

# Sustainability Report 2015



We Do It Right

# About this Report

This is our fourth standalone Sustainability Report for Hang Lung Group Limited (Hang Lung Group) (Stock code: 0010) together with our subsidiaries (the Group), which include Hang Lung Properties Limited (Hang Lung Properties) (Stock code: 00101), demonstrating our continued commitment to stakeholder engagement. A summary is included in our 2015 Annual Report and the full version is available at: [www.hanglung.com/sustainability](http://www.hanglung.com/sustainability).

Hang Lung Properties, the property arm and major operating unit of the Group, is the entity issuing this report. To show a broader range of sustainability impacts, the report covers the activities of the Group unless otherwise specified.

This report builds on our previous reports, which covered the challenges and successes of the Group in pursuing sustainability throughout our business operations. We describe our management approach and highlight the progress we have made in sustainability integration and governance, building a high-performing team and a thriving community, serving our customers and partnering with our suppliers, and developing and managing sustainable buildings.

In a clear demonstration of our commitment to transparency, we are in our third year of reporting in accordance with the core option of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. To meet these stringent requirements, the information presented in this report represents the most meaningful and significant issues, as identified by our key stakeholders, that affect the Group's growth and sustainable development.

The report also follows and early adopts the revised Environmental, Social and Governance Reporting Guide (effective from financial year commencing on or after 1 January 2016) (ESG Guide) contained in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules). This year we have again appointed the Hong Kong Quality Assurance Agency to provide independent verification of the information in our Sustainability Report.

The report states Hang Lung Group's achievements and performance towards environmental, social and governance issues from 1 January 2015 to 31 December 2015, unless otherwise stated.

## About our Reporting Design

Our readers will find that our Sustainability Reports are evolving. At Hang Lung Properties, we are committed to articulating our reports in an engaging and comprehensive manner for all of our stakeholders - to ensure that our report is an enjoyable read while informative for professionals. To enhance your experience, we are proud to unveil the newest addition to our Sustainability Unit, Emily, who will guide you through the journey of our Sustainability Vision.

**Bella Chhoa**  
Chairperson, Sustainability Steering Committee

Hello I am Emily.  
Nice to meet you!







**Hang Lung Properties Limited**

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## Message from the Managing Director

I am pleased to share Hang Lung's 2015 Sustainability Report, our fourth standalone report to date.

We aspire to be a leader in the real estate industry. This report is an opportunity to share our sustainability journey with our stakeholders and to reflect on our accomplishments and challenges over the past year.

In a tough economic environment, at Hang Lung we have been focusing on 'Honing our Edge'. With the economy taking longer than expected to recover, trends are indicating that market challenges are systemic rather than cyclical. To stay ahead, Hang Lung has made significant investments in the development of company-wide systems and procedures that identify risks earlier. An enterprise risk management framework was formalized in 2015, which streamlined our strategic planning and decision-making processes. The system enhanced the effectiveness of our risk management activities, which help us minimize or avoid potential disruptions or losses that may affect Hang Lung's performance and sustainability.

The success of our Group is due to the unwavering support of our investors and our employees. As we rapidly expand our portfolio, we understand that there are inherent risks. From the Board and management to frontline staff, our people share a commitment to maintaining integrity and honesty. Our devoted workforce and strong corporate culture will continue to drive our company forward. We also acknowledge that investor endorsement of our sustainability objectives has played an integral role in our progress to date and is vital to achieving our long-term vision.

Hang Lung had a remarkable 2015. We ended the year in mid-December with the soft opening of Olympia 66 in Dalian, which is our largest commercial retail property to date. The development has received international acclaim for its world-class architecture, sustainable design and community appeal - three of several key elements that make our properties distinctive and timeless.

For our existing portfolio, we have focused on narrowing the gap in environmental performance between our old and new properties. Investment in asset enhancements has achieved positive results in meeting our targets of reducing electricity and water intensity in our Hong Kong and mainland China properties.

Health and safety is a critical component of property construction management. Since our last report, we have made significant progress in enhancing the health and safety management systems at our project construction sites in mainland China. This was achieved





through the adoption of a sophisticated approach that meticulously identifies and mitigates health and safety risks at each phase of development during construction. To sustain our progress, we have committed to helping our contractors to build their health and safety capacity. Through taking proactive measures with long-term objectives, we are addressing the underlying challenges faced by our contractors and instilling safe practices and procedures.

We continued to invest in information technology through our Experience, Service and Technology (EST) framework in order to enhance and enrich the ways in which we interact with our customers. We have placed significant emphasis on innovative features that support our evolution from a conventional mall operator to an integrated services provider.

In 2015 we were honored to receive extensive external recognition, garnering over 20 awards in areas such as green building design, sustainability reporting, people, community and corporate governance. We see these awards as testimony to our commitment to sustainability and meeting stakeholders' expectations.

This recognition is due in no small part to the outstanding teams that have dedicated themselves to becoming Hang Lung's leaders in sustainability. For instance, our Hang Lung As One volunteer team contributed over 14,000 volunteer service hours in 2015 - an impressive figure that is more than double the number of hours contributed just two years ago in 2013.

Those of you who have previously reviewed our 2014 report will observe that we have again chosen to adopt a theme that is fun but still convey our serious commitment to sustainability. This approach serves to engage a wider spectrum of readers and we are delighted with its success. Our goal is to **Do It Right** and make our story unique, informative and inclusive. We hope that you will enjoy this journey with us.

**Philip Chen**  
Managing Director  
September 2016





**Our** long-term vision is reflected in the way we design, construct and operate our properties. We have built a reputation as a top-tier commercial property developer in both mainland China and Hong Kong, with a recognized commitment to constructing world-class properties that create tangible benefits in our markets and communities.

In the 1990s, the Group expanded beyond Hong Kong into mainland China, growing its regional presence to a total of nine cities. In each new community and environment, we stay true to our company's business model of **Build to Own and Build to Last**. We are in the business of building architectural masterpieces that meet the highest expectations of quality and that carefully consider the fabric of the local community, environment and economy.

We integrate sustainability throughout the life-cycle of our various commercial building complexes in Hong Kong and mainland China. All our properties in mainland China are certified or pre-certified under the LEED certification program, which rates new buildings for their quality, architectural design, services and sustainable features. For our older portfolio, we are reinvesting in the optimization and re-commissioning of key facilities in order to enhance their operational efficiency and increase customer and tenant satisfaction. This reflects our focus on and commitment to long-lasting sustainable growth as opposed to short-term financial gain.

Hang Lung Properties is a constituent stock of the Hang Seng Index and the Hang Seng Corporate Sustainability Index in Hong Kong.



# Our Economic Impact

## Direct costs and operating expenses

**HK\$2,400 million**

Hong Kong - HK\$921 million  
Mainland China - HK\$1,479 million

• 2013 HK\$2,301 million • 2014 HK\$4,022 million

## Employees' wages and benefits

**HK\$1,323 million**

Hong Kong - HK\$884 million  
Mainland China - HK\$439 million

• 2013 HK\$959 million • 2014 HK\$1,158 million

## Payment to providers of capital

**HK\$4,838 million**

• 2013 HK\$4,407 million • 2014 HK\$4,502 million

## Payments to government

**HK\$2,153 million**

Hong Kong - HK\$1,467 million  
Mainland China - HK\$686 million

• 2013 HK\$897 million • 2014 HK\$1,197 million

## Borrowing costs capitalization

**HK\$444 million**

• 2013 HK\$716 million • 2014 HK\$766 million

## Number of buildings

**Total 38\*\***

Hong Kong - 28  
Mainland China - 10

• 2013 - 30\* • 2014 - 28\*

## Cities of operation

**9**

Hong Kong - 1  
Mainland China - 8

• 2013 - 9 • 2014 - 9

## Revenues

Hong Kong - HK\$4,754 million

Mainland China - HK\$4,194 million

• 2013 HK\$9,138 million

Total  
**HK\$8,948 million**

• 2014 HK\$17,030 million

## Total gross floor area

**54 million sq. ft**

Hong Kong - 7 million sq. ft

Mainland China - 47 million sq. ft

• 2013 - 54 million sq. ft

• 2014 - 54 million sq. ft.

\* Includes one property that was sold since 2013

@ Only includes Hong Kong properties

\*\* Hong Kong properties are determined by the total number of buildings registered. Mainland properties are determined by the total number of physical buildings.

# 'Our Green Portfolio'

## The mainland China Portfolio – LEED Gold Certifications

Property	Location	Coverage	Precertification	Certification
Plaza 66	Shanghai	Office Tower 1 and 2	2012	Under Review
Grand Gateway 66		Office Tower	2012	Under Review
Palace 66	Shenyang	-	2008	2010
Forum 66		Shopping Mall	2008	2012
		Office Tower	2008	Under Review
Parc 66	Jinan	-	2009	2011
Center 66	Wuxi	Shopping Mall	2009	2014
		Office (Phase 1)	2009	2015
Riverside 66	Tianjin	-	2009	2015
Olympia 66	Dalian	-	2011	Under Review

Property under development	Location	Coverage	Precertification	Expected Completion Year
Center 66 (Phase 2)	Wuxi	-	2009	2019 onwards
Spring City 66	Kunming	Office Tower and Shopping Mall	2013	2018 onwards
		Serviced Apartment Tower	2014	
Heartland 66	Wuhan	Serviced Apartment Tower Office Tower Shopping Mall	2014	2019 onwards

## Hong Kong Portfolio – Green Building Certifications

Property	Location	Type of Certification	Certification	Certification Rating
The Peak Galleria	The Peak	BEAM Plus V1.1 Existing Building	2015	Gold
Standard Chartered Bank Building	Central	BEAM Plus V1.2 Existing Building	2016	Platinum
23-39 Blue Pool Road	Happy Valley	LEED Certification: Homes	2013	Gold









# Sustainability at Hang Lung

Expanding our Sustainability Vision

Sustaining our Vision

We make every effort to integrate sustainability into the core of our business. This means integrating sustainability in both a systematic and holistic manner to ensure that our goals and visions are embedded throughout the life-cycle of our buildings.

Our management structures incorporate sustainability considerations into decision-making processes throughout our business. This is achieved with the help of our staff and the support of our Board. The Board established sustainability as a priority in the development of our company and is determined to realize the triple-bottom-line potential of our properties. The environmental performance of our buildings has garnered significant positive recognition, but there is still more to be done. We will continue to engage with our stakeholders to understand their concerns and better assess our strengths and weaknesses.

## Sustainability Management

Since 2013, the Group's Sustainability Steering Committee has been delegated the task of driving the integration and continued development of sustainability within the Group.

Composed of all our department heads, the Sustainability Steering Committee represents the Group's wider business interests in the development and review of sustainability strategies, management and reporting systems. We utilize the expertise of each department to construct a balanced team of sustainability advocates who serve as operators and communicators of the company's evolving sustainability focus and vision.

Our sustainability management structure ensures that the company's business objectives are in alignment with our commitments to sustainable development. The Committee is responsible for ongoing communication with the Board.

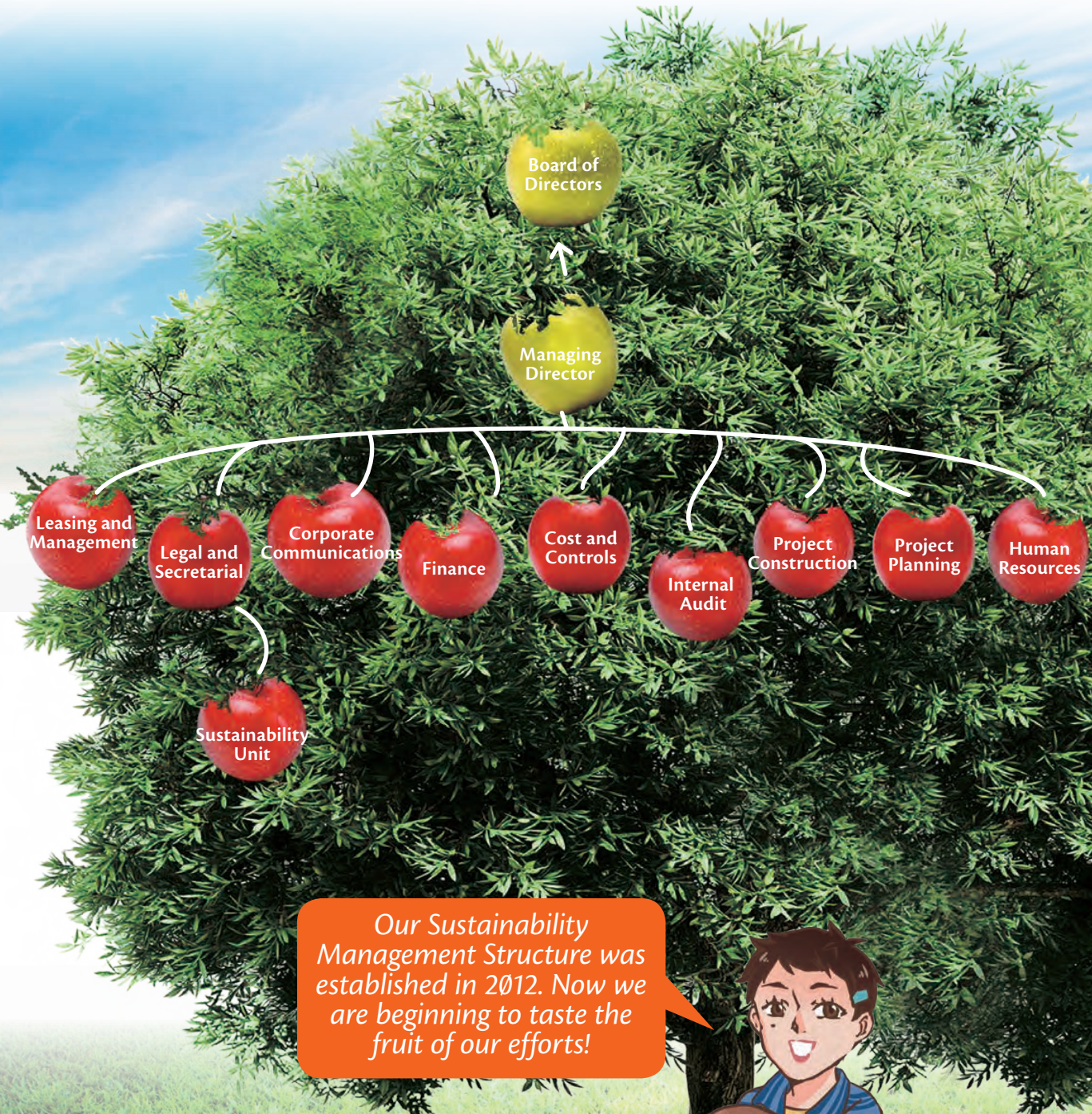




Stakeholder Engagement

Materiality assessment

Sustainability Achievements:  
Three-year Action Plan  
(2015-2017)



Our Sustainability Management Structure was established in 2012. Now we are beginning to taste the fruit of our efforts!



Sustainability Steering Committee Members



# Our Sustainability Steering Committee



**Bella Chhoa** - Assistant Director - Corporate Affairs, General Counsel, Company Secretary

As the Chairperson, Ms. Chhoa coordinates the general functions of the Committee as well as provide legal advice and human resources input related to the integration of sustainability into operations.



**Adriel Chan** - Assistant Director, Director's Office

Mr. Chan facilitates ongoing communication between the Board and the Sustainability Steering Committee.



**Raymond Mak** - Assistant Director and Group Financial Controller

Mr. Mak ensures that sustainability is integrated into the financial management of the Group, while supporting initiatives such as green procurement policies and ESG integration in the supply chain.



**CF Kwan** - Assistant Director, Corporate Communications

Mr. Kwan facilitates ongoing communications between the Group and external stakeholders in order to align and expand our sustainability efforts.



**Peter Leung** - Assistant Director, Project Construction

Mr. Leung ensures that sustainability is considered during the implementation of asset improvement plans of existing buildings.



**Moses Leung** - Assistant Director, Project Planning

Mr. Leung ensures that sustainability is considered during the planning stage of new developments and supports the Group's pursuance of green building certifications.



**William Yiu** - Assistant Director, Leasing and Management

Mr. Yiu supports the coordination and implementation of sustainability initiatives for tenants and customers at properties in mainland China.







**Mary Yan - Assistant Director, Leasing and Management**

Ms. Yan supports the coordination and implementation of sustainability initiatives for tenants and customers at properties in Hong Kong.



**Gabriel Cheung - Assistant Director, Cost and Controls**

Mr. Cheung manages contractors' ESG performance to ensure that proper procedures are followed and to strengthen occupational health and safety at the individual project level.



**Sammy Chow - Senior Manager, Internal Audit**

Mr. Chow is responsible for managing the sustainability risk and opportunities of the Group as well as the promotion of integrity throughout the Group.



**Ricky Tsang - Assistant Director, Head of Corporate Audit, Internal Audit**

Mr. Tsang is responsible for managing the sustainability risk and opportunities of the Group as well as the promotion of integrity throughout the Group.



**SW Lam - Senior Manager - Service Delivery, Leasing and Management**

Mr. Lam supports the planning and implementation of sustainability initiatives in relation to facility management and in the operational performance of the Group's portfolio.



