



REAL ESTATE
& CLIMATE FORUM
地产与气候论坛

Our Common Charter:

JOINING FORCES TO ACCELERATE CHANGE 2024

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Introduction

Hang Lung Properties Limited (“Hang Lung”) and LVMH Moët Hennessy Louis Vuitton SE (“LVMH”) are each committed to advancing sustainability (collectively hereafter, “the Groups”). In October 2022, we entered into a sustainability agreement to the end of 2025 (“Agreement”). The Agreement aims to accelerate progress in real estate and retail. The partnership, a first of its kind globally, demonstrates the leadership and commitments of both Groups in the sustainability arena. It also reimagines the relationship between property owners and leading retail brands on sustainability.

The partnership focuses on five pillars:

Climate Resilience: Climate resilience includes both mitigation of pollution through the reduction of carbon emissions as well as adaptation to a changing climate. The Groups are dedicated to driving progress in areas such as energy efficiency, low carbon design, renewable energy procurement, and actions to strengthen resilience against climate change.

Resource Management: Resource management includes management of waste, biodiversity, and water. The Groups are committed to concrete actions that address the critical challenges of waste reduction, biodiversity conservation, and water resource optimization, while taking steps to support the transition from a linear to a circular economy.

People and Wellbeing: People and wellbeing includes physical, mental and emotional wellbeing. The Groups have pledged to foster more learning and development among our employees, especially in relation to sustainability, to enhance indoor wellbeing, and to improve community wellbeing through social initiatives.

Sustainability Governance: Sustainability governance includes sustainable procurement and environmental governance. The Groups are committed to enhancing corporate governance practices and embracing more sustainable procurement strategies.

Sustainability Communication, Events and Progress Reviews.

With plans to engage the employees and suppliers of both Groups, the partnership will run to the end of 2025, and is expected to be renewed thereafter.

Since the Agreement was finalized, we held a Real Estate & Climate Forum in November 2022, and have been working closely to define a shared agenda that allows each of us to go deeper and move faster on sustainability. In March 2023, we announced our first Common Charter (hereafter “2023 Common Charter”), a set of 20 actions that we aimed to pursue together starting in 2023. Some of the actions we have been pursuing fall more heavily on one partner or the other, and others are joint actions, but all actions are meant to be mutually reinforcing with regular sharing between the Groups.

In our 2023 Common Charter, we shared our expectation that we would be able to advance some actions more than others. We further committed to updating our progress, or the lack thereof, in future updates to the Charter.

Between October 2022 and August 2024, the Groups met to discuss and advance efforts on sustainability through multiple channels including:

- About 50 online meetings
- Several in-person meetings among key sustainability representatives in Hong Kong, Paris and Shanghai
- Two meetings with stakeholders from both Groups at Plaza 66 (60+ participants in each meeting)
- LVMH’s Sustainability Store Planning event in Shanghai including six participants from Hang Lung

This document, our 2024 Common Charter, (“2024 Common Charter”) provides our promised update to our stakeholders as of August 2024. We again offer this Charter to the public in a spirit of transparency and to encourage greater innovation and collaboration among stakeholders.

In the pages that follow, we discuss:

- Updates to the scope of our partnership
- Chronology of key events
- Progress under the partnership
- Stakeholder feedback
- Key lessons learned
- Next steps.

Scope of Partnership

The Agreement applies to all LVMH brands that have entered into leases for retail stores (“Retail Premises”) within Hang Lung’s portfolio of properties (“Properties”). The key data points have remained consistent between October 2022 and August 2024 as follows:

- Number of LVMH brands included: 26
- Number of Retail Premises: 95
- Number of cities in mainland China: 7
- Retail lettable floor area: 28,704 square meters

In addition, the partnership now explicitly includes the office space (“Office Premises”) leased by LVMH or its brands within the Properties:

