Thriving Together

"Sustainable development at Swire Pacific is not viewed simply as a cost or a set of good intentions. It is a strategic imperative for our businesses and part of our overall approach to building long term value for our shareholders."

Merlin Swire, Chairman, Swire Pacific Limited

Our environment

Energy

1.5%

decrease from 2016 in indirect emissions. This decrease primarily reflects improvements in energy efficiency at Swire Properties' properties in Mainland China.

Water

41%

improvement in water efficiency for Swire Beverages since 2004 through water saving initiatives such as wastewater reuse.

Waste

11%

reduction in waste disposed compared 2016. This was achieved through our waste management "3Rs" principle — reduce, recycle and recover.

Our people and communities

Safety

6.8%

increase in LTIR compared to 2016. This is mainly due to increased LTIR at the Cathay Pacific Group.

Community

14%

increase in total charitable donations compared to 2016. This increase comes primarily from increased giving by Swire Beverages, Swire Properties and the Swire Trust.

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table
UNSDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司. All rights reserved. Disclaimer Privacy Statement

Our business

Laying strong foundations for a thriving future

Our business faces the challenges of scarcity of resources and climate change. Our responses to these challenges are critical to our future.

At Swire Pacific, we recognise that business has a key role to play in creating a better and more prosperous future. This fits with our long-standing commitment to ethical and responsible behaviour, and sustainable growth, all underpinned by strong values. But we do not view sustainability simply as a set of good intentions — it is a key strategic objective for the Group. It helps to fulfil our aim to create long-term value for our shareholders by safeguarding our natural resources, supporting the communities in which we operate, concentrating on the wellbeing of our staff and encouraging our suppliers to maintain high ethical and environmental standards. We see sustainability as an opportunity for innovation, improved efficiency, and laying the foundations for sustained growth.

We look for ways to make our businesses more sustainable and to work with others who share our sustainability values. Our aim is to integrate economic, environmental and social sustainability into our business and management practices.

In November 2017, more than 280 participants including senior executives and sustainability experts from across the Swire Group attended the 7th Swire Annual Sustainable Development Forum. The forum provides a platform for delegates to identify opportunities for driving sustainable change within their businesses.

Home < > Statements

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司 All rights reserved. Disclaimer Privacy Statement

Statements

"We will be judged on our actions and not on our words. In terms of sustainable development, that means making things happen."

Merlin Swire, Chairman Swire Pacific Limited

Chairman's statement

Sustainable development at Swire Pacific is not viewed simply as a cost or a set of good intentions. It is a strategic imperative for our businesses and part of our overall approach to building long-term value for our shareholders. For Swire Pacific, sustainable development is about doing the right thing. We know that, in the long run, this approach will make us more competitive and better business operators.

We will be judged on our actions and not on our words. In terms of sustainable development, that means making things happen. Despite economic uncertainties and challenging market conditions, we made good progress in our sustainable development efforts in 2017. I am very proud of the work that we have done together with our staff, our customers and others with whom we interact. There is, of course, much more to do.

We believe that sustainable development should be integrated within, rather than distinct or separate from, our overall business. Sustainable development must be a key part of our strategy and our approach to management. This means having clear strategic objectives and setting goals and targets, with the aim of continuous improvement. This is difficult, but we will not make progress without clear objectives. Our team then must understand those objectives and what they have to do for them to be achieved.

Thinking sustainably requires us to look beyond short term challenges. We need to build the resilience of our businesses to shocks and be ready to take advantage of new opportunities. Sustainable development must be integral to what we do if we are to create long-term value for our shareholders.

We greatly appreciate your interest in Swire Pacific, as we continue our efforts to build a future where we all can thrive.

Merlin Swire
Chairman

"In 2017, we continued to implement SwireTHRIVE, our environmental sustainability strategy introduced in 2016. SwireTHRIVE is designed to mitigate operational risk and to build long-term resilience through environmental best practice and innovation."

Dr. Mark Watson, Head of Sustainable Development

Head of Sustainable Development's statement

In 2017, we continued to implement SwireTHRIVE, our environmental sustainability strategy introduced in 2016. SwireTHRIVE is designed to mitigate operational risk and to build long term resilience through environmental best practice and innovation. It addresses existing (carbon, water and waste) and new (biodiversity and climate resilience) issues. In 2017, we set quantitative carbon and water targets for 2020. We will set quantitative carbon and water targets for 2030 and near term waste targets. We have established biodiversity and climate resilience working groups.

We provided guidance and supporting tools to those responsible for sustainability matters in our businesses, thus enabling them to apply SwireTHRIVE to their businesses and to do so with those responsible for finance, risk management and human resources.

We introduced the Swire Pacific sustainable development fund. Up to HK$100 million was available to support innovative projects which could not otherwise meet our cost of capital targets. Swire Properties received support for projects at its Pacific Place development in Hong Kong.

In November 2017, our annual sustainable development forum was attended by over 250 Swire group staff. Separate panels covered climate risk and resilience, the importance of partnerships and the growing importance of environment, social and governance analysis to investors.

Swire Pacific remained a constituent of the Dow Jones Sustainability Asia Pacific Index, the Hang Seng Corporate Sustainability Indices and the MSCI World ESG and MSCI Global SRI Indices. Swire Properties became the only company listed in Mainland China and Hong Kong to be included in the 2017 DJSI World Index. Swire Properties issued the group's first green bond.

We must look for radical solutions to our sustainability challenges, particularly in the environmental area and particularly to those challenges created by the need to move to a low carbon economy. Our businesses must collaborate more with each other and with those who share our values. As a conglomerate, we are well placed to share technology and expertise among our businesses.

We have built a solid foundation and have, in SwireTHRIVE, a sound sustainability strategy. We are determined to progress. We have taken due note of the UN Sustainable Development Goals. We will provide more detailed reports in future years.

For Swire Pacific to succeed and for our businesses to meet the challenges of sustainable development, each of us has a role to play. By working together, we can thrive together.

Dr. Mark Watson
Head of Sustainable Development

Our business < > Highlights

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司 All rights reserved. Disclaimer Privacy Statement

Highlights

2017 Performance highlights

Properties

Decarbonisation
Swire Properties reduced energy consumption by

6%

Health and safety
The lost time injury rate of Swire Properties decreased by

21%

Awards and recognition
Swire Properties joined the Dow Jones Sustainability World Index and was named a 2017 Global Sector Leader by the Global Real Estate Sustainability Benchmark

Aviation

Decarbonisation
12 new fuel-efficient A350-900 aircraft joined the Cathay Pacific fleet. Improved aerodynamics reduces fuel consumption and CO_2 emissions by

25%

Water management
The HAECO group reduced its water consumption by

8%

Biodiversity
Cathay Pacific Catering Services purchased **379 tonnes** of certified sustainable seafood for inflight meals

Beverages

Water management
Swire Beverages improved its water use ratio[1] from

1.81 in 2010 to 1.77 in 2017

[1] Water use ratio is the amount of water used to produce one litre of beverage

Waste management
Swire Beverages reduced its waste by

22%

Health and safety
The lost day rate of Swire Beverages decreased by **10%**

Marine Services

Waste management
Swire Pacific Offshore reduced its waste by

28%

Health and safety
The lost time injury rate of the HUD group decreased by

28%

Awards and recognition
Swire Pacific Offshore won an Excellence in Manpower Training and Development award during Singapore Maritime Week

Photo courtesy of Swire Blue Ocean

Trading & Industrial

Decarbonisation
The electricity consumption of Swire Resources decreased by

9%

Waste management
Swire Waste Management reduced its waste by

14%

Health and safety
The lost time injury rate of the Trading & Industrial division decreased by **15%**

Photo courtesy of Pacific Place Supersports

Disclosure and reporting

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

Hang Seng Corporate Sustainability Index Series Member 2017-2018

MSCI 2017 Constituent MSCI Global Sustainability Indexes

MSCI 2017 Constituent MSCI Global SRI Indexes

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司. All rights reserved. Disclaimer Privacy Statement

Swire Pacific

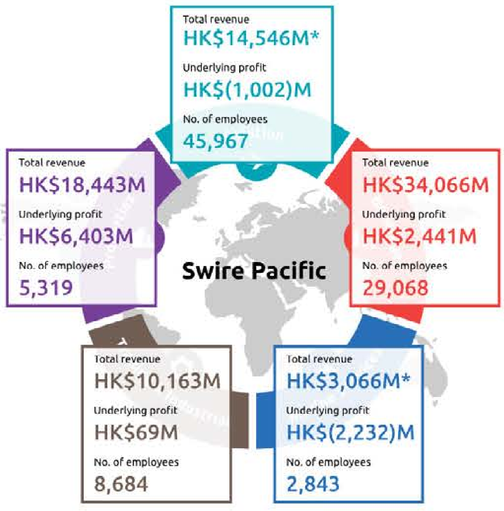
Swire has been in business for over 200 years

From a modest Liverpool-based, import-export company established over 200 years ago in 1816, the Swire group has grown into a highly diversified global conglomerate. Our business has stood the test of time because we have always looked ahead and taken the right decisions for the long term.

Headquartered in Hong Kong and listed on The Stock Exchange of Hong Kong Limited, Swire Pacific Limited (SWRAY 00019 and SWRBY 00087) is a key part of the Swire group. Swire Pacific is one of the leading companies in Hong Kong, with five operating divisions: Property, Aviation, Beverages, Marine Services and Trading & Industrial. The Group's operations are predominantly located in Greater China, where the name Swire or 太古 has been established for over 150 years.

We take a long term perspective when formulating strategy and this is reflected in the nature of our investments. We are proud of our long history but we are also focused on the future. We pride ourselves on being forward-looking and innovative. These qualities have helped us grow and enabled us to set benchmarks in the industries in which we operate.

Swire Pacific group overview 2017



*The revenue number does not include those of associate and JV companies such as Cathay Pacific group and Hongkong Dockyards group

More information on the group structure and our economic performance can be found on this Factsheet and in the 2017 Swire Pacific Annual Report.

Photo courtesy of Pacific Hornbill

Three SPO vessels recycle their plastic bottles and aluminium cans onboard while supporting a good cause. The refunds collected through the "Deposit Scheme" in the Northern Territory of Australia will be put forward to support the children's charity CanTeen, which provides youth-specific care to young cancer patients.

Highlights < > Governance

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司. All rights reserved. Disclaimer Privacy Statement

Governance

Success through responsibility

The Swire motto is "Esse quam videri" — to be, rather than seem (to be). We value integrity, humility, endeavour, excellence, and continuity. We believe this motto and these values to be central to the long term success of our businesses and that operating our businesses in a socially and environmentally responsible way is fully consistent with them and with such long term success.

Our approach to governance

Sound corporate governance is essential to long term success. Our Board is responsible for establishing and maintaining our governance practices. Our approach to corporate governance can be seen at the following links:

Corporate Governance Code
Memorandum and Articles of Association
Board Diversity Policy

We comply with the Corporate Governance Code in Appendix 14 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Our governance practices are described in the Corporate Governance Report section of our 2017 Annual Report.

The governance of sustainability matters is an important element of our corporate governance. Our aim is to identify and benefit from sustainability opportunities and to manage sustainability risks, through appropriate policies, standards, and systems.

Code of conduct and legal compliance

Our Corporate Code of Conduct requires employees to maintain the highest standards of business ethics and to deal appropriately with each other, with those with whom we do business, and with the communities in which we operate. The Code of Conduct includes provisions dealing with business ethics, conflicts of interest, bribery, procurement, record keeping, whistleblowing, health and safety, the environment, equal opportunities, diversity and respect in the workforce, and privacy. All employees receive training on our Code of Conduct as part of their induction programme. The induction programme includes anti-bribery training. Compliance with the Code of Conduct is required by our conditions of employment.

It is our policy to comply in full with all applicable laws and regulations, including those governing the environment, employment (including laws prohibiting child or forced labour), health and safety, products (including their advertising and labelling), bribery, privacy, and discrimination.

Sustainable development and our corporate policies

The 1987 Brundtland Commission defined sustainable development as "*development that meets the needs of the present without compromising the ability of future generations to meet their own needs*". Our sustainable development policy and aims are intended to be consistent with this definition.

Through the sustainable development policy we aim to:

- Reduce our carbon footprint by adopting industry best practices to improve energy efficiency, and by increasing the use of renewable energy
- Turn today's waste into a resource for tomorrow, contributing to the creation of a circular economy, where waste materials are no longer simply thrown away, but are retained and reused as a future resource
- Use water responsibly and sustainably, and protect its watersheds
- Be a good steward of the natural resources and biodiversity under our influence, and identify and manage appropriately the potential adverse impact of our operations on the environment
- Safeguard the health and safety of our employees and others with whom we interact, with the ultimate aim of causing zero harm
- Source materials responsibly and sustainably, including ensuring that our suppliers meet, and preferably exceed, the sustainability standards in our supplier guiding principles
- Bring value to the communities in which we operate and respect their culture and heritage
- Encourage our staff to engage actively in sustainable development matters at work and in the community
- Monitor the company's performance and report regularly

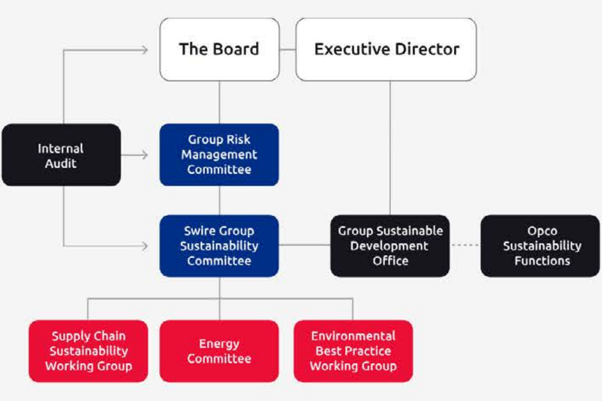
Our policies on climate change, biodiversity, sustainable supply chains, green buildings, and health and safety are covered in the appropriate sections of this report and can be found in the Sustainable Development section of the Swire Pacific website.

Our sustainable development governance structure

Swire Pacific's highest governance body is its Board, which is led by an Executive Chairman. Our corporate governance (including the operations of the Board and its committees, audit and communication with shareholders and investors) is reported on in the Corporate Governance Report in our 2017 annual report.

Our Board, led by its Chairman, is ultimately accountable for sustainability matters. Information on sustainability risks and performance is reported to the Board via the Group Risk Management Committee (GRMC), which has eight members and is chaired by the Finance Director. The GRMC is advised by the Swire Group Sustainability Committee and by working groups which include one on environmental best practices.

We are replacing the energy, supply chain, and environmental best practice working groups with working groups focused on the six SwireTHRIVE key issue areas. Division heads will meet twice a year on sustainability matters under the chairmanship of the Chairman of the Board.



Our Sustainable Development Office, which reports directly to a member of the Board, is responsible for setting policy, for monitoring the implementation of policy and for the implementation of our Group sustainability strategy, SwireTHRIVE. Policies are intended to reflect key sustainability trends and to address major risks and opportunities in sustainability. The Sustainable Development Office coordinates the sustainable development committees and working groups. These committees and groups enable operating companies to exchange information and best practices with a view to developing specific policy recommendations, improving efficiency, reducing costs and engaging with staff.

We work together with our operating companies and with those with whom we do business with a view to maintaining an appropriate level of oversight and control over sustainability matters. The management of each operating company is responsible for its own sustainability matters. Each operating company is responsible for:

- Assessing the sustainability issues faced by the company
- Formulating strategy based on this assessment
- Implementing this strategy through an appropriate organisational structure
- Monitoring compliance (in order to confirm that appropriate action has been taken) and reporting on performance

Climate related governance

The GRMC considers climate related risks and informs the Board about them through the Audit Committee. The GRMC uses the skills and experience available within the group to help identify material climate related risks and to propose sustainable mitigants. A Carbon Working Group will develop climate related targets with reference to the carbon emissions of our operating companies. A Climate Resilience Working Group will assess our exposure to physical and transitional climate risks and will develop practicable adaptation proposals. The working groups' membership is representative of the sustainability expertise within the Swire Pacific group. We believe that combining people in these working groups will improve our ability to help our businesses to thrive together for the long term.

