

How Sustainability Practices Boost Company to High Performance

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Today we are here to...



Some background of the Hong Kong market

As of July 2017...

2,060 listed companies

~30 trillion market capitalisation

50 Hang Seng Index Constituents

Among which **25** are mainland Chinese companies

Dominated by **Banking** and **Real Estate** sector

Found in 1960, **Hang Lung Properties (00101.HK)** is a listed major property developer and operator in Hong Kong, with our presence in Hong Kong and 8 cities across Mainland China.



**Chairman
Ronnie Chan**



“We Do It Right”
A principle that embraces the initiatives we undertake on behalf of our staff, the community and the environment.



Currently managing **28 major properties** in Hong Kong and **8 mega complexes** in mainland China, and with 2 mega complexes under construction.



Office



Commercial



Residential



全年業績發布會 Annual Results Announcement 2016



Revenue – US\$ 1,647 million
OPEX – US\$ 531 million

No. of Employee: 4,720
Total Operating GFA: 2,902,000 m²

What is the trend??

Volkswagen (VW)

Volkswagen pleads guilty to all criminal charges in emissions cheating scandal

The German automaker admits scheme to skirt pollution rules justifies felony conviction and obstruction of justice, in what attorney calls 'calculated offense'



POST MAGAZINE / LONG READS

The true cost of your cheap clothes: slave wages for Bangladesh factory workers

Everyone loves a bargain but the true cost of that latest wardrobe addition is pitiful wages for Bangladesh's legion of factory workers, writes Simon Parry.

BY SIMON PARRY

11 JUN 2016 / UPDATED ON 31 MAR 2017

750 SHARES



NEWS

Sustainability the key to long-term corporate health

By Richard Anderson
Business reporter, BBC News

6 April 2016 Business



Marissa Mayer lays off 1,700 Yahoo employees in bid to save her own job

By Claire Atkinson

February 2, 2016 | 5:03pm



CHIPOTLE

Wall Street Sees Darks Days Ahead for Chipotle After Norovirus Outbreak In Virginia

Lucinda Shen

Updated: Jul 19, 2017 2:12 PM ET



Even though Chipotle (CMG, -0.71%) is emphasizing that the [norovirus outbreak](#) at a Virginia location is an isolated incident, Wall Street seems to agree that the damage to the company's reputation has already spread.

[Wells Fargo](#) Securities and [BMO](#) Capital Markets downgraded the stock to the equivalent of "hold" from "buy" Wednesday, while [Baird](#) and [Barclays](#) cut their estimates for the company.

The 2016 Global Sustainable Investment Review

Table 1: Growth of SRI Assets by Region 2014–2016

Region	2014	2016	Growth over period	Compound Annual Growth Rate
Europe	\$ 10,775	\$ 12,040	11.7%	5.7%
United States	\$ 6,572	\$ 8,723	32.7%	15.2%
Canada	\$ 729	\$ 1,086	49.0%	22.0%
Australia/New Zealand	\$ 148	\$ 516	247.5%	86.4%
Asia ex Japan	\$ 45	\$ 52	15.7%	7.6%
Japan	\$ 7	\$ 474	6689.6%	724.0%
Total	\$ 18,276	\$ 22,890	25.2%	11.9%

Table 2: Proportion of SRI Relative to Total Managed Assets

Region	2014	2016
Europe	58.8%	52.6%
United States	17.9%	21.6%
Canada	31.3%	37.8%
Australia/New Zealand	16.6%	50.6%
Asia	0.8%	0.8%
Japan		3.4%
Global	30.2%	26.3%

Source:

GLOBAL SUSTAINABLE
INVESTMENT ALLIANCE



GSIA

www.gsi-alliance.org

WE DO IT RIGHT





The key trends are

Shifting of power to consumers

Emerging common goals (e.g. UN-SDG)

Increasing intergovernmental efforts

Growing strain on natural resources

Every companies, including us, need to catch up with the trend of sustainability **now**.

“Sometimes there is no next time.
It’s now, or never.”

