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

Introduction





About this Report

This is the 11th sustainability report (the “Report”) for Hang Lung Properties Limited (“the Company” or “Hang Lung Properties,” stock code: 00101) and its subsidiaries (collectively known as “Hang Lung” or “the Group”). As the property arm of Hang Lung Group Limited (“Hang Lung Group,” stock code: 00010), the Group produced and issued this Report to disclose information transparently to our stakeholders on the Group’s material sustainability issues from January 1, 2022 to December 31, 2022, unless otherwise specified. This Report follows our *Sustainability Report 2021*, which was published online in May 2022.

Scope of this Report

This Report focuses primarily on the Group’s management approach to material sustainability issues. 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, unless otherwise specified, the reported environmental KPIs exclude new properties that have been operated by the Group for less than one year. Compared to our *Sustainability Report 2021*, the KPI reporting scope in this Report has been expanded to include Heartland 66 in Wuhan. It opened in March 2021 and reached significant occupancy levels in 2022, so a full year of meaningful operational performance data is available for 2022. The reporting scope for environmental KPIs also excludes sold properties. The properties covered by the reported environmental KPIs include 24 properties in Hong Kong, as well as ten in mainland China. For the full list of properties, please refer to [Appendix 5](#).

We also report on our progress towards our sustainability targets. In selecting base years for such targets, we consider a number of factors including data availability, timeliness, and representativeness.

Reporting Standards and Assurance

This Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards with content defined based on the principles of stakeholder inclusiveness, sustainability context, materiality, and completeness. It also complies with the Environmental, Social and Governance (“ESG”) Reporting Guide contained in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”) (ESG Reporting Guide). The adoption of these reporting standards ensures that the content presented is accurate, balanced, clear, comparable, reliable and disclosed in a timely manner. We identified material ESG topics through ongoing stakeholder engagement and annual materiality assessment. Data are reported consistently and presented in a manner that allows for meaningful comparisons over time, and the methodologies used for calculations are described in the Performance Tables to enable public review. A list of properties included in the reporting boundary is provided in [Appendix 5](#) to allow for comparison. The Report also reflects both positive and negative aspects of our performance to enable an unbiased and reasoned assessment. Information in this Report has been independently verified by the British Standards Institution against these aforementioned standards. Please refer to the Independent Assurance Opinion Statement in [Appendix 6](#).

In addition, we support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and have adopted the framework recommended by the TCFD to discuss, in [Appendix 8](#), the risks and opportunities brought by climate change, the potential impacts on our business, and the actions we are taking to mitigate risks and capture related business opportunities. Lastly, we have also made our best efforts to report against metrics required by the Sustainability Accounting Standards Board (SASB) for the real estate sector. Please refer to [Appendix 9](#) for details.

About Hang Lung Properties

Headquartered in Hong Kong, 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 Properties is recognized for its growing leadership role in enhanced sustainability initiatives in real estate as it pursues sustainable growth by connecting customers and communities. For details of our business performance and outlook, please refer to our [2022 Annual Report](#).

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: We maintain the highest standards of integrity by operating according to principles of fairness, mutual respect and adherence to business ethics.

Sustainability: Together with our pursuit of sustainable business growth, we promote the long-term development and wellbeing of our communities

Excellence: We are committed to delivering the finest services and experiences that surpass the expectations of our customers, tenants and communities.

Openness: We maintain an open and inclusive culture that respects diverse opinions. We strive to embrace new ideas and cultivate innovative thinking.



Message from the Vice Chair



Adriel Chan

Vice Chair and Chair of the Sustainability Steering Committee

Real Estate is, by nature, a long-term business. Though there are ways to shorten the timeframe for returns by adjusting how the game is played, Hang Lung takes a long-term view, and is committed to building long-term value for our communities and stakeholders. In 2020, as we celebrated our sixtieth anniversary, we made a commitment to reduce our carbon footprint in line with climate science, because we believe it is in our stakeholders' best interests. In 2022, we strengthened this commitment when we became the first real estate company in Hong Kong and mainland China to have our near- and long-term emissions reduction targets approved by the Science Based Targets initiative (SBTi). By 2030, we will need to make significant reductions in greenhouse gas emissions across our value chain. And by 2050, we will need to reduce our emissions to close to zero and neutralize any residual emissions.

To be sure, this ambitious path will not be an easy one to tread, and it will take time and investment before returns are recognized – not unlike our core business. However, the potential for change is often overestimated in the short term, and underestimated in the long term. This paradox gives me hope. What is essential is that we all get started now, so momentum can build. Here at Hang Lung, we have decided that we will be able to run

this marathon with greater speed and effectiveness if we partner with like-minded organizations.

With regard to upstream emissions, we are exploring ways to reduce embodied carbon in concrete, steel and other building materials. We are working with peers and like-minded organizations including Tsinghua University, Urban Land Institute and GIGA (RESET®), among others, to aggregate insights and accelerate innovative solutions. In late 2022 we also entered into a memorandum of understanding with CLEANCO2, a start-up affiliated with Zhejiang University, to apply innovations to reduce embodied carbon in our Westlake 66 development and other projects.

Concerning our downstream emissions, we are very proud of our groundbreaking partnership with LVMH that was announced in 2022. Spanning our portfolio of properties across seven cities in mainland China, the partnership engages 26 LVMH brands occupying nearly 100 retail spaces with a lettable floor area in excess of 27,000 m². We co-hosted a Real Estate & Climate Forum with LVMH in November 2022 which generated more than 200 ideas, and in late March, we announced our Common Charter: 20 actions that Hang Lung and LVMH are pursuing together in 2023 to accelerate progress.

The willingness of so many like-minded companies such as ours to partner together is encouraging; yet, we are still just getting started, and we see significant opportunities to expand our partnerships. Please stay tuned in 2023 for additional initiatives related to our suppliers, our tenants, and our customers. We are all in this together.

Adriel Chan

Vice Chair and Chair of the Sustainability Steering Committee (SSC)

April 2023

Message from the Chief Executive Officer



Weber Lo
Chief Executive Officer

This Sustainability Report 2022 is Hang Lung's 11th annual sustainability report. In 2022 we further accelerated our sustainability progress. Here are five of our achievements:

1. Net-Zero Targets Approved by Science Based Targets initiative (SBTi)

In December 2022, the Group became the first real estate company in Hong Kong and mainland China to receive approval from SBTi for our near- and long-term company-wide emissions reduction targets in line with the SBTi Net-Zero Standard. Our targets, and our approach to pursuing them, are discussed in detail in this report.

2. Parc 66, Jinan, 100% Powered by Renewable Energy

In December 2022, our commercial development Parc 66 in Jinan, Shandong Province, entered into an agreement to be 100% powered by renewable energy from January 1, 2023. The renewable energy will cover the total annual electricity consumption for both landlord and tenant operations. It is the second Hang Lung property to

be fully powered by renewable energy, following our renewable energy procurement at our Spring City 66 property in Kunming, Yunnan Province in 2021. Taken together, almost 25% of our mainland China portfolio's electricity demand will be met by renewable energy in 2023.

3. Launched a New Model of Sustainability Partnership with LVMH

In October 2022, we announced our groundbreaking sustainability partnership with LVMH, and in November 2022, the two groups joined forces to hold a highly innovative sustainability forum. We are keen to extend this spirit of collaboration with all our tenants.

4. Launched Future Women Leaders Program

We launched the Hang Lung Future Women Leaders program with partners to mentor 200 female students in Hong Kong and mainland China. The program supports talented young women's development and has actively engaged the government, industry, and society.

5. This Report

We aim to improve our reporting each year. The reader will find many new insights in this report, including transparent disclosure of our Scope 3 emissions and more details on how we approach a range of issues. As ever, we welcome your feedback and partnership.

Weber Lo
Chief Executive Officer

April 2023

2022 Highlights

Key Achievements and Initiatives



SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Became the **first real estate company in Hong Kong and mainland China** to receive approval from the Science Based Target initiative (SBTi) for our near- and long-term company-wide emissions reduction targets in line with SBTi's Net-Zero Standard.



Photo credit: Marie Rouge

Launched a pioneering **three-year sustainability partnership with LVMH Group** to lead climate and sustainability action in real estate and retail.

Celebrated the Hang Lung As One Volunteer Team's **10th anniversary**. Over the past decade, 12 teams have set up 11 projects in nine Mainland cities and Hong Kong, involving over **11,400 volunteers** with **135,000 service hours accumulated** to date.



Increased the **Employee Engagement Survey** percentile rank in the Gallup Overall Database to 68th. Placed in the **top 25% of companies** with the fastest growth in the second year of the survey.

Procured additional renewable energy: almost **25%** of the mainland China portfolio's electricity demand will be met by **renewable energy** in 2023. Parc 66 in Jinan has been **100%** powered by renewable energy from January 1, 2023.

Secured **46%** of total debts and available facilities from **sustainable finance**.

Over 80% construction floor area (CFA) certified to **LEED / BEAM Gold** or above.



Launched the **Hang Lung Future Women Leaders Program** with partners to mentor 200 female university students in Hong Kong and mainland China.

Plaza 66, Shanghai became the first large-scale commercial office complex in mainland China to receive both **LEED V4.0 EB: O+M Platinum** and **WELL V2 Core Platinum** ratings during its operating stage.*

* The information is based on the result announced on the LEED and WELL official websites as of January 15, 2023

Sustainability Awards and Accolades

Awards and Recognition

Distinction Award (Large Organization Category) and Special Award – Excellence in Pandemic Resilience at the Hong Kong Sustainability Awards by the Hong Kong Management Association



ESG Award in the Non-Hang Seng Index (Medium Market Capitalization) Category at the Best CG and ESG Awards 2022 by the Hong Kong Institute of Certified Public Accountants*



Grand Award in Best ESG Report (Large-Cap) at the Hong Kong ESG Reporting Awards



Excellence Award in ESG Reporting at the 2022 Best Annual Reports Awards by the Hong Kong Management Association



“Employer of the Year” and “Employee Health and Safety (well-being) Award” at the Hong Kong HR Awards by the JobsDB HK



Best Company to Work for in Asia by HR Asia Magazine



Outstanding Caring Company 2022 Award at the Social Responsibility Conference




Social Responsibility Pioneer Award 2022 at the 12th China Philanthropy Festival



* Received by Hang Lung Group

Participation and Performance in Key Benchmarks and Indices




G R E S B
★★★★☆ 2022

GRESB
4-star performance rating
since 2021

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


DJSI
S&P Global ESG score 60 >> 66
Dow Jones Sustainability Indices
(Asia Pacific) since 2017



FTSE4Good


FTSE4Good
ESG Rating: 3.4
Percentile ranking: 72
A constituent since 2021

MSCI
ESG RATINGS



CCC | B | BB | BBB | **A** | AA | AAA

MSCI
"A" rating since 2021




SUSTAINALYTICS
a Morningstar company

Sustainalytics
ESG risk rating:
Low risk since July 2020

S&P Global


**Sustainability Yearbook
Member 2023**



Hang Seng Corporate
Sustainability Index
Series Member 2022-2023

**Hang Seng Corporate
Sustainability Index**
"AA" rating in 2022-2023
Series member since inception
in 2010

WE SUPPORT



Became a participant of
the **UN Global Compact**
in 2022

For further information on awards and recognition given to the Group, please visit our [corporate website](#).

Key Figures

Business Overview



Completed investment properties: more than **3 million square meters** in Gross Floor Area



Located in **10 cities**



4,200+ Number of **Employees**

Environmental



Scope 1 and 2 GHG emissions intensity **-38%** vs 2018



Absolute Scope 3 GHG emissions **-3.8%** vs 2021



Electricity intensity **-16.4%** vs 2018 baseline



Water intensity **-15%** vs 2018 baseline



Operational waste diverted from landfill **56%**

Social



60,631 beneficiaries from our community investment programs



18,597 hours of employee **volunteer services**



Overall **Female-to-male** pay ratio **1:0.978**

Our Sustainability Strategy



Our Approach to Sustainability

Overview

Hang Lung pursues sustainable growth by connecting our customers and communities, and embeds sustainability in all aspects of our business. Sustainable growth is our mission, and sustainability is a core value.

Our Sustainability Framework, which comprises three foundations and four priorities, provides clear direction for Hang Lung to define and strengthen a resilient business, make progress on key material issues together with our stakeholders, and be guided towards our ambition **to become one of the world's most sustainable real estate companies.**

“Our mission of sustainable growth highlights both the financial and ESG dimensions of sustainability. We recognize that both are indispensable for our continued success”

Weber Lo, CEO



The **Three Foundations** describe the core organizational contexts and indispensable principles underlying all of our sustainability efforts:

- **Company:** Strong team, governance, and community relations
- **Building:** Safe, green and healthy space
- **Customer:** Collaboration for impact

The **Four Priorities** reflect the top four material sustainability issues where the Group aims to make significant progress and support its leadership ambitions in the next decade:

- **Climate Resilience:** Adapt to climate change and decarbonize our business
- **Resource Management:** Optimize use and management of natural resources (energy, water, and materials)
- **Wellbeing:** Sustain a healthy, inclusive and safe environment and promote social wellbeing
- **Sustainable Transactions:** Promote sustainability practices in all types of business transactions

Hang Lung Joins the United Nations Global Compact

As a participant of the United Nations Global Compact, we are committed to conducting our business responsibly by aligning our strategies, corporate culture and operations with the Ten Principles concerning human rights, labor, environment, and anti-corruption across the Group.

[LEARN MORE](#)

Sustainability is a far-reaching, multi-disciplinary concept impacting every part of our business. We have taken a top-down and bottom-up approach to drive employees and stakeholders towards sustainability leadership. We will explain our approach in the following chapters; below is the summary:

- **Top-level commitment** and endorsement of policies and frameworks to define a clear agenda and principles for the sustainability context of Hang Lung.
- Clearly **defined roles and responsibilities** from top management to operations for various departments and cross-functional committees, to ensure appropriate resources and accountability for implementation.
- Sustainability components are built in to the Group's **annual Key Performance Indicators (KPIs)** and annual expenditure reviews to integrate sustainability seamlessly into business operations.
- **Empowerment of employees** to take part in the sustainability journey through an employee sustainability charter and various capacity building and outreach opportunities.

To become one of the world's most sustainable real estate companies, we are also taking the following steps:

- Clearly stipulating our **long-term and mid-term Sustainability Commitment, Goals and Targets** to drive aspirations and innovation.
- **Aligning with international standards and best practices** (e.g. Science Based Targets initiative's Net-Zero Standard)
- Seeking continual improvement not only within the Group, but also with peers by participating in various **ESG benchmarks and indices** and awards competitions.
- Driving positive sustainability impacts along the **value chain**, in addition to efforts within the direct scope of our business operations and development.
- Enhancing our **transparency** each year via annual sustainability reporting and regular media channels, to share know-how and lessons-learned with stakeholders.
- Demonstrating **thought leadership** by sharing our experience and insights, and interacting with our industry peers through speaking events and support to industry associations.



MIPIM Asia Summit 2022 Keynote Address

“My favorite thing about sustainability is the fact that it’s a positive sum game,” said our Vice Chair, Mr. Adriel Chan, at the MIPIM Asia Summit 2022 Keynote Address on The Leaders’ Perspective - Part I. During his keynote address, Adriel highlighted the growing sustainability challenges associated with climate change and biodiversity, among other concerns.

[LEARN MORE](#)

Materiality Assessment

The Group has a robust approach to materiality assessment, stakeholder engagement, trends analysis and the prioritization of material ESG issues. We regularly review ESG issues relevant to our business and engage in dialogue with stakeholders to understand how well our sustainability performance meets the expectations of stakeholders.

Materiality assessment is critical for advancing our sustainable development efforts. We first identify, analyze and refine our understanding of multiple dynamic ESG issues that could affect our business and our stakeholders. We then prioritize them into a short-list of topics that inform our business strategy, targets and reporting. Every year, we engage a third party to review and update our assessment.

Our 2022 materiality assessment process is set out below.

2022 Materiality Assessment

Approach

In 2022, we engaged an independent consultant to conduct a double materiality assessment and stakeholder research, and both followed the methodology recommended by the European Financial Reporting Advisory Group. Double materiality means assessing both how our business is affected by sustainability issues (“outside in”) and how our activities impact society and the environment (“inside out”).

1

Identify key ESG trends and stakeholders’ concerns

A scanning exercise was conducted to explore top environmental and social trends that might affect our business.

2

Identification of relevant ESG issues

24 ESG issues were determined to be relevant to our business.

3

Prioritization of material issues

Findings from a multi-layered prioritization process were consolidated and weighed in the model to derive the double materiality matrix.

4

Review and validation of materiality assessment results

The findings were further validated through one-on-one in-depth interviews with our strategic tenants and a focus group discussion with internal risk owners. The finalized list of material topics and the materiality matrix were reviewed and approved by the Chair of the SSC.

Issues that Matter: Key Sustainability Trends

To strengthen our understanding of how the fast-changing sustainability landscape presents risks and opportunities to our business, we conducted an analysis, and identified seven global and national sustainability trends that might affect our business. Below is a summary of our analysis; please refer to [Appendix 1](#) for further details.

1. Climate Risks: Decarbonization is both a matter of strategic importance for our business – an opportunity if done well, a risk if not – and the right thing to do for the planet. We published our net-zero targets validated by the Science Based Targets initiative (SBTi) in January 2023 to help guide our emissions reduction investments and efforts across our operations and value chain. In addition, to meet with expectations from investors and other stakeholders, in 2019 we adopted TCFD's recommendations in disclosing how we govern and manage climate-related risks and opportunities, and are committed to improving the quality of our climate-related disclosures annually.

Please read more about our work in [Climate Resilience](#) and [Appendix 8 \(TCFD\)](#).

2. Productive employment and decent work for all:

The ability of Hang Lung to compete and thrive in an increasingly complex market environment hinges on how well we are able to attract, retain and develop the right talent. Employee attraction, retention and development are among the top issues considered to be essential to our financial performance and longer-term enterprise value.

Also, our employment and procurement policies and behaviors have a direct impact on opportunities for productive employment and enabling decent work for our employees and suppliers.

Please read more about our work in [Wellbeing](#).

3. Biodiversity: To protect natural habitats and biodiversity, we aim to minimize the environmental impacts of our developments through responsible planning and design, and responsible procurement practices favoring products and raw materials from sustainable sources and with lower ecological footprints.

Financial institutions are paying attention to biodiversity loss. The Taskforce on Nature-Related Financial Disclosures (TNFD), established in 2021, will be publishing its recommendations in September 2023, providing a global framework for organizations to report on risks from biodiversity loss and ecosystem degradation. We will look into taking steps to disclose our nature-related risks in line with the TNFD recommendations.

Please read more about our work in [Resource Management](#).

4. Environmental Pollution and Waste: Public awareness and regulatory requirements in Hong Kong and other cities in mainland China concerning waste management are increasing. As an owner and operator of commercial real estate with office, retail and food and beverage tenants, providing adequate facilities and implementing robust programs to support our tenants and visitors in waste reduction and recycling practices have become a rising priority for us.

In addition, by starting to apply circular principles in procurement decisions and the design, construction and operations of buildings, we can reduce operational and embodied carbon emissions and other types of pollution, as well as reduce our dependency on virgin raw materials, reducing our planetary impact and making us more resilient to potential supply chain disruptions.

Please read more about our work in [Resource Management](#) and [Sustainable Transactions](#).

5. Health and Wellbeing: As the World Green Building Council (WGBC) has noted, there are few issues relating to human health, wellbeing and quality of life that are not impacted, directly or indirectly, by the attributes of our built environment. The building and construction sector, including Hang Lung, can play an active role in protecting and enhancing the health and safety of its stakeholders – from protecting the health and safety of construction workers, to preventing illness and promoting wellness for all, and minimizing adverse impacts on the environment through how we source materials, construct and operate our buildings.

Please read more about our work in [Wellbeing](#) and [Sustainable Transactions](#).

6. Geoeconomic Confrontation: Geo-economic confrontation could entail supply chain disruption, instabilities in the policy and socioeconomic environment for businesses, and uncertainties clouding business and investment decisions. A rigorous approach to foresight and preparedness is vital to bolster business resilience to longer-term risks and chart a path forward for sustainable development. We evaluate potential market changes that could impact on our operations. Relevant risks are regularly monitored and managed under the enterprise risk management (ERM) framework.

Please read more about our efforts to improve our resource productivity in [Resource Management](#) and in building a more resilient supply chain in [Sustainable Transactions](#).

7. Diversity and Inclusion: As studies have shown, high levels of diversity and inclusion are associated with greater innovation, productivity and performance, talent recruitment and retention, and workforce wellbeing. Through policies and programs implemented across our workplaces, we endeavor to foster an inclusive and diverse workplace. We also recognize the valuable contribution of all employees, regardless of gender, age, disability, race, or marital status, and believe that an inclusive workplace will aid talent recruitment and boost employee satisfaction and productivity.

In addition, we strive to work with our stakeholders to foster equality and diversity across our community and value chain. Inequality erodes social cohesion, diminishes human potential, and might lead to declining social stability and economic development.

Please read more about our work in [Wellbeing](#).

Identification of Relevant ESG issues

In 2022, we identified 24 ESG issues considered relevant to our business, including a newly introduced topic of “Human Rights and Labor Practices.”

Prioritization of Material Issues

We assessed the material ESG issues in two ways: on the one hand, by determining their relative impact to the Group’s financial materiality; and on the other hand, by determining the impact of the Group’s activities on issues affecting the sustainable development of the broader society and environment. We considered and weighed multiple inputs, including surveys from external and internal stakeholders, research into key ESG trends,


and sustainability and financial reporting standards. The matrix highlights the relative importance of individual issues in terms of their financial impact to Hang Lung and Hang Lung’s impact to society and the environment in respect of these issues. The Vice Chair of the Group – in his capacity as the Chair of the SSC – annually reviews and endorses the materiality assessment result and stakeholder engagement findings.






Materiality Matrix



Environmental	Social		Governance
	Employees	Customers and Communities	
<ul style="list-style-type: none"> 1 Energy efficiency and carbon emission reduction 6 Biodiversity 7 Waste disposal and recycling 12 Water efficiency and reduction 13 Water, land, and air contamination 15 Adaptability to climate change impacts 21 Green building certification 	<ul style="list-style-type: none"> 2 Employee attraction and retention 3 Occupational health and safety 4 Employee development 9 Diversity and equal opportunities 11 Employee wellbeing 23 Human rights and labor practices 	<ul style="list-style-type: none"> 5 Customer health and safety 10 Community engagement and investment 17 Customer engagement and collaboration 20 Social integration and accessibility 	<ul style="list-style-type: none"> 8 Ethics and integrity 14 Financial performance and investor interests 16 Responsible supply chain management 18 Information privacy 19 Risk and crisis management 22 Grievance mechanism 24 Sustainable finance

Material ESG Issues

Material ESG Issues	Stakeholders impacted	GRI Standards	Aligned SDGs	Addressed in this Report
1 Energy Efficiency and Carbon Emissions Reduction*	Employees Investors & Shareholders Tenants & Customers Suppliers & Contractors Communities NGO Partners, Academia, & Industry Associations Governments & Regulators Media	GRI 302 GRI 305		Climate Resilience Resource Management
2 Employee Attraction and Retention		GRI 401 GRI 404 GRI 405 GRI 406		Wellbeing
3 Occupational Health and Safety*		GRI 403		Wellbeing Sustainable Transactions
4 Employee Development		GRI 404		Wellbeing
5 Customer Health and Safety*		GRI 416		Sustainable Transactions
6 Biodiversity		GRI 304		Resource Management
7 Waste Disposal and Recycling		GRI 306		Resource Management
8 Ethics and Integrity*		GRI 205		Our Sustainability Strategy
9 Diversity and Equal Opportunities		GRI 405		Wellbeing
10 Community Engagement and Investment		GRI 413		Wellbeing

Material ESG Issues	Stakeholders impacted	GRI Standards	Aligned SDGs	Addressed in this Report
	Employees Investors & Shareholders Tenants & Customers Suppliers & Contractors Communities NGO Partners, Academia, & Industry Associations Governments & Regulators Media			
11 Employee Wellbeing*	• •	GRI 403		Wellbeing
12 Water Efficiency and Leakage	• • • • • •	GRI 303		Resource Management
13 Water, Land and Air Contamination	• • • • • •	GRI 303 GRI 305 GRI 306		Resource Management
14 Financial Performance and Investor interests	• • •	GRI 201		Performance Tables - Economics
15 Adaptability to Climate Change Impacts*	• • • • • •	GRI 201 GRI 305	 	Climate Resilience
16 Responsible Supply Chain Management	• • • •	GRI 204 GRI 308		Sustainable Transactions

* Material issues in 2021

In this Report, we disclose in detail the concerns and ideas raised by our stakeholders and our responses regarding the 16 material issues. In addition, the Report also outlines our management approach and performance for the remaining topics.

Stakeholder Engagement

Our approach to stakeholder engagement ensures a good understanding of the views and expectations that help define our current and future sustainability strategies. We proactively engage with stakeholder groups directly impacted by our operations, such as employees, investors, customers, tenants, suppliers and contractors. We also engage with groups for guidance on our focus areas as well as with those whose interests intersect with our business interests in various ways, such as local communities, NGO partners, the government, academia, media, and industry associations. In 2022, we continued to engage regularly with key stakeholder groups, as listed in the table below, to ensure effective communication of our sustainability progress in their areas of concern. Feedback collected through all stakeholder engagement exercises also contributed to the preparation of this Report.

Forms of Engagement

 <h3>Employees</h3> <ul style="list-style-type: none"> • Biannual two-way performance check-in and review • Regular drinks sessions with management • Annual dinner • Quarterly corporate newsletter and monthly articles • Regular sustainability newsletter • Annual sustainability-focused interviews and focus groups • Annual employee engagement survey • Emerald Award, CEO Award, Long Service Award • Regular conference (management conference, functional conferences) • Ongoing digital platform communication through intranet, WeChat • Regular staff activities • Exit interviews 	 <h3>Tenants and Customers</h3> <ul style="list-style-type: none"> • Regular customer engagement surveys • Annual tenant satisfaction surveys and interviews • Tenant surveys with sustainability focus • Ongoing social media communication through various media • Quarterly corporate newsletter and monthly articles 	 <h3>Communities</h3> <ul style="list-style-type: none"> • Regular two-way communication with international and local communities at the Board level • Ongoing community programs • Monthly community events • Quarterly corporate newsletter and monthly articles
 <h3>Media</h3> <ul style="list-style-type: none"> • Biannual results announcements and press conferences • Occasional media briefings and luncheons 	 <h3>Investors and Shareholders</h3> <ul style="list-style-type: none"> • Annual sustainability reporting, benchmarks and indices • Regular investor interviews, meetings, roadshows, and investor conferences • Annual General Meeting 	 <h3>NGO Partners, Academia and Industry Associations</h3> <ul style="list-style-type: none"> • Regular collaboration on sustainability and community investment initiatives • Regular participation in conferences, seminars, and networking events
 <h3>Suppliers and Contractors</h3> <ul style="list-style-type: none"> • Regular project meetings • Screening and performance evaluation • Focus group discussions 	 <h3>Governments and Regulators</h3> <ul style="list-style-type: none"> • Regular meetings • Occasional site visits by government officials • Government consultations 	

Our Sustainability Goals, Targets and KPIs

Sustainability Goals and Targets



The Group recognizes that sustainability leadership requires a well-integrated set of short, medium and long-term goals, targets and KPIs.

In December 2020, after almost a year of internal and external consultation, the Group announced a set of sustainability goals and targets for 2030. Organized according to the four priorities of our Sustainability Framework, the goals provide broad principles governing our efforts, while the targets provide more specific intended outcomes for each goal. This 2030 agenda reaffirms the Group’s commitment to creating sustainable value and reflects our ambition to become one of the world’s most sustainable real estate companies.

In December 2021, the Group moved a step further, announcing a set of targets to be achieved by the end of 2025 (“25 x 25 Sustainability Targets” or “25 x 25”). These 25 x 25 targets address the four priorities outlined in the Group’s Sustainability Framework, defining concrete and quantifiable measures to tackle sustainability challenges and providing employees with a clear blueprint to the end of 2025. The highlights include:

Climate Resilience. Targets related to Scopes 1, 2, and 3 emissions, renewable electricity, and climate adaptation.

Resource Management. Targets related to recycling, water use, and landfill diversion.

Wellbeing. Targets related to employee engagement, gender pay ratio, people with disabilities, health and wellness, safety, and youth.

Sustainable Transactions. Targets related to suppliers’ ESG performance, marketing events, leases, sustainable finance, and asset acquisitions.

Please see below the full list of **2030 Sustainability Goals and Targets** and the **25 x 25 Sustainability Targets**.

Climate Resilience

2030 Goal **Reduce carbon footprint in line with climate science**

2030 Targets

- ① Build a nearly net-zero carbon building
- ② Demonstrate best efforts to achieve a 70% reduction in Scopes 1 and 2 greenhouse gas emissions intensity (per m²), compared to the 2018 baseline

<p>2025 Targets</p> <p>GHG Intensity 40% cumulative reduction in GHG intensity (kg CO₂e/m²) relative to 2018</p> <p>Electricity Intensity 18% cumulative reduction in electricity intensity (kWh/m²) relative to 2018</p> <p>Renewable Energy 25% of our mainland China portfolio electricity demand met by renewable energy</p>	<p>Electric Vehicle (EV) Charging Wherever feasible exceed local regulations for the provision of parking spaces installed with EV charging facilities across our portfolio</p> <p>Embodied Carbon Intensity Demonstrate best efforts to achieve at least 10% reduction in embodied carbon intensity (kg CO₂e/m²) for new development project that begin in 2022 or later, compared to typical practice in an equivalent building</p>	<p>GHG Intensity (Tenants) 15% reduction in GHG intensity (kg CO₂e/m²) from tenants' electricity consumption for our properties in mainland China, relative to 2018</p> <p>Climate Adaptation Complete technical analysis for climate adaptation measures for all properties</p>	
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Resource Management

2030 Goal **Accelerate the transition to a circular economy by minimizing resource consumption and maximizing recycling**

2030 Targets

- ③ Incorporate circular building principles in new properties
- ④ Implement water management program in all properties
- ⑤ Divert 90% of operational waste from landfill

<p>2025 Targets</p> <p>Construction Waste 60% of construction waste diverted from landfill for new projects starting in 2022 with maximized recycling</p>	<p>Construction Material Use Demonstrate best efforts to maximize the use of recycled, reused and bio-based materials in all new projects</p>	<p>Operational Water Use 10% reduction in water intensity (m³/m²/year) relative to 2018</p>	<p>Operational Waste 70% of operational waste diverted from landfill</p>
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Wellbeing

2030 Goal

Ensure employees, customers and communities enjoy an unrivalled environment that promotes their health and wellbeing

2030 Targets

- 6 Assess wellbeing for all employees and key customers
- 7 Meet or exceed wellbeing standards for new properties
- 8 Work with youth on sustainability solutions in all cities where we have assets

2025 Targets

Achieve an **employee engagement rating** greater than or equal to the 75th percentile

Obtain local or international **health and wellness certification** for all our existing Mainland properties

Maintain a **Lost Time Injury Rate** of 1.5 or below for employees

Maintain **Female-to-Male pay ratio** of 1:1

Obtain **WELL Gold certificate** or equivalent for at least one new property in Hong Kong and mainland China

Maintain **zero work-related fatalities** for employees and contractors

Conduct an audit of all our properties and corporate practices on how to **enhance wellbeing and opportunities for persons with disabilities**

Deliver **priority ESG training** targeted to all departments and seniority levels

Work with youth on **wellbeing community initiatives** at all properties by 2025

Sustainable Transactions

2030 Goal

Collaborate with all suppliers and customers to advance our sustainability priorities

2030 Targets

- 9 Implement supplier evaluation and ranking system
- 10 Engage all tenants on emissions reduction, resource management, and wellbeing enhancement

2025 Targets

Embrace technology to build a robust **digital platform** for assessing **suppliers' ESG performance**

50% of total debts and available facilities from **sustainable finance**

100% of **marketing events** evaluated for their **sustainability impacts**

100% of **leases** incorporate **sustainability provisions**

100% of potential asset acquisitions include **ESG due diligence**



Annual ESG KPIs

In October 2020, in support of our 2030 goals and targets, our Sustainability Steering Committee (SSC) endorsed the concept of annual strategic ESG KPIs. The strategic ESG KPIs cascade down to expectations for individual employees and are tied to the biannual performance appraisal process.

Nearly 30 strategic ESG KPIs have been identified every year since 2021. These have empowered us to collect more data and drive change in areas as varied as GHG reduction, sustainable procurement for our operations and projects, and improving the wellbeing of our employees. The strategic ESG KPIs are assigned to relevant department heads in the beginning of the year with departmental progress directly **tied to biannual performance reviews for employees and management at all levels**, including C-level executives.

We completed all 36 ESG KPIs on schedule in 2022 and identified 28 ESG KPIs for 2023. For the first time, the 2023 ESG KPIs include a “Common Goal” that is applicable to all departments. For complete details of the 2022 and 2023 Strategic ESG KPIs, please see [Appendix 3](#). We disclose these KPIs publicly not only to hold ourselves accountable, but also to encourage stakeholder collaboration in all the areas identified.

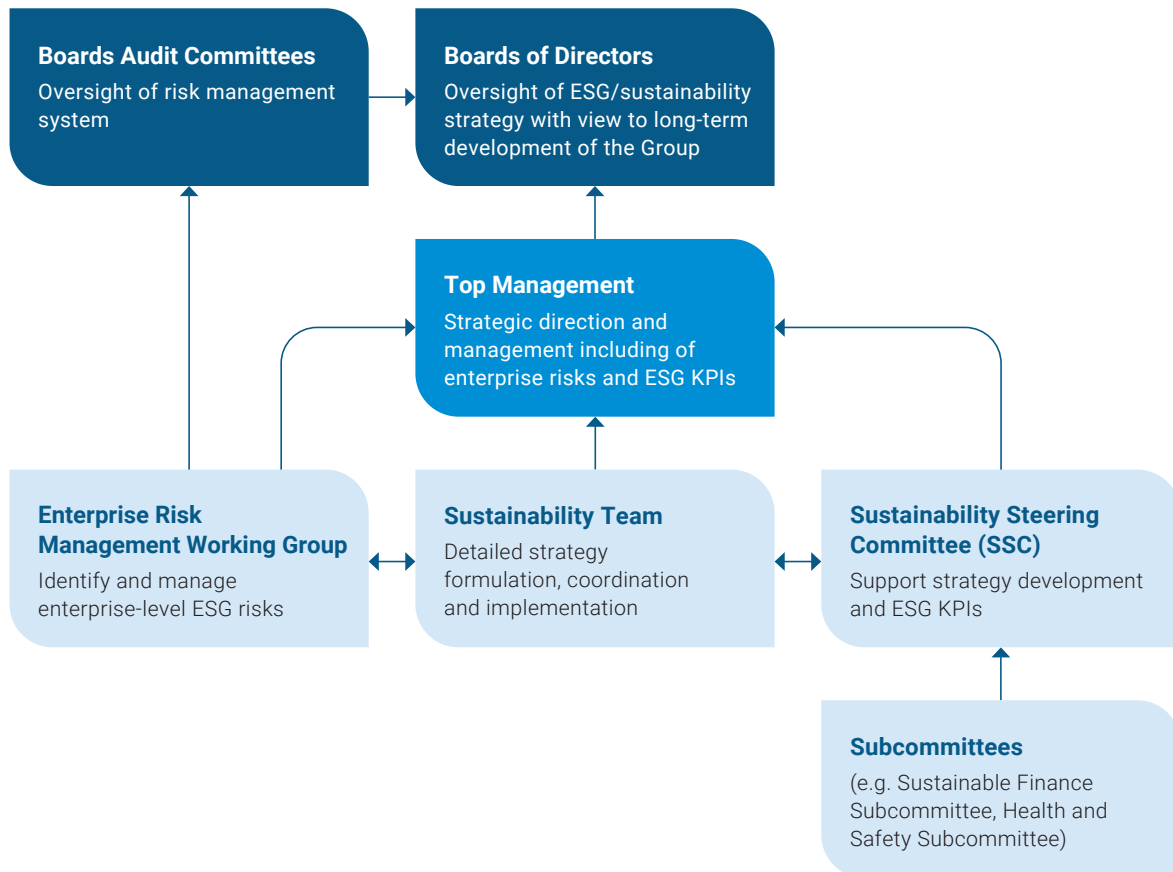
While we are pleased with our ESG KPIs progress in the last two years, we need to continue to make significant progress in all these areas. In other words, the KPIs represent only the start of a structured, disciplined process that will continue annually on the path to 2025, 2030 and 2050.

Sustainability Governance

The Group acknowledges the need for effective and strong sustainability governance, including clear definitions of accountabilities, roles and responsibilities among various parties.

Sustainability Governance Structure

Our sustainability governance structure is summarized as follows:



In 2022, we continued to strengthen and refine our sustainability governance at all levels.

Board Engagement

The Boards of Directors of Hang Lung Group and Hang Lung Properties (the “Boards”) have overall responsibility for the Group’s ESG strategy and reporting. They also provide oversight of sustainability trends, risks and opportunities affecting the long-term development and positioning of the Group.

In 2020, the Boards issued a [Joint Statement on Oversight and Management of Environmental, Social and Governance Issues](#) (the Joint Statement). This statement elaborates on the Boards’ ESG management

approach and strategy, as well as their role in reviewing progress against ESG-related goals and targets. The Boards’ engagement on sustainability issues is robust. In 2022, the Boards received a briefing providing updates on TCFD and International Sustainability Standard Board (ISSB) reporting requirements.

In response to the requirements of the HKEX Corporate Governance Code, the Group adopted an update in 2022 – the inclusion of an annual review by the Boards of the adequacy of resources on the Group’s ESG performance and reporting, and any material risks relating to ESG.



The Vice Chair of the Boards is also the executive responsible for overseeing the Group's Sustainability Steering Committee and its Sustainability Team, the department dedicated to sustainability. The Sustainability Team reported twice to the Boards in 2022.

Top Management

The top management of the Group provides oversight of the Group's sustainability performance and progress towards achieving its long-term sustainability goals and targets, and its annual sustainability-related KPIs.

The Sustainability Team reports to each of the Vice Chair and the CEO at least once a month. In addition, the direct reports of the CEO and Vice Chair all have sustainability-related KPIs for themselves and their departments against which their performance is measured twice a year. The CEO in turn reports to the Boards twice a year on the progress of the KPIs of the entire top management team.

Sustainability Steering Committee

The Sustainability Steering Committee (SSC), currently chaired by the Vice Chair of the Group, and comprising 13 executives from major departments, meets regularly to ensure that understanding of and expectations for sustainability are aligned across the Group. The SSC also supports long-term strategy development, the implementation of plans and progress tracking. The [Terms of Reference](#) of the SSC are available on our website. The SSC meets at least twice a year, and senior executives from various departments will update members on the progress of the current projects and future plans regarding sustainability. In 2022, the SSC endorsed two updated policies (the [Sustainability Policy](#) and the [Sustainable Procurement Policy](#)), and one new policy (the [Health and Safety Policy](#)). Any changes or updates to these sustainability-related policies shall be reviewed and endorsed by the SSC.