External commitments

Swire Pacific

- **WWF HK** – Member of the Conservation Advisory Committee
- **Hong Kong Business Environment Council** – Board member
- **Hong Kong Business Environment Council** – Member of the Energy Advisory Group
- **Hong Kong Business Environment Council** – Member of the Environmental Social and Governance (ESG) Advisory Group
- **Hong Kong Business Environment Council** – Member of Climate Change Business Forum (CCBF) Advisory Group
- **Hong Kong Management Association Sustainability Committee**
- **City University Advisory Committee of the School of Energy and Environment**

Properties

- **BEAM Society** – Founding Member
- **Business Environment Council** – Board of Director and Council Member
- **Green Cross – Occupational Safety & Health Council** – Group Member
- **Harbour Business Forum** – Patron Member (through the Swire Group)
- **Hong Kong General Chamber of Commerce** – Member
- **Hong Kong Green Building Council** – Patron Member
- **The Hong Kong Management Association** – Charter Member
- **The Lighthouse Club Hong Kong** – Corporate Member
- **The Real Estate Developers Association of Hong Kong** – Board of Director and Corporate Member
- **Urban Land Institute (ULI)** – Regional Corporate Sustaining Member
- **WWF** – Pearl Member
- **Business Environment Council (Climate Change) and Business Forum Advisory Group** – Building Energy Pledge
- **Environmental Protection Department, Hong Kong Special Administrative Region (SAR) Government** – Carbon Reduction Charter
- **Environment Bureau, Hong Kong SAR Government** – Charter on External Lighting
- **Hong Kong General Chamber of Commerce and Hong Kong Business Coalition on the Environment** – Clean Air Charter
- **Friends of the Earth (Hong Kong)** – Dim It Charter
- **Environment Bureau and Electrical and Mechanical Services Department, Hong Kong SAR Government** – Energy Saving Charter
- **Environment Bureau and Electrical and Mechanical Services Department, Hong Kong SAR Government** – Energy Saving Charter on "No ILB"
- **Environment Bureau, Hong Kong SAR Government** – Food Wise Charter
- **Environmental Protection Department, Hong Kong SAR Government** – Friends of EcoPark
- **Development Bureau, Hong Kong SAR Government** – Greening Partner Charter
- **Green Council** – Hong Kong Green Purchasing Charter
- **World Business Council for Sustainable Development** – Manifesto for Energy Efficiency in Buildings
- **Environmental Protection Department, Hong Kong SAR Government** – Waste Check Charter

Aviation

- **International Air Transport Association (IATA) Environment Committee** – Member
- **IATA Airline Cabin Waste Working Group** – Member
- **IATA Wildlife Task Force** – Member
- **IATA CORSIA Working Group** – Member
- **Global Market-Based Measure Technical Task Force (GMTF)** – Member
- **oneworld Procurement Best Practices Working Group** – CSR
- **WWF-Hong Kong** – Corporate Member Pearl
- **Association of Asia Pacific Airlines Environmental Working Group** – Member
- **Environmental Protection Department, HKSAR Government- Food Wise Charter** – Signatory
- **Electrical and Mechanical Services Department, HKSAR Government- Energy Saving Charter** – Signatory
- **Airport Authority Hong Kong** – Carbon Pledge

HAECO Hong Kong and HAECO Xiamen
- **IATP** – Member

HAECO Americas
- **ARSA** – Corporate member
- **North Carolina Chamber of Commerce** – Member
- **Columbia County Chamber of Commerce** – Member
- **Greensboro Chamber of Commerce** – Member
- **Piedmont Triad Partnership** – Member

Beverages

Swire Coca-Cola Beverages Zhengzhou
- **Henan Provincial Foreign Investors Association** – Vice Chairman
- **Henan Provincial Enterprise Federations** – Vice Chairman
- **Zhengzhou Municipal Food Industry Association** – Vice Chairman

Swire Guangdong Coca-Cola
- **Guangdong Provincial Quality Inspection Association** – Member
- **Guangdong Provincial Food Safety Association** – Member
- **Guangdong British Chamber of Commerce** – Member

Swire Coca-Cola Beverages Xiamen
- **Fujian Provincial Science & Technology Association** – Member

Swire Coca-Cola Beverages Zhejiang
- **Zhejiang Provincial Beverages Association** – Vice Chairman
- **Zhejiang Provincial Foreign Investors Association** – Member
- **Hangzhou Food Industry Association** – Member

Swire Coca-Cola Beverages Jiangsu
- **Nanjing Foreign Investors Association** – Vice Chairman
- **Nanjing City Food Industry Association** – Vice Chairman
- **Nanjing Food Chamber of Commerce** – Vice Chairman

Swire Coca-Cola Beverages Hefei
- **Anhui Provincial Foreign Investor Association** – Member

Hong Kong
- **The Hong Kong Beverages Association Limited** – Executive Committee Member

USA
- **American Beverage Association** – Member
- **State Beverage Associations** – Member
- **Coca-Cola Bottling Association** – Member
- **Dr. Pepper Association**
- **Bonneville Environmental Foundation** – Partner
- **Business for Water Stewardship** – Partner
- **Change the Course** – Member
- **Trout Unlimited** – Partner
- **The River Network** – Partner
- **Colorado Water Trust** – Partner
- **Utah Clean Air Partners (UCAIR)** – Partner
- **Clean Utah, a program of Utah DEQ**

Taiwan
- **Taiwan Beverage Industry Association** – Director
- **Taiwan Food Industry Development Association** – Executive Director
- **American Chamber of Commerce in Taipei** – Member
- **European Chamber of Commerce Taiwan (Joined under the name Swire Beverages)** – Member

Marine Services

- **AMMA** – Australian Mines & Metals Association
- **British Chamber of Commerce (Denmark)**
- **British Chamber of Commerce (Singapore)**
- **Danish Wind Energy Association**
- **EWEA** – European Wind Energy Association
- **IFAP (Perth, WA)** – Industrial Foundation for Accident Prevention
- **IMCA** – International Marine Contractor Association
- **IMEC** – International Maritime Employers' Council (Director)
- **IMSF** – International Marine Simulator Forum
- **ISCO** – International Spill Control Organisation
- **ISOA** – International Support Vessel Owners' Association
- **ISU** – International Salvage Union
- **MarineSafe (Western Australia)**
- **MIAL** – Maritime Industry Australia Limited
- **NPF** – Norwegian Petroleum Association
- **NRF** – Norwegian Shipowners Association
- **Renewable UK**
- **RTP Asia** – Nautical Institute Regional Training Providers' forum
- **Global Compact Network Singapore**
- **SSA** – Singapore Shipping Association
- **Brasil ABEAM (Associação Brasileira das Empresas de Apoio Marítimo)**

Trading & Industrial

Swire Resources Limited
- **HKRMA (Hong Kong Retail Management Association)** – Full Member
- **HKRMA (Hong Kong Retail Management Association)** – No Fake Pledge Scheme
- **iHRM (Hong Kong Institute of Human Resource Management)** – Mentorship Programme

Columbia
- **HKRMA (Hong Kong Retail Management Association)** – Quality E Shop Recognition Scheme

Cath Kidston
- **HKRMA (Hong Kong Retail Management Association)** – Quality E-Shop Recognition Scheme

Taikoo Motors Limited
- **Taipei Automobile Distributors Association**
- **Taiwan Transportation Vehicle Manufacturers Association**
- **Kaohsiung Automobile Dealers Association**

Swire Waste Management Limited
- **Hong Kong Waste Management Association** – Organisational Member

Back to top

Swire Pacific < > Risk management

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司. All rights reserved. Disclaimer Privacy Statement

Risk management

Securing long-term business viability

Effective risk management is key to ensuring the continued long-term viability of the Group. It is embedded throughout all of our operating companies. *Everyone in the Swire Pacific group has a role to play in risk management. It is essential that we all work together to address the variety of risks our Group is exposed to.*

Sustainability issues, including climate change, political and regulatory risks and emerging risks such as *climate resilience and biodiversity, are particularly relevant in this respect. The Board of* Directors and the management of each division are responsible for identifying and analysing the risks (including those relating to climate change and sustainability) underlying the achievement of business objectives and for determining how such risks should be managed and mitigated.

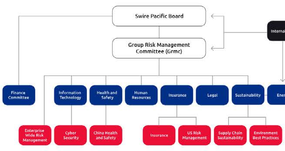
There are two key management committees which seek to monitor the risks to which the Group is subject – the Group Risk Management Committee ("GRMC") and the Finance Committee. These comprise members of senior management and both are chaired by the Finance Director, who reports significant matters to the board as they arise.

About the GRMC

The GRMC is made up of divisional chief executives and managing directors, who also report directly to the Board. The GRMC:

- Reviews divisional risk registers, which set out current and emerging risks, including physical and reputational issues that arise from the social and environmental impact of our business decisions.
- Sets *group risk management policies and strategies.*
- Oversees the committees and working groups which have functional responsibility for risk management.

Risk governance structure



Enterprise Risk Management

We use a comprehensive Enterprise Risk Management (ERM) process to identify, assess, monitor and manage risks. The implementation and operation of the ERM process follows our enterprise risk management policy. The objective of the policy is to ensure that robust and effective risk management systems are in place to enable management to identify, prioritise and mitigate the risks to which our operating companies are and will be exposed. Each division and major operating company is required to implement the ERM process.

As part of this policy, operating companies must regularly submit corporate risk registers and changes in risk profiles to Swire Pacific. In order to ensure consistency of approach, these registers are prepared using standard methodology, format and risk ranking criteria.

Significant sustainability risks

For our business to continue to grow, we must anticipate the risks threatening our development and that of our customers and must capitalise on new opportunities.

Every year, Swire Pacific engages with people inside and outside the organisation in order to assess the material risk issues that might have an impact on its business. In 2017, four potential risks were highlighted.

Talent acquisition in a globalised world

Risk

Recruiting and retaining the right people is critical to business growth. Employees are more mobile and more connected. They do not just want to be paid appropriately. They want to work for companies with values aligned with their own and in environments which allow them to thrive.

Response

We strive to be an employer of choice, to provide opportunities for development, to let great people thrive, to diversify our workforce, and to live up to our corporate values. For more, please refer to the Our People and Communities section of this report.

Rising income inequality

Risk

Rising income inequality and increasing social polarisation could trigger political upheaval exacerbating other global risks which will affect our businesses in a variety of ways.

Response

We seek to ensure that all employees are fairly remunerated. We regularly review our remuneration policies in light of legislation, market conditions, industry practice, and the performance of individuals and our businesses. Our operating companies and the Swire Group Charitable Trust seek to help the disadvantaged, to promote diversity and inclusion, and to encourage learning. For more, please refer to the Our People and Communities section of this report.

Access to resources amid planetary limitations

Risk

Population growth and economic development affect the access to land, water and raw materials which we need for our businesses to develop and for the communities in which we operate to thrive.

Response

As part of SwireTHRIVE, we are improving our sourcing and use of materials and resources. We aim to use resources as efficiently as possible. We want to work with others to implement circular economic principles and to use alternative materials and techniques with a view to reducing our reliance on primary natural resources. For more, please refer to both the Water and Sustainable Materials sections of this report.

Cascading impacts of climate change

Risk

Climate change is a significant risk to our businesses in diverse, complex and uncertain ways. We *have focussed on physical and transitional risks, as identified by the Taskforce for Climate-related* Financial Disclosures.

- **Physical risks**
  Extreme weather events and rising temperatures and sea levels are risks to our property, our people and our suppliers.
- **Transition risks**
  The 2015 Paris climate agreement aims to keep global temperature increases to below 2°C this century. To achieve this, very substantial sums need to be spent in order to reduce carbon emissions. Governments can be expected to introduce policies and regulations in order to achieve this. Financiers and industry associations can be expected to follow. As carbon-intensive industries, aviation and shipping are expected to be significantly affected.

Response

As part of our ERM framework, we assess physical climate risks to our existing and future property developments and other facilities. We put in place mitigants and resiliency measures intended to ensure the viability of our operations, the safety of our employees and visitors to our facilities, and uninterrupted service for our customers. The Swire Pacific Sustainable Development Fund has investments in businesses developing low carbon technologies and processes. For more, please refer to both the Carbon and Climate Resilience sections of this report.

Policy review process

With input from the relevant governance bodies and our Board, we conduct regular reviews of our *existing policies, and where we identify policy gaps we work to create new policies to guide the* Group's approach. In 2018, we are introducing new or updated policies on waste, water, and diversity and inclusion. The management of risks and the implementation of sustainability policies are subject to scrutiny by our internal audit department, with support from specialist external consultants *where necessary.*

Please refer also to the Risk Management section of the Corporate Governance Report in the Swire Pacific Annual Report 2017.

In September 2017, HAECO Hong Kong beat 7,000 applicants to win the "Smart Business Energy Saving Award" in the sixth GREENPLUS Award Programme, organised by CLP Power Hong Kong Limited. The company was commended for its excellent performance in implementing green measures to enhance energy efficiency.

Copyright © 2018 Swire Pacific Limited 太平洋企業有限公司 All rights reserved Disclaimer Privacy Statement

Looking ahead

> "Thinking sustainably requires us to look beyond short term challenges. We need to build the resilience of our businesses to shocks and be ready to take advantage of new opportunities."
>
> Merlin Swire, Chairman, Swire Pacific Limited

Photo courtesy of Swire Blue Ocean

Towards a thriving future

To support consistent implementation and reporting, in 2018 we will continue to implement our SwireTHRIVE sustainable development strategy and integrate it in our businesses. The central SwireTHRIVE strategy gives us the opportunity to do more together and to do it faster than our businesses can do with only their own sustainability programmes. Through SwireTHRIVE and the commitments to it within the group, we will join together to maximise the impact we can make across our portfolio.

We are introducing half yearly meetings of the heads of our businesses dealing with sustainability matters. We already make quarterly reports to the board on our environmental and health and safety performance.

We will improve our sustainability data by developing clear and consistent protocols for reporting on SwireTHRIVE matters. We will continue to have selected sustainability data reported on externally.

The Loop, opened in May 2017, is the new sustainable development exhibition centre in Taikoo Place. The Loop aims to increase environmental awareness and encourage tenants and the wider community to incorporate sustainable practices into their business operations and their everyday lives. The 4,000 sq ft space features seven different recycling bins, a food waste composter herb garden and topical exhibitions.

Risk management < > Our environment

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司 All rights reserved Disclaimer Privacy Statement

Our environment

A thriving environment

We are in an era of rapid environmental change. If our business is to thrive in the long term, we need to play a part in protecting the environment upon which we depend. We have taken our environmental responsibility seriously for many years. This commitment has led to consistent progress in emissions reduction, water management and waste recycling.

Each of our divisions has operations which comply with ISO 14001 standards. In 2017, the environmental management system in the Hong Kong portfolio of our property division received the latest ISO 14001:2015 certification from the Hong Kong Quality Assurance Agency.

A strategy for a thriving future

In 2016, the 200th anniversary of Swire's foundation, we formulated SwireTHRIVE, our new sustainability strategy, with a view to securing long term business success in an era of major change.

SwireTHRIVE was co-created by the Group Sustainable Development Office and representatives from major operating companies. There was agreement on six key environmental issues that are material to all the group's divisions. These are **Carbon, Waste, Water, Sustainable Materials, Biodiversity,** and **Climate Resilience** (see below). They were selected by reference to best practice and following a review of environmental sustainability by internal subject matter experts. SwireTHRIVE has been endorsed by the Board.

SwireTHRIVE focuses on environmental sustainability because our success (and that of the communities in which we operate) depends on a thriving natural environment.

The strategy was designed to offer a consistent vision and framework for the Group. While many of our operating companies already had flourishing sustainability programmes, it was agreed that a Group-level commitment would provide an increased remit and opportunities to go further. Through SwireTHRIVE, our operating companies can work together to make our businesses thrive.

With the support of a Hong Kong government subsidy for electric vehicles (EVs), eight vehicles owned and operated by Swire Beverages in Hong Kong have been converted to hybrids and EVs. Swire Coca-Cola USA has 46 hybrid vehicles.

Our business < > Carbon

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司. All rights reserved. Disclaimer Privacy Statement

Carbon

Pursuing a long-term goal of decarbonisation

The world needs to act decisively to mitigate climate change. To play our part in this, we aim to decarbonise our operations progressively.

We know it may take time to get there, but our ambition is to be leaders in improving energy efficiency and reducing greenhouse gas emission in the industries in which we operate. This will contribute to the fight against global warming and reduce our own costs.

We aim to reduce our emissions in line with international carbon reduction goals. Innovation and adoption of new technologies will be key to this.