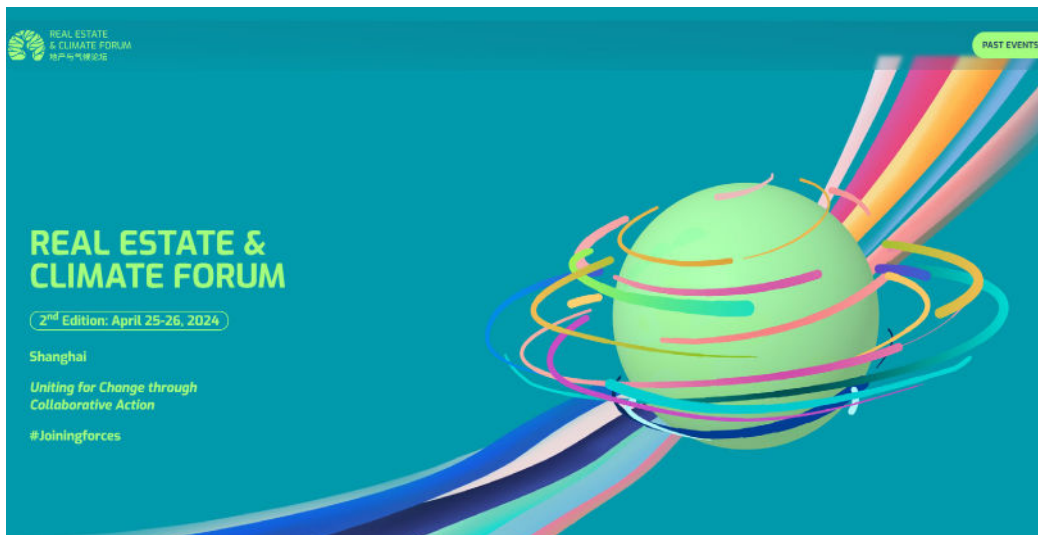
- Number of LVMH or LVMH brand offices included: 19
- Number of cities in mainland China: 2
- Office lettable floor area: 36,769 square meters
- Total combined lettable floor area: 65,473 square meters

Major Events and Initiatives

Real Estate & Climate Forum Website

The [Real Estate & Climate Forum website](#) was established in 2022 to provide a shared platform for communication between the Groups and among other stakeholders on major events and other initiatives.

We implemented a collective intelligence approach in which all participants' ideas were taken into account regardless of their role and status in their organizations. The changemakers considered all ideas and concepts on their merits, and generated more than 200 ideas altogether.



2022 Real Estate & Climate Forum

As our first major initiative immediately following the Agreement, we held a Real Estate & Climate Forum ("2022 Forum") on November 24 and 25, 2022. The Forum included about 200 participants from both Groups and their partners. Adopting a hybrid in-person and online approach and spanning Hong Kong, Shanghai, Paris and other cities, the Forum included shared decisions at every step and brought together 96 changemakers from the real estate and retail sectors to collaborate on climate and sustainability solutions. The changemakers, representing a diverse mix of profiles, seniority levels, and forms of expertise, together accessed a purpose-built website where they contributed and discussed ideas across 12 sustainability topics ranging from energy efficiency to learning and development to social impact.

These ideas were further sorted and evaluated against three categories of solutions: potential impact; potential to enhance collaboration among stakeholders; and out-of-the-box innovations. From these 200 ideas, we distilled 36 ideas as "key discoveries" which set the stage for our 2023 agenda together.



Launch of 2023 Common Charter

Building on our respective prior commitments and targets related to sustainability, the terms of our Agreement, the wealth of ideas generated at the Forum, and further discussions with third party experts, the [2023 Common Charter](#), published in March 2023, outlined a set of 20 actions that we committed to pursuing starting in 2023.

Major Events and Initiatives

2024 Real Estate & Climate Forum

The 2024 Real Estate & Climate Forum (“2024 Forum”) took place on April 24 and 25, 2024. The two-day event aimed to showcase the progress made between March 2023 and April 2024, acknowledge notable achievements, and present key plans. It featured 23 esteemed speakers who were invited to share their insights and expertise in addressing sustainability challenges and advancing best practices in the real estate and retail sectors.

The event witnessed the participation of over 150 colleagues from Hang Lung and LVMH, both in person and online. Colleagues came together to share valuable lessons, celebrate progress achieved, and engage in team-building activities that focused on exploring principles and practices for effective collaboration to enhance our sustainability partnership.



Hang Lung-LVMH Brand Collaboration



A Sustainability Conversation with Stella McCartney

On October 17, 2023, Stella McCartney, alongside John Haffner, Deputy Director – Sustainability of Hang Lung, and Ren Wenwei, Head of WWF Shanghai Region, participated in a panel discussion at Donghua University in Shanghai. Moderated by Professor Li Jun, Dean of the Shanghai International College of Fashion and Innovation, the discussion focused on the intersection of fashion, sustainability, and innovation. The panel examined collaborative opportunities among NGOs, universities, landlords, and retail brands to promote circularity within the industry. About 300 students attended the event, some of whom asked questions after the panelists shared their opening remarks.