Sustainability Team

Our Sustainability Team serves as a central function supporting the entire business in advancing its sustainability leadership ambitions. Led by the Deputy Director – Sustainability, it reports directly to the Vice Chair. In addition to reporting regularly to the Boards and top management, the Team works with colleagues

across all aspects of the business to ensure we pursue our ambitious goals, targets and strategic ESG KPIs in a coordinated fashion. It also reports to the Enterprise Risk Management (ERM) Working Group, as risk owner for the Group's response to climate change transition risks and physical risks.

Sustainable Finance Subcommittee

The Sustainable Finance Subcommittee (SFS) reports to the SSC. Chaired by the Chief Financial Officer, the SFS is comprised of executives responsible for finance, sustainability, project planning and construction, operations, and treasury. The SFS meets regularly to discuss the latest market developments and the Group's plans for sustainable finance. The SFS oversees the usage of sustainable finance and approved eligible projects as required by Hang Lung Properties Green Finance Framework (until December 2022), now superseded by the Hang Lung Group Sustainable Finance Framework (from January 2023).

Health and Safety Subcommittee

To advance the Group's health and safety agenda as well as to exchange best practices and lessons learned across all aspects of our business, the Group established a Health and Safety Subcommittee (HSS) in 2022. The HSS is comprised of representatives from human resources, operations, project planning and construction, legal, internal audit and sustainability. The HSS meets at least twice a year to monitor safety-related developments, data and trends, and to identify ways to strengthen the Group's safety procedures, culture and performance. It also regularly reports on its progress to the SSC.

Employees are encouraged to share ideas, safety concerns and observations and other issues with members of the HSS. The HSS in turn makes recommendations to the SSC, top management, and/or specific departments as appropriate to support continual improvement of the Group's health and safety.



Enterprise Risk Management Working Group

To ensure proper oversight of the Group's risk management, the ERM Working Group reports directly to the Audit Committees. Each enterprise-level risk is assigned to a risk owner who must continually monitor said risk and report to the ERM Working Group.

The Group acknowledges that ESG-related risks have become more important in recent years, and in response, we focus more on their internal oversight. Climate risk remains one of the enterprise-level risks in 2022, and we have completed the annual review of our risk exposure and risk mitigation measures. In 2022, we expanded our scopes 1 and 2 mitigation plan into a 2023-2025 climate resilience plan covering scopes 1, 2 and 3 and other climate-related issues. We also completed an annual review of our latest materiality assessment of ESG-related risks, in order to determine whether the results warrant any adjustments to our enterprise-level risks.

Sustainability Policies

Key Sustainability-Related Policies and Governing Documents

Board Policies and Documents:

- **Joint Statement on Oversight and Management of Environmental, Social and Governance Issues** ([link](#)) – explains the Boards' oversight of ESG issues and how the Group approaches the management of ESG issues.
- **Board Diversity Policy** ([link](#)) – sets out the Group's approach to achieve diversity on the Boards.

Corporate Policies and Documents:

A set of group-level policies has been developed to govern the Group's approach to various sustainability issues. The policies are publicly available on the corporate website.

- **Sustainability Policy** ([link](#)) – outlines our approach to pursuing sustainability leadership over the next decade, including our Sustainability Framework, 2030 Goals and Targets, and details of implementation and governance.
- **Health and Safety Policy** ([link](#)) – outlines our approach to safety management in our workplaces, properties, and construction sites.

- **Sustainable Procurement Policy** ([link](#)) – promotes sustainable procurement decisions and practices, and strengthens sustainability collaboration with our suppliers.
- **Hang Lung Group Sustainable Finance Framework** ([link](#)) – demonstrates how the Group intends to pursue sustainable finance transactions. The Sustainable Finance Framework was developed in 2022 and supersedes the Hang Lung Properties Green Finance Framework from 2023.
- **Sustainability Steering Committee Terms of Reference** ([link](#)) – the SSC comprises a cross-section of senior executives, and provides a dedicated structure for the Group to advance its goal of achieving sustainability leadership. The terms of reference provide a framework for the general mandate and effective functioning of the SSC.
- **Policy on Transactions with Connected Parties** – governs all transactions involving connected parties, all the proposed transactions should be assessed by the Company Secretary on compliance issues.

Ethics and Integrity

Integrity is one of the Group's core values upon which we build a sustainable future for our investors, clients and people. We are proud to uphold a zero-tolerance policy with regard to corruption and dishonesty, and to have systems and procedures that enhance transparency and accountability at all levels. Our previous motto, We Do It Right, has evolved into **We Do It Well**, with both expressions evoking this foundational feature of our corporate culture.

Code of Conduct

Acts as a benchmark of ethical behavior for all directors and staff members to follow.

- **Equal Employment Opportunities Policy** (see Code of Conduct, part 13.1) ([link](#)) – sets out guidelines to ensure we provide a work environment that is free from all forms of unlawful discrimination. It is applicable to all human resources policies and practices including staff recruitment and selection, staff transfer, promotion, training and development, discipline, termination, and compensation and benefits.



- **Personal Data (Privacy) Policy** (see Code of Conduct, part 13.2) ([link](#)) – provides guidance to protect data privacy and the confidentiality of employee personal data, and to comply with applicable legislation.
- **Occupational Health and Safety Policy** (see Code of Conduct, part 13.3) ([link](#)) – outlines the Group's commitment to providing a safe and healthy environment for employees, including occupational safety guidelines to be observed by all directors and staff members.

In addition, the Group's **Staff Handbook** provides a summary of employment terms and benefits. It covers employee-related policies and procedures including grievance procedures, whistleblowing and protection of intellectual property. The Staff Handbook stipulates the following policies for our employees:

- **Grievance Policy and Procedures** – establishes a proper channel for employees to voice out and settle their grievances. The grievance mechanism is designed and managed by the Group's Human Resources department, which will regularly review and further improve the effectiveness of the mechanism.
- **Employee Cybersecurity Policy** – provides guidance to employees on maintaining a secure working environment and especially protecting confidential information.
- **Policy on Offering and Accepting Advantages and Entertainment** – provides guidelines to all staff members when offering and/or receiving advantages and/or entertainment during the normal course of business, including prohibitions. Clear approval and monitoring procedures are established to ensure strict compliance with this policy.

The Boards and the top management also adhere to high standards of business ethics. We regularly communicate relevant laws and regulations related to integrity. The Boards of Directors are required to declare their interest annually in a statement of interests, and all executive staff are required to declare any conflict of interest on a half-yearly basis.

Anti-Bribery and Anti-Corruption

Fraud and corruption are considered serious and subject to periodic monitoring as an enterprise risk under our ERM framework. In 2022, the Group established an

[Anti-Corruption Policy](#) to strengthen our integrity culture. The policy sets out the conduct the Group forbids and the practices the Group expects from its stakeholders. It also provides guidance for staff members to prevent corruption and malpractice in the workplace.

We uphold our culture of integrity by multiple means:

- Relevant requirements for our staff are provided in our Staff Handbook, Code of Conduct, Anti-Corruption Policy, and our Policy on Offering and Accepting Advantages and Entertainment;
- Employees are reminded twice a year to declare in writing and seek approval from a senior executive of the Group when an actual or a potential conflict of interest arises;
- Periodic e-mail reminders are sent out by the Human Resources Department to all staff during festive seasons listing the guidelines for sending and/or receiving advantages;
- Online training on the subject of integrity is provided to employees, covering the Group's integrity standards, zero-tolerance approach to bribery and corruption, and ways to handle improprieties with case studies. At the end of the program, participants must pass a test to demonstrate they have sufficient knowledge of the topic. The online introductory training is mandated for new staff, with refresher training required for all other staff annually;
- In 2022, 317.5 hours of training on the introduction of Property Management Service Ordinance and 153 hours of training on risk management for Property Management Practitioners were completed. Both external training sessions covered topics related to risk management, corruption prevention and staff integrity;
- Relevant requirements for our vendors/suppliers are embedded in our Code of Conduct for Contractors, as an integral part of tendering documents and/or service agreements;
- Periodic letter reminders are issued to all vendors/suppliers to remind them of our integrity standards and our available whistleblowing channel for them to raise any concerns about bribery, corruption or any malpractice.



Whistleblowing Policy

The Group is committed to establishing and maintaining best practices in corporate governance. All directors, employees and related third parties are expected to conduct themselves with integrity, impartiality and honesty with zero tolerance for unethical behavior. A whistleblowing mechanism has been established for internal stakeholders (such as employees and directors) or external stakeholders (such as consultants and contractors, customers and tenants) to seek advice and raise serious concerns about matters related to suspected or actual improprieties or any behavior that may constitute misconduct or malpractice, or other irregularities that should be reported.

The Group respects that whistleblowers may wish to file their concerns in confidence and is committed to protecting individuals who make complaints in good faith from any unfair treatment (which may include protection against retaliation or victimization, unwarranted disciplinary action or unfair dismissal). Strict measures are in place to protect the identity of whistleblowers as well as all information collected, and only limited parties are granted access on a need-to-know basis. Associated investigations are governed by an independent investigation panel comprising senior executives from legal, human resources, internal audit and/or relevant corporate functions to ensure all complaints are handled consistently, objectively and impartially. Remedial actions will be taken in accordance with final investigation findings. The results of such investigations are reported to the Audit Committees twice every year.

The [whistleblowing policy](#) is subject to periodic review and communicated to all stakeholders via various channels (such as websites, periodic circulars and correspondences, training, tender documents and terms of contracts, etc.). Our full whistleblowing policy is also available on our corporate website.

Anti-Competition

The Group's Competition Law Policy sets out the Group's policy of compliance with competition law, including the Competition Ordinance (Cap 619) in Hong Kong and the Anti-Monopoly Law and Anti-Unfair Competition Law in the People's Republic of China.

Code of Conduct for Contractors

The Code sets out the compliance standard expected of suppliers and contractors when conducting business with the Group. The Code includes requirements for compliance with laws and regulations, conducting business ethically, care for employees, responsible labor practices, responsibility to the communities, and ethical use of information.

Risk and Crisis Management

The Group's Risk Management Framework explains the role of the Boards, Audit Committees and Management in relation to the design, implementation, and maintenance of a sound and effective risk management framework, and the principles underlying our risk governance structure.

Enterprise Risk Management

Effective risk management is critical to the Group's value creation, business continuity and resilience. It requires understanding risks throughout all phases of our business from asset selection, acquisition, and allocation, to ownership, management, and divestment. We are committed to continually enhancing our 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 maintains and regularly reviews its Business Continuity Plan to ensure that key business functions vital to the Group's operations always remain uninterrupted, especially in the event of crisis, emergency or disaster.



Crisis Management

The Group also maintains a comprehensive crisis management system that ensures its preparedness to respond to and recover from emergencies. Our Crisis Management Manual sets out the principles, guidelines and measures across three areas – prevention, response and recovery. This approach ensures that relevant personnel have clear guidance on their crisis roles and responsibilities.

Crisis drills are conducted every 12-24 months at each property. They aim to strengthen the awareness and skills of the crisis management team in protecting our corporate reputation and ensuring effective communication among departments in a crisis. Crisis management training is mandated for new joiners, while all existing colleagues must conduct the crisis management refresher program annually.

Data Privacy and Cybersecurity

To effectively manage risks of cyberattacks and data leakage, cybersecurity is one of the principal risks monitored under our ERM framework. Multiple policies covering security control, risk management and incident handling minimize cyber threats and ensure data protection, and we annually review and/or update the employee cybersecurity policy to keep ourselves up to date with the latest regulations and benchmark to best practices.

All new employees with company email addresses are required to complete compulsory online cybersecurity training to increase their vigilance with regard to cybersecurity risks, and other relevant employees must complete refresher training at least once a year. In addition to annual training, we regularly share practical security tips with our employees from their personal life and work perspectives to raise their awareness of cybersecurity. We implemented cloud governance across the Group, setting up a dedicated security operation center function for continuous threat monitoring, and strengthening measures for remote and third-party access to corporate data.

During 2022, we introduced a corporate-wide document sensitivity labeling system to help departments trace activities on confidential documents and detect cyber threats and data loss and leakage risks. We also make use of data analytics and robotic process automation to improve security operations and management efficiency. In addition, we engaged external security professionals to test our vigilance through phishing emails and attack simulation. We plan to advance our threat monitoring capabilities, enhance cyberattack data exfiltration prevention and monitoring.



Climate Resilience

Adapt to
climate change
and decarbonize
our business

| Relevant GRI Disclosure |

201 (2016), 302 (2016), 305 (2016)

Climate Resilience



We are committed to reducing our carbon footprint in line with climate science and reaching net-zero value chain greenhouse gas (GHG) emissions no later than 2050. In 2022, we became the first real estate company in Hong Kong and mainland China to receive approval from the Science Based Targets initiative (SBTi) for our near- and long-term company-wide emissions reduction targets in accordance with the SBTi Net-Zero Standard (Net-Zero Standard). In this chapter, we share our comprehensive steps in support of achieving our ambitious emissions reduction targets, as well as our adaptation efforts in response to the physical risks from climate change.

2022 Performance Highlights



Hang Lung Properties' near and long-term science-based emissions reduction targets were validated by the SBTi.



Completed power purchase agreement so that Parc 66 in Jinan has become 100% powered by renewable energy from January 1, 2023.



38.28% reduction in GHG Emissions Intensity (Scope 1 and 2) vs 2018 baseline

3.8% reduction in absolute GHG Emissions (Scope 3) vs 2021

Our Approach

In pursuing climate resilience, we aim to manage both transition risks to a low carbon future and physical risks from the effects of a changing climate. Material climate-related risks are identified, managed and disclosed under our Enterprise Risk Management Framework. We also see climate resilience as an opportunity: for leadership; to help contribute solutions to the climate crisis; and to strengthen relationships with like-minded stakeholders and customers.

“The challenge of climate change is so big. There’ll be setbacks and challenges but persevere and don’t give up! Otherwise, the costs are just too much for the human race to bear.”

*Adriel Chan,
Vice Chair and Chair of Sustainability Steering Committee*

2030 Goal

Reduce carbon footprint in line with climate science

2025 Targets



GHG Intensity

40% cumulative reduction in GHG intensity (kg CO₂e/m²) relative to 2018



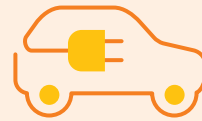
Electricity Intensity

18% cumulative reduction in electricity intensity (kWh/m²) relative to 2018



Renewable Energy

25% of our mainland China portfolio electricity demand met by renewable energy



Electric Vehicle (EV) Charging

Wherever feasible exceed local regulations for the provision of parking spaces installed with EV charging facilities across our portfolio



GHG Intensity (Tenants)

15% reduction in GHG intensity (kg CO₂e/m²) from tenants’ electricity consumption for our properties in mainland China, relative to 2018



Climate Adaptation

Complete technical analysis for climate adaptation measures for all properties



Embodied Carbon Intensity

Demonstrate best efforts to achieve at least 10% reduction in embodied carbon intensity (kg CO₂e/m²) for new development project that begin in 2022 or later, compared to typical practice in an equivalent building

Climate-Related Risks and Opportunities

In 2022, we continued to identify and manage climate issues relevant to our business. The table below summarizes climate-related risks and opportunities, potential consequences for our business, and how we are managing these potential business impacts.

Climate-related risks	Potential consequences	Our responses
Physical risks		
Acute physical changes, such as increased severity and frequency of extreme weather events, e.g., typhoons, intense precipitation, flooding, and extreme temperature	<ul style="list-style-type: none"> Increased operating and maintenance costs Reduced revenue due to business disruptions Increased insurance premiums Increased health and safety hazards 	<ul style="list-style-type: none"> Undertaking detailed physical risk analyses at sixteen properties across mainland China and Hong Kong to examine their exposure, sensitivity and adaptive capacity to hazards Installing floodgates at entrances, sump pump and providing sandbags and water pumps to reduce flood risk Undertaking regular checks and maintenance of curtain wall systems, signage and glazed doors to prevent any potential physical risks caused by strong winds and heavy rain (e.g., typhoons, flooding, storms) In Westlake 66, Hangzhou, we improved the design parameters for outdoor temperature to allow a high buffer for rising temperature in the future Improved crisis response plans at all our properties to align with international standards
Chronic physical changes, such as changes in precipitation and weather patterns, mean temperature increase, and sea level rise	<ul style="list-style-type: none"> Increased operating and maintenance costs Reduced revenue due to business disruptions Write-offs and early retirement of existing assets Reduced workforce productivity 	<ul style="list-style-type: none"> Optimizing the operating efficiency of HVAC systems to reduce electricity consumption despite rising temperatures Incorporating climate resilient features into the building designs of our new projects. For instance, in several new projects we are including overflow pipes on the roof and lowest floor, and a reserve floodgate for car ramp entrances. Strengthening flooding mitigation measures on construction sites, e.g., MEP equipment elevated or anchored
Transition risks		
More ambitious climate policies and regulations to support international decarbonization efforts	<ul style="list-style-type: none"> Increased compliance costs Increased operating costs 	<ul style="list-style-type: none"> Committed to making greenhouse gas reductions in line with climate science Conducted a carbon pricing analysis in 2022 (building on our first such analysis in 2021) to understand our potential exposure to carbon price risk up to 2050 Regularly monitor regulatory changes in laws, policies and regulations to ensure compliance
Changing investor sentiment favoring increased climate advocacy or divesting from 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 high transparency on ESG issues to build trust and confidence among our investors and other stakeholders Report against globally recognized frameworks such as TCFD, CDP and GRI to facilitate a clear assessment of our climate performance.



Growing stakeholder preference for companies and properties that are more prepared for climate change

- Reduced revenue
- Property devaluation
- Regularly analyze emerging industry trends regularly
- Maintain close communication with stakeholders to understand their concerns and expectations
- Make efforts to demonstrate to our stakeholders our climate resilience through annual reporting, investor meetings, speaking engagements, etc.

Opportunities

Economic or policy incentives that support the transition to a low-carbon economy

- Reduced operating costs
- Introduction of new technologies
- Access to capital
- Applying for subsidy schemes in Hong Kong and mainland China to fund energy efficiency projects
- Raised funds to finance environmental projects under our Sustainable Finance Framework and Sustainability-Linked Loans

Higher building energy efficiency and better operational management

- Reduced operating costs
- Installed smart energy meters at our Hong Kong and mainland China properties to optimize energy management
- Conducted energy retrofits of building facilities to enhance building energy efficiency, including optimization of HVAC and lighting systems in most Hong Kong and mainland China properties, and lift modernization and upgrading works in three properties in Hong Kong
- Leveraged digital data collection and analysis platform to enhance data accuracy, reporting effectiveness and working efficiency
- Piloted an artificial intelligence technology in the headquarters of the Standard Chartered Bank Building to drive energy efficiency improvements; expect to achieve an electricity reduction of 10% or more from HVAC consumption

On-site renewable electricity generation at our properties and offsite renewable electricity procurement

- Reduced electricity costs and hedge against rising grid prices
- Increased asset value and market valuation
- Procured renewable energy for 100% of our electricity needs at Parc 66 in Jinan
- Installed on-site solar panels at eight properties which generate over 600 MWh of renewable energy annually

Collaboration with peers and industry associations to drive a faster transition to a low-carbon economy

- Synergies with partners that increase the business rationale and enhance the benefits
- Collaborating with business communities to combat climate change. We are one of the founding signatories of the Business Environment Council (BEC) Low Carbon Charter, the first business-led carbon reduction initiative in Hong Kong
- Exchanged ideas with peers on embodied carbon targets, challenges and plans at an Urban Land Institute (ULI) event
- Supporting local and international climate-related initiatives, such as committing to the SBTi's Net-Zero Standard and the UN Global Compact's Business Ambition for 1.5°C campaign

Growing stakeholder preference for companies and properties that are more prepared for climate change

- Attract and retain high value tenants
- Attract and retain talent
- Higher marketability
- Obtaining green building certifications for all new projects
- Demonstrating how we are preparing for and responding to climate change, including by completing technical analysis for climate adaptation measures in all properties by 2025.
- Highlighting our sustainability commitments and progress in our recruiting efforts
- Collaborating with our tenants on sustainability initiatives, including ones related to emissions reduction and energy efficiency

Science Based Target and Net Zero Standard



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Further to our commitment to the Science Based Targets Initiative's ("SBTi") Net-Zero Standard in December 2021, the SBTi verified and approved Hang Lung Properties Ltd.'s net-zero science-based target in December 2022.

We are the first real estate company in Hong Kong and mainland China – and among the first globally – to have its near- and long-term net-zero targets endorsed under SBTi's Net-Zero Standard framework. In keeping with the SBTi Criteria and Recommendations (version 5.0), our targets follow a 1.5°C trajectory .

The Group will prioritize direct emissions reductions and all residual emissions will be neutralized (if applicable) in line with SBTi criteria and the imperative of trying to limit global temperature rise to 1.5°C before reaching net-zero emissions. The following are our validated targets.

Overall Net-Zero Target – Hang Lung Properties Limited commits to reach net-zero greenhouse emissions across the value chain by 2050.

Near-Term Targets – Hang Lung Properties Limited commits to reduce absolute scope 1 and 2 GHG emissions 46.6% by 2030 from a 2019 base year. Hang Lung Properties Limited also commits to reduce absolute scope 3 GHG emissions from purchased goods and services and downstream leased assets 25% by 2030 from a 2020 base year.

Long-Term Targets – Hang Lung Properties Limited commits to reduce absolute scope 1 and 2 emissions 99.6% by 2050 from a 2019 base year. Hang Lung Properties Limited also commits to reduce absolute scope 3 emissions 99.6% by 2050 from a 2020 base year.

Net-Zero Carbon Operations Commitment

We are the first real estate developer in Hong Kong, and among the first in Asia, to commit to the ULI Greenprint's net zero carbon operations goal. Launched by the Urban Land Institute's Greenprint Center for Building Performance, the goal is in line with the Paris Agreement and the Intergovernmental Panel on Climate Change's (IPCC) recommendation to keep global warming below 1.5°C. This initiative further affirms the Group's commitment to reducing our carbon footprint in line with climate science and reaching net-zero value chain GHG emissions by 2050.

We discuss our climate performance in 2022 and our trajectory towards achieving net zero in the [GHG Emissions Overview](#) section.

Climate Adaptation

	Status
2025 Target Complete technical analysis for climate adaptation measures for all properties.	On track
2022 KPI Conduct technical analysis for climate adaptation in four properties on Mainland and ten properties in Hong Kong.	Completed

Climate adaptation means anticipating, preparing for and reacting to the effects of climate change by acting to reduce risks and pursue opportunities. We recognize the need for adaptation planning to manage risks to health, safety, assets and operations, and to enhance customer experience. Following our studies on climate adaptation planning in the last two years, we expanded the scope of work and engaged technical consultants to conduct a detailed physical risk analysis.

We have developed a robust plan to 2025 to strengthen our resilience and manage the impacts of climate change:

Adaptation Roadmap to 2025



Technical Analysis

In 2022, we conducted an in-depth climate hazard and vulnerability assessment for **flooding, typhoon and extreme rain, heat waves and rain-induced landslides**¹ for the following properties and projects under development:

- **Three properties in mainland China:** Plaza 66, Center 66 and Riverside 66;
- **Ten properties in Hong Kong:** Peak Galleria, Hang Lung Centre, Kornhill Plaza, Amoy Plaza, Standard Chartered Bank Building, Gala Place, Hollywood Plaza, Burnside Villa; 9 Wing Hong Street and the Summit;
- **Three projects under development** including Westlake 66 in Hangzhou, Center 66 Phase Two in Wuxi and Shouson Hill Road in Hong Kong.

Following the recommendations of the TCFD Framework, our climate projections are scenario-based, covering multiple plausible future scenarios e.g., SSP2-4.5 and SSP5-8.5 scenarios. The timeline of projections covers various time points including mid-century (2041-2070) and end of century (2071-2100).

This long timeline helps to ensure that our properties will be future-proofed throughout their lifespan.

Under the scenario SSP5-8.5, the annual maximum temperature is projected to have an increase of 1.1-1.9 degree Celsius by mid-century and 3.3-4.5 degree Celsius by end of century, resulting in increasing air-cooling demand. About **38% of our properties are at medium risk of heat wave** and we will be reviewing the adequacy of our properties' air cooling capacity to ensure thermal comfort for our customers and employees.

From flood modelling and existing flood prevention facilities and measures analysis, about **75% of our properties are at low to medium risk of flooding** whereas **81% of our properties are at low to medium risk of wind-related risks** (e.g., windborne debris). For the remaining properties which have higher exposure to climate-related hazards, there are some measures already in place and we will continue to improve them in order to enhance their climate resilience capability. One of our new sites is close to a slope, and our design

¹ The landslide analysis was only for properties and development projects in Hong Kong.

team will incorporate necessary measures to minimize risks from the slope.

When we work on climate adaptation, we focus on not only the ambient environment but also how adaptive our properties are. The in-depth climate hazard and vulnerability assessment includes two levels of analyses: one is a **exposure assessment**, to assess the climate exposure level of each property; the other is **adaptive capacity analytics**, to evaluate the climate sensitivity and adaptive capacity of each property.

High exposure risk is not necessary equivalent to high residual risk. For example, Westlake 66 in Hangzhou is moderately exposed to heat wave in the exposure assessment, however, as its current design has a high buffer for rising temperature as evaluated in our adaptive capacity analysis, the residual risk of heat wave is classified as low. Please refer to the summary table of current residual risks below, logged on the results of the two analyses. Also, the current residual risks are not static in nature; they can be further reduced when we implement more adaptive actions, as we plan to do towards 2025.

Summary Table of Residual Climate Risks¹

Property Name	Flooding	Heat Wave	Typhoon & Extreme Rain	Landslide
Hong Kong				
9 Wing Hong Street	Low	Medium	High	Low
Amoy Plaza	High	Medium	Medium	Low
Burnside Villa	Low	Low	Medium	Medium
Gala Place	Medium	Medium	Medium	Low
Hang Lung Centre	High	Low	Medium	Low
Hollywood Plaza	Medium	Low	High	Low
Kornhill Plaza	Medium	Low	Medium	Low
Peak Galleria	Medium	Low	Medium	Low
Shouson Hill Road	Medium	Low	Medium	High
Standard Chartered Bank Building	High	Low	High	Low
The Summit	Low	Low	Medium	Medium
Mainland China				
Center 66 Phase 1	Medium	Medium	Medium	Not Applicable
Center 66 Phase 2	Medium	Medium	Medium	Not Applicable
Plaza 66	Medium	Medium	Medium	Not Applicable
Riverside 66	High	Low	Medium	Not Applicable
Westlake 66	Medium	Low	Medium	Not Applicable

¹ Some of our properties are working on climate adaptation measures and the risk levels may be revised as the adaptation actions develop further.

We are taking action based on scientific insights and engineering and business considerations. Building on our efforts to formulate and implement climate adaptation actions for the sites already under review, we will complete technical assessments for all our sites before 2025 (see roadmap on previous page).

Adaptation Measures

Adaptation Measures under Review

We have identified a range of potential adaptation measures and are examining their feasibility for potential adoption. Key examples include:

- **Heat wave:** add membrane or install shading devices to façade/glass to reduce solar absorption; apply solar reflective materials to the roof and pavement (e.g., green roof, solar reflective paint)
- **Flooding:** install flood gate to protect vulnerable places in the properties (e.g., underground plant room); install a digital flood detection and warning system in Plaza 66, Center 66, Hang Lung Center and SCBB; install surface flow channel at underground plant room, carpark or basement areas.
- **Typhoon and Extreme Rain:** increase the frequency of inspections of the façade, exterior-mounted equipment, drainage system during typhoon season; regularly inspect water leakage blackspots (e.g., façade, sealant of slab/vent openings) and conduct appropriate retrofit works if needed; adopt comprehensive methods to reduce the vulnerability of trees to extreme wind, such as providing deeper soil, choosing tree species with deeper root systems and ensuring that the root-soil plate is large enough to withstand extreme wind conditions.
- **Landslide:** conduct a deep slope investigation for Shouson Hill Road Redevelopment project, including slope stabilization works, landscape treatment and landslide warning system etc.

Climate Mitigation

GHG Emissions Overview

Scope 1 and 2 Emissions overview

	Status
2025 Target	On track
40% cumulative reduction in GHG intensity (kg CO ₂ e/m ²) relative to 2018	
2022 KPI	Completed
Develop a draft portfolio-wide 2025 GHG reduction action plan by the end of Q2 2022.	

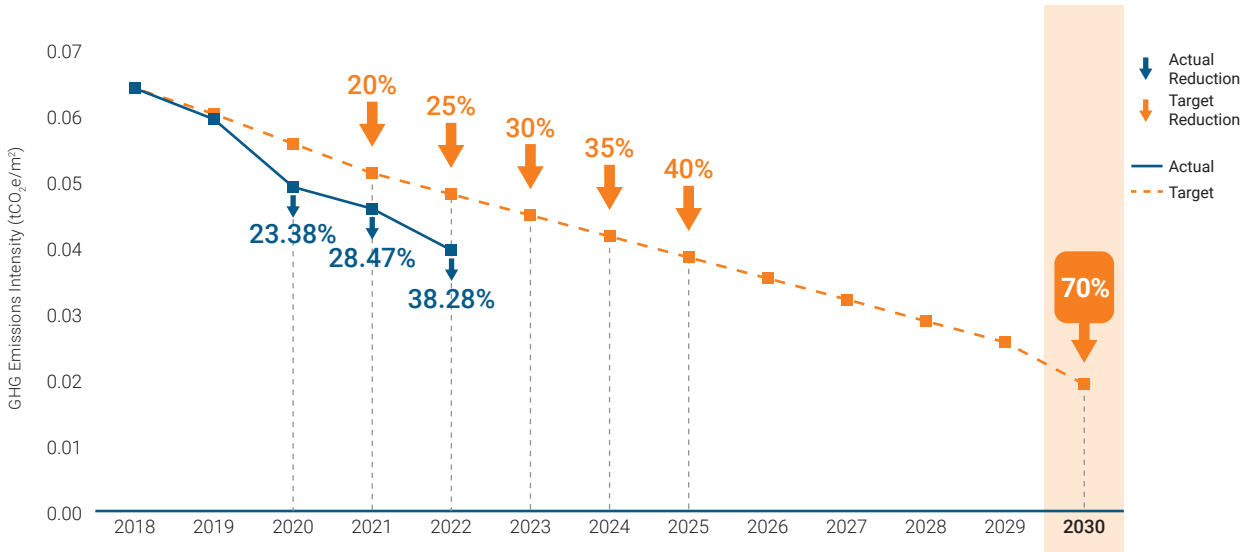
In keeping with our 2022 GHG Mitigation Plan (our second annual plan), we installed smart energy meters at all mainland properties and most properties in Hong Kong to closely monitor our building electricity performance. We are therefore able to oversee 10 Mainland properties across eight cities and 10 Hong Kong properties, with more than 5,000 energy data points collected and analyzed. Furthermore, we have applied an artificial intelligence technology in Center 66 Office Tower Two to improve the building's energy performance.

With the contribution of Spring City 66's 100% renewable energy through a power purchase agreement (PPA), as well as some external factors (i.e., grid decarbonization, pandemic impact), in 2022, the Group achieved a cumulative **38.28% GHG emissions intensity reduction** (market-based²) compared to our 2018 baseline. In the 38.28% reduction, 3.8% came from Hong Kong properties and 34.48% was from mainland China properties. Further details on the factors contributing to the 38.28% reduction are as follows:

- 16.35% from energy efficiency and onsite renewable energy,
- 11.22% from grid decarbonization and Spring City 66's PPA contribution,
- 10.66% from GHG reductions associated with heating demand, and
- 0.05% from Scope 1 reductions.

² Market-based method considers contractual arrangements under which the organization procures power from specific sources, such as renewable energy.

GHG Emission Intensity (tCO₂e/m²) Reduction Trajectory from 2018 to 2030



Scope 3 Emissions overview

	Status
2025 Target Demonstrate best efforts to achieve at least 10% reduction in embodied carbon intensity (kg CO ₂ e/m ²) for new development project that begin in 2022 or later, compared to typical practice in an equivalent building	On track
2022 KPI Develop a consistent methodology for collection of data and accounting of embodied carbon	Completed

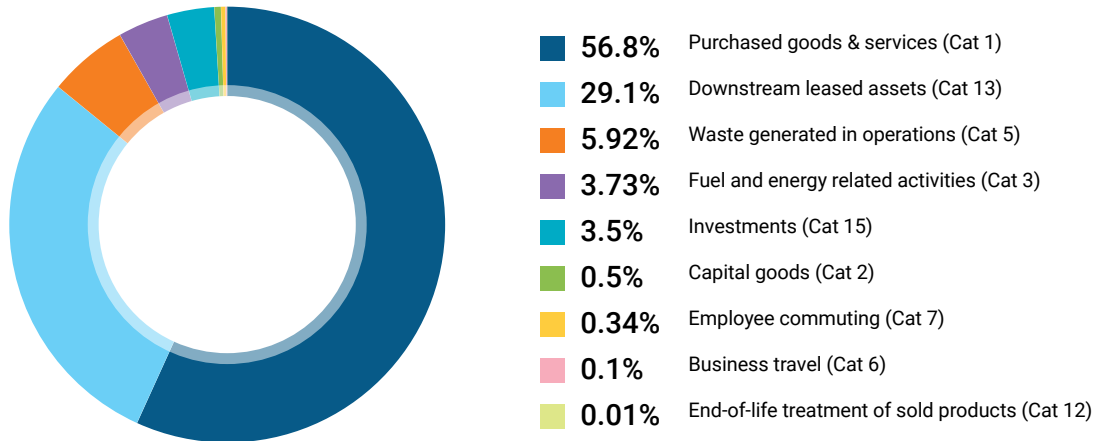
Scope 3 emissions (i.e., indirect emissions that occur along the value chain) present significant challenges in the real estate industry, including challenges in the availability, categorization and accuracy of data. Building on our first Scope 3 calculation in 2021, the Group refined and enhanced our inventory calculation in 2022 to develop a more comprehensive Scope 3 emissions disclosure based on SBTi and the Greenhouse Gas (“GHG”) Protocol.

The key updates in our Scope 3 inventory calculation are:

1. We adjusted our embodied carbon emissions allocation to align with SBTi’s requirements. All construction-related materials emissions are in Category 1, purchased goods and services.
2. We updated our calculation and accounting methodology for embodied carbon emissions according to Life Cycle Assessment (LCA) modeling analysis. We enhanced our data collection methodology for all development projects in Hong Kong and mainland China to calculate emissions from major building materials including steel, cement, concrete, glass/curtain wall and other materials on a yearly basis.
3. We added finance- and investment-related emissions and employee commuting emissions within the accounting boundary. We conducted the first company-wide employee commuting survey with more than 2,600 employees participating.

Please find our Scope 3 carbon emissions by type in 2022.

Breakdown of Scope 3 Emissions by Category in 2022



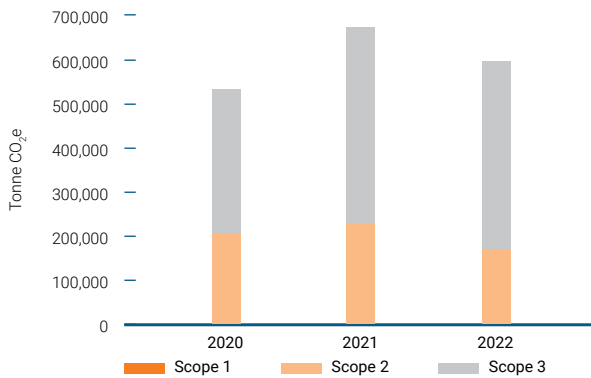
The key findings for Scope 3 emissions between 2020 – 2022 are:

1. We identified nine categories of Scope 3 emissions that are within our reporting scope.
2. Emissions from purchased goods and services (mostly embodied carbon from building materials) and downstream leased assets (i.e. tenant's electricity consumption) remain our two most significant categories of carbon emissions. Taken together, they contributed nearly 80% of our total Scope 3 emissions.
3. We reported our project-related embodied carbon emissions annually (instead of the total emissions upon project completion). Therefore, our embodied carbon emissions in the past three years track the stages of our project development cycle – the least activity in 2020, peak activity in 2021, and in between in 2022.
4. The 100% renewable energy transaction in Spring City 66 led to a substantial reduction in emissions from our tenants' electricity consumption in 2021. However, since our reporting boundary expanded to include Heartland 66 in the reporting year, our overall scope 3 (Cat 13 downstream leased assets) emissions remained steady in 2022.
5. Other Scope 3 emissions increased slightly from 2020 to 2022.

Scope 1, 2 and 3 Emissions Overview

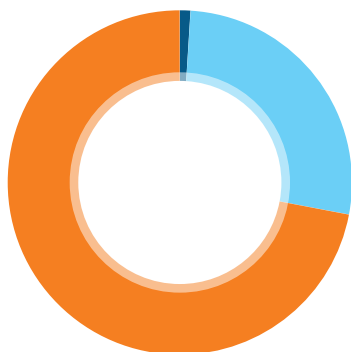
Our absolute Scope 1, 2 and 3 carbon emissions are consolidated and disclosed in the chart below. The aggregate CO₂e emissions for all three scopes were: 552,000 tonnes in 2020; 691,000 tonnes in 2021; and 615,000 tonnes in 2022. The previous two sections have explained the major changes in our Scope 1, 2 and 3 carbon emissions in the past three years.

Total Carbon Emissions (2020-2022)



In 2022, each scope contributed to our overall emissions as follows: Scope 1, 1%; Scope 2, 27%; and Scope 3, 72%.

Breakdown of Carbon Emissions by Scope in 2022



- **1%** Scope 1
- **27%** Scope 2
- **72%** Scope 3

Climate Mitigation Initiatives

Renewable Energy

	Status
2025 Target	On track
25% of our mainland China portfolio electricity demand met by renewable energy	
2022 KPI	Completed
Direct procurement of renewables for at least one mainland property	

Building on the success of Spring City 66, Parc 66 in Jinan became the second Hang Lung property to be fully powered by renewable energy through a PPA. The transaction was once again completed in a matter of months, reaffirming that Hang Lung can be both disciplined and fast in executing important initiatives. With both PPAs in place, the percentage of our mainland China portfolio landlord electricity consumption provided by renewable energy is expected to increase from 14% to roughly 23%. In addition, the renewable electricity in Spring City 66 and Parc 66 fully covers our tenants' electricity needs in those properties.

In addition to our 100% renewable energy procurement for existing properties in mainland China, our development projects in Kunming and Hangzhou also procured 100% renewable electricity in 2022 and will continue to do so in 2023. Please refer to the [Project Environmental Management](#) section for details.