**Cora Yiu - Senior Manager - Service Delivery, Leasing and Management**

Ms. Yiu supports the planning and implementation of sustainability initiatives in relation to facility management and in the operational performance of the Group's portfolio.



**Janet Poon - Head of Human Resources**

Ms. Poon supports the implementation of all initiatives related to employee attraction, retention and engagement.



**Edward Lo - Manager - Learning and Development, Human Resources**

Mr. Lo supports the implementation of all initiatives related to workforce development and internal capacity building.



**Jonathan Li - Assistant Manager - Sustainability, Legal and Secretarial**

Mr. Li, who spearheads the sustainability unit, oversees and monitors the execution of action plans developed by the Committee, as well as provides necessary administrative supports to the Committee.



To systematically integrate and coordinate the actions and policies enacted by the Sustainability Steering Committee, the company established a dedicated sustainability unit in 2015. This specialized unit works under the Legal and Secretarial Department to drive sustainability initiatives, support delivery of sustainability targets and provide input on external reporting requirements. It is also responsible for developing the annual Sustainability Report.



## Expanding our Sustainability Vision

Our sustainability vision is applied in five areas: Governance, Sustainable buildings, Green operation, Employer of choice, and Community integration. In 2015, we expanded our vision to incorporate 'Green operation' as we believe that achieving our sustainability vision requires us to increase the environmental consciousness of our staff and business partners. We remain committed to strengthening every element of our vision and taking constructive actions that will help us achieve our sustainability objectives. To make a long-lasting impact, we must seize all opportunities to integrate sustainability into the core of our business and gain the support of staff at all levels of our business.



Sustainability vision	Key actions in 2015
<p><b>Governance</b> To ensure the highest standards of governance, transparency, honesty and integrity in our operations.</p>	<ul style="list-style-type: none"> <li>Established a dedicated sustainability unit to coordinate internal sustainability efforts.</li> <li>Externally verified our Sustainability Report with the Hong Kong Quality Assurance Agency.</li> <li>Participated in the Hong Kong Business Sustainability Index and listed as one of the top 20 constituent companies.</li> <li>Delivered over 1,900 training hours under our Integrity Program.</li> </ul>
<p><b>Sustainable buildings</b> To construct world-class sustainable buildings that add significant and tangible value to the communities we serve.</p>	<ul style="list-style-type: none"> <li>Upheld our commitment to construct sustainable buildings as well as conduct feasibility assessments of other available green building standards.</li> <li>Achieved BEAM Plus V1.1 (Existing Building): Gold Rating for The Peak Galleria.</li> <li>Riverside 66 and Center 66 (Office Tower) were awarded Certification under LEED for Core and Shell Development: Gold Level.</li> </ul>
<p><b>Green operation</b> To promote a green environment wherever we work and in our operational practices.</p>	<ul style="list-style-type: none"> <li>Achieved 18% reduction in electricity intensity at properties in Hong Kong and mainland China against our 2010 baseline, surpassing our target of 10% by 2015.</li> <li>Completed energy audits for 21 properties in Hong Kong.</li> <li>Replaced the chillers for 13 properties in Hong Kong, cumulatively reducing our electricity consumption by 71 million kWh.</li> </ul>
<p><b>Employer of choice</b> To be 'an employer of choice' by ensuring a respectful, harmonious and safe work environment and providing training and career development opportunities for our employees.</p>	<ul style="list-style-type: none"> <li>Increased the availability of tailor-made training programs based on individual training needs analyses. 64% of training is now tailor-made, covering issues related to customer service, integrity and language.</li> <li>Conducted employee benefits benchmarking and improved our remuneration packages to maintain our competitiveness.</li> <li>Introduced family-friendly policies and extended our employee wellness program to mainland China to enhance employees' well-being.</li> </ul>
<p><b>Community integration</b> To acknowledge the immense support we receive from the communities we serve by making meaningful contributions to them through participating in or sponsoring worthwhile causes and initiatives.</p>	<ul style="list-style-type: none"> <li>Doubled our number of employee volunteer service hours in 2015 to over 14,000 compared with 2013, equivalent to nearly three volunteer service hours per full-time employee.</li> <li>Provided over 100 hours of training to site supervisors to strengthen the health and safety management system at the individual project level in our mainland China developments.</li> <li>Evaluated five additional suppliers on their compliance with our Supplier Code of Conduct.</li> </ul>



## Sustaining our Vision

Instances where sustainability challenges persist or increase in priority are valuable learning opportunities that can help us optimize the company's internal control policies and procedures. Through engagement with our stakeholders our Sustainability Steering Committee identified five potential areas for advancement in pursuing our sustainability vision.



Potential areas for advancement	Hang Lung's response
<b>Sustainability integration</b>	We have identified challenges in working to integrate sustainability throughout our operations. Further work needs to be done to enhance staff awareness of our sustainability initiatives and further communicate our vision to foster employee pride in our sustainability achievements. The Group is working to engage all levels of staff, particularly top management, to develop and implement corporate strategies focused on sustainable development.
<b>Community engagement</b>	Through our existing initiatives, such as the Hang Lung As One volunteer team, we are looking to enhance our corporate culture, recognize the importance of giving back to communities and create social value. Our community engagement and investment strategies focus on three main areas: youth development, elderly services and environmental conservation. We believe that these three perspectives are the pillars of a healthy community. We will continue to work to increase the participation of our staff and the impact of our initiatives in order to facilitate long-term positive change in our communities.
<b>Employee attraction and retention</b>	There have been challenges with attracting high-quality talent as we expand into second-tier cities in mainland China. We continue to focus on the development of our existing employees. We maintain long-term partnerships with academic institutions in order to nurture the next generation of property development professionals. We are continuing to develop our corporate brand to sustain our reputation as 'an Employer of Choice'.
<b>Waste</b>	From construction to operation, a significant amount of waste is generated throughout different phases of property development. The Group has improved the way it tracks its waste performance, particularly in regards to on-site waste management and waste-recycling initiatives at our offices, malls and residential properties. We must continue to be proactive in how we manage our waste at each stage of a building's life-cycle. We will work to enhance our data collection procedures so as to improve our performance and reduce waste generation. The next step is to engage our customers in waste reduction. This will include setting impactful and realistic targets for the future.
<b>Compliance with laws and regulations</b>	Ensuring our adherence to relevant laws and regulations is critical to our business operations. We understand that there are certain challenges associated with ensuring legal and regulatory compliance in mainland China. The Board has put the Audit Committee in charge of reviewing and monitoring the policies and practices of our operations to ensure our compliance. Any changes to laws and regulations are swiftly communicated through this mechanism to relevant departments and staff. We are working to continue strengthening our systems and policies to meet the highest expectations of our stakeholders.



## Stakeholder Engagement

We maintain open, regular and effective two-way communication with our key stakeholders through a diverse range of channels.

Our key stakeholder groups are employees, investors, shareholders, customers, tenants, governments, contractors, suppliers, the community and the media. Our business impacts and influences each of these groups differently and we therefore engage with them in a variety of ways. We also engage with NGO partners, sustainability experts, peer companies, academia and industry groups to leverage their knowledge and expertise and obtain constructive feedback on our sustainability performance.

To maintain a high level of transparency, we highlight the Group's corporate news, employee initiatives and community engagement activities in our *Connections* print magazine and on the *e-Connections* online platform. We also hold bi-annual and ad-hoc meetings to proactively solicit comments and feedback from stakeholders and to respond to their questions.

Our company intranet and *e-Connections* platform are important online tools for disseminating information from our management team to our employees and for strengthening our brand equity and corporate culture across our entire portfolio in mainland China and Hong Kong. Our *e-Connections* magazine is available at [connections.hanglung.com](http://connections.hanglung.com).

### 2015 stakeholder engagement exercise

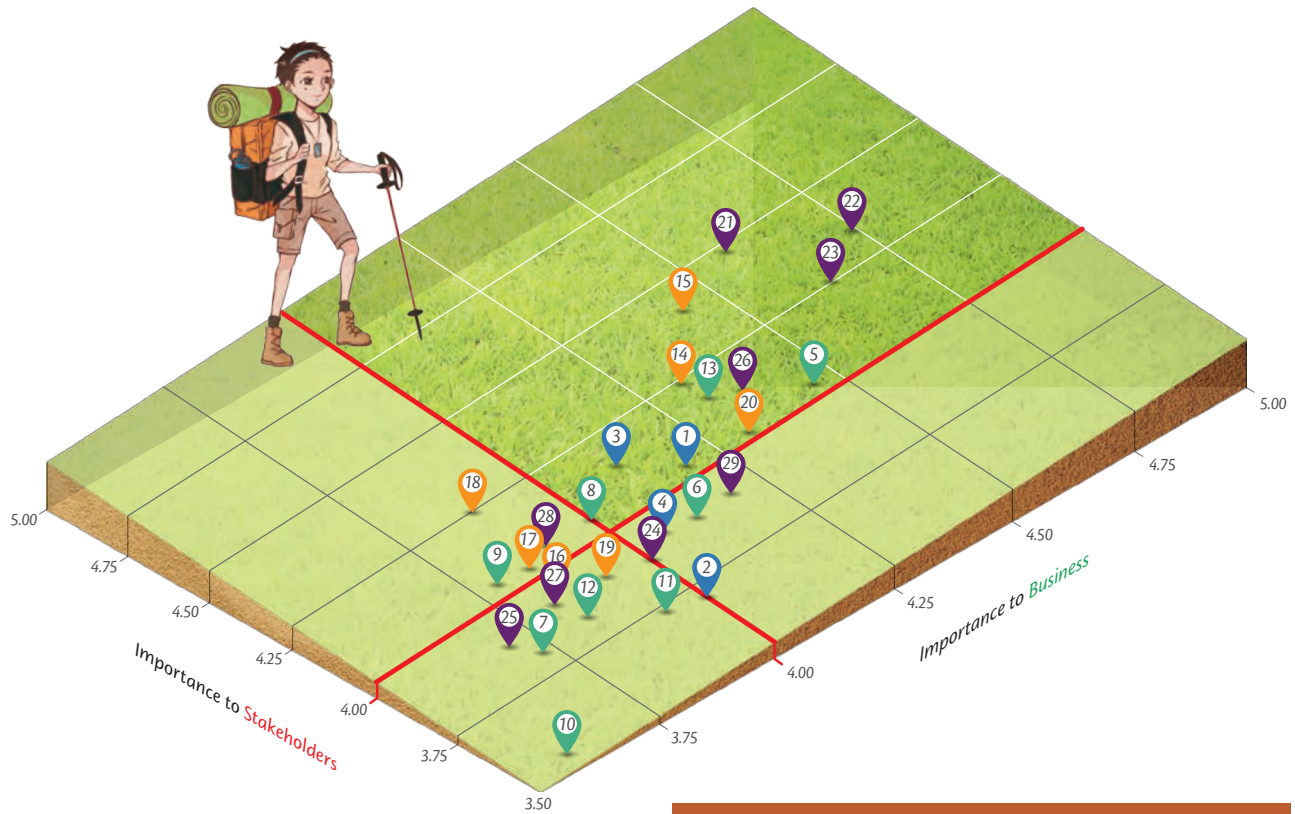
In 2015, we again engaged an independent consultant to conduct an internal and external stakeholder engagement exercise to better understand the expectations of our stakeholders and shape the content of our Sustainability Report. As part of the engagement exercise, participating stakeholders provided their feedback on our Sustainability Report 2014, discussed emerging challenges for the Group and identified priority 'material' issues that should be reported on. This process was conducted in accordance with the GRI G4 Guidelines.

Stakeholder group	Type of Engagement	Key feedback on the Group's sustainability performance and Sustainability Report 2014 and our response	
<b>Employees</b>	<ul style="list-style-type: none"> <li>Focus groups</li> <li>Surveys</li> <li>Interviews</li> </ul>	<p><b>More information needs to be disclosed on the progress of sustainability in each area of the company's operations. This includes enhancing awareness and highlighting progress by explaining communication procedures and initiatives and outlining actions taken annually.</b></p>	<p>In this report, we have focused on communicating how sustainability has been integrated from 'Board to Buildings', and have reiterated our commitments under our Three-year Action Plan. Please refer to pages 17-18 for details.</p>
<b>NGOs</b>	<ul style="list-style-type: none"> <li>Focus groups</li> <li>Survey</li> </ul>	<p><b>The Group is making progress in the way that it tracks and monitors data but more needs to be done to monitor the supply chain and interactions with suppliers and contractors to reduce potential risks.</b></p>	<p>We are developing a more sophisticated system to enhance the way we monitor our suppliers and contractors. We are doing this by leveraging our Supplier Code of Conduct and closely assessing our contractors throughout their tenure with the Group. Please refer to page 43 for details.</p>
<b>Academia</b>	<ul style="list-style-type: none"> <li>Focus groups</li> <li>Survey</li> </ul>	<p><b>Discrepancies were found in environmental and social data and further explanation needs to be provided.</b></p>	<p>We are determined to improve the process and measurement of our data. In 2015, we invested in strengthening our on-site health and safety data collection procedures. We will continue to enhance our internal procedures to collect data of higher accuracy and accountability. Please refer to page 45 for details.</p>
<b>Investors</b>	<ul style="list-style-type: none"> <li>Survey</li> <li>Interviews</li> </ul>		
<b>Peer companies and sustainability leaders</b>	<ul style="list-style-type: none"> <li>Focus groups</li> <li>Survey</li> </ul>	<p><b>Recognition of the Group's achievements should be more actively communicated to promote the progress and growth of the company.</b></p>	<p>We are proud of all of our accomplishments. We will do more to promote our successes publicly and internally to inspire our employees and peers.</p>
<b>Industry associations</b>	<ul style="list-style-type: none"> <li>Focus groups</li> <li>Survey</li> </ul>	<p><b>The 2014 report was distinctive in how it displayed key information. However the intended audience should be made clearer.</b></p>	<p>In the first section of this report, we have identified its intended audience and provided an explanation of our objectives with its new design. Please refer to page 1 for details.</p>



## Materiality Assessment

Engagement with both internal and external stakeholders was an integral part of the materiality assessment for developing this report. A list of 29 potentially relevant sustainability issues was compiled. These were further narrowed down through an engagement process consisting of focus groups, interviews, workshops and surveys. The Sustainability Steering Committee reviewed the finalized list of issues to determine the material ones (the most important issues to our stakeholders and the business) through consideration of their stated importance as ranked by stakeholders and the Group’s sustainability impacts. This process helped us identify and prioritize 12 material issues to be covered in this report. These material issues are identified in bold in the table below and marked in the materiality matrix.



Economic & Society	
1	<b>Economic impact*</b>
2	Social integration and regeneration
3	<b>Community investment*</b>
4	Community engagement

Environment	
5	<b>Energy*</b>
6	Use of materials
7	Water
8	<b>Waste*</b>
9	Pollution control
10	Biodiversity
11	Climate change and GHG emissions
12	Sustainability certification for buildings
13	<b>Sustainability integration*</b>

Boundary mapping for the material issues:

\* Inside and outside Hang Lung

\*\* Inside Hang Lung only

People	
14	<b>Employee attraction and retention**</b>
15	<b>Occupational health and safety*</b>
16	Equal opportunities and diversity
17	Management and employee communication*
18	Employee well-being*
19	Human rights
20	<b>Employee development**</b>

Operating Practices & Product Responsibility	
21	<b>Ethics and integrity*</b>
22	<b>Compliance with laws and regulations*</b>
23	<b>Risk management*</b>
24	Grievance mechanisms
25	Supply chain management and procurement practices
26	<b>Customer health and safety*</b>
27	Responsible marketing
28	Information Privacy
29	Customer feedback

## 4.6 Sustainability Achievements: Three-year Action Plan (2015-2017)

In 2014, we developed a Three-year Action Plan in response to our stakeholders' expectations, under which we set the goals of implementing our sustainability vision by the end of 2017. Over the past year, we have devoted significant time, efforts and resources to review our progress and evaluate the feasibility of the targets we established in the Plan. While we have made satisfactory advancements in implementing the Plan, a number of amendments have been necessary to ensure we can continue to pursue our sustainability vision in the prevailing business environment.

The following table outlines our progress and indicates where amendments have been made.