2023-2024: Assessment of our Progress

The 2023 Common Charter summarized our actions under the four substantive pillars of our partnership as follows:

TOPIC	TYPE OF ACTION	#	DESCRIPTION OF ACTION
Climate Resilience			
Energy efficiency	Energy measurement	#1	Partner on a pilot for the sharing of tenant energy consumption data
	Reduced lighting at night	#2	Switch off lights after business hours where feasible
	Energy savings awards	#3	Encourage ideas for efficiency improvements, and give awards for most impactful results achieved in 2023
Low carbon design	Carbon footprint assessment	#4	Include carbon footprint as a factor for review and approval for proposed design of LVMH projects
	Use more low carbon materials	#5	Define and expand the use of low carbon materials
Renewable energy	Use more renewable energy	#6	Share experience and explore renewable energy opportunities
Climate adaptation	Advance climate adaptation	#7	Advance climate adaptation by exchanging information and strengthening preparedness
Resource Management			
Waste management and circularity	Audit waste from operations	#8	Third party audit of waste and recycling practices from business operations for Plaza 66 and Grand Gateway 66
	Recycling pilot for renovation project	#9	Collaborate on a recycling project focused on a store renovation in Shanghai
	Define a recycling process for demolition materials	#10	Establish a recycling process for demolition materials
	Develop a material/assets marketplace	#11	Develop a marketplace for reuse of materials and assets
Biodiversity	Biodiversity projects	#12	Implement a biodiversity project at Spring City 66 and/or Westlake 66
	Study measures to protect birds	#13	Research potential measures to protect birds and prevent bird collisions
Water management	Improve water management	#14	Collaborate on a water stress analysis, exchange ideas on water consumption and efficiency, and hold a water management campaign for the public
People and Wellbeing			
Indoor wellbeing	Air quality assessment	#15	Conduct periodic air quality tests, and carry out an outdoor air temperature and quality monitoring pilot scheme in at least one of the properties
	Acoustics guidelines	#16	Review acoustics levels and identify potential improvements
Social impact	Enhance community wellbeing	#17	Collaborate on initiatives to enhance community wellbeing
Learning and development	Develop a shared learning agenda on sustainability	#18	Develop a shared learning agenda including expanded use of learning materials from 2022 Real Estate & Climate Forum and other resources
Sustainability Governance			
Environmental governance	Leverage data and digital platforms	#19	Work with Institute of Public and Environmental Affairs (IPE) to strengthen environmental governance, including supply chain due diligence
Procurement	Sustainable procurement	#20	Exchange information on policies, plans and strategies related to sustainable procurement, including a focus on cleaning products in 2023

2023-2024: Assessment of our Progress

Self-evaluation: How did we do?

The Groups embraced a mindset of "learning by doing" under the Charter. With a diverse and broadly defined agenda for action, we conducted research and pilots in a variety of areas to enhance our baseline understanding of what is possible together. We also engaged experts and external collaborators where appropriate.

We conducted an exercise to review our progress against each of the 20 actions. We

evaluated our progress along a spectrum, with "started" at one end and "strong achievement" at the other. This subjective evaluation considered both the pace of our progress year-on-year from 2023 to 2024, and the impact of our work. Key findings are as follows: one action is still in the planning stage; five actions made some progress; eleven actions made more significant progress; and three actions stood out as strong achievements.



TYPE OF ACTION	#	PROGRESS FROM MARCH 2023 TO APRIL 2024			
Climate Resilience					
Energy measurement	#1				
Reduced lighting at night	#2				
Energy savings awards	#3				
Carbon footprint assessment	#4				
Use more low carbon materials	#5				
Use more renewable energy	#6				
Advance climate adaptation	#7				
Resource Management					
Audit waste from operations	#8				
Recycling pilot for renovation project	#9				
Define a recycling process for demolition materials	#10				
Develop a material/assets marketplace	#11				
Biodiversity projects	#12				
Study measures to protect birds	#13				
Improve water management	#14				
People and Wellbeing					
Air quality assessment	#15				
Acoustics guidelines	#16				
Enhance community wellbeing	#17				
Develop a shared learning agenda on sustainability	#18				
Sustainability Governance					
Leverage data and digital platforms	#19				
Sustainable procurement	#20				

2023-2024: Assessment of our Progress

Below are some further details (referencing the action numbers in our 2023 Common Charter):

CLIMATE RESILIENCE

Climate resilience includes both mitigation of pollution through the reduction of carbon emissions as well as adaptation to a changing climate. The Groups have been working to improve energy efficiency, advance low carbon design, advance progress in renewable energy, and adapt to a changing climate.

Energy Efficiency

#1 Pilot for sharing tenant energy consumption data

- The Groups completed a survey of service providers and solutions, issued a tender to pre-qualified parties, and reviewed three rounds of submissions.
- We will soon select the final vendor as agreed by both Groups, targeting to launch the pilot before the end of Q4.