Case Study

Parc 66, Jinan is 100% Powered by Renewable Energy

In December 2022, we announced that Parc 66 would become the first commercial development in Jinan and Shandong Province to be 100% powered by renewable energy, effective from January 1, 2023. The achievement moves us close to achieving our 2025 renewable energy target, with **renewable energy sources now supplying almost one quarter of our mainland China electricity.**



Located in Jinan's commercial center, Parc 66 is the second Hang Lung property to be fully powered by renewable energy, following the Group's procurement of 100% renewable energy at its Spring City 66 commercial complex in Kunming, Yunnan Province in 2021. The purchased electricity for Parc 66 will provide 37,000 MWh of renewable electricity per year from wind

power, and is expected to reduce the property's carbon emissions by over 35,000 tonnes per year.

"Tenants and investors are looking for real estate owners and operators who can take sustainability and operational excellence to the next level. Procuring 100% renewable energy for Parc 66 is a significant milestone towards our 2025 renewable energy target for our Mainland portfolio and reaffirms our commitment to reaching net-zero value chain greenhouse gas emissions by 2050. We will continue to look for opportunities to replicate our successes in Kunming and Jinan in our other developments across mainland China," said Adriel Chan, Hang Lung Properties Vice Chair and Chair of Sustainability Steering Committee.



Embodied Carbon

	Status
2025 Target Demonstrate best efforts to achieve at least 10% reduction in embodied carbon intensity (kg CO ₂ e/m ²) for new development project that begin in 2022 or later, compared to typical practice in an equivalent building	On track 
2022 KPI Develop a plan for reduction of embodied carbon from bamboo, concrete, rebar, insulation, glazing and finish materials and through integrated design on future projects	Completed 

With our internal 16 Sustainability Improvements Checklist established in 2022, our Mainland development projects make efforts to incorporate low carbon materials into design and construction, including concrete with pulverized fuel ash (PFA), recycled steel, steel produced by the electric arc furnace (EAF) route, timber from certified sustainable sources, and bamboo.



Our development project Westlake 66 in Hangzhou is exploring the feasibility of using **low carbon concrete bricks** to replace normal solid bricks in the secondary structure in the basement. The embodied carbon emissions of low carbon concrete bricks are expected to be 88% lower than (conventional) shale bricks.

We started a two-year collaboration on decarbonization including **waste concrete recycling** with an innovative start-up company, CLEANCO2, which **uses carbon dioxide capture, utilization and storage (CCUS) technology to produce low carbon concrete, bricks and associated byproducts** such as aggregate for building construction.

CLEANCO2 has mastered a number of technical achievements leading to patents and completed the first 10,000-tonnes CO₂ mineralization curing fly ash brick demonstration project in the world. In close cooperation with Zhejiang University, they have jointly undertaken several national and local research and development projects related to CCUS technology and jointly built the "Zhejiang University - CLEANCO2 United Laboratory of CO₂ Mineralization". From late 2022 we have started to collaborate with CLEANCO2. We are together exploring the feasibility of recycling and adding CO₂ mineralization to concrete waste in order to enhance the circularity of our development projects and to use low carbon building materials to reduce embodied carbon.

We also invited embodied carbon experts to provide training for our employees. The training included an overview of embodied carbon, practical reduction measures and an introduction to our standardized embodied carbon accounting methodology. In 2022, we delivered 226 hours of embodied carbon training to our design and project management colleagues.

Tenant Electricity

	Status
2025 Target 15% reduction in GHG intensity (kg CO ₂ e/m ²) from tenants' electricity consumption for our properties in mainland China, relative to 2018	Ahead of Schedule 
2022 KPI Work with a major strategic tenant to pilot a plan to reduce GHG intensity from the tenant's electricity consumption	Completed 

In 2022, the Tenant Handbook and Fit-out Guide for all our Mainland properties have been updated with sustainability-related provisions. In addition, Hang Lung Properties and LVMH have embarked on a three-year innovative sustainability partnership including plans to achieve significant electricity savings together. For more details, please refer to the [Sustainable Transactions](#) section.

EV Charging Strategy

	Status
2025 Target Wherever feasible exceed local regulations for the provision of parking spaces installed with EV charging facilities across our portfolio	On track
2022 KPI Study regulatory trends for EVs and develop a plan to expand EV parking spaces for Mainland and HK by Q3 2022	Completed

In 2022, we studied regulatory trends for EVs and developed a plan to expand EV parking spaces for our Mainland and Hong Kong properties. A cross-department task force has been set up to:

1. define a path towards the 2025 target;
2. review emerging policies, particularly in Shanghai. The city requires a minimum percentage of charging parking spaces, with other Mainland cities expected to follow;
3. evaluate the impact to our business including revenues, costs, incremental electricity demand and associated emissions, customer experience, and competitor differentiation.

Here are some highlights of the task force's key findings to date:

- For existing buildings in mainland China, the Shanghai government has issued a requirement that at least 5% of parking spaces include EV charging facilities with at least 3% parking lots of the whole carpark as fast chargers, in order to renew carpark operation licenses. To date Grand Gateway 66 (in Shanghai) and Spring City 66 (in Kunming) have exceeded the 5% threshold.
- For new buildings in mainland China, 10%-20% of parking spaces are required to be equipped with EV charging facilities. Hang Lung has made provision for future expansion of EV charging facilities in its new projects on the Mainland.
- In Hong Kong, Peak Galleria, Kornhill Plaza, Gala Place, and Amoy Plaza have installed EV chargers from EV manufacturers for exclusive use.

In 2023, we will improve our EV charging plan and conduct at least two pilots to expand EV charging spaces, one in Hong Kong and one on the Mainland. Through the pilots we will formulate recommendations for business model options, the ratio of EV charging parking spaces, and the ratio of types of chargers.



Carbon Pricing Analysis

Carbon pricing is likely to have significant impacts on the real estate sector over time. In 2021, we completed our first carbon pricing analysis to 2030. In 2022, we conducted an enhanced carbon pricing scenario analysis. We extended our analysis from 2030 to 2050, and we included more China-specific policies and plans such as its Emissions Trading Scheme (ETS). The updated analysis applied a blended approach. Short-term carbon prices to 2030 were formulated entirely from carbon policies specific to China. For the period after 2030, these policy-based prices were blended into, and ultimately replaced by, carbon prices under [Network for Greening the Financial System \(NGFS\)](#) scenarios for China.

The carbon prices across the six NGFS scenarios – Net Zero 2050, Divergent Net Zero, Below 2°C, Delayed Transition, Nationally Determined Contributions (NDC), and Current Policies – were applied to our emissions under both Business-as-Usual (BAU) and Science-Based Target (SBT) pathways to derive the expected carbon costs in 2030 and 2050. Under the six NGFS scenarios, three different integrated assessment models (IAMs) were considered to assess the variability of the outputs and reduce the risk of relying on the output of a singular model which might produce outlier results.

The key insights generated from this analysis include:

- The potential range of carbon costs to the Group could vary widely depending on the level of ambition of the climate scenarios and the type of IAM used. For example, the Divergent Net Zero scenario results in the highest carbon costs to the Group in both 2030 and 2050 compared to other NGFS scenarios. Under the Divergent Net Zero scenario, our carbon costs range between HKD 5 billion and HKD 14 billion under BAU in 2050. In comparison, under a Below 2°C scenario, the carbon costs range between HKD 969 million and HKD 1.78 billion under BAU in 2050. Overall, **our BAU carbon costs across the four most ambitious NGFS scenarios fall between HKD 63 million and HKD 1 billion in 2030, and HKD 969 million and HKD 14 billion in 2050.**
- The range of costs to 2030 reflects how quickly national policies may be introduced and developed. Under the most expensive scenario, Divergent Net Zero, costs fall between HKD 100 million and HKD 1.02 billion under BAU in 2030. If the pace of policy development to 2030 is less ambitious in China, the Group would likely experience lower short-term costs, but then could see a sharp increase following 2030 in alignment with the climate scenarios under NGFS.
- **If the Group fully achieves its SBTs, it could reduce its potential carbon costs on average by 47% compared to BAU in 2030, and by 95% compared to BAU in 2050.** In dollar terms, under Hang Lung's SBT pathway, the Group could save between HKD 47 million and HKD 481 million in 2030, and between HKD 4.8 billion and HKD 13.4 billion in 2050 compared to BAU.

In summary, our carbon pricing analysis reinforces the case for Hang Lung's decarbonization plans in line with our SBTs. This analysis will inform our internal carbon pricing strategy going forward. We will update the carbon pricing scenario analysis from time to time to reflect further changes in the China ETS as it expands its sector coverage.

Next Steps

With regard to **physical risks**, we will continue to advance our **climate adaptation** strategies analyses, including a deeper dive on property-level adaptation strategy development for selected properties. We have developed an adaptation roadmap to ensure that all properties will complete a technical analysis of potential hazards and adaptation responses by 2025.

With regard to **emission reduction**, in our next report, we will share our best understanding of our detailed pathway towards our SBTi Net-Zero targets. We will also share our GHG emissions performance and progress against the SBTi validated targets.

We will also introduce our integrated **Climate Resilience Plan 2023-2025** in our next report. The plan will include mitigation measures for our Scope 1, 2 and 3 emissions. We will give significant attention in 2023 to our scope 3 emissions, and exploring ways to reduce them. It will also include our EV charging plan, further insights and plans related to carbon pricing, and our overall climate adaptation plan and schedule.



Resource Management

Optimize use and management of natural resources and promote circularity

| Relevant GRI Disclosure |

302 (2016), 303 (2018), 304 (2016), 306 (2020)

Resource Management



We share finite resources with our community and planet. Like the rest of the world, our consumption behavior has been linear for the past decades. We recognize the need to pursue a more circular approach to the design, construction, operation and disassembly of our buildings and our cities. While the transition to a circular built environment and economy will take time and require collaboration with like-minded stakeholders, we are developing a Resource Management Plan with specific improvement measures to the end of 2025, as well as initiatives to help prepare us for 2030 and beyond. This chapter will discuss various initiatives underway in how we manage our resources during the project and operation stages, including how we achieve our annual ESG KPIs through innovative solutions and partnerships with suppliers.

2022 Performance Highlights



16.4% reduction in electricity intensity in 2022 as compared to 2018



15% reduction in water intensity in 2022 as compared to 2018



56% waste diversion rate in 2022





Our Approach

We are committed to accelerating the transition to a circular economy by minimizing resource consumption and maximizing recycling and circularity. In the operation of our buildings, major areas related to resource management include energy consumption (to run our air conditioning and other major plants and equipment), and water (to provide the cooling and sanitary facilities etc. for our customers and tenants) during the operation stage. We generate waste every day from our daily operations (together with our building occupants) and construction sites (with our contractors).

Our commitment to Resource Management also includes ensuring that our new buildings are certified by leading green building standards. The complete list of sustainable building certifications obtained by our properties is disclosed in [Appendix 4 – List of Sustainable Building Certificates](#).

2030 Goal Accelerate the transition to a circular economy by minimizing resource consumption and maximizing recycling

2025 Targets

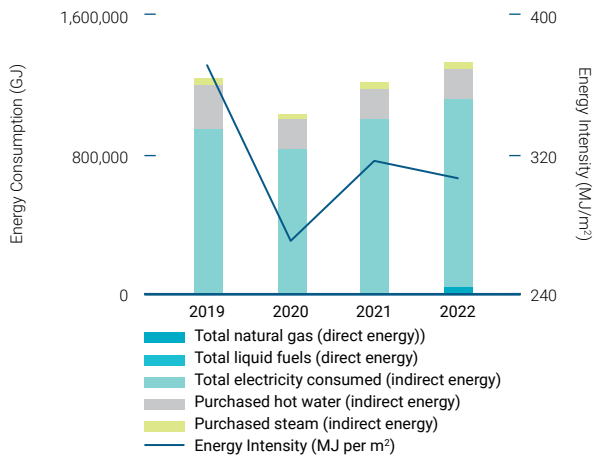
 <p>Construction Waste 60% of construction waste diverted from landfill for new projects starting in 2022 with maximized recycling</p>	 <p>Construction Material Use Demonstrate best efforts to maximize the use of recycled, reused and bio-based materials in all new projects</p>	 <p>Operational Water Use 10% reduction in water intensity (m³/m²/year) relative to 2018</p>	 <p>Operational Waste 70% of operational waste diverted from landfill</p>
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Energy Management

Electricity is the major type of energy use in our portfolio which is mainly comprised of retail and office buildings. Like other commercial buildings in urban areas, we mainly use electricity to power our heating, ventilation and air conditioning (HVAC) system, lighting, and elevators systems etc. (some of our Mainland properties also obtain hot water and steam from municipal heating supplies, or from gas-fired hot water boilers in winter). We closely monitor our energy use to ensure we minimize any waste. Many of our properties in Hong Kong participate in various energy saving schemes as organized by the Hong Kong government and NGOs. More details can be found in [Appendix 2 – Memberships and Charters](#).

In 2022, the Group's total energy consumption increased by 115,586 GJ compared to 2021, mainly due to the addition of Heartland 66 into the scope. However, our overall energy intensity in 2022 shows a declining trend compared to 2021, with a decrease from 317 MJ/m² to 306 MJ/m². The reduction is explained in Climate Resilience – [Scope 1 and 2 Emissions overview](#).

Energy Consumption and Energy Intensity Trend (2019-2022)



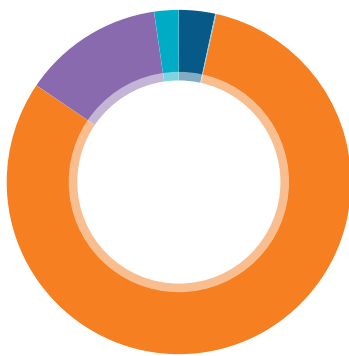
Since the majority of our energy use is electricity (81%), we have established a 2025 target and annual ESG KPIs to closely monitor our electricity use and its reduction. Please find more details in the following section.

Electricity Use Data Review

Status	
2025 Target	On track
18% cumulative reduction in electricity intensity (kWh/m ²) relative to 2018	
2022 KPI	Completed
All properties demonstrate best efforts towards portfolio-wide 8% kWh/m ² reduction (by the end of 2022, compared to 2018)	

Please find below the energy consumption by energy type in 2022.

Breakdown of Energy Consumption by Energy Type in 2022

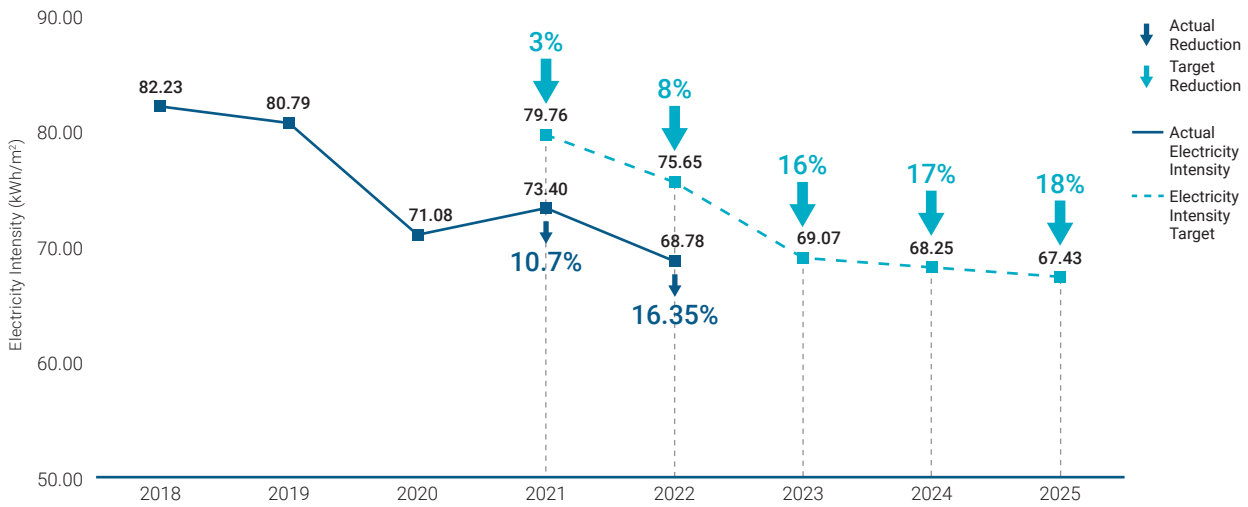


- **3.4%** Total natural gas (direct energy)
- **0.1%** Total liquid fuels (direct energy)
- **81%** Total electricity consumed (indirect energy)
- **13.2%** Purchased hot water (indirect energy)
- **2.3%** Purchased steam (indirect energy)

In keeping with the local pandemic containment measures in mainland China, businesses were disrupted in many cities including Shanghai, Shenyang, Tianjin, Dalian and Wuhan. While the COVID-19 outbreak contributed some reduction in the electricity intensity of our Mainland properties, our energy saving measures adopted in mainland China and Hong Kong also significantly contributed to the overall reduction. Such measures included but were not limited to: cooling towers replacement at Gala Place; Pressure Independent Control Valves installation at Amoy Plaza, Grand Plaza, Kornhill Plaza and Hollywood Plaza; replacement of split type A/C unit by central A/C system at Parc 66, etc. With those efforts implemented, **our electricity intensity dropped 16.35% in 2022 compared to the 2018 baseline.**

As the world moves beyond the COVID-19 crisis, it is expected that our electricity intensity reduction will rebound somewhat in 2023. However, we will introduce more energy-saving measures in our mitigation plan in 2023 to help ensure that we will meet our 2025 electricity intensity reduction target.

Electricity Intensity Reduction Trajectory for 2018 - 2025¹



Energy Saving Initiatives

We leverage technology to improve the energy efficiency of our properties. We have design plans to use brushless direct current (DC) motor fan coil units in multiple projects. We are also piloting an artificial intelligence technology at our Hong Kong headquarters in the Standard Chartered Bank Building, to drive energy efficiency improvements. We are optimistic that this AI technology will help our building to achieve an over 10% electricity consumption reduction in mechanical ventilation and air conditioning. We are also exploring other AI options for our other properties.

In new projects under development, such as Westlake 66 in Hangzhou, energy efficiency measures have been adopted in the early planning stage, including but not limited to: chilled water dynamic balancing control valves; central plant optimization control to optimize central plant system equipment efficiency; high efficiency motors for fans and pumps with VSD drive; high efficiency boiler; free cooling system and ground source heat pump system. We will continue to innovate in energy and electricity management, aiming for an 18% reduction in electricity intensity by 2025, compared to our 2018 baseline.

Energy Data Management System

In order to identify potential savings and improve energy efficiency, we have to know where and how we use energy. In 2021 and 2022 we installed various sub-meters to monitor the energy consumption of major building systems and equipment. In addition, we have established an energy management platform for centralized data monitoring, storage, and comparison of various sites. The platform provides information that makes our energy objectives and performance visible to various levels of our organization, enabling us to plan, make decisions and take effective actions to manage our energy usage.

An additional pilot program utilizing artificial intelligence diagnosis and smart operation reminder functions is being carried out at Center 66 Office Tower 2, as a trial exercise to see how this cutting-edge technology can be applied in building operations.

¹ Includes consumption of purchased renewable and non-renewable electricity.

Retro-Commissioning (RCx)

RCx is an important practice for restoring and even enhancing efficiency in buildings that may have deviated from their original building designs since opening. We initiated a retro-commissioning exercise for five mainland properties in 2022, to be completed in 2023. RCx services are scheduled for another eleven Hong Kong properties in 2023.

RCx exercises include a thorough analysis and on-site investigation of Heating, Ventilation and Air-Conditioning (HVAC), Electrical (EL), Lift and Escalator (L&E) systems. The RCx findings will inform operational recommendations and identify energy saving opportunities, and lead to subsequent cost payback evaluations from the recommended energy saving retrofits. We will share the findings and lessons learned from RCx exercises in the next report.

A mandatory energy audit will be carried out in 11 properties in Hong Kong in 2023 in accordance with Hong Kong Buildings Energy Efficiency Ordinance (BEEO) every 10 years. The scope includes a systematic review of energy consuming equipment/systems in buildings to identify energy management opportunities (EMO).

High Efficiency Heat Pump

In 2022, a heat recovery system was installed at the Conrad Hotel located in Forum 66, Shenyang. The system consists of several units of heat pumps which supply both hot water to the hotel and cooled water to both the hotel and certain areas of the office tower.

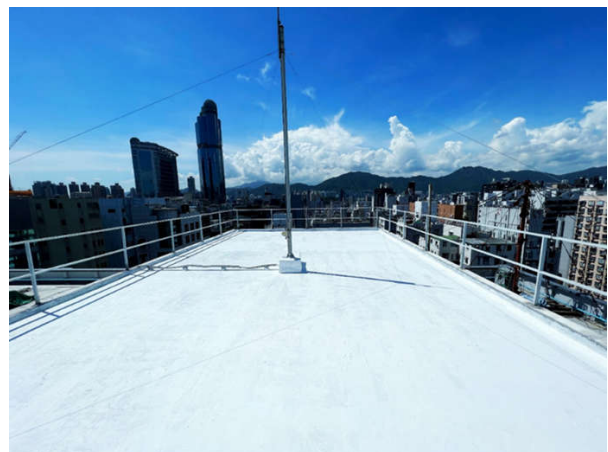
Since the system's deployment in June 2022, substantial savings have been achieved: around 100,000 kWh of electricity and 25,000 m³ of natural gas saved during cooling days; and an additional 5,000 m³ of natural gas saved on heating days. The payback period is expected to be around four years.

Passive Radiative Cooling Paint

We adopted cooling paint on the roof of the Gala Place lift machine room in 2022. The working principle of cooling paint is based on radiative cooling inspired by Saharan silver ants whose hair is in the form of a triangular cylinder resulting in high solar reflectivity to effectively reflect solar irradiance.

In this project, 50 m² rooftop area of the lift machine room (test room) had cooling paint applied with a primer and top layer. On one of the testing dates (mid-afternoon in June 2022), the surface temperature on the paint was dramatically reduced from 62.1°C (compared to areas without cooling paint) to 31.8°C. The energy consumption variation from June to July for a control room case without cooling paint is +35.65% for fan and +62.99% for air conditioner, while the variation for a test room case applied with cooling paint is only +8.89% for fan and -5.93% for air-conditioner.

Based on the above, at least 21,500 kWh in energy savings can be achieved annually (equivalent to 430 kWh/m², assuming air conditioning equipment operates 3 hours/day) with a payback period of around six months. Performance starts to degrade by around 2%-3% after the fifth year, which can be mitigated by applying another thin topcoat. In 2023 we will study the application of the rooftop cooling paint on other properties.



Water and Circularity

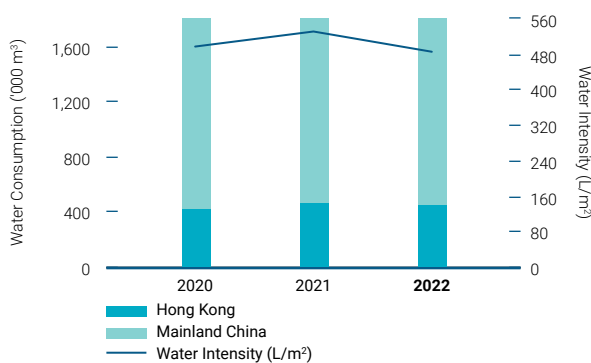
Status	
2025 Target	On track
10% reduction in water intensity (m ³ /m ² /year) relative to 2018	⇒
2022 KPI	Completed
Develop a portfolio-wide water reduction plan for the period 2023-2025	✓

Drought threatens people’s livelihood globally. By 2050, droughts may affect over 75% of the world’s population. The Group reviews its exposure to water stress regularly to monitor the risk of water shortages.

Water as a resource is essential to human life, so the price of water has to be kept low. But the low price of water often makes it difficult to motivate people to care about water savings and conservation. Mindful of this challenge, we are looking for pragmatic ways to tackle this problem and conserve water resources.

Water Use Data Review

Water Consumption and Water Intensity Trend (2020-2022)



Our total water consumption. In Hong Kong, we consumed 469,000 m³ of water in 2022, 24% of our overall water usage. In mainland China, water consumption decreased in 2022, with a total consumption of 1,641,000 m³. As support for our 2023-2025 Resource Management Plan, including our water use, in 2022 we conducted a detailed review of our water consumption patterns and practices across

our mainland China and Hong Kong portfolios. The study focused on the landlord’s water, enabling us to understand our water consumption patterns, review existing water management practices, and identify potential water-saving opportunities. The Resource Management Plan will prioritize identified water savings opportunities supported with pilot studies.

Water Saving Initiatives

Status	
2025 Target	On track
10% reduction in water intensity (m ³ /m ²) relative to 2018	⇒
2022 KPI	Completed
Conduct at least three (3) water audits or pilots on Mainland to support major improvements in water	✓

Water Metering

For better water management, most of operating properties on the Mainland have deployed water sub-meters in 2022, to measure the water consumption of each sector. The sub-meter categorized sectors cover all the major water use purposes, including domestic water use, fire service system water use, AC system water use, irrigation water use, etc.

Water Faucets Improvements

We prioritize water saving initiatives that have greater reduction potential and always begin with those that require only a quick fix. We look for pragmatic methods to improve water efficiency and reduce wastage from the source, reduce emissions and promote circularity.

During 2022, we explored the potential application of highly efficient water restrictors. If well matched to existing water facilities e.g., water faucets and urinals, water restrictors can help improve water efficiency. The implementation of water restrictors is simple and easy, without the need to replace current water facilities.

We have organized training at all Mainland properties on how to match highly efficient water restrictors to their existing water facilities, to learn the various types of water streams that highly efficient water restrictors can provide with reduced water flow without sacrificing

users' comfort, and to learn how to identify the different models of water restrictors to find applicable models in the market.

In pursuing high standards, we are targeting a **water flow rate below 2 L/min**, which is 66% lower compared with the first grade (the most efficient grade) water efficiency faucets water flow of the national standard (GB25501-2019).

After the training, several properties identified potential applications, and have worked on sample testing with plans for implementation in 2023.

Water Recycling Pilot Project

We piloted a water recycling project at Center 66 in Wuxi. The project included the collection of fire services system discharged water and condensate from the air-conditioning system to reactivate the existing water recycling system at the Center 66 mall. The system has been in operation since late 2021, **with 2,769 m³ total water recycled in 2022, more than 1% of the total annual water consumption** of Center 66 (mall and office towers). Utilizing the facilities of existing water recycling systems and some free space in the equipment room to deploy a 5 m³ water tank, the renovation cost remained low, making a return on investment possible within five years, even with Wuxi's exceptionally low water tariff.



Building on this successful water saving renovation initiative, the Center 66 team continued its exploration of pragmatic water saving opportunities. In 2022, the team identified similar water recycling opportunities at its office towers, to recycle the condensate from the air-conditioning system. The work will be implemented in 2023.

Similarly, Grand Gateway 66 has identified water recycling opportunities and has conducted renovations to reuse its fire service system discharged water at the mall. The work was completed at the end of 2022 and will be operational from 2023. As this work did not include deploying an additional water tank, the renovation cost was even lower, and the investment return is estimated to be within 4 years.

Waste and Circularity

Around the world, waste generation rates are rising especially with rapid population growth and urbanization. In general, most waste is sent to landfill sites or incineration instead of being recycled or repurposed. Typical waste generated from our properties includes municipal waste from operations and tenants, as well as construction waste from renovation work. We collect and segregate paper, plastic, glass, metal, aluminum, stainless steel, clothing, light tubes, batteries, and waste electrical and electronic equipment (WEEE) from our general waste stream for recycling. We also collect food waste from our tenants for composting at our mainland China properties and selected Hong Kong properties.

Waste Data Review

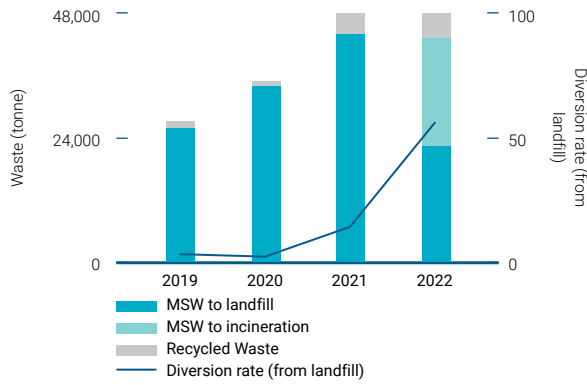
		Status
2025 Target		On track
70% of operational waste diverted from landfill		
2022 KPI		Completed
Develop a portfolio-wide waste reduction plan for the period 2023-2025		

We collect and monitor our waste and recycling data monthly among our major properties. In 2022 we conducted an internal operational waste review at all operating Mainland properties to assess and streamline waste handling procedures and improve waste data collection. We reinforced the process of separating food waste from the source for recycling. Also, all operating Mainland properties are using standardized waste data collection methods to report aligned waste data. Similar work will be conducted at Hong Kong properties in 2023.

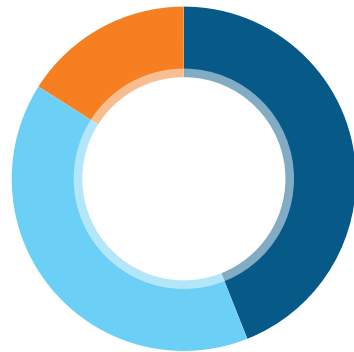
In 2022, we collected 52,000 tonnes of municipal waste, of which 29,000 tonnes were recycled or sent to incineration, and the remaining were sent to landfill. We have started to disclose our municipal waste sent to incineration in 2022, following the urban domestic waste classification and treatment facilities plan jointly issued by the National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development of PRC in 2021. Taking into account both incineration and recycling, our **diversion rate in**

2022 is 56%, a significant increase compared to the previous years.

Waste Disposal and Diversion Trend (2019-2022)



Operational Waste by Treatment Type in 2022



- **44%** MSW to landfill
- **40%** MSW to incineration
- **16%** Recycled Waste

Operational Waste Initiatives

	Status
2025 Target 70% of operational waste diverted from landfill	On track
2022 KPI Implement at least five (5) waste reduction and recycling measures across the portfolio	Completed

Smart Bin Sensors

Smart bin sensors and management systems have been equipped at Peak Galleria to establish real-time monitoring of litter bin levels and enhance daily waste management and efficiency. Alerts are sent once litter bins reach capacity. Cleaning contractors can handle and dispose of solid waste in a timely manner to avoid propagation of germs from prolonged waste storage.



Smart bin sensor installed inside the litter bin

Food Waste Collection for Tenants

We engaged food and beverage (F&B) tenants at Amoy Plaza and Kornhill Plaza in Hong Kong to collect food waste for recycling. Food waste was collected by an appointed service contractor and sent to the Organic Waste Treatment Facilities in Siu Ho Wan, where they were converted into useful products such as compost and biogas for renewable energy.

Multifunctional Copiers Donation and Recycling

The Group's multifunctional copiers were updated in 2022 to align with our internal print network and better manage data across all properties. We partnered with organizations in Hong Kong and mainland China to repurpose old copiers still in working order. Of the 30 copiers replaced, 23 were donated to primary schools or local NGOs, including 19 schools in mainland China for the benefit of over 10,500 students and teachers. The remaining seven were sent to authorized e-waste handling organizations for recycling.



Appreciation letters and photos from receivers of the donated copiers

Recycling Promotion

In addition to providing recycling services for our employees, customers, and tenants, we also support various environmental and recycling programs to facilitate recycling initiatives for the wider public. The following are some examples:

A "Smart Recycling Promotion Vehicle" with the Environmental Protection Department (EPD) was held on November 4, 2022. Amoy Garden residents were encouraged to experience the latest smart recycling bins in return for reward redemption through EPD's GREEN\$ Electronic Participation Incentive Scheme. The event collected 369.5 kg in recyclable materials.



EPD smart recycle bin promotion vehicle parked at Amoy Garden podium.



We collaborated with Food Angel to place a collection box in Kornhill Plaza, Hong Kong to collect surplus food in late November 2022. The result is promising: over 100 kg of surplus food were collected from December 2022 to January 2023. Hang Lung is planning with Food Angel to upgrade the current collection box to a smart collection machine and will expand the service to other locations.

Get Redressed Clothing Drive

In Hong Kong, we took part in the city's largest clothing drive, the Get Redressed Clothing Drive in October, organized by the environmental charity Redress, to raise awareness about reducing fashion waste and giving unwanted clothes a new life. Staff members were encouraged to bring clothes and fashion accessories in clean condition and drop them in boxes located in the Standard Chartered Bank Building or Gala Place. A total of 123.2 kg of clothes were collected from our Hong Kong office. Also, in November 2022, a Redress representative was invited to share clothing recycling and reuse, as well as circular economy concepts with our colleagues through our Academy 66.

Case Study

Old clothing collection for reuse and recycling campaign

Starting at Heartland 66 in Wuhan in 2021, an old clothing recycling and reuse program was initiated in cooperation with Feimayi spearheaded by the Hang Lung As One Volunteer Team. Its success burgeoned spin-offs in 2022, encompassing all 10 of our operating Mainland properties, achieving a total collection of 5,000 kg of clothing for recycling.

Old clothing, categorized as fabric in standard recycling waste streams, is a low value recycling material. The current domestic recycling practices might mix fabric into wet or dirt garbage, which can lower or even wipe out its reuse or recycling value. And if fabric is mistakenly mixed into the residual waste, the incineration of fabric produces air pollutants like dioxin. The promotion of a separate old clothing stream from

the source maximizes reuse and recycling value and promotes circularity. Old clothing collected as a result of this program will either be resold or prepared for recycling by the partner organization. The old clothing collection pilot program in 2021 and 2022 proved so successful in combining environmental contributions, social impacts and economic returns that Hang Lung is going to make this a permanent initiative.

The used clothing (5,000 kg) collected by Hang Lung was redeemed as 53 sets of school uniforms, donated to Zhe La Primary School in Yu Xi City, Yunnan Province (云南省玉溪市易门县绿汁镇者拉小学). The donation event was held on September 19, 2022, and the uniforms were presented to students by the representatives from local Bureau of Civil Affairs.





Support Reusable Food Packaging in Hong Kong

Hang Lung is collaborating with a food delivery company – foodpanda, supported by the Environment and Conservation Fund and the WWF – to launch a reusable packaging pilot. The program aims to reduce food packaging waste. Hang Lung located two food container collection machines at Standard Chartered Bank Building, Central and Fashion Walk, Causeway Bay. Under the scheme, customers are able to get an additional foodpanda e-voucher for their next order by depositing their used food containers at the collection machines. Collected food containers are cleaned and returned to food vendors weekly by workers from social enterprises. By the end of 2022, over 500 containers were returned to the two participating properties.



Construction Waste Initiatives

Status	
2025 Target	On track
60% of construction waste diverted from landfill for new projects starting in 2022 with maximized recycling	
2022 KPI	Completed
Pilot with a relevant organization to identify innovative ways to reduce construction waste and increase recycling	

Status	
2025 Target	On track
Demonstrate best efforts to maximize the use of recycled, reused and bio-based materials on all new projects	
2022 KPI	Completed
Examine the technical and economic feasibility of increasing the use of recycled, reused and/or bio-based materials in support of Westlake 66 becoming a circularity showcase	

As mentioned in the [Climate Resilience](#) section, we are partnering with CLEANCO2 and Zhejiang University's CLEANCO2 United Laboratory of CO₂ Mineralization to conduct a study at Westlake 66, Hangzhou to explore the feasibility of recycling and reusing broken concrete using carbon dioxide mineralization technology. We will share the study findings in the next report.

Biodiversity

Biodiversity – the variety of life including plants and animals on Earth – is rightly receiving growing attention as a critical sustainability issue. The Group recognizes the potential for biodiversity loss in the construction and operation of our properties as the result of changes in land use, invasive species, air, light and water pollution, greenhouse gas emissions and climate change. We are stepping up our efforts to promote and conserve biodiversity.

In our recently updated Sustainability Policy (in July 2022), we have for the first time included language about biodiversity to demonstrate our support for the protection of life in the natural environment. In 2022 we took the initiative to commission a biodiversity feasibility study at Westlake 66 in Hangzhou, which is currently under development. The study seeks to understand what a typical urban commercial complex can do during its lifecycle to practice biodiversity protection and improve biodiversity performance.

We have identified ideas which will inform practices to implement at Westlake 66, Hangzhou. From the Westlake 66 baseline, we will also work to establish practical guidance for all projects to follow to improve biodiversity performance.

Plaza 66 Biodiversity Themed Pop-up Art

In summer 2022, Plaza 66 presented a pop-up art installation on the exterior wall of the mall created by British visual artist, Celyn Bricker, to highlight the problem of bird collisions and the necessity for biodiversity protection. The work combines both visible and invisible elements – the UV element is only visible to birds when illuminated at night.

This temporary artwork both communicates the bird collision problem to the public and provides a solution to prevent it.



The pop-up art during day time.



Nature-Based Solutions Webinar

In 2022 August, we held an internal webinar themed “Nature-based Solutions for the Built Environment,” inviting as guest speaker Dr. Yu Kongjian – professor and founding dean of the College of Architecture and Landscape of Peking University, and founder and principal designer of Turenscape. Dr. Yu introduced the difference between “grey infrastructure” and “green infrastructure,” and why cities and real estate developers need to shift from grey to green. Dr. Yu also made the case for nature-based solutions and green infrastructure in the built environment, including the importance of working with nature in designing buildings and cities, and how existing landscape architecture practices need to evolve for greater resilience and sustainability. He also shared some notable examples of innovative and aesthetically pleasing nature-based solutions. The webinar attracted a total of 343 participants, one of our best attended internal webinars.

Next Steps

We have implemented or are now implementing most of the low-hanging fruit initiatives to improve our energy, water and waste management. To bring our performance to the next level, we need a more thorough Resource Management plan. The plan we are now developing will focus primarily on how we can reduce our impacts to the end of 2025, while also being mindful of our longer-term aspirations and aspirational towards longer-term possibilities. The plan will highlight areas for improvement and prioritization in how we **manage resources like energy and water**, how we can **reduce waste and increase recycling** both in operations and construction together with tenants and suppliers, and how we can **build capacity and formulate longer-term plans in support of circularity**. It will also include **specific ideas and plans to advance circularity through innovative solutions and partnerships**, including especially with our tenants.



Wellbeing

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

| Relevant GRI Disclosure |
401 (2016), 403 (2018), 404 (2016), 405 (2016), 406 (2016), 413 (2016)

Wellbeing



Wellbeing, which includes physical, mental, psychological and social aspects, is a fundamental sustainability issue. It encompasses a wide range of considerations, from more objective issues like indoor air quality, to more subjective ones, like fostering happiness and cultivating human potential. At Hang Lung we are committed to ensuring that employees, customers and communities enjoy an unrivalled and inclusive environment that promotes their health and wellbeing. In this chapter, we will share our dynamic approach to engaging and fostering the wellbeing of our employees and the wider community. More information about how we work on wellbeing issues with our customers and suppliers is shared in the [Sustainable Transactions](#) chapter.

2022 Performance Highlights



Launched Hang Lung Future Women Leaders Program to mentor 200 female university students across the nation with partners.



Celebrated the 10th anniversary of the Hang Lung As One Volunteer Team. In 2022, over 1,925 volunteers completed 135 volunteering activities.