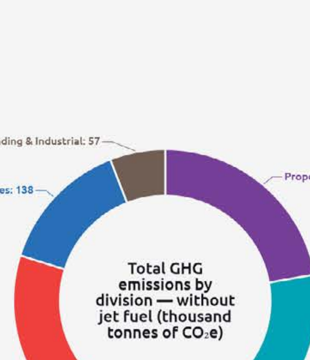
We recognise the world needs to act swiftly and decisively to reduce carbon emissions to mitigate damaging climate change and are committed to supporting this through progressive decarbonisation.

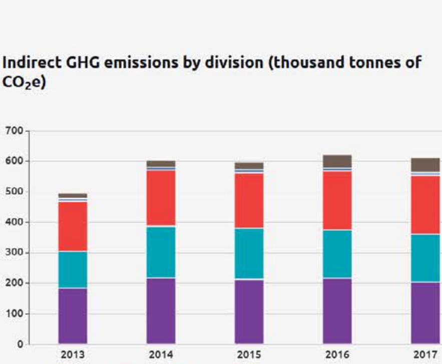
The 2015 Paris Climate Accord aims to strengthen the global response to the threat of climate change, including measures such as holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. Businesses are setting targets to support the global response to the threat of climate change.

New technologies can transform the way energy is generated and used. Taking advantage of them can reduce operating costs, increase returns and reduce the use of carbon.

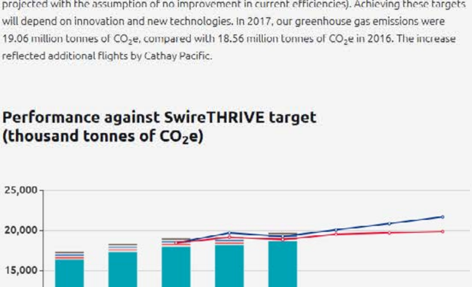
Group performance

Climate change through extreme weather is a material risk to our businesses, so mitigating its effects is a major business imperative. To reduce the risks associated with climate change, greenhouse gas emissions must be reduced. We work with industry groups and regulators to support emissions reductions.





Indirect GHG emissions by division (thousand tonnes of CO_2e)



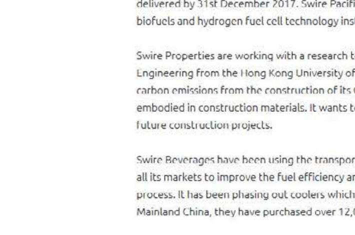
We aim to reduce our emissions in line with international carbon reduction goals. In 2017, operating companies set targets for reducing carbon intensity. These targets are intended to reduce the Group's carbon intensity leading up to 2020 by 8-10% by comparing emissions with a 2015 frozen efficiency baseline (a frozen efficiency baseline being one from which performance is projected with the assumption of no improvement in current efficiencies). Achieving these targets will depend on innovation and new technologies. In 2017, our greenhouse gas emissions were 19.06 million tonnes of CO_2e, compared with 18.56 million tonnes of CO_2e in 2016. The increase reflected additional flights by Cathay Pacific.

Performance against SwireTHRIVE target (thousand tonnes of CO_2e)

*The divisional performance from 2013 to 2016 shown in the chart above is a projection used to create the frozen efficiency curve. For actual consumption data, please refer to the performance data section of this report and previous sustainable development reports.

Greenhouse gases

The Aviation Division accounted for 96.6% of our total emissions in 2017. Cathay Pacific has set a target of improving fuel efficiency by 2% per annum up to 2020 and achieving carbon neutral growth thereafter. This exceeds the agreed industry target of 1.5%. Our strategy for achieving this follows IATA's four pillar strategy. In 2017, Cathay Pacific increased fuel efficiency by 1.8%, principally as a result of using more fuel-efficient aircraft. Twelve A350-900 aircraft were delivered in 2017. These aircraft are 25% more fuel efficient than the existing wide-body fleet. Since 1998, Cathay Pacific's fuel efficiency has increased by 24.8% (measured by reference to traffic) and by 17.1% (measured by reference to capacity).



Case study

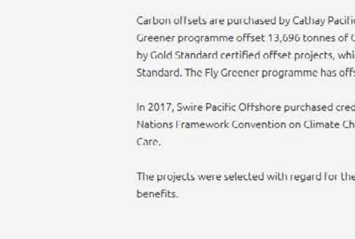
Cathay Pacific – Fleet renewal

In 2016 and 2017, 22 Airbus A350-900 aircraft joined the Cathay Pacific fleet. By the end of 2019, 20 Airbus A350-1000 aircraft are expected to have joined the fleet. Airbus A350-1000 aircraft are lighter more cost-efficient, and require less maintenance than previous aircraft, bringing a 25% improvement in fuel efficiency. They generate less carbon dioxide and nitrogen oxide emissions and make less noise than previous aircraft. In 2017, Cathay Pacific ordered 32 Airbus A321neo aircraft to be operated by Cathay Dragon. These aircraft are expected to consume 20% less fuel per seat than their predecessors.

Cathay Pacific is a member of the Round Table on Sustainable Biomaterials and of the Sustainable Aviation Fuel Users Group Asia. Cathay Pacific has a minority stake in Fulcrum BioEnergy Inc., a company which converts municipal solid waste into sustainable aviation fuel. We encourage the use of biofuels in the engines of our aircraft, vehicles and vessels. All of Cathay Pacific's A350-900 delivery flights used jet fuel that contains a 10% blend of biofuel. 22 of these aircraft had been delivered by 31st December 2017. Swire Pacific Offshore is considering whether it can use marine biofuels and hydrogen fuel cell technology instead of fossil fuels.

Swire Properties are working with a research team in the Department of Civil and Environmental Engineering from the Hong Kong University of Science and Technology on a pilot study to measure carbon emissions from the construction of its One Taikoo Place project, including the carbon embodied in construction materials. It wants to develop a method of accounting for carbon in its future construction projects.

Swire Beverages have been using the transport route optimisation software "Road Show" across all its markets to improve the fuel efficiency and delivery time of its beverage transportation process. It has been phasing out coolers which use CFCs and HFCs as refrigerants since 1998. In Mainland China, they have purchased over 12,000 new units.



Case study

Swire Beverages – The carbon footprints of three major beverages in Taiwan

Swire Beverages commissioned a third party to study the carbon footprint of Minute Maid and Coca-Cola in Taiwan. The emissions from ingredient sourcing, manufacturing, distribution, consumption and disposal or recovery were measured. Ingredient sourcing, manufacturing and distribution were responsible for most emissions, in that order. The results of the study were submitted to the Taiwan Environmental Protection Agency Executive Yuan. Swire Beverages aims to reduce the carbon footprint of these products by 3%.

Carbon offsets

Carbon offsets are purchased by Cathay Pacific and Swire Pacific Offshore. Cathay Pacific's Fly Greener programme offset 13,696 tonnes of CO_2 (tCO_2) in 2017 by purchasing offsets generated by Gold Standard certified offset projects, which are in turn certified under the Voluntary Carbon Standard. The Fly Greener programme has offset 150,795 tonnes of CO_2 since it started in 2007.

In 2017, Swire Pacific Offshore purchased credits worth 452,824 tCO_2 emissions under the United Nations Framework Convention on Climate Change, the EU Emissions Trading System and Climate Care.

The projects were selected with regard for their expected environmental, economic and social benefits.

Energy

Electricity consumption is our second largest source of greenhouse gas emissions. As the cost of electricity rises, making our buildings and operations more energy efficient is a priority. Our indirect emissions (which are primarily derived from using electricity) in 2017 were 608,516 tonnes of CO_2e, a 1.5% decrease from 2016. This decrease primarily reflects improvements in energy efficiency at Swire Properties' portfolio in Mainland China.

Our operating companies exchange information about energy efficiency (from this year through the Carbon Working Group under SwireTHRIVE). The Swire Properties sustainable building design policy requires new and substantially renovated buildings to try to obtain the highest or, as a minimum, the second highest international or local building environmental certification. At the end of 2017, 54 buildings, representing 64% of Swire Properties' portfolio, had been certified or provisionally certified as green buildings under BEAM, BEAM Plus and LEED independent rating systems. Some other buildings were renewing their BEAM Plus Existing Buildings ratings.

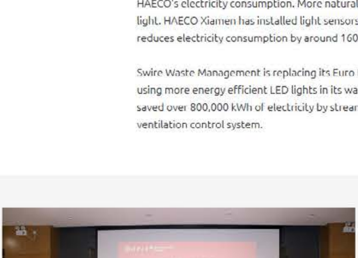
Operating companies are encouraged to reduce energy use and to set energy efficiency targets. Since 2008, Swire Properties has reduced its annual energy consumption in its Hong Kong portfolio by 53 million kWh, which is in line with its 2020 target. In its Mainland China portfolio, it has reduced its annual energy consumption by 17 million kWh from the consumption which would have occurred if no changes had been made, putting it on track to meet its 2020 target.

As part of its SD2030 strategy, Swire Properties is committed to the following by 2020:

2017 progress update	2020 KPI
Reduced the carbon intensity of its Hong Kong portfolio by 23%	A 27% reduction in carbon intensity in its Hong Kong portfolio
Reduced the energy intensity of its Hong Kong portfolio by 29.5%	A 29% reduction in energy intensity in its Hong Kong portfolio
Reduced the energy consumption of its Mainland China portfolio by 17 million kWh/year	A reduction in energy consumption in its Mainland China portfolio of 23 million kWh/year

Swire Properties offers free energy audits to tenants. Since 2008, audits have covered 468,000 m^2 of commercial space, identifying potential annual energy savings of 7.9 million kWh.

Swire Properties has obtained ISO 50001:2011 certifications for its energy management systems in all its Hong Kong portfolio and at its Taikoo Li Sanlitun, Beijing and TaiKoo Hui, Guangzhou developments in Mainland China.



Case study

Swire Properties – Winner of Energy Management Award

The United Kingdom Chartered Institute of Building Services Engineers awarded Swire Properties the Energy Management Initiative Award at its Building Performance Awards 2017 in respect of its Hong Kong properties. This award recognises energy reduction achievements of building owners and occupiers globally. It is given to organisations that have most effectively reduced energy use and carbon emissions in their buildings, without compromising the satisfaction of the buildings' users.

Swire Properties has spent more than HK$6 million to install more than 800 electricity meters in its buildings. The data captured enables Swire Properties to understand the energy use in its buildings, to identify opportunities for saving energy, and to set energy reduction targets.

The principal companies in the HAECO Group carry out energy audits every five years, with the view to save energy and manage its impact on the environment. HAECO's hangars need a lot of light so that defects in aircraft can be seen and repairs can be made. Lighting accounts for 40% of HAECO's electricity consumption. More natural light means less energy used to produce artificial light. HAECO Xiamen has installed light sensors to control the amount of artificial light. This reduces electricity consumption by around 160,000kWh a year.

Swire Waste Management is replacing its Euro II tractors with Euro V tractors. Swire Resources is using more energy efficient LED lights in its warehouses. Cathay Pacific Catering Services has saved over 800,000 kWh of electricity by streamlining its chiller systems and optimising its ventilation control system.

Case study

Partnership with Tsinghua University

We work with others to provide innovative solutions to our energy needs. In 2016, Swire Beverages and Tsinghua University started to explore energy efficiency and management at Swire Beverages' bottling plants in Mainland China. Energy consumption monitoring, analysis and research are being carried out. The aim is to reduce energy consumption and carbon dioxide emissions. A code of practice, energy saving standards and operational guidelines are being developed and staff training is being provided.

Swire Properties and HAECO had already had existing successful partnerships with Tsinghua University. In 2017, Tsinghua University studied energy use at Swire Properties' Pacific Place development in Hong Kong. The study identified over 4 million kWh of potential savings (worth HK$6 million). In 2018, a similar study will be done at Swire Properties' Taikoo Place development in Hong Kong. Similar studies of HAECO's facilities in Hong Kong and Xiamen have identified potential energy savings of nearly 1.8 million kWh.

Renewable energy

We encourage the use of renewable energy in our operations. 11.08 million kWh of electricity was generated from renewable energy sources at Swire Properties, Swire Beverages and HAECO Xiamen in 2017. The Swire Pacific sustainable development fund is available to support suitable renewable energy projects.

Renewable energy sources at four Swire Coca Cola bottling plants generate approximately 6 million kWh hours of electricity a year, saving HK$748,000.

In 2017, the solar panels at HAECO Xiamen's premises generated approximately 1.28MWh of electricity. HAECO Hong Kong has tried out a micro-wind turbine as a means of generating electricity. It has solar panels in its main office, its mobile planning office and its windscreen working stands.

Looking ahead

Swire Pacific now has a climate change policy. Our businesses are expected to take due account of climate change and extreme weather by identifying the risks associated with them and by doing their best – having regard to global best practices – to adapt and where possible mitigate them.

We are improving our collection and monitoring of our greenhouse gas emissions by developing data protocols and preferred calculation methodologies as well as setting operational boundaries.

We aim to establish ambitious carbon intensity targets for 2030.

Our environment < > Waste

Copyright © 2018 Swire Pacific Limited 太古股份有限公司. All rights reserved. Disclaimer Privacy Statement

Turning today's waste into tomorrow's resource

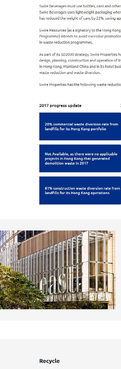
In order for our business and the environments in which they operate to thrive, pollution must be reduced, and natural resources must be protected. A circular economy, in which materials are *consumed and re-used at the end of their life, helps to do this.*

We aim to minimise our waste and to recycle, reuse, convert into energy or return safely to the environment as much of it as is possible. Treating waste as a resource improves efficiency and reduces costs and our impact on the environment.

We are committed to turning today's waste into a resource for tomorrow, contributing to the creation of a circular economy, where waste materials are no longer simply thrown away, but are retained and re-used as future resource.

Waste increases with the increase of the world's population and its influence. Landfills are reaching capacity. Governments are banning waste. This increases business costs. The ocean*sphere in which we operate we are arguing impact of development when it comes to facilities and systems for* recovering and recycling waste. By reducing waste, we will reduce the costs of packaging and of waste management and disposal itself. Recyclable waste can generate revenues. In the circular economy, and to take them, new markets are emerging for recyclable waste material that could from valuable low-or reverse streams for us.

Group performance



In 2017, our disposal of 119,344 waste and recycled 74,444 waste More in 2016. Swire Properties (including its tenants) generated more than half of our waste in 2017 and accounted for 33% of the waste we recycled.

At Swire Pacific, our approach to waste management is based around the "3Rs" principle – reduce, recycle and reuse.

Reduce

We encourage operating companies to reduce waste by improving procurement and operations, and by using less packaging and more sustainable materials.

Cathay Pacific Catering Services (CPCS) produces over 35 million meals per annum. In 2017, *Cathay Pacific's Centre of Excellence team worked with Hong Kong International Airport to analyse data* on passengers' check-in and transit times. The analysis facilitated more accurate inflight meal ordering, thereby reducing delivery times and cutting waste.

Taste Beverages moved our bottles, cans and other packaging for its products. To reduce waste, Swire Beverages uses lightweight cans and bottles. In Hong Kong, using less aluminium has reduced the weight of cans by 22%, saving approaching 900 tonnes of aluminium per annum.

Swire Hotels was the first hotel group in Hong Kong to join the Hong Kong Green Building Council's Green Hotel Alliance Programme, which is to assist in*environmental awareness and practices, and to participate* in waste reduction campaigns.

As part of its SUSTAIN strategy, Swire Properties has a waste management policy dealing with the design, planning, construction and operation of its buildings. It also has management taskforces in Hong Kong, Mainland China and its hotel business to de-velop coordinated approaches for waste reduction and waste disposal.

Swire Properties has the following waste reduction targets:

2017 progress update	2020 KPI
28% commercial waste diversion rate from landfills for its Hong Kong portfolio	By 2020, achieve a 33% commercial waste diversion rate from landfills for its Hong Kong portfolio.
Pet, Available, as there were no applicable projects in Hong Kong that generated demolition waste in 2017	By 2020, achieve a 90% demolition waste diversion rate from landfills for its Hong Kong projects.
87% construction waste diversion rate from landfills for its Hong Kong operations	By 2020, achieve a 90% construction waste diversion rate from landfills for its Hong Kong projects.

Case study
Swire Properties – Tenant waste charging trial

The Hong Kong government is expected to start charging for waste in 2019. We are preparing for this.