#2 After hours lighting

- In September 2023, LVMH agreed to turn off lighting for store operations, windows and facades at 10:30 pm, and to turn on store window lighting at 9:55 am.
- Starting from September 2023, Hang Lung implemented a series of lighting protocols across its Mainland properties for shopping malls, offices and carparks.
- In December 2023, Hang Lung rolled out a program called "Lightwise" for all Mainland tenants other than LVMH. By April 2024, 91% of Mainland shopping mall non-LVMH tenants had committed to the program.
- In June 2024, Hang Lung extended the Lightwise program to selected Hong Kong tenants.

#3 Energy saving awards

- The Groups provided awards for a) the lowest electricity use intensity and for b) the largest improvements in electricity use intensity in 2023 vs 2022.
- For LVMH, the awards were given to stores, while for Hang Lung, they were given to malls, offices, and overall properties, both for Mainland and Hong Kong.
- The Groups decided to remove this item from the 2024 list of 20 Charter actions since we determined that awards and other forms of recognition are a consequence of actions rather than actions in themselves. We also acknowledge the need for a more thorough consideration of normalization factors when evaluating electricity performance.



2023-2024: Assessment of our Progress

Low Carbon Design

#4 Carbon footprint assessment

Store renovations represent a significant source of carbon emissions through the sourcing, production, and transport of materials. We conducted a pilot embodied carbon assessment of the Louis Vuitton store in Hang Lung's Center 66 in Wuxi to identify opportunities for reducing embodied carbon emissions from renovations. Using GIGA's RESET methodology, the assessment found that the store's emissions intensity was 250 kilograms per square meter, which is 11 times better than the industry average. The store's circularity score was 2.7 times better than average. The assessment also identified large opportunities to reduce the emissions intensity of the store's millwork and walls, including the use of recycled gypsum board (as discussed under Action #11). We will continue to conduct embodied carbon assessments in other store renovations under the partnership, and compare results to identify further improvement opportunities.

#5 Define and expand the use of low carbon materials

The Groups are exchanging ideas on how to expand the use of low carbon materials. Key examples of materials where we are exchanging information include gypsum board, furniture with recycled content, acoustic panels, timber veneer finishes, etched metal plates, and medium-density fiberboard (MDF) panels.

Renewable Energy

#6 Share experience and explore renewable energy opportunities

- In 2021, Hang Lung announced a 2025 target to expand its use of renewable energy.
- In 2023, LVMH communicated to Hang Lung that it also has a strong interest in procuring renewable energy.

- In support of its own goals and on behalf of tenants, including LVMH, Hang Lung conducted a renewable energy tender covering all its Mainland properties in late 2023.
- Effective from April 1, 2024, five out of ten of Hang Lung's Mainland operating properties are powered by renewable energy through power purchase agreements.
- 64% of LVMH stores within Hang Lung's portfolio are now powered by renewable energy.
- Hang Lung will provide documentation for these renewable energy transactions consistent with China's green energy policies to interested tenants like LVMH's brands.

Climate Adaptation

#7 Advance climate adaptation by exchanging information and strengthening preparedness

- In 2021, Hang Lung set a target to complete technical analysis for climate adaptation measures for all properties by 2025.
- As of July 2024, we have already completed analyses for 25 properties, accounting for 94% of the total floor area of our existing properties and 83% of our development projects.
- Examples of adaptation measures undertaken include installation of sensors in selected properties to provide warnings in the event of flooding, and installation of seepage receptors to drain away water in an emergency.
- Hang Lung has shared its emergency preparedness information with LVMH.
- Hang Lung also included LVMH in a briefing with ARUP – the engineering firm it has engaged to support its climate adaptation work – to share highlights from ARUP's climate adaptation analysis for Grand Gateway 66 in Shanghai.
- Key areas identified for further landlord-tenant collaboration include preparing sandbags and water pumps for emergencies, as well as working together during the store design phase.

2023-2024: Assessment of our Progress

RESOURCE MANAGEMENT

Resource management includes management of waste, biodiversity, and water. The Groups have been working to reduce waste, promote biodiversity, and optimize use of water resources as support for the transition from a linear to a circular economy.

Waste Management and Circularity

#8 Audit waste from operations in Shanghai

- Between July and August 2023, we completed waste audits for five LVMH Maisons' stores: Louis Vuitton, Bulgari and Loro Piana in Plaza 66, and Dior Beauty and Sephora in Grand Gateway 66 in Shanghai.
- Between November and December 2023, we examined opportunities to improve the recycling of office operational waste (e.g., paper, food waste packaging) through surveys and onsite audits in four offices of Plaza 66 and Grand Gateway 66.
- In summer 2024, we started a pilot to recycle food packaging waste.

