arranged a guided tour and a blueprint craftsmanship workshop at the Blue House in Wan Chai for underprivileged children from Kwai Tsing as well as a bamboo upcycling camp for a group of primary school students to promote their understanding of upcycling.

In mainland China, our volunteer teams organized diverse activities to support youth development, ranging from a visit to the Forbidden City in Beijing with volunteers from Riverside 66 in Tianjin, to a painting event at a rural school facilitated by

volunteers from Heartland 66 at Wuhan. To promote the message of greening the environment and enhancing awareness about air quality, volunteers from Center 66 in Wuxi and Parc 66 in Jinan hosted planting workshops for local primary school students and explained how plants can help to improve air quality. Our teams also visited nursing homes for senior citizens. Volunteers from Olympia 66 in Dalian made dumplings together with senior citizens while volunteers from Grand Gateway 66 in Shanghai presented sachets of traditional Chinese medicine to the elderly.

### Hang Lung Young Architects Program

After receiving an overwhelmingly positive response in 2017, the Hang Lung Young Architects Program returned in 2019 with the theme “Sketch Your Sky”. During the program, 330 students from 66 secondary schools will appreciate the beauty and stories of architecture, and will explore the connection between architecture and our communities through a series of seminars, workshops, and walking tours. The participants will be involved in a creative project competition, and the three winning teams will be awarded overseas architectural tours to broaden their horizons.

### Supply Chain Management

Embedding sustainability throughout our value chain requires collaboration. In our Supplier Code of Conduct, we define the basic standard of conduct and the sustainability principles that all our suppliers and contractors must observe. Major areas covered by the Supplier Code of Conduct include compliance with local legislation, prohibitions against child and forced labor, health and safety standards, and protection of the environment. To ensure compliance, we conduct regular

assessments of all suppliers and annual performance reviews with major suppliers. We also maintain the Central Environmental Purchasing Policy to encourage our employees, suppliers, and contractors to procure local and environmentally responsible products and services.

### Sustainability Recognition

Our sustainability performance and the transparency of our disclosure practices have received both local and international recognition. We have been listed as a constituent of the Hang Seng Corporate Sustainability Index in Hong Kong and the Hang Seng (Mainland and Hong Kong) Corporate Sustainability Index with an “AA” rating for the last decade. In the global arena, we have been selected as a member of the Dow Jones Sustainability Indices Asia Pacific Index for three consecutive years, and maintained a 3-Star performance rating and A-grade disclosure rating under the Global Real Estate Sustainability Benchmark (GRESB). These honors recognize companies with outstanding sustainability performance based on objective assessments of public disclosure, policies adopted, and performance in selected areas.



The Hang Lung Young Architects Program 2019-20 engaged 15 leaders from the construction industry and academia to take up roles as Program Advisors