In 2017, Swire Properties charged tenants at Cityplaza and Island Hotel in Hong Kong for waste via a domestic trial period. Waste was reduced by 18%. Recycling increased by 31%. Food waste recycling increased by 30%.

Recycle

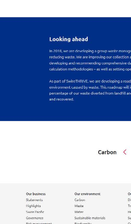
We aim to recycle more paper, plastic, metal, glass, construction material, food and electronic items.

Cathay Pacific participates in the International Air Transport Association cabin waste working group, which aims to address airline cabin waste management issues. In 2017, the airline recycled 17,434 kg of plastic cups, 19,136 kg of plastic bottles, 71,577 kg of aluminium cans and 474,423 kg of glass bottles on inbound flights to Hong Kong. Waste on outbound flights is not recycled. It cannot be carried back for hygiene reasons. Regulations often prohibit recycling of waste from international flights.

Case study
Swire Pacific Offshore – Sustainable ship recycling

Almost 100% of a ship can be recycled, but ship recycling is often unsafe for workers and polluting. Swire Pacific Offshore aims to recycle its vessels in a safe and non-polluting way at independently-certified and competent facilities. Its vessels are recycled in Alang, India, in accordance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships. It encourages the operators of the facilities to improve social conditions and sum its sue-people-to-monitor safety. In 2017, Pacific Basse was recycled in this manner in Alang in India.

"We are very happy to continue to work to build capacity at the best and most willing recycling facilities, and particularly in a transparent way, so that the others can see what is possible and cost effective and learn by adoption."
Ben Mathison, Managing Director of Swire Pacific Offshore



Case study
Cathay Pacific – Retired aircraft

To stay competitive, Cathay Pacific undergoes regular fleet modernisation to make their fleet more fuel efficient and technologically advanced by better meet their customers' needs and high expectations of flight quality.

When Cathay Pacific retires an aircraft (Airb.) from 2017), it salvages, recycles or reuses as much of the aircraft as is practical. When an aircraft retires from its fleet, Cathay Pacific (together with aircraft manufacturers, the aircraft from recycling associations and others) salvages spare parts and recycles or reuses aircraft parts and materials. Many components can be refurbished and reused on other aircraft. Parts that cannot be reused, such as components (engines, auxiliary power units and avionics components) can be retained as spares.

Lubrication oil and other hazardous waste is sent to specialist waste handlers.

Under Airlines' Palette a liaisation (Interim) for Advanced Management of End-of-Life Aircraft, up to 90% of an aircraft's components can be recycled, reused or reconvered.

Recover

The management and use of waste can be potential business opportunities. Our businesses in Swire Hotels Management and Hudson Bioenergy are good examples.

Swire Beverages supports the concept of the circular economy concept in addressing the issue of post-consumer plastic waste. In 2017, Swire Beverages joined the Ellen MacArthur Foundation's New Plastics Economy group. *The group wants to reduce the environmental footprint of plastics* by innovation in packaging and to engage with consumers about better recycling.

Container weight reduction after lightweighting since 2013

Water
Hong Kong, Mainland China, Taiwan

21-45% lighter

Sparkling
Hong Kong, Mainland China, Taiwan

2-23% lighter

Hot fill teas
Hong Kong

5-12% lighter

Bottle cap
Hong Kong, Mainland China, Taiwan

14-66% lighter

Multipack length
Hong Kong, Mainland China, Taiwan

25-38% lighter

Case study
Swire Beverages – Post-consumer plastic waste

Mainland China has banned the import of certain types of waste. This will affect our recy-cling and r0e operations.

Swire Beverages appreciates its role, as a beverage bottler, in the *recirculation of plastics. It is thanks with the associated challenges in line* with *The Circle Cola Company's* [model without waste strategy.](#)

1. 100% Recyclability
The aim of Swire Beverages is for all its primary packaging materials to be 100% recyclable by 2025. Most of them are technically 100% recyclable. However, they are not always collected, processed and consumed. Therefore, recycling of them does not happen.

In Hong Kong in 2017, we helped to instigate a broadly representative group of stakeholders, called #Drink Without Waste. This group comprises beverage companies, soft drink producers, retailers, and recyclers. The group has commissioned an independent study which will make recommendations in 2018 on how to improve the post-consumer packaging use of beverages in Hong Kong.

2. Use of recycled material in primary packaging
We can promote recycling by buying recycled products. In 2017, Swire Beverages trialled the use of 100% recycled PET (rPET) bottles for Taste Beverages in Hong Kong. It aims to use 100% rPET packaging for all Britvic drinks in Hong Kong by the end of 2018. The use of recycled material for food packaging is not permitted in Mainland China or Taiwan.

3. Innovative packaging design
In Hong Kong, Mainland China and the US, Swire Beverages has decreased the weight of its PET containers, bottle caps and bottleneck lengths for the packaged water. It is difficult to reduce the weight of packaging for sparkling and hot beverages, because of the pressure exerted by carbonation and heat.

More information can be found in the Swire Beverages sustainability report.

Looking ahead

In 2018, we are developing a group waste management policy which will guide our approach to reducing waste. We are improving our collection and monitoring of information on waste. We are developing and recommending comprehensive data protocols – including data collection and calculation methodologies – as well as setting operational boundaries.

As part of Swire THRIVE, we are developing a roadmap for minimising our adverse impact on the environment caused by waste. This roadmap will include developing 2030 targets for the percentage of our waste diverted from landfill and for percentages of our waste recycled, reused and recovered.

Our business
Sustainability
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and safety
Supply chain
Community investment

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI Table (Index)
UN SDGs

Copyright © 2018 Swire Pacific Limited. ALL RIGHTS RESERVED. All rights reserved. Disclaimer Privacy Statement

Water

Use and manage water responsibly

Water is one of the world's most precious and vital resources. But as populations grow, so does the pressure on water resources.

Our businesses depend on water. Some of them use it extensively. Water stress can affect our suppliers as well as the communities and biodiversity of the areas in which we operate. We aim to use water responsibly and sustainably, and to protect our water sources. We abide by all local wastewater treatment laws, and in many cases exceed them. By doing this, we will protect our own resources and help the communities in which we operate to have access to safe, good quality water.

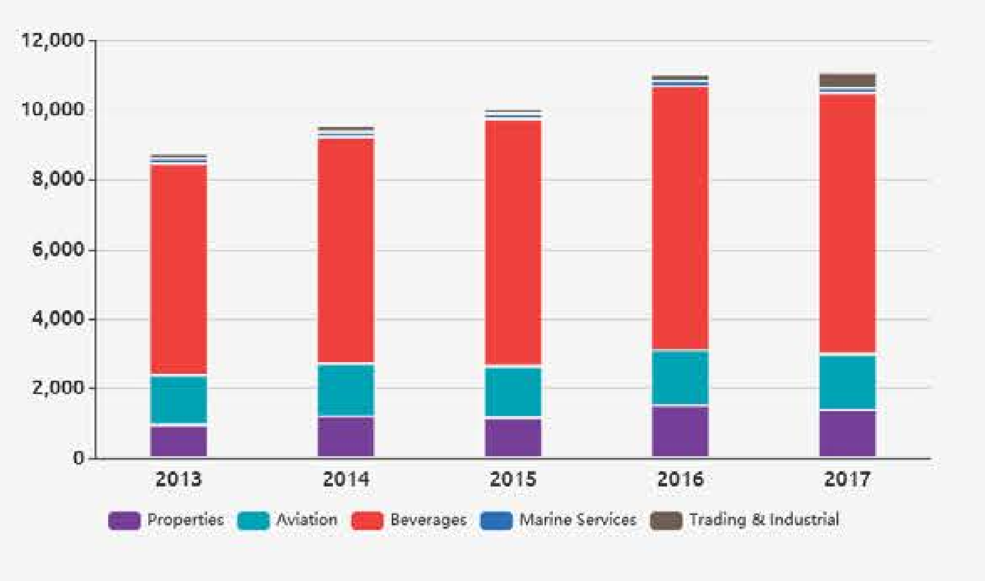
Water is one of the world's most precious and vital resources and it is under significant pressure. We are committed to ensuring that we use water responsibly and, ultimately, sustainably.

The demand for drinkable water is increasing. Climate change and increased agricultural and industrial use of water threaten supply. The United Nations expects two-thirds of the world population to be short of water by 2025. The World Economic Forum has identified water crises as one of the risks which will have the biggest impact on the world over the next ten years. Businesses which use a lot of water will be scrutinised and need to address these issues. For Swire Beverages, this is already a priority topic it is committed to leading on. More information on its approach to water management can be found in its Sustainable Development Report. Other businesses, for example Swire Properties, understand that long-term access to water depends on its responsible use.

Using water efficiently and in accordance with best practice will reduce costs and contribute to global efforts to provide clean, safe and affordable water.

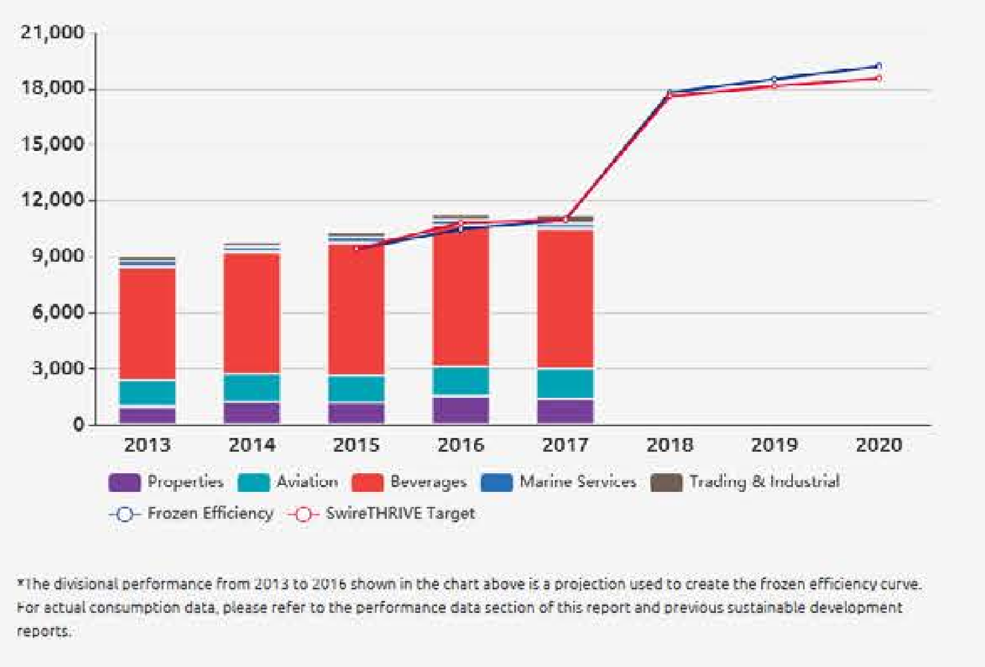
Group performance

Water consumption by division (thousand cubic metres)



The Beverages Division accounted for 67.8% of our water use in 2017. In 2017, we consumed 11.05 million cubic metres of water, an increase from 10.9 million cubic metres in 2016. This increase is due to an increase in the operations of our Qinyuan bakery business.

Performance against SwireTHRIVE target (thousand cubic metres)



*The divisional performance from 2013 to 2016 shown in the chart above is a projection used to create the frozen efficiency curve. For actual consumption data, please refer to the performance data section of this report and previous sustainable development reports.

We set water intensity targets and encourage operating companies to use water more efficiently. We aim to reduce our water consumption by 3.4% from its 2015 frozen efficiency baseline (a frozen efficiency baseline being one from which performance is projected with the assumption of no improvement in current efficiencies). The reduction target takes into account projections of water consumption at Swire Beverages' recently acquired bottling plants. Our 2018 report will include actual consumption at these plants.

Water risk

Water availability or scarcity can depend on the effect of local climate conditions on watersheds. Each watershed needs to be assessed and managed. Our businesses need to understand local water policies and to engage and collaborate with others about water management.

Swire Beverages assesses water risk for each of its bottling plants. It prepares Source Vulnerability Assessments and Source Water Protection Plans. See our Climate resilience section for more information.

In 2017, Swire Properties started to study water risks for its operations in Hong Kong, Mainland China and Miami, USA. The results of the study will guide its approach to water management and conservation.

Case study

Swire Beverages – Taiwan water stewardship

2017 was the tenth anniversary of a Swire Beverages water s
project in Taiwan. The project began as a public education ca
intended to raise awareness of water conservation. Educatio
been held for more than 10,000 students. Community projec
sponsored, including partnerships with NGOs for wetland co
and rainwater harvesting programmes in a remote area. Opp
invest in water conservation in mountainous areas in Taiwan
explored.

Sustainable water resource management

The Group approach to sustainable water resource management is focused on three guiding principles: **Reduce** through water efficiencies, **Recycle** by reusing wastewater where we can, and **Replenish** water through community and watershed projects.

We manage our water use with a view to reducing water consumption and increasing efficiency. Our operating companies implement a wide range of water conservation initiatives in their operations and buildings, including automatic taps and automatic flush water basins and urinals. They use meters to monitor consumption.

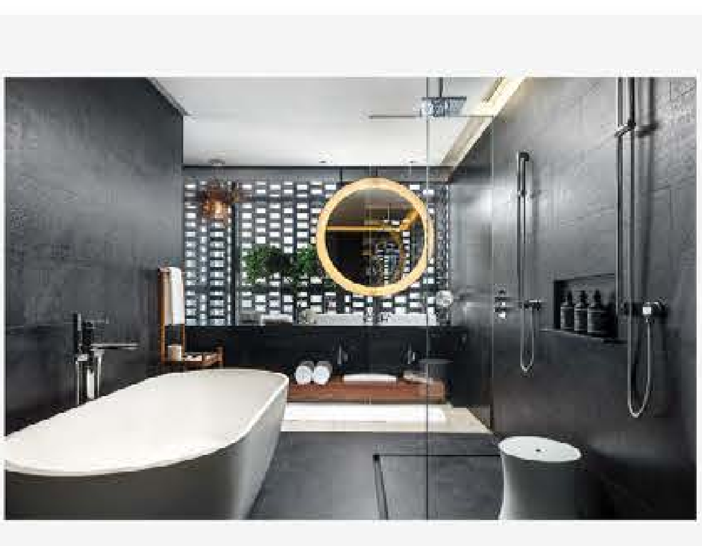
Reduce

Swire Beverages is committed to achieving world-class water use performance in each of its bottling plants. It uses more water as its business grows. But its use of water has become 41% more efficient since 2004. It has a target of a 25% improvement in water efficiency by 2020 compared to 2010 levels. In 2017, its water intensity, which reflects the amount of water needed to produce a litre of beverage, decreased slightly. This resulted from replacing and repairing pipes, better cleaning and reusing more wastewater.

Swire Beverages uses dry lubricants instead of soapy water to lubricate bottle conveyors (saving approximately 1.1 million litres of water per year) and rinses bottles and cans with air instead of water. Better processes for switching beverage types on production lines in Hong Kong and Fuzhou saved 16.69 million litres of water in 2017.

Companies in the HAECO group implement a wide range of water conservation initiatives in their facilities including automatic taps and water saving nozzles on taps. HAECO Hong Kong uses rainwater to flush toilets. HAECO Americas and HAECO Xiamen modified their toilet flushing system. TEXL modified their chemical cleaning process saving both solvents and water.

Swire Properties monitors its water consumption. It manages its use with meters, water flow restrictors and automatic flush water basins and urinals. At One Island East in Hong Kong, the effectiveness of water flow restrictors in reducing consumption (with sufficient water still being made available) was tested. A low-flow water closet has been installed in the employee common room at the Citygate mall on Lantau Island in Hong Kong. It uses 84% less water and 80% less energy than a conventional toilet. Swire Properties also encourage their employees and tenants to save water. In 2017, their World Water Day Campaign introduced employees to a water footprint calculator to help them measure their water consumption.



Case study

Swire Properties – Water saving in its hotels

At The Temple House in Chengdu, Mainland China, Swire Pro
designed a grey water treatment and recycling system to col
shower water, cooling tower water and rainwater. This is esti
save approximately 7,300 m^3 of water annually and to reduce
consumption of irrigation and cleaning water by 10%. Also at
House, and at East Hotel in Hong Kong, water flow restrictor
installed on faucets in guest rooms. This is estimated to be ca
saving approximately 20,000 m^3 of water annually and of red
water consumption by 40%.