Our percentile rank of employee engagement survey in the Gallup Overall Database is at 68th. One of the top 25% companies with the fastest growth in the second year of the survey.

Our Approach

Wellbeing encompasses many aspects and can be measured in many ways. Given how much of their lives most people spend in buildings, it is vital to consider how wellbeing can be fostered and enhanced in the built environment. Moreover, it is essential for companies of all kinds to attend to the wellbeing of their employees, and to make positive contributions to the wellbeing of their communities. We take an ambitious and expansive approach to fostering wellbeing, but always with a focus of ensuring that we provide a safe, healthy, inclusive, and comfortable environment for our employees, customers, suppliers/contractors and the community.

2030 Goal

Ensure employees, customers and communities enjoy an unrivalled environment that promotes their health and wellbeing

2025 Targets



Achieve an **employee engagement rating** greater than or equal to the 75th percentile



Maintain **Female-to-Male pay ratio** of 1:1



Conduct an audit of all our properties and corporate practices on how to **enhance wellbeing and opportunities for persons with disabilities**



Obtain local or international **health and wellness certification** for all our existing Mainland properties



Obtain **WELL Gold certificate** or equivalent for at least one new property in Hong Kong and mainland China



Deliver **priority ESG training** targeted to all departments and seniority levels



Maintain a **Lost Time Injury Rate** of 1.5 or below for employees



Maintain **zero work-related fatalities** for employees and contractors





Work with youth on **wellbeing community initiatives** at all properties by 2025

Employee Wellbeing

As a caring company, employee wellbeing is always a leading concern at Hang Lung. In fact, the expectation to “care about people” is directly incorporated into our biannual departmental and employee appraisal process. The Group remains committed to fostering employee wellbeing and engagement through a range of measures and initiatives.

Employee Engagement

Status	
2025 Target	On track
Achieve an employee engagement rating greater than or equal to the 75 th percentile	
2022 KPI	Completed
Implement key employee engagement measures to strengthen manager-employee connections, a caring culture, learning and development, and work-life balance.	

Following the completion of our first employee engagement survey in 2021, each department head communicated the company-wide and department-specific results to their teams. They then formulated and documented action plans for the two lowest ranking items in their departments, with periodic reporting on the progress of those actions.

At the corporate level, measures such as strengthening the connection between managers and employees, equipping our managers for building a caring culture, enhancing provision of learning and development opportunities, and promoting work-life balance have been taken to improve staff engagement levels.

In August 2022, the Group conducted our second comprehensive, third-party employee engagement survey. The overall participation rate has increased to 98.6% in 2022 (2021: 97.4%). The overall participant breakdown was as follows:

Gender	Female	41%
	Male	59%
Location	Hong Kong	24%
	Mainland	76%
Employee Type	Administrative	42%
	Operational	50%
	Executive	8%

In 2022, our score in the Gallup Overall Database increased by +0.25 to 4.31 out of 5 and our percentile rank is at 68th. We are also one of the top 25% companies with the fastest growth in the second year of the survey. Among our key findings, we identified opportunities for supervisors to demonstrate more care and encourage more development, and we also identified our strengths in employees finding best friends at work, in balancing work life and personal life, and in progress on the goals set. Continuing on last year’s staff engagement improvement measures, we have put more effort into promoting a culture of care and recognition in 2022.


Talent Attraction and Retention

The Group provides competitive remuneration, with benefits regularly benchmarked against the market. In 2022, we achieved a key talent retention rate of 90.1% and about 55.7% of our key talent (as identified in our annual talent review exercise) were promoted or given opportunities to broaden their horizons in 2022.

We respect each employee’s personal needs and unique professional development and promote a healthy work-life balance with flexible working hours and work-from-home options. In 2022, Hang Lung Properties as a group including Headquarters and operating properties were all recognized by HR Asia as being among the Best Companies to Work For in Asia 2022 at the HR Asia Awards. These awards are testament to our commitment to cultivating talent and creating the best possible workplace for our staff. In addition, Parc 66 in Jinan, Riverside 66 in Tianjin and Olympia 66 in Dalian have been honored with a WeCare™ HR Asia Most Caring Companies Award 2022 for their excellent performance in creating a culture of empathy and care.

Hang Lung Properties also won the “Employer of the Year” and “Learning & Development Award” at the Hong Kong HR Awards organized by JobsDB HK. The awards recognize our excellent performance and outstanding training and development strategies to nurture talent.

Key retention metrics	2020	2021	2022
Voluntary turnover rate	9.8%	14.6%	10.4%
No. of voluntary turnover	441	622	440





Inspiring the Journey to Self-Transformation

Hang Lung places great emphasis on nurturing multifaceted abilities as we see talent as key to our success. By providing our people with opportunities to gain cross-departmental exposure and to collaborate with colleagues with different areas of expertise, individual potential can be realized and engagement enhanced.

[LEARN MORE](#)

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 as a result of the pandemic, we strived to maintain a stable working environment and enhanced staff benefits during the year to meet our employees’ needs. These included an additional day of fully paid annual leave called Founder’s Day Leave for all employees in Hong Kong and mainland China (introduced in 2020). **In 2022, our voluntary turnover rate decreased compared to 2021**, despite a challenging job market. We gain insights into employees’ concerns through exit interviews, which enable us to identify opportunities for improving employee retention.

Employee Health and Safety

	Status
2025 Target	On track
Maintain a Lost Time Injury Rate of 1.5 or below for employees	
2022 KPI	Completed
Develop a plan to rollout key safety practices from Service Delivery Health and Safety Management Committee and elsewhere	

Endorsed by our SSC in 2021, we launched a group-level Health and Safety Policy in 2022. The policy fosters collaboration, the exchange of best practices between our projects, offices, and operations, and the sharing of lessons from safety incidents. A Health and Safety Subcommittee (HSS) has been established under the authority of the SSC to advance the Group’s health and safety agenda and to exchange best practices and lessons learned across all aspects of our business. Employees are encouraged to share ideas, safety concerns and observations and other issues with members of the HSS.

Our Health and Safety Policy specifies the roles and responsibilities of the employer and employees in maintaining workplace health and safety. A Service Delivery Health and Safety Management Committee (SDHSMC) meets quarterly, tracks relevant safety KPIs and monitors safety issues across our Hong Kong operations. The SDHSMC includes representatives from the Service Delivery Department, Hong Kong Business Operation, Central Purchasing, Human Resources and Sustainability. Through its work, we have strengthened the internal accident reporting workflow, improve the health and safety training hierarchy and enhanced contractors’ safety management. Going beyond the statutory requirements, we also enhanced our occupational health and safety management system as part of the property management of our Hong Kong

portfolio to meet the international standard ISO 45001. In Hong Kong, we have implemented an occupational health and safety management system at all the managed properties, of which **around 70% of our construction floor area has been certified to ISO 45001**. In mainland China, we have introduced a health and safety management system and relevant training to staff to comply with the newly introduced Work Safety Law.

We are also improving health and safety preventive measures and education across our portfolio. Regular health and safety training has been provided to staff to enhance their knowledge and awareness on workplace health, hygiene, and safety, for instance, tips on using display screen equipment, healthy diet, case sharing on industrial accidents, and safety working procedures on operating temporary gondola for technical staff. In Hong Kong's operation tenders, we select contractors with ISO 45001 certification as evidence of their commitment to ensuring the health and safety of their direct employees. Regular meetings are held to assess and review the health and safety performance of our contractors.

Selected colleagues attend a Safety and Health Supervisor course at the Occupational Safety and Health Council in Hong Kong. We define safety responsibilities for various staff levels. All employees should protect themselves from safety hazards by immediately reporting unsafe acts, unsafe conditions, unsafe machinery, and defective safety equipment, gears, and personal protective equipment to their supervisors.

The Group has an incident and accident reporting mechanism and Crisis Management Manual in place to address incidents of various severity levels. In case of work-related accidents, we investigate the incident and implement corrective actions if necessary. As part of the occupational health and safety (OHS) management system, we have adopted a plan-do-check-act approach to manage health and safety in the Group. We first identify and prioritize safety risks, and conduct regular inspections and drills to validate the effectiveness of our procedures. To strive for continual improvement, the Group reviews its management procedures from time to time. The results are regularly reported to top management.



In Hong Kong, we have identified workplace hazards and prepared a general risk assessment report, which is updated from time to time or as circumstances change. Suitable preventive measures, personal protective equipment and training are considered to minimize workplace hazards. For high-risk operations, our OHS team and technical team review procedures before tasks are carried out.

Our operation teams (including Hong Kong and mainland China) conducted more than 250 drills in 2022 for various identified emergency scenarios. Such arrangements help our teams to familiarize themselves with proper emergency handling procedures to ensure the safety of all employees, tenants, contractors and visitors.

We collect health and safety feedback from employees via an online form on a monthly basis. The form is restricted to designated personnel and employees can report any observations and share ideas for enhancing our health and safety performance.

Among our 2025 targets, we aim to maintain a LTIR of 1.5 or below for employees and zero work-related fatalities for employees and contractors.

Employee Wellness

	Status
2025 Target Obtain local or international health and wellness certification for all our existing Mainland properties	On track 
2022 KPI Develop a health and wellness program including guidance and activities for employees	Completed 

We are committed to promoting a healthy culture that fosters employee wellness. The Group began offering more flexibility in 2021, empowering colleagues to make choices to enhance **personal wellness** according to individual needs. Under one option, eligible employees may receive a free voluntary medical examination at one of the medical institutions designated by the Group. Under the other, they may participate in our Wellness Allowance Program, which reimburses employees for their spending on physical or mental wellness activities of their choice in that year.

We support our employees in continuing breastfeeding after returning from their maternity leave. As a **family-friendly employer**, we provide lactation rooms in all our workplaces for breastfeeding staff. A hotline with professional counselling has also been set up to ensure that all staff and their families can seek support to resolve struggles such as work-related anxiety, hardship, relationship pressure and more, if needed.

To strengthen the connection between managers and employees, we established a **Wellness Fund to foster team building** activities among departments. We also offered "Cheer Up Day" in 2022 to encourage departments to organize half-day off-site or outdoor activities. We also arrange drinks or breakfast sessions with management to foster communication between management and employees.



At the Christmas Fun Day 2022, many staff brought along their children to spend quality time together with their loved ones during the festive season.

We established a Wellness@HL Program in 2022, which includes four major wellness elements to support our staff wellbeing in a holistic manner:

- **Physical Wellness** – Manage health and safety in a proactive way
- **Mental Wellness** – Enhance wellbeing of mind and emotion
- **Social Wellness** – Foster social networks and engagement
- **Environmental Wellness** – Support environmentally sustainable habits and leadership

Corresponding wellness tips, talks and activities have been provided to help develop a healthy lifestyle, including online sessions advising "Fun Games at Home" for employees' children, online yoga classes, an emotion regulation webinar, a "Long COVID" recovery workshop, a healthy diet week, a seminar on alleviating pain with Chinese medicine, a Christmas Fun Day, and the Hang Lung Stepathon Challenge.



Hang Lung Stepathon Challenge

In October, the Hang Lung Stepathon Challenge, was presented to encourage staff to walk more whenever, wherever, and however they like, and to lead a healthier lifestyle by staying active in the hustle and bustle of everyday life.

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We believe that our people are integral to our success and employee wellbeing is a critical foundation of our sustainable growth. As part of our efforts to promote employee wellbeing and development, our office rejuvenation project in Shanghai was completed in 2022, and it provides additional facilities that enhance employee wellness, such as fit bikes, greenery, and collaboration spaces. In 2023, we will commence the rejuvenation of our corporate offices in Hong Kong. In addition to incorporating wellness elements into the design, we are also considering the health and environmental impacts of building materials with a preference for those materials in line with **GIGA's RESET® Materials standard**. RESET® Materials is a data-driven standard for evaluating the health, safety, and ecological performance of building materials and products in projects.

Motivating and Rewarding Performance

Hang Lung's total compensation approach encompasses salary, incentives, benefits, career development, and work-life wellbeing. Among our incentives, share options have also been granted to eligible executives periodically over the past several years to recognize their loyalty, performance, and contribution, and so that they can share in the Group's success.

Under the Group's performance appraisal process, each department and staff member must formulate KPIs approved by management. Each department and staff member must also embed the Group's Strategic ESG KPIs into their own KPIs. These KPIs are defined against the Group's core strategies ("what to achieve"). In mid-year and year-end performance reviews, staff are evaluated not only by whether they achieved their stated objectives, but also by their behaviors in doing so ("how to achieve").

ESG-linked Compensation

Within the Group's holistic approach to compensation, ESG plays a very important role. **ESG KPIs are directly incorporated into our annual appraisal process for departments and individual employees** (please see [Appendix 3](#) for our Strategic ESG KPIs for 2023), setting the stage for biannual performance reviews, including for senior management and the CEO. ESG performance is also an important factor in the discretionary bonuses granted at the end of each year at all levels, including the CEO level. Our CEO reports to the Boards biannually on the KPIs for which he is accountable. The CEO is accountable for all of the KPIs of his direct reports, including the annual Strategic ESG KPIs mandated to various departments by the SSC.

Employee Recognition

CEO Award

Our CEO Award, presented on a yearly basis, recognizes outstanding projects and teams that exemplify the best of our corporate culture in their behavior while promoting teamwork and cross-team collaboration.

The winners of Gold, Silver, Bronze, and Special Mention(s) are selected on a fifty-fifty weighting of votes between the award selection committee and all staff. As such, it represents meaningful recognition from colleagues. In 2022, teams received awards as follows:

- **Gold:** Real Estate & Climate Forum with LVMH
- **Silver:** Working together to safeguard Shanghai against COVID-19
- **Bronze:** Procurement process & tenancy-related workflow improvement and refinement
- **Special Mention:** Pixar fluffy festival Christmas campaign

Emerald Award

The Emerald Award, held annually since 2014, recognizes staff members delivering exceptional customer service. It encourages individuals to take pride in their jobs and shows staff that their work is valued and appreciated by management and other colleagues. An assessment form encourages nominations based on several criteria: initiative, accountability, problem-handling, creativity, uniqueness, and “going the extra mile.”



Enriching Lives through Excellent Service

We hosted the 2022 Emerald Award presentation ceremony, honoring frontline staff members for exemplifying the Hang Lung service philosophy of customer-centricity, and the **We Do It Well** motto through the provision of exceptional customer service. Two Emerald Award-winning cases were honored at the ceremony, involving guest services and operational hygiene personnel from Kornhill Apartments in Hong Kong, and Riverside 66 in Tianjin.

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Long Service Award

We are fortunate to have staff whose many years of dedication, commitment and loyalty to the Group are worthy of respect and recognition. The Long Service Award Presentation Ceremony is our way of honoring employees for their many years of service and a reminder of how they have helped make Hang Lung what it is today. In 2022, 88 staff members serving in the Group for 10, 15, 20, 25, 30, 35 and 40 years received the Long Service Award.

A 30-year Journey with Hang Lung, Living “Customer Centricity” by Heart

Having joined the Group in 1990, Cora Yiu, Deputy General Manager – Portfolio Support (Service Delivery), is responsible for property management of our diverse portfolios. One of the first employees to take an active role in our expansion into mainland China, Cora laid a solid foundation in property management for our Mainland portfolios by introducing and sharing a set of sound management practices from her experience in Hong Kong to our Mainland colleagues.

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Staff Appreciation Day

We believe that when employees feel happy at work, they are more engaged, productive, and successful. We therefore encourage and foster a fun and appreciative work environment. To express our sincere gratitude for employees’ hard work and dedication, our management team visits various portfolios to present gifts to employees on Staff Appreciation Day.



Celebrating Staff Appreciation Day with Thank You Gifts

Every year the Group holds “Staff Appreciation Day” to give recognition and show gratitude to our incredible colleagues. To express sincere appreciation and gratitude for employees’ hard work and dedication, particularly amid the challenging operating environment over the past year, our management team visited colleagues at their places of work across Hong Kong and mainland China.

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Learning and Development

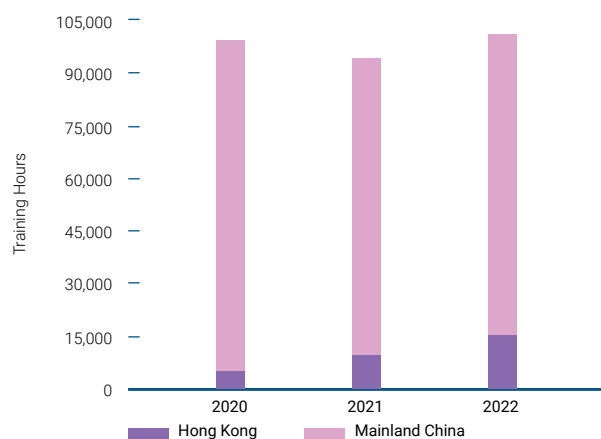
	Status
2025 Target Deliver priority ESG training targeted to all departments and seniority levels	On track
2022 KPI Develop and deliver priority ESG training to D&D, PMD, SD and CP on major sustainability priorities	Completed

In 2022, building on a structured framework for learning and development, the Hang Lung Academy (Academy 66) deployed a wide range of courses under four pillars: Leadership / Management; Personal Effectiveness; Functional; and Company and Market Knowledge, equipping our employees with the right knowledge, skills, and mindset to keep up with industry changes, sustain a high level of competency, and excel in their personal and professional development. Altogether, we have delivered 101,824 hours of training with an average of 24 hours per employee, which is equivalent to around 3 days, representing an 7.6% increase as compared to 2021.

Sustainability Charter

To build a culture of sustainability within the Group, we launched an internal sustainability communication campaign in 2022 under the theme of “Doing Well for the World.” We introduced a sustainability charter that invites employees to make a pledge to Hang Lung’s sustainability commitments, and **over 90% of employees in Hong Kong and mainland China pledged their support**. This initiative instills a sense of shared ownership of the Group’s sustainability agenda. Starting in 2022, we also began publishing a regular sustainability newsletter to facilitate an understanding about sustainability among our staff.

Annual Employee Training Hours, 2020 - 2022



Academy 66

Creating a High Performing and Sustainable Workforce through Learning & Development

Leadership / Management	Personal Effectiveness	Functional	Company and Market Knowledge
<ul style="list-style-type: none"> High Potential Development Program (LDP) Young Talent Program - MT & Intern Management Development Series (MDS) for managers Supervisory Development Program (SDP) for supervisors 	<ul style="list-style-type: none"> Soft Skillset and Mindset such as Negotiation, Presentation & Storytelling, Influencing, Communication, etc. Language and Computer Skills 	<ul style="list-style-type: none"> Emerald Service Program Professional Development Functional Academy e.g. Office Leasing, Retail Leasing Department Specific Training 	<ul style="list-style-type: none"> Orientation Compliance & Legal Health and Safety Business Knowledge e.g. INSIGHT ESG Training

Highlights of specific programs under the four pillars in addressing employee needs include:

Leadership / Management

Leadership Development Program – The Leadership Development Program (LDP) is an acceleration program aimed at building up a sustainable talent pipeline in Hang Lung. It enables our key talents to synchronize their long-term development and growth with the Group. It also strengthens the bond between talented employees and the organization.

In the first half of 2022, 26 key talents who commenced the program last year graduated as the first cohort of the LDP for Senior Managers (LDP-SM), which focused on the theme of customer centricity and boundary spanning leadership. In the second half of 2022, the first cohort of LDP for 26 Executive Leaders (LDP-EL) and the second cohort for 20 Senior Managers (LDP-SM) started their leadership development journey. Each participant must dedicate at least 80 hours to complete the program.

Management Trainee Program – The Hang Lung Management Trainee Program is a talent program designed to groom talented graduates to be the future leaders of Hang Lung.

Through an 18-month immersive rotational experience, our management trainees gain a thorough understanding of our industry, company culture, core business and the operations of various departments. They also shadow our leaders, during which they

can develop leadership competencies through close communication with senior management.

In 2022, 15 young talents joined the Program.



Management Development Series – To ensure our people leaders have the management capabilities to inspire and lead the team to execute our strategies, we have developed a “Management Development Series” to provide them with a platform to strengthen leadership muscles as well as to share experiences and best practices. The series includes several modules of people skills and critical managerial skills conducted through interactive sessions, self-paced and peer learning. Since 2022, the following modules have been launched for more than 300 managers at Senior Manager to General Manager level:

- Engaging and Motivating Employees
- Developmental Coaching
- Effective Hiring and Onboarding
- Inclusive Management Practices

In 2023, we will introduce new topics to our people leaders and continue to support them in building an engaged workforce where their team members feel motivated and empowered to perform at their best. We will also extend some modules to Manager Level leaders to build up their skills to become better leaders and to motivate our employees for greater engagement and accomplishments.



Hang Lung Management Conference – Our annual Hang Lung Management Conference has provided a great platform for our management team to assemble and interact with industry experts. In 2022, with the theme “Adapting to Do It Well,” we aimed to strengthen our adaptive management by adjusting to the new normal under the guidance of our Vision, Mission and Values. Important topics were discussed during the conference including “Creating Sustainable Places Through Indoor/Outdoor Design,” by Mr. Michael Ellis, “Digital Solutions to Support China’s Journey to Net-Zero,” by Mr. Ma Jun, and “The Challenge from Luxury Brands: How can you create more traffic than the brands alone?” by Mr. Jean Revis. The sharing generated many inspiring ideas for us to build resilience to support our sustainable business growth.



“Digital Solutions to Support China’s Journey to Net-Zero” by Mr. Ma Jun, Founding Director, Institute of Public & Environmental Affairs



“Creating Sustainable Places Through Indoor/Outdoor Design” by Mr. Michael Ellis, Co-founder and Principal, 5+design

Personal Effectiveness

Soft Skills Program – To increase employees’ confidence in interacting with others, enhance teamwork and reinforce our core behaviors, we have commenced development of a “Personal Effectiveness Series” encompassing different soft skills such as Growth Mindset, Effective Communication, Storytelling & Presentation, and Influencing Skills.

To allow employees to own their learning, we encourage them to discuss their development goals with their managers and identify relevant area(s) for upskilling. We also encourage managers to nominate employees to join the course that most benefits their growth.

Design Thinking Workshop – We collaborated with HKUST Business School to customize a Design Thinking workshop for 40 managers. The program aimed to equip these managers with a conceptual understanding of Design Thinking as well as the practical skills to develop or enhance the products/services/processes that enrich customer experience.

Functional

Customer Service Program and Recognition – We continue our customer service program for all frontline employees to ensure high standards and customer satisfaction. We recognize, by participating in external awards and benchmarking with industry leaders, our employees who have gone the extra mile to deliver exceptional services. In 2022, the Group won the Customer Relationship Excellence - Employee Engagement Program of the Year (Property Management) by Asia Pacific Customer Service Consortium (APCSC) as well as the Service Talent Award Outstanding Flagship Service Brand–Peak Galleria by the Hong Kong Retail Management Association (HKRMA).

Training about Dementia – In cooperation with the Hong Kong Young Women’s Christian Association (YWCA), to provide support for people with dementia and to build a more inclusive society, we organized a series of training workshops throughout the year to promote the concept of being “dementia friendly” and to enhance our employees’ understanding of dementia. Through workshops and discussion of case studies, around 140 of our frontline employees had the opportunity to practice and master the skills needed to interact with people living with dementia, as they build their confidence to offer timely assistance to those in need in real life.



Leasing Academy – Developing functional skills for major departments is a focus area that can improve employees’ day-to-day job performance and productivity. We are also keen to nurture our homegrown talents by offering them functional training opportunities.

In 2022, we developed a curriculum for the Office Leasing and Retail Leasing Departments to enable the acquisition of work-related skills and knowledge. Various modules (basic, intermediate and advanced) have been designed to meet the needs of different groups of employees from Officer to General Manager level.

Using the Retail Leasing Department as an illustration, the “Retail Leasing Series” consists of over 10 modules developed and conducted predominantly by internal subject matter experts, with modules running over two years and covering over 170 team members.

ESG-specific training – We identified and prioritized ESG training for five departments in 2022 with a target to deliver 450 learning hours. We arranged specialized workshops in 2022 on embodied carbon, supplier registration, water management, and nature-based solutions, among others, **totaling 672 learning hours, exceeding our target by 49%.**

Sponsorship for individual learning – Our employees are empowered to take charge of their development and personalize their learning journey. Our Training Sponsorship Policy is in place to subsidize the cost of continual learning opportunities for external training programs, professional examinations, and memberships in professional bodies.

In 2022, we granted **a total of HK\$981,666 in training sponsorship, representing a 43.8% year-on-year increase.**

LinkedIn Learning – Employees’ learning preferences are evolving and it is imperative to provide them with learning resources that are flexible and autonomous, allowing them to learn anywhere, anytime.

In 2022, we partnered with LinkedIn to introduce a new way of learning that enables our employees to access its huge on-demand library of videos covering the latest business, technology and creative skills. The LinkedIn Learning platform also provides advanced functionalities such as personalized course recommendations to increase motivation and engagement. 57 employees have subscribed to this platform with company sponsorship, and completed 250 hours of viewing from August to December 2022.

Company and Market Knowledge

INSIGHT Business Knowledge Sharing Session – In 2022, INSIGHT (our internal webinar series) continued to invite internal and external speakers to share business knowledge or market practices with our colleagues on a wide range of topics from “Introduction to Finance for Non-Finance Employees” and “Cyber Security Review & Transformation” to “Heritage Conservation in Hang Lung.” These monthly webinars not only build knowledge but facilitate mutual understanding and appreciation across teams.

Sustainability Learning – We aim to become one of the most sustainable real estate companies. To bring sustainability to life, we have arranged workshops to help our employees better understand how sustainability relates to us, and the impacts of our actions on the environment. Webinars like “Successful Journey to 100% Renewable Energy in Spring City” and “Redress to Raise Awareness on the Clothing Waste Issue” aim to foster a sustainable workplace – highlighting initiatives worth replicating, improving employee engagement and creating a sense of community and engagement within and beyond the organization.

In addition, we are also aiming to build an open and increasingly inclusive workplace. This year we partnered with several NGOs to host a variety of sharing sessions to educate our employees on best practices for interacting with persons with disabilities and special needs. Workshops included “Disability Inclusion at Work – Communication Etiquette,” by CareER, and one on how guide dogs are trained and how to interact with visually impaired people, facilitated by The Hong Kong Seeing Eye Dog Service.



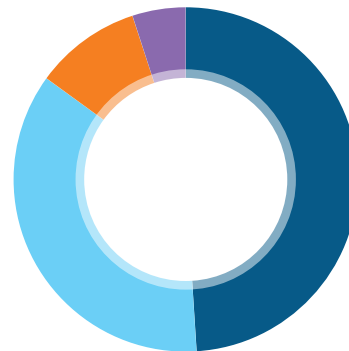
“Disability Inclusion at Work – Communication Etiquette,” by CareER

Launching of Learning Management System

To further advance our learning strategy, the Group has invested in a Learning Management System (LMS) integrated with our Human Resources Information System (HRIS). In August 2022, we successfully launched the Learning Module to provide a one stop platform that allows employees to access learning resources, enroll, view courses and track learning records. Our people leaders can make use of this platform to support their teams in acquiring the right skills by assigning them courses and keeping track of their development. The LMS mobile version supports employee learning on the-go and helps them manage their progress more freely.

At the enterprise level, the system facilitates easier administration of course registration, content updates as well as data analysis and reporting. Overall, the LMS has become a key enabler to improve effectiveness and efficiency, to drive our learning culture, and provide an integrated user experience.

Training Hours by Category, 2022



- **49% Functional**
50,299 hours
- **36% Company and Market Knowledge**
36,164 hours
- **10% Leadership / Management**
9,856 hours
- **5% Personal Effectiveness**
5,505 hours

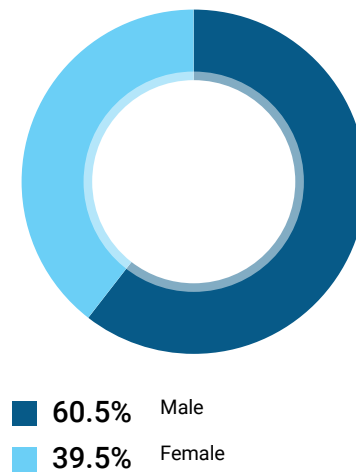
Diversity and Inclusion

Status	
2025 Target	On track
Maintain Female-to-Male pay ratio of 1:1	
2022 KPI	Completed
Conduct D&I training and workshops and strengthen anti-discrimination policies and procedures (e.g., recruitment)	

In keeping with our Equal Employment Opportunities Policy and our commitment to diversity and inclusion as articulated in our Sustainability Policy, we are pursuing a range of initiatives to ensure that candidates and employees are treated fairly, and that Hang Lung attracts, nurtures and retains talent from all backgrounds. We are committed to improving the female-to-male ratio of executive employees. Between 2021 and 2022, our executive staff ratio of 38.4% female to 61.6% male increased to 39.5% and 60.5% respectively following a grading alignment between mainland China and Hong Kong. We have set a 2025 target to maintain a 1:1 female-to-male pay ratio, and our overall pay ratio for 2022 was 1:0.978. Lastly, we completed a 2022 Strategic ESG KPI to conduct Diversity and Inclusion training and strengthen anti-discrimination practices.

The Group is also working to create opportunities for people from diverse backgrounds in mainland China and Hong Kong. In 2022, we strengthened the principles and guidelines for our recruitment process in both Hong Kong and mainland China (following a separate Strategic ESG KPI on this topic as summarized above) to ensure the gender representation of the shortlisted candidates. We partnered with Social Ventures Hong Kong, a venture philanthropy organization, to recruit three mothers for part-time work in 2022. The program aims to encourage mothers to seek and take actions to pursue their goals.

Percentage of Executive Staff by Gender in 2022



Status	
2025 Target	On track
Conduct an audit of all our properties and corporate practices on how to enhance wellbeing and opportunities for persons with disabilities	
2022 KPI	Completed
Conduct an audit of our corporate practices (e.g., sourcing candidates, interviewing, hiring, promotion, mentoring, collaboration with stakeholders, etc.) and formulate recommendations	

We also continued to partner with CareER, a charitable organization that provides career development support for higher-educated persons with disabilities and special education needs in Hong Kong, to ensure that we will also consider people with disabilities or special needs when recruiting for recent graduates. We are also actively researching opportunities to hire more people with disabilities or special needs for our Mainland operations as well. **In 2022, we joined the corporate membership network of CareER, and recruited four interns with special needs** for our summer internship program to provide them with opportunities across various functions and projects. We were also one of the inclusive employers participating in CareER's Inclusive Recruitment Fair 2022.

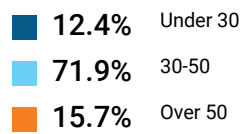
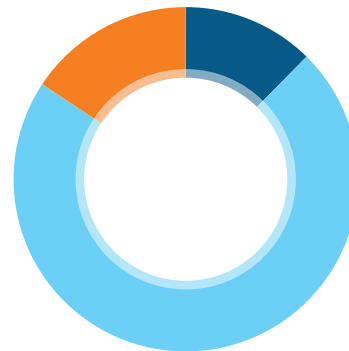
To assess our progress towards creating a disability-inclusive workplace, **in 2022 we participated in the CareER Disability Inclusion Index (DII)**, a comprehensive localized assessment tool that measures our corporate strategies and practices in the eight areas of: organizational policies and structure; civic and community engagement; products and services; supply chain and procurement; recruitment; staff engagement and retention; accommodation and adjustment, and accessibility. The evaluation process facilitates the formulation of plans to promote a more open, inclusive, and barrier-free working environment within the organization, as well as learning from inclusive best practices and identifying areas for improvement. We found that we do relatively well in employee engagement and retention, and have room to improve in areas such as supply chain and procurement. Following the 2022 assessment, we will develop and implement in 2023 a disability inclusion action plan based on the assessment results.

In 2022, we also shared our diversity, equity and inclusion practices and metrics in the ULI Global Real Estate DEI Survey 2022. The survey results allow us to benchmark ourselves against peers in the commercial real estate industry to identify ways to operate more effectively and inclusively.

We recognize that we can do more to support people with disabilities and aim to audit all our properties and corporate practices – in other words, both our hard and soft infrastructure – to enhance inclusive opportunities by 2025.

The Group also values **age diversity**. We are eager to attract young talent to support our business expansion, including through our highly competitive Management Trainee (MT) Program. We also value the wisdom and experience of our long-serving staff. In 2022, we continued to provide suitable opportunities to both external and internal silver hair talent – persons aged 60 and above – to continue with their career after normal retirement age.

Percentage of Staff by Age in 2022

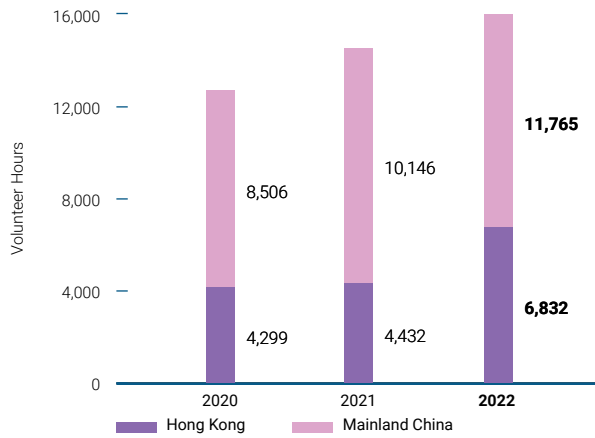


Community Wellbeing

Community Investment

The Group is committed to enriching lives and promoting diversity and inclusion in our communities. Despite the pandemic, **1,925 volunteers completed 135 volunteer activities, contributing 18,597 service hours and benefitting 60,631 people in Hong Kong and mainland China** during 2022. Of the 60,631 beneficiaries, 68% were among the most severely affected groups in our community during the pandemic. In addition, the Group donated HK\$62 million to various charitable causes and provided 19 venue sponsorships at our properties to non-profit organizations for nominal rental fees.

Breakdown of Volunteer Hours by Region



protection, with **more than 11,400 volunteers and over 135,000 accumulated service hours.**



Number of Volunteering Activities by Focus Area



- 57%** Diversity and Inclusion
- 8%** Youth Development and Education
- 13%** Environmental Protection
- 2%** Elderly Services
- 20%** Others

Our employees generously commit time and effort to their communities. Every year, the Group recognizes those volunteers with the highest service hours in each of our Hong Kong and mainland China projects.

Hang Lung As One Volunteer Team

Established in Hong Kong in 2012, the Hang Lung As One Volunteer Team actively cooperates with various community groups and charitable organizations to support wellbeing in society. Over the past decade, the Hang Lung As One Volunteer Team has set up 12 teams across Hong Kong and 11 projects in nine cities in mainland China. The teams take part in a range of social service activities to promote diversity and inclusion, the health and wellbeing of senior citizens, youth education and development, and environmental



Hang Lung Top 10 Volunteers

To express our heartfelt appreciation for our volunteers' selfless devotion, our local Hang Lung As One Volunteer Teams hold an Outstanding Volunteer Awards Presentation Ceremony every year to present certificates of appreciation to the awarded volunteers.

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Hang Lung Nationwide Volunteer Day

On September 17, Hang Lung held its annual nationwide volunteer day in Hong Kong and nine cities across mainland China and celebrated the 10th anniversary of the Hang Lung As One Volunteer Team. Inspired by the theme, “Diversity and Inclusion – Caring for the Elderly,” the campaign combined the efforts of **over 1,200 corporate volunteers to reach out to nearly 5,500 senior citizens** in activities carefully curated to demonstrate heartfelt care and concern for building an inclusive and compassionate community.



Population aging is a global phenomenon. There is pressing need to tackle social issues and challenges faced by the elderly with dementia or living alone. This year’s Hang Lung nationwide volunteer day focused on this area of need with a desire to raise awareness and promote an inclusive caring culture in society. Together with local governments, tenants and NGOs, the Hang Lung As One Volunteer Teams from Hong Kong and nine Mainland cities curated activities and provided care and support where it was most needed. Activities included visiting elderly centers and residential communities, distributing handmade gift packs, providing haircutting services, helping with house cleaning, and playing interactive games to enrich the lives of elderly.

Key Community Investment Programs in 2022

	Status
2025 Target Work with youth on wellbeing community initiatives at all properties by 2025	On track 
2022 KPI Work with youth to organize at least one high profile community wellbeing event with measurable impacts on the community	Completed 

Hang Lung Future Women Leaders Program –

Sustainable business growth goes hand in hand with sustainable growth in the communities we serve. In 2022, we stepped up our youth development efforts to help unleash their potential and build more diverse and inclusive communities. The Hang Lung Future Women Leaders Program aims to mobilize various forces in society to promote talented young women’s development and create a compelling psychological and physical space that values diversity and inclusiveness. The Program has actively engaged the government, industry, and society in response to China’s national goals to support the diverse development of women. In September 2022, the inaugural edition of our Hang Lung Future Women Leaders Program launched in Hong Kong and mainland China in collaboration with the Hong Kong Federation of Youth Groups Leadership Institute and the Xuhui and Jing’an District Women’s Federation in Shanghai.



The Hang Lung Future Women Leaders Program aims to provide mentorship, leadership training and internship

opportunities for female university students to enhance their potential and strengths, and to facilitate diversified development. The first phase of this nationwide program **shortlisted 200 female university students** from diverse backgrounds and **invited 43 elite women from various fields as their mentors**. Among the 200 female students, 75% of them were the first among three generations in their families to attend university. Participants with outstanding performance will be offered internship opportunities by Hang Lung or program mentors.



Hang Lung X HKYWCA "Love-No-Limit" Dementia Friendly Program – Hang Lung is devoted to building a diverse and inclusive community via various community investment projects. The three-year “Hang Lung X HKYWCA ‘Love-No-Limit’ Dementia Friendly Program” aims to provide support to dementia patients and their carers, improve the abilities of elderly dementia patients and lighten the pressure on carers. Since its launch, the Program has **benefited more than 1,500 dementia patients and their carers** with Hang Lung volunteers putting in more than 830 service hours. Hang Lung and the Hong Kong Young Women’s Christian Association (“HKYWCA”) jointly organized the second Community Inclusion Day at Amoy Plaza in November 2022. At the event, free brain health consultations and cognitive testing services were offered to close to 100 individuals with the aim of promoting early detection of dementia symptoms. Over 7,600 members of the community along with dementia patients and their carers participated in the two-day event.

Hang Lung Mathematics Awards – The Hang Lung Mathematics Awards (HLMA) is a biennial mathematics research competition for secondary school students in Hong Kong, encouraging students to realize their creative potential in mathematics and sciences, and stimulating their passion for intellectual discovery. Since its inception in 2004, HLMA has welcomed the participation of over 2,400 students, and made a profound impact in nurturing a cadre of young mathematics and research talents for Hong Kong. Among the earlier winners, many have completed their studies in top universities around the world and are now working in various sectors, such as academia and other professions, and making meaningful contributions to society. Hang Lung hosted a HLMA Winners Gala in 2022. One of the highlights of the evening was a panel discussion that explored how mathematics can help create a more sustainable way of life for humanity and the planet.