Area	Action Plan for 2015	Revised Action Plan for 2016
<b>Environmental performance</b>	<ul style="list-style-type: none"> <li>Formulation of a Group-wide Environmental Policy to drive greater improvement across our buildings in Hong Kong and mainland China.</li> <li>Provide more disclosure of information related to the challenges the Group faces in implementing environmental initiatives in our existing buildings.</li> <li>Ensure that the target of reducing electricity intensity by 10% (adjusted in 2014, previously 7.5%) across the whole property portfolio over five years from the 2010 baseline can be achieved with the opening of several major properties in 2015.</li> </ul>	<ul style="list-style-type: none"> <li>Expand disclosure of environmental performance data across more of our operations.</li> <li>Introduce the Group-wide Environmental Policy to selected projects in mainland China.</li> <li>Reassess and set new targets on the enhancement of energy efficiency at our properties for the next five years.</li> </ul>
<b>Occupational health and safety (OHS)</b>	<ul style="list-style-type: none"> <li>Set up systematic procedures for collecting OHS data from contractors in Hong Kong and mainland China.</li> <li>Work more closely with the industry to identify ways to enhance the authentic reporting of OHS data.</li> </ul>	<ul style="list-style-type: none"> <li>Increase disclosure in the OHS management framework and the safety governance structure.</li> </ul>
<b>Attracting and retaining talent</b>	<ul style="list-style-type: none"> <li>Proactively engage frontline staff through surveys covering multiple aspects of their work.</li> </ul>	<ul style="list-style-type: none"> <li>Provide extra resources towards staff development.</li> <li>Create a sense of belonging among staff through the organization of a diverse range of staff activities.</li> <li>Continue to collect feedback through formal and informal channels.</li> </ul>
<b>Supply chain risks</b>	<ul style="list-style-type: none"> <li>Increase the number of assessments conducted on suppliers.</li> <li>Review the existing supply chain management system to strengthen communication with suppliers on ESG issues.</li> </ul>	<ul style="list-style-type: none"> <li>Enhance suppliers' awareness of ESG issues pertaining to supply chain management.</li> <li>Reevaluate the existing assessment procedure on ESG aspects for suppliers.</li> </ul>
<b>Integrating sustainability</b>	<ul style="list-style-type: none"> <li>Provide training for employees on the importance of sustainability to the Group and the role they play in helping us achieve our sustainability vision.</li> </ul>	<ul style="list-style-type: none"> <li>Build greater capacity internally to embed sustainability considerations into our core business.</li> <li>Further increase the visibility of the Group's sustainability efforts in the community by sharing knowledge and expertise on topics such as designing and constructing buildings in accordance with LEED standards and operating with integrity in mainland China.</li> </ul>

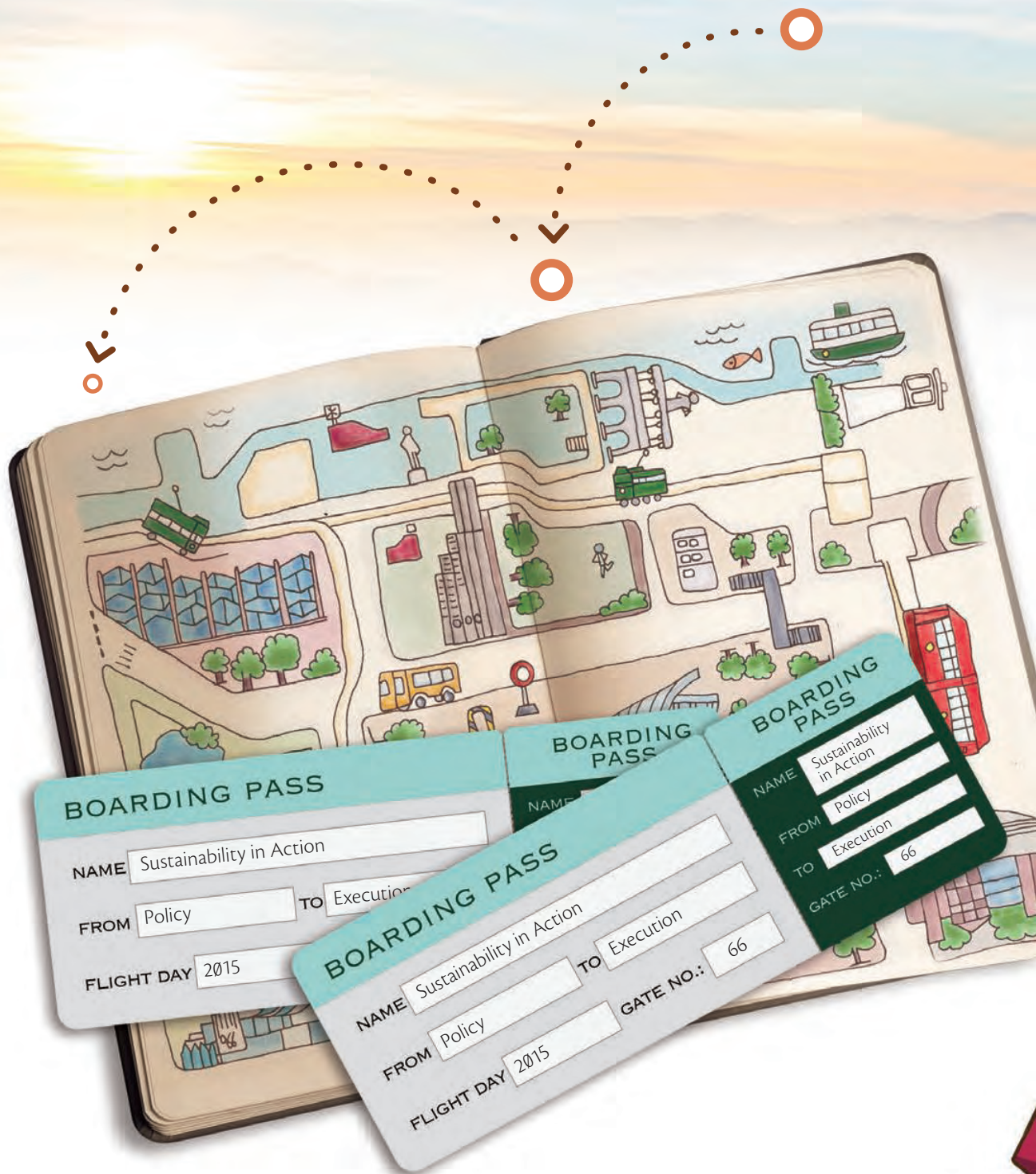




Revised Action Plan for 2017	Progress made by the end of 2015	Overall Implementation Status
<ul style="list-style-type: none"> <li>Start to develop a phased-in Environmental Management System (EMS) for our operations.</li> <li>Explore the potential for a more comprehensive disclosure process for carbon emission data.</li> <li>Full implementation of the Group-wide Environmental Policy in Hong Kong and mainland China.</li> </ul>	<ul style="list-style-type: none"> <li>Formulated a Group-wide Environmental Policy.</li> <li>Improved the comprehensiveness and transparency of the challenges the Group faces in 2015 and beyond.</li> <li>Achieved an 18% reduction in electricity intensity throughout our portfolio against the 2010 baseline.</li> </ul>	<ul style="list-style-type: none"> <li>In progress with minor amendments.</li> <li>Given that the ISO-14001 framework may not fit well in the local context of our mainland China operations, we are exploring the possibility of developing a tailor-made EMS for these operations.</li> <li>With the consensus reached under COP21, disclosure of carbon emission data is considered a higher priority and hence is now included in the Plan.</li> <li>The time required for the implementation of a life-cycle assessment for environmental impact is much longer than expected so it has been removed from the Three-year Plan.</li> </ul>
<ul style="list-style-type: none"> <li>Disclosure of OHS data across our operations in Hong Kong and mainland China using a more standardized reporting methodology.</li> </ul>	<ul style="list-style-type: none"> <li>Hired a third-party consultant to create procedures for improving the collection of OHS data from contractors. The procedures will be rolled out in Hong Kong and mainland China.</li> <li>Provided OHS training to contractors to increase awareness at construction sites and improve their data collection procedures.</li> </ul>	<ul style="list-style-type: none"> <li>We have invested substantial technical and financial resources to enhance our OHS performance at project site such that we are now far ahead of our planned objectives. Refer to Section 10 (page 44) of this report to learn more about our progress.</li> </ul>
<ul style="list-style-type: none"> <li>Explore opportunities to enhance training effectiveness through the development of personalized training plans.</li> </ul>	<ul style="list-style-type: none"> <li>Conducted internal stakeholder focus groups to collect feedback on labor practices.</li> <li>Organized events, such as luncheons with the Managing Director, to collect direct feedback.</li> </ul>	<ul style="list-style-type: none"> <li>Since there is a high proportion of new staff due to recent expansions, staff surveys may not accurately reflect the level of satisfaction among staff.</li> <li>Engaged staff in a variety of ways other than surveys.</li> <li>Emphasized creating pull factors for staff, such as enhancing development opportunities.</li> </ul>
<ul style="list-style-type: none"> <li>Formalize green procurement procedures for the selection of centrally purchased goods.</li> <li>Expand assessment coverage of ESG aspects for suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Number of suppliers being assessed remains at five.</li> <li>Preliminarily reviewed existing gaps in managing supplier ESG performance.</li> </ul>	<ul style="list-style-type: none"> <li>Major amendment made due to organizational change of our Central Purchasing Team in 2015. New plans have been incorporated.</li> <li>Reprioritized the Action Plan to ensure it can be realistically achieved.</li> </ul>
<ul style="list-style-type: none"> <li>Develop the Group into a recognized sustainability leader able to positively influence our industry peers.</li> </ul>	<ul style="list-style-type: none"> <li>Provided comprehensive sustainability training, particularly on OHS and integrity.</li> <li>Improved the consideration and integration of sustainable practices at all levels.</li> <li>Active participation in sustainability initiatives (e.g. conferences).</li> </ul>	<ul style="list-style-type: none"> <li>In progress with minor amendments.</li> <li>Instead of developing individuals as sustainability champions by 2017, we are determined to achieve a greater impact by developing ourselves into a sustainability leader as a Group.</li> </ul>

# Sustainability in Action - From Policy to Execution

We consider sustainability the cornerstone of our corporate culture, so as to ensure that environmental and socio-economic considerations are ingrained into our decision-making processes and management approach. From the Board to our frontline employees - everyone has a responsibility, and is given the opportunity, to help us further refine the organizational priorities that support the growth of our sustainability vision in all facets of our business. These priorities allow us to uphold our commitment to our stakeholders while managing the impacts we have on society, the environment and the economy.

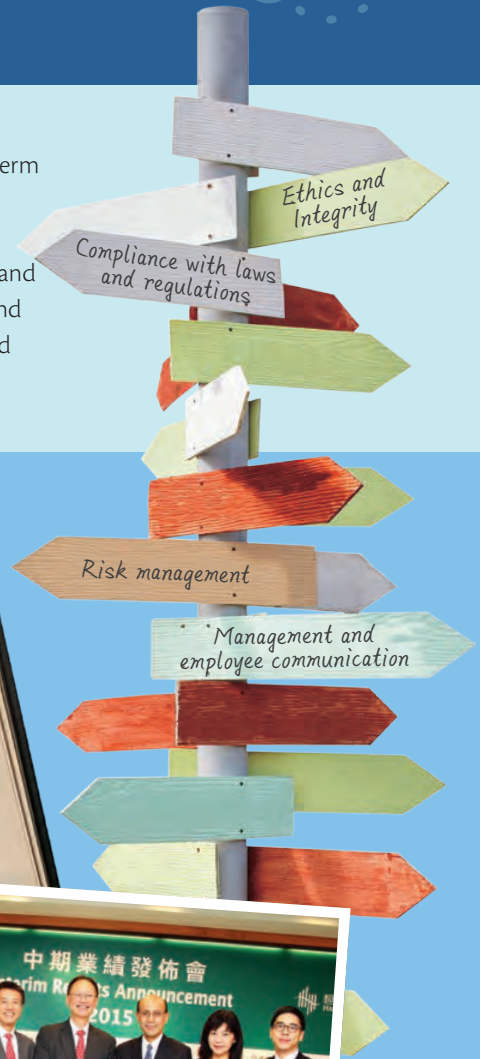






# Corporate Governance

**Strong** governance is the foundation for delivering on our corporate objective of maximizing returns to stakeholders over the long term in a sustainable manner. The core of the governance structure of Hang Lung Group and Hang Lung Properties is an effective and qualified Board that is committed to maintaining the highest standard of corporate governance, sound internal controls and effective risk management. A strong Board enhances transparency, accountability and integrity while ensuring honesty and earning the confidence of our shareholders and other stakeholders.



A balanced composition of both Executive and Non-Executive Directors with diverse backgrounds ensures that the Board's judgment is exercised independently and strengthens its ability to make clear and impartial decisions.

In 2015, Hang Lung Properties appointed two Independent Non-Executive Directors - Prof. H.K. Chang and Ms. Anita Y.M. Fung in April and May respectively; while Hang Lung Group appointed Prof. P.W. Liu and Mr. George K.K. Chang as Independent Non-Executive Director and Non-Executive Director respectively in March, and appointed Mr. Roy Y.C. Chen as a Non-Executive Director in September. Dr. Andrew K.C. Chan was re-designated as an Independent Non-Executive Director of Hang Lung Properties in December.



These developments have further enhanced the Boards' independence, diversity, perspective and experience. Six of nine Hang Lung Properties Board members are now Independent Non-Executive



## Hang Lung Group

Ronnie C. Chan (*Chairman*)  
Philip N.L. Chen (*Managing Director*)  
Gerald L. Chan#  
Simon S.O. Ip *CBE, JP\**  
L.C. Tsui *OC, GBM, GBS, JP\**  
Martin C.K. Liao *SBS, JP\**  
P.W. Liu *SBS, JP\**  
George K.K. Chang#  
Roy Y.C. Chen#  
H.C. Ho

## Hang Lung Properties

Ronnie C. Chan (*Chairman*)  
Philip N.L. Chen (*Managing Director*)  
Ronald J. Arculli *GBM, CVO, GBS, OBE, JP\**  
Dominic C.F. Ho\*  
Nelson W.L. Yuen\*  
Andrew K.C. Chan *BBS, JP\**  
H.K. Chang *GBS, JP\**  
Anita Y.M. Fung *BBS, JP\**  
H.C. Ho

# *Non-Executive Director*  
\* *Independent Non-Executive Director*



Directors. The Board of Hang Lung Group currently consists of ten members: comprising three Executive Directors; three Non-Executive Directors; and four Independent Non-Executive Directors. The Group sees this as an important element in sustaining clear and impartial oversight into the decisions and operations of the company.

Reflecting its commitment to effective governance, the Group has adopted, fully complies with, and in many cases exceeds, the code provisions and some of the key recommended best practices of the Corporate Governance Code of the Listing Rules. The three Board committees - the Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee - enhance the ability of the Board to meet those provisions and operate effectively.

Through its diverse membership, focused committees and commitment to adopting best practices, the Board demonstrates its belief in the importance of carrying out its business with integrity and honesty. For more detailed information on the Group's corporate governance, please refer to the Annual and Interim Reports published by Hang Lung Group and Hang Lung Properties, and visit the corporate governance sections of our websites: [www.hanglunggroup.com](http://www.hanglunggroup.com) and [www.hanglung.com](http://www.hanglung.com).

## Ethics and Integrity

Recognizing the inherent business risks of unethical conduct, we continue to promote an ethical culture throughout our organization. All Directors and full-time, part-time and temporary staff members of the Group are required to fully comply with our Code of Conduct, which details our expected standards of behavior. The Code of Conduct must be followed regardless of whether business is conducted on behalf of the company in Hong Kong, mainland China or any other jurisdiction where the Group is active.

To help ensure that all of our operations are in accordance with these high standards, all employees are reminded of the policy governing conflict of interest situations every six months. Executive staff are required to complete and sign a declaration form declaring any and all direct or indirect interests they have in the Group or its associated companies on a half-yearly basis.



The Group's Hang Lung Integrity Program has been expanded to further reinforce our standards and expectations for staff integrity and honesty. We delivered more than 1,900 hours of anti-corruption and anti-bribery training to staff in 2015 - a six-fold year-on-year increase. Raising internal awareness of expected ethical conduct, their legal responsibilities and the negative consequences of corruption helps our employees better understand the risks involved with unethical behavior, decisions and actions. With an expanding portfolio under a rapidly changing regional environment, the Integrity Program reflects our ethos of **We Do It Right** and strengthens our corporate culture.



*Integrity is the core value that we should uphold!*



*The Group invited Ms. Akina Fong, Ex-ICAC Senior Communications and Media Relations Officer and Ex-TVB Principal Reporter, to provide training on the Prevention of Bribery Ordinance (POBO) to our staff in Hong Kong and mainland China. Ms. Fong drew from specific cases and experiences she encountered in her previous jobs to explain common misunderstandings about 'acceptable' standards of integrity.*

To realize our zero-tolerance policy on misconduct, we have developed effective monitoring and management control systems to detect bribery, fraud or other malpractice activities directly at the source. We have a well-established whistle-blowing mechanism in place for employees and all other concerned stakeholders, including business partners, contractors and suppliers. Our stakeholders can be confident that all reports or suspicions of potential breaches will be taken seriously by the Group. Through efforts made by our Internal Audit Department, we have successfully increased the visibility of our mechanisms and safeguards to enhance their effectiveness as well as our accountability to all stakeholders.

### Compliance with Laws and Regulations

The Group takes a proactive approach to ensuring that it is in compliance with all relevant laws and regulations. The Audit Committee is tasked with reviewing and monitoring the Group's policies and practices in respect to legal and regulatory requirements. Any new enactment of or changes to relevant laws and regulations are communicated through quarterly legal updates. The legal update is distributed to all executive staff to ensure that they are aware of the changes and can disseminate relevant information to their subordinates. Unit heads are sent regular reminders on legal and regulatory compliance issues.



The Group has set up systems with policies to ensure compliance with the relevant laws and regulations; particularly those that have a significant impact on the Group and its operations. These include, but are not limited to, the Buildings Ordinance, the Residential Properties (First-Hand Sales) Ordinance, the Competition Ordinance, Personal Data (Privacy) Ordinance, Minimum Wage Ordinance, Employment Ordinance and Occupational Safety and Health Ordinance in Hong Kong; and the Anti-Monopoly Law, Construction Law, Labor Law, Trade Union Law, and Anti-Unfair Competition Law in the People's Republic of China. At a corporate level, we also comply with the Listing Rules, Companies Ordinance and Securities and Futures Ordinance.