Recycle

In almost every territory we operate in, it is now a legal requirement to discharge water into nature in a clean and pure condition. Some of our operations use rainwater for irrigation and cleaning. All wastewater is required to be treated so that it meets or exceeds legal requirements and can be returned to the environment.

We are committed to wastewater treatment standards which require returning all water that is used in our manufacturing processes to the environment at a level that supports healthy aquatic life.

Swire Beverages saves 121.5 million litres of water every year by reusing water purified by reverse osmosis in Mainland China. Reuse of water used to clean production lines and rinse containers in Taiwan saves 35.3 million litres of water a year. Reuse of water used to clean cooling towers in Hong Kong, Zhengzhou and Taiwan saves 14.72 million litres of water a year.

The principal companies in the HAECO group companies have wastewater treatment plants. HAECO Xiamen uses heavy metal monitoring equipment and detectors to check effluents before discharge. HAECO [Hong Kong] uses treated wastewater for irrigation, vehicle cleaning, toilet flushing and apron watering. TEXL uses treated water for toilet flushing. 8% of water withdrawn is reused.

Replenish

Watersheds are being depleted and degraded. We support programmes intended to ensure healthy watersheds and sustainable water supplies for the communities in which we operate, with a goal to balance the water used in our finished beverages.

Its aim as part of the Coca-Cola global system is to return to the environment the same amount of water as it uses. It supports the restoration of watersheds, the protection of water sources and wetlands, and sustainable agriculture. Restoring watersheds helps to ensure long-term supplies of water. This is vital for the Swire Beverages business and for the local communities and environment in which it operates.

In 2017, The Coca-Cola Company and its bottlers (including Swire Beverages) replenished 155% of the water they used. In 2017, Swire Beverages replenished 748.1 million litres of water.

Case study

Swire Beverages – Water replenishment

In collaboration with Bonneville Environmental Foundation, T
Unlimited and The Nature Conservancy, Swire Beverages res
flows in Chalk Creek, Utah and Jesse Creek, Idaho. A trout mi
was restored and improved by removing physical barriers an
water flow. Juvenile Bonneville Cutthroat Trout are no longe
canals when migrating. The irrigation system of surrounding
upgraded.

Swire Beverages and TCCC have invested in a 10-year water r
project led by Colorado Water Trust to restore Skunk Creek,
the upper Fraser River. The project will restore water flows t
Creek, and to downstream tributaries, during the summer m
five years, the project is replenishing 316 million litres of wat

Looking ahead

We are developing a Group Water Management Policy to guide our approach to sustainable water resource management.

We are also improving our collection and monitoring of our water consumption by developing comprehensive data protocols designed to advise our businesses about data collection, setting operational boundaries and preferred methods of calculation.

We aim to establish ambitious water intensity targets for 2030.

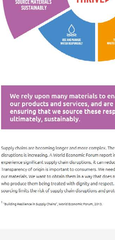
Waste < > Sustainable materials

Copyright © 2018 Swire Pacific Limited 太古股份有限公司 All rights reserved Disclaimer Privacy Statement

Sustainable materials

Sourcing materials responsibly

We rely on natural materials to create our products and services. Our aim is that, by 2020, all the key materials which we use should be sourced responsibly and sustainably. Our operating companies will continue to be responsible for managing their own supply chains. They have identified thirteen key materials. Specific plans and targets are being developed with a view to meeting our 2020 aim.



We rely upon many materials to enable the creation of our products and services, and are committed to ensuring that we source these responsibly, and ultimately, sustainably.

Supply chains are becoming longer and more complex. The severity and frequency of supply chain disruptions is increasing. A World Economic Forum report indicates that when companies experience significant supply chain disruptions, it can reduce their share prices by as much as 7%[1]. Transparency of origin is important to consumers. We need to know more about the sources of our materials; we want to obtain them in a way that does not degrade nature, and with the people who produce them being treated with dignity and respect. This is expected of us. Sustainable sourcing limits the risk of supply chain disruptions and protects our reputation.

[1] 'Building resilience in supply chains', world economic forum, 2013.

Our operating companies are supported by our Supply Chain Sustainability Working Group, which shares best practices and develops sustainability policies and guidelines for suppliers. The working group considers both environmental as a way of driving the need for more supply for sustainable materials in our key markets, and we intend to do more of it. Joint procurement of green of fine supplies and paper could save us over HK$610,000 a year.

Our Supplier Corporate Social Responsibility Code of Conduct has been adopted by all our operating companies. It sets out standards with respect to regulatory compliance, forced labour, child labour, health and safety, environmental issues, compensation and working hours, human rights, subcontractor management, ethics and reporting. Suppliers' compliance with the code is monitored.

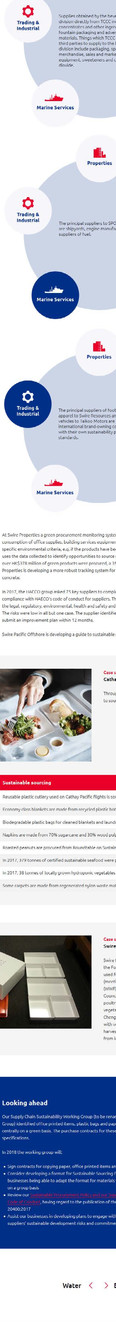
Our operating companies use a risk matrix based on our Supplier CSR Code of Conduct, with a view to managing and mitigating risks. Attention is focused on high risk suppliers. The results determine which suppliers need to be audited in order to ensure compliance.

Under our sustainable procurement policy, our operating companies are required to purchase, where possible, products which do not adversely affect the environment, specifically:

- Minimal use of single material in the product
- Replacement of disposables with reusables or recyclables
- Minimal environmental impact over the life of the relevant product or service
- Minimal packaging or elimination of packaging
- Reduced energy or water consumption
- Toxicity reduction or elimination

Our guidelines reflect international standards. Our businesses include sustainability criteria in procurement decisions where possible.

Description of our supply chain by division



At Swire Properties a green procurement monitoring system has been in place since 2015 to track consumption of office supplies, building-on-rules equipment and building materials that meet specific environmental criteria, e.g. if the products have been certified by reputable third parties. It uses the data collected to identify opportunities to source more sustainable products. In 2017, over HK$376 million of green products were procured, a 15% increase from 2016. Swire Properties is developing a more robust tracking system for its consumption of timber and concrete.

In 2017, the HACCP group asked 71 key suppliers to complete a self-assessment survey about compliance with HACCP's code of conduct for suppliers. This was followed by an assessment of the legal, regulatory, environmental, health and safety and other risks posed by these suppliers. The risks were low in all but one case. The supplier identified as being of medium risk agreed to submit an improvement plan within 12 months.

Swire Pacific Offshore is developing a guide to sustainable materials for new ships.

Case study
Cathay Pacific – inflight sustainable products

Through working with NGOs and its suppliers, Cathay Pacific does its best to source products sustainably without compromising quality.

Item	Sustainable sourcing
Meal utensils	Reusable plastic cutlery used on Cathay Pacific flights is sorted, washed and reused to minimise single-use plastic waste.
Blankets	Economy class blankets are made from recycled plastic bottles. Each year over 400,000 blankets are used.
Blanket plastic sheets	Biodegradable plastic bags for cleaned blankets and laundry are used. Unopened blankets are reused on subsequent flights.
Napkins	Napkins are made from 70% sugarcane and 30% wood pulp.
Cocktail snacks	Roasted peanuts are procured from Roundtable on Sustainable Palm Oil certified sources.
Meals (seafood)	In 2017, 319 tonnes of certified sustainable seafood were purchased.
Meals (vegetarian)	In 2017, 28 tonnes of locally grown hydroponic vegetables were purchased.
Carpets	Some carpets are made from regenerated nylon waste materials.

Case study
Swire Hotels – Sustainable sourcing

Swire Hotels buys biodegradable tableware and paper towels certified by the Forestry Stewardship Council. Disposable bento boxes are no longer used for in-room dining. The restaurants serve sustainable seafood (meeting the criteria of the World Wide Fund for Nature Hong Kong (WWF) Seafood Guide or certified as sustainable by the Asia Stewardship Council), organic wines, (certified by Agriculture Biological), organic poultry and fair-trade chocolates. An on-site garden supplies 10% of the vegetables and herbs used by the Temple Café at The Temple House in Chengdu. Head Chef Jerome Mette has developed a "farm to table" menu with vegetables and herbs, such as microgreens and nasturtium flowers, harvested from the garden. The Temple Café buys fresh, organic produce from local farmers.

Looking ahead

Our Supply Chain Sustainability Working Group (to be renamed the Sustainable Materials Working Group) identified nine priority items, plastic bags and paper as items which could be procured centrally on a green basis. The purchase contracts for these items reduce costs and increase green specifications.

In 2018 the working group will:

- Sign contracts for copying paper, office printed items and plastic bags
- Consider developing a format for sustainable sourcing chapters for the group, with individual businesses being able to adapt the format for materials which are not suitable for procurement on a group basis
- Review our Sustainable Procurement Policy and our Supplier Corporate Social Responsibility Code of Conduct, having regard to the publication of the sustainable procurement standard ISO 20400:2017
- Assist our businesses in developing plans to engage with key suppliers, having regard to the suppliers' sustainable development risks and commitments, and our level of control over them

Water Biodiversity

The business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
Off-table (index)
GRI SDGs

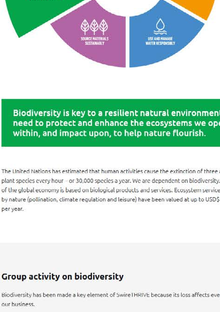
Copyright © 2018 Swire Pacific Limited 太古股份有限公司. All rights reserved. Disclaimer Privacy statements

Biodiversity

Protecting and enhancing biodiversity

We operate in cities, on coasts and in the country. Biodiversity is vital to maintaining a resilient natural environment. A resilient natural environment is vital to the sustainable development of our businesses.

It is our policy that our operating companies will pay due regard to biodiversity considerations in their operations. We will ask them to identify key biodiversity risks and to take steps to mitigate them.



Biodiversity is key to a resilient natural environment. We need to protect and enhance the ecosystems we operate within, and impact upon, to help nature flourish.

The United Nations has estimated that human activities cause the extinction of three animal or plant species every hour – or 30,000 species a year. We are dependent on biodiversity. Up to 40% of the global economy is based on biological products and services. Ecosystem services provided by nature (pollination, climate regulation and leisure) have been valued at up to USD$145 trillion per year.

Group activity on biodiversity

Biodiversity has been made a key element of Swire THRIVE because its loss affects every area of our business.

We are already taking positive steps to protect it. Swire Pacific Offshore (SPO) has equipped its vessels with ballast water treatment systems. Swire Properties uses sustainably certified timber in its developments. Cathay Pacific has stopped carrying ivory and shark fin. We can do more. We can design buildings so that they support wildlife better. We can help to combat the trade in endangered species.

As part of Swire THRIVE, we have adopted a Biodiversity Policy. It is the policy of Swire Pacific to:

- Ensure that all companies in which Swire Pacific has a controlling interest undertake biodiversity assessments, where relevant to their operations
- Minimise the adverse impact of its operations on biodiversity and ecosystems, including protecting endangered species and promoting the sustainable use of natural resources important to biological diversity
- Encourage its operating companies to support relevant and appropriate biodiversity and conservation initiatives and to participate in industry-specific working groups related to biodiversity and conservation
- Promote awareness of biodiversity and conservation issues among our employees, customers, suppliers and others with whom we do business
- Promote the restoration of ecosystems, where important to the areas in which our businesses operate

Supporting biodiversity through sustainable procurement

We have catering, food manufacture and hospitality businesses. We recognise it is our responsibility for our food procurement practices to be sustainable. Biodiversity can be conserved by not purchasing unsustainable food items.

Our Sustainable Food Policy gives guidance about foods that should not be served at our own events or to customers. We do not serve shark fin or black moss. The policy is in line with the World Wide Fund for Nature Seafood Guide and the Convention on International Trade in Endangered Species of Wildlife Fauna and Flora (CITES).

Case study

Cathay Pacific Catering Services – Sustainable seafood

In 2017, Cathay Pacific Catering Services (CPCS) purchased 379 tonnes of certified sustainable seafood, representing 52% of its total seafood purchases. CPCS purchased cod, lobster and scallops approved by the Marine Stewardship Council and shrimp and sea bass certified by Best Aquaculture Practices, Global Good Agricultural Practice and the Aquaculture Stewardship Council. CPCS aims to increase its sustainable seafood purchases, in cooperation with its airline customers.

Supporting biodiversity through transport

Many animals and plants are threatened with extinction because of the international trade in rare or endangered wildlife and associated products. Airlines can help to combat these threats. Cathay Pacific does not carry ivory, hunting trophies, shark fin or racing greyhounds. It has a cargo policy designed to prevent the carriage of illegal or endangered species. It is a signatory to the United for Wildlife Transport Taskforce Buckingham Palace Declaration, which aims to reduce the illegal trafficking of wildlife with the support of aviation and shipping industry companies and organisations. As such a signatory, Cathay Pacific is committed not to facilitate or tolerate the carriage of wildlife products, where trade in those products contravenes CITES.

Case study

Cathay Pacific – Sustainable development cargo carriage policy

Cathay Pacific's sustainable development cargo carriage policy (which was published in 2017) is designed to ensure that the airline will not knowingly facilitate trade in flora or fauna or associate products that may threaten the sustainability of any species. In developing the policy, Cathay Pacific worked with industry associations, conservation organisations, academic institutions and others. The policy has regard to CITES, IATA's Live Animal Regulations, IATA's Perishable Cargo Regulations, the IATA Wildlife Taskforce Initiative and the United for Wildlife Taskforce Initiatives.

The Cathay Pacific Greyhound carriage policy was developed with the Society for the Prevention of Cruelty to Animals in Hong Kong. The development of the Cathay Pacific shark and shark related products carriage policy was assisted by the International Union for the Conservation of Nature and Trade Records Analysis of Flora and Fauna in Commerce.

Supporting biodiversity through philanthropy

In 2017, the Swire Trust contributed over HK$20 million to academic institutions and NGOs to fund projects that support marine life and biodiversity. HK$13.2 million (23% of total philanthropic giving by the Swire Trust and Swire Pacific) was contributed to environmental causes.

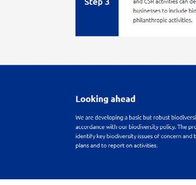


Photo courtesy of Swire Pacific Offshore

Case study

Swire Pacific Offshore – Conserving threatened forests in Paraguay

SPO works with the World Land Trust and Guyra Paraguay in Paraguay. The REDD+ project reduces emissions from deforestation and forest degradation, thereby helping to conserve threatened forests. The project supports livelihoods, maintains ecosystem services and preserves wildlife.

The project is playing a vital role in preserving the rich wildlife in Paraguay that is dependent on the forest as its habitat. Cameras have been installed in several locations to monitor biodiversity. This contributes to the collection of data that enables SPO and its partners to measure and demonstrate the biodiversity benefit of the project and provides a glimpse of the spectacular but shy local wildlife.

SwireTHRIVE approach

It will take time to develop a group plan for protecting and enhancing biodiversity, given the broad geographical spread of our operations. This is how we propose to do it.

Step 1

Biodiversity assessments

We want to understand how our businesses affect biodiversity. Having done this, we will be able to develop mitigation plans. Our businesses expect to have conducted biodiversity risk assessments by 2020 in order to identify biodiversity issues of relevance to their facilities, their operations, and their value chain.

Step 2

Project planning

After doing risk assessments, our businesses will make plans and set targets for internal approval and senior management endorsement. Planned projects may be done alone or in conjunction with other organisations. The projects may be small or large but must be thorough and have a positive impact.

One of the easiest ways to protect and enhance biodiversity is to ensure that such issues are considered at the beginning of any major project. Swire Properties is therefore looking to establish guidelines around how to integrate biodiversity considerations into its new developments.

Step 3

Guided philanthropy

We place significant emphasis on the value and impact that philanthropy and CSR activities can deliver. As part of SwireTHRIVE, we will request businesses to include biodiversity protection and enhancement in their philanthropic activities.

Looking ahead

We are developing a basic but robust biodiversity risk assessment and reporting process in accordance with our biodiversity policy. The process will be designed to help our businesses to identify key biodiversity issues of concern and biodiversity opportunities, to develop mitigation plans and to report on activities.