Interview Series with HLMA Winners – Mathematics Unlocks Infinite Possibilities for the Future

Mathematics is captivating, not only because of the satisfaction derived from conducting research, but also because it facilitates the exploration of myriad possibilities through logical reasoning. Benefitting from a solid foundation in mathematics from a young age, a sea of career opportunities can open up, allowing people to forge their own unique path.

[LEARN MORE](#)

"Let's Sportsor!" program – Following an overwhelming response to our call for joining the "Let's Sportsor!" program last year, the Hang Lung As One Volunteer Team was pleased to bring back the program this year in collaboration with the Hong Kong Federations of Youth Groups ("HKFYG"). With the cumulative number of exercise hours converted to sponsorship of free fitness courses for underprivileged children, colleagues were inspired to pledge to exercise more.

Over 80 colleagues took part in the program and accumulated close to 3,500 training hours in about two months. Our CEO Mr. Weber Lo also took the lead in supporting the program. With the concerted effort of our volunteers, **over 100 children, some of whom have special educational needs (SEN),** were able to enjoy **complimentary sports training schemes** such as roller-skating, football, and touch rugby.



COVID-19 Support

Hang Lung COVID-19 Relief Fund 2.0 – Since the establishment of the "Hang Lung COVID-19 Relief Fund" in 2020, Hang Lung has disbursed more than RMB 20 million to provide targeted support for urgent public pandemic countermeasures and in aid of the most severely affected in our communities across Hong Kong and the Mainland, including an endowment of RMB 6 million for the establishment and operation of Leishenshan Hospital in Wuhan in 2020. To offer a reprieve from the severe challenges as a result of the COVID-19 pandemic, the Group created the "Hang Lung COVID-19 Relief Fund 2.0" in 2022. The HK\$ 13 million fund supported urgent pandemic countermeasures in Hong Kong and mainland China, particularly Shanghai, Shenyang, and Dalian. The Group made a donation of HK\$ 6 million for financing the HKSAR government's operation of "mobile cabin hospitals" earlier this year. In April, Hang Lung announced a further injection of RMB 3 million into the "Hang Lung COVID-19 Relief Fund 2.0" as a part of the ongoing fight against the pandemic on the Mainland, where funds have been deployed for the provision of health protection items and other necessities, among other initiatives, for those most affected by COVID-19.

Caring for Physical and Mental Wellbeing – During the recent suspension of physical classes on the Mainland, children were confined at home. Several projects collaborated with tenants to host online painting classes for children of frontline pandemic workers. With reinforcement for the physical and mental wellbeing of their children, it is hoped that frontliners found support to continue their valiant work without worries.

Expressing Gratitude to Frontline Workers – The Hang Lung As One Volunteer Teams also demonstrated our corporate spirit of caring for the community by providing their unwavering support through ground-level community action. These initiatives included the distribution of health protection items to medical personnel and community workers, and free refreshments and hot beverages to pandemic frontliners, as gestures of warm care and profound respect.



Supporting the Wellness of Child Patients and Underprivileged Children

The suspension of classes and social distancing measures in force have deprived children – in particular COVID-confirmed child patients or those under home quarantine – of much needed and essential interactive learning, social activities, and play time. The “Hang Lung COVID-19 Relief Fund 2.0” gave emotional support to these affected children, while alleviating the stress faced by their parents or carers. The Group’s disbursement of funds from the “Hang Lung COVID-19 Relief Fund 2.0” for a partnership with Playright Children’s Play Association (Playright) funded the donation of 1,500 playpacks to child patients diagnosed with COVID-19 in hospitals and HA Community Treatment Facility. In addition, the Group arranged two months of online interactive play sessions with Playright for 1,000 underprivileged children, to relieve anxiety and fear with attention to physical and mental wellbeing.

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Heritage Conservation

Recognizing that cultural conservation is vital for sustainability, we aim to strike a balance between conserving local heritage and adding vibrancy to local communities. We have carefully considered the planning, building and operations of our developments by restoring, preserving and integrating historical buildings into our project designs wherever possible. In recent years we conserved several historical buildings including the Zhejiang Xinye Bank (1922) near Riverside 66, and

the Chenghuang Temple complex (Ming Dynasty circa 1369) in Center 66. In particular, we took three years to restore the Zhejiang Xingye Bank into the Starbucks Reserve flagship store with minimal interference and reversibility as required by the local authority. Also, living quarters for church clergy built in the 1930s at the site of Westlake 66 have also been preserved by our construction team. The construction team carefully dismantled the structures and put all the disassembled parts into temporary storage. Each part was clearly labeled and those broken were restored. Upon project completion, the team will transport the parts back to the site for reassembly.

Center 66’s Curio Collection by Hilton Brand

The heritage building, which was formerly the residence of local historical figure, Zhang Xiaocheng, is a typical blend of Chinese and Western architecture from the last century. Extending Hang Lung’s experience in rejuvenating historical buildings and commitment to cultural conservation, the revitalized building melds antique elements with contemporary style to create an exciting destination for leisure and dining.

Next Steps

Cultivating and sustaining wellbeing includes wide-ranging considerations for our employees, customers and the wider community. In support of our ambition to offer an unrivaled environment for health and wellbeing, **we are now developing a 2025 Wellbeing Plan** that will take stock of our wide-ranging initiatives and help us to prioritize and further improve these initiatives in the years ahead. The plan will also highlight innovative ideas and partnership opportunities for even greater impact among like-minded stakeholders. In terms of community investment, in 2023 **we will articulate and measure the social impact of our signature programs** in a clear, consistent and robust manner with reference to the Business for Societal Impact (B4SI) Framework. We will share highlights in our next report.

Sustainable Transactions

Promote sustainability practices in all types of business transactions

| Relevant GRI Disclosure |

204 (2016), 308 (2016), 403 (2018), 416 (2016), 418 (2016)



Sustainable Transactions



As a top-tier property developer in Hong Kong and mainland China with business activities involving nearly the whole life cycle of a property, we have a responsibility to manage and improve our environmental, social and governance performance along our value chain. We work with our key stakeholders – our suppliers upstream, our tenants downstream, the financial institutions that provide us with capital, the certification bodies that review our assets, and others – to move beyond compliance and towards best practices. In this chapter, we will describe our collaboration with stakeholders and how we integrate the sustainability agenda at various stages of our business cycle.

2022 Performance Highlights



Launched a new model of sustainability partnership with LVMH Group to lead climate and sustainability action in real estate and retail through the end of 2025.



Secured 46% of total debts and available facilities from sustainable financing.



Plaza 66, Shanghai received LEED V4.0 EB: O+M Platinum and WELL V2 Core Platinum ratings becoming the first large-scale commercial office complex to receive both in mainland China during its operation stage.

Our Approach

We are committed to promoting sustainable practices in all types of business transactions. Hang Lung's own efforts in Climate Resilience, Resource Management and Wellbeing can have an outsized impact if we work together with like-minded stakeholders to advance these priorities. On the one hand, we are **collaborating with a small number of key partners** with whom we have strong relationships, so that we can build on our mutual understanding to innovate and accelerate progress together, and capture key insights efficiently. On the other hand, we are also **developing a systematic approach towards engaging all our suppliers and tenants** on sustainability priorities over time.

Real estate will need to undergo significant transformation in the coming decades. Together with our business partners and stakeholders, we hope to demonstrate how we are increasingly finding synergies between the financial and ESG objectives of our business, and that by further integrating the two into a unified strategy, we are forging our own resilient and distinctive path to sustainable growth in real estate.

2030 Goal Collaborate with all suppliers and customers to advance our sustainability priorities

2025 Targets



Embrace technology to build a robust **digital platform** for assessing **suppliers' ESG performance**



100% of **marketing events** evaluated for their **sustainability impacts**



100% of **leases** incorporate **sustainability provisions**



50% of total debts and available facilities from **sustainable finance**



100% of potential asset acquisitions include **ESG due diligence**

Sustainability Issues Across Our Value Chain

To support our overarching goal of achieving sustainable growth, we consider sustainability to be integral to our business value chain.

It is important to understand the relevant sustainability issues across our value chain in order to engage stakeholders and explore opportunities to secure partnership in sustainability.

Financing – In addition to our own revenue streams, we leverage various financing instruments to maintain healthy cashflow and sustain our growth. We regularly strengthen our partnerships with sustainability-minded financiers and investors, while driving capital towards projects and initiatives that create a broader positive impact for the environment and society.

Design and Development – As a commercial real estate developer, we aspire to design and develop properties that create long-term value. To do this, we ensure that sustainability has been integrated throughout our project design and development cycle.

Leasing, Sales and Business Operations – Commercial property leasing is the core business of the Group, supplemented by the sale of selected properties. We ensure that the spaces we lease and offer for sale are sustainable. Doing so appeals to tenants and customers who are also increasingly concerned about global sustainability challenges.

Service Delivery – Our building operations, the services that we provide, and the activities of our tenants consume substantial resources. It is, therefore, incumbent on us to enhance the operational efficiency of our buildings while maintaining a safe and healthy space to minimize adverse effects on our environment and communities.

Stakeholder Engagement – Every day we interact with hundreds of thousands of people, from tenants and customers to business partners and community members. We make efforts towards actively engaging with all stakeholders in sustainable practices, so that together we can drive systemic changes for our planet’s future.



Investors

Sustainable Finance Framework

In response to global investors’ growing interest in sustainable finance, we developed the Hang Lung Properties Green Finance Framework in June 2019. It enables Hang Lung Properties to raise funds under due scrutiny to finance projects delivering environmental benefits, thereby supporting our business strategy and vision for leadership in sustainability.

To further extend our commitment to integrating ESG considerations in our investment decisions, the Group established the [Hang Lung Group Sustainable Finance Framework](#) (“the Framework”) in December 2022 to: a) extend coverage to the wider Group; b) cover a wider range of financing instruments; and c) extend the scope of the eligible investments to include social projects. The Framework, published in January 2023, was developed in line with international guidelines such as the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP), the Green Loan Principles 2021 (GLP) and Social Loan Principles 2021 (SLP). We engaged Sustanalytics, an independent environmental, social and governance research, ratings, and analysis firm, to provide a second-party opinion on the Framework to affirm that it is credible, robust, and impactful, and fully aligned with current market standards.

Matters related to sustainable finance are overseen by the Sustainable Finance Subcommittee (SFS) under the SSC. The subcommittee meets regularly to review the latest market development and the Group’s progress on sustainable finance, as well as to approve eligible projects where required, as stipulated under the Framework.

	Status
2025 Target 50% of total debts and available facilities from sustainable finance	On track 
2022 KPI 35% of total debts and available facilities from sustainable finance by the end of 2022	Completed 

In 2021, we set a target that Hang Lung Properties obtain 50% of total debts and available facilities from sustainable finance by 2025. **Sustainable finance now accounts for 46% of our total debts and available facilities.**

Green Loans and Green Bonds

As of the end of 2022, Hang Lung Properties had secured 10 green loan facilities and issued 11 green bonds under the Hang Lung Properties Green Finance Framework, with the proceeds allocated to predefined eligible green projects as follows:

Green Loan and its Allocation (as at December 31, 2022)				
Arranged in Hong Kong	Year Signed	Facility Amount (HK\$'M)	Drawn Amount (HK\$'M)	Allocated to
Hong Kong	2019	1,000	580	Forum 66, Shenyang; Center 66 (Phase 2), Wuxi; Riverside 66, Tianjin; Olympia 66, Dalian; Spring City 66, Kunming; Heartland 66, Wuhan
	Total	1,000	580	
Arranged in Mainland	Year Signed	Facility Amount (RMB'M)	Drawn Amount (RMB'M)	Allocated to
Spring City 66, Kunming	2020	1,557	1,557	Spring City 66, Kunming
Forum 66, Shenyang	2021	490	490	Forum 66, Shenyang
Riverside 66, Tianjin	2021	234	234	Riverside 66, Tianjin
Westlake 66, Hangzhou	2021	500	383	Westlake 66, Hangzhou
Forum 66, Shenyang	2022	517	517	Forum 66, Shenyang
Olympia 66, Dalian	2022	810	810	Olympia 66, Dalian
Heartland 66, Wuhan	2022	590	590	Heartland 66, Wuhan
Heartland 66, Wuhan	2022	880	880	Heartland 66, Wuhan
Westlake 66, Hangzhou	2022	500	23	Westlake 66, Hangzhou
	Total	6,078	5,484	



Green Bond (as at December 31, 2022)

Location	Year Issued	Maturity Date	Original Currency	Amount	Eqv HK\$'M
Hong Kong	2020	Feb 26, 2027	HK\$'M	700	700
		Apr 7, 2027	HK\$'M	500	500
		Nov 20, 2025	HK\$'M	750	750
	2021	Jan 19, 2028	HK\$'M	230	230
		Feb 5, 2027	HK\$'M	750	750
		Feb 2, 2026	HK\$'M	465	465
		Feb 10, 2028	HK\$'M	555	555
		Aug 27, 2028	HK\$'M	805	805
		Sep 28, 2028	USD'M	50	390
	2022	Jan 13, 2029	HK\$'M	605	605
Jan 24, 2029		HK\$'M	590	590	
Total					6,340
Allocated					4,871
Pending for Allocation					1,469

Green Bond (HK\$'M) (as at December 31, 2022)

Allocated to:		2020	2021	2022	Total
Shenyang	Forum 66	-	365	10	375
Wuxi	Center 66 (Phase 2)	-	175	4	179
Dalian	Olympia 66	-	24	-	24
Kunming	Spring City 66	634	41	145	820
Wuhan	Heartland 66	745	620	-	1,365
Hangzhou	Westlake 66	-	266	22	288
Hong Kong	228 Electric Road	-	47	288	335
	The Aperture	-	-	287	287
	Green Panda Bond ⁽¹⁾	-	1,198	-	1,198
Total Allocated		1,379	2,736	756	4,871

Notes:





(1) Green Panda Bond – All proceeds were applied to Spring City 66 and Heartland 66.






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 green proceeds are approved by the Sustainable Finance Subcommittee under the Sustainability Steering Committee.



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. Please refer to [Appendix 7](#) of this Report for further details.

Under the green buildings category of our Green Finance Framework, we allocated green loan and green bond proceeds to nine properties as follows:

Portfolio	Notable sustainability initiatives	
Center 66 – Phase 2 (Wuxi, mainland China) GFA: 107,118 m ²	<ul style="list-style-type: none"> • Designing a ground source heat pump system for a historical building • Applied a radiant cool ceiling system for efficient temperature control as a pilot in the sales office • Conducted climate hazard and vulnerability assessment and identified potential improvement measures to our current design. 	
Forum 66 (Shenyang, mainland China) GFA: 293,905 m ²	<ul style="list-style-type: none"> • Reduced electricity intensity by 18.96% in 2022 compared with 2018 • Without using the local heating utility, we installed a high-efficient heat recovery system at our hotel and office building which can reduce 100 MWh of electricity and 25,000 m³ of natural gas during cooling days; and an additional 5,000 m³ of natural gas during heating days • Obtained WELL Health-Safety Rating for mall and office building 	
Olympia 66 (Dalian, mainland China) GFA: 221,900 m ²	<ul style="list-style-type: none"> • Reduced electricity intensity by 25.43% in 2022 compared with 2018 • Installed solar panel system generated 160 MWh renewable power in 2022 for carpark lot lighting • Obtained WELL Health-Safety Rating 	
Spring City 66 (Kunming, mainland China) GFA: 333,112 m ²	<ul style="list-style-type: none"> • 100% powered by renewable energy to achieve net-zero carbon emissions in annual electricity consumption for landlord and tenant operations • A hospital-grade ventilation system (MERV 16) with UV light for sterilization, improving indoor air quality and obtained WELL Health-Safety Rating for both mall and office building • Launched a sustainability showcase named “The Everlasting Pulse of the City” in November to introduce stakeholders to Hang Lung’s sustainability strategy, goals and targets, as well as to promote sustainable lifestyles and the values of sustainable education, sustainable dining, and sustainable fashion 	

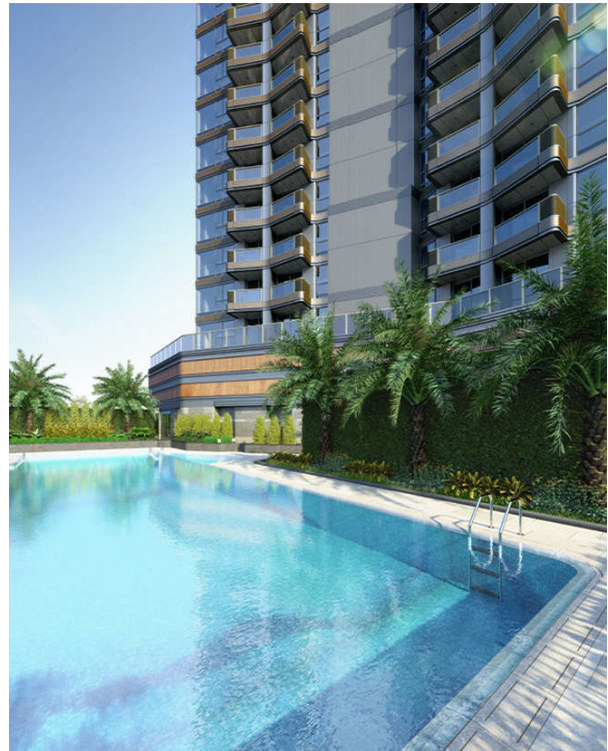
Portfolio	Notable sustainability initiatives	
Riverside 66 (Tianjin, mainland China) GFA: 152,831 m ²	<ul style="list-style-type: none"> Reduced electricity intensity by 20% in 2022 compared with 2018 baseline; electricity intensity has dropped for six consecutive years (from 2016-2022) Conducted a climate hazard and vulnerability assessment in December 2022 and had identified Obtained WELL Health-Safety Rating 	
Heartland 66 (Wuhan, mainland China) GFA: 328,612 m ²	<ul style="list-style-type: none"> Adopted advanced Building Management System with a highly efficient building service system Applied IAQ sensors in malls and offices to monitor real-time IAQ levels Obtained WELL Health-Safety Rating for shopping mall and office building 	
Westlake 66 (Hangzhou, mainland China) GFA: 194,100m ²	<ul style="list-style-type: none"> Installed closed-loop ground source heat pump system for hotel building Explored feasibility and completed an application with the municipality in Hangzhou for the design stage of a net-zero energy pilot project Since July 1, 2022, the construction site has been fully powered by renewable energy, and has already avoided approximately 80 tonnes of carbon dioxide Deployed 5G technology to monitor, among other things, construction safety and quality, energy consumption, and dust and noise levels, to ensure that environmental indicators in the construction stage meet requirements 	
228 Electric Road Redevelopment (Hong Kong) GFA: 9,754 m ²	<ul style="list-style-type: none"> More than 75% (by weight) of all construction and demolition waste generated on site will be diverted from landfill At least a 35% energy reduction from the baseline model ASHRAE 90.1-2010 (US) and 28% from the baseline model BEC 2018 (HK) Use of the Battery Energy Storage System (i.e., Enertainer) instead of diesel generators during construction to minimize environmental pollution. As of February 2023, 43 tonnes of carbon emissions have been avoided 	
The Aperture (Hong Kong) GFA: 16,226 m ²	<ul style="list-style-type: none"> Adopted Digital Quality Management System (DQMS), a multi-platform cloud solution for construction workflow inspection and quality management Use of Enertainer, an advanced battery energy storage system (BESS) to replace traditional diesel generators. As of February 2023, 66 tonnes of carbon emissions have been avoided 	

ESG Due Diligence in Asset Acquisitions

	Status
2025 Target 100% of potential asset acquisitions include ESG due diligence.	On track 
2022 KPI Develop ESG due diligence guideline.	Completed 

For optimal decision making and to identify any material ESG risks or opportunities that could impact our business, we aim to consider ESG factors in our investment decisions.

In 2022, we developed an ESG due diligence guideline for our potential asset acquisitions in mainland China. Under the guideline, a variety of ESG factors including biodiversity, heritage conservation, accessibility, health impact assessment, renewable energy, and climate adaptation should be considered as early as possible.



The Aperture

Sustainable Building Design

Green Building Design and Certification

We are dedicated to adopting international best practices in the design and construction of our buildings. We first focus on enhancing the overall energy and environmental attributes of our buildings. Since 2007, we have been committed to achieving a Gold rating or above under the LEED certification program or equivalent, for all of our new Mainland and Hong Kong properties.

To date, 39 buildings have been certified as green buildings, including 23 existing buildings and 16 projects under development. We obtained two green building certificates in 2022 – LEED Platinum for Grand Gateway 66 and Plaza 66 in Shanghai. Please find more information in our case study below.

As of December 2022, **over 80% of our overall construction floor area is certified as green buildings.**

The full list of our green building certifications is provided in [Appendix 4](#).

Healthy Building Design and Certification

	Status
2025 Target Obtain WELL Gold certificate or equivalent for at least one new property in Hong Kong and mainland China	On track 
2022 KPI Conduct a feasibility study to obtain the China Healthy Building Label or equivalent in at least one property	Completed 

In recent years, we have also searched for ways to improve the wellbeing of building users in support of our vision to create compelling spaces that enrich lives. We apply WELL certificates for our new buildings and existing buildings undergoing major enhancement works.

WELL building standards from the International WELL Building Institute (IWBI) are developed based on the science of creating physical and social environments that benefit the health, wellbeing and performance of the building occupants. The standards cover over 100 features on ten topics including indoor environmental quality, water quality, thermal comfort, and the working environment.

In addition to the WELL Gold rating (Pre-certified) for the 228 Electric Road Redevelopment in Hong Kong, Plaza 66 in Shanghai garnered the WELL Platinum certification in 2022. We are also applying for WELL certification for Westlake 66 in Hangzhou, and we expect others to follow.

In January 2023, we achieved the WELL Health-Safety Rating (WELL HSR) from IWBI for 19 properties located in Hong Kong and eight cities in mainland China. This WELL HSR covers all shopping mall centers and office towers of Hang Lung's mainland properties.

WELL HSR was created in response to the COVID-19 pandemic and consists of operational interventions that can be made to help mitigate its spread, as well as the spread of similar diseases. As the world moves beyond the pandemic, the WELL HSR seal at Hang Lung's properties remains a visible indication of confidence and trust that the Company has achieved third-party verification for evidence-based measures and best practices for health and safety.

As of December 2022, nearly 64% of total construction floor area were certified with or have applied for WELL or WELL HSR.



As another notable wellbeing-related initiative, the remaining developments of Forum 66 in Shenyang completed a rapid appraisal of a desktop Health Impact Assessment (HIA) for the retail indoor green atrium in September 2022.

We analyzed both negative and positive aspects of health determinants including site activity impacts (e.g., physical environment, built environment, and community and social factors), design and operation-related impacts (e.g., indoor air quality, water quality, indoor amenity safety design, humidity control, crowd management, and plant maintenance). A total of 18 recommendations were identified and will be further reviewed for incorporation into the project based on their feasibility. The health-related determinants' performance will be regularly monitored and evaluated.

Case Study



Plaza 66 Achieved Top Ratings in Global Sustainable Building Certifications

Plaza 66 in Shanghai achieved Platinum ratings for LEED (LEED V4 O+M: EB) and WELL (WELL V2 Core) certifications in 2022. The recognition marks the first time a large-scale commercial office complex in mainland China received both certifications during its operating stage. Plaza 66 was built in 2001 and completed an asset enhancement in 2017. Its key sustainability features include the following:

- 95 out of 100 U.S. Energy Star rating
- 66.9% sustainable consumables utilization rate
- 91.9% waste diversion rate for daily consumables
- Enhanced indoor air quality monitoring and HEPA air filtration system
- WELL Standard certified purification system and drinking water that curbs the use of and plastic waste from bottled water.



Accessibility

Status	
2025 Target	On track
Conduct an audit of all our properties and corporate practices on how to enhance wellbeing and opportunities for persons with disabilities	
2022 KPI	Completed
Conduct an audit of our corporate practices and formulate recommendations	

To enable our spaces to be more inclusive for everyone, we incorporate accessibility features into building designs for new projects as well as existing buildings with improvement works.

We also prioritize design for accessibility at our new projects. For example, we conducted detailed site inspections to identify potential barriers to interaction for people with disabilities at Westlake 66. Accessibility enhancements in design were implemented, including those in the accessible toilets (e.g., adjusting the door width, L-shaped grab bar, height of washbasin and mirror), service desks (e.g., knee clearance), and lift cars (e.g., mirror-like surface, grab bars).

Our projects in mainland China such as Westlake 66 include various accessible designs such as entrances allowing for wheelchair access, accessible parking spaces with enough turnover space, accessible toilets with enhanced design and lifts with audio broadcasting systems, and outdoor barrier-free facilities. We have also designed two accessible hotel rooms in Westlake 66 to cater to people with disabilities, and further design enhancements to improve accessibility are being developed.

With reference to the Hong Kong Building Department's statutory requirement in Design Manual – Barrier Free Access 2008, we have conducted a thorough accessibility inspection of Gala Place, Mongkok, Grand Plaza, Mongkok, the Standard Chartered Bank Building, Central and Kornhill Plaza, Quarry Bay. Inspection items include the provision of carparks, access route, ramps, dropped curbs, steps and staircases, handrails, corridors, lobbies and paths, doors, toilets, signs, illumination, emergency call bells in accessible toilets, lifts, escalators

and passenger conveyors, braille and tactile floor plans, tactile guide paths, accessible public information/service counters and visual fire alarm systems. Various improvement initiatives in each property were identified and will be implemented from 2022 onwards.

In addition, we have established a 2025 target to audit all our properties and corporate practices on how to enhance wellbeing and opportunities for persons with disabilities and expect many further insights to emerge through this process.

Supplier Collaboration

Beyond compliance and building certifications, we developed an initial framework with 16 ideas to improve the sustainability of our buildings and projects, including low embodied carbon materials, energy efficiency, environmentally friendly design features, indoor environmental quality, and employee wellbeing. Among projects under development in Hong Kong and mainland China, we examine the feasibility of incorporating any of the 16 improvement ideas, subject to scheduling and other considerations.

In 2022, we engaged more than 10 key project suppliers on these ideas. The following are some highlights:

- **Low carbon concrete with pulverized fuel ash ("PFA"):** learning from our experience in Hong Kong projects in 2021, we included a requirement to incorporate up to 8% PFA in concrete in the tender specification for the main contractor on our Mainland projects. In 2022, we incorporated this requirement in the procurement for the remaining phases of Forum 66 in Shenyang.
- **Closed loop ground energy system (GES):** the Group's electrical and mechanical design guideline was updated to include the requirement to conduct feasibility studies for GES during the project design stage. After completing analysis in 2022, we will deploy a GES system in the Phase 2 development of Center 66 in Wuxi.
- **Waste concrete recycling:** we will conduct a feasibility study on recycling and reusing broken concrete through CO₂ mineralization technology, producing new low carbon aggregate and to make other forms of building materials (e.g., low carbon concrete blocks).

- **Use of EAF rebar:** recycling scrap steel can reduce the embodied carbon in steel production, and EAF is more energy efficient than the traditional blast furnace (BF)-basic oxygen furnace (BOF) production process. We have adopted EAF rebar in the Phase 2 development of our Center 66 project in Wuxi, and **the amount of EAF rebar used in the project has increased from 3.85% in 2021 to 6.88% in 2022.**
- **New refrigerants for chillers:** in selecting refrigerants for chillers, we consider their ozone depletion and global warming potential. Given the relatively low environmental impact of refrigerants such as R-514A and R-1233zd, we adopted R-514A in the chiller of the Grand Hyatt Kunming hotel.

Beyond the 16 specific ideas we continue to apply across our projects, we are exploring with various solution providers options for a digital carbon management platform. We expect that such a platform could provide the following functions: 1) calculate and monitor our Scope 3 emissions for reporting disclosure; 2) simplify and streamline ESG data collection; and 3) enable more robust assessment of suppliers' ESG performance.

Building Information Modeling (BIM)

Since 2018, our BIM Taskforce has standardized and enhanced the adoption of Building Information Modeling (BIM) in new projects under development with tangible results. To date, we have leveraged BIM in all projects under development and major renovation projects in Hong Kong and mainland China, with over 20,000 cases of design conflicts detected and resolved.

[LEARN MORE](#)

Sustainable Project Management

Project Development

Collaboration with our project consultants and contractors is a critical factor in successfully delivering sustainable properties of excellent quality into our portfolio. To enhance sustainability performance in

project development, our internal Project Management Manual includes sustainability requirements through the whole project life cycles. These include:

- land/asset acquisition;
- project planning;
- supplier and consultant registration;
- tendering procedure;
- performance evaluation; and
- construction site safety management.

We also set a 2025 target to have 100% of potential asset acquisitions include ESG due diligence. The ESG due diligence guideline was developed in 2022.

Project Environmental Management



Activities at construction sites can result in water, sound, and air pollution, as well as demolition and construction waste. We consider these potentially negative impacts through detailed environmental impact assessments according to local laws before construction begins.

To reduce its environmental impacts to the surrounding environment, our construction site of Westlake 66 in Hangzhou and Center 66 Phase 2 project in Wuxi continued to implement environmental measures including:

- Use of rainwater and installation of jet nozzles for vehicle cleaning to reduce water consumption
- Installation of dust and noise monitoring system
- Use of watering cart, spray gun machine, fire water monitor and installation of sprinklers on the hoarding to suppress dust emissions
- Installation of sound insulation shed for pump truck and sound insulation walls
- Introduction of 5G+ smart construction technology
- Installation of windproof and dust-proof mesh

To further reduce the carbon footprint of our construction sites, starting from July 2022, **we procured renewable energy at two of our construction sites in mainland China** – Westlake 66 in Hangzhou, and Grand Hyatt Kunming and Grand Hyatt Residences Kunming.

Project Safety Management

	Status
2025 Target Maintain zero work-related fatalities for employees and contractors	On track 
2022 KPI Study smart technology options and define practical approaches for enhancing construction site and employee safety	Completed 

We continue to implement a construction site safety management system at all our active construction sites in Hong Kong and mainland China, overseen by the Design and Development, Project Management and Cost and Controls departments. We go beyond the industry norm in appointing designated safety consultants as independent parties to monitor the performance of our contractors at key mainland China and Hong Kong projects.

In 2022, we maintained zero fatalities at our construction sites in mainland China for the fifth consecutive year, and the overall accident rate was improved to zero accidents per 100,000 man-hours. Five technology options for enhancing construction site and employee safety were identified during the year and some of them were implemented in the projects. We will continue to optimize work processes and promote safety awareness among construction site workers.

We also introduced measures to enhance the safety performance of our projects under construction, including updating the Hang Lung Safety by Design guidelines and Safety Handbook of the Project Management Manual in 2022, exploring smart innovation technologies to improve site safety performance, and Project Management colleagues and/or site staff ensuring the safety awareness of contractors. Safety training will be provided to workers on the construction sites, covering topics related to site safety, use of personal protective equipment and use of equipment on site.

The wellness of contractors and employees during construction, especially over hot summers, is a key safety and wellbeing issue for us, and we provide cooling measures as well as on-site training to ensure health and safety. Measures include:

- distribute heatstroke prevention and cooling materials (watermelon, cold drinks and heat dissipation items, iced green bean soup, and cooling medicines)
- provide physical examinations to workers to reduce the risk of illness or complications in hot weather
- install water spray system in working areas
- provide cooling fans
- provide covered rest area with good ventilation

Other safety measures introduced at our construction sites include:

- provide clear demarcation routes for site staff/ workers and moving objects
- improve lighting and traffic speeding limitation provisions
- ensure the staff competence for traffic control and diversions
- provide helmets with flashing lights during nightwork
- promote a safety culture, norms and systems
- conduct frequent site inspections to enhance project quality and site safety
- adopt the Digital Quality Management System (DQMS) for management of safety non-compliance including recording, rectification and analysis of non-conformance
- audit the safety conditions via videotelephony and CCTV
- adopt 4G/5G wireless signal transmission on site
- provide regular safety training to the site staff and contractors by the safety consultants
- share lessons learned with all internal and external stakeholders in regular quality/safety technical review sessions

Since the outbreak of COVID-19, we adopted pandemic control and precautionary measures at construction sites to safeguard the health and safety of our employees and contractors. During 2022, all personnel must have their temperature checked with an infrared

thermometer before entering the construction sites. We also provided masks and PCR tests to workers on site and established a special policy and isolation procedure in case of tracing workers with fever or COVID-19 symptoms.

Key construction safety performance indicators in mainland China

	2020	2021	2022
Number of active construction sites	7	7	6
Total man-hours	7,769,227	4,721,091	6,388,380
Number of fatalities	0	0	0
Number of accidents	1	0	0
Number of near-misses	2	1	0
Number of accidents per 100,000 man-hours	0.013	0	0
Total construction safety training hours	450.0	7,082.5	691.5

For the two construction projects in Hong Kong, we continued adhering to best practices in construction site safety management. One accident was recorded in September 2022: a worker fell down from a height – the top of a lift car – and sustained a minor bone fracture because the worker had not attached a safety belt during the installation of the lift car at ground level. In response, safety consultants carried out enhanced training specific

for working at height on all projects (both in Hong Kong and mainland China) to increase vigilance.

In addition to incident-specific training, we also share safety lessons among all project teams (both Hong Kong and mainland China) in bimonthly quality/safety review sessions.

Key construction safety performance indicators in Hong Kong

	2020	2021	2022
Number of active construction sites	2	2	2
Total man-hours	97,434	203,580	881,970
Number of fatalities	0	0	0
Number of accidents	0	0	1
Number of near-misses	1	1	0
Number of accidents per 100,000 man-hours	0	0	0.113
Total construction safety training hours	510	5,377	8,955

Digital Quality Management System (DQMS)

Given the mega scale of most of our projects and considering the risks associated with paper-based inspection records, in 2019 we have fully adopted a DQMS, a multi-platform cloud solution for construction workflow inspection and quality and safety management in projects under development in mainland China and Hong Kong, making us one of the early adopters of the solution in the local real estate sector.

 [LEARN MORE](#)

Construction Supplier Management

We closely work with our building materials suppliers and contractors for construction projects to advance our sustainability agenda. We maintain a master tenderer list for our contractors, suppliers and consultants. All potential vendors are subject to a pre-qualification process to ensure that the vendors fulfill our expectations in multiple aspects including compliance, professionalism, as well as health and safety, sustainability, and green building capabilities. Also, we conduct annual reviews of our suppliers to evaluate their overall performance.

In 2022, we made significant progress in advancing sustainability across our operations and project supply chains. In response to our latest corporate policies on ESG, we also updated our Contractors/Suppliers/Consultants Master Tenderer List Approval Procedure in 2022. In contract works procurement, we had about 100 suppliers in Hong Kong and about 270 suppliers in mainland China.

Sustainable Operations

Environmental, Health and Safety Management

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

Based on local legislative requirements, our health and safety management covers all employees of the Group. In 2022, we enhanced our occupational health and safety management system for the property management of our Hong Kong portfolio to meet the international standard ISO 45001. We reviewed relevant policies and procedures and enhanced our training system to achieve a comprehensive Occupational Health and Safety Management system for ISO 45001 certification in early 2023. We also plan to develop an environmental management system for our Hong Kong properties in the years ahead to ensure continual improvement in our operations.

We obtained the WELL Health and Safety Rating (HSR) for all Mainland properties as well as the Standard Chartered Bank Building (SCBB) in Hong Kong, covering 19 buildings. The HSR evaluation focuses on the following five major areas:

- Cleaning and sanitization procedures
- Emergency preparedness programs
- Health service resources
- Air and water quality management
- Stakeholder engagement and communication

We received full scores in “Cleaning and Sanitization Procedures” and “Air and Water Quality Management”



for all 19 properties amid the challenges of the pandemic, demonstrating our dedication to creating a healthy and safe environment for everyone who visits our properties.

Indoor Air Quality

The indoor air quality of our premises is a key parameter that we strive to improve to safeguard the health and wellbeing of our customers. Since 2019, we have been using medical grade air filtration systems across our entire portfolio in mainland China, going beyond national requirements to safeguard the health of our tenants and customers. These air filtration specifications, including electrostatic precipitators and photocatalytic oxidation filters, have also been incorporated into our project design guidelines to ensure that new projects adopt them as a minimum.

In Hong Kong, most shopping malls obtained the Anti-Epidemic Hygiene Measures Certification HM00684 launched by the Hong Kong Tourism Board (HKTB) and Hong Kong Quality Assurance Agency (HKQAA). Our Hong Kong properties joined the Environmental Protection Department's Indoor Air Quality Scheme and received ten certifications. In 2022, we were among the first commercial companies in Hong Kong to have adopted C-POLAR air filters, which have been tested by multiple overseas laboratories and proven effective at arresting and killing airborne viruses and bacteria, including the COVID-19 virus. The air filters have been installed at designated medical hubs that house prominent clinics and healthcare centers in Hang Lung Centre in Causeway Bay, Grand Centre in Tsim Sha Tsui and Grand Plaza in Mongkok.

Operational Supplier Management

	Status
2025 Target Embrace technology to build a robust digital platform for assessing suppliers' ESG performance	On track 
2022 KPI Examine technology options, identify parameters and define process elements of platform as basis for RFP in 2023	Completed 

We maintain close communication with a wide range of suppliers including goods and services providers for corporate services and property management such as cleaning, electrical and mechanical, and security service providers.

Since 2021, we have incorporated a sustainable procurement strategy in our Central Procurement Department – Operating Manual and Procedures with enhanced ESG considerations. Since that time, the ESG requirements have been strengthened for new supplier registrations, prequalification and tendering processes. Starting in 2022, all new suppliers undergo ESG review at the registration stage and we will conduct ESG reviews with our existing suppliers during contract renewal or regular supplier review. We target completing an ESG review of all our suppliers by the end of 2024 .

ESG requirements are also embedded into priority procurement areas, including hygiene, cleaning and sanitation, IT-related equipment, interior renovation works, E&M systems, and stationery. This process led various internal departments such as Administration, Service Delivery, and IT to work more closely together in 2022 to strengthen our internal understanding of and approaches to ESG priorities and procurement practices. For instance, our cleaning contractors use certified cleaning products which eliminate harmful ingredient contents and reduce potential associated hazards to human beings and the environment.

We continued to work with our suppliers to ensure their alignment with our Code of Conduct for Contractors, which sets out our expectations of suppliers covering compliance with laws and regulations, integrity, health and safety, child or forced labor, environmental conservation and data protection. Suppliers' records and practices are periodically examined to determine whether the suppliers may present any sustainability risks to the Group and whether any risk mitigation measures should be taken.

In terms of goods and services procurement, in 2022 we had about 2,700 suppliers in Hong Kong and about 8,900 suppliers in mainland China. About 90% of our procurement was sourced from Hong Kong and mainland China locally to minimize the environmental footprint from transportation and to benefit local communities.

We understand the complexity and challenges in the evaluation of supplier ESG performance and have formulated a 2025 target to build a robust digital platform to monitor suppliers' ESG performance, track industry trends, and provide analytics and insights to our

internal departments. Doing so will help us expand the breadth and depth of our supplier engagement on ESG. In 2022, we started to develop **an ESG questionnaire for suppliers covering six areas: ethics; sustainability; employee care; care for society; governance; and business continuity**. We have also conducted market intelligence research and have been defining key elements of the ESG platform as the basis for requesting tender proposals in 2023, as required.

