

Sustainable Development

The Group's shareholder value depends on the sustainable development of its businesses and the communities in which they operate. The Group's Sustainable Development policy recognises this and commits the Group to manage the environmental, health & safety, employment, supply chain and community issues which its operations affect. The policy also commits the Group to work with others to promote sustainable development in the industries in which it operates.

Given the diversity of the Group, the policy is implemented by individual operating entities, with committees at Group level sharing best practice and providing co-ordination. These committees are overseen by the Group Risk Management Committee, the role of which is explained on pages 85 and 86.

Each operating entity determines its sustainable development issues through its assessment of enterprise risks and by stakeholder engagement.

The Group's policy and the actions taken by the Group are reported on www.swirepacific.com/sd. This website will be updated in May 2010 so as to include the Group's 2009 Sustainable Development report and links to sustainable development reports made by its major operating entities. The principal areas to be covered by the 2009 Sustainable Development report are set out below:

Environment

The need to reduce greenhouse gas emissions as part of avoiding adverse climate change is the key long-term environmental issue for most of the Group's companies. Swire Pacific, Cathay Pacific and HAECO respond publicly to the Carbon Disclosure Project questionnaire (www.cdproject.net) each year and significant non-listed Group entities complete the questionnaire as an internal exercise. Swire Pacific is a member of The Climate Group (www.theclimategroup.com) and the Climate Change Business Forum (www.climatechangebusinessforum.com). Actions taken on climate change issues in 2009 include the following:

- Swire Pacific and Cathay Pacific joined over 950 global companies in signing the Copenhagen Communiqué on Climate Change, supporting an ambitious, robust and equitable global deal on climate change that responds credibly to the scale and urgency of the crises facing the world. We were disappointed at the limited progress made at the Copenhagen climate change conference.
- Group companies have taken action to reduce their carbon emissions per unit of activity. This includes adopting intensity metrics, setting reduction targets and implementing programmes for achieving them. Group companies are also required to estimate recurrent carbon emissions associated with major investments as part of the investment approval process.
- Swire Properties continues to enhance the energy efficiency of its buildings. Its Building Energy Efficiency programme (undertaken with Tsinghua University, Beijing) is now in its second year and, following the achievement of energy savings at the Hong Kong Festival Walk retail and office complex in 2008, was extended to cover most of the Group's buildings at TaiKoo Place, Hong Kong.
- Cathay Pacific joined other airlines in supporting IATA's four pillar strategy on greenhouse gas emissions from aviation. This strategy includes advocating a global agreement under which all airlines pay for their emissions, with a significant portion of the funds raised being spent on the reduction of greenhouse gas emissions in developing countries. In this way, airlines can make a significant contribution towards reducing greenhouse gas emissions in a manner which avoids competitive distortion and is consistent with the UN principle of common but differentiated responsibility.
- Swire Beverages improved its energy consumption per litre of beverages produced by a further 12%, bringing its cumulative saving since 2004 to over 34%.

Other actions taken in connection with environmental protection include the following:

- Swire Beverages reduced its water usage and landfill waste per litre of beverages produced by 3% and 17% respectively, thus saving 163 million litres of water and reducing waste sent to landfills by 940,000 kg per annum.
- Most of Swire Properties' buildings have received ratings under the Hong Kong Building Environmental Assessment Method ("BEAM") and the Mainland China Leadership in Energy and Environmental Design ("LEED") building rating schemes. One Island East has received a BEAM Platinum rating and Office Tower One at TaiKoo Hui has recently been pre-certified as meeting LEED Gold Certification standards.

Health & Safety

All of the Group's operations are conducted, as far as is reasonably practicable, in a manner which safeguards the health and safety of all stakeholders: employees, customers, visitors, contractors and the wider community. The health and safety of the Group's employees are of critical importance. Occupational health and safety programmes supported by seminars and training are implemented by Group companies with a view to minimising hazards in the workplace and preventing accidents, injuries and occupational disease. Unfortunately, not all such incidents can be avoided and regrettably the Group, including its jointly controlled and associated companies, suffered four work-related fatalities within its workforce during 2009.