## Risk Management



**Adriel Chan –**  
Assistant Director, Director's Office and  
Chair of the Enterprise Risk Management Working Group

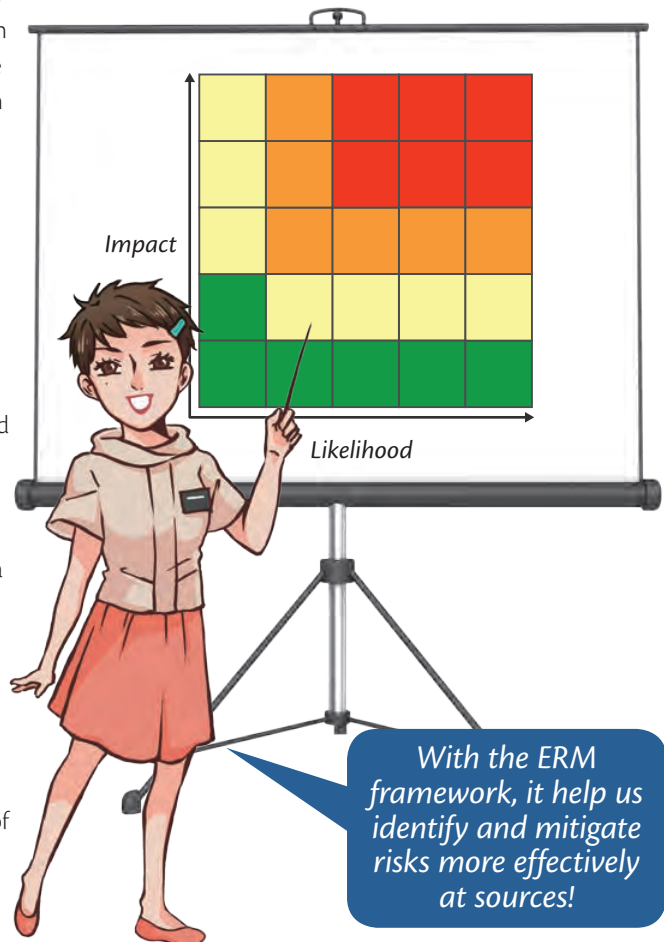
“The Enterprise Risk Management Framework demonstrates our maturity as an organization and we are actively working to ensure its implementation is both comprehensive and rigorous. By building a culture of effective risk management, the Group hopes to proactively mitigating emerging and potential risks as it continues to grow in the future.”

A systematic approach to identifying, assessing and mitigating risks is essential as risks are inherent in every sector of our business. Stakeholders have identified risk management as a top priority for the company moving forward. Our balanced risk profile considers environmental, social and governance (ESG) factors, including risks such as financial risk, climate change and natural disaster risk, as well as construction quality and safety risk. Once such risks have been identified and quantified, appropriate mitigation plans are developed and implemented.

The Audit Committee's role is to determine how the Group's internal control and risk management policies can be improved and how the company can enhance its vigilance to identify risks as early as possible. In 2015, we strengthened our risk management system by officially launching our new Enterprise Risk Management (ERM) Framework. This framework has been formalized and institutionalized to assist the Audit Committee and the Board in discharging related responsibilities to those in managerial and supervisory roles.

While it remains the responsibility of the Audit Committee, as delegated by the Board of Directors, to oversee the effectiveness of our risk management and internal control systems, the core functions of the ERM Framework are coordinated by the ERM Working Group. This working group aligns each level of the Group's operations under a separate structure in order to encourage a risk culture that monitors and reports risk in all its dimensions across the company.

Within the ERM Working Group, each of the business units are expected to analyze risks associated with their specific area of responsibility. For example, the Leasing and Management Department will look into risks associated with tenants and customers, while the Cost and Controls Department will manage risks associated with suppliers and contractors. The new framework will enable us to better protect our stakeholders and create value through our improved ability to identify and address risks and opportunities that arise as part of our business operations.





## Q & A with Ricky Tsang -

Assistant Director, Head of Corporate Audit, Internal Audit

### How is Hang Lung Properties using the ERM Framework to build an effective risk management culture?

- Train and engage staff on how to identify, assess and mitigate risks.
- Leverage the ERM Working Group to coordinate and push forward actions that ensure a well established risk culture and appetite at each level of the company.
- Continue to develop the ERM framework to cover all levels of our staff and operations. Provision of clear roles and responsibilities at the Board, Audit Committee and management levels.
- Identify the priority for any identified risks through an assessment of their likelihood and the potential magnitude of their impact.



### What are the Group's approaches to facilitate risk identification?

- Conduct briefing sessions, seminars and interviews for our staff to ensure that there is a thorough understanding of how to identify risks.
- Consider risks of all dimensions including internal and external, conventional, emerging and macro-level (e.g. economic, political, industrial and technological).
- All potential and major risks are reported and communicated to the Board, Audit Committee, the ERM Working Group and all relevant risk owners for further assessments.



### How does the Group prioritize risks?

- Assess the likelihood and magnitude of impacts based on input from senior management, the ERM Working Group, other business units within the company and, where necessary, external advisors.
- Rank all potential risks based on the results of 'heat-mapping' analysis and form an enterprise risk register.
- Regularly review the risk register and reprioritize when necessary (e.g. a new risk is identified or an existing risk has been more effectively mitigated).





## Communication between Management and Employees

We recognize the importance of maintaining high levels of transparency between management and staff. We take a variety of approaches to facilitate effective two-way communication.

We arrange staff briefing sessions at our headquarters and each of our regional offices twice a year. At these sessions our Managing Director, Mr. Philip Chen, along with other senior management, announce our biannual results and discuss the future prospects of the company with attendees. We also offer our employees opportunities to speak with management on matters related to career development, training needs, personal achievement and work issues during the biannual staff appraisal process.

Informal luncheons are organized during the year to facilitate in-depth communication between senior management and junior staff. The Corporate Communications Department prepares our monthly newsletter, *Connections*, to share the latest information about the company's strategies, updates, achievements and business operations with colleagues. Colleagues from our regional office in mainland China can also obtain regular updates through our online newsletter platform, *e-Connections*, which provides more comprehensive information on the latest company developments.



## Recognition:

Hang Lung Properties was recognized by several organizations for its corporate governance work in 2015.

- Won five honors at the Asian Excellence Recognition Awards organized by Corporate Governance Asia for the second straight year with Mr. Philip Chen, Managing Director, once again named as one of the "Asia's Best CEOs (Investor Relations)", and Mr. C.F. Kwan, Assistant Director (Corporate Communications), as one of the "Best Investor Relations Professionals"
- Won the 'Sustainability Excellence' award in the Hong Kong Corporate Governance Excellence Awards 2015, recognizing our efforts on corporate governance and sustainability measures.
- Chairman Mr. Ronnie Chan won the 'Best IR by Chairman/CEO - Large Cap' award at the HKIRA Investor Relations Awards, organized by the Hong Kong Investor Relations Association.



- Won 'Asia's Best Sustainability Report' and 'Asia's Sustainability Report of the Year (Judge's Choice)' in the Asia Sustainability Reporting Awards 2015, organized by CSRWorks.

# Our Employees

Recruitment and Retention

In seeking to maintain our competitive advantage we strive to maximize the potential of our most valuable resource: our people. We aim to inspire higher performance by focusing on the enhancement of our workplaces and the development of the capabilities and knowledge of our employees.

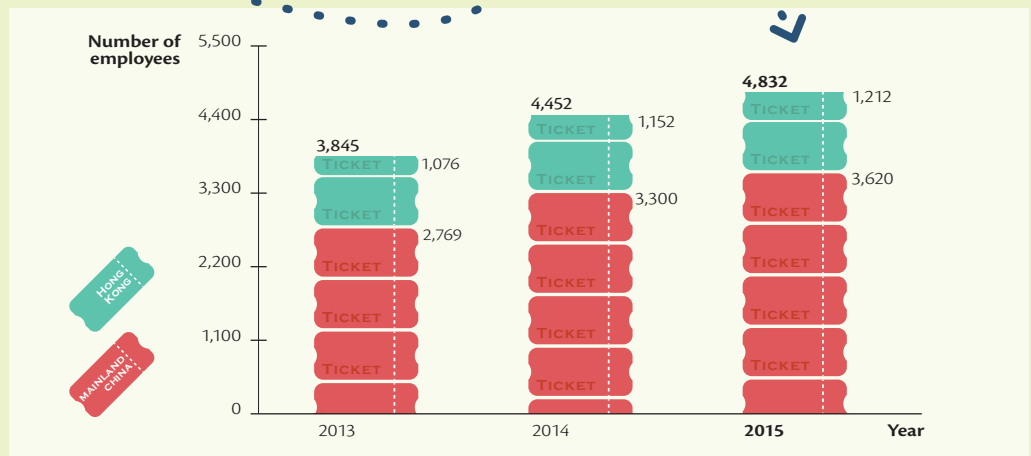
Beyond performance, we recognize integrity as vital element of our corporate culture and demand our employees uphold our company's steadfast commitment to **We Do It Right** in their day-to-day work. As our business and workforce grow, our management and staff must continue to devote themselves to maintaining the highest standards of integrity and honesty.

OPERATIONAL

ADMINISTRATIVE

## About our workforce

As of 31 December 2015, the Group employs 4,832\* staff across Hong Kong and mainland China, a significant increase from the 3,845 we employed in 2013, reflecting our recent expansion to different cities in mainland China.



\*Includes part-time staff, temporary staff and supervised workers



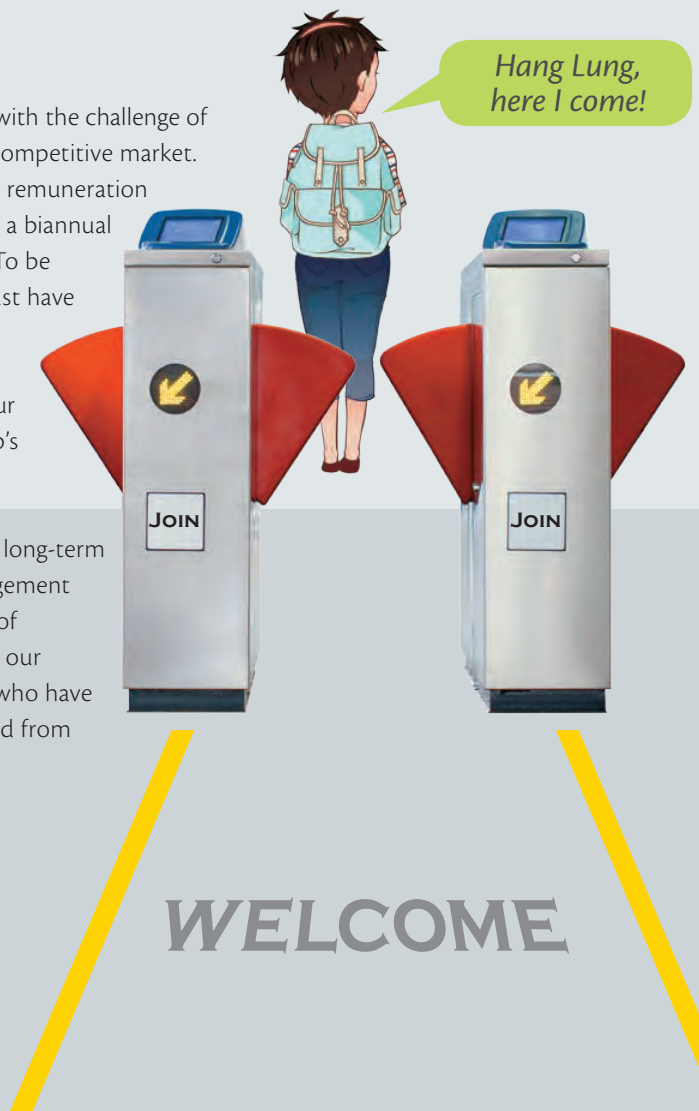




## Recruitment and Retention

With the expansion of our operations, we are confronted with the challenge of attracting and retaining a talented workforce in a highly competitive market. We provide our employees with competitive benefits and remuneration packages that are benchmarked by salary and position on a biannual basis to the industry in Hong Kong and mainland China. To be competitive over the long term, we recognize that we must have good staff continuity and be an employer of choice. Our entire workforce can expect equal and fair treatment. We will take all steps necessary to uphold the provisions of our Equal Employment Opportunities Policy under the Group's Code of Conduct.

Attracting and retaining a high-quality workforce requires long-term investment in talent development. Since 2005, our Management Trainee Program has helped nurture Hang Lung's leaders of tomorrow. This flagship talent recruitment initiative gives our business units access to high-caliber young professionals who have first-hand experience of our operations and have benefited from focused in-house business and leadership training.



# Case Study

## Management Trainee Recruitment – TEAMS Day

Creativity is pivotal to the long-term growth of Hang Lung. Our Management Trainee Program recruitment process includes several unconventional events to encourage out-of-the-box thinking.

One such event is our 'TEAMS' Day. TEAMS stands for Talented, Energetic, Analytical, Motivated and Sensible - the five characteristics that we believe an ideal candidate should possess. On TEAMS Day, groups of Program candidates visit different Hang Lung's properties to complete a series of tasks that are designed to encourage creative thinking. For example, the Group-designed 'Escape the Room' game requires potential trainees to use clues from company newsletters and Hang Lung's Annual Reports to escape from a locked room. The task gives the trainees an opportunity to learn more about Hang Lung while also providing supervisors with the chance to evaluate each individual's ability to collaborate in a team, communicate, solve problem and demonstrate leadership capabilities.



## 10<sup>th</sup> Anniversary of the Management Trainee Program

This year marked the 10<sup>th</sup> anniversary of our Management Trainee Program, which grooms promising talent to become future leaders in the property development industry in Hong Kong and mainland China. We selected nine candidates from over 1,200 applications in 2015, based on our assessment of individual abilities, inclinations and attitudes rather than solely academic experience. The rigorous 18-month rotational program provides opportunities for our trainees to receive on-the-job training and develop real-life practical skills in a professional setting. This helps prepare them for an industry that continues to grow and demands specific knowledge and a high level of professionalism.

## Employee well-being

Providing a healthy and safe work environment and promoting the concept of a good work-life balance are central to our philosophy for improved employee well-being. Our initiatives in this area include our Employee Wellness Program, which runs an array of enjoyable and fun activities for the benefit of our employees and their families. The Hang Lung Social Club promotes fitness and builds camaraderie through team sports and recreational activities. We also support families by providing financial assistance through the Chan Tseng-Hsi Foundation and access to professional counselling services for our employees and their families.



### Staff Wellness



- Wellness Days provide employees with the opportunity to consult Chinese medicine practitioners, physiotherapists, nutritionists and registered nurses for wellness advice and health check-ups.
- The management team distributes herbal tea to staff on the 'Great Heat Day of China.'
- We organize seminars to educate staff on the importance of financial health.

### Work-life Balance



- The Hang Lung Social Club organizes sports, recreational and family-oriented activities to build staff camaraderie and reinforce the importance of a balanced lifestyle.
- In 2015, we organized an array of activities for our colleagues, including an Ocean Park Day, cocktail-making classes and family bakery workshops.
- We have launched a Runners' Club to help promote a healthy lifestyle. Regular running sessions led by a professional trainer will be organized for Club members.

### Family Friendly



- The 'Say Yes to Breastfeeding' campaign promotes a breastfeeding-friendly work environment.
- Chan Tseng-Hsi Foundation provides financial assistance in the form of interest-free loans for the children of staff to pursue tertiary education.
- Professional counselling services are provided for all employees and their families to offer support with mental health issues.

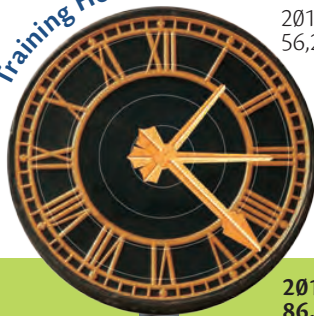
### Health and Safety



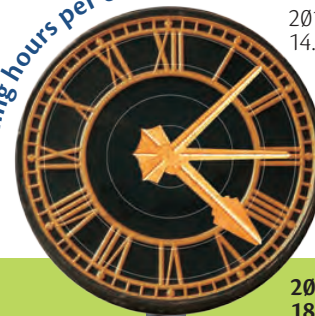
- We provided funds for 28 members of staff to complete a 'Certificate in First Aid' course to ensure that there are more people certified in first aid in our workplace than the minimum legal requirement.
- Seven employees were appointed to complete Display Screen Equipment Assessment (DSEA) training so that we are able to identify the risks associated with work involving DSE in an office environment.

## Employee development

Training Hours



Training hours per employee



Employee development is an important area of investment to ensure the long-term enhancement of our internal capacity. We therefore provide a diverse set of programs to strengthen our workforce's knowledge, competencies and skills. We believe that our employees deserve the opportunity to grow with the company without needing to make significant financial commitments from their own pockets. Training sponsorships are offered for employees to continue their professional development, and departmental conferences held throughout the year invite participants from different regional offices.