#9 Recycling pilot for renovation project in Shanghai

- Hang Lung and LVMH collaborated on a pilot to recycle materials from a renovation project for the Dior store in Plaza 66 in Shanghai.
- The project identified gypsum board, plywood board, concrete, and flooring tiles as the materials with the highest potential for recycling.
- We also found that renovation and construction waste provide exciting opportunities to advance material circularity in real estate and retail.

#10 Recycling process for demolition materials

Based on Action #9 findings, the Groups identified six use cases for recycling and reuse as follows:

- Recycling waste gypsum board into recycled gypsum board;
- Recycling waste gypsum board into decorative plaster;
- Recycling plywood into MDF;
- Recycling plywood into acoustic wool;
- Recycling waste concrete and tiles into bricks; and
- Recycling waste concrete and tiles into terrazzo.

#11 Marketplace for reuse of materials and assets

- Hang Lung and LVMH collaborated with two leading gypsum board suppliers – Knauf and Saint-Gobain, and an innovation partner, TRASHAUS, to advance the recycling of waste gypsum board.
- The above organizations have also agreed to establish a broader "Circularity Accelerator" initiative that aims to include more materials, partners and locations.
- We will also work to develop standards for data collection to ensure meaningful comparisons of impact calculations across various projects.



2023-2024: Assessment of our Progress

Biodiversity

#12 Biodiversity project

- Guerlain of LVMH and Hang Lung created a class activity as an extension of a “Bee School” program in August 2024 at Grand Gateway 66, Shanghai to educate kids about the vital role pollinators play in biodiversity and food production.
- The Groups also explored opportunities to practice sustainable landscaping and animal-aided design at Westlake 66.

#13 Measures to protect birds

- Hang Lung has formed an internal team to collect data on bird collision cases at all Mainland properties. 19 cases were recorded in fall 2023, followed by 11 cases in spring 2024.
- Measures will be implemented for selected facades identified as bird collision hot spots.
- The data will contribute to an annual report and research conducted by the National Anti-Bird Collision Action Alliance.
- We will seek opportunities to share our experience with other real estate companies, demonstrating that it is feasible to conduct bird collision surveys using only internal resources.



Volunteer certificate issued to Hang Lung's hygiene team by National Anti-Bird Collision Action Alliance



Example of bird collision cases

Water Management

#14 Improve water management

- The Groups conducted water materiality mapping across our value chains, along with an analysis of operational water consumption and a comparison of the water footprint of various construction methods and raw materials.
- Building on the findings, we plan to conduct further analysis on water-efficient materials, such as greener steel.

PEOPLE AND WELLBEING

Wellbeing includes physical, mental and emotional wellbeing. The Groups have been working to enhance indoor wellbeing, improve community wellbeing through social initiatives, and foster more learning and development among our employees.

Indoor Wellbeing

#15 Conduct air quality assessments

- Hang Lung has conducted a feasibility study on available technologies for comparing outdoor and indoor air quality.
- We are also evaluating other promising and innovative air quality technologies such as high-efficiency filters with anti-bacterial capabilities, active carbon filters, and sensor technologies.

#16 Review acoustic levels and identify potential improvements

- In 2023, the acoustic consultancy, Delhom, conducted an acoustic survey in our Plaza 66 shopping mall common area and nine LVMH stores.
- The report indicated that while some areas had high acoustic quality, the common area and certain stores could enhance the customer acoustic experience by reducing noise and reverberation. Recommended solutions for future projects include sound-absorbing materials such as acoustic panels or carpets, as well as double-layer partition wall designs.
- The Groups will apply the lessons learned in an upcoming fit-out project.

2023-2024: Assessment of our Progress

Social Impact

#17 Collaborate on initiatives to enhance community wellbeing

- The Groups collaborated on a city walk event in Shanghai called “Step-Up for Good” in November 2023, which included 50 volunteers from both Groups and 50 grassroots children.



- In partnership with the Diversability Lab of the Leping Social Entrepreneur Foundation, the Groups conducted a pilot project at Center 66 in Wuxi to assess accessibility for people living with disabilities. The review covered the common area of the mall and three stores operated by LVMH.
- At our 2024 Forum, we hosted a panel titled “Empowering Abilities with Inclusive Growth,” featuring speakers from local organizations that support people with disabilities in China.
- Additionally, in April 2024, we partnered with a Shanghai-based NGO, Lanjingling (beYoureys), to conduct an inclusive workshop on accessibility awareness, etiquette, and methods for guiding individuals with visual impairments. The workshop included 20 participants from both Groups and some of our key collaborators.