All fatalities and other serious incidents are taken very seriously and thorough post accident investigations were conducted with a view to minimising the risk of recurrence.

Employees

Swire Pacific is an equal opportunities employer, offering its staff competitive remuneration and benefit packages. It provides training and development programmes designed to help staff realise their full potential and consults them with a view to confirming they are committed to and share the values

of the Company. It strives to provide an environment that promotes diversity and respect, safeguards health and safety and encourages an appropriate work-life balance.

The Group's medical benefit schemes cover the health needs of its staff and their family members. Employee assistance programmes assist staff in relation to work and personal problems.

Swire Pacific's Human Resources Committee oversees the coordination of human resources policies and initiatives in Group companies with a view to ensuring that the Group continues to lead in being an employer of choice.

Business Partners

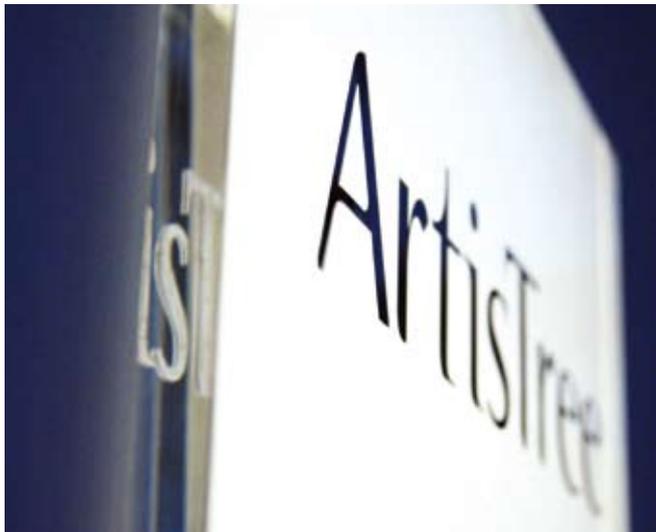
The Group's Supply Chain Sustainability Working Group facilitates its procurement professionals sharing best practice on working with suppliers on sustainability issues. Progress was made during the year in requiring more suppliers to meet codes of conduct covering social and environmental issues.

The Group shares best practice on managing environmental and community impacts with a number of global corporations with whom it has long-term commercial relationships.

Communities

Swire Pacific is committed to enhancing the capabilities of the communities of which it is a part and to respecting their culture and heritage. This is demonstrated by the way it conducts its businesses, through financial and material contributions and through staff volunteer programmes. Through the Swire Group Charitable Trust, to which it is the major contributor, the Group supports programmes in the following areas:

- Education — providing young people with the skills to build a better future supports the long-term development of a community. Each year, the Group provides such support through scholarships for primary, secondary and tertiary education in Hong Kong and overseas. Group staff also contribute through work on school boards and community programmes.



ArtisTree, a multi-purpose venue at Island East, is dedicated to making major art forms more accessible to audiences.

- Arts and culture in Hong Kong — the Group aspires to promote creativity and to enrich culturally the community which has helped it to grow and prosper. The Group is the principal patron of the Hong Kong Philharmonic Orchestra. The Group also sponsors Shakespeare4All and brought a number of world-class arts events to Hong Kong in 2009.
- Environment — the Group is committed to supporting wider community initiatives that aim to improve the environment. Programmes in 2009 included:
 - Commissioning WWF Hong Kong to develop the Sustainable lifestyle Target Education Programme (“STEP”) to teach primary school children in Hong Kong about climate change through fun and games.
 - Funding student and staff participation in the Guangzhou to Xiamen section of the Green Long March, an annual event aimed at raising awareness among university students and the wider public of China’s environmental challenges and promoting sustainable solutions.