- Elvis Presley

By the way, yes, we WERE starting to catch up just 5 years ago!



Instead of telling you how to be the best, we share how we went through major obstacles in merely 5 years.



Hang Seng Corporate Sustainability Index Series Member 2016-2017



ROBECOSAM Sustainability Award Industry Mover 2017

A group of people, including men and women, are participating in a tree-planting activity. They are wearing white jackets with green accents and are using yellow-handled tools to work the soil around newly planted saplings. The background shows a clear blue sky and several trees, some of which are bare, suggesting a cooler season. The overall atmosphere is one of active participation and environmental care.

Sustainability in Practice

Back then in around a decade ago, sustainability was still managed in a systematically unsystematic fashion at Hang Lung Properties.

Operations were characterized by activities, rather than by processes.

It worked, so it works.

Goals and plans were vaguely defined.

From The Great Learning (大學)

“Four Books” of Confucianism



修身齊家治國平天下
乃人生追求之全境也
庚寅年秋月
海亭軒

Ancient Chinese wisdom	Achieving long-lasting stability	Country well-governed	Family harmonized	Oneself cultivated
Applied to modern management	Corporate sustainability	Positively impacting the environment and society	Harmonic and loyal workforce	Sound corporate governance

Tone from the top

The very first thing you need to drive sustainability

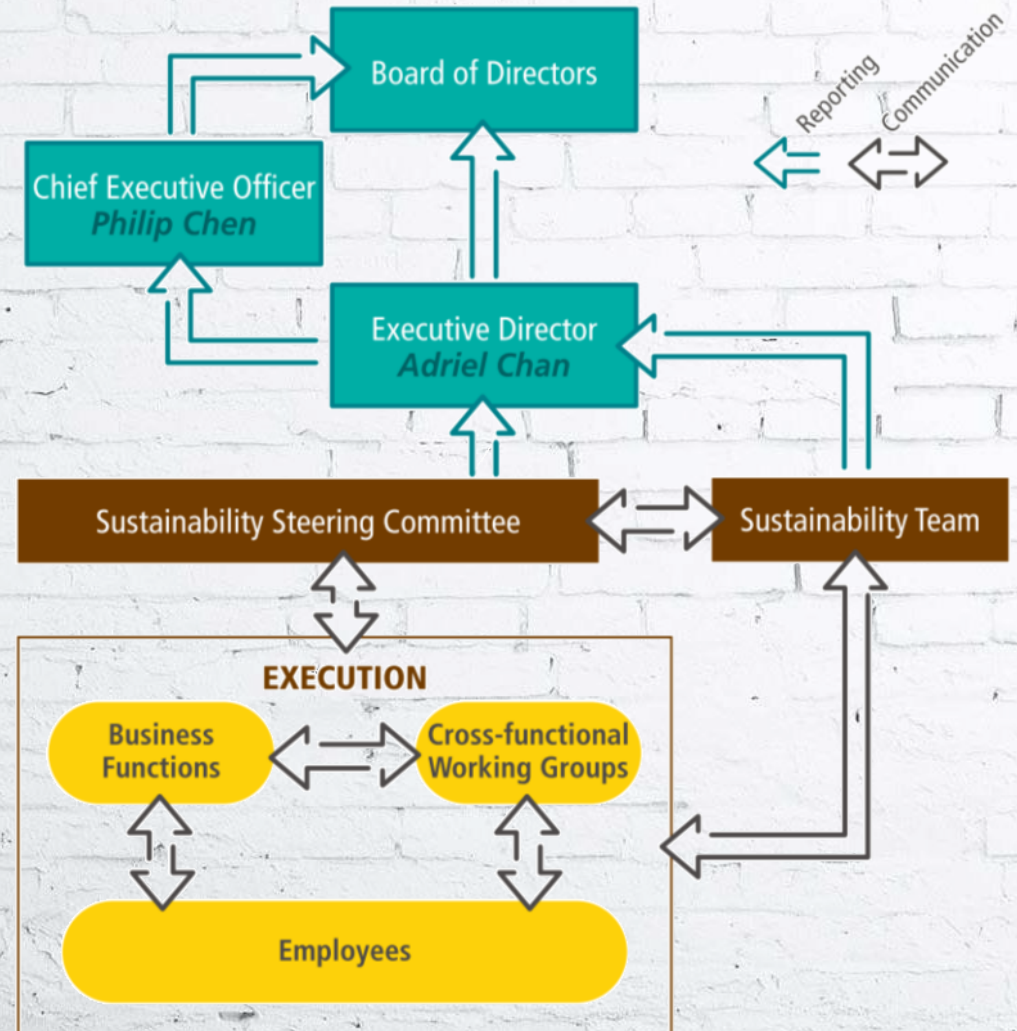
It is a strategic change rather than an operational change.