2023-2024: Assessment of our Progress

Learning and Development

#18 Develop a shared learning agenda on sustainability

- In our 2022 Forum, we developed educational materials – 12 "Learning Paths" on distinct topics under our four key learning pillars – as a resource for the 96 participating changemakers.
- In 2023 and 2024, we repurposed the resources for wider application in our Groups.
- In January 2024 Hang Lung rolled out the Learning Paths to 322 colleagues, representing 8% of Hang Lung's employees.
- In June 2024, LVMH rolled out the Learning Paths to an internal audience of colleagues from relevant stores and offices in mainland China, targeting 300 potential participants.
- In September 2024, the two Groups also launched a podcast series called "Changemakers Circle" (see below).
- The podcast series focuses on exploring innovative approaches to promoting sustainability in real estate and retail.
- It features interviews with experts in climate, architecture, and related fields, providing insights on sustainable development in China.

Changemakers Circle

- The following podcasts were launched in September 2024 and are available on the [Real Estate & Climate Forum website](#), [Amazon Music](#), [Apple Podcasts](#), [Spotify](#) and [Ximalaya](#):
- Episode 1: What corporates should look for when developing a renewable energy procurement strategy in China | Roman Chen, AFRY
- Episode 2: Why interior environments affect our health and wellness | Raefer Wallis, GIGA
- Episode 3: How can we make our buildings more climate-resilient? | Homan Wong, ARUP
- Episode 4: How can real estate firms build for inclusivity? | Sally Ren, Diversability Lab
- Episode 5: Why pragmatic optimism is key to regenerating the planet | Tim Jarvis AM, Tim Jarvis Consulting

SUSTAINABLE GOVERNANCE

The Groups have been working to enhance governance and make procurement more sustainable.



#19 Leverage data and digital platforms to improve environmental governance

Both Groups are leveraging data and digital platforms to evaluate key suppliers' performance across various environmental aspects such as compliance, health and safety, and climate change.

#20 Make procurement more sustainable, including a focus on cleaning products

- In 2023, Hang Lung and LVMH engaged a consultant to review both Groups' procurement policies and formulate recommendations. We have carried out internal stakeholder interviews and workshops to share key findings and obtain feedback.
- The consultant also reviewed Hang Lung's cleaning services, equipment and products to identify potential gaps for improvement. Hang Lung is studying the recommendations and communicating both internally and externally to drive further improvements.

Lessons Learned and Challenges

Stakeholder Feedback



"Hang Lung is a leader in tackling sustainability issues in its malls in China. As a European Maison, it is very satisfying to feel supported in our Global Environmental LVMH LIFE 360 roadmap. Berluti in Shanghai is benefiting from Hang Lung's green energy procurement, and is also collaborating with Hang Lung on improved waste management and circularity in our store relocation."

Florence Piner, *Environment & Quality Director at Berluti*



"You have a plan and then conditions change. The weather changes, someone gets injured, something happens. You still know what your vision is. You just have to adjust how you get there. It's about being agile and adaptable. And they're very easy words to use, but few organizations really demonstrate this. And that's why I've been so impressed with this Hang Lung-LVMH collaboration. Ultimately they are a landlord and a tenant. Both are powerful organizations, but they're also working together with other stakeholders to collectively agree on a way to achieve their goals, which I think is wonderful."

Tim Jarvis AM, *Explorer and Environmental Scientist*

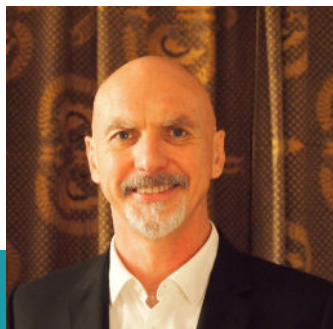


"Having contributed to the Common Charter for over a year, we have seen all parties committed to deliver on ambitious sustainability goals. We have also observed the Groups' innovative mindset, and their resolve towards practical implementation. It has been a great honor for us to be a part of the initiative, and we eagerly anticipate the exploration of further possibilities."

vAns Zhang, *CEO and Founder, TRASHAUS*

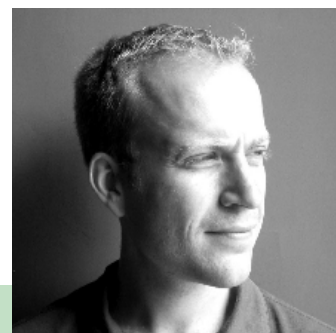
Lessons Learned and Challenges

Stakeholder Feedback



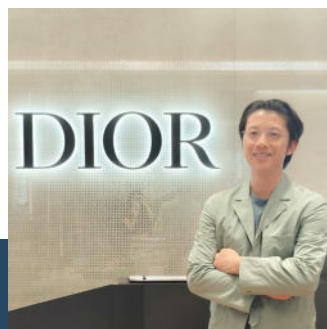
"The exercise yielded very interesting results. The key takeaway is that there are significant opportunities to reduce our impact in substrate materials - plywood, plasterboard, insulation - that can be actioned without affecting the look of the stores."