Tenants

Tenant Partnerships

The idea of landlord-tenant partnerships to advance sustainability is at an early stage globally. While green leases are starting to emerge, they tend to focus on adding clauses to leases for specific individual tenants, either in the form of pledges or limited incentives.

In 2022, Hang Lung and LVMH launched a new model of sustainability partnership across mainland China to the end of 2025. The partnership, the **first of its kind globally**, demonstrates the leadership and commitments of both Groups in the sustainability arena. It also reimagines the relationship between property owners and leading retail brands on sustainability. Please find more details about this partnership in the case study below.

"This partnership will be a model around the world, of how to create new partnerships between landlords and tenants. We need to accelerate improvements to the stores' environmental footprint. Synergies such as this one are key to addressing sustainability challenges. The Common Charter we are announcing in March 2023 is a new phase in our partnership, one of action, through our 20 concrete measures. The Real Estate and Climate Forum established by the Groups is really a portfolio of solutions."

Hélène Valade, LVMH Group Environment Development Director



Changemakers in Hong Kong at the Real Estate & Climate Forum

Case Study

Hang Lung and LVMH Sustainability Partnership

We work with like-minded stakeholders to address systemic challenges and amplify positive impacts. In October 2022, we embarked on a **first-of-its-kind sustainability partnership with the LVMH group to address five key areas in mainland China over the next three years**. These areas include our four sustainability priorities of Climate Resilience, Resource Management, Wellbeing, and Sustainable Transactions, in addition to a fifth area – Sustainability Communication, Events, and Progress Reviews. The collaboration spans Hang Lung's portfolio in seven cities and 26 LVMH brands that occupy more than 90 retail spaces with a lettable floor area in excess of 27,000 sq. m.



In November 2022, just one month after signing the partnership, we hosted our inaugural **Real Estate & Climate Forum** together with LVMH. The endeavor brought together real estate and retail sector changemakers to collaborate on climate and sustainability solutions. Held in a hybrid format in Hong Kong, Shanghai, and Paris, and other cities, the forum **generated over 200 ideas**. The ideas spanned 12 sustainability topics including energy efficiency, learning and development, and social impact, and will form the basis for a **Common Charter** due for release in March 2023. With plans to engage the employees and suppliers of both Groups, the partnership will run to the end of 2025, and is expected to be renewed thereafter.

The partnership is rooted in equality and mutual respect. For example, at the Real Estate & Climate Forum, the two Groups were allotted an equal number of spaces and brought together 96 changemakers from the real estate and retail sectors to collaborate on climate and sustainability solutions. The changemakers, representing a diverse mix of profiles, seniority levels and areas of expertise, together accessed a customized website where they could learn, contribute, rank ideas and join a group discussion.

It is an important feature of the collaboration that it is non-exclusive. On the contrary, **both sides** hope to see **the partnership expand to include other real estate stakeholders**. We believe that we will see a lot more of these types of collaborations not only with luxury groups but across all trades. Sustainability is open for all and is the right thing to do.



Office Tenant Survey

Status	
2025 Target 100% of leases incorporate sustainability provisions	On track 
2022 KPI Pilot implementation of sustainability leases with our Shanghai office tenants	Completed 

We have started formulating sustainability options and recommendations for office tenants and hope to shape an overall approach for engaging office tenants on sustainability. In 2022 we conducted a targeted survey, geared to major office tenants at Grand Gateway 66 and Plaza 66, to assess tenants' perspectives. The questions in the survey covered potential collaboration on waste reduction and circularity, and sustainability calculations for interior fit-out and benchmarking, among other areas. We received 37 responses from the targeted office tenants out of 55 survey requests, representing a response rate of 67%.

We learned through the survey that many tenants would like to make their office operations more sustainable and would like to learn more about sustainability collaboration with us. Some tenants also raised some pain points and concerns that could hinder their participation, and we will further evaluate such concerns as we look for ways to formulate effective suitable sustainability options for tenants.

Tenant Handbook and Fit-out Guide

We rolled out a Tenant Handbook and Fit-out Guide revision plan over the last two years. The Tenant Handbook amendments were first introduced to Plaza 66 and Grand Gateway 66's office tenants in Shanghai in 2021 and then extended to both office and retail tenants at all Mainland properties, with the Fit-out Guide included, in 2022. We have also incorporated sustainability principles into our Tenant Fit-out Guide in Hong Kong.

Both our Tenant Handbook and Fit-out Guide include five sustainability areas for collaboration – our four priorities of Climate Resilience, Resource Management,

Wellbeing, and Sustainable Transactions – with a fifth area, Communication and Progress Reviews.

Among key areas, we encourage our tenants to install energy sub-meters to measure electricity use for HVAC, lighting and other small equipment systems (such as computers, photocopiers and televisions), and to share energy, water and waste data with us to improve operating practices. We also encourage tenants to work with us in other key areas such as community service, wellbeing, sustainable procurement, and sustainable cleaning. Lastly, we are incorporating sustainable food principles for our F&B tenants and encouraging them to adopt practices that promote healthy and environmentally-friendly operations.

Customers

Maintaining Quality Standards

We are committed to putting customers first by providing them with products and services that meet the highest standards. Our operational manuals set out the standard procedures for managing our Hong Kong and mainland China properties. Annual inspections are conducted to identify any defects or deficiencies in the building facilities and electrical and mechanical systems. To avoid the sudden breakdown of services and to ensure safety for building occupants, we also undertake regular maintenance of facilities such as HVAC systems, fire services systems, elevators and electrical systems.

In major renovations of existing properties led by our Asset Assurance and Improvement Department, and in close collaboration with relevant departments, the design, layout and circulation of the malls and offices have been rejuvenated to improve customer experience and achieve a timeless design quality. Most works carried out by contractors have a one to two-year defects liability period (DLP) to ensure their quality, and major equipment has a warranty of 5-10 years on top of the DLP. Improvements to existing systems, such as upgrading closed-circuit television (CCTV) systems from analog to digital and expanding their storage capacity, were completed in Forum 66, Riverside 66 and Parc 66.

We continue to maintain high standards of hygiene by revamping projects and arranging for frontline staff to attend regular training on improving service provision. We also monitor the service quality of the

cleaning service providers through daily checks and monthly inspections.

Hang Lung's Heartland 66 in Wuhan Wins Gold Award in "Best Mixed-used Development" Category at MIPIM Asia Awards 2022

Heartland 66, Wuhan, Hang Lung's first large-scale commercial development in central China, has won the Gold Award in the "Best Mixed-used Development" category at the MIPIM Asia Awards 2022 – the leading regional property awards known as the "Oscars of the Asia Pacific real estate world." This affirms the company's motto, **We Do It Well**, and our relentless pursuit of excellence.



Heartland 66 in Wuhan Wins Gold Award in "Best Mixed-used Development" Category at MIPIM Asia Awards 2022

Enhancing Customer Experience

We continue to enhance customer experience and loyalty throughout our operations in mainland China and Hong Kong. HOUSE 66 is a nationwide customer relationship management program in mainland China where members can earn points and enjoy a variety of bespoke privileges. The program is now active across ten malls in eight cities. We continue to provide experiences that "money can't buy" to build our unique positioning in the market. We hosted a series of signature annual events for selected top-tier members across the country, featuring celebrity appearances, special artiste performances, and exclusive branded product showcases. We also organized aspirational lifestyle gatherings, such as gourmet parties hosted by Michelin-starred chefs, jewelry shows, luxury car test drive sessions, and yacht parties. At The

Lounge at Plaza 66, designated Member Engagement Specialists tailor a range of one-on-one services for our members' comfort and enjoyment. Despite the impact of COVID-19, the program continued to enroll a large number of new quality members. In addition, we improved our sustainability communication to customers through social media channels, including the creation of a sustainability column in each property's WeChat account.

In Hong Kong, the hello Hang Lung Malls Rewards Program continued to expand its member base and garnered support from 600 tenants across seven malls and our Central portfolio. Through the Hang Lung Malls app, we continue to enhance customer experience through close collaboration with our tenants, creating extraordinary experiences for shoppers with various tastes and lifestyle needs. Our hello members are able to enjoy the latest time-limited offers ranging from shopping discounts and sweet surprises to gifts with purchases, across the portfolio. Members are also pampered with access to a variety of unique activities, such as yoga classes at Peak Galleria, members-only sales events and previews, and new shop openings.

To meet their increasingly diverse expectations, the program offers a thoughtfully curated range of rewards for redemption, such as Hang Lung e-shopping coupons, parking e-redemption coupons, skincare products, electronic gadgets and interactive workshops. We also initiated collaborations with partners from different retail sectors such as entertainment, fashion and beauty, and home and living to bring exclusive privileges and experiences to hello members and at the same time, introduced the program to other shoppers.



Customer-centric "Home to Luxury" event at Plaza 66, Shanghai.

Measuring Customer Satisfaction

Feedback is vital for us to understand customer expectations and facilitate continual improvement. Our ongoing customer survey tracks both the Net Promoter Score (NPS) and qualitative feedback on customer touchpoint areas through verbatim analysis. Using word-by-word feedback from respondents to create a statistical summary, it provides a clear and quantifiable picture of customer sentiment. In 2022, we took actions to address several key customer pain points, notably including parking facility management, service staff training, and restroom sanitation. In 2022, our overall NPS score was 61.4¹, 6.0 points higher than for the same period in 2021.

In response to customer complaints, standardized complaint handling procedures are in place to ensure that customer feedback is addressed in a timely, and consistent manner. Complaints are logged, managed and investigated by dedicated staff within an appropriate timescale, and with the complainant's consent, we would keep close communication with them throughout the investigation process. Various complaint cases are regularly shared among Service Delivery staff to educate and to strengthen their problem solving and complaint handling skills. Regular service level training is provided to ensure we provide the utmost service level.

Redefining the Meaning of Customer Service



Finding a job you love isn't easy. It is even harder to find a job that allows you to make breakthroughs. A Senior Concierge at Kornhill Plaza in Hong Kong has broken through traditional concepts of service and redefined customer experience management by thinking out of the box.

[LEARN MORE](#)

Written Complaints

Hong Kong	Mainland China
Interim reply within 3 working days	Formal reply within 7 working days
Formal reply within 14 working days	

Sustainable Marketing

	Status
2025 Target	On track
100% of marketing events evaluated for their sustainability impacts	
2022 KPI	Completed
Launch sustainable marketing guideline for all properties in the first half of 2022	

In 2022, we launched our sustainable marketing guideline for all properties. The guideline defined the principles for sustainable events and strategies for arranging a sustainable event, covering marketing promotion, venue set-up, waste management and green transportation. The guideline also included sustainable procurement recommendations for marketing products and materials, and defined metrics (including electricity consumption and carbon footprint) to measure an event's sustainability impact. We measured the sustainability impact of two major marketing events in 2022, 'Home to Luxury' at Plaza 66 and 'Gateway to Happiness' at Grand Gateway 66 as our trial for the sustainable marketing guidelines. Our Home to Luxury and Gateway to Happiness events were attended by 5,200 and more than 100 people respectively.

The theme of Hang Lung's annual 66 Brand Campaign in 2022 was "The Everlasting Pulse of City" to promote sustainability to our customers. In collaboration with Ant Forest and French artist Amandine Grandcolas, an immersive display named "Green Energy Station" was installed at eight Hang Lung shopping malls on the Mainland, providing a rich, interactive experience to engage customers in an appreciation of a low-carbon and environmentally friendly lifestyle. In addition, several

¹ Survey conducted during January to December 2022, interviewed close to 24,000 customers in Mainland

Hang Lung shopping malls hosted “The Everlasting Pulse of City” Art Exhibition together with Special Olympics International, to call for more understanding and care for special needs groups in society.

In 2022, Plaza 66 in Shanghai launched a sustainability campaign themed “Green Circle.” In collaboration with our tenants and a popular artist, immersive art installations and environmental workshops were organized to lead our customers to experience a green and sustainable lifestyle. In collaboration with tenants, we organized a “Green Passport” check-in activity. Customers could browse the brands’ range of sustainable products online and collect stamps in their green passport at designated shops or installations during their visit, to win prizes.

Starting in June 2022, Plaza 66 also launched a series of sustainability workshops to lead customers to live a green life through multi-dimensional interactive experiences.

Spring City 66 kicked off a sustainability showcase named ‘The Everlasting Pulse of City’ in November 2022 to introduce stakeholders to our sustainability strategy, goals and targets, as well as to promote sustainable lifestyles and the values of sustainable education, sustainable dining, and sustainable fashion. We also implemented several recycling programs to engage our customers in a more sustainable lifestyle. More information is available in the [Waste and Circularity](#) section.

Protecting Customer Data Privacy

Our business involves many direct and indirect daily transactions with our tenants and customers. The Group ensures that its operations comply with local laws and regulations regarding customer privacy. Our handling of the personal data of our tenants and customers in Hong Kong is governed by our Privacy Statement to ensure it is in compliance with the city’s Personal Data (Privacy) Ordinance. We also have policies in place for our operations in mainland China to comply with relevant personal data protection legislation on the Mainland. With the China Personal Information Protection Law (PIPL) effective on November 1, 2021, the terms and conditions and privacy policy for our HOUSE 66 program were updated accordingly for compliance.

Our ERM Working Group is responsible for monitoring any potential breach of relevant laws and regulations, and there were no significant complaints received concerning breaches of customer privacy and losses of customer data during the reporting period.



Green Circle Rooftop Market in Plaza 66

Plaza 66 in Shanghai organized its first Green Circle Rooftop Market at the Rooftop Garden located on the sixth floor during the Mid-Autumn Festival. In collaboration with a number of sustainable brands, the Rooftop Market ingeniously integrated outdoor lifestyle, art and culture, as well as dining and games, leading our customers to explore the possibilities of urban development and sustainability, and to experience a green and sustainable lifestyle.

 [LEARN MORE](#)



Next Steps

In recent years we have made exciting inroads into collaboration with many kinds of stakeholders across our value chain. Building on our achievements to date, we are working to develop a more systematic approach to ESG engagement and collaboration with our stakeholders. We are developing a comprehensive partnership program that will include key initiatives tailored to **various types of tenants**. We are also developing a program to partner with our **mall customers** to advance sustainability and accelerate progress. With regard to **suppliers**, we will make efforts more systematically – through technology, broader engagement and outreach and pilot projects – to improve data quality and quantity, source lower carbon materials, and enhance healthy, safety and wellbeing, among other initiatives. Lastly, we will continue to collaborate with **financial institutions** to develop more innovative transactions in sustainable finance.

Appendix

Appendix 1 - Key Sustainability Trends

Key Trends and Synopsis	Relevance to Our Business
<p>Climate risks</p> <p>Increased extreme climate events, such as heatwaves, droughts and floods caused by climate change, could be seen on every continent in 2022 and have already affected billions of people around the world.</p> <p>The World Economic Forum points out that the lack of deep, concerted progress on climate mitigation targets has exposed the divergence between what is scientifically necessary to achieve net-zero and what is politically feasible. The competing demands for public and private-sector resources to address other crises will risk to reduce the speed and scale of climate mitigation efforts. For example, the economic aftermath of COVID-19 and the war in Ukraine and the resulting energy crisis have ushered in high inflation levels, which might induce an era of low growth and low investment over the next two years.</p>	<p>According to the International Energy Agency (IEA), the building and construction sector accounts for nearly 40% of energy and process-related greenhouse gases emissions globally. Reducing carbon emissions in the construction and operation of buildings is crucial to achieving net-zero emissions.</p> <p>China has outlined in its 14th 5-year national plan clear policy directions and medium-term targets to direct emissions reduction efforts at provincial and city levels nationwide.</p> <p>Decarbonization is both a matter of strategic importance for our business – an opportunity if done well, a risk if not – and the right thing to do for the planet. We published our net-zero targets validated by SBTi in January 2023 to help guide our emissions reduction investments and efforts across our operations and value chain. In addition, to meet with expectations from accountability to investors and other stakeholders, in 2019 we adopted TCFD’s recommendations in disclosing how we govern and manage climate-related risks and opportunities, and we are committed to improving the quality of our climate-related disclosures annually.</p> <p>Please read more about our work in Climate Resilience and Appendix 8 (TCFD).</p>
<p>Productive employment and decent work for all</p> <p>Productive employment and decent work for all are crucial to socioeconomic development and stability. Quality of life and social mobility might be negatively impacted by structural deterioration of standards of work or work prospects arising from rising unemployment and underemployment, erosion of workers’ rights amid economic downturn and restructuring, job displacement due to automation, geographical or industry mismatches between labor supply and demand, stagnating wages amid a global cost-of-living crisis. In addition, a continued shortage in specific labor markets, especially in more developed economies, may exacerbate wage inflation and slow down productivity and economic development.</p>	<p>The ability of Hang Lung to compete and thrive in an increasingly complex market environment hinges on how well we are able to attract, retain and develop the right talent. Employee attraction, retention and development are among the top issues considered to be essential to our financial performance and longer-term enterprise value.</p> <p>A strategic approach to plan, manage and develop the composition and competence of our workforce amid the increasingly rapid pace of technological development and changing market environment is essential to remain competitive. Our employment and procurement policies and norms have a direct impact on the scope for productive employment and the potential for decent work for our employees and suppliers.</p> <p>Please read more about our work in Wellbeing.</p>



Key Trends and Synopsis

Relevance to Our Business

Biodiversity

Human activities have profoundly altered most terrestrial ecosystems. As reported by the United Nations, 10 million hectares of forest are being destroyed each year and around 40,000 species are documented to be at risk of extinction over the coming decades. Human activities are also endangering marine ecosystems and affecting the livelihoods of billions of people. Continuing ocean acidification, rising ocean temperatures and overfishing are threatening marine species and negatively affecting marine ecosystem services.

The World Economic Forum points out that over half of the world's economic output is estimated to be dependent on nature to some extent. Biodiversity and climate change are inextricably linked – a failure in one sphere will cascade into the other. The collapse of ecosystems would have far-reaching economic and societal consequences. These include increased occurrence of diseases, a fall in crop yields and nutritional value, growing water stress exacerbating potentially violent conflict, loss of livelihoods dependent on food systems and nature-based services like pollination, and ever more dramatic floods, sea-level rises and erosion from degradation of natural flood protection systems like water meadows and coastal mangroves.

Property development and operations can have significant negative impacts on the environment through pollution, land use changes, deforestation and destruction of natural habitats. To protect natural habitats and biodiversity, we aim to minimize the environmental impacts of our developments through responsible planning and design, and responsible procurement practices favoring products and raw materials from sustainable sources and with lower ecological footprints.

Financial institutions are paying attention to biodiversity loss. The Taskforce on Nature-Related Financial Disclosures (TNFD), established in 2021, will be publishing its recommendations in September 2023, providing a global framework for organizations to report on risks from biodiversity loss and ecosystem degradation. We will look into taking steps to disclose our nature-related risks in line with the TNFD recommendations.

Please read more about our work in [Resource Management](#).

Environmental pollution and waste

Environmental pollution is highly connected to the degradation of ecosystems and biodiversity loss and affects human health. According to the United Nations, ambient air pollution from power generation, traffic, industry, waste burning and residential fuel combustion resulted in 4.2 million deaths in 2019. As urbanization increases, the world's cities are struggling to cope with mounting problems of municipal solid waste such as food waste, marine litter and proliferation of plastic waste, misuse, over-extraction and contamination of freshwater supplies, and poor management of freshwater and wastewater.

Unsustainable patterns of consumption and production are root causes of the triple planetary crises of climate change, biodiversity loss and environmental pollution. The United Nations calls for governments, enterprises and all citizens to work together to improve resource efficiency, reduce waste and pollution, and shape a new circular economy.

Public awareness and regulatory requirements in Hong Kong and other cities in Mainland China concerning waste management are increasing. As an owner and operator of commercial real estate with office, retail and food and beverage tenants, providing adequate facilities and implementing robust programs to support our tenants and visitors in waste reduction and recycling practices are rising priorities for us.

In addition, by starting to apply circular principles in procurement decisions and the design, construction and operations of buildings, we can reduce operational and embodied carbon emissions and other types of pollution, as well as reduce our dependency on virgin raw materials, reducing our planetary impact and making us more resilient to potential supply chain disruptions.

Please read more about our work in [Resource Management](#) and [Sustainable Transactions](#).



Key Trends and Synopsis

Relevance to Our Business

The health and wellbeing

The health and wellbeing of people globally were gravely affected by the COVID-19 pandemic. The pandemic disrupted essential health services, triggered an increase in the prevalence of anxiety and depression, lowered global life expectancy, and is said to have suspended two decades of work towards making health coverage universal. It also amplified emerging risks to physical and mental health, including antimicrobial resistance, vaccine hesitancy and climate-driven nutritional and infectious diseases. Mental health may also be exacerbated by increasing stressors experienced during the pandemic and their lingering effects such as violence, poverty and loneliness.

According to the World Economic Forum, more frequent and widespread infectious disease outbreaks amidst a background of chronic diseases over the next decade risks pushing exhausted healthcare systems to the brink of failure around the world.

As the disease burden grows, the population ages in many cities in developed economies and innovation widens the scope of what medicine can treat, inexorable demand for healthcare is running up against chronic capacity challenges in the healthcare systems. The World Health Organization (WHO) predicts a global shortfall of 15 million health workers by 2030.

Some health systems are seeing productivity declines as experienced employees leave due to exhaustion, burnout and concerns about staff and patient safety. Skills and infrastructure gaps undermine capacity further as staff become overwhelmed by challenges they are not adequately equipped or supported to solve, leading to more strikes over pay and staffing levels.

As the World Green Building Council (WGBC) has noted, there are few issues relating to human health, wellbeing and quality of life that are not impacted, directly or indirectly, by the attributes of our built environment. The WGBC introduced a Health and Wellbeing Framework in November 2020, which outlines principles for a healthy, sustainable built environment, providing a framework to guide the building and construction sector in addressing its responsibility regarding the quality of our indoor environment, our mental and physical health, and influences on our behavior. It also emphasizes the importance of embracing the people and environment involved along all stages of the building lifecycle.

The building and construction sector, including Hang Lung, can play an active role in protecting and enhancing the health and safety of its stakeholders – from protecting the health and safety of construction workers, to preventing illness and promoting wellness for all, to minimizing adverse impacts on the environment through how we source materials, construct and operate our buildings.

Please read more about our work in [Wellbeing](#) and [Sustainable Transactions](#).

Geo-economic confrontation

Geo-economic confrontations are creating significant headwinds for global cooperation on important agenda topics for sustainable development, including climate change mitigation and adaptation, technology development and energy transition, innovating circular systems of global supplies and waste management.

The World Economic Forum notes that economic warfare, with increasing clashes between global powers, will reduce global economic output. A longer-term rise in inefficient production, supply chain disruption and rising prices are becoming more likely. Food, energy and security risks are also expected to be amplified.

Geo-economic confrontation could entail supply chain disruption, instabilities in the policy and socioeconomic environment for businesses, and uncertainties clouding business and investment decisions.

A rigorous approach to foresight and preparedness is vital to bolster business resilience to longer-term risks and chart a path forward for sustainable development.

Please read more about our efforts to improve our resource productivity in [Resource Management](#) and in building a more resilient supply chain in [Sustainable Transactions](#).

Key Trends and Synopsis**Relevance to Our Business****Diversity and inclusion**

Diversity and inclusion has received increasing attention as a global social and economic issue. Actual or perceived inequalities in opportunities will erode social cohesion and fracture communities leading to declining social stability, individual and collective well-being and economic productivity. Digital inequality is a fast-emerging form of exclusion. The rapid pace of digitalization and technological advancement is likely to widen unequal access to resources and opportunities for education and livelihood.

The International Labour Organization notes that there are significant correlations between greater diversity and inclusion and improvements in employee and enterprise performance. A high level of diversity and inclusion at workplace can lower costs such as turnover and sickness absence, and add value through higher levels of employee productivity, creativity and engagement as well as innovation and improved decision making. There is also growing pressure for enterprises to drive actions on diversity and inclusion, including from employees, prospective employees, investors, customers, and national laws, policies and programmes.

With regard to gender equality, the United Nations reports that the world is not on track to achieve gender equality by 2030. Women accounted for less than 40% of employment worldwide and 28% share of managerial positions worldwide in 2020. In Hong Kong, the Hong Kong Stock Exchange has imposed new requirements to issuers, aiming to promote gender diversity at the board level and gender ratios in the workforce.

As studies have shown, high levels of diversity and inclusion are associated with greater innovation, productivity and performance, talent recruitment and retention, and workforce well-being.

Through policy and programs implemented across our workplaces, we endeavor to foster an inclusive workplace. We also recognize the valuable contribution of all employees, regardless of gender, age, disability, race, or marital status, and believe that an inclusive workplace will aid talent recruitment and boost employee satisfaction and productivity.

In addition, we strive to work with our stakeholders to foster equality and diversity across our community and value chain. Inequality erodes social cohesion, diminishes human potential, and might lead to declining social stability and economic development. We also have a community program to cultivate future women leaders in both mainland China and Hong Kong.

Please read more about our work in [Wellbeing](#).

Appendix 2 - 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 in 2022.

Partner	Nature of Membership/ Charter
Environmental	
Hong Kong Special Administrative Region Government	Carbon Reduction Charter and Carbon Audit Green Partner (Environmental Protection Department)
	Carbon Neutrality Partnership (Environment Bureau)
	Charter on External Lighting (Environment Bureau)
	Energy Saving Charter and 4T 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
	Power Up Coalition Member
Civic Exchange and Walk 21	International Charter of Walking
The Green Earth	Green Earth Companion (Air)
Hong Kong Green Building Council	Platinum Patron Member
World Business Council for Sustainable Development	Manifesto for Energy Efficiency in Buildings
WWF Hong Kong	2022/23 Corporate Membership – Silver
	'No Shark Fin' Pledge
GRESB	GRESB Participant Member
Green Council	Sustainable Procurement Charter – Established Member
Urban Land Institute	Asia Pacific Corporate Partnership and Greenprint Programs



Partner	Nature of Membership/ Charter
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
Employers' Federation of Hong Kong	Member
Hong Kong Institute of Human Resource Management	Corporate Member
Hong Kong Management Association	Charter Members
Hong Kong Public Relations Professionals' Association Limited	Corporate Member
The Chamber of Hong Kong Listed Companies	Full Member
The Hong Kong Institute of Directors	Member
The Hong Kong Construction Association Ltd	Member
The Real Estate Developers Association of Hong Kong	Corporate Member
Hong Kong Green Finance Association	Corporate Member
The Hong Kong Jockey Club Charities Trust	Charter for Age-Friendly Shopping Malls of Jockey Club Age-Friendly City Project – <i>Peak Galleria</i>
United Nations Children's Fund (UNICEF)	Breastfeeding Friendly Workplace Certificate of Appreciation – <i>Peak Galleria, Amoy Plaza, Kornhill Plaza</i>
United Nations Children's Fund (UNICEF)	Breastfeeding Friendly Premises (Gold Label) – <i>Kornhill Plaza, Peak Galleria, Amoy Plaza</i>
Hong Kong Quality Assurance Agency (HKQAA)	Organisation Recognition Program 2022 - Gold Seal For Business Resilience & Community Contribution - <i>Gala Place, Hollywood Plaza, Kornhill Plaza, Peak Galleria, Amoy Plaza, Fashion Walk, Grand Plaza</i>



Energy Saving Charter

The following properties have committed to the Energy Saving Charter and the 4T charter under the Environment and Ecology Bureau of the Hong Kong Government:

Shopping Mall: Amoy Plaza, Fashion Walk, Grand Plaza, Hollywood Plaza, Kornhill Plaza, Peak Galleria

Office Building/Commercial Building/Industrial Building: 1 Duddell Street, 9 Wing Hong Street, Baskerville House, Gala Place, Grand Centre, Grand Plaza Office Tower One & Two, Hanford Commercial Centre, Hang Lung Centre, Hollywood Plaza Office Tower, Kornhill Plaza Office Tower, Printing House, Standard Chartered Bank Building

Energywi\$e Certification

The following properties have obtained Energywi\$e certification under the Hong Kong Green Organisation Certification:

Basic Level: Burnside Villa

Wastewi\$e Certification

The following properties have obtained Wastewi\$e certification under the Hong Kong Green Organisation Certification.

Good / Excellence Level: Fashion Walk, Hang Lung Centre, 1 Duddell Street, Printing House, Baskerville House, Peak Galleria, Grand Plaza, Grand Centre, Hanford Commercial Centre, Amoy Plaza, Amoy Gardens, Hollywood Plaza, Gala Place, Kornhill Plaza, Kornhill Recreation Club, The Summit, Burnside Villa, Kornhill Apartments, 9 Wing Hong Street

Appendix 3 – Strategic ESG KPIs

For 2022

2022 KPIs	Results
Climate Resilience	
Develop a draft portfolio-wide 2025 GHG reduction action plan.	Prepared draft portfolio-wide climate resilience plan for 2023-2025 including areas related to Scopes 1, 2 and 3 emissions, and climate adaptation.
All properties demonstrate best efforts towards portfolio-wide 8% kWh/m ² reduction compared to 2018.	Achieved a 16.4% reduction in electricity intensity in 2022, compared to 2018.
Direct procurement of renewables for at least one mainland property.	Procured 100% renewable electricity at Spring City 66, Kunming and Parc 66, Jinan.
Study regulatory trends for EVs and develop a plan to expand EV parking spaces for Mainland and HK.	Reviewed our current EV charging provisions and conducted a study of EV regulations in both Hong Kong and mainland China.
Develop a consistent methodology for collection of data and accounting of embodied carbon.	Updated calculation and accounting methodology for embodied carbon emissions and established tracking template for all development projects in Hong Kong and mainland China.
Develop a plan for reduction of embodied carbon from bamboo, concrete, rebar, insulation, glazing and finish materials and through integrated design on future projects.	Prepared draft portfolio-wide climate resilience plan for 2023-2025 including areas related to Scope 3 emissions reduction.
Work with a major strategic tenant to pilot a plan to reduce GHG intensity from the tenant's electricity consumption.	Launched a sustainability partnership with LVMH, conducted a Real Estate & Climate Forum with hundreds of participants, and formulated actions with LVMH to reduce electricity consumption from its stores in our properties.
Conduct technical analysis for climate adaptation in four properties on Mainland and ten properties in Hong Kong.	Conducted technical analysis for four properties on the Mainland and eleven properties in Hong Kong.
Resource Management	
Pilot with a relevant organization to identify innovative ways to reduce construction waste and increase recycling.	Started a two-year collaboration on decarbonization, including waste concrete recycling, with an innovative start-up company.
Examine the technical and economic feasibility of increasing the use of recycled, reused and/or bio-based materials to support circularity on a Mainland project.	Identified five materials in the feasibility study that can be incorporated into design for circular construction.
Conduct at least three water audits or pilots on Mainland to support major improvements in water.	Initiated three water reduction pilots including faucet flow restrictors replacements, urinal flush rate adjustments, and water recycling.
Develop a portfolio-wide water reduction plan for the period 2023-25.	Prepared draft portfolio-wide resource management plan for 2023-2025, including circularity and water reduction as one of the focus areas.
Implement at least five waste reduction and recycling measures across the portfolio.	Initiated five waste management or reduction measures including improved waste data collection, streamlined waste handling procedure, e-waste recycling, used clothes recycling, and office furniture recycling.



2022 KPIs	Results
Develop a portfolio-wide waste reduction plan for the period 2023-25	Prepared draft portfolio-wide resource management plan for 2023-2025 including key plans related to circularity and waste reduction.
Wellbeing	
Implement key employee engagement measures to strengthen manager-employee connections, a caring culture, learning and development, and work-life balance.	Implemented follow-up measures on Hang Lung Employee Engagement Survey 2021 results at corporate and departmental levels.
Conduct D&I training and workshops and strengthen anti-discrimination policies and procedures.	Conducted D&I training for all employees and managers and strengthened employment practices, including interview procedures.
Conduct an audit of our corporate practices and formulate recommendations.	Conducted a third party comprehensive assessment of our corporate practices in terms of disability inclusion and obtained feedback report with recommendations; now studying potential implementation of key recommendations.
Develop a health and wellness program including guidance and activities for employees.	Established Wellness@HL Program to improve employee health and wellbeing in 2022.
Conduct a feasibility study to obtain the China Healthy Building Label or equivalent in at least one property.	Identified one property at which it is feasible to obtain the China Healthy Building Label.
Develop and deliver priority ESG training to specific departments on major sustainability priorities.	Delivered 672 hours of priority ESG training to specific departments in 2022.
Develop a plan to rollout key safety practices from Service Delivery Safety Management Committee and elsewhere.	Enhanced our occupational health and safety management system for the property management of our Hong Kong portfolio to meet the international standard ISO 45001.
Study smart technology options and define practical approaches for enhancing construction site and employee safety.	Identified at least five technology options for enhancing construction site and employee safety, with consideration of cost implications.
Work with youth to organize at least one high profile community wellbeing event with measurable impacts on the community.	Launched the Hang Lung Future Women Leaders Program in Hong Kong and Shanghai, benefitting 200 female university students across the nation.
Sustainable Transactions	
Examine technology options, identify parameters and define process elements of digital platform.	Identified technology options, parameters and potential scope of digital platform, will be further refined in 2023.
Launch sustainable marketing guideline for all properties.	Launched sustainable marketing guidelines and measured the electricity consumption and carbon footprint of two major marketing events in mainland China.
Pilot implementation of sustainability leases with our Shanghai office tenants.	Implemented ESG lease amendments across Mainland malls and offices.
35% of total debts and available facilities from sustainable finance by the end of 2022.	46% of total debts and available facilities from sustainable finance.
Develop ESG due diligence guideline.	Completed the ESG due diligence checklist for asset acquisitions applicable to all Mainland projects.

For 2023

2025 Targets	2023 KPIs
Climate Resilience	
40% cumulative reduction in GHG intensity (kg CO ₂ e/m ²) relative to 2018	Meet or exceed 30% cumulative reduction in GHG intensity (kg CO ₂ e/m ²) relative to 2018.
18% cumulative reduction in electricity intensity (kWh/m ²) relative to 2018	Meet or exceed 16% cumulative reduction in electricity intensity (kWh/m ²) relative to 2018.
25% of our mainland China portfolio electricity demand met by renewable energy	18% of our mainland China portfolio electricity demand from renewable energy
Wherever feasible exceed local regulations for the provision of parking spaces installed with EV charging facilities across our portfolio	Improve our EV charging plan and conduct at least two pilots to expand EV charging spaces, one in Hong Kong and one on Mainland.
Demonstrate best efforts to achieve at least 10% reduction in embodied carbon intensity (kg CO ₂ e/m ²) for new development project that begin in 2022 or later, compared to typical practice in an equivalent building	For the Shouson Hill Road project in Hong Kong, demonstrate best efforts to achieve at least 10% reduction in embodied carbon intensity (kg CO ₂ e/m ²) in accordance with the methodology of our 2025 embodied carbon target (i.e., comparing baseline design with a functionally equivalent proposed design).
15% reduction in GHG intensity (kg CO ₂ e/m ²) from tenants' electricity consumption for our properties in mainland China, relative to 2018	Work with a major tenant to implement a plan to reduce GHG intensity from the tenant's electricity consumption across mainland China.
Complete technical analysis for climate adaptation measures for all properties	Conduct technical analysis for climate adaptation for another four properties in mainland China, and implement adaptation measures in at least two properties in mainland China or Hong Kong.
Resource Management	
60% of construction waste diverted from landfill for new projects starting in 2022 with maximized recycling	Conduct a pilot research study to improve construction waste (e.g., broken concrete) recycling and circularity in one Mainland development project.
Demonstrate best efforts to maximize the use of recycled, reused and bio-based materials on all new projects	Explore at least two innovative solutions to reduce embodied carbon in concrete, steel and curtain walls.
10% reduction in water intensity (m ³ /m ² /year) relative to 2018	Identify highest priority water reduction measures (considering impact and feasibility) and implement first iteration of the 2023-2025 water reduction plan.
70% of operational waste diverted from landfill	Standardize waste data consolidation method and review and streamline waste handling procedures for all Hong Kong properties. Pilot at least four reuse and circularity initiatives (e.g., food donation, furniture reuse, urban farming, e-waste recycling) in operations in Hong Kong and mainland China. Identify highest priority waste reduction measures (considering impact and feasibility) and implement first iteration of the 2023-2025 waste reduction plan.



2025 Targets	2023 KPIs
Wellbeing	
Achieve an employee engagement rating greater than or equal to the 75 th percentile	Coordinate a process for each department to develop and implement three employee engagement measures.
Maintain Female-to-Male pay ratio of 1:1	Design and implement at least three initiatives related to culture, age and gender to enable a more diverse and open workplace.
Conduct an audit of all our properties and corporate practices on how to enhance wellbeing and opportunities for persons with disabilities	Develop and implement a disability inclusion action plan based on 2022 assessment results.
Obtain local or international health and wellness certification for all our existing Mainland properties	Obtain WELL Gold rating or above for at least one Mainland or Hong Kong property.
Obtain WELL Gold certificate or equivalent for at least one new property in Hong Kong and mainland China	Obtain China Healthy Building Label or equivalent in at least one property in mainland China.
Deliver priority ESG training targeted to all departments and seniority levels	Develop and deliver at least 500 hours of ESG training including at least 100 hours focused on delivering climate-related competencies.
Maintain a Lost Time Injury Rate of 1.5 or below for employees	Provide health and safety training to 100% of employees in mainland China and Hong Kong.
Maintain zero work-related fatalities for employees and contractors	Provide health and safety training to 100% of main contractors in mainland China and Hong Kong.
Work with youth on wellbeing community initiatives at all properties by 2025	Deliver at least 2,200 mentorship hours and 4,400 leadership training hours to selected female university students in Hong Kong and mainland China.
Sustainable Transactions	
Embrace technology to build a robust digital platform for assessing suppliers' ESG performance	Continue to develop and refine ways of assessing suppliers' ESG performance, and continue to develop effective digital solutions to support such assessments.
100% of marketing events evaluated for their sustainability impacts	Evaluate the sustainability impacts of 100% of centrally led marketing events.
100% of leases incorporate sustainability provisions	Incorporate sustainability provisions in fitout manuals for all Hong Kong projects.
50% of total debts and available facilities from sustainable finance	50% of total debts and available facilities from sustainable finance by the end of 2023.
100% of potential asset acquisitions include ESG due diligence	Improve the ESG due diligence guideline for potential asset acquisitions in Hong Kong.

