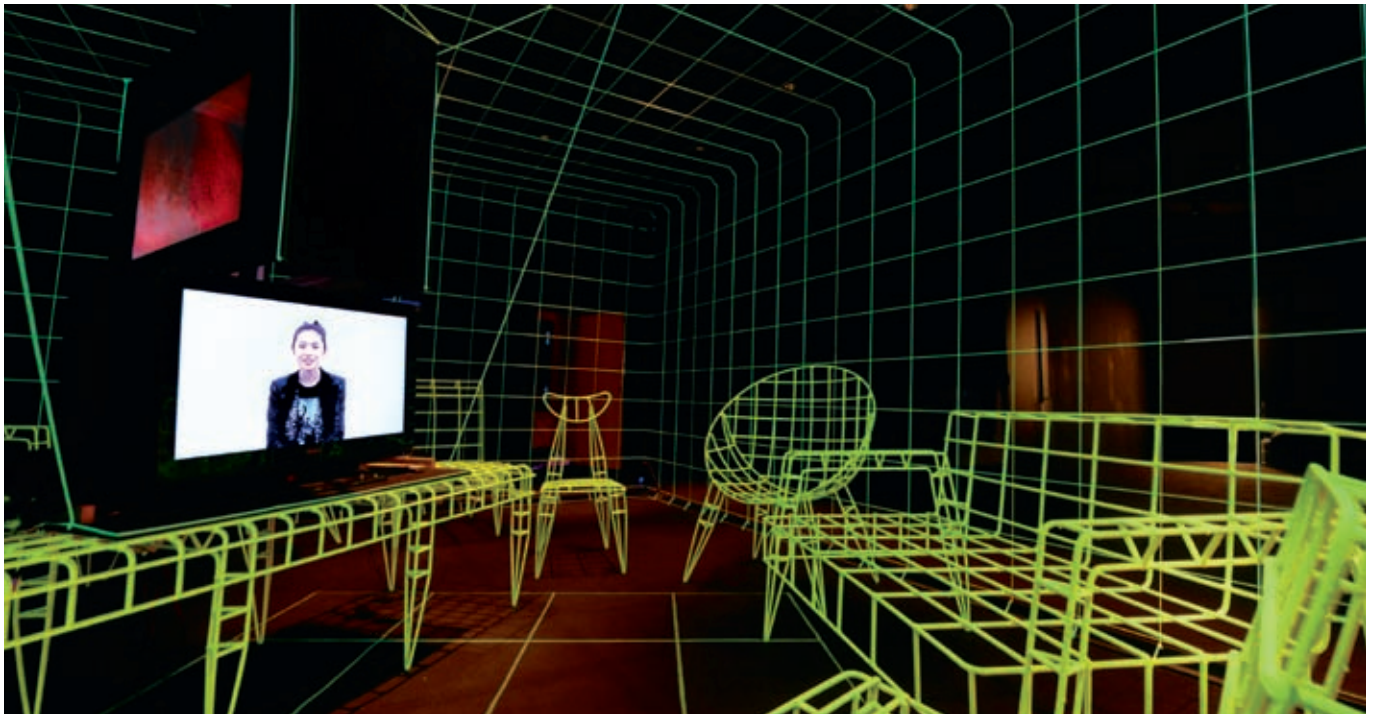


# SUSTAINABLE DEVELOPMENT



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

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 page 89.

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](http://www.swirepacific.com/sd). This website will be updated in the first half of 2011 so as to include the Group's 2010 Sustainable Development report and links to sustainable development reports made by its major operating entities. The principal areas to be covered by the 2010 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](http://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](http://www.theclimategroup.com)) and the Climate Change Business Forum ([www.climatechangebusinessforum.com](http://www.climatechangebusinessforum.com)). Actions taken on climate change and environmental protection in 2010 include the following:

- Swire Pacific and Cathay Pacific joined approaching 400 global companies in signing the Cancun 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.
- Group companies have taken action to reduce their carbon emissions per unit of activity. This includes measuring intensity, 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. It intends to reduce energy use in its Hong Kong investment property portfolio by 20% from 2008 levels by 2020. Swire Properties is one of the first property developers to conduct free energy audits for its tenants. It intends to complete free energy audits for all its office tenants by 2013. In addition to its existing funding of research by Tsinghua University and Hunan University on energy efficiency and intelligent building controls respectively, Swire Properties is contributing HK\$2.5 million per year for three years to Tsinghua University for the development of an integrated design management system.
- Most of Swire Properties' buildings have received ratings under the Building Environmental Assessment Method ("BEAM") and the US Leadership in Energy and Environmental Design ("LEED") building rating schemes. Swire Properties aims to achieve BEAM Platinum grade for all its new investment projects in Hong Kong and LEED Gold standard for its new developments in Mainland China.
- 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 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. Cathay Pacific supports IATA's targets of improving fuel efficiency by 5% per year in the period 2009-2020, achieving carbon-neutral growth by 2020 and reducing net CO<sub>2</sub> emissions by 50% by 2050 from 2005 levels.
- Swire Beverages improved its energy consumption per litre of beverages produced by a further 6% in 2010, bringing its cumulative saving since 2004 to over 38%. Swire Beverages has reduced its total water usage over that period by 37%, thus saving 3,400 million litres of water per annum. Swire Beverages launched a new lightweight design bottle for Bonaqua mineralised water in Hong Kong and Taiwan in 2010. This new design reduces material consumption and carbon footprint by 34% per bottle. The twisting feature of the new bottle reduces its size by 86%, so saving on recycling space.
- Swire Properties is recognised as a leader on sustainable development issues in Hong Kong and has received international and local awards in recognition of its efforts. In 2010, the UK Chartered Institution of Building Services

Engineers awarded Swire Properties the Client of the Year 2010 – Low Carbon Operation Award. The judges praised Swire Properties for committing its own funds to making improvements for the benefit of everybody. It also received the Grand Award (Existing Buildings – Hong Kong and Asia Pacific Category) from the Hong Kong Green Building Council for being a pioneer and innovator of sustainability in facility management, and sharing its knowledge with the industry.

## 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 one work-related fatality within its workforce during 2010.

All fatalities and other serious incidents are taken very seriously and thorough post accident investigations are 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 that they are committed to and share the values of the Company. It strives to provide an environment which 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.



The Hong Kong Philharmonic's Swire Symphony under the Stars.

## Business Partners

Our relationships with our suppliers affect our reputation. We seek to ensure that our requirement to purchase goods on competitive terms is not met at the expense of labour standards, health and safety or the environment. The Group's supply chain sustainability working group facilitates the sharing of best practice with suppliers on sustainability matters. Progress was made during the year in requiring more suppliers to comply with our requirements relating to social and environmental matters. A Supplier CSR Code of Conduct was developed and implemented in 2010, with a view to encouraging our suppliers to comply with relevant legal requirements and with appropriate standards relating to environmental, health and safety and labour matters.

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 has a long-standing commitment to the communities in which we operate. They provide the resources, infrastructure and markets which support our businesses. We endeavour to understand the needs of these communities through dialogue. We seek to enhance their capabilities while respecting their culture and heritage. We do this by the way we conduct business, through sponsorship and engaging the resources and talents of our people and our community partners.

Through the Swire Group Charitable Trust (Swire Trust), to which Swire Pacific is the major contributor, the Group supports community programmes in the areas of education, arts and culture, and the environment. The Swire Philanthropy Council, chaired by an executive officer of Swire Pacific, meets regularly to oversee the Swire Trust's activities.

Employee volunteering is an integral part of our community engagement. It provides new ways of interacting with local communities and enables our staff to gain skills and motivation while giving something back to society. A pilot project launched in 2010 was the Swire Community Consultant Programme. This was an eight week programme in which Swire managers worked with representatives of a charity, conducting workshops, stakeholder interviews and research. We hope, by encouraging staff to offer their time, experience and skills to groups in the community, to improve the ability of those groups to organise themselves and to provide services. We hope that this will in turn be of lasting benefit to the communities in which we operate.