Dak Coutts, Vice President Store Planning
Louis Vuitton North Asia



"Hang Lung took a different approach to a landlord-tenant sustainability partnership, which is the reason everyone is talking about it. They have decided to go deep with this partnership with LVMH. They decided to work closely with one stakeholder, go very deep, and then see how they can apply these lessons to other stakeholders."

Raefer Wallis, Founder, GIGA



"Reduce, Reuse, Recycle, better sorting of waste, better life in future. This is the vision that inspired our team following key actions from TRASHAUS, the consultant who examined our waste during Dior's Shanghai Plaza 66 boutique demolition and renovation last year.

We successfully managed to sort all the construction waste by category to recycle the metal and wood material. At the same time we inspired TRASHAUS to explore new recycling paths for mixed construction waste - which may benefit us in the near future."

John Zhang, Store Planning Manager
Christian Dior Couture

Lessons Learned and Challenges

Key Reflections

The following are some key reflections from the core teams responsible for designing and executing the partnership:

- **Our spirit of collaboration has extended beyond the legal agreement.** While our legal agreement provides for a range of key actions and obligations on both Groups, we have also voluntarily undertaken many actions together beyond its terms. For instance, the Common Charter itself was not explicitly anticipated by the legal agreement; it grew out of the wealth of ideas generated in our 2022 Forum. And many of our actions involve shaping and implementing new ideas together as a conscious effort at co-creation.
- **We have learned to navigate differences.** We have had to navigate differences in culture, sectors, and organizational psychology. We have been able to do so by focusing on common goals and shared objectives.
- **We established new decision models.** We have had to make decisions together – including the allocation of human and financial resources – by considering options from the standpoint of optimizing outcomes for both Groups, rather than just for one or the other. A high degree of trust between the two Groups has proven to be indispensable in enabling us to work through complex decisions together.
- **We leveraged lessons learned.** In 2023, LVMH announced partnerships with other real estate companies in Dubai and Miami, and Hang Lung announced a broader tenant partnership program on sustainability.
- **Progress is a winding road.** Some areas proved to be much more complex and challenging, while others allowed for quick wins. And in other cases we revisited our assumptions and approaches.
- **The partnership needs support at all levels.** For both Groups, and especially for LVMH and its Maisons based in Paris, it is important to have strong local management support in mainland China to ensure alignment and execution. The Groups continue to explore and refine ways to optimize a local governance model that can unite and motivate diverse stakeholders.

2024 Common Charter Updates

In the spirit of continual learning and adaptation, we have made some changes to our common agenda as reflected in our 2024 Common Charter. While nine of the actions remain unchanged from 2023, eight of the actions have been enhanced from the 2023 Common Charter – with a clearer formulation or focus – and three of the actions involve new content:

- **Reducing emissions from refrigerants.**
Greenhouse gas emissions from refrigerants, if left unabated this century, have the potential to add 0.5°C of additional warming to the atmosphere. Hang Lung and LVMH will both support a multi-stakeholder initiative based in Asia to identify and disseminate best practices in refrigerant lifecycle management and emissions reduction, culminating in a white paper to be published in 2025. Each Group will also examine the potential to apply recommended practices within their own businesses.
- **Exchange best practices in carbon pricing.**
LVMH has established an internal carbon fund and Hang Lung has initiated Internal Carbon Pricing (ICP) for selected initiatives. The Groups will share practices and lessons on their respective approaches as well as broader trends and explore how carbon pricing can help drive decarbonization efforts.
- **Engage customers to purchase greener products.**
The Groups will work together to highlight selected examples of greener products offered by the Maisons through educational sharing and other initiatives.

2024 Common Charter Updates

Updated list of 20 actions based on shared learning and evolution

Climate Resilience

- 1. Join an energy management platform**
2. Turn off the lights together
- 3. Reduce emission from refrigerants**
- 4. Reduce embodied carbon**
5. Collaborate on renewable energy
6. Advance climate adaptation including emergency preparedness

Resource Management

- 7. Reduce operational waste and advance circularity**
- 8. Reduce renovation waste and advance circularity**
9. Material/assets marketplace for reuse
10. Enhance biodiversity
11. Prevent bird collisions
12. Improve water management

People and Wellbeing

- 13. Enhance indoor environmental quality**
- 14. Strengthen diversity and inclusion**
- 15. Enhance health and fitness**
- 16. Deepen social impact**
17. Develop capacity through a shared learning agenda

Sustainability Governance

18. Advance sustainable practices in procurement
- 19. Exchange best practices in carbon pricing**
- 20. Engage customers to purchase greener products**

New actions in 2024-2025

Enhanced actions in 2024-2025

Unchanged actions in 2024-2025

Look Ahead

In 2025, we will aim to consolidate efforts from the first two years. We hope that the partnership will come into a maturity phase in its third year. We will look for ways to collaborate more actively with our peers in both real estate and retail under the **#joining forces** philosophy. We will aim to do so while also maintaining the agility, trust and creativity that characterized our collaboration in the first two years.