We track employee performance through biannual appraisals, during which supervisors work with their subordinates to help them set clear goals and objectives. These appraisals enable our entire team, from executives to operational staff, to maintain high levels of performance and maximize their potentials.



# Case Study

## Facilitating Knowledge Sharing

As our company continues to expand, we inevitably encounter challenges associated with sharing knowledge across an ever-increasing number of teams in different jurisdictions. To help address this issue, we organized three intra-departmental conferences in 2015, during which colleagues in different geographical locations shared their experiences. The key takeaways from these interactions was the need for a more universal internal procedure for handling complex situations within each of the departments and that more work needs to be done to ensure that all jurisdictions have the same level of understanding of these procedures once they are established.

### Meeting and interacting

The Cost and Controls Department held its second annual conference on Quality and Safety this year in Shenyang. Over 40 colleagues from Hong Kong, Shenyang, Wuxi, Dalian, Shanghai, Kunming and Wuhan attended. During the conference, colleagues covered internal case studies and shared their views on those experiences. To explore best practices in quality and safety management, a field study was also conducted on the roof of a 300-meter-high office tower.



The Human Resources (HR) Department organizes an annual HR Conference to provide a platform for colleagues to share their work knowledge and experiences. About 80 colleagues from the HR Department participated in team-building activities in 2015 to strengthen their team spirit. These activities also provided opportunities to showcase various HR achievements during the year through group discussions and presentations. The activities were designed to facilitate creative action and thinking, encourage employees to continue to 'Go the Extra Mile' and to help the HR Department set clear and consistent targets for their work in the year ahead.







A Legal Conference for our top management was organized to allow them to share their experiences in dealing with the rapidly changing legal environment, especially in mainland China. 21 participants from Hong Kong and mainland China discussed various legal topics, including judicial authentication in mainland China and legal issues related to the soft opening of the Olympia 66 development in December 2015. They exchanged opinions on how to best provide constructive legal support so as to assist management in their efforts to improve project operation.

Training and development should be a life-long journey for each of our employees. We design our training programs to ensure employees at every level receive development opportunities according to their needs. By offering tailor-made seminars and workshops, the company can ensure our employees' knowledge and skills will keep them at the forefront of a fast-moving external environment. Tailor-made training now represents 64% of all training available to our staff, covering topics that range from customer service and integrity to language skills.

With the support of our Learning and Development Team we are able to offer our employees access to training and classes that help them pursue their own personal and professional goals. With the flexibility provided by our online eAcademy 66 platform, employees can now retrieve many seminars and workshops materials at their convenience.

In the future, the Group will continue to enhance its training offerings and delivery channels by periodically conducting training needs analysis exercises for staff at all levels.



## Recognition:

Hang Lung Properties' human resources management achievements were recognized by several organizations in 2015.

- Received the Employer of Choice Award 2015 by JobMarket.
- Won 10 accolades at the 'Asia Best Employer Awards 2015' and 'Asia's Training and Development Excellence Awards 2015' hosted by the Employer Branding Institute, the World HRD Congress and Stars of the Industry Group. The honors include:
  - 6<sup>th</sup> Asia's Best Employer Brand Award
  - Awards for Best HR Strategy in line with Business
  - HR Event of the Year
  - Leadership Excellence in Sustainability
  - Award for Excellence in Training
  - Innovation in Learning Services
  - Best Organizational Development Programme
  - Excellence in Training and Development Award
  - Best Customer Services Programme
  - Training Leader of the Year
- Received a Gold Award at the Astrid Awards in the category of 'Special Projects: Integrated Campaign' for our staff engagement program, 'Emerald Award - Go the Extra Mile'.



# Our Communities

Hang Lung as One and the local community

We are keenly aware of the responsibilities we have as a corporate citizen to contribute to the communities our business serves. Our community investment programs focus on three target areas: youth development and education, environmental protection and elderly services. The majority of our charitable contributions are directed to important causes and non-profit organizations that are working on issues in these three areas.

Despite 2015 being a financially challenging year, we provided HK\$15 million in charitable donations. We also offered non-monetary support to the community through various means, including providing venue space at our shopping malls for no cost for worthwhile causes. We also assist people in need by supporting local social enterprises. Since 2011, we have contracted the Hong Chi Association, a non-profit organization providing special education services and work training for those with intellectual disabilities, to provide letter-shop services for our *Connections* publication.

## Hang Lung as One and the local community

In cities where Hang Lung has a presence, members of our Hang Lung As One volunteer teams join together with other Hang Lung colleagues to make a difference in society. We have established volunteer teams involving over 1,500 staff at our operations in Hong Kong, Shanghai, Shenyang, Jinan, Wuxi, Tianjin, Dalian, Kunming and Wuhan. As a result of the impressive dedication and collective efforts of our staff volunteers, in 2015 we carried out over 100 volunteer activities that resulted in us contributing 14,144 volunteer service hours in Hong Kong and mainland China.





Highlights of activities from 2015 include:

- The Architectural Tour Program in Hong Kong provided secondary school students with an opportunity to learn about the development and cultural heritage of local districts.

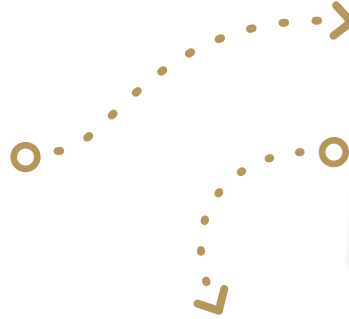


- Hang Lung As One volunteer teams from Center 66 in Wuxi and Riverside 66 in Tianjin organized tree-planting activities in their districts to help build a greener local environment.
- Hang Lung Green LEEDers led a group of 45 students from underprivileged backgrounds to visit The Chinese University of Hong Kong and the Jockey Club's Museum of Climate Change. Students learned about environmental issues and the impact of climate change, the need for low-carbon alternatives and the importance of recycling.





Our community engagement initiatives place particular emphasis on assisting and showing appreciation for our ageing population. In 2015, we organized a series of events and activities that provided our team and our communities with the opportunity to engage with, learn from and recognize the needs of our senior citizens. Some of these activities are highlighted below.



To motivate elderly people to participate in community activities and remain active in their later years, 24 volunteers from the Hang Lung As One volunteer team in Kunming built a stage for a group of senior citizens to show off their skills in creating a Yunnan flower lantern show. The show attracted a large audience and helped highlight the richness of traditional local culture.



In Hong Kong, the Hang Lung As One volunteer team created the 'Be An Arty Youth' series to provide senior citizens with an opportunity to participate in artistic and physical activities and share stories from their past. Senior citizens took part in events such as a floral tea brewing workshop, a day of learning about coffee art and brewing, and, for the more active, the first Jade Club Duo Run. This successful program reached over 250 beneficiaries in 2015. We are working to expand its reach and scope in 2016.

The Longtaitou Festival is a traditional event to celebrate the return of Spring. To help elderly people living in a residential home in Xuhui District enjoy the Longtaitou festivities, the Hang Lung As One volunteer team from Plaza 66 visited the home to make dumplings and enjoy desserts with the residents.



*Providing services for the elderly is one of the three key focus areas of our community investment program.*





## Community Partners

Aligning our work with partners who strengthen our sustainability aspirations can increase the impact of our contributions to society. Hang Lung has cultivated meaningful partnerships with a range of stakeholders, including NGOs, academic associations and industry groups.

Providing support for education is a critical element in the development of a sustainable society. We are proud of our long-standing partnerships with Tsinghua University in mainland China and The Chinese University of Hong Kong.

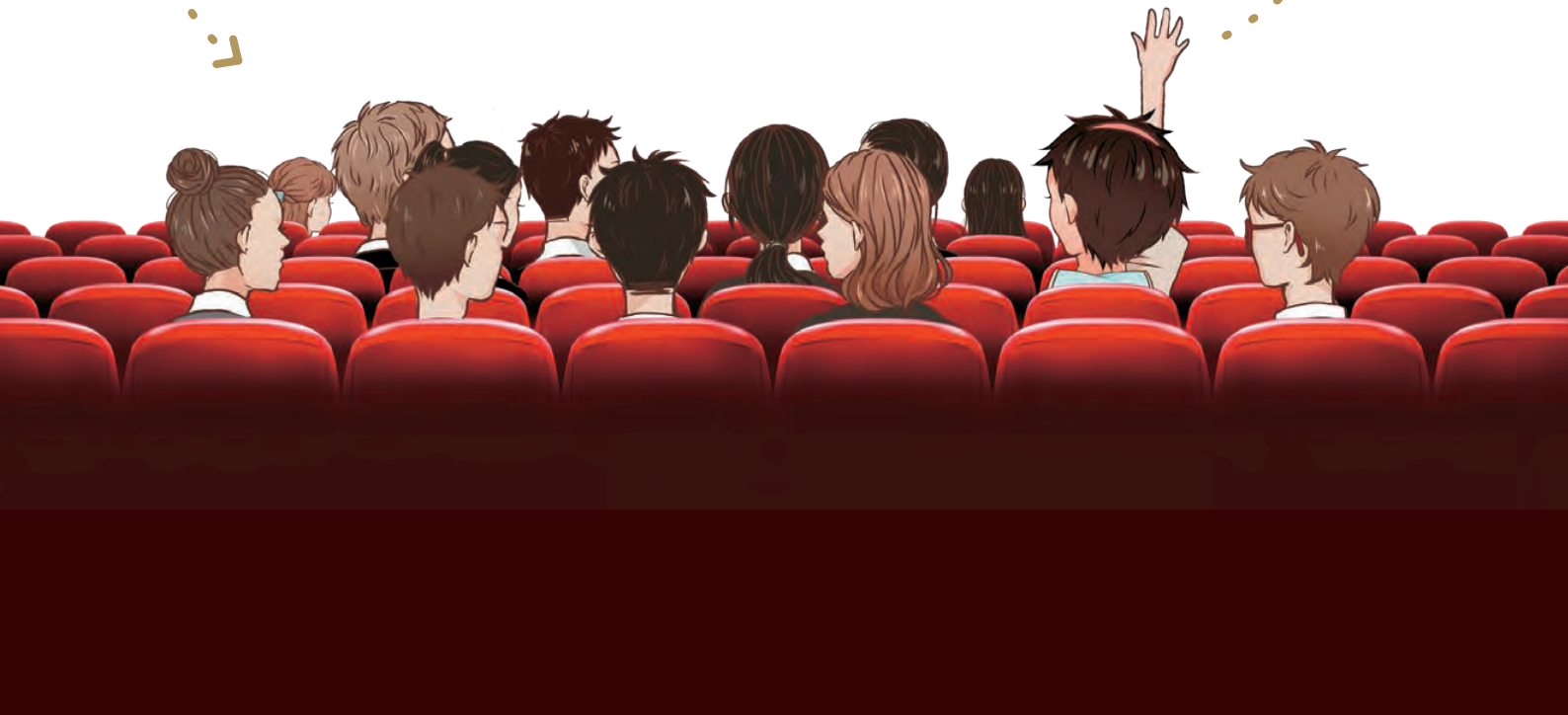
### 1. The Hang Lung Center for Real Estate, Tsinghua University, Beijing

On 23 April 2010, we celebrated a major milestone in our community outreach efforts with the opening of the Hang Lung Center for Real Estate (the Center) at Tsinghua University in Beijing. With a donation of HK\$30 million, the Hang Lung Real Estate Research Fund under the Tsinghua University Education Foundation was established to support the Center in its role as a research institute jointly developed by Tsinghua's School of Civil Engineering, School of Economics and Management, and School of Architecture.

This development leverages the University's multi-disciplinary strengths and distinguished faculty to attract scholars of international standing to build a world-class academic team in the areas of housing policy and security, land management and urban development. In addition, the Center provides policy-focused research to governments in support of new ideas that can promote sustainable urban development and healthy market growth in mainland China.

In 2015, the Center published over 60 academic essays and books, and held a series of international and internal seminars, talks, student contests and essay competitions. The Center also launched a career mentorship scheme to train the real estate industry's future leaders.

The Center also co-organized the 4<sup>th</sup> International Workshop on Regional, Urban and Spatial Economics in China with the Journal of Housing Economics. About 100 scholars and chief editors from social science and city-planning journals attended the Workshop.



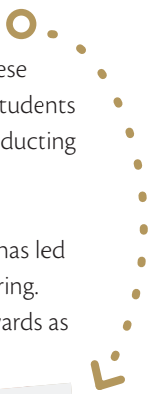
## 2. Hang Lung Mathematics Awards (HLMA)

Co-founded in 2004 by Mr. Ronnie Chan and renowned mathematician, 1982 Fields Medalist and 2010 Wolf Prize in Mathematics recipient, Professor Shing-tung Yau of Harvard University, the Hang Lung Mathematics Awards biennial competition has three objectives: to encourage education and research in mathematics, to cultivate interest in mathematics among the younger generation, and to discover promising mathematics talent in Hong Kong.

Jointly organized by the Group, the Institute of Mathematical Sciences, and the Department of Mathematics at The Chinese University of Hong Kong, the HLMA is different from other mathematics awards. Instead of answering a set of questions, students are given the opportunity to choose a mathematics-related subject that is of interest to them and use it as the basis for conducting an independent study and research project.

A committee of distinguished mathematicians from around the world judges the projects and their findings. The HLMA has led to the discovery of several highly talented mathematicians who have gone on to careers in medicine, finance and engineering. With the next HLMA scheduled to be held in 2016, we continue to allocate resources to enhancing the impact of the Awards as one of our flagship programs and ultimately to nurture talented individuals who can contribute to the sustainable development of society.

Although 2015 was a 'gap year' for the HLMA, we continued to leverage its influences by teaming up with the Hang Lung As One volunteer team to provide three months of mathematics tutorial classes. With our 2014 HLMA participants as volunteer tutors, we organized eight one-on-one classes for students at Chi Hong Primary School, with the aim of stimulating their interest in mathematics.





## Social Integration and Regeneration

We take local communities and the surrounding environment into account before, during and after the construction of our properties. We have made significant investment in the restoration of heritage buildings to protect local history and culture. For example, our Center 66 property in Wuxi in Jiangsu province was constructed to accommodate a cluster of historic buildings. Our team had to design and develop a property that encompassed the modernity of our 66 portfolio while respecting the tradition and intricacy of the surrounding historic architecture. At Riverside 66 in Tianjin, our design and construction teams worked to include the traditional European-style architecture of the century-old Zhejiang Xingye Bank building as a key element of their design for the state-of-the-art retail center.



On other developments, we have focused on increasing the accessibility and connectivity of our buildings with their surroundings by providing green corridors and open spaces for tenants, customers and the local community to enjoy. As we enter an age where sustainable transportation is becoming increasingly prevalent, we are working to provide our customers and tenants with sustainable transport options. In 2015, we reached a partnership agreement with Tesla Motors to install electric vehicle chargers at six shopping malls in mainland China.



# Our Customers

Customer Service

Customer Health and Safety

## Customer Service

# Raising

 the standards of customer service offered by our frontline staff and integrating new technologies into our property management systems continue to be key parts of our strategy to enhance the customer experience.

In 2014, we launched the EST (Experience, Service and Technology) Program. Initiatives under the Program include using mobile technology to provide customers with timely information on our promotional offers and activities at our malls.

The EST Program was first implemented at Riverside 66. Following the success of this initial implementation, Olympia 66 in Dalian is the second project to launch this Program and the Program will eventually expand to the rest of the portfolio in mainland China.



Riverside 66 • Tianjin



Olympia 66 • Dalian

Our mobile applications provide information on our offers and activities at our malls. Follow us now!



Center 66 • Wuxi





To open up new possibilities for customer service and relationship management, Plaza 66 and Forum 66 has launched their own VIC loyalty program that enable us to execute customer-oriented marketing campaigns and promotions and building stronger, long-lasting customer relationships. In particular, Forum 66 and international luxury brand Salvatore Ferragamo joined hands to launch a travel program in 2015, in which three selected VIC customers and their family members were invited to enjoy a 7-day tour in Italy.

As part of the Hang Lung Star Service Campaign, we have developed a range of initiatives that emphasize service training and provide feedback to frontline staff to help them develop and improve the way we serve and assist our customers and tenants.



# Case Study

## Hang Lung Star Service Campaign and the Emerald Award

Launched in 2013, the Hang Lung Star Service Campaign has been one of our flagship customer service programs. With the guidance from our Academy 66 division, we designed a series of activities and training programs to direct our frontline staff on how they can work to exceed the Group's service standards and the expectations of our customers.

To date, the Campaign has delivered training to over 2,500 staff in Shanghai, Shenyang, Jinan, Wuxi, Dalian and Tianjin.

### Developing our customer service leaders

In 2015, we initiated our Train-the-trainer Program in mainland China, inviting frontline staff to participate in workshops to sharpen their skills and earn teaching qualifications. This Program also helped us disseminate information on the company's customer service standards and procedures.

The first Train-the-trainer two-day workshop was held at Parc 66 in Jinan for 17 frontline staff. The workshop covered three tiers of customer service: basic (e.g. grooming, communication and etiquette); intermediate (e.g. handling complaints); and advanced (e.g. all of our 61 service standards.) Under the Program, the 'trainers in training' were given the skills to deliver information and guidance on the company's customer service expectations to other frontline staff.

Our future plans include expanding the Train-the-trainer Program to Hong Kong and involving more employees as trainers and as participants.