Appendix 4 – List of Sustainable Building Certificate

Hong Kong Portfolio

Existing Buildings

Property	Scope	Type of Certification	Rating
Standard Chartered Bank Building	Entire Property	BEAM Plus v1.2 Existing Building	Platinum
		WELL Health-Safety Rating	-
Peak Galleria	Entire Property	BEAM Plus v1.1 Existing Building	Gold
Baskerville House	Entire Property	BEAM Plus v2.0 Existing Building (Selective scheme)	Energy Excellent
Grand Plaza	Shopping Mall	BEAM Plus v2.0 Existing Building (Selective scheme)	Energy Excellent
	Office Tower 2	BEAM Plus v2.0 Existing Building (Selective scheme)	Energy Excellent
23-39 Blue Pool Road	Entire Property	LEED BD+C: Homes v3 2008	Gold

Projects under Development (Pre-certification)

Property	Scope	Type of Certification	Rating
228 Electric Road Redevelopment	Office Tower	LEED BD+C: Core and Shell v4	Platinum
		WELL Core v2	Gold
The Aperture	Residential Tower	BEAM Plus NB v1.2	Gold

Mainland Portfolio

Existing Buildings

Property	Scope	Type of Certification	Rating
Plaza 66, Shanghai	Entire Portfolio (Shopping Mall, Office Tower 1, Office Tower 2)	LEED O+M V4	Platinum
		WELL V2 Core	Platinum
		WELL Health-Safety Rating	-
Grand Gateway 66, Shanghai	Shopping Mall, Office Tower 1	LEED O+M V4	Platinum
	Office Tower 1	LEED BD+C: Core and Shell v3 2009	Gold
	Shopping Mall, Office Tower 1	WELL Health-Safety Rating	-
Palace 66, Shenyang	Entire Property	LEED BD+C: Core and Shell v2	Gold
		WELL Health-Safety Rating	-



Property	Scope	Type of Certification	Rating
Forum 66, Shenyang	Shopping Mall	LEED BD+C: Core and Shell v2	Gold
	Office Tower 1	LEED BD+C: Core and Shell v2	Gold
	Entire Portfolio	WELL Health-Safety Rating	-
Parc 66, Jinan	Entire Property	LEED BD+C: Core and Shell v2	Gold
		WELL Health-Safety Rating	-
Center 66 (Phase 1), Wuxi	Shopping Mall	LEED BD+C: Core and Shell v2	Gold
	Office Tower 1	LEED BD+C: Core and Shell v2	Gold
	Office Tower 2	LEED BD+C: Core and Shell v3	Gold
	Entire Portfolio	WELL Health-Safety Rating	-
Riverside 66, Tianjin	Entire Property	LEED BD+C: Core and Shell v2	Gold
	Entire Portfolio	WELL Health-Safety Rating	-
Olympia 66, Dalian	Entire Property	LEED BD+C: Core and Shell v3 2009	Gold
	Entire Portfolio	WELL Health-Safety Rating	-
Spring City 66, Kunming	Shopping Mall	LEED BD+C: Core and Shell v3 2009	Gold
	Office Tower 1	LEED BD+C: Core and Shell v3 2009	Gold
	Entire Portfolio	WELL Health-Safety Rating	-
Heartland 66, Wuhan	Shopping Mall	LEED BD+C: Core and Shell v3 2009	Gold
	Office Tower 1	LEED BD+C: Core and Shell v3 2009	Gold
	Entire Portfolio	WELL Health-Safety Rating	-



Projects under Development (Pre-certification)

Property	Scope	Type of Certification	Rating
Center 66 (Phase 2), Wuxi	Office Tower 1	LEED BD+C: Core and Shell v4	Gold
	Office Tower 2	LEED BD+C: Core and Shell v4	Gold
	Office Tower 3	LEED BD+C: Core and Shell v4	Gold
Spring City 66 (Phase 2), Kunming	Serviced Apartment	LEED BD+C: Core and Shell v3 2009	Gold
Heartland 66, Wuhan	Serviced Apartment 1	LEED BD+C: Core and Shell v3 2009	Gold
	Serviced Apartment 2	LEED BD+C: Core and Shell v3 2009	Gold
	Serviced Apartment 3	LEED BD+C: Core and Shell v3 2009	Gold
Westlake 66, Hangzhou	Shopping Mall	LEED BD+C: Core and Shell v4	Gold
	Office Tower 1	LEED BD+C: Core and Shell v4	Platinum
	Office Tower 2	LEED BD+C: Core and Shell v4	Platinum
	Office Tower 3	LEED BD+C: Core and Shell v4	Gold
	Office Tower 4	LEED BD+C: Core and Shell v4	Gold
	Office Tower 5	LEED BD+C: Core and Shell v4	Gold
	Office Tower 6	LEED BD+C: Core and Shell v4	Gold
Entire Portfolio	China Green Building Design Label	3-star	

Appendix 5 – Performance Tables

List of Major Properties Covered in the Environmental KPIs

Hong Kong			
Amoy Plaza	Gala Place	Hang Tung Building	Printing House
AquaMarine	Grand Centre	Hollywood Plaza	Standard Chartered Bank Building
Baskerville House	Grand Plaza (Tower 1)	Kornhill Apartments	Tai Hing Garden
Burnside Villa	Grand Plaza (Tower 2)	Kornhill Plaza	The Long Beach
1 Duddell Street	Hanford Commercial Centre	Kornhill Recreation Club	The Summit
Fashion Walk	Hang Lung Centre	Peak Galleria	9 Wing Hong Street
Mainland China			
Center 66 (Mall, Office Tower 1 and Office Tower 2), Wuxi	Heartland 66 (Mall and Office Tower 1), Wuhan	Plaza 66 (Mall, Office Tower 1 and Office Tower 2), Shanghai	Spring City 66 (Mall and Office Tower 1), Kunming
Forum 66 (Mall and Office Tower of Phase 1), Shenyang	Parc 66, Jinan	Olympia 66, Dalian	
Grand Gateway 66 (Mall, Office Tower 1 and Office Tower 2), Shanghai	Palace 66, Shenyang	Riverside 66, Tianjin	

Scope 3 Reporting Boundary

Scope 3 reporting is based on estimated emissions reflecting the methodologies, and boundaries and sources outlined in the table below.

No.	Scope 3 Category	Applicability	Methodology / Justification for exclusion	Emission factor data source
1	Purchased goods and services	Yes	<p>1. Extraction, production and transportation of goods and services purchased or acquired by Hang Lung Properties (excluding embodied carbon)</p> <p>2. Embodied carbon from development projects. The calculation follows Life Cycle Assessment (LCA) modelling analysis.</p>	<p>1. Emissions factors for procurement spending (excluding embodied carbon) follow US Environmentally-Extended Input-Output (USEEIO) Models</p> <p>2. Emissions factors for embodied carbon emissions calculations follow the Ecoinvent database and GB/T 51366-2019 Standard for Building Carbon Emission Calculation</p>
2	Capital goods	Yes	The emissions are mainly from capital goods expenditure including extraction, production and transportation of goods with high value purchased or acquired by Hang Lung Properties	Emissions factors from the US Environmentally-Extended Input-Output (USEEIO) Models
3	Fuel and energy related activities	Yes	Extraction, production and transportation of fuels and energy purchased or acquired by Hang Lung Properties, not already accounted for in scope 1 or scope 2	Regional scope 3 emission factors. Where regional data is not available, the UK Department for Environment Food and Rural Affairs (Defra) and the Ecoinvent database are adopted as proxy values
4	Upstream transportation & distribution	No	The transportation and distribution calculation related to building products and materials have been reported in Category 1 from Life Cycle Assessment Reporting	
5	Waste generated in operations	Yes	The calculation is based on disposal and treatment of waste generated from operations.	Emissions factors from the Ecoinvent database
6	Business travel	Yes	<p>Business air travel related emissions are provided by our travel agency</p> <p>Non-air travel including taxis, cars or public transportation are excluded due to limited availability of reliable data</p>	Emissions factors are provided by travel agency
7	Employee commuting	Yes	Emissions related to transportation of all employees between their homes and their worksites. Online survey was carried out to all staff to collect accurate data	Emissions factors from the UK Department for Environment Food and Rural Affairs (Defra)

No.	Scope 3 Category	Applicability	Methodology / Justification for exclusion	Emission factor data source
8	Upstream leased assets	No	Emissions related to operation of assets leased by the Group. Our business model involves only the leasing of properties to customers. Therefore, we don't have emissions in the reporting year.	
9	Downstream transportation & distribution	No	Hang Lung Properties' business model does not involve the distribution of raw materials or finished products to end customers	
10	Processing of sold products	No	There is no further processing of sold products by Hang Lung Properties. Refurbishment activities by third party owners of any sold products are excluded; data are unavailable and unreliable and therefore difficult to quantify	
11	Use of sold products	No	There is no further processing of sold products by Hang Lung Properties. Other activities to involving sold products by third parties are excluded due to the data unavailability and reliability	
12	End-of-life treatment of sold products	Yes	Waste disposal and treatment of products sold by Hang Lung Properties at the end of their life in the reporting year	Emissions factors from the Ecoinvent database
13	Downstream leased assets	Yes	Operation of assets owned by Hang Lung Properties and leased to other entities. This category of data includes electricity and energy usage from our tenants' operations. When there are no actual data received from tenants, emissions are calculated based on the total leased area of tenant space by a local appropriate energy use benchmark	For mainland China, we adopted the National Grid Emission Factors from the Ministry of Ecology and Environment of the People's Republic of China was adopted. For Hong Kong, local utility companies' emissions factors and government's specific energy use benchmarks were adopted as proxy estimations
14	Franchises	No	Not applicable to Hang Lung Properties' operations	
15	Investments	Yes	Operation of investments (including equity and debt investment and project finance) by Hang Lung Properties in the reporting year	Emissions factors from the US Environmentally-Extended Input-Output (USEEIO) Models



Economic

HK: Hong Kong, MC: Mainland China

Indicator	Unit	HK			MC			Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Economic value generated										
Revenue (including property sales revenue)	HK\$ million	3,696	3,382	3,595	5,277	6,939	6,752	8,973	10,321	10,347
Interest Income		N/A	N/A	N/A	N/A	N/A	N/A	63	73	63
Economic value distributed										
Operating costs ⁽¹⁾		N/A	N/A	N/A	N/A	N/A	N/A	1,726	2,040	2,134
Employee wages and benefits		N/A	N/A	N/A	N/A	N/A	N/A	1,559	1,793	1,855
Total borrowing costs		N/A	N/A	N/A	N/A	N/A	N/A	1,470	1,487	1,512
Dividends paid	HK\$ million	N/A	N/A	N/A	N/A	N/A	N/A	3,418	3,463	3,509
Dividends paid to non-controlling interests		N/A	N/A	N/A	N/A	N/A	N/A	369	465	510
Income taxes to government		396	305	349	797	1,041	986	1,193	1,346	1,335
Community investments		N/A	N/A	N/A	N/A	N/A	N/A	25	17	62
Number of cities of operation	Number	1	1	1	9	9	9	10	10	10
Economic value retained or invested										
Economic value retained or invested	HK\$ million	N/A	N/A	N/A	N/A	N/A	N/A	-724	-217	-507

Notes:

- (1) Operating costs exclude: (a) employee wages and benefits; and (b) community investments.



Environmental

HK: Hong Kong MC: mainland China

Indicator	Unit	HK			MC			Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Greenhouse Gas (GHG) Emissions ^{(1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11)}										
Total GHG Emissions (Scope 1 & 2)										
Total emissions (Scope 1 and 2) - location-based ⁽¹²⁾	Tonnes CO ₂ e	42,060	40,235	38,636	119,335	136,388	149,358	161,395	176,623	187,994
Carbon emission intensity (Scope 1 and 2) - location-based	kg CO ₂ e/m ² /year	58.2	55.6	53.4	46.7	43.8	41.2	49.3	46.0	43.2
Total emissions (Scope 1 and 2) - market based ⁽¹³⁾	Tonnes CO ₂ e	42,060	40,235	38,636	119,335	136,388	134,127	161,395	176,623	172,763
Carbon emission intensity (Scope 1 and 2) - market-based	kg CO ₂ e/m ² /year	58.2	55.6	53.4	46.7	43.8	37.0	49.3	46.0	39.7
GHG Emissions (Scope 1 & 2) - building operations only										
Total emissions (Scope 1 and 2) - location-based ⁽¹²⁾	Tonnes CO ₂ e	42,019	40,189	38,585	119,245	136,279	149,259	161,265	176,469	187,844
Carbon emission intensity (Scope 1 and 2) - location-based	Tonnes CO ₂ e/m ² /year	0.0582	0.0556	0.0534	0.0467	0.0438	0.0412	0.0493	0.0460	0.0432
Total emissions (Scope 1 and 2) - market based ⁽¹³⁾	Tonnes CO ₂ e	42,019	40,189	38,585	119,245	136,279	134,028	161,265	176,469	172,614
Carbon emission intensity (Scope 1 and 2) - market-based ⁽¹⁴⁾	Tonnes CO ₂ e/m ² /year	0.0582	0.0556	0.0534	0.0467	0.0438	0.0370	0.0493	0.0460	0.0397
GHG Emissions - by scope and type										
Gross Direct emission (Scope 1)	Tonnes CO ₂ e	654	255	51.2	2,497	2,381	3,890	3,151	2,636	3,942
Building operation	Tonnes CO ₂ e	613	209	0.61	2,407	2,272	3,791	3,020	2,481	3,792
Company vehicles and vessels ⁽¹⁵⁾	Tonnes CO ₂ e	41	46	50.6	90	109	99	131	155	150



Indicator	Unit	HK			MC			Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
		Gross Indirect emission (Scope 2) - location-based ⁽¹²⁾	Tonnes CO ₂ e	41,406	39,980	38,585	116,838	134,008	145,468	158,244
Building operation	Tonnes CO ₂ e	41,406	39,980	38,585	116,838	134,008	145,468	158,244	173,988	184,053
Gross Indirect emission (Scope 2) - market-based ⁽¹³⁾	Tonnes CO ₂ e	41,406	39,980	38,585	116,838	134,008	130,237	158,244	173,988	168,822
Building operation	Tonnes CO ₂ e	41,406	39,980	38,585	116,838	134,008	130,237	158,244	173,988	168,822
Gross Indirect emission (Scope 3)	Tonnes CO ₂ e	77,040	98,362	107,112	263,626	362,647	336,261	340,666	461,009	443,372
Purchased goods & services (Cat 1)	Tonnes CO ₂ e	13,766	29,390	31,843	152,869	242,633	219,950	166,636	272,024	251,793
Capital goods (Cat 2)	Tonnes CO ₂ e	2,355	1,392	1,096	640	489	1,254	2,995	1,881	2,350
Fuel and energy related activities (Cat 3)	Tonnes CO ₂ e	1,890	1,536	1,409	14,399	14,393	15,118	16,289	15,928	16,527
Waste generated in operations (Cat 5)	Tonnes CO ₂ e	4,315	11,436	13,340	14,011	14,593	12,921	18,326	26,029	26,262
Business travel (Cat 6)	Tonnes CO ₂ e	85	51	218	278	208	224	363	259	442
Employee commuting (Cat 7)	Tonnes CO ₂ e	556	512	455	1,223	1,129	1,061	1778.9	1,641	1,516
End-of-life treatment of sold products (Cat 12)	Tonnes CO ₂ e	0	0	62	0	0	0	0	0	62
Downstream leased assets (Cat 13)	Tonnes CO ₂ e	39,499	41,058	43,293	80,207	89,202	85,732	119,706	130,261	129,026
Investments (Cat 15)	Tonnes CO ₂ e	14,573	12,986	15,395	0	0	0	14,573	12,986	15,395
Energy Consumed and Generated^{(1), (2), (3), (10)}										
Total Energy										
Total energy consumed	GJ	245,682	255,662	247,197	794,040	961,621	1,085,672	1,039,722	1,217,283	1,332,869
Total energy intensity	MJ/m ² /year	340	354	342	311	309	299	318	317	306



Indicator	Unit	HK			MC			Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Direct Energy Consumed by type										
Gas and Liquid Fuels										
Total natural gas		0	0	0	2,226	2,248	45,386	2,226	2,248	45,386
Total liquid fuels		566	602	659	1,294	1,615	1,493	1,860	2,217	2,153
Petrol (for vehicles)	GJ	380	369	398	1,251	1,339	1,218	1,631	1,708	1,616
Diesel (for vehicles and vessels)		181	224	253	0	0	0	181	224	253
Diesel (for emergency generators)		5	9	8	43	276	275	48	285	283
Indirect Energy Consumed by type										
Electricity ⁽¹⁶⁾										
Total electricity consumed	GJ	245,116	255,060	246,537	594,757	760,880	832,667	839,873	1,015,940	1,079,204
Total electricity consumed	MWh	68,088	70,850	68,483	165,210	211,356	231,296	233,298	282,206	299,779
Electricity purchased from non-renewable source	MWh	68,088	70,850	68,483	164,567	210,736	203,931	232,654	281,586	272,414
Electricity purchased from renewable source	MWh	0	0	0	0	0	26,707	0	0	26,707
Electricity self-generated (solar PV) and consumed	MWh	N/A	N/A	N/A	644	619	659	644	619	659
Electricity self-generated (solar PV) and exported (for Feed-in Tariff)	MWh	N/A	N/A	18	N/A	N/A	N/A	N/A	N/A	18
Electricity intensity of buildings in use	kWh/m ² /year	94.28	98.11	94.83	64.51	67.67	63.60	71.08	73.40	68.78
District Heating										
Hot water	GJ	N/A	N/A	N/A	165,961	164,826	175,483	165,961	164,826	175,483
Steam	GJ	N/A	N/A	N/A	29,802	32,052	30,642	29,802	32,052	30,642
Water Consumed^{(1), (2), (3), (17)}										
Total Water Consumed										
Total municipal water	000 m ³	N/A	484	469	1,358	1,433	1,641	1,358	1,917	2,110
Water intensity ⁽¹⁸⁾	m ³ /m ² /year	N/A	0.67	0.65	0.55	0.46	0.45	N/A	0.50	0.49
Water recycled ⁽¹⁹⁾	m ³	N/A	N/A	N/A	N/A	N/A	46,986	N/A	N/A	46,986



Indicator	Unit	HK			MC			Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Waste Disposal and Recycling ^{(1), (2), (3), (20)}										
Total Non-Hazardous Waste										
Total waste collected	tonnes	7,428	19,104	22,053	27,905	32,763	29,955	35,333	51,867	52,008
Total waste diverted from landfill ⁽²¹⁾	tonnes	482	464	331	312	7,053	28,894	794	7,518	29,225
Diversion rate (from landfill)	%	6%	2%	2%	1%	22%	96%	2%	14%	56%
Waste intensity	kg/m ² /year	10.3	26.5	30.5	10.9	10.5	8.3	10.8	13.5	12.0
Total Hazardous Waste										
Total waste collected	kg	6,036	1,956	576	320	472	533	6,356	2,428	1,109
Waste intensity	kg/m ² /year	0.0084	0.0027	0.0008	0.0001	0.0002	0.0001	0.0019	0.0006	0.0003
Waste Disposed or Diverted - by type										
Municipal solid waste - Disposed	tonnes	6,946	18,639	21,722	27,593	25,710	21,886	34,539	44,349	43,608
Hazardous waste - Disposed	kg	6,036	1,956	576	320	472	533	6,356	2,428	1,109
Recycled waste										
Food waste ⁽²²⁾	kg	371,148	321,494	213,053	N/A	6,822,895	7,939,128	371,148	7,144,389	8,152,181
Paper	kg	104,152	125,171	103,148	209,150	107,265	76,598	313,302	232,436	179,746
Metal	kg	810	2,926	2,865	37,735	63,859	19,669	38,545	66,785	22,534
Plastics	kg	727	1,053	1,247	25,065	23,338	16,613	25,792	24,391	17,860
Glass	kg	4,875	13,816	10,900	40,475	35,953	12,182	45,350	49,769	23,082
Textiles / Clothing	kg	N/A	N/A	123	N/A	N/A	5,000	N/A	N/A	5,123
WEEE	pieces	N/A	N/A	88	N/A	N/A	0	N/A	N/A	88
Floor Area										
Gross Floor Area	m ²	554,896	554,896	554,896	2,034,027	2,034,027	2,362,639	2,588,923	2,588,923	2,917,535
Construction Floor Area	m ²	722,185	722,185	722,185	2,551,049	3,114,114	3,626,621	3,273,234	3,836,299	4,348,806

Notes:

- (1) The coverage of energy, greenhouse gas emissions, material, water and waste data in 2020 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). Spring City 66 and Center 66 Office Tower 2 are excluded as they opened in August 2019 and September 2019 respectively and operational data in 2020 is unrepresentable due to the pandemic situation in 2020.
- (2) The coverage of energy, greenhouse gas emissions, material, water and waste data in 2021 includes 24 properties in Hong Kong and nine 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, Office Tower 1 and Office Tower 2), Riverside 66, Olympia 66 and Spring City 66 (Mall and Office Tower 1). Heartland 66 is excluded as it opened in mid-2021.
- (3) The coverage of energy, greenhouse gas emissions, material, water and waste data in 2022 includes 24 properties in Hong Kong and ten 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, Office Tower 1 and Office Tower 2), Riverside 66, Olympia 66, Spring City 66 (Mall and Office Tower 1), and Heartland 66. For scope 3 emissions, the data boundary also covers projects in Hong Kong and mainland China, including 228 Electric Road Redevelopment, The Aperture, Center 66, Spring City 66, Heartland 66, Forum 66 Phase 3 and renovation project in Parc 66.
- (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) The emission of NO_x, SO_x and other pollutants are considered not significant to our operations. In 2022, the total emissions of NO_x, SO_x and PM from vehicles were estimated to be 25kg, 0.72kg, and 1.83kg respectively.
- (6) We did not have any biogenic CO₂ emissions during the reporting year.
- (7) Our GHG emissions and intensity figures for 2020 and 2021 have been restated as we updated the emissions factors for purchased electricity in mainland China in accordance with HKEX's recommendations.
- (8) Calculation standards and methodologies for carbon emissions:
a) Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition) published by the Environmental Protection Department (EPD) and the Electrical and Mechanical Services Department (EMSD) of the Hong Kong Government.
b) Emission intensity published by CLP Power Hong Kong Limited in 2021 and Hongkong Electric in 2021
c) 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Chapter 2: Stationary Combustion (Commercial Institutional)
d) Emission factors issued by the Ministry of Ecology and Environment and local Regulations issued by local Municipality of Environmental Protection
- (9) Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and hydrofluorocarbons (HFCs) are included in greenhouse gas (GHG) calculations. Perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃) are not applicable.
- (10) The GHG emission, energy, water and waste intensity figures in this table are calculated per unit construction floor area.
- (11) Since 2022, with the renewable energy procurement via PPA at Spring City 66 in Kunming, we started to report scope 2 emissions using two accounting methodologies according to GHG Protocol Scope 2 Guidance: one based on the location-based method, and one based on the market-based method. We refer to market-based accounting method for goal-setting and tracking. Prior to 2022, we reported scope 2 emission with one accounting methodology and the carbon emission intensity of building in use (in tonnes CO₂e/m²) of the entire portfolio of Hong Kong and the Mainland from 2018 to 2021 is as follows: 0.0643 for 2018, 0.0596 for 2019, 0.0493 for 2020, and 0.0460 for 2021.
- (12) Location-based method is a method to quantify scope 2 GHG emissions based on average energy generation emission factors for defined geographic locations, including local, subnational, or national boundaries.
- (13) Market-based method is a method to quantify the scope 2 GHG emissions of a reporter based on GHG emissions emitted by the generators from which the reporter contractually purchases electricity bundled with contractual instruments, or contractual instruments on their own.
- (14) The carbon emission intensity figures of buildings in use have been restated due to an update in calculation methodology. After restatement, the figure for 2019 is 0.0596 tonnes CO₂e/m²/year. Without any restatement of the data disclosed in our Sustainability Report 2021, the carbon emission intensity of buildings in use (Tonnes CO₂e/m²/year) of the entire portfolio of Hong Kong and the Mainland from 2019 to 2022 is as follows: 0.0785 for 2019, 0.0644 for 2020, 0.0597 for 2021, and 0.0521 for 2022.
- (15) 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.
- (16) Total electricity consumed is adjusted in 2020 and 2021 to include the renewable electricity self-generated and consumed on site.
- (17) Municipal water supplies are the sole fresh water source of our operation. 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 2020 is around 500,000m³.
- (18) This only covers total municipal potable water.
- (19) This includes grey water, condensation water, fire service water, cooling tower bleed off water, etc.
- (20) Currently, all non-hazardous waste of our Hong Kong portfolio is disposed of offsite at public landfills, while the hazardous waste is diverted from landfill. In mainland China, our non-hazardous waste is disposed of offsite either at incineration facilities or in landfills, while the hazardous waste is disposed of in compliance with government requirements. We aim to share more quantitative information in our subsequent report. 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. The Group's operations did not involve significant generation of hazardous waste. Since our Mainland properties have primarily switched to use LED lighting, the disposal of fluorescent tubes has decreased significantly in 2020.
- (21) We have started to disclose our municipal waste sent to incineration in 2022, following the urban domestic waste classification and treatment facilities plan jointly issued by the National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development of PRC in 2021.
- (22) We started to report the amount of food waste recycled in mainland China in 2021.



Social

HK: Hong Kong MC: mainland China

Indicator	Unit	HK			MC			Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Profile of workforce⁽¹⁾										
Total workforce (employees and supervised workers)	Number	1,150	1,104	1,116	3,445	3,236	3,229	4,595	4,340	4,345
Supervised workers ^{(2), (3)}		10	44	70	63	26	26	73	70	96
Employees by gender										
Male	Number (%)	661 (58%)	609 (57%)	592 (57%)	2,131 (63%)	1,973 (61%)	1,913 (60%)	2,792 (62%)	2,582 (60%)	2,505 (59%)
Female		479 (42%)	451 (43%)	454 (43%)	1,251 (37%)	1,237 (39%)	1,290 (40%)	1,730 (38%)	1,688 (40%)	1,744 (41%)
Employees by age group										
Under 30	Number (%)	128 (11%)	97 (9%)	97 (9%)	497 (15%)	456 (14%)	429 (13%)	625 (14%)	553 (13%)	526 (12%)
30 – 50		567 (50%)	569 (54%)	555 (53%)	2,605 (77%)	2,498 (78%)	2,498 (78%)	3,172 (70%)	3,067 (72%)	3,053 (72%)
Over 50		445 (39%)	394 (37%)	394 (38%)	280 (8%)	256 (8%)	276 (9%)	725 (16%)	650 (15%)	670 (16%)
Employees by employment contract										
Permanent Full Time	Number	1,115	1,043	1,021	3,382	3,210	3,203	4,497	4,253	4,224
Male		651	599	581	2,131	1,973	1,913	2,782	2,572	2,494
Female		464	444	440	1,251	1,237	1,290	1,715	1,681	1,730
Permanent Part time	Number	4	4	5	0	0	0	4	4	5
Male		0	0	0	0	0	0	0	0	0
Female		4	4	5	0	0	0	4	4	5
Contract / Temporary	Number	21	17	20	0	0	0	21	17	20
Male		10	10	11	0	0	0	10	10	11
Female		11	7	9	0	0	0	11	7	9
Employees by employee category⁽⁴⁾										
Executive staff	Number (%)	156 (14%)	157 (15%)	166 (16%)	275 (8%)	153 (5%)	176 (5%)	431 (10%)	310 (7%)	342 (8%)
Administrative staff		430 (38%)	400 (38%)	412 (39%)	1,223 (36%)	1,350 (42%)	1,408 (44%)	1,653 (37%)	1,750 (41%)	1,820 (43%)



Indicator	Unit	HK			MC			Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Operational staff		554 (49%)	503 (47%)	468 (45%)	1884 (56%)	1707 (53%)	1,619 (51%)	2438 (54%)	2210 (52%)	2087 (49%)
New hires⁽⁵⁾										
Total number and rate of new hires	Number (%)	135 (11.8%)	186 (17.5%)	208 (19.9%)	424 (12.5%)	592 (18.4%)	410 (12.8%)	559 (12.4%)	778 (18.2%)	618 (14.5%)
By gender										
Male	Number (%)	93 (14.1%)	90 (14.8%)	91 (15.4%)	254 (11.9%)	271 (13.7%)	195 (10.2%)	347 (12.4%)	361 (14.0%)	286 (11.4%)
Female	Number (%)	42 (8.8%)	96 (21.3%)	117 (25.8%)	170 (13.6%)	321 (25.9%)	215 (16.7%)	212 (12.3%)	417 (24.7%)	332 (19.0%)
By age group										
Under 30	Number (%)	38 (29.7%)	58 (59.8%)	52 (53.6%)	162 (32.6%)	220 (48.2%)	141 (32.9%)	200 (32.0%)	278 (50.3%)	193 (36.7%)
30 – 50	Number (%)	77 (13.6%)	98 (17.2%)	139 (25.0%)	251 (9.6%)	363 (14.5%)	260 (10.4%)	328 (10.3%)	461 (15.0%)	399 (13.1%)
Over 50	Number (%)	20 (4.5%)	30 (7.6%)	17 (4.3%)	11 (3.9%)	9 (3.5%)	9 (3.3%)	31 (4.3%)	39 (6.0%)	26 (3.9%)
Turnover^{(5), (6)}										
Total number and rate of turnover	Number (%)	176 (15.4%)	232 (21.9%)	250 (23.9%)	587 (17.4%)	784 (24.4%)	485 (15.1%)	763 (16.9%)	1016 (23.8%)	735 (17.3%)
By gender										
Male	Number (%)	106 (16.0%)	128 (21.0%)	117 (19.8%)	335 (15.7%)	437 (22.1%)	284 (14.8%)	441 (15.8%)	565 (21.9%)	400 (16.0%)
Female	Number (%)	70 (14.6%)	104 (23.1%)	132 (29.1%)	252 (20.1%)	347 (28.1%)	201 (15.6%)	322 (18.6%)	451 (26.7%)	333 (19.1%)
By age group										
Under 30	Number (%)	32 (25.0%)	46 (47.4%)	33 (34.0%)	159 (32.0%)	194 (42.5%)	99 (23.1%)	191 (30.6%)	240 (43.4%)	131 (24.9%)
30 – 50	Number (%)	89 (15.7%)	119 (20.9%)	149 (26.8%)	370 (14.2%)	559 (22.4%)	337 (13.5%)	459 (14.5%)	678 (22.1%)	486 (15.9%)
Over 50	Number (%)	55 (12.4%)	67 (17.0%)	67 (17.0%)	58 (20.7%)	31 (12.1%)	49 (17.8%)	113 (15.6%)	98 (15.1%)	116 (17.3%)



Indicator	Unit	HK			MC			Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Diversity										
Gender ratio by employee category										
Executive staff		68 (43.6%)	71 (45.2%)	76 (45.8%)	105 (38.2%)	48 (31.4%)	59 (33.5%)	173 (40.1%)	119 (38.4%)	135 (39.5%)
Administrative staff	Number (%) of female	275 (64.0%)	256 (64.0%)	265 (64.3%)	741 (60.6%)	785 (58.1%)	827 (58.7%)	1,016 (61.5%)	1,041 (59.5%)	1,092 (60.0%)
Operational staff		136 (24.5%)	124 (24.7%)	113 (24.1%)	405 (21.5%)	404 (23.7%)	404 (25.0%)	541 (22.2%)	528 (23.9%)	517 (24.8%)
Gender ratio by job function										
STEM-related positions		N/A	N/A	35%	N/A	NA	11%	N/A	23%	20%
Executive staff in revenue-generating functions (e.g., sales, leasing)	Number (%) of female	N/A	N/A	49%	N/A	N/A	34%	N/A	56%	42%
Ratio of basic salary of women to men by employee category										
All staff		N/A	N/A	1:0.992	N/A	N/A	1:1.031	N/A	N/A	1:0.978
Executive staff		1:1.323	1:1.319	1:1.285	1:1.296	1:1.179	1:1.245	N/A	N/A	1:1.214
Administrative staff	N/A	1:1.161	1:1.174	1:1.173	1:1.171	1:1.201	1:1.18	N/A	N/A	1:1.121
Operational staff		1:1.139	1:1.152	1:1.152	1:1.049	1:1.031	1:1.04	N/A	N/A	1:1.105
Parental leave ⁽⁷⁾										
Total number of employees entitled to parental leave	Number	1,140	1,060	1,046	3,382	3,210	3,203	4,522	4,270	4,249
Male		661	609	592	2,131	1,973	1,913	2,792	2,582	2,505
Female	Number	479	451	454	1,251	1,237	1,290	1,730	1,688	1,744
Total number of employees took parental leave	Number	25	21	11	105	109	89	130	130	100
Male		12	8	5	55	41	33	67	49	38
Female	Number	13	13	6	50	68	56	63	81	62
Return to work rate by gender										
Male		100%	100%	100%	100%	100%	100%	N/A	N/A	N/A
Female	%	100%	100%	100%	100%	100%	100%	N/A	N/A	N/A



Indicator	Unit	HK			MC			Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Employee training⁽⁸⁾										
Total hours of employee training	Hours	5,736	10,178	15,959	94,389	84,471	85,865	100,125	94,649	101,824
Average hours of employee training	hours per employee	5.0	9.6	15.3	27.9	26.3	26.8	22.1	22.2	24
Average training hours by gender										
Male	Hours	5.2	9.7	15.2	27.9	26.5	26.6	22.5	22.6	23.9
Female	Hours	4.9	9.5	15.3	27.9	26.0	27.1	21.5	21.6	24.1
Average training hours by employee category										
Executive staff	Hours	9.8	13.8	27.9	19.7	40.5	36.3	16.1	26.9	32
Administrative staff	Hours	6.2	9.6	10.5	23.8	23.1	20.9	19.2	20.0	19
Operational staff	Hours	2.8	8.3	15.0	31.8	27.6	30.9	25.2	23.2	27
Percentage of employee trained by gender⁽⁹⁾										
Male	%	N/A	N/A	99.3%	N/A	N/A	99.6%	N/A	N/A	99.5%
Female	%	N/A	N/A	99.8%	N/A	N/A	99.8%	N/A	N/A	99.8%
Percentage of employee trained by employee category⁽⁹⁾										
Executive staff	%	N/A	N/A	100.0%	N/A	N/A	99.4%	N/A	N/A	99.7%
Administrative staff	%	N/A	N/A	99.5%	N/A	N/A	99.9%	N/A	N/A	99.8%
Operational staff	%	N/A	N/A	99.4%	N/A	N/A	99.4%	N/A	N/A	99.4%
Employees receiving regular performance and career development reviews										
Percentage of total employees	%	100%	100%	100%	100%	100%	100%	100%	100%	100%
By gender										
Male	%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Female	%	100%	100%	100%	100%	100%	100%	100%	100%	100%
By employee category										
Executive staff		100%	100%	100%	100%	100%	100%	100%	100%	100%
Administrative staff	%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Operational Staff		100%	100%	100%	100%	100%	100%	100%	100%	100%
Employees covered by collective bargaining										
Percentage of total employees	%	0%	0%	0%	33%	40%	39%	N/A	N/A	N/A



Indicator	Unit	HK			MC			Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Training by Topics										
Training hours by topics										
Occupational health and safety	hours	N/A	1,769	4,603	N/A	9,814	9,210	N/A	11,583	13,813
Data privacy and cyber security	hours	N/A	N/A	1,461	N/A	N/A	2,854	N/A	N/A	4,315
Crisis management	hours	N/A	N/A	1,193	N/A	N/A	3,864	N/A	N/A	5,057
Anti-corruption Training	hours	N/A	1,225	1,613	N/A	3,474	3,391	N/A	4,699	5,003
Percentage of employee received anti-corruption training by employee category										
Executive staff	%	47%	100%	96%	26%	100%	99%	N/A	100%	98%
Administrative staff	%	53%	100%	99%	19%	100%	99%	N/A	100%	99%
Operational staff	%	35%	100%	99%	15%	100%	98%	N/A	100%	98%
Occupational health and safety ⁽¹⁰⁾										
Total hours worked	Hours	2,364,648	2,366,760	2,352,395	6,764,000	6,204,736	6,459,487	9,128,648	8,571,496	8,811,882
Fatalities ⁽¹¹⁾	Number	0	0	0	0	0	0	0	0	0
Fatalities rate	%	0	0	0	0	0	0	0	0	0
Work-related injuries	Number	24	27	20	24	29	32	48	56	52
Injury rate (per 100 employees)	N/A	2.03	2.28	1.70	0.71	0.93	0.99	1.05	1.31	1.18
Lost-time work-related injuries	Number	21	26	19	21	27	14	42	53	33
Rate of lost-time work-related injuries / Lost-time injury rate (LTIR) ⁽¹²⁾	N/A	1.78	2.20	1.62	0.62	0.87	0.43	0.92	1.24	0.75
Lost-time injury frequency rate (LTIFR)	Number of injuries/ million hours worked	8.88	10.99	8.08	3.10	4.35	2.17	4.60	6.18	3.74
High-consequence work-related injuries ^{(13), (14)}	Number	2	2	0	2	2	3	4	4	3
Rate of high-consequence work-related injuries (per 100 employees)	N/A	0.17	0.17	0.00	0.06	0.06	0.09	0.09	0.09	0.07



Indicator	Unit	HK			MC			Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Lost days due to work-related injuries	Days	671	537	387	707	828	962	1,377	1,365	1,349
Lost day rate (per 100 employees)	N/A	56.71	45.38	32.90	20.90	26.69	29.78	30.17	31.85	31
Absentee rate ⁽¹⁵⁾	%	1.63	2.17	2.00	1.70	1.63	1.56	1.68	1.78	1.67

Notes:

- (1) The profile of workforce data was compiled based on the number of employees and number of workers as of the end of each reporting year, provided by our Human Resources Department. We do not yet report data on the employment of people from minority and vulnerable groups.
- (2) Supervised workers are workers who are not employees under Hang Lung but whose work is controlled by the organization. The Group does not report data of supervised workers by gender and age.
- (3) There was no significant variation in the number of non-supervised workers in the reporting period or between the current and last reporting period. Supervised workers do not cause significant variation in the Group's workforce and activities. Most of the supervised workers are responsible for providing cleaning and security services.
- (4) The number of executive staff in mainland China decreased in 2021 due to employee grade alignment between Hong Kong and mainland China.
- (5) The new hire and turnover rate in 2020 and 2021 have been adjusted as the calculation methodology is updated.
- (6) The turnover rates cover voluntary resignations, retirements, and involuntary leave during the corresponding reporting periods.
- (7) We do not report the total number of employees that returned to work after parental leave ended and 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.
- (8) Training categories include: onboarding programs, language skills, customer service, professional development, leadership development, occupational health and safety, and regulatory compliance. All our employees were required to receive either induction or refresher training courses on integrity and crisis management during the reporting period, and all employees with company email addresses received cybersecurity training. The percentage of employee trained could not reach 100% since some of the employees had long leave or newly joined in the year-end and they could not participate in training in 2022.
- (9) We started disclosing the percentage of employee training by gender and employee category since 2022.
- (10) Our occupational health and safety data reported in the performance table only covers our office and frontline operations. This includes our employees and supervised workers. We do not report data on the occupational disease rate 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 insignificant for reporting. For the occupational health and safety data of our contractors at our construction sites, please refer to the Project Safety Management section of this Report.
- (11) Fatalities refer to work-related fatalities of employees as defined by HKEX and GRI.
- (12) Lost day 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.
- (13) High-consequence work-related injuries (excluding fatalities) refer to work-related injuries that result in an injury that a worker cannot, does not or is not expected to recover fully to pre-injury health status within six months.
- (14) Major work-related hazards that may cause high-consequence work-related injuries include falls, slips and falls at same level, the use of machines with moving parts, hot & electrical work, and manual handling. Major types of injury include scratches, being struck by objects, fractures and cuts.
- (15) Absentee days are defined as the sum of non-work-related sick leave (i.e., sick leave not caused by a work-related accident/ injury/ illness).