Sustainable materials < > Climate resilience

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司. All rights reserved. Disclaimer Privacy Statement

Climate resilience

Building lasting climate resilience

If our businesses are to thrive for the next 200 years and more, we must anticipate challenges and be ready to adapt. Building climate resilience is such a challenge and meeting it is vital for us to *thrive in the long term. We need to design buildings that can withstand extreme weather events* and to deal with the consequences of rising sea levels at ports and airports.

Our operating companies are developing climate resilience strategies. By 2020, they expect to have identified the physical and transitional risks climate change poses to their businesses. Having done that, they will plan how best to mitigate those risks. In doing this, we will be contributing to a sustainable future for our business, the environment and the communities in which we operate.

We will ensure that our operating companies are prepared for, and have the capacity to withstand, the negative impacts of climate change.

Climate change will cause water scarcity, volatile crop yields and more frequent extreme weather events. Regulations will change in response to this. The World Economic Forum identified the failure of climate change mitigation and adaptation, extreme weather events and natural disasters as three of the top five global risks in its 2017 Global Risk Registry.

Our businesses need to identify and manage the physical risks of climate change to their operations and supply chains. They also need to identify and manage the risks associated with changes in regulation consequent upon climate change, in particular those changes in regulation which result in a transition to a low carbon economy.

Climate resilience is the ability of our businesses to prepare for, mitigate and recover from the costs and other effects of climate change. We have made climate change a core element of SwireTHRIVE because it will become increasingly important and increasingly relevant to our ability to create long-term value for our shareholders.

Planning ahead on climate change will make us more resilient and better equipped to create lasting success. Therefore, we are requiring our operating companies to consider climate change risks when compiling their risk registers, and to take appropriate precautionary measures. Some of our operating companies are already building climate resilience into their operations.

We have adopted a climate change policy. The policy covers climate change mitigation, adaptation and building the adaptive capacity of our businesses, our employees and the communities in which we operate.

Our climate change mitigation efforts

The Paris climate accord set national emission reduction targets. Businesses need to do the same. Reducing our GHG emissions is accordingly a priority under SwireTHRIVE.

Although shipping along with aviation were not included within the terms of the Paris Agreement due to the trans border nature of those businesses, our businesses – through investment in carbon efficiencies, biofuels and the purchasing of carbon offsets – have been preparing for the eventuality of an industry level agreement. Specifically, from 2021, international aviation emissions will be covered by the UN ICAO under the CORSIA scheme, which was agreed in 2016 to address carbon neutral growth for aviation. Similarly, a recent decision by the International Maritime Organization (IMO) will pave the way for economic measures to regulate international emissions from shipping.

We have investments in biofuel businesses (Green Technologies Ltd. and Fulcrum BioEnergy, Inc.). Swire Blue Ocean installs offshore wind turbines, while our businesses are doing their best to reduce their emissions. Our target is to reduce our emissions in line with international carbon reduction goals. Decarbonisation is a key challenge for the future. Please also see the Carbon section of this report for more information.

Case study

Cathay Pacific – Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)

CORSIA is a global offsetting scheme aimed at capping the global net CO_2 emissions from international aviation at 2020 levels, delivering carbon neutral growth from 2020. Cathay Pacific has been involved in CORSIA since its inception and remains closely involved in the developments through participation in the ICAO Global Market-based Measure Technical Task Force (GMTF).

Cathay Pacific has studied the impact of CORSIA and has obtained the skills and knowledge necessary for it to prepare to meet CORSIA's carbon neutral growth requirements.
More information on Cathay Pacific's response to CORSIA can be found in its 2017 Sustainability Report.

"We are cognisant of the potentially high implications of CORSIA to our business and we therefore strive to stay ahead in this space. Our strategy considers carbon offset, biofuel and fuel efficiency holistically to ensure we have an optimal response to CORSIA."
Yco Chow, Biofuel and Emissions Trading Manager, Cathay Pacific.

Climate adaptation strategies

Planning ahead on climate change by building climate adaptation considerations into our business decisions will make us more resilient. As indicated previously, our operating companies consider climate change risks when compiling their risk registers and take appropriate measures in response.

Some of our operating companies are already building climate resilience into their operations. HAECO, for example, is incorporating climate considerations into the design of new facilities.

Climate change threatens access to water and its availability and quality. At Swire Beverages sourcing the right location for its bottling plants is a critical step in its water stewardship strategy. For all new bottling plants, they assess water access, quality and quantity risks. The risks (to its own bottling operations, the environment and local communities) are assessed by independent third parties forming a Source Vulnerability Assessment. The findings are integrated into Source Water Protection Plans at each facility and regularly reviewed.

Swire Properties has commissioned a study to help identify key risks posed by climate change to its business operations. The study will look at both the physical risks to its assets as well as the transitional risks. The assessment will include an analysis of several climate risk scenarios associated with various climate projections and refer to local and international scientific data to evaluate the exposure of these operations. It will use the findings of the study to develop a plan for mitigating climate change risks and building climate resilience.

Case study

Swire Properties – Brickell City centre withstands Hurricane Irma

In September 2017, Hurricane Irma hit the Miami area of the Florida coast, where our Brickell City Centre development is located. The storm tested the strength of the development's emergency response systems and hurricane plan.

- **2nd September**
  Operations Management Team begins tracking storm
- **5th September**
  Hurricane Phase I implemented
- **6th September**
  Phase II – Storm supplies procured, and employee rotation initiated to allow time for personal storm preparations
- **7th September**
  Phase III – Installation of flood barrier system, operations team conducts walk-through to assess preparedness, and all remaining employees are released
- **8th September**
  Phase IV – A small team of volunteer employees deploys additional sandbags throughout the site to reinforce the flood barrier
- **9th September**
  Tropical storm arrives, EAST, Miami initiates lock-down of premises. Mechanical plants serving offices and condominiums shut down
- **10th September**
  Winds subside, and site assessment begins
- **11th September**
  Mechanical plants come online. Work begins to remove flood barrier
- **12th September**
  All employees return on-site. Offices re-open at 9am. Retail, food and beverage tenants re-open at 6pm
- **13th September**
  Back to business as usual

Brickell City Centre sustained minimal damage from Hurricane Irma. Swire Properties plans to use the experience gained from Hurricane Irma to refine and strengthen its emergency response systems and storm plans, and to supplement its climate risk assessment.

Building adaptive capacity

We want to improve the capacity of our businesses, our employees and the communities in which we operate to adapt to climate change. We need information, skills and physical resources.

Case study

Swire Beverages – Disaster relief

When a natural disaster strikes, there is often a shortage of reliable and safe drinking water. In these circumstances, Swire Beverages provides bottled water to those affected as part of The Coca-Cola Company's Clean Water 72 emergency plan. Within 72 hours of a natural disaster, Swire Beverages will identify the nearest warehouse and arrange for delivery. In collaboration with local governments, supporting organisations and NGOs, they can successfully deliver water to affected areas in a timely manner.

Swire Beverages has done this for five years. During this time, it has delivered 6.5 million bottles of water to more than 1.6 million people with an average response time of 10.3 hours. In 2017, Swire Beverages participated (with local governments, volunteers and others) in a disaster management forum in Yunnan Mainland China – an area subject to frequent natural disasters.

Looking ahead

Through the Climate Resilience Working Group, we will (in conjunction with those responsible for risk management and finance) review the recommendations of the taskforce for climate-related disclosures.

We are looking at how we incorporate climate change into our enterprise risk management framework, and at how best to address climate change as part of our business continuity planning.

Biodiversity < > Our people and communities

Our business
Sustainability
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI Index (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司. All rights reserved. Disclaimer Privacy Statement

Thriving people, thriving communities

We aim to develop long-term, mutually beneficial relationships with our employees, our suppliers and the communities in which we operate. We encourage our suppliers to act sustainably, particularly with regard to working conditions and health and safety.

We have over 91,000 employees. We believe in them and that our success is built on their dedication, skills, experience, performance and overall wellbeing. By providing an environment in which all employees are treated fairly and with respect, we aim to be an employer of choice that attracts the most talented employees. We aim to recruit the best people, to offer competitive remuneration and benefits, to have a diverse workforce that represents the diversity of our local communities and to provide training to enable staff to realise their potential.

We understand the importance to our businesses of the economic, social and environmental health of the communities in which we operate. As neighbours and employers, we aim to be responsible members of those communities.

Our community involvement reflects our belief that when the communities in which we operate prosper, so do we. We concentrate on doing things where we believe we can make a difference. Our emphasis is on education, arts and culture and the environment. We support our communities with money, with products and services and with the time and energy of our staff.

Swire Pacific Offshore (SPO) was recognised in 2017 at the International Maritime Awards for its 'Excellence in Manpower Training and Development' and at the British Chamber of Commerce's Annual Business Awards for 'Investing in People' Award.

Our environment < > Diversity and equal opportunities

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司 All rights reserved Disclaimer Privacy Statement

Diversity and equal opportunities

Building a diverse and inclusive culture

Swire Pacific upholds traditional values and modern practices. We have been in business for more than 200 years. But to be an employer of choice for another 200 years, we must continually improve.

We are an international group of companies, with employees of different nationalities, cultures, religions, ages, gender identities and sexual orientations. As we expand our businesses, we recognise more and more the importance of diversity. It generates creativity and supports competitiveness, so helping us to generate strong and sustainable long-term growth. Our aim is for our workforce to be inclusive and to reflect the diversity of the societies in which we operate.

We want to continue to be a responsible, respected and preferred employer. We aim to do this by promoting inclusion, diversity and respect by safeguarding health and safety and by offering equal opportunities and an appropriate balance between work and non-work elements of life. Our Code of Conduct supports these aims.

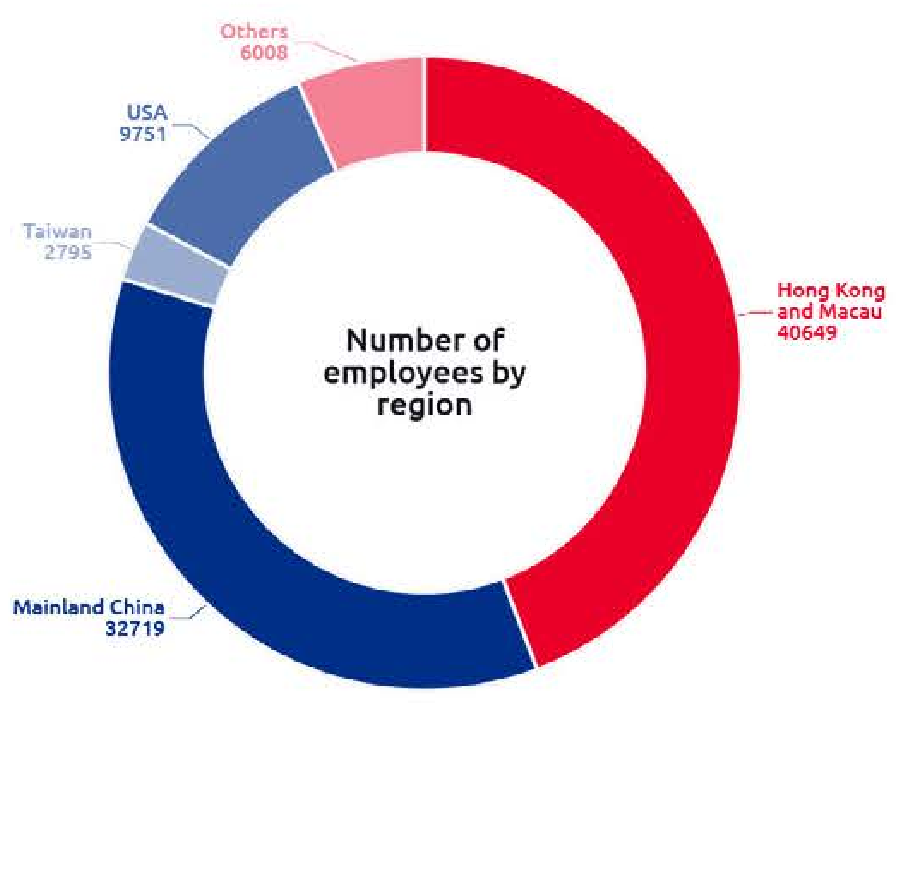
Our group is geographically diverse. Our approach to inclusion must take account of the different societies and cultures in the countries in which we operate. We must be sensitive to differences in values, traditions and religions and must respect local approaches to diversity and inclusion. Individual operating companies are encouraged to develop locally specific approaches to diversity and inclusion accordingly.

Channels for reporting harassment or discrimination

All at Swire Pacific have a responsibility to raise concerns about potential violations of the Code of Conduct, including harassment and discrimination. Any such concerns can be raised by staff either with their immediate superior, their head of department, internal audit or human resources departments. If a substantive complaint is received, an impartial and prompt investigation is held. If the issue still remains unresolved, it is raised to the head of the relevant business unit. Any material concerns raised through the head of the relevant business unit are reported to the Audit Committee, which ensures that appropriate investigative steps are taken. We make every effort to keep the identity of the reporting staff confidential. Information received is used only for the purposes of investigating and resolving the complaint or concern raised.

Employee profile

The majority of our staff is based in Hong Kong and Mainland China. In Hong Kong, there is no legal framework for collective bargaining with Trade Unions. In Hong Kong, there is no legal framework for collective bargaining with trade unions. In Mainland China, we are normally required to liaise with official Trade Unions. Employees can present grievances and report improprieties and breaches of the Code of Conduct through established channels.



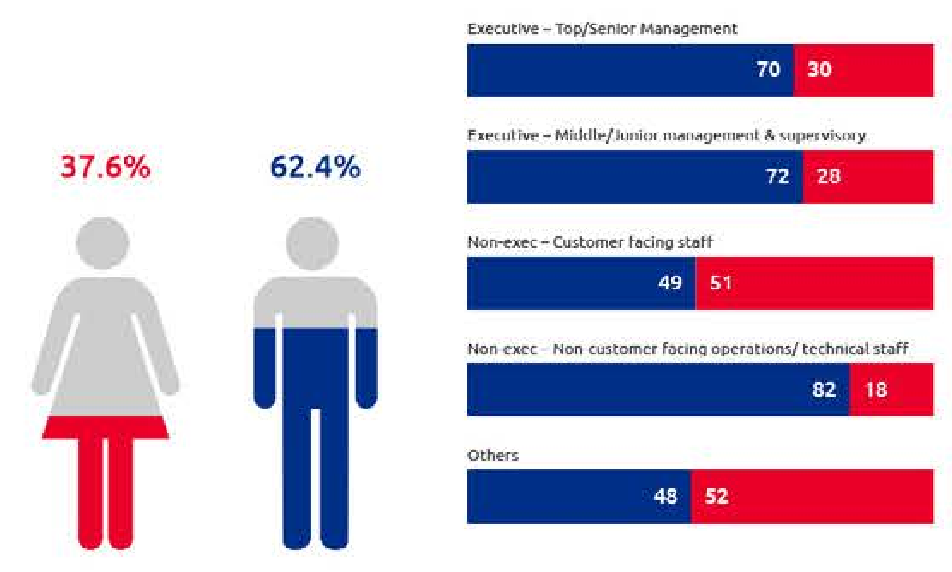
Equal opportunities for individuals

We are an equal opportunities employer. We aim to treat people with dignity and respect so as to enable them to be themselves and to do their best work. Individuals are unique and deserve respect for their individual abilities. We do not tolerate harassment, unlawful discrimination or other breaches of employment law. We provide training in order to assist staff to understand their rights and obligations under Hong Kong anti-discrimination legislation.

To cope with the diverse challenges with which we are faced, our leaders need to be diverse. This strengthens decision-making and makes us more agile and resilient. Our board diversity policy is available here on our website. At the end of 2017, the percentage of women on the Board was 18.2%.

Increasing gender diversity

We operate in some business sectors in which female participation in the workforce is low. Over the last three years the percentage of women in our workforce has increased from 36% to 37.6%.



We have an Equal Opportunities and Diversity Council, on which the heads of our operating divisions are represented. It has the following objectives:

- To formulate equal opportunities and diversity policies for all Swire Pacific group employees
- To encourage and advocate equal opportunities and diversity within the Swire Pacific group
- To monitor and measure our equal opportunities and diversity achievements
- To communicate our achievements in providing equal opportunities and diversity within the Swire Pacific group, and
- To create, monitor and oversee an appropriate organisational framework within the Swire Pacific group in order to facilitate the achievement of our objectives

We have a Gender Diversity Committee. Its objectives are to champion and set the diversity and inclusion agenda, to recommend changes to policies and practices, to share group best practice and to raise awareness of diversity and inclusion issues.