*"The Train-the-trainer Program has provided me with an excellent opportunity to interact with other staff and experts on the company's customer service standards. Through the workshop, I had the chance to exchange knowledge with my colleagues, which provided me with new insights for improving my training, work and customer service skills."*

**Frontline staff trainer - Lily Zhang**

*Senior Officer, Human Resources & Administration*

### What is happening in 2016?

- Training from new trainers will be compulsory for all new frontline staff.
- Delivery of CS3, a new customer service training course that introduces our new service standards on grooming, language, knowledge and behavior for frontline staff in mainland China.
- Introduction of the company's 'four manners' and 'eight points' for handling complaints, which focuses on obtaining customer feedback to pinpoint weaknesses and improve our service.
- Designing coaching workshops for frontline staff supervisors.







### Emerald Award - identifying star service

It is essential that we motivate our staff to ensure they are continuously seeking to develop themselves professionally and personally. In 2015, we launched the Emerald Award to recognize and highlight our frontline employees for their great work. These annual Awards are presented to selected employees in mainland China and Hong Kong who have been identified as customer service 'champions', with the aim of inspiring our staff to continuously pursue excellence, learning and development.

### Emerald Award winners

*"The most important factor of my work is the happiness of my customers. When customers see you smile they feel happy as well. When we see how happy our customers are after we have helped them solve a problem we know we have truly made a difference."*



**Phoebe Wang,**

Guest Service Associate of Parc 66 in Jinan - 2015 Emerald Award Winner

*"The Emerald Award helps encourage me and the rest of the team to provide the best service we can, to serve every customer from the heart, and to try to understand all situations from their perspective. It is important to be prepared and to always strive to keep learning and be better service providers."*



**Wong Yinwan,**

Senior Guest Service Supervisor of Kornhill Plaza in Hong Kong - 2015 Emerald Award Winner



### Customer health and safety

The Group takes a systematic approach to safeguard the health and safety of our customers by identifying and mitigating the potential for operational risks at both our commercial and residential properties. We focus on integrating customer safety into the design of our properties and in our day-to-day operations.

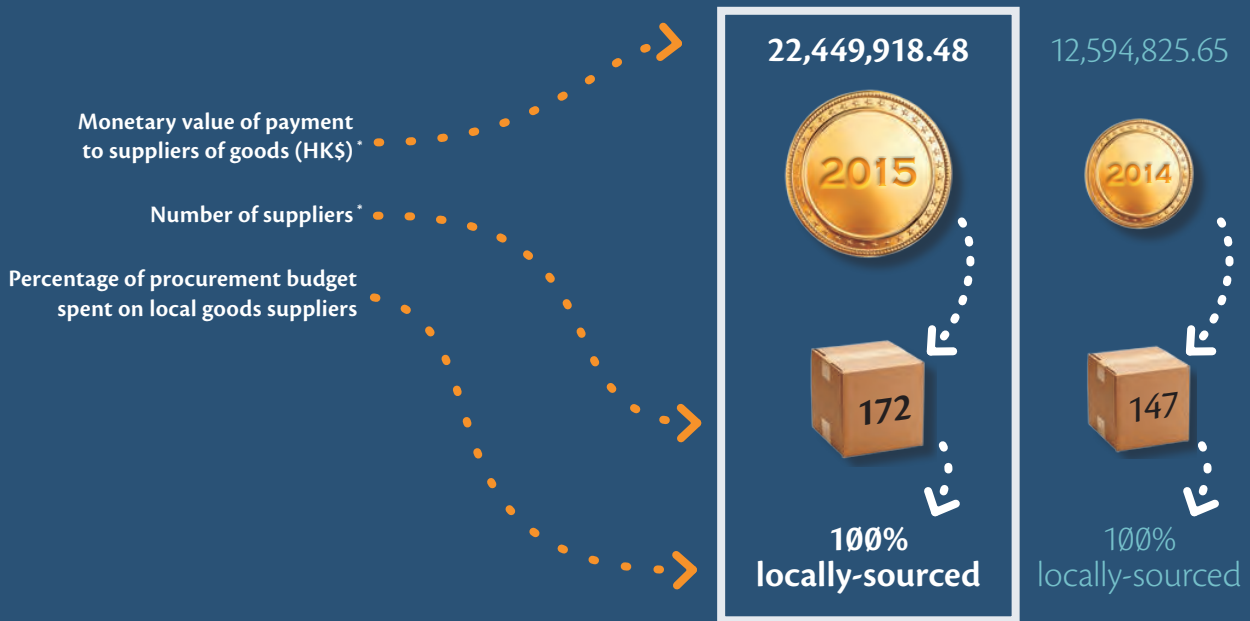
While we aspire to minimize all health and safety risks, we also understand the importance of being prepared. As of the end of 2015, we had introduced automated external defibrillators (AEDs) in many of our properties in Hong Kong, including the Standard Chartered Bank Building, Fashion Walk, Hang Lung Centre, Park-In Commercial Centre, Grand Plaza, Amoy Plaza and Kornhill Plaza. We also organize staff training on how to properly operate these devices.

In addition, we run a series of emergency preparedness and fire drills in Hong Kong and mainland China, using different scenarios that could affect staff, tenants, customers and/or construction units. This process helps familiarize those at risk on what and how to respond during an evacuation or an emergency. We require our staff to conduct regular inspections for potential related hazards.



# Our Supply Chain

## Proportion of spending on local suppliers of goods and number of suppliers of goods



\* The total number of suppliers and total payment are calculated based on procurement that is centrally purchased in Hong Kong.

**Effective** management of environmental, social and economic performance throughout our supply chains can help us conserve resources, optimize processes, increase productivity and promote positive corporate values. As such, we are dedicated to the consistent implementation of our procurement policies and procedures relevant to sustainability across our entire operation.

Incorporating sustainability into supply chains in the property development industry is inherently complex. It is therefore crucial for us to develop strong relationships with our suppliers and contractors to ensure the proper alignment of our policies throughout the delivery of our projects. Through our robust management system, we work to maintain a high level of quality and integrity in the construction of our buildings.

The expectations we have of our suppliers are outlined in our Supplier Code of Conduct and our general Terms and Conditions of Purchase Order. These documents state our expectations related to compliance with local laws and regulations, health and safety, the prevention of bribery and product delivery. A summary of our Central Environmental Purchasing Policy is also included as it relates to promoting the use of environmentally friendly products and services.

An important element of our supply chain management practice is the identification, evaluation and monitoring of our construction contractors. Our contractors are regularly assessed throughout their tenure with the Group. Before tendering we provide a pre-qualification questionnaire to contractors and we conduct reviews to assess their performance related to the quality of their work, knowledge, cooperation, customer service, timeliness and safety. Beginning in 2014, we have begun evaluating the ESG performance of five of our suppliers using a tailor-made assessment procedure. We plan to continue to expand the scope of this assessment structure and take the results under careful consideration in order to effectively guide and manage our supply chain relationships.



### Use of materials

We strive to balance quality, price and environmental impact when procuring materials. There are nearly 100 green products currently available in the procurement catalogues used by our departments and projects. The proportion of purchased goods in 2015 that were produced with environmental considerations in mind was 20.5%, and represented a 28.5% increase in absolute spending when compared to 2014. This shows that we are gaining momentum in this area of our sustainability vision.

Our contractors and suppliers are guided by our Central Environmental Purchasing Policy, which encourages the use of locally sourced and environmentally responsible materials. The Policy articulates the importance of buying responsibly sourced timber and paper, avoiding non-environmentally friendly packaging materials, and of recycling metals and plastics. All employees are guided by these principles as they represent effective strategies for reducing our resource consumption and maximizing energy efficiencies.

### Purchased goods with environmental consideration

+28%



### Occupational health and safety management at construction sites

Protecting the occupational health and safety of our operations is a priority for the Group. Our approach is set by our corporate health and safety policies and procedures, which are reinforced by our workplace safety management training and regular on-site health and safety assessments.

Led by the Quality and Technical Monitoring Team from our Cost and Controls Department, the Group has created a comprehensive set of safety measures to protect our colleagues and workers at project sites. The Quality and Technical Monitoring Team acts as a regulator for construction quality and provides updates on our quality and safety performance at our project sites through their quarterly Quality Newsletter. This newsletter acts as a reference point for the latest regulatory and quality requirements in mainland China for all departments in the company.

In line with our aspiration to be the leading commercial developer in mainland China, we are working to narrow the gap between the health and safety standards for construction sites in Hong Kong and those sites in mainland China. In 2015 we invested substantial resources in strengthening the health and safety management structure of our construction sites in mainland China, with the additional aim of helping to raise overall health and safety standards in our industry.



**Q & A with Wilson Siu -**  
*Manager – Cost and Controls Department*

**Q) Substantial resources have been invested by Hang Lung to enhance occupational health and safety at its construction sites. What prompted this investment?**

A) We began to formalize our health and safety management systems on construction sites in 2015 to better address the expectations of our stakeholders. Our first step was to develop a Construction Safety Manual. This manual outlines and standardizes operating procedures across an extensive number of health and safety issues for all our construction sites, including but not limited to fire safety and emergency protocols.

To achieve actual improvements in this area, we acknowledge the need for the policies and procedures in the Manual to be properly implemented. We therefore hired a professional consultant that specializes in construction site health and safety for our key projects in mainland China, including Forum 66, Spring City 66, Heartland 66 and Plaza 66.

The primary role of the consultant is to make sure that our contractors operate in compliance with the safety manual during construction and to identify safety risks through regular on-site inspections. This is considered an unconventional practice in mainland China as it is normally the responsibility of the supervisory company to monitor contractors. Data accuracy is another key area of improvement that we are focusing on and our consultant is also responsible for ensuring that all relevant health and safety data is disclosed by the contractor, along with appropriate supporting evidence, such as the injury rate for site workers.

The findings of the consultant are reported to the project teams and the Cost and Controls Department on a monthly basis. These additions to our health and safety management system for construction sites have improved our ability to identify non-compliance, manage risk and formulate mitigation plans in a more coordinated manner.

Our future objectives include using the expertise of our consultant to ingrain good occupational health and safety habits across our portfolio and enhance the competency of our contractors over the long term.







**Q) How are the Hang Lung's safety standards communicated to contractors and suppliers?**

A) In addition to monitoring their performance, we are also committed to building overall on-site awareness of the importance of health and safety among our contractors and site workers. Our consultant helps us deliver training courses that contain key messages on our safety culture and introduce our Safety Manual to construction site supervisors. These supervisors are expected to further share health and safety information and expectations with on-site workers. As of the end of 2015, our safety consultant had delivered 127.5 hours of training to site supervisors.



**Q) How is Hang Lung managing issues related to the gap in health and safety performance between Hong Kong and mainland China?**

A) There are cultural differences between mainland China and Hong Kong with regards to occupational health and safety practices. In response to these challenges, we have created awareness programs for workers in both regions to improve communication concerning this important topic.



**Tracking** the operational and environmental performance of our buildings to identify enhancement opportunities is vital to developing a realistic strategy for achieving long-term sustainability. Our approach to maintaining our edge is to incorporate green building certifications as a basic provision in the new properties we build and to enhance the operational efficiency of our existing properties through retrofits, upgrades and refurbishments. In adhering to our business ethos of **Build to Own and Build to Last**, we must incorporate sustainable features and mechanisms that improve the way we design, build and operate our properties.

As we look ahead, replenishing our land bank is an important element of our long-term strategy. We rigorously assess each project location according to its risks, opportunities and the potential it offers us in maintaining a long-term competitive advantage.

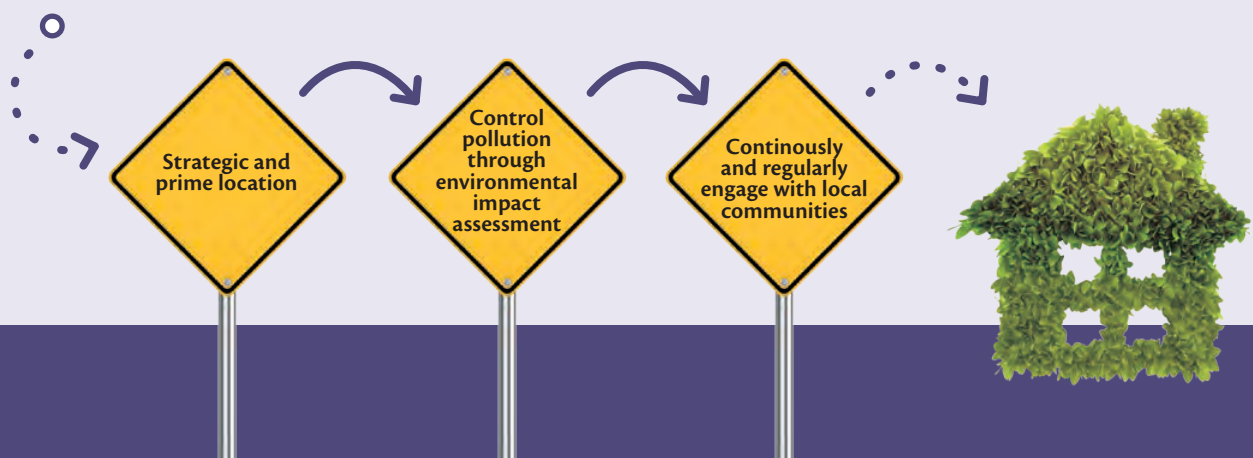
## Project Planning and Construction

In the early stages of a development, we consider the fabric and characteristics of the target neighborhood before suggesting a design theme and concept.

We take three steps when considering the location and landscaping of our properties.

- First, we assess the long-term business viability of the area, including whether the site is centrally located and will enhance accessibility to mass and sustainable transportation methods.
- Second, we determine whether the surrounding natural environment will be disturbed as a result of our development.
- Finally, we analyze whether our property, once completed, could adversely affect the local community and nearby residents.

Our projects in mainland China are restricted to the redevelopment of previously-developed land in order to minimize the potential adverse impacts on the environment. Our Environmental Policy outlines our approach to environmental protection, including our policies on issues such as pollution and emissions control and wildlife conservation. Our environmental impact assessments help us identify environmental concerns of nearby communities. We also maintain regular ongoing communication with local community representatives during the entire construction process.



In an effort to reduce the impact on the natural habitats of the surrounding areas, we work proactively to avoid invasive construction methods. As stated in our Environmental Policy, we apply these methods during all stages of a building's life-cycle - from planning and material acquisition to construction and refurbishment.



Project Planning and Construction

Operational Optimization

Recognition

### Green building certification

We demonstrate our commitment to the highest international standards for green building certification by adhering to LEED Gold certification standards for all our properties in mainland China. For our existing portfolio in Hong Kong, we strive to attain BEAM Plus certifications wherever we determine we can make significant advancements through refurbishment.

Our teams follow an integrated design process that incorporates green features and meets stringent environmental standards. In 2015, we secured certification under LEED for 'Core and Shell Development: Gold Level' for our Riverside 66 and Center 66 (Office



With the endeavor of our project teams, we have secured green building certifications for our properties in mainland China!



Our Buildings  
48

Tower) developments. This has increased the total number of the Group's LEED certifications to eight. A map of our building portfolio and green building certifications is provided in the 'About Hang Lung' section found on page 7.

### Managing environmental impact: from design to construction

Our efforts to pollution control and reduce waste begin in the design phase. We conduct environmental impact assessments to identify the potential impacts of our construction projects. We maintain ongoing dialogue with appointed contractors so that such impacts are understood and are taken into account. To ensure that mitigation measures will be fully implemented, our tendering documents include detailed requirements for contractors in areas such as environmental monitoring and audits, standard operating procedures and training.

This engagement and mitigation strategy has led to positive results. At our construction sites in mainland China, over 50% of construction waste is diverted from landfills as a result of the application of our Construction Waste Management Plan, which focuses on the recovery, handling and transfer of waste from our projects.



# Case Study



## Olympia 66 - Dalian

In December 2015, we held the soft opening for our newest property and largest shopping mall to date. Located in one of the best-known commercial areas in Dalian, Olympia 66 boasts a unique architectural style with world-class shopping, dining and entertainment amenities. Beyond its aesthetics, the design of Olympia 66 incorporates a series of environmental and social considerations. We used green technologies that have enhanced operational efficiency, accessibility, customer experience and connectivity with the surrounding community. In an effort to achieve the highest possible standards in building certification, Olympia 66 meets the requirements of LEED for 'Core and Shell Development: Gold Level'.

The design of Olympia 66 reflect five core environmental and social features:

### Construction waste

- At least 50% of construction waste (by weight) was reused and recycled rather than sent to landfill. Recycled materials included reinforced steel, metals, paper and cardboard.



### Locally sourced materials

- More than 20% (by cost) of building construction materials were manufactured 800 km from the project site.



### Energy efficiency

- The building achieved a 17% energy cost saving compared with the levels established under the United States Energy Standard for Building Except Low-Rise Residential Buildings (ASHRAE). This was accomplished through the inclusion of an ice storage system, water-side free cooling, car park demand control ventilation, and the use of a highly efficient lighting and HVAC system .
- Developed a comprehensive energy monitoring system to support future energy audits.
- Installed on-site solar panels.
- A large atrium and skylights made good use of natural daylight, helping to reduce electricity consumption for indoor lighting.