Other Sustainability Commitments from Hang Lung and LVMH

Outside of this Charter, each Group has made substantial commitments related to sustainability. Below is a summary of key commitments and targets that relate to the content of the actions in this Charter:

CLIMATE RESILIENCE

Energy Efficiency

- Hang Lung: achieve an 18% cumulative reduction in electricity intensity (kWh/m²) in the common area of all the properties by the end of 2025 relative to its 2018 electricity intensity baseline
- LVMH: limit energy consumption to not more than 300 kWh/m² per year at each of its premises within Hang Lung's properties

Low Carbon Design

- Hang Lung: demonstrate best efforts to achieve at least 10% reduction in embodied carbon intensity (kg CO₂e/m²) for new development project that begin in 2022 or later, compared to typical practice in an equivalent building
- Both Groups will work to improve low carbon design by conducting carbon footprint calculations for various types of projects, expanding/maximizing the usage of low carbon materials, and creating a shared library of recommended local materials and materials with recognized certifications

Renewable Energy

- Hang Lung: by the end of 2025, 25% of our mainland China landlord electricity demand will be met by renewable energy
- LVMH: achieve 100% low-carbon energy for all sites and stores, by 2026

Climate Adaptation

- Hang Lung: complete technical analysis for climate adaptation measures for all properties by 2025

RESOURCE MANAGEMENT

Waste Management and Circularity

- Hang Lung:
 - Demonstrate best efforts to maximize the use of recycled, reused and bio-based materials on all new projects
 - 60% of construction waste diverted from landfill for new projects starting in 2022 with maximized recycling
 - 70% of operational waste diverted from landfill by 2025
- LVMH: recycle locally 100% of the demolition waste by 2026

Biodiversity

- Hang Lung:
 - Avoid development of projects and operational activities in ecologically sensitive and nationally protected sites deemed critical for biodiversity
 - Make best efforts to avoid or minimize biodiversity loss through land use, invasive species, and air and water pollution during the design and operation of our properties
 - Develop practices to promote, conserve and restore biodiversity
- LVMH:
 - Will restore or rehabilitate 5 million hectares of fauna and flora habitat by 2030. We are also partners with Canopy on forest conservation
 - We support the Man and Biosphere program in partnership with UNESCO, and pilot trials, such as regenerative agriculture for the Wines & Spirits sector

Other Sustainability Commitments from Hang Lung and LVMH

Water Management

- Hang Lung: 10% reduction in water intensity (m³/m²/year) relative to 2018 by 2025

PEOPLE AND WELLBEING

Indoor Wellbeing

- Hang Lung:
 - Obtain local or international health and wellness certification for all our existing Mainland properties by 2025
 - Obtain WELL Gold certificate or equivalent for at least one new property in Hong Kong and mainland China by 2025

Social Impact

- Hang Lung:
 - Conduct an audit of all our properties and corporate practices on how to enhance wellbeing and opportunities for persons with disabilities by 2025
 - Work with youth on wellbeing community initiatives at all properties by 2025
- LVMH:
 - Is committed to supporting local employment, facilitating professional integration and access to education
 - Supports many worthy causes, locally and globally (response for natural catastrophes, medical research, etc.)
 - Is protecting and transmitting our world heritage's savoir-faire
 - Is supporting diversity and inclusion

Learning and Development

- Hang Lung: deliver priority ESG training targeted to all departments and seniority levels by 2025

- LVMH: train all employees on sustainability before the end of 2026

SUSTAINABILITY GOVERNANCE

- Hang Lung:
 - Embrace technology to build a robust digital platform for assessing suppliers' ESG performance by 2025
 - 100% of leases incorporate sustainability provisions by 2025
- LVMH:
 - The LIFE 360 carbon trajectory has been approved by Science Based Target initiative (SBTi)
 - For the second year in a row, LVMH was recognized for its leadership in corporate transparency and its performance on climate change and the protection of forests by the pioneering global environmental nonprofit Carbon Disclosure Project (CDP), which placed the Group on its annual "A List"
 - The Group has been organizing an internal competition called the "LIFE in Stores Awards" every two years since 2016. In December 2024, this will be the fifth edition