In 2017, we did the following:

- Swire Properties formed a diversity and inclusion committee. D&I training sessions for senior management are being planned
- At Cathay Pacific, spousal employee benefits (medical, insurance and travel) have been extended to same sex spouses with valid marriage certificates
- The Swire Beverages Women's Network introduced a WeChat platform for Mainland China staff to share individual stories. More than 2,000 employees use this platform
- Swire Beverages held its biennial women's leadership forum. All female managers are invited to attend and to learn from each other through workshops and seminars
- Swire Beverages ran a "Be the Best You Can Be" training programme to help female managers increase awareness of gender equality issues and the need to empower and support other women. To date, 60 female leaders from 14 bottling plants were trained to be "train the trainers" for other female colleagues

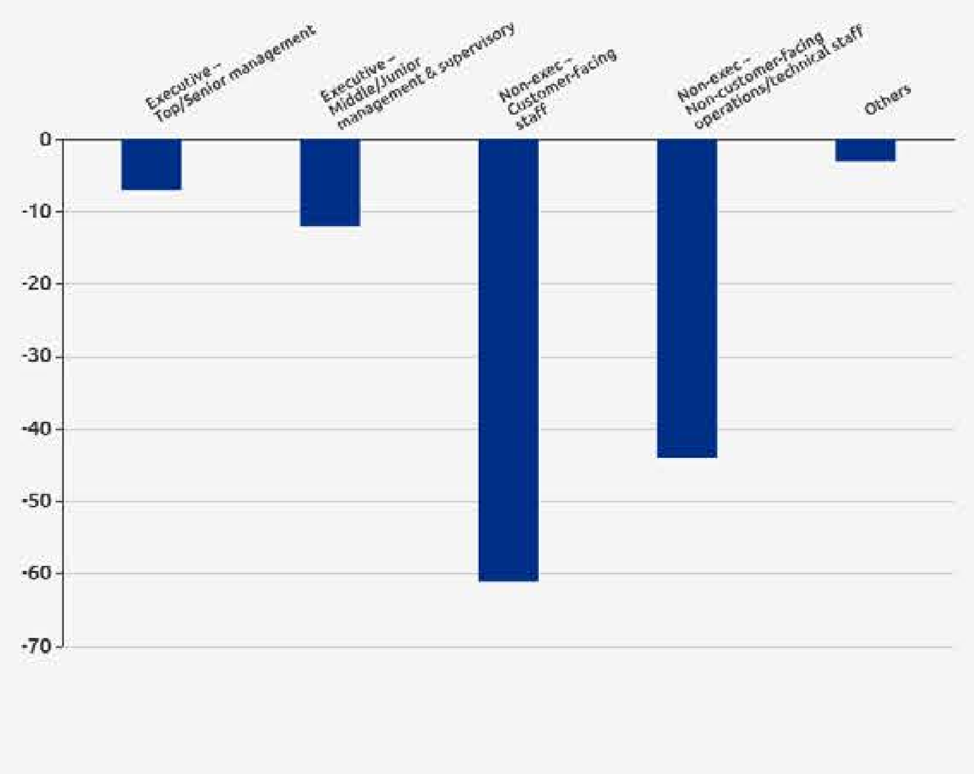
The gender pay gap

UK employers with more than 250 employees now have to report their gender pay gap. We have done a preliminary study of our gender pay gap, defined as the difference between mean male pay and mean female pay expressed as a percentage of the former. This is not the same as equal pay, which is when men and women are paid the same for the same work.

In 2017, females in senior management positions were paid 93% of the average pay of males, and females in middle/junior management and supervisory positions were paid 88% of the average pay of males, with female employees holding more of the junior management positions in the group. The corresponding percentage for non-executive customer-facing staff reflects the range of roles in this category (which includes cleaning staff, cabin crew and clerks).

We pay men and women the same for doing the same jobs. But the gender pay gap indicates that we need to do more to enable women to progress. They are over-represented in junior and lower paid roles. We will continue to emphasise diversity and inclusion in the recruitment, management and promotion of our talented people.

Gender pay gap by employee category (2017)



Other developments

Whilst we are making progress, it is clear we have to do better on inclusion of greater diversity in our businesses. We have appointed a *Head of Diversity and Inclusion Development*, introduced a Group Diversity and Inclusion Policy, and broadened the scope of our Gender Diversity Committee to cover other elements of diversity (consequentially renaming it the Diversity and Inclusion (D&I) Committee).

Beyond the Group level committees several of our operating companies have established their own diversity committees:

- Swire Properties formed a diversity and inclusion committee in 2017. It is chaired by the Swire Properties Human Resources Director and reports quarterly to the Swire Properties Executive Committee. This year the committee plans to make a diversity and inclusion statement of commitment
- Reaffirming its commitment to creating an inclusive and supportive working environment for all, Cathay Pacific through its D&I Committee plans to develop diversity and inclusion policies and to raise awareness of its women's and LGBTI+ networks
- Swire Beverages is forming a Gender Equality Committee in 2018, which will be chaired by its Managing Director

We will publish our gender pay gap annually and report on what we are doing to improve diversity and inclusion in our businesses.

Case study

Swire Women's Network

In 2015, we established the Swire Women's Network. Its aim is to aid the development and retention of women within the group. It enables women working in the group to share experiences and ideas, to arrange events and activities relevant to career development, to develop coaching and training for women and to collaborate with women outside the group.

A forum entitled "Gender Balance — What does it mean for us?" was held in November 2017. It was opened by Barnaby Swire, the chairman of John Swire & Sons Limited. Approaching 100 Swire executives attended the forum. Barnaby Swire and Michelle Low, the Swire Pacific finance director, led a panel debate. Gender representation at senior levels, cultural and industry-specific realities in different environments, and best-practice policies to support new parents were discussed. The forum was facilitated by Jo Hayes, Pipeline Initiatives Director of The Women's Foundation.

Case study

Cathay Pacific Catering Services (CPCS) – Flexible work-life opportunities for women

Since 2008, CPCS has operated an inflight cutlery and headset-packing and vegetable semi-processing facility in Tung Chung on Lantau Island, Hong Kong. It does so with financial support from the Hong Kong Government's Home Affairs Department and in association with the Outlying Islands Women's Association and local community service centres in Tung Chung.

The facility supports women's development, giving them access to employment and offering flexible working hours and training. Women (more than 100 of them so far) are offered full- or part-time employment near their homes so that they can look after their families. In 2017, more than 16 million items of cutlery and 1.8 million sets of chopsticks were processed. Focus groups have suggested that we should get more involved with the communities in which we operate. This is a good example.

Our people and communities ‹ › Training and development

Copyright © 2018 Swire Pacific Limited 太古股份有限公司. All rights reserved. Disclaimer Privacy Statement

Training and development

Investing in employees develops a thriving workforce

We need an agile and well-trained workforce in order to respond to changes in the business environment and increased competition. We need talented individuals to want to work for us. We aim to recruit a capable and competent workforce by offering competitive remuneration and benefits, and providing training to enable our employees to realise their potential.

Looking after our employees

We offer competitive remuneration and benefits, even during difficult market conditions. Decisions on remuneration are made with regard to roles and responsibilities, individual and business performance, and conditions in the job markets and economies in which we operate. We communicate with staff through our intranet, newsletters, surveys and staff forums. The staff turnover rate (which was 19% in 2017) is monitored with a view to identifying and managing problems as they arise. A 24 hour counselling and consultation service is available for employees. More information about this can be found in the Health and Safety section of this report.

Induction programmes

There are induction programmes for those joining the group. As appropriate, they include anti-discrimination and anti-corruption training and visits to our businesses.

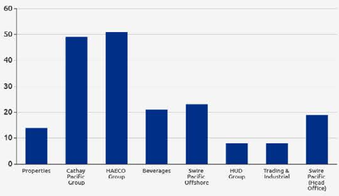
Cathay Pacific's Brushwingers orientation programme helps those joining to understand Cathay Pacific and its values and culture.

Swire Properties has a training video which helps those joining to familiarise themselves with their roles and responsibilities. There are weekly job familiarisation sessions.

Training and education

By our training and development programmes, we aim to attract and retain outstanding people and enable them to realise their career goals. We develop our people by on-the-job learning, mentoring or coaching, classroom training and online learning. On average, we provided over 33.19 hours of training per employee in 2017, a 10.3% increase from the previous year.

Average hours of training per employee by division (2017)



In 2017, Swire Properties Security Services were awarded the Gold Award at the 2016 Security Services Best Training Awards by the Vocational Training Council and the Hong Kong Police Force. Swire Pacific Offshore received the *Excellence in Manpower Training and Development* award at the Singapore International Maritime Awards. The Association of Chartered Certified Accountants (ACCA) named Swire Properties an Approved Employer under its Approved Employer Programme, in recognition of the standard of training and development offered to its employees. As a result, Swire Properties employees who are ACCA members have access to additional support and programmes designed to help them further their professional development.

Ethos International, Swire's in-house leadership development company, designs and delivers learning and development programmes, such as the Swire Leadership Programme, for promising staff in the Swire group. This is supplemented by enrolling managers in business management and executive programmes at noted international institutions such as INSEAD and Stanford University. Ethos' training programmes emphasise sustainability and contribute to the development of a strong corporate culture and a style of leadership that is consistent with Swire values.

Managing for the future

The Swire Leadership programme accepts a number of high-calibre graduates every year with a view to developing their professionalism for a long term career. Over the following 12 years we coach and mentor them, send them on courses and plan the steps in their careers. Their training includes sustainability training modules, which give participants an understanding of sustainable development and the business opportunities to which it gives rise.

Our summer internship programme gives exceptional students the opportunity to gain experience of working at Swire. Interns first learn about what we do and our values. They are then posted to work on business projects at our operating companies.

Case study

Swire Properties – The Achieving Excellence Programme

Swire Properties' Achieving Excellence Programme (AEP) is a two-year programme that aims to help new managers develop their careers. In 2017, several AEP workshops were held. They principally focussed on leadership, teamwork and people management skills and dealt with how to work effectively with different types of people and how to manage business change with flexibility and creativity. There was a workshop on Swire Properties' approach to sustainability. The final workshop of the year was a business simulation exercise designed to provide participants the opportunity to use the skills they acquired during the two-year programme.

Photo courtesy of Swire Pacific Offshore

Case study

Swire Pacific Offshore – The Ghana Marine Training Centre (GMTC)

Swire Adonal Services Limited, a joint venture between Adonal Shipping Limited and Swire Pacific Offshore (SPO), has established a training centre in Accra, Ghana to provide marine safety, dynamic positioning (DP) and other training for Ghanaian seafarers.

The GMTC has a simulator room, a classroom equipped with desktop simulators and a library. Two DP console units donated by SPO give participants a realistic sense of the equipment used aboard an offshore supply vessel. The GMTC aims to become an important education facility for Ghanaian seafarers.

Arch Nexus, a Ghanaian architectural company, was engaged to design and develop the GMTC. In conjunction with the Regional Maritime University of Ghana, scholarships, internships, exchange programmes and employment opportunities are offered to local students. The GMTC was opened in January 2018.

Diversity and equal opportunities < > Health and Safety

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司. All rights reserved. Disclaimer Privacy Statement

Health and Safety

Keeping our people safe is a fundamental responsibility

Health and Safety is a core part of our sustainable development policy. Protecting the health and safety of our workforce is fundamental to our businesses achieving long-term success and to upholding our commitment to sustainability. Recognising our responsibility to identify and mitigate health and safety risks, we aim to conduct our operations in a manner that safeguards the health and safety of our employees, contractors, suppliers, customers, and visitors to our business premises and the communities in which we operate. We believe that all incidents are preventable. We aim to improve our health and safety management systems continuously with the ultimate aim of causing zero harm.

The Swire Pacific zero harm framework focuses on five areas: management commitment, a safe workplace, safe behaviour, continuous improvement of management systems and effective injury management.

Ensuring a healthy and safe workplace

Each operating company has an Occupational Health and Safety (OH&S) policy, which is monitored by our Internal Audit Department.

Establishing a strong safety culture, where employees take responsibility for their own safety and the safety of others, is key to achieving zero harm. We aim to identify and manage potential hazards before an incident occurs by reporting near misses and conducting regular safety audits.

The Swire Pacific Health and Safety Committee reports to the Group Risk Management Committee, which in turn reports via the Audit Committee to the Board. The members of the Health and Safety Committee are senior representatives from each of the five divisions who are responsible for health and safety. The committee is responsible for developing group health and safety policy and guidelines, monitoring divisional performance, promoting education and training, sharing best practice and developing internal health and safety capabilities. In order to evaluate our performance, we record lost time injury rates and lost day rates and set annual targets for improvement. The divisions report quarterly on safety to the Group Risk Management Committee and the Board receives regular updates on safety from the Audit Committee. There is a separate Mainland China Health and Safety Working Group, which deals with health and safety in Mainland China, where regulations can vary between provinces and change regularly.

The annual Swire Pacific Health and Safety Conference took place in November 2017. This year's theme was "Embedding Safety Culture". Health and Safety representatives from the divisions gathered to share best practice in workplace safety and to benefit from relevant expertise in the group with a view to improving our safety culture. We discussed rehabilitation programmes intended to contribute to the safe return of employees to work and to improve relations with employees generally. The conference was attended by 65 representatives from group companies in Hong Kong, Mainland China, Taiwan, Singapore and the USA.

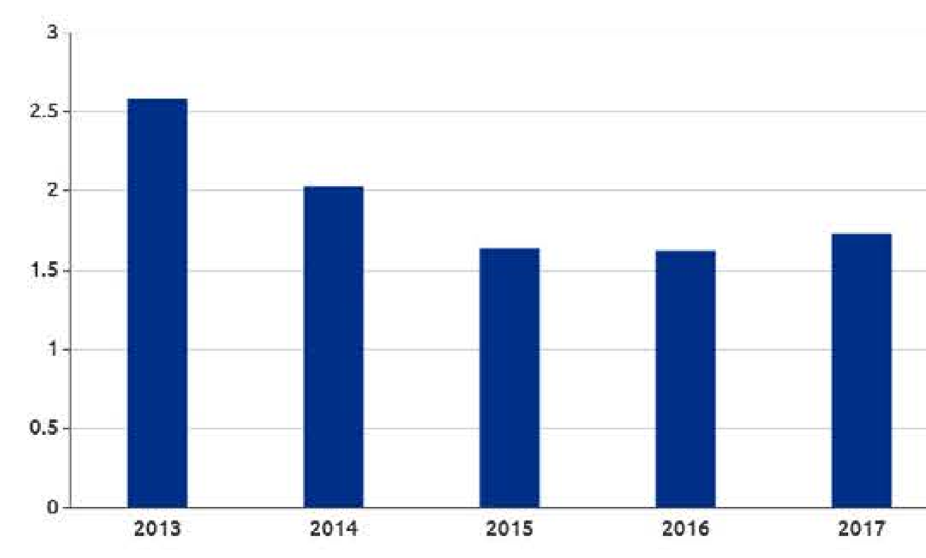
A thriving safety culture

At Swire Pacific, we track our safety performance by measuring our Lost Time Injury Rate (LTIR) and the Lost Day Rate (LDR). LTIR is the number of injuries per 100 full-time equivalent employees. LDR is the number of work days lost to injuries per 100 full-time equivalent employees.