### Water efficiency

- The building achieved a more than 40% potable water saving compared with the baseline established by the Water Act. This was accomplished by integrating low-flow toilets and urinals, low-flow faucets and a grey-water recycling system.



### Social integration and sustainable transportation

- High connectivity with the surrounding community, with the subway system and a public transport station located 800 meters from the project site.
- Over 35% of the project area is designated as accessible open space for customers and the general public.



## Operational Optimization

We aim to ensure that all of our buildings continue to operate with high efficiency with respect to energy and water consumption and waste management not only in the early stages of their operation but throughout their life-cycle.

**Q & A** with **S.W. Lam** - Senior Manager –  
Service Delivery, Leasing and Management



### Overcoming operational challenges

**Q) How does Hang Lung optimize operational efficiency in its buildings?**

A) The first two years of a building's operation, known as the 'defect liability period' is the best time to make adjustments to optimize efficiency. During this period, we go through our testing and commissioning procedures to assess where further optimization is required, whether that may be energy management, indoor air quality or customer health and safety. When fully operational, our advanced building management systems allow us to track performance for continual improvement.

The Service Delivery Team works closely with the Project Planning and Project Construction Departments during the design and construction phase to advise on features that will improve a property's operational efficiency, such as energy capabilities. We do this during the tendering process so that the entire construction team, including our contractors and consultants, are in alignment before the building phase commences.

Beyond enhancing the operational efficiency of individual buildings, we also look to identify the potential of performance enhancement across our entire portfolio. For example, we have recently been working to standardize our interactive directory, car park management and footfall management systems across our mainland China portfolio.

**Q) How does Hang Lung assess its performance at new properties in order to identify areas for improvement?**

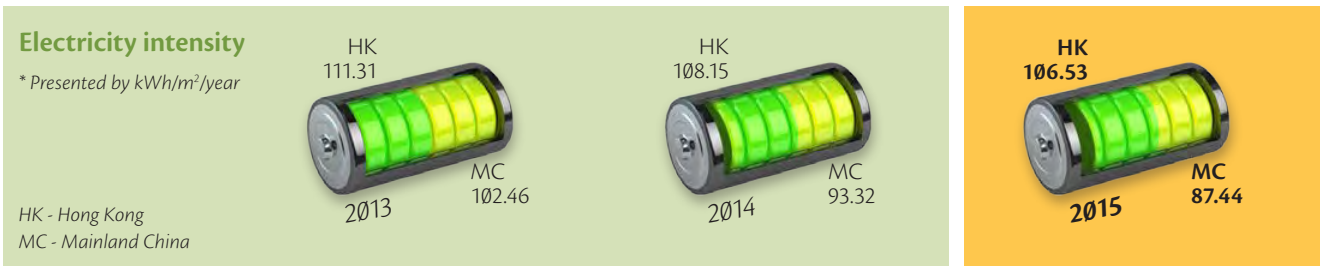
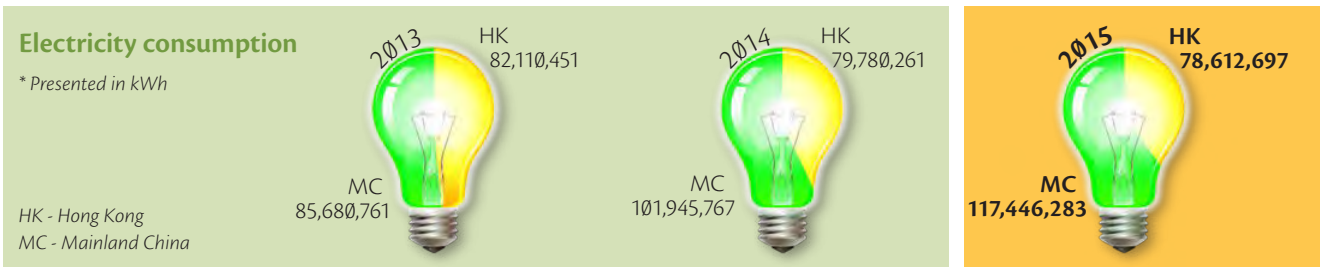
A) We focus on improving on-site data collection at our operational properties - for example, by tracking the indoor temperature of our buildings in order to maintain an ideal cooling load. By taking these measures we are able to make solid suggestions on how to prioritize funding for refurbishment work.



### Reducing energy consumption

In response to the concerns of our stakeholders, we have taken steps to continually improve the energy efficiency of our properties. By the end of 2015, we had reduced our portfolio's electricity intensity by 18% compared to our 2010 baseline, an achievement that comfortably exceeds our target of a 10% reduction. After careful consideration by our management team, we plan to set a new goal of further reducing our electricity intensity by 12% across all our properties by 2020 with 2015 as our baseline year.

In 2006, we made a commitment to invest in the refurbishment of our existing buildings. In the past nine years, we have reduced the energy consumption of 13 properties by replacing conventional chillers with water-cooled chillers. This has cumulatively reduced our electricity consumption by 71,511,891 kWh - equivalent to HK\$90.8million. Although we are pleased with this achievement, there is still much work to be done to upgrade and optimize our aging building amenities such as air-handling units, lighting systems, lifts and escalators. To identify additional energy saving opportunities, we have completed carbon audits on 28 of our buildings in Hong Kong and five\* in mainland China.



\* Only the shopping mall was audited for Forum 66.

### Energy conservation initiatives in 2015

- Completed the replacement of lifts at Hang Lung Centre, resulting in an estimated energy saving of 100,000 kWh annually.
- Completed the replacement and optimization of the fan coil system at Grand Gateway 66, which reduces energy consumption by 352,809 kWh annually.
- Implemented a series of reduction measures across all properties in mainland China; ranging from switching off lifts and escalators outside of peak hours and adjusting air-conditioning systems automatically according to indoor foot traffic and to relying on emergency lighting in car parks for patrolling purposes.

### Waste management

Reducing waste at our buildings requires a collective effort from our staff, suppliers, tenants and customers to implement our waste mitigation, segregation and disposal procedures.





In 2015, we completed the Municipal Solid Waste Charging Pilot Scheme launched by the Environmental Protection Department (EPD) in Hong Kong. Our Amoy Gardens was one of the seven participating estates and has recorded a noticeable reduction in waste. We also provided the EPD with data and valuable experience that the Department can use to help formulate an improved solid waste charging policy in the future.

At our Kornhill Plaza, we joined the Food Waste Recycling Partnership Scheme co-organized by the EPD and the Green Council in Hong Kong. Through this scheme, Kornhill Plaza provides recycling bins in the mall to collect food waste. The mall has invited and engaged a number of tenants to participate in the Scheme, including AEON Supermarket, Crystal Jade Kitchen, McDonald's, PARKnSHOP Superstore and PizzaExpress. We will assess the potential for further actions, in partnership with both governmental institutions and non-governmental organizations, to reduce the amount of waste that sent to landfill sites.

## Water

We are taking measures to reduce our overall water footprint. From 2014 to 2015, our water use intensity dropped from 1.23 m<sup>3</sup>/m<sup>2</sup> to 1.17 m<sup>3</sup>/m<sup>2</sup> in mainland China and from 1.53 m<sup>3</sup>/m<sup>2</sup> to 1.44 m<sup>3</sup>/m<sup>2</sup> in Hong Kong. This progress is a result of our efforts to enhance awareness among our employees, customers, tenants and communities as well as investments in the optimization of our building's water performance.

### Water consumption

\* in m<sup>3</sup>



### Water intensity

\* in m<sup>3</sup>/m<sup>2</sup>



## Climate change and greenhouse gas (GHG) emissions

We are working to improve our understanding of the Group's carbon footprint and our vulnerability to climate change. To reduce GHG emissions, we have taken steps to integrate environmental features into the design of our buildings and explore the use of new technologies and renewable energy.

### GHG emission

\* In tonnes of CO<sub>2</sub>e (direct - scope 1 and indirect - scope 2)



### GHG intensity

\* In tCO<sub>2</sub>e / m<sup>2</sup>/year (CFA)



To build upon our efforts in previous years, we have continued to participate in the EPD's Carbon Audit Green Partner Program as a signatory of the Carbon Reduction Charter. As part of this partnership, we disclose our greenhouse emissions performance through the Carbon Footprint Repository for Listed Companies in Hong Kong.

In committing ourselves to playing our part in addressing climate change, we have also positioned ourselves in support of the Paris Agreement from the 21<sup>st</sup> Conference of Parties to the United Nations Framework Convention on Climate Change (COP21). We recognize that large-scale changes to mitigate climate change require a collective effort. We are committed to doing our part in working with our local communities and governments to promote the development of renewable energy sources, encourage low-carbon projects and reduce our reliance on carbon-intensive fuel.



Case Study



### The Peak Galleria

In 2015, The Peak Galleria became the first building in Hong Kong to achieve a Gold Rating in its Final Assessment under the BEAM Plus for Existing Buildings Version 1.1. This recognition reflects our commitment to, and investment in, the optimization of our properties.

Over the past few years, we have integrated a number of innovative environmental features within the design of The Peak Galleria in order to improve its operational and energy efficiencies.

#### Renewable energy

The building's wind turbines and eight solar panels generate enough electricity to power 65 LED lights and operate the automatic irrigation systems. Water collected through the building's rainwater collection system goes through a disinfection process before being used for toilet-flushing purposes.

#### Energy conservation

To reduce the use of electricity, lighting sensors automatically turn off selected lights throughout the building during the day. Air-cooled chillers were replaced with water-cooled ones to save energy and reduce carbon emissions.

#### Air emissions control

A ventilation system with a carbon monoxide sensor covers 100% of the car park area. The system will automatically turn on when carbon monoxide in the car park exceeds a pre-established safe level. To improve the car park air quality, we have initiated a 'Fresher Car Park' Campaign to encourage eco-driving. We have also installed a battery charging station and introduced exclusive parking spaces for electric vehicles.







## Recognition:

Hang Lung Properties was recognized by several organizations for excellence in corporate responsibility and environmental performance:

- Hang Lung Green LEEDers won an award in the Asia Responsible Entrepreneurship Awards 2015 in the 'Green Leadership' Category.
- Won honors at the Asian Excellence Recognition Awards, organized by Corporate Governance Asia, in the categories of 'Best Environmental Responsibility Company' and 'Best CSR Company (Hong Kong)'.
- Riverside 66 has garnered the Gold Awards in the categories of Best Innovative Green Building and Best Retail Development in the MIPIM Asia Awards 2015, recognizing our dedication to strive for the highest standards in architectural design while incorporating a full range of green initiatives.



# Memberships and Charters

The Group is an active supporter of government bodies, environmental organizations and industry associations that positively impact and strengthen society. The following list presents the major initiatives, memberships and charters that we have supported and participated in during 2015.

Partner	Area	Rationale	Actions
<b>Real Estate Developers Association of Hong Kong (REDA)</b>	Real Estate	We believe that we are a leading voice in Hong Kong's real estate development community. We seek to influence government policy and community understanding about our industry through our work with REDA.	Mr. Ronnie Chan, Chairman, serves as the Vice President on the Board of Directors and Mr. Philip Chen, Managing Director, serves as an Executive Committee Member.
<b>Tsinghua University</b>	Academia	We believe that fostering research in the real estate sphere and developing talent in the real estate industry is vital to supporting the long-term sustainability of our business and the community.	Sponsor of the Hang Lung Center for Real Estate at the university.
<b>The Chinese University of Hong Kong</b>	Academia	We believe in nurturing world-class mathematics talent by providing a unique platform to stimulate critical thinking and creativity as well as to raise academic aptitude and ability.	Founded in 2004, the biennial Hang Lung Mathematics Awards has nurtured over 1,700 secondary school students in Hong Kong, awarding HK\$6million in scholarships to assist in the pursuit of university studies and related activities.
<b>Business Environment Council</b>	Environmental	We have joined over 100 companies and organizations globally in pledging to reduce energy consumption and carbon emissions in our commercial buildings.	Council Member and signatory to the World Business Council for Sustainable Development Energy Efficiency in Buildings Manifesto.
<b>Hong Kong Green Building Council</b>	Environmental	We support the Council's mission to lead market transformation by advocating green policies to the Hong Kong Government; introducing green building practices to all stakeholders; setting design, construction and management standards for the building profession; and promoting green living to the people of Hong Kong.	Gold Patron Member



Partner	Area	Rationale	Actions
<b>Hong Kong Special Administrative Region Government</b>	Environmental	We support Government-organized environmental initiatives as we believe in the need to participate in community-wide campaigns to tackle local or global environmental issues.	Signatory to the Food Wise Charter (Environment Bureau); Energy-saving Charter on Indoor Temperature (Environment Bureau and Electrical and Mechanical Services Department); Carbon Reduction Charter and Carbon Audit Green Partner (Environmental Protection Department); and the Charter on External Lighting (Environment Bureau).
	Social	We support the Government in efforts to assist persons with disabilities in developing their potential and build a barrier-free environment with the aim of enabling persons with disabilities to fully participate in society and enjoy equal opportunities.	Signatory of the 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).
<b>WWF Hong Kong</b>	Environmental	We have pledged not to sell or buy shark fin soup as part of our corporate activities.	Signatory to the 'No Shark Fin' Pledge.
<b>Friends of the Earth Hong Kong</b>	Environmental	We partner with Friends of the Earth Hong Kong to increase awareness of environmental conservation and enhance environmental knowledge, particularly through employee engagement activities.  We seek to realize zero food waste at banquets.	Mars-level Earth Partner since 2012.  Supporter of the 'Light Banquets' Campaign.  Signatory to the 'Order Less Waste Less' Pledge.



# Performance Tables

Indicator	Unit	2015			2014			2013		
		HK	MC	Total	HK	MC	Total	HK	MC	Total

## ECONOMIC PERFORMANCE

### Economic value generated

Revenue (Including property sales revenue)	HK\$ million	4,754	4,194	8,948	13,114	3,916	17,030	5,612	3,526	9138
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### Economic value distributed

Operating costs	HK\$ million	921	1,479	2,400	2,906	1,116	4,022	1,458	843	2,301
Employee wages and benefits	HK\$ million	884	439	1,323	N/A	N/A	1,158	N/A	N/A	959
Payments to providers of capital	HK\$ million	N/A	N/A	4,838	N/A	N/A	4,502	N/A	N/A	4,407
Payments to government (all taxes and related penalties)	HK\$ million	1,467	686	2,152	684	513	1,197	385	512	897
Community investments	HK\$ million	N/A	N/A	15	22	0	22	15	1	16
Number of cities of operation	Number	1	8	9	1	8	9	1	8	9

## ENVIRONMENTAL PERFORMANCE <sup>(1) (2)</sup>

### Energy consumption and generation

#### Direct energy consumed by type

Diesel	Liters	2,664	5,490	9,420	4,407	4,007	8,414	2,744	5,395	8,139
Towngas <sup>(3)</sup>	m <sup>3</sup>	0	0	0	N/A	235,717	235,717	N/A	317,960	317,960
Natural gas	m <sup>3</sup>	0	94,775	94,775	N/A	39,486	39,486	N/A	4,005	4,005

#### Indirect energy consumed (all non-renewable) by type

Electricity	kWh	78,612,697	117,446,283	196,058,980	79,780,261	101,945,767	181,726,028	82,110,451	85,680,761	167,791,212
Electricity intensity of buildings in use	kWh/m <sup>2</sup> /year	106.57	87.44	N/A	108.15	93.32	N/A	111.31	102.46	N/A

#### Energy generated

Renewable energy	kWh	2,171	444,878	447,049	95	403,720	403,815	200	248,094	248,294
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### Greenhouse gas (GHG) emissions

Direct emissions	Tonnes of CO <sub>2</sub> e	364.28	603.66	967.94	1,754.35	659.54	2,413.89	477.77	11.76	489.53
Indirect emissions	Tonnes of CO <sub>2</sub> e	52,747.51	105,720.13	158,467.64	54,888.33	96,085.18	150,973.51	57,477.32	65,190.96	122,668.28
Intensity	tCO <sub>2</sub> e/m <sup>2</sup> /year (CFA)	0.0720	0.0792	N/A	0.0768	0.0886	N/A	0.078	0.078	N/A



Indicator	Unit	2015			2014			2013		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
<b>Waste management</b>										
<b>Municipal solid waste</b>										
Waste sent to landfill	Tonnes	5,418	74,680	80,098	5,072	58,026.30	63,098.30	3,896	62,034	65,930
<b>Recycled waste</b>										
Paper	kg	121,417	506,186	627,603	138,721	514,745	653,466	192,896	166,300	359,196
Metal	kg	8,019	16,723	24,742	2,174	20,160	22,334	2,484	9,800	12,284
Food waste	Liters	8,655	N/A	8,655	7,323 (kg)	N/A	7,323 (kg)	3,783,120	N/A	3,783,120
Plastics	kg	1,056	48,992	50,048	603	N/A	603	N/A	5,400	5,400
Glass	kg	4,009	47,946	51,955	850	N/A	850	N/A	1,100	1,100
Fluorescent light bulbs/tubes	kg	6,825	1,063	7,888	4,330	8,013 (pieces)	-	N/A	13,000 (pieces)	13,000 (pieces)
Grease waste	Liters	N/A	297,386	297,386	N/A	212,532	212,532	N/A	207,200	207,200