Appendix 6 – Independent Assurance Opinion Statement



Statement No.: **SRA-HK 784721**

Hang Lung Group Limited and Hang Lung Properties Limited Sustainability Report 2022

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 2022 (“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 2022 to 31st December 2022. The Report is prepared in accordance with the 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 four 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 reporting in accordance with the 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 the 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 check-in and review; regular drinks sessions with management; annual dinner; bi-monthly corporate newsletter; annual sustainability-focused interviews and focus groups; annual employee engagement survey; Emerald Award, CEO Award, Long Service Award; annual conference (management conference, function conference); ongoing digital platform communication through intranet and WeChat; regular staff activities; exit interviews; regular customer engagement surveys; annual tenant satisfaction surveys and interviews; tenant surveys with sustainability focus; ongoing social media communication through various media; annual sustainability reporting, benchmarks and indices; regular investor interviews, meetings, roadshows, and investor conferences; annual general meeting; regular project meetings; screening and performance evaluation; focus group discussions; regular meetings; occasional site visits by government officials; Government consultations; regular collaboration on sustainability community investment initiatives; regular participation in conferences, seminars, and networking events; regular two-way communication with international and local communities at the Board level; ongoing community programs; monthly community events; biannual results announcements and press conferences; occasional media briefings and luncheons, 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 of areas 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. Areas for enhancement to the Report were 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. Areas for enhancement to the Report were 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 reporting "In accordance with" the GRI Standards. 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.

In our professional opinion the report covers HLP's social responsibility and sustainability issues. Areas for enhancement to the report were adopted by HLP before issue of this opinion statement.

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. Areas for enhancement to the report were 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. Stephen Yu
Chief Operating Officer –
Hong Kong
26 March 2023

Verifier of the Report

Aaron Chim
Lead Assuror

Appendix 7 – Independent Practitioner’s Assurance Report for Green Bonds and Green Loans



羅兵咸永道

Independent practitioner’s limited assurance report To the Board of Directors of Hang Lung Properties Limited

We have undertaken a limited assurance engagement in respect of the selected sustainability information of Green Bond, Green Loan and the Allocation disclosed on pages 87 to 89 of the 2022 Sustainability Report of Hang Lung Properties Limited (the “Company”) as at 31 December 2022 (the “Identified Sustainability Information”).

Identified Sustainability Information

The Identified Sustainability Information disclosed on pages 87 to 89 of the 2022 Sustainability Report as at 31 December 2022 is summarised below:

- amount of Green Loan drawn and allocated to the eligible green projects as at 31 December 2022;
- amount of Green Bond issued and allocated to the eligible green projects as at 31 December 2022; and
- the amount of Pending for Allocation as at 31 December 2022.

Our assurance was with respect to the year ended 31 December 2022 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2022 Sustainability Report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Company to prepare the Identified Sustainability Information is set out in Appendix I of this report (the “Reporting Criteria”).

The Company’s Responsibility for the Identified Sustainability Information

The Company is responsible for the preparation of the Identified Sustainability Information in accordance with the Reporting Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.



羅兵咸永道

Our Independence and Quality Management

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 Management 1 issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement 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. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of the Company’s use of the Reporting Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we :

- made inquiries of the persons responsible for the Identified Sustainability Information;
- understood the process for collecting and reporting the Identified Sustainability Information;
- performed limited substantive testing on a selective basis of the Identified Sustainability Information to check that data had been appropriately measured, recorded, collated and reported; and
- considered the disclosure and presentation of the Identified Sustainability Information.



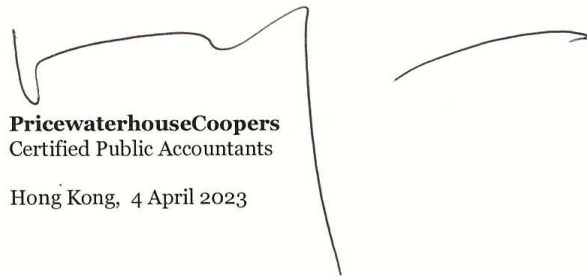
羅兵咸永道

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 obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Sustainability Information has been prepared, in all material respects, in accordance with the Reporting Criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Identified Sustainability Information as at 31 December 2022 is not prepared, in all material respects, in accordance with the Reporting Criteria.

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 this report.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 4 April 2023



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 the Sustainable Finance Subcommittee under the Sustainability Steering Committee.

Appendix 8 – Disclosure on Task Force on Climate-Related Financial Disclosures (TCFD)

In this section, we disclose our approach to addressing climate-related issues in alignment with the TCFD’s recommendations.

TCFD’s Core element	The Company’s Approach	Addressed in Sustainability Report 2022
Governance	<p>(a) Describes the board’s oversight of climate-related risks and opportunities.</p> <p>As indicated in the Boards’ “Joint Statement on Oversight and Management of Environmental, Social and Governance Issues,” the Boards have overall responsibility for the Group’s ESG strategy and reporting, including identification of relevant risks and opportunities. The Boards also approve the Sustainability Framework, and the long-term sustainability goals and targets under the Sustainability Framework, and provide ongoing oversight to the framework. One of the four priorities under the Sustainability Framework is Climate Resilience.</p> <p>The Boards review progress towards sustainability goals and targets related to climate resilience – including the Group’s 2025, 2030 and 2050 goals and targets – principally through regular reporting of the Sustainability Team to the Boards (at least twice a year). In addition, the Sustainability Team reports monthly to the Vice-Chair of the Boards, including regular detailed updates climate-related risks and opportunities.</p> <p>More generally, the Boards have overall responsibility for risk management, evaluating and determining the nature and extent of significant risks they are willing to take to achieve the Group’s strategic objectives. The Audit Committee is delegated by the Boards to oversee the ongoing effectiveness of the Group’s risk management system, including climate-related risks.</p> <p>Key decisions endorsed by the Boards in the last two years include the 2025 targets and the Group’s commitment to setting both near- and long-term targets to reach net-zero value chain GHG emissions by no later than 2050 in alignment with the Science Based Targets initiative’s (“SBTi’s”) Net-Zero Standard (NZS).</p>	<p>Our Approach to Sustainability</p>
	<p>(b) Describes management’s role in assessing and managing climate-related risks and opportunities.</p> <p>Role of Sustainability Steering Committee (SSC)</p> <p>The SSC, chaired by the Vice Chair of the Boards and comprising senior representatives from a cross-section of departments, formulates, coordinates and implements climate resilience strategies, and ensures that our climate-related targets are translated into annual ESG KPIs. The SSC reviews the Group’s progress against specific climate-related targets and annual ESG KPIs in detail in regular meetings (at least twice a year). The SSC also discusses climate-related risks and opportunities in detail, including for instance issues related to embodied carbon, energy efficiency, electric vehicles, physical risks from climate change, and other relevant issues.</p> <p>Role of Sustainability Team</p> <p>The Sustainability Team provides regular updates to the Boards (at least twice a year) and to the Vice Chair (at least monthly) on climate resilience, and supports the detailed strategy development and execution of ESG KPIs. The Team also works with other departments to report to the CEO on proposed sustainability-related spending (both capital and operating expenditures) in the annual budgeting exercise, including proposed investments supporting climate resilience.</p>	<p>Our Approach to Sustainability</p>

TCFD's Core element	The Company's Approach	Addressed in Sustainability Report 2022
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Role of Enterprise Risk Management (ERM) Working Group

The ERM Working Group, chaired by the Chief Executive Officer and reporting quarterly to the Audit Committee, is responsible for coordinating and overseeing the Group's risk management activities. Physical risks of climate change and the risks of the transition to a low-carbon economy are among the enterprise-level risks overseen by the ERM Working Group and the executive leading the Sustainability Team is assigned as the owner of these specific climate-related risks.

Strategy	<p>(a) Describes the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p> <p>(b) Describes the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p> <p>(c) Describes the resilience of the organization's strategy and taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>
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Physical risks

[Climate Resilience](#)

Following our first physical risk analysis conducted in 2021, we conducted a detailed climate hazard and vulnerability assessment in 2022 to model the potential changes of key climate hazards, including flooding, typhoon and extreme rain, heat waves and rain-induced landslides, and their impact on our assets under various climate scenarios for the periods 2041-2070 and 2071-2100. The study covers three properties in mainland China, ten properties in Hong Kong, and three projects under development, and we will continue to assess our properties in mainland China through 2025.

The study is based on multiple plausible future scenarios e.g., SSP2-4.5 and SSP5-8.5. The timeline of projections covers various time points including mid-century (2041-2070) and end of century (2071-2100). This long timeline helps to ensure that our properties will be future-proofed throughout their lifespan.

Under the scenario SSP5-8.5, the annual maximum temperature is projected to have an increase of 1.1-1.7 degree Celsius by mid-century and 3.3-4.5 degree Celsius by end of century, resulting in increasing air-cooling demand. About 38% of our properties are at medium risk of heat wave and we will be reviewing the adequacy of our properties' air cooling capacity to ensure thermal comfort for our customers and employees.

From the flood modelling and existing flood prevention facilities and measures analysis, about 75% of our properties are at low to medium risk of flooding whereas 81% of our properties are at low to medium risk of wind-related risks (e.g., windborne debris). For the remaining properties which have higher exposure to climate-related hazards, there are some measures already in place, and we will continue to improve them in order to enhance their climate resilience capability. One of our new sites is close to a slope, and our design team will incorporate necessary measures to minimize risks from the slope. For detailed discussions, please refer to the Climate Resilience section.

Our responses

The findings have influenced our business strategy and financial planning, and we are developing a comprehensive adaptation plan by 2025. We have identified a range of potential adaptation measures and are examining their feasibility for potential adoption:

Heat wave: add membrane or install shading devices to façade/glass to reduce solar absorption; apply solar reflective materials to the roof and pavement (e.g., green roof, solar reflective paint)

Flooding: install flood gate to protect vulnerable places in the properties (e.g., underground plant room); install a digital flood detection and warning system in Plaza

TCFD's
Core
element

The Company's Approach

Addressed in
Sustainability
Report 2022

66, Center 66, Hang Lung Center and SCBB; install surface flow channel at underground plant room, carpark or basement areas.

Typhoon and Extreme Rain: increase the frequency of inspections of the façade, exterior-mounted equipment, drainage system during typhoon season; regularly inspect water leakage blackspots (e.g., façade, sealant of slab/vent openings) and conduct appropriate retrofit works if needed; adopt comprehensive methods to reduce the vulnerability of trees to extreme wind, such as providing deeper soil, choosing tree species with deeper root systems and ensuring that the root-soil plate is large enough to withstand extreme wind conditions.

Landslide: conduct a deep slope investigation for Shouson Hill Road Redevelopment project, including slope stabilization works, landscape treatment and landslide warning system etc.

Transition risks and opportunities

Carbon pricing is likely to have significant impacts on the real estate sector over time. In 2021, we completed our first carbon pricing analysis. In 2022, we conducted a refreshed carbon pricing scenario analysis to 2050 with more China-specific considerations.

The 2020 study was based on six scenarios developed by the Network for Greening the Financial System (NGFS), namely Net Zero 2050, Divergent Net Zero, Below 2 °C, Delayed Transition, Nationally Determined Contributions (NDC), and Current Policies. For each scenario, we considered our exposure based on Business-as-Usual and Science-Based Target pathways for our emissions and progress against targets, the drivers and variables impacting potential carbon prices, and the resulting potential cost impacts to our business.

Decarbonization in line with Science-Based Target pathways could potentially:

- reduce our potential carbon costs. If the Group fully achieves its SBTs, the Group could reduce its potential carbon costs on average by 47% compared to BAU in 2030, and by 95% compared to BAU in 2050.
- expand the availability of capital, and reduce our cost of capital
- help attract and retain talented people who are concerned about the climate crisis, and
- strengthen the loyalty of tenants that have their own climate change commitments, which in turn could help secure our long-term revenues

For each of the above-mentioned opportunities from decarbonization, failure to decarbonize represents a corresponding risk to our business.

Our responses

- In 2022, the SBTi verified and approved Hang Lung Properties Ltd.'s net-zero science-based target in December 2022. We are the first real estate company in Hong Kong and mainland China – and among the first globally – to have its near- and long-term net-zero targets endorsed under SBTi's Net-Zero Standard framework. We also joined the Business Ambition for 1.5°C campaign and the Race To Zero campaign led by the United Nations.
- Starting in 2021, we implemented an annual greenhouse gases mitigation plan to reduce our portfolio-wide Scope 1 and 2 GHG emissions, with inputs from all properties. Each annual plan is first endorsed by the management at property-level, then ultimately approved by the Vice-Chair of the Boards. The 2022 GHG Mitigation Plan has been implemented and we are preparing a comprehensive climate resilience

TCFD's Core element	The Company's Approach	Addressed in Sustainability Report 2022
	<p>plan for 2023-2025 to include all scopes of emissions. By adopting a wide range of energy-saving measures, and completing power purchase agreements for renewable energy, the Group is progressing well towards achieving its GHG emission intensity targets for 2025 and 2030.</p> <ul style="list-style-type: none"> • We delivered priority ESG training to identified departments in 2022 on embodied carbon and operational carbon, among other issues, to develop our people to strengthen our climate resilience. • We partnered with one of our strategic tenants on a groundbreaking sustainability partnership, including concrete actions supporting emissions reductions together. • We engaged a climate consultant to conduct a feasibility study on implementing an internal carbon pricing within the Group to inform our decision making. <p>Resilience of our strategy</p> <p>Our strategy is resilient, since it reflects our preparedness on the one hand for physical risks under the highest emissions scenario, and on the other, our preparedness for transition risks under the fastest decarbonization scenario. More specifically, we have established a 2025 target to conduct technical analysis of physical risks from climate change for <i>all</i> our properties, and our alignment with SBTi's NZS gives us the confidence that our decarbonization plans and targets are aligned with climate science. For new projects, we aim to optimize energy efficiency and renewable energy investments and implement measures that offer co-benefits for mitigation and adaptation.</p>	
Risk Management	<p>(a) Describes the organization's processes for identifying and assessing climate-related risks.</p> <p>The Group conducts a materiality assessment annually to identify material ESG issues that are relevant to our business. In 2022, we worked with technical consultants to undertake a physical risk analysis against three climate scenarios and a carbon pricing analysis against six transition scenarios to identify potential climate-related risks relevant to our business. We also consult regularly with stakeholders on scientific, policy, technology and regulatory risks, and participate in numerous industry platforms, benchmarks and indices in Hong Kong and mainland China, the Asia-Pacific region, and internationally to benchmark ourselves against our peers and identify emerging trends.</p> <p>(b) Describes the organization's processes for managing climate related risks.</p> <p>Climate-related risks are managed through:</p> <ul style="list-style-type: none"> • regular meetings of our Enterprise Risk Management Working Group • regular meetings of our Sustainability Steering Committee • annual Strategic ESG KPIs related to Climate Resilience (see 2023 ESG KPIs), • working groups dedicated to implementing specific climate-related KPIs, and • monthly reporting of the Sustainability Team to top management. <p>(c) Describes how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p> <p>Material climate-related risks are identified, managed and disclosed under our corporate Enterprise Risk Management Framework. Our executive leading the Sustainability Team, as the dedicated risk owner of both physical and transition climate-related risks, reports to the ERM Working Group regularly on the status of climate-related risk management to ensure adequate control measures are in place. Please refer to the <i>Corporate Governance Report</i> section in our 2022 Annual Report for detailed information on the overall risk management approach of the Group. In addition, annual Strategic ESG</p>	<p>Our Approach to Sustainability;</p> <p>Climate Resilience</p> <p>Our Approach to Sustainability;</p> <p>Climate Resilience</p> <p>Our Approach to Sustainability;</p> <p>Climate Resilience</p> <p>Our Approach to Sustainability;</p>

TCFD's Core element	The Company's Approach	Addressed in Sustainability Report 2022
	<p>KPIs related to climate resilience are tied to biannual performance reviews for relevant departments and individuals, including the CEO in his reporting to the Boards.</p>	
Metrics and Targets	<p>(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>We track our use of resources monthly at portfolio-level to help manage relevant climate-related risks and opportunities. We also report quarterly to our top Management on our progress towards key emissions and energy targets. Key climate-related metrics, including GHG emissions, energy usage, waste and water consumption, are also disclosed annually in the Performance Table of our Sustainability Report.</p> <p>(b) Discloses Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p> <p>The Group's direct and indirect energy use and the related Scope 1, 2 and 3 GHG emissions are disclosed in the Performance Table – Environment in this Sustainability Report. It is the first time we are disclosing our GHG emissions under all relevant Scope 3 emissions categories in our annual sustainability reporting.</p> <p>(c) Describes the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p> <p>We have committed to setting near-term (2025), medium term (2030) and long-term (2050) targets to reach net-zero emissions by 2050, as well as annual Strategic ESG KPIs for climate resilience and resource management in support of these targets. In December 2022, SBTi validated and approved our near- and long-term net-zero targets under SBTi's Net-Zero Standard framework. More details can be found on Climate Resilience and Resource Management sections of this Report.</p>	<p>Climate Resilience; Resource Management; Performance Table -Environment</p> <p>Performance Table – Environment Climate Resilience</p> <p>Our Approach to Sustainability Appendix – Strategic ESG KPIs</p>

Appendix 9 – Content Indices for Reporting Guidelines

HKEX ESG Reporting Guide Content Index

Aspects	KPI	Disclosure	Section/ Explanation
Mandatory Disclosure Requirement			
Governance Structure	-	<p>A statement from the board containing the following elements:</p> <ol style="list-style-type: none"> 1. a disclosure of the board's oversight of ESG issues; 2. the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and 3. how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	Joint Statement on Oversight and Management of Environmental, Social and Governance Issues
Reporting Principles	-	A description of, or an explanation on, the application of the following Reporting Principles (Materiality, Quantitative, Consistency) in the preparation of the ESG report.	About this Report Performance Tables
Reporting Boundary	-	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About this Report
Environmental			
A1: Emissions	General Disclosure	<p>Information on:</p> <ol style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. 	<p>Climate Resilience Resource Management</p> <p>There were no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations that had a significant impact on the Group during the reporting period.</p>
	KPI A1.1	The types of emissions and respective emissions data.	<p>Performance Tables – Environmental</p> <p>Air emissions including SO_x, NO_x and PM are not considered significant in our operations.</p>
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Tables – Environmental
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Tables – Environmental

Aspects	KPI	Disclosure	Section/ Explanation
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Tables – Environmental
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Climate Resilience – Climate Mitigation Resource Management – Energy Management
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Resource Management – Waste and Circularity
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Resource Management
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Performance Tables – Environmental
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Tables – Environmental
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Resource Management – Energy Management
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Resource Management – Water and Circularity During the reporting period, we did not encounter any problems in sourcing water for our operations.
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	This KPI is not applicable to our business.
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Resource Management
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Resource Management
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Resilience Disclosure on Task Force on Climate-related Financial Disclosures (TCFD)
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Resilience Disclosure on Task Force on Climate-related Financial Disclosures (TCFD)

Aspects	KPI	Disclosure	Section/ Explanation
Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Wellbeing There were no confirmed incidents of non-compliance with employment related laws and regulations that had a significant impact on the Group during the reporting period.
	KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	Performance Tables – Social
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Tables – Social
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Wellbeing – Employee Health and Safety Performance Tables – Social There were no confirmed incidents of non-compliance with occupational health and safety related laws and regulations that had a significant impact on the Group during the reporting period.
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Performance Tables – Social
	KPI B2.2	Lost days due to work injury.	Performance Tables – Social
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Wellbeing – Employee Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Wellbeing – Learning and Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Tables – Social
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Tables – Social
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Wellbeing Hang Lung's Sustainability Policy There were no confirmed incidents of non-compliance with laws and regulations relating to child and forced labor that had a significant impact on the Group during the reporting period.

Aspects	KPI	Disclosure	Section/ Explanation
B5: Supply Chain Management	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	We specify in our Code of Conduct for Contractor that we forbid our suppliers or contractors to use child labor and/or forced labor.
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	
	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Sustainable Transactions – Construction Supplier Management Sustainable Transactions – Operational Supplier Management
	KPI B5.1	Number of suppliers by geographical region.	Sustainable Transactions – Construction Supplier Management Sustainable Transactions – Operational Supplier Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Sustainable Transactions – Construction Supplier Management Sustainable Transactions – Operational Supplier Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Transactions – Construction Supplier Management Sustainable Transactions – Operational Supplier Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Transactions – Construction Supplier Management Sustainable Transactions – Operational Supplier Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Sustainable Transactions We ensure our marketing and promotional materials comply with relevant laws and regulations, and avoid making any misrepresentation, exaggeration or overstatement of the Group's capabilities. There were no confirmed incidents of non-compliance with laws and regulations relevant to health and safety, advertising, labelling and privacy matters relating to our products and services that had a significant impact on the Group during the reporting period.
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	This KPI is not applicable to our business.
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Sustainable Transactions – Maintaining Quality Standards There were no materially significant complaints received relating to the provision and use of products and services during the reporting period.

Aspects	KPI	Disclosure	Section/ Explanation
	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. Our Staff Handbook provides guidelines on respecting intellectual property rights. Employees using infringing copies of copyright works in the course of their employment may incur disciplinary action or summary dismissal.
	KPI B6.4	Description of quality assurance process and recall procedures.	Sustainable Transactions – Maintaining Quality Standards Product recall procedures are not considered as material to the Group's operations.
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Sustainable Transactions – Protecting Customer Data Privacy
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Our Sustainability Strategy – Sustainability Governance There were no confirmed incidents of non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering that had a significant impact on the Group during the reporting period.
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	There were no concluded legal cases regarding corrupt practices brought against the Group or its employees during the reporting period.
	KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Our Sustainability Strategy – Sustainability Governance Annual Report 2022 P.116 Whistleblowing Mechanism
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Our Sustainability Strategy – Sustainability Governance Performance Tables – Social
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Wellbeing – Community Wellbeing
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Wellbeing – Community Wellbeing
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Wellbeing – Community Wellbeing



GRI Content Index

Hang Lung Properties has reported in accordance with the GRI Standards for the period January 1, 2022 to December 31, 2022.

GRI Standard	GRI	Disclosure	Section/ Explanation
GRI 1: Foundation 2021			
Reporting in accordance to the GRI Standards	1-R7	Publish a GRI content index	About this Report Content Indices for Reporting Guidelines
	1-R8	Provide a statement of use	Hang Lung Properties has reported in accordance with the GRI Standards for the period January 1, 2022 to December 31, 2022.
GRI 2: General Disclosures 2021			
The Organization and its reporting practices	2-1	Organizational details	About this Report About Hang Lung Properties Annual Report 2022 P.9 (Corporate Profile)
	2-2	Entities included in the organization's sustainability reporting	About this Report 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 Annual Report 2022 (P.202-204).
	2-3	Reporting period, frequency and contact point	About this Report This Report was published in April 2023.
	2-4	Restatements of information	Performance Tables
	2-5	External assurance	About this Report Independent Assurance Opinion Statement
Activities and workers	2-6	Activities, value chain and other business relationships	About Hang Lung Properties Our Sustainability Strategy Sustainable Transactions – Sustainability Issues Across Our Value Chain Annual Report 2022 P.9, 32-69 (Corporate Profile, Review of Operations) There were no significant changes in the Group's business activities, its value chain, or its business relationships compared to the previous reporting period.
	2-7	Employees	Performance Tables – Social The Group did not employ non-guaranteed hours employees during the reporting period.
	2-8	Workers who are not employees	Performance Tables – Social

GRI Standard	GRI	Disclosure	Section/ Explanation
Governance	2-9	Governance structure and composition	Our Sustainability Strategy – Sustainability Governance Annual Report 2022 P.92-126 (Corporate Governance Report, Profile of the Directors)
	2-10	Nomination and selection of the highest governance body	Annual Report 2022 P.104-105 (Corporate Governance Report – (II) Delegation by the Board - Nomination and Remuneration Committee)
	2-11	Chair of the highest governance body	Our Sustainability Strategy – Sustainability Governance Annual Report 2022 P.95 (Corporate Governance Report)
	2-12	Role of the highest governance body in overseeing the management of impacts	Our Sustainability Strategy – Sustainability Governance Joint Statement on Oversight and Management of Environmental, Social and Governance Issues
	2-13	Delegation of responsibility for managing impacts	Our Sustainability Strategy – Sustainability Governance Annual Report 2022 P.116 (Corporate Governance Report – Code of Conduct)
	2-14	Role of the highest governance body in sustainability reporting	Our Sustainability Strategy – Materiality Assessment
	2-15	Conflicts of interest	Our Sustainability Strategy – Sustainability Governance Annual Report 2022 P.116 (Corporate Governance Report – Code of Conduct)
	2-16	Communication of critical concerns	Our Sustainability Strategy – Sustainability Governance Annual Report 2022 P.116 (Corporate Governance Report – Code of Conduct)
	2-17	Collective knowledge of the highest governance body	Annual Report 2022 P.95 (Corporate Governance Report – Effective and Qualified Board)
	2-18	Evaluation of the performance of the highest governance body	Annual Report 2022 P.95 (Corporate Governance Report – Effective and Qualified Board)
	2-19	Remuneration policies	Annual Report 2022 P.104-105 (Corporate Governance Report –Nomination and Remuneration Committee) Annual Report 2022 P.168-169 (Notes to the Financial Statement – Emoluments of Directors and Senior Management) Terms of Reference of Nomination and Remuneration Committee
	2-20	Process to determine remuneration	Annual Report 2022 P.104-105 (Corporate Governance Report –Nomination and Remuneration Committee)
2-21	Annual total compensation ratio	Annual Report 2022 P.168-169 (Notes to the Financial Statement –Emoluments of Directors and Senior Management) We do not disclose the annual total compensation ratio due to confidentiality constraints. The Group will consider disclosing relevant figures in the future.	

GRI Standard	GRI	Disclosure	Section/ Explanation
Strategy, policies and practices	2-22	Statement on sustainable development strategy	Our Sustainability Strategy
	2-23	Policy commitments	Our Sustainability Strategy – Sustainability Governance Hang Lung's Sustainability Policy Hang Lung Code of Conduct for Contractors
	2-24	Embedding policy commitments	Our Sustainability Strategy – Sustainability Governance
	2-25	Processes to remediate negative impacts	Our Sustainability Strategy – Ethics and Integrity Whistleblowing Mechanism
	2-26	Mechanisms for seeking advice and raising concerns	Our Sustainability Strategy – Ethics and Integrity Whistleblowing Mechanism
	2-27	Compliance with laws and regulations	There were no significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations, or laws and/or regulations in the social and economic area, that had a significant impact on the Group during the reporting period.
	2-28	Membership associations	Memberships and Charters
Stakeholder engagement	2-29	Approach to stakeholder engagement	Our Sustainability Strategy – Stakeholder Engagement
	2-30	Collective bargaining agreements	Performance Tables – Social
GRI 3: Material Topics 2021			
Materiality assessment	3-1	Process to determine material topics	Our Sustainability Strategy – Materiality Assessment
	3-2	List of material topics	Our Sustainability Strategy – Materiality Assessment
Material Topics (Economic)			
Economic Performance			
GRI 3: Material Topics 2021	3-3	Management of material topics	Message from the Vice Chair Our Sustainability Strategy – Materiality Assessment Annual Report 2022 P.16-27 (Chair's Letter to Shareholders)
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Performance Tables – Economics
	201-2	Financial implications and other risks and opportunities due to climate change	Climate Resilience
	201-3	Defined benefit plan obligations and other retirement plans	Annual Report 2022 P.189 (Notes to the Financial Statements – Employee Benefits)

GRI Standard	GRI	Disclosure	Section/ Explanation
Procurement Practices			
GRI 3: Material Topics 2021	3-3	Management of material topics	About this Report Our Sustainability Strategy – Materiality Assessment Sustainable Transactions – Construction Supplier Management Sustainable Transactions – Operational Supplier Management Sustainable Procurement Policy
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Sustainable Transactions – Construction Supplier Management Sustainable Transactions – Operational Supplier Management
Anti-corruption			
GRI 3: Material Topics 2021	3-3	Management of material topics	About this Report Our Sustainability Strategy – Materiality Assessment Our Approach to Sustainability – Ethics and Integrity
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Our Sustainability Strategy – Sustainability Governance Structure Our Sustainability Strategy – Ethics and Integrity Our Sustainability Strategy – Risk and Crisis Management We do not disclose the total number and percentage of operations assessed for risks related to corruption due to confidentiality constraints.
	205-2	Communication and training about anti-corruption policies and procedures	Our Approach to Sustainability – Ethics and Integrity Performance Tables – Social
	205-3	Confirmed incidents of corruption and actions taken	There were no concluded legal cases regarding corrupt practices brought against the Group or its employees during the reporting period.
Material Topics (Environmental)			
Energy			
GRI 3: Material Topics 2021	3-3	Management of material topics	About this Report Our Sustainability Strategy – Materiality Assessment Resource Management – Energy Management Appendix 1 – Key Sustainability Trends
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Resource Management – Energy Management Performance Tables – Environmental
	302-2	Energy consumption outside of the organization	We do not disclose the energy consumption outside the organization as we have accounted for the energy consumption outside the organization in our scope 3 calculation and relevant figures are disclosed in Performance Table – Environmental .
	302-3	Energy intensity	Performance Tables – Environmental
	302-4	Reduction of energy consumption	Performance Tables – Environmental Resource Management – Energy Management

GRI Standard	GRI	Disclosure	Section/ Explanation
Water and Effluents			
GRI 3: Material Topics 2021	3-3	Management of material topics	About this Report Our Sustainability Strategy – Materiality Assessment Resource Management – Water and Circularity Appendix 1 – Key Sustainability Trends Hang Lung’s Sustainability Policy
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Resource Management – Water and Circularity All of our properties are located in prime locations in cities. The Group’s operations involve the use of municipal water.
	303-2	Management of water discharge-related impacts	Resource Management – Water and Circularity We comply with local laws and regulations in effluent discharge.
	303-3	Water withdrawal	Performance Tables – Environmental
	303-4	Water discharge	We do not report the amount of wastewater discharged from our operation as accurate record is not tracked. Water discharged from our operations was transported to local municipal wastewater systems for treatment. We adopted various measures in our operations, including water-efficient fixtures and water recycling to enhance our water management and help reduce wastewater discharged.
	303-5	Water consumption	Performance Tables – Environmental
Biodiversity			
GRI 3: Material Topics 2021	3-3	Management of material topics	About this Report Our Sustainability Strategy – Materiality Assessment Resource Management – Biodiversity Appendix 1 – Key Sustainability Trends
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Resource Management – Biodiversity All of our properties are located in prime locations in cities. Although we expect our operations to have minimal impact on natural ecosystems and biodiversity, in our Sustainability Policy, we set out our commitments to biodiversity conservation, such as avoiding the development of projects and operational activities in ecologically sensitive and nationally protected sites deemed critical for biodiversity.
	304-2	Significant impacts of activities, products and services on biodiversity	
	304-3	Habitats protected or restored	



GRI Standard	GRI	Disclosure	Section/ Explanation
Emissions			
GRI 3: Material Topics 2021	3-3	Management of material topics	About this Report Our Sustainability Strategy – Materiality Assessment Climate Resilience – Climate Mitigation Appendix 1 – Key Sustainability Trends
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Performance Tables – Environmental
	305-2	Energy indirect (Scope 2) GHG emissions	Performance Tables – Environmental
	305-3	Other indirect (Scope 3) GHG emissions	Performance Tables – Environmental
	305-4	GHG emissions intensity	Performance Tables – Environmental
	305-5	Reduction of GHG emissions	About this Report Climate Resilience – Climate Mitigation
Waste			
GRI 3: Material Topics 2021	3-3	Management of material topics	About this Report Our Sustainability Strategy – Materiality Assessment Resource Management – Waste and Circularity Appendix 1 – Key Sustainability Trends
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Resource Management – Waste and Circularity
	306-2	Management of significant waste-related impacts	Resource Management – Waste and Circularity
	306-3	Waste generated	Performance Tables – Environmental
	306-4	Waste diverted from disposal	Performance Tables – Environmental
	306-5	Waste directed to disposal	Performance Tables – Environmental
Supplier Environmental Assessment			
GRI 3: Material Topics 2021	3-3	Management of material topics	About this Report Our Sustainability Strategy – Materiality Assessment Sustainable Transactions – Construction Supplier Management Sustainable Transactions – Operational Supplier Management Sustainable Procurement Policy
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Sustainable Transactions – Construction Supplier Management Sustainable Transactions – Operational Supplier Management
	308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable Transactions – Construction Supplier Management Sustainable Transactions – Operational Supplier Management



GRI Standard	GRI	Disclosure	Section/ Explanation
Material Topics (Social)			
Employment			
GRI 3: Material Topics 2021	3-3	Management of material topics	Our Sustainability Strategy – Materiality Assessment Wellbeing – Employee Wellbeing Appendix 1 – Key Sustainability Trends
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Performance Tables – Social
	401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	Wellbeing – Employee Wellbeing
	401-3	Parental leave	Performance Tables – Social
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	About this Report Our Sustainability Strategy – Materiality Assessment Wellbeing – Employee Health and Safety Sustainable Transactions – Project Safety Management Appendix 1 – Key Sustainability Trends
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Wellbeing – Employee Health and Safety Sustainable Transactions – Project Safety Management
	403-2	Hazard identification, risk assessment, and incident investigation	Wellbeing – Employee Health and Safety Sustainable Transactions – Project Safety Management
	403-3	Occupational health services	Wellbeing – Employee Health and Safety Sustainable Transactions – Project Safety Management
	403-4	Worker participation, consultation, and communication on occupational health and safety	Our Sustainability Strategy – Sustainability Governance Structure Wellbeing – Employee Health and Safety Sustainable Transactions – Project Safety Management
	403-5	Worker training on occupational health and safety	Wellbeing – Employee Health and Safety Sustainable Transactions – Project Safety Management
	403-6	Promotion of worker health	Wellbeing – Employee Health and Safety Sustainable Transactions – Project Safety Management
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Wellbeing – Employee Health and Safety Sustainable Transactions – Project Safety Management
	403-8	Workers covered by an occupational health and safety management system	Wellbeing – Employee Health and Safety Sustainable Transactions – Project Safety Management

GRI Standard	GRI	Disclosure	Section/ Explanation
	403-9	Work-related injuries	Performance Tables – Social
	403-10	Work-related ill health	We do not collect relevant data as our operations do not involve exposure to significant work-related hazards that cause ill health.
Training and Education			
GRI 3: Material Topics 2021	3-3	Management of material topics	About this Report Our Sustainability Strategy – Materiality Assessment Wellbeing – Learning and Development Appendix 1 – Key Sustainability Trends
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Performance Tables – Social
	404-2	Programs for upgrading employee skills and transition assistance programs	Wellbeing – Learning and Development We have a guideline in place for providing support to employee who are retiring.
	404-3	Percentage of employees receiving regular performance and career development reviews	Performance Tables – Social
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3	Management of material topics	About this Report Our Sustainability Strategy – Materiality Assessment Wellbeing – Diversity and Inclusion Appendix 1 – Key Sustainability Trends Hang Lung's Sustainability Policy
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Performance Tables – Social Please refer to Annual Report 2022 (P.96) on the gender 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.
	405-2	Ratio of basic salary and remuneration of women to men	Performance Tables – Social
Non-discrimination			
GRI 3: Material Topics 2021	3-3	Management of material topics	About this Report Our Sustainability Strategy – Materiality Assessment Our Sustainability Strategy – Ethics and Integrity Wellbeing – Diversity and Inclusion Appendix 1 – Key Sustainability Trends
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	There were no confirmed incidents of non-compliance with the laws and regulations relating to discrimination that had a significant impact on the Group during the reporting period.



GRI Standard	GRI	Disclosure	Section/ Explanation
Local Communities			
GRI 3: Material Topics 2021	3-3	Management of material topics	About this Report Our Sustainability Strategy – Materiality Assessment Our Sustainability Strategy – Stakeholder Engagement Appendix 1 – Key Sustainability Trends Hang Lung’s Sustainability Policy
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Wellbeing – Community Wellbeing The Group does not conduct social impact assessment to measure its impact to the local communities at this moment.
	413-2	Operations with significant actual and potential negative impacts on local communities	About Hang Lung Properties Sustainable Transactions – Sustainable Project Management The Group conducts media search regularly to identify any actual and potential negative impacts on the local community. We do not aware of any significant negative impact on the local communities.
Customer Health and Safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	About this Report Our Sustainability Strategy – Materiality Assessment Sustainable Transactions – Healthy Building Design and Certification Sustainable Transactions – Environmental, Health and Safety Management Sustainable Transactions – Indoor Air Quality Appendix 1 – Key Sustainability Trends
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Sustainable Transactions – Healthy Building Design and Certification Sustainable Transactions – Environmental, Health and Safety Management Sustainable Transactions – Indoor Air Quality
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no confirmed incidents of non-compliance with laws and regulations relevant to health and safety matters relating to our products and services that had a significant impact on the Group during the reporting period.
Customer Privacy			
GRI 3: Material Topics 2021	3-3	Management of material topics	Our Sustainability Strategy – Materiality Assessment Our Sustainability Strategy – Data Privacy and Cybersecurity Sustainable Transactions – Protecting Customer Data Privacy
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainable Transactions – Protecting Customer Data Privacy

SASB Content Index

Topic	Code	Accounting Metric	Section/ Explanation
Energy Management	IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector	100%
	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	Performance Tables - Environmental 79% 8%
	IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Resource Management – Energy Management
	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
	IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	Resource Management – Energy Management
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) 100% (2) 100%
	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) 47.9%
	IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	Resource Management – Water and Circularity
	IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	Resource Management – Water and Circularity
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.
	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	(1) 67% (2) Not currently tracked.
	IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	Sustainable Transactions – Tenants
Climate Change Adaptation	IF-RE-450a.1	Area of properties located in 100-year flood zones, by property subsector	Climate Resilience – Climate Adaptation
	IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	



Code	Activity Metric	Section/ Explanation
IF-RE-000.A	Number of assets, by property subsector	About Hang Lung Properties
IF-RE-000.B	Leasable floor area, by property subsector	Nil
IF-RE-000.C	Percentage of indirectly managed assets, by property subsector	Nil
IF-RE-000.D	Average occupancy rate, by property subsector	Please refer to our Annual Report 2022 (P. 44-53 and 57-62) for the occupancy rate of our major properties.

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

STOCK CODE

00101

We welcome your feedback on our sustainability report and sustainability performance.
Please share your views with us at Sustainability@HangLung.com.