It involves every department. You can't do it without your boss' support.

It requires the sharing of information which were not used to be shared.

Leadership is the drive.

We established the structure in late 2012. As of today, it involves the Board, and is supported by all business functions of the company.





Investors always demand **Sustainability Integration.**

So we set up the Sustainability Vision, aligning business goals with our sustainability objectives with concrete action plans.

Business Integrity

The most important core value to be upheld for any business

Almost every corporate scandal on integrity is critically detrimental.

It is about whether stakeholders will trust you in the long run.



Akina Fong
Celebrity in Hong Kong
Ex-ICAC Senior Communication Officer

We launched the Integrity Program in 2013. Ongoing promotion campaigns were organized to build up **internal awareness**.

Thousands hours of integrity training were also delivered.



The Way to Integrity

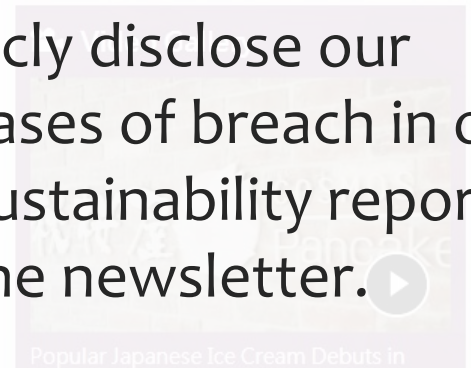
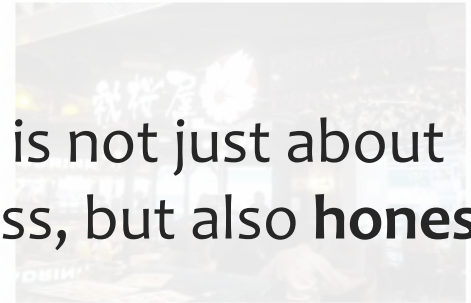
Case Study - Duty Encroachment



10/2015

Integrity is not just about awareness, but also **honesty**.

We publicly disclose our severe cases of breach in our annual sustainability report and online newsletter.



Sustainable Workforce

The foundation that supports the long term viability of your business

Only employees who share the same values with us can help us grow.

We rely very much on our people to build our corporate identity.

It determines our productivity, and hence return, and impact to environment and society at large.



The 3Es Model -

Engaged –


creates bonds between people and the company

Enabled –

supports productivity and performance

Energized –

Enhances well-being at work



Bonds stem from a **fair, just** and **respectful** work environment.

We reviewed and aligned our HR policies over past few years, ensuring that staff are treated without inequalities.



Build **centric force**
among colleagues.

We standardized our
uniform across our
entire operation in HK
and mainland China in
2013 - a small yet
significant move to
strengthen identity.

Emphasize **people development**, as this reflects the company's future potentials.

Each of our employees received 20.8 hours of training on average in 2016, covering aspects from leadership, language to professional skills.

綠寶石客戶服務獎頒獎典禮 2017
Emerald Award Presentation Ceremony



We launched the **Emerald Award** in 2015, aiming to recognize employees who demonstrate excellent service on behalf of the company.



Promoting **work-life balance** is critical to create sense of belonging.