<b>Water management</b>										
Water intensity	m <sup>3</sup> /m <sup>2</sup>	1.44	1.17	N/A	1.53	1.23	N/A	1.35	1.46	N/A
Fresh water consumption	m <sup>3</sup>	514,769	904,047	1,418,816	548,290.74	694,273	1,242,563.74	482,649	563,950	1,046,599
Water reused	%	0.85	1.20	N/A	1	1.2	N/A	2.6	1.2	N/A

## SOCIAL PERFORMANCE

### Profile of workforce

<b>Total workforce (employees and supervised workers)</b>	Number	1,212	3,620	4,832	1,152	3,300	4,452	1,076	2,769	3,845
Male	Number	707	2,275	2,982	686	2,043	2,729	665	1,694	2,359
Female	Number	505	1,319	1,824	466	1,257	1,723	411	1,075	1,486
Supervised workers <sup>(9)</sup>	Number	0	26	26	N/A	N/A	N/A	N/A	N/A	N/A

### Employees by employment contract

<b>Permanent</b>	Number	1,200	3,594	4,794	1,126	3,254	4,380	1,063	2,726	3,789
Full time	Number	1,184	3,594	4,778	1,120	3,254	4,374	1,058	2,726	3,784
Part time	Number	16	0	16	6	0	6	5	0	5
<b>Temporary</b>	Number	12	0	12	26	1	27	7	7	14

### Employees by employee category

Executive staff	Number	145	183	328	132	173	305	103	147	250
Administrative staff	Number	474	1,156	1,630	430	1,066	1,496	386	848	1,234
Operational staff	Number	593	2,255	2,848	590	2,016	2,606	587	1,732	2,319

Indicator	Unit	2015			2014			2013		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
<b>Employees by age group</b>										
Under 30	Number	177	1,164	1,341	165	1,147	1,312	149	943	1,092
30-50	Number	707	2,242	2,949	695	1,942	2,637	667	1,633	2,300
Over 50	Number	328	188	516	292	166	458	260	151	411
<b>New hires</b>										
Total new hires	Number	314	1,089	1,403	398	1,286	1,684	344	841	1,185
<b>By age</b>										
Under 30	Number	106	544	650	N/A	N/A	N/A	N/A	N/A	N/A
30-50	Number	177	523	700	N/A	N/A	N/A	N/A	N/A	N/A
Over 50	Number	31	22	53	N/A	N/A	N/A	N/A	N/A	N/A
<b>By gender</b>										
Male	Number	151	742	893	N/A	N/A	N/A	N/A	N/A	N/A
Female	Number	163	347	510	N/A	N/A	N/A	N/A	N/A	N/A
<b>Turnover</b>										
Total turnover	Number	249	769	1,018	N/A	N/A	N/A	N/A	N/A	N/A
Turnover rate <sup>(5)</sup>	%	20.54	21.40	21.18	16.62	11.59	13	17.25	10.65	12.7
<b>By age</b>										
Under 30	Number	59	367	426	N/A	N/A	N/A	N/A	N/A	N/A
30-50	Number	157	380	537	N/A	N/A	N/A	N/A	N/A	N/A
Over 50	Number	33	22	55	N/A	N/A	N/A	N/A	N/A	N/A
<b>By gender</b>										
Male	Number	128	501	629	N/A	N/A	N/A	N/A	N/A	N/A
Female	Number	121	268	389	N/A	N/A	N/A	N/A	N/A	N/A
<b>Employee training</b>										
Total hours of employee training	Hours	11,772.3	74,861.3	86,633.6	N/A	N/A	N/A	N/A	N/A	N/A
Average hours of employee training	Hours	9.71	21.3	18.02	N/A	N/A	15.72	N/A	N/A	14.86
<b>By employee category</b>										
Executive staff	Hours	1,132.0	1,862.5	2,994.5	N/A	N/A	N/A	N/A	N/A	N/A
Administrative staff	Hours	5,937.2	19,228.8	25,166.0	N/A	N/A	N/A	N/A	N/A	N/A
Operational staff	Hours	4,703.1	53,770.0	58,473.1	N/A	N/A	N/A	N/A	N/A	N/A
<b>By gender</b>										
Male	Hours	6,867	47,073	53,940	N/A	N/A	N/A	N/A	N/A	N/A
Female	Hours	4,905	27,788	32,693	N/A	N/A	N/A	N/A	N/A	N/A

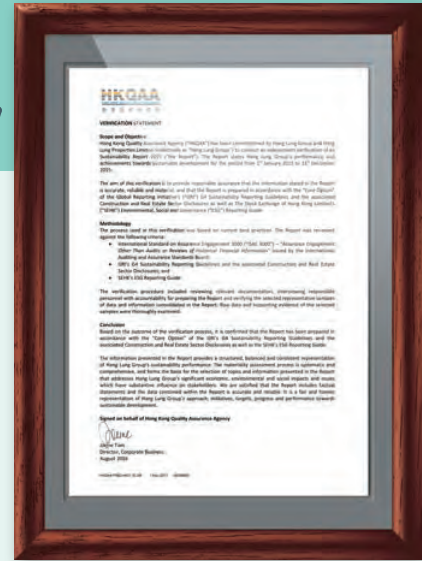


Indicator	Unit	2015			2014			2013		
		HK	MC	Total	HK	MC	Total	HK	MC	Total
<b>Employees receiving regular performance and career development reviews</b>										
Percentage of total employees	%	99.43	100	N/A	99.13	100	N/A	99.48	100	N/A
<b>Employees covered by collective bargaining</b>										
Percentage of total employees	%	0	47.75	N/A	0	41.23	N/A	0	50.46	N/A
<b>Anti-corruption training</b>										
<b>Number of employee received anti-corruption training</b>										
Executive staff	Number	48	114	162	43	52	95	N/A	N/A	N/A
Administrative staff	Number	177	702	879	103	122	225	N/A	N/A	N/A
Operational staff	Number	33	59	92	42	14	56	N/A	N/A	N/A
<b>Percentage of employee received anti-corruption training</b>										
Executive staff	%	33	92	N/A	33	30	N/A	N/A	N/A	N/A
Administrative staff	%	37	62	N/A	24	11.5	N/A	N/A	N/A	N/A
Operational staff	%	5.5	2.6	N/A	7.1	0.7	N/A	N/A	N/A	N/A
<b>Occupational health and safety</b>										
Injury rate	%	2.23	1.10	1.37	1.03	0.70	0.78	1.81	1.23	1.39
Lost day rate	%	0.10	0.11	0.11	0.06	0.07	0.67	0.13	0.14	0.14
Absentee rate	%	2.02	2.08	2.06	1.50	1.42	1.44	1.73	1.18	1.34
Fatalities	Number	0	0	0	0	0	0	0	0	0

Notes:

- The coverage of the energy data includes all 28 properties in Hong Kong and five properties in mainland China (Plaza 66, Grand Gateway 66, Palace 66, Parc 66 and Forum 66 (Mall) - excluding Forum 66 (Office Tower), Center 66, Riverside 66 and Olympia 66 due to recent renovation and ongoing construction to improve the operational optimization of the buildings during renovation and the defect liability period).
- The coverage of the waste and effluent data includes all 28 properties in Hong Kong and all mainland China properties with the exception of Olympia 66, which only opened in the fourth quarter of 2015.
- Towngas consumption reported for 2013 and 2014 was consumed by tenants.
- Hang Lung does not report the gender of supervised workers.
- The turnover rates for 2013 and 2014 only cover voluntary resignations received after the probation period of the resigned employee. In 2015, the turnover rate covers all voluntary resignations, retirements and involuntary leave during the reporting period.

# Verification statement



## Scope and Objective

Hong Kong Quality Assurance Agency (“HKQAA”) has been commissioned by Hang Lung Group Limited and Hang Lung Properties Limited (collectively as “Hang Lung Group”) to conduct an independent verification of its Sustainability Report 2015 (“the Report”). The Report states Hang Lung Group’s performance and achievements towards sustainable development for the period from 1 January 2015 to 31 December 2015.

The aim of this verification is to provide reasonable assurance that the information stated in the Report is accurate, reliable and material, and that the Report is prepared in accordance with the “Core Option” of the Global Reporting Initiative’s (“GRI”) G4 Sustainability Reporting Guidelines and the associated Construction and Real Estate Sector Disclosures as well as The Stock Exchange of Hong Kong Limited’s (“SEHK”) Environmental, Social and Governance (“ESG”) Reporting Guide.

## Methodology

The process used in this verification was based on current best practices. The Report was reviewed against the following criteria:

- International Standard on Assurance Engagement 3000 (“ISAE 3000”) – “Assurance Engagement Other Than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board;
- GRI’s G4 Sustainability Reporting Guidelines and the associated Construction and Real Estate Sector Disclosures; and
- SEHK’s ESG Reporting Guide

The verification procedure included reviewing relevant documentation, interviewing responsible personnel with accountability for preparing the Report and verifying the selected representative samples of data and information consolidated in the Report. Raw data and supporting evidence of the selected samples were thoroughly examined.

## Conclusion

Based on the outcome of the verification process, it is confirmed that the Report has been prepared in accordance with the “Core Option” of the GRI’s G4 Sustainability Reporting Guidelines and the associated Construction and Real Estate Sector Disclosures as well as the SEHK’s ESG Reporting Guide.

The information presented in the Report provides a structured, balanced and consistent representation of Hang Lung Group’s sustainability performance. The materiality assessment process is systematic and comprehensive, and forms the basis for the selection of topics and information presented in the Report that addresses Hang Lung Group’s significant economic, environmental and social impacts and issues which have substantive influence on stakeholders. We are satisfied that the Report includes factual statements and the data contained within the Report is accurate and reliable. It is a fair and honest representation of Hang Lung Group’s approach, initiatives, targets, progress and performance towards sustainable development.

**Signed on behalf of Hong Kong Quality Assurance Agency**

**Jorine Tam**

Director, Corporate Business

August 2016



# GRI Content Index

GRI Indicator	Description	Covered	Page	
<b>General Disclosures</b>				
<b>Strategy and Analysis</b>	G4-1	Statement from the most senior decision-maker of the organization	Message from the Managing Director	3-4
	G4-2	Key sustainability impacts, risks, and opportunities	Sustainability at Hang Lung Sustainability in Action	9-18 19-20
<b>Organizational Profile</b>	G4-3	Name of the organization	About this Report	1
	G4-4	Primary brands, products and services	About this Report About Hang Lung Properties	1 5-8
	G4-5	Location of organization's headquarter	Hang Lung Properties is headquartered in Hong Kong	N/A
	G4-6	Number of countries where the organization operates	About Hang Lung Properties	5-8
	G4-7	Nature of ownership and legal form	About this Report	1
	G4-8	Markets served	About Hang Lung Properties	5-8
	G4-9	Scale of the organization	About Hang Lung Properties	5-8
	G4-10	Number of employees	Performance Tables – Social Performance	58-59
	G4-11	Percentage of employees covered by collective bargaining agreements	Performance Tables – Social Performance	60
	G4-12	The organization's supply chain	Our Supply Chain	43-46
	G4-13	Significant changes during the reporting period	There were no significant changes during the reporting period.	N/A
	G4-14	Precautionary approach or principles	About Hang Lung Properties Sustainability at Hang Lung	5-8 9-18
	G4-15	Endorsement of external charters or principles	Memberships and Charters	55-56
	G4-16	Memberships of association and advocacy organizations	Memberships and Charters	55-56

GRI Indicator	Description	Covered	Page	
<b>General Disclosures</b>				
<b>Identified Material Aspects and Boundaries</b>	G4-17	Entities included in consolidated financial statement and not covered by this report	We report on our principal subsidiaries in our Annual Report. As required by the Listing Rules. A list of principal subsidiaries are outlined in the 2015 Annual Report of Hang Lung Properties (P.194-197)	N/A
	G4-18	Process for defining report content and the aspect boundaries	Sustainability at Hang Lung	9-18
	G4-19	Material aspects identified in the process of defining report content	Sustainability at Hang Lung	9-18
	G4-20	Aspect boundary within the organization for each material aspect	Sustainability at Hang Lung	9-18
	G4-21	Aspect boundary outside the organization for each material aspect	Sustainability at Hang Lung	9-18
	G4-22	Restatement of information	About this Report About Hang Lung Properties Sustainability at Hang Lung Performance Tables	1 5-8 9-18 57-60
	G4-23	Significant changes from previous reporting periods in the scope and boundary	No significant changes	N/A
<b>Stakeholder Engagement</b>	G4-24	Stakeholder groups engaged	Sustainability at Hang Lung	9-18
	G4-25	Identification and selection of stakeholders	Sustainability at Hang Lung	9-18
	G4-26	Stakeholder engagement approach	Sustainability at Hang Lung	9-18
	G4-27	Key topics and concerns raised by stakeholders and the organization's response	Sustainability at Hang Lung	9-18
<b>Report Profile</b>	G4-28	Reporting period	About this Report	1
	G4-29	Date of most recent previous report	The Sustainability Report 2014 was published on 23 September 2015	N/A
	G4-30	Reporting cycle	About this Report	1
	G4-31	Contact point	About this Report	2
	G4-32	GRI Content Index	GRI Content Index	62-65
	G4-33	External assurance	Assurance Statement	61
<b>Governance</b>	G4-34	Governance structure	Sustainability at Hang Lung	9-18
<b>Ethics and Integrity</b>	G4-56	Values, principles, standard and norms of behaviour	Corporate Governance Our Employees Performance Tables – Social Performance	21-26 27-32 58-60



GRI Indicator	Description	Covered	Page
<b>Specific Disclosures</b>			
<b>Economic Performance</b>	Disclosure of management approach	About Hang Lung Properties Sustainability at Hang Lung Our Communities	5-8 9-18 33-38
	G4-EC1 Direct economic value generated and distributed	About Hang Lung Properties Performance Tables – Economic Performance	5-8 57
	G4-EC2 Financial implications and other risks and opportunities for the organizations activities due to climate change	Corporate Governance Our Buildings	21-26 47-56
	G4-EC3 Coverage of the organization's defined benefit plan obligations	We report on the organization's benefit plan obligations within the 2015 Annual Report of Hang Lung Properties (P.183-186)	N/A
<b>Indirect Economic Impacts</b>	Disclosure of management approach	Message from the Managing Director Sustainability at Hang Lung Our Buildings	3-4 9-18 47-56
	G4-EC7 Development and impact of infrastructure investments and services supported	About Hang Lung Properties Our Buildings	5-8 47-56
	G4-EC8 Significant indirect economic impacts, including the extent of impacts	Our Supply Chain Our Buildings	43-46 47-56
<b>Environmental</b>			
<b>Energy</b>	Disclosure of management approach	Our Buildings	47-56
	G4-EN3 Energy consumption within the organization	Performance Tables – Environmental Performance	57
	G4-EN5 Energy intensity	Our Buildings	47-56
	G4-EN6 Reduction in energy consumption	Our Buildings	47-56
<b>Effluents and Waste</b>	Disclosure of management approach	Our Buildings	47-56
	G4-EN23 Total weight of waste by type and disposal	Performance Tables – Environmental Performance	58
<b>Compliance</b>	Disclosure of management approach	Corporate Governance	21-26
	G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Hang Lung was not fined for any non-compliance with environmental laws and regulations	N/A
<b>Labour practices</b>			
<b>Employment</b>	Disclosure of management approach	Our Employees Our Communities	27-32 33-38
	G4-LA1 Total number of new employee hires and employee turnover by age-group, gender and region.	Performance Tables – Social Performance	58-59

GRI Indicator	Description	Covered	Page
Occupational Health and Safety	Disclosure of management approach	Corporate Governance Our Supply Chain	21-26 43-46
	G4-LA6 Injuries, occupational diseases, lost days, absenteeism and work-related fatalities	Performance Tables – Social Performance	60
Training and Education	Disclosure of management approach	Our Employees	27-32
	G4-LA9 Average hours of training per year per employee	Performance Tables – Social Performance	59-60
	G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Performance Tables – Social Performance	59-60
<b>Society</b>			
Anti-corruption	Disclosure of management approach	Corporate Governance	21-26
	G4-SO4 Communication and training on anti-corruption policies and procedures	Performance Tables – Social Performance	60
	G4-SO5 Confirmed incidents of corruption and actions taken	There was no reported incident of corruption during the reporting period.	N/A
Compliance	Disclosure of management approach	Corporate Governance	21-26
	G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Hang Lung was not fined for any non-compliance with laws and regulations.	N/A
<b>Product Responsibility</b>			
Customer Health and Safety	Disclosure of management approach	Our Customers	39-42
	G4-PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	Hang Lung was not fined for any non-compliance with laws and regulations.	N/A
Product and Service Labelling	Disclosure of management approach	Our Buildings	47-56
	G4-CRE8 Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	About Hang Lung Properties Our Buildings	5-8 47-55
Compliance	Disclosure of management approach	Corporate Governance	21-56
	G4-PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Hang Lung was not fined for any non-compliance with laws and regulations concerning the provision and use of products and services.	N/A



A summary of this report is incorporated into our 2015 annual report and the full version is available at: [www.hanglung.com/sustainability](http://www.hanglung.com/sustainability).



Through our open and straightforward approach, we aim to offer investors, customers, staff and communities one of the most transparent and well-governed corporations in Hong Kong and Greater China.



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