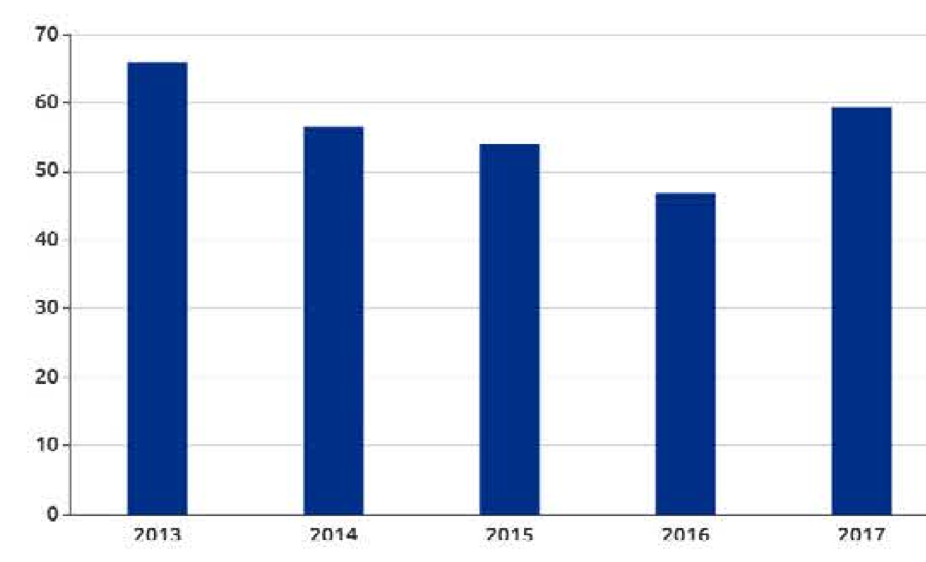
In 2017, the LTIR increased to 1.73 from 1.62 in 2016. This represents a 6.8% increase from 2016. This is mainly due to increased LTIR at the Cathay Pacific group. This reflected more manual handling injuries suffered by ramp workers and injuries to Vogue Laundry staff at its new production site. Total LTIR has reduced by 33% over the last five years.

In 2017, the LDR increased by 27%. This reflected some lengthy recovery periods for Cathay Pacific, Swire Properties and HAECO employees. Total LDR has reduced by 9.8% over the last five years.

LTIR at Swire Pacific (Number of injuries per 100 FTE)



LDR at Swire Pacific (Number of injuries per 100 FTE)



The Health and Safety Committee is identifying metrics which are leading indicators of safety. Such leading indicators can help to improve health and safety by pointing to appropriate preventative measures.

During 2017:

- Swire Properties conducted safety observations in its properties in Hong Kong and shared relevant best practices
- Independent third party audits were conducted on the safety management systems at four properties in Hong Kong and Mainland China
- Cathay Pacific introduced PROACTIVE, a magazine devoted to safety and intended to inform employees about safety activities and issues
- Cathay Pacific, HAECO and Swire Coca-Cola USA implemented enhanced manual handling processes intended to reduce related injuries through training and the application of proper lifting techniques
- Most HAECO group companies adopted standardised incident investigation techniques. Relevant training was provided to health and safety representatives
- HAECO Landing Gear Services designed (and started to use) a device to cool staff when they are painting
- HAESL developed a corporate safety video for visitors and contractors working at their facility
- Swire Beverages conducted safety reviews at all their newly acquired plants in Mainland China and the USA
- SPO reviewed their safety risk assessment process, conducted training and extended the process to their fleet
- Qinyuan Bakery developed a driving safety manual for its delivery drivers

Regrettably, there were four fatalities in 2017. Two were in Hong Kong, one in Mainland China and one in the USA. Three were vehicle related incidents. They occurred at Swire Waste Management Limited, Cathay Pacific Services Limited and Swire Coca-Cola, USA respectively. The fourth was a fall from height incident at Swire Cold Chain Logistics (Nanjing) Company Limited. Full investigations of each incident were conducted. A safety management assessment was conducted by a consultant as a post incident measure for Swire Cold Chain Logistics (Nanjing) Company Limited. Relevant job safety procedures have been improved and training has been given to raise staff safety awareness.

In 2017, Swire Beverages undertook road traffic management pilot projects in their Nanjing and Hangzhou bottling plants. The projects' objective is to put in place a system to direct onsite pedestrians and traffic safely. If successful, these traffic management systems will be implemented in all Swire Beverages' bottling plants in Mainland China.

In 2017, Cathay Pacific started to develop a ground operations monitoring programme. The programme gathers information about normal work on and around ramps. It is intended to allow safety issues to be identified before rather than after the event. It is being implemented this year.

Sustaining a life well balanced

In addition to workplace safety, we place great emphasis on the health and wellbeing of our employees. We care about our employees' mental as well as physical wellbeing. Under our Employee Assistance Programme (EAP), we have a 24 hour Professional Personal Counselling and Consultation (PPCC) hotline for employees to use in order to help them deal with stress management, relationships, parenting, coping with trauma and grief, and preparing for retirement. Employees approaching retirement age are invited to pre-retirement workshops. The PPCC (and the coaching service referred to below) are conducted by experienced counsellors, social workers and clinical psychologists. All information is kept in strict confidence.

Under the EAP, seminars have been provided on the following topics: "Chinese Herbal Cuisine and Physical Health", "Diet Wise – Spring & Summer Series", "Have a Good Night Sleep", "Say Goodbye to Sub-health", "Low Pressure Relaxation through Drama", "The Power of Positive Thinking" and "Back and Neck Care".

Maintaining a sustainable balance between work and non-work elements of life is important for wellbeing. Swire Pacific encourages an approach to work which fits with this aim. We provide a free coaching service, which advises employees on how to cope with the challenges they may encounter in their life within and outside Swire.

We encourage our employees to lead active lifestyles through participation in physical wellbeing programmes arranged by our Staff Association. There are family outings to Ocean Park and Disneyland in Hong Kong and inter-company sporting competitions. We sponsor Hong Kong's King of the Hills Mountain Marathon Series.

Case study

Road safety in Mainland China

In Mainland China, more than 9,000 Swire Beverages sales representatives (including those under contract) travel to customer locations, mostly on electric motorbikes. Helmets are often not required by law in Mainland China. Swire Beverages provides free helmets to its sales representatives – warm ones in winter and cooler ones in summer. Courses on safe driving are also provided. Staff are encouraged to use their helmets outside working hours and to extend their safety awareness.

Case study

Innovating a safer work environment

In 2017, two Swire Properties employees won Merit Awards at the 9th Outstanding Occupational Safety and Health Employee Award Scheme organised by the Hong Kong Occupational Safety and Health Council. Cheung Chi-tak, a technician at Island Place, Hong Kong, developed a practical and effective strap for small tools, which wraps around the user's waist to keep the tools from slipping and falling. Frederick Leung, a technical officer, won an award for promoting the use of new, safer stepladders to be used by employees working at height.

Case study

Emergency response system

The Cathay Pacific Crisis Response Centre has the facilities and logistical capabilities to manage a global crisis response. The centre's corporate emergency plan is regularly tested. The arrangements include a centralised command protocol, local response teams, telephone enquiry and support centres, and biennial training for special assistance volunteers. There is a 24/7 notification system for activating a crisis response.

Incidents are classified and managed by an incident management team under an incident management protocol.

Each Cathay Pacific outport (there are more than 100 of them) participated in at least one emergency exercise simulation in 2017.

There are more than 1,000 employees in Cathay Pacific's care team. The team assists affected passengers, employees and families during a crisis. A further 8,000 volunteer employees can supplement the work of the care team during significant events.

Training and development < > Supply chain

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司 All rights reserved Disclaimer Privacy Statement

Supply chain

Building thriving supply chains

We aim to promote inclusive, ethical and sustainable procurement practices. By using our substantial purchasing power to this effect, we expect – by creating long term value for those with whom we do business and the communities in which we operate – to create long-term value for our shareholders.

We have over one thousand suppliers globally. They supply goods and services which include ships, aircraft, fuel, sugarcane, auditing, office supplies and uniforms. We use our purchasing power and our close relationships with suppliers in ways designed best to meet the needs of our businesses and customers.

Sustainable procurement helps to manage risks, improve efficiencies and reduce costs. We aim to procure goods in a way that does not degrade the environment and to only procure services from those who are accountable for their workplace practices.

It is our policy to comply with all applicable laws and regulations relating to procurement. Our own general code of conduct covers procurement and includes relevant provisions about bribery and competition.

The supplier corporate responsibility code of conduct

Our supplier corporate social responsibility code of conduct has been adopted by all our operating companies. It sets out minimum standards with respect to:

- Legal and regulatory compliance
- Forced labour
- Child labour
- Health and safety
- Environmental protection
- Compensation and working hours
- Human rights
- Subcontractor management
- Ethics and reporting

Our Supply Chain Sustainability Working Group (which later in 2018 will become the SwireTHRIVE Sustainable Materials Working Group) encourages consistent implementation of the supplier corporate social responsibility code of conduct by our operating companies.

The code in practice

We need to purchase goods on competitive terms. But in doing so, we must take due account of labour standards, health and safety and the environment.

In addition to Swire Pacific's supplier corporate social responsibility code of conduct, Swire Beverages follows the supplier guiding principles of The Coca-Cola Company. These principles cover workplace policies, health and safety, human rights, environmental protection and business integrity. Swire Beverages' own major suppliers are audited. Swire Beverages shares information about suppliers with other Coca-Cola bottlers in Mainland China.

The objective of this collaboration is to pool resources and knowledge between bottlers to manage the procurement process. This facilitates the identification and selection of suppliers who follow the above principles. With other members of the **one**world alliance, Cathay Pacific shares information about suppliers using the SEDEX supply chain platform. It is considering whether to continue to use SEDEX or to assess suppliers independently. Cathay Pacific Catering Services has stringent procedures for supplier selection and ingredient procurement. Its Hazard Analysis and Critical Control Point (HACCP) team and its technical laboratory staff conduct regular audits of its food suppliers' food safety systems.

Case study

Swire Beverages 'World Class Operations'

Swire Beverages' World Class Operations (WCO) management and supplier benchmarking system was introduced in 2017. It aims for continuous improvements in the following areas:

- Supply risk and continuity
- Finance
- Sustainability
- Capability and productivity
- Quality and customer service
- Innovation
- Regulatory and social responsibility

The intention of WCO is to enhance the performance of Swire Beverages' suppliers, with the specific aim of minimising defects.

34 suppliers participated in an introductory meeting about WCO in June 2017. By the end of 2017, 22 sites had been visited and assessed. Seven suppliers have signed up to WCO.

Case study

Cathay Pacific – Supplier scorecard

Cathay Pacific has a scorecard by reference to which it rates its suppliers. The elements of the scorecard are as follows:

- Cost
- Innovation
- Satisfaction
- Assurance of supply
- Quality of goods and services
- Sustainability

Suppliers are vetted by reference to self-declarations that they comply with the supplier corporate social responsibility code of conduct.

Case study

Swire Properties – e-Contractor list management system

Those who wish to contract with Swire Properties may apply to do so online. They must (by responding to a questionnaire) confirm that they have appropriate policies and systems in place to manage their environmental impact and to protect their employees. Confirmations are checked by the Swire Properties technical services department. Accepted suppliers are monitored.

In 2017, Swire Properties assessed its 20 largest suppliers using an enterprise risk management framework.

Swire Properties may visit the sites of its key suppliers and may request them to obtain ISO14001 Environmental Management System and OHSAS18001 Occupational Health and Safety Management System certifications. They may also be required to submit environmental and health and safety management plans for review.

Health and Safety < > Community involvement

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司. All rights reserved. Disclaimer Privacy Statement

Community involvement

When our communities thrive so do we

We believe that, when the communities in which we operate prosper, so do our businesses. We support the communities in which we operate directly through the community programmes of our businesses and through the Swire Group Charitable Trust (the Trust). In 2017, the Trust donated HK$59.5 million to over 40 charities, supporting projects to help disadvantaged children, promote diversity and inclusion, encourage creative learning opportunities, and support marine life and biodiversity. In total, we spent HK$100.9 million on community activities in 2017.

Recognition

In 2017, Swire Pacific was awarded the 15+ Caring Company Award by the Hong Kong Council of Social Service for good corporate citizenship. Cathay Pacific, Cathay Pacific Catering Services, Swire Properties and Swire Coca-Cola were also recognised.

The Swire Group Charitable Trust

The Trust was established in 1983. Its principal focus is on education, the environment, arts and culture, and those facing extreme hardship. The Trust receives all its income from companies in the Swire group and provides funds for charitable purposes to non-profit organisations, mainly in Hong Kong and Mainland China. It is overseen by a Philanthropy Council, which is chaired by a Divisional Managing Director.

The following grants were made or renewed during 2017:

Arts and culture

Project name
Arts and artistic talent among persons with disabilities
Promote the arts and artistic talent among persons with disabilities to foster social integration
Organisation
Arts with the Disabled Association Hong Kong (ADA)
Total grant amount
$1,500,000
Grant disbursed in 2017 †
$1,500,000

Project name
General Funding
Expand musical appreciation in Hong Kong and elsewhere
Organisation
The Hong Kong Philharmonic Society Ltd (Grant 4)
Total grant amount
$42,205,000
Grant disbursed in 2017 †
$3,515,200

Project name
General Funding
Inspire and expand musical appreciation in Hong Kong
Organisation
The Hong Kong Philharmonic Society Ltd (Grant 5)
Total grant amount
$46,377,000
Grant disbursed in 2017 †
$10,968,000

Project name
Education Programme
Cover transport costs for disadvantaged schools so that their pupils can participate in the education programme of Hong Kong Maritime Museum Ltd
Organisation
Hong Kong Maritime Museum Ltd
Total grant amount
$1,000,000
Grant disbursed in 2017 †
$28,000

Project name
Spark! Arts Programme for Children in Small Group Homes
Provide free, high-quality visual and performing arts activities for children
Organisation
Hong Kong Youth Arts Foundation
Total grant amount
$2,306,000
Grant disbursed in 2017 †
–

Project name
Drum Fun
Provide free Chinese drum classes to primary school students in Sham Shui Po, Hong Kong
Organisation
Music Children Foundation Ltd
Total grant amount
$809,000
Grant disbursed in 2017 †
$209,000

Project name
Arts Access Fund
Increase access to arts and culture in Hong Kong for disadvantaged persons.
Organisation
Various NGOs
Total grant amount
$1,000,000
Grant disbursed in 2017 †
–

* 2017 active projects, but with last payment made in previous years
† figures focus on major grants and exclude non-recurring donations

Education

Project name
World Voice II
Provide to primary school teachers singing techniques intended to give a creative and inclusive learning environment for children
Organisation
British Council
Total grant amount
$1,850,000
Grant disbursed in 2017 †
$664,000

Project name
Brain Box
Strengthen learning capacity of children with early stage developmental delays and enhance parental support
Organisation
Changing Young Lives Foundation
Total grant amount
$3,680,000
Grant disbursed in 2017 †
$850,000

Project name
Support Unit for Special Education Needs at the Centre for Special Education Needs and Inclusive Education
Set up a special educational needs (SEN) service unit to provide clinical support to SEN students and their families, and to train student teachers
Organisation
The Education University of Hong Kong
Total grant amount
$10,000,000
Grant disbursed in 2017 †
$3,000,000

Project name
Life Education Activity Programme
Prevent substance abuse by providing health-based education programmes for children
Organisation
Life Activity Education Programme
Total grant amount
$6,000,000
Grant disbursed in 2017 †
$6,000,000

Project name
Village Model in Rural China
Support early childhood development of left behind children in rural areas of Mainland China
Organisation
Half the Sky Foundation (Asia) Ltd
Total grant amount
$4,590,000
Grant disbursed in 2017 †
$2,000,000

Project name
Seeds in Education Fund
Foster diverse views, approaches and solutions in education by supporting small-scale education initiatives
Organisation
Various NGOs
Total grant amount
$15,000,000
Grant disbursed in 2017 †
$3,900,000

Project name
Taikoo Primary School
Strengthen the school's English and Mandarin language teaching
Organisation
Taikoo Primary School
Total grant amount
$2,000,000
Grant disbursed in 2017 †
$1,589,068.29

Project name
Swire Professorship in Aerospace Engineering
Develop a degree in aerospace engineering in Hong Kong
Organisation
Hong Kong University of Science and Technology (HKUST)
Total grant amount
$10,000,000*
Grant disbursed in 2017 †
–

* 2017 active projects, but with last payment made in previous years
† figures focus on major grants and exclude non-recurring donations

Environment

Project name
The Ocean Asia Project II
Advance sustainable fisheries practices in Hong Kong, by fostering a sustainable seafood market in Hong Kong
Organisation
The ADM Capital Foundation Ltd
Total grant amount
$2,860,000
Grant disbursed in 2017 †
$1,430,000

Project name
HK Reef Fish
Establish baseline data relating to Hong Kong reef fish through underwater surveys
Organisation
Bloom Association Hong Kong Ltd
Total grant amount
$2,700,000
Grant disbursed in 2017 †
$662,750

Project name
Waterbird Census and Wetland Conservation in China
Enable conservation groups to conserve intertidal wetlands in Mainland China through research and education
Organisation
The Hong Kong Bird Watching Society