We launched a high variety of employee wellness programs to achieve this goal.

Environment and Society

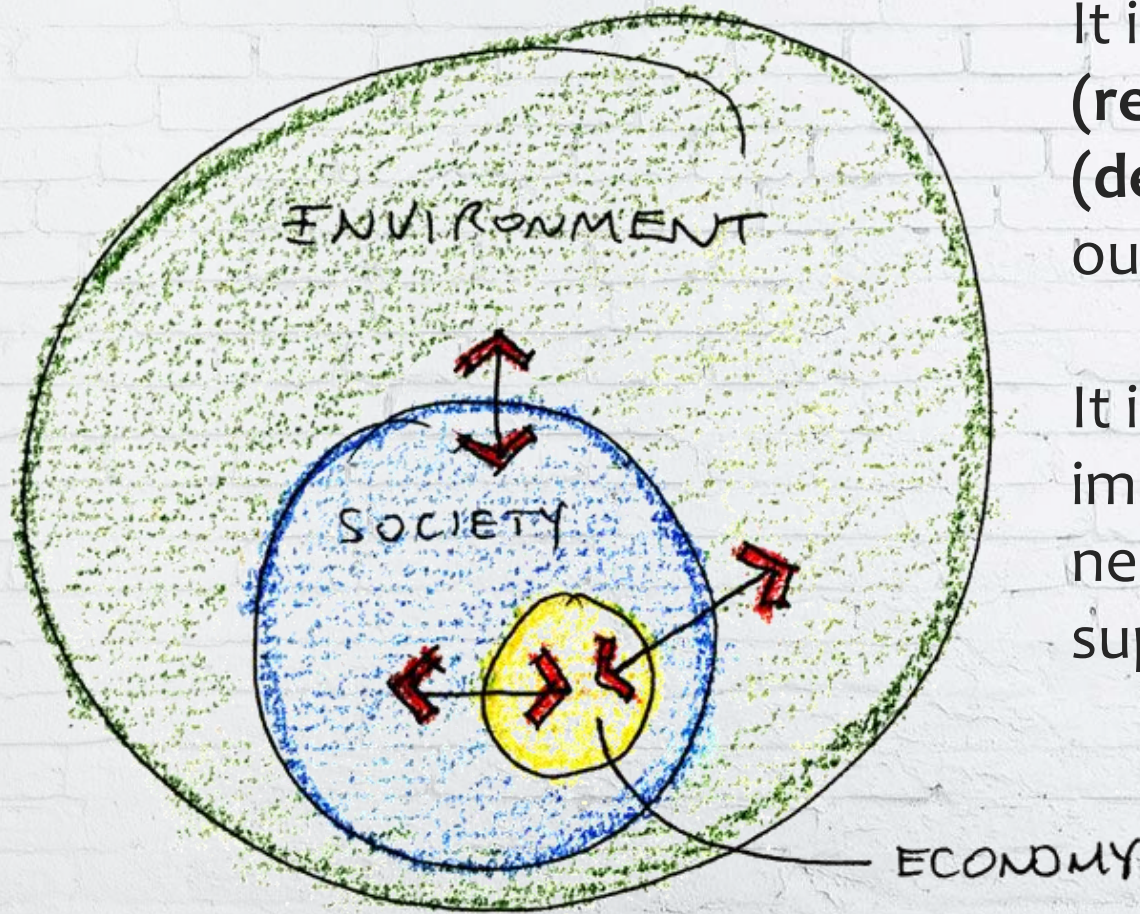
For the greater good that benefits business in all ways

Business success is built upon the availability of natural and social capital.

There are what stakeholders care about, and now they have the call.


Costs of natural and social capital is foreseen to go up exponentially.





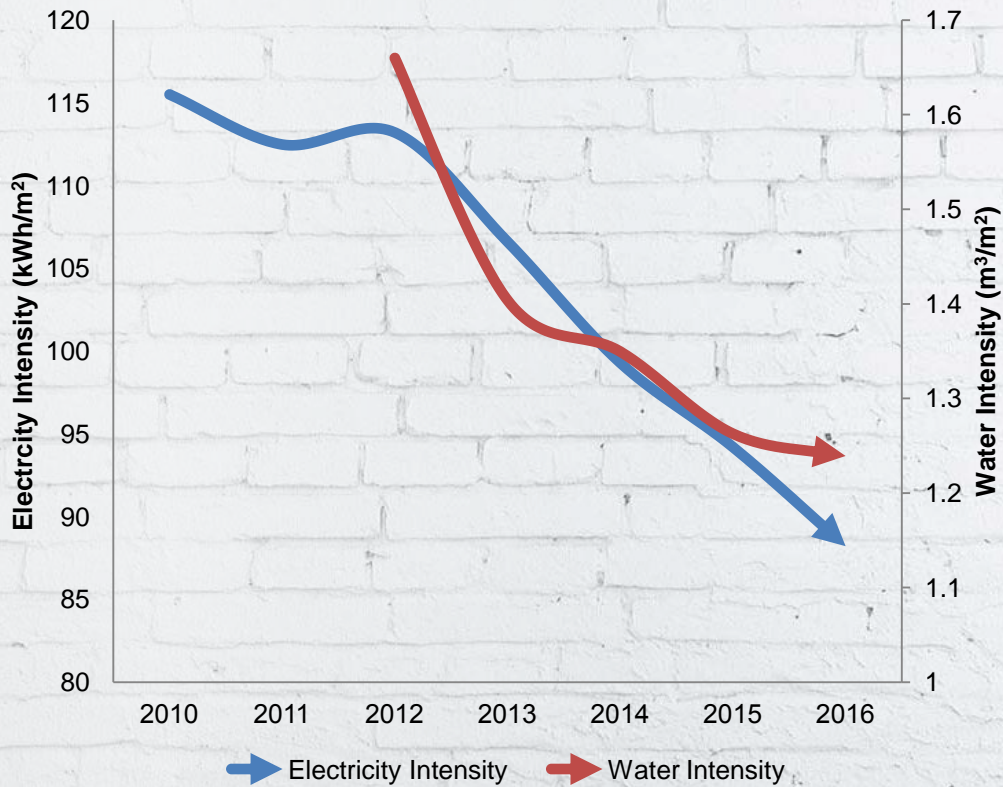
It is the **environment (resources)** and **society (demands)** that supports our business.

It is logical to manage our impacts, particularly the negative one, to what are supporting us.



Do an **impact analysis** and start with those having the greatest impact.

Starting from 2007, all our new buildings are attaining LEED Gold Certificates at minimum. Safety is another aspect that we have substantially invested.



Manage your **resources consumption**, as investors are always eyeing on numbers.

We keep rolling our optimization projects to enhance operational efficiency of our buildings.

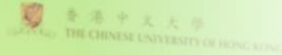
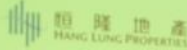


Create share values in the community we serve, so we share the common goals.

Every year we collaborate with organizations on over a hundred of projects covering environmental protection, youth development and elderly services.



二零一六年恒隆數學獎頒獎典禮
2016 Hang Lung Mathematics Awards
Announcement and Awards Presentation



Nurture future generations. They are the future caretakers of our global village, not us.

We supports a high variety of initiatives that aims to build up the capacity of our society.

— Transparency and Disclosure —

A process that turns sustainability from a concept into action

Sustainability is such a broad subject that we rely on stakeholders' feedback to improve.

Trust is critical nowadays. To gain trust, transparency is the first step.

Disclosure is not an one-off action, but setting off to manage the numbers you are disclosing.



Sustainability reporting is an **ongoing improvement process cycle**, instead of is to produce an end-product.





Sustainability is what others think is important, rather than just what we think is important.

We launched different **engagement campaigns** to solicit feedback and develop action plan with stakeholders.

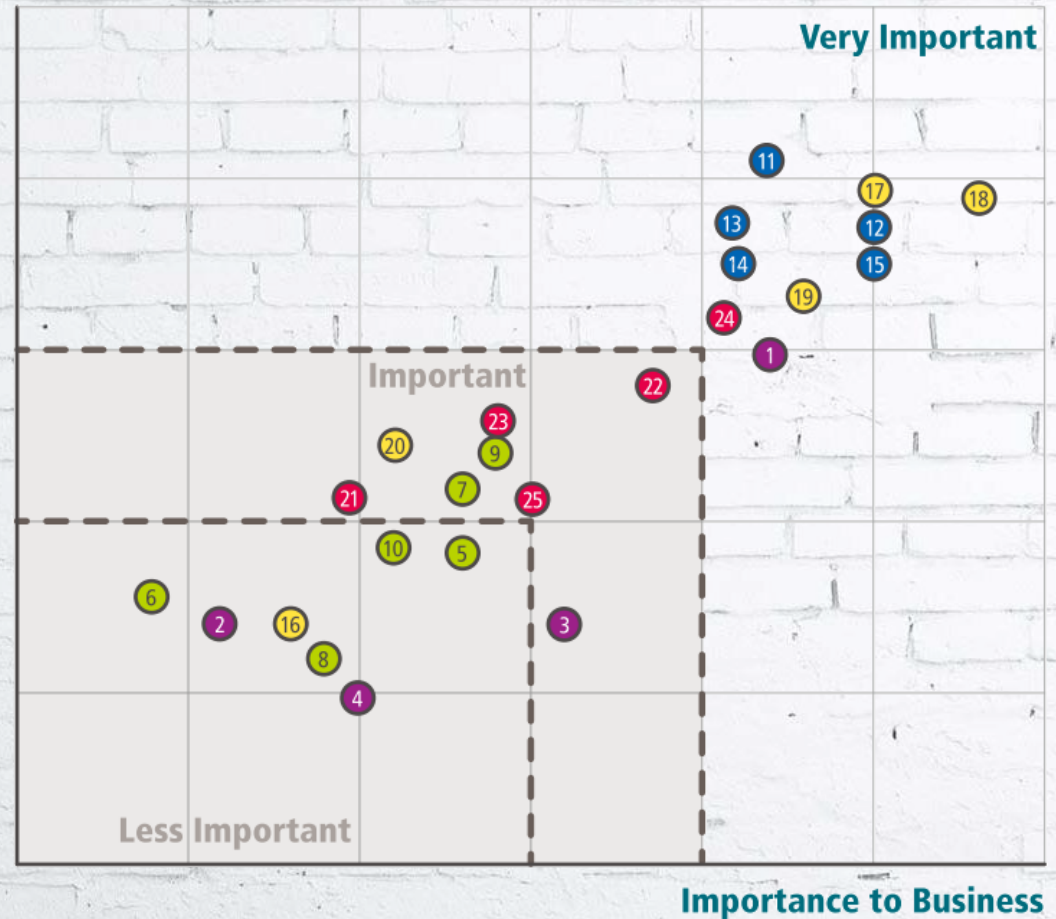
Collaboratory

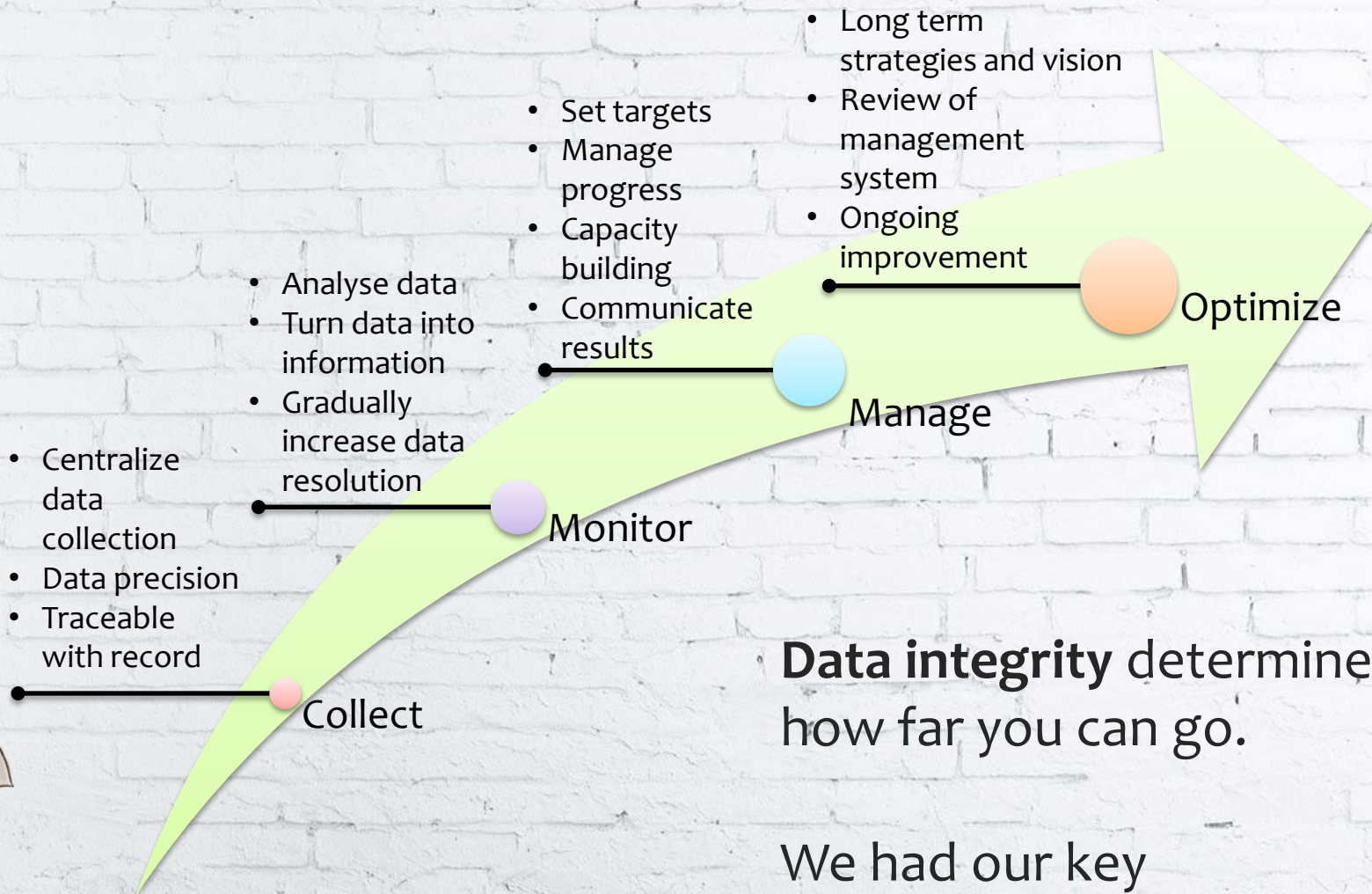
Our first sustainability mini-conference in 2017

Always think how to improve but not how to report.

We **prioritize aspects** on an regular basis to help us develop our action plan. We also make reference to various indices to help us **identify gaps**.

Importance to Stakeholders





Data integrity determines how far you can go.

We had our key sustainability data verified starting from 2015.



Internal awareness is crucial to support the disclosure effort.

Employees not necessarily understand or agree with sustainability. Gauge their support and build a culture of sustainability.

Values to Business

Knowing the values gives you the driving force to progress



Sustainability is undeniably a fast, if not the fastest, growing trends.

Don't see it as compliance, it is for the real good of your business.

It cuts cost; it builds reputation; it drive innovations; it bring changes.



Messages to Bring Home

Sustainability is not where to end but to commence



It may covers many aspects, but it is all about leadership and engagement.

There are always gaps to fill. Remain humble and learn from the process.

High performance is about maximize positive impacts, instead of just profits.

We welcome your feedback!



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HANG LUNG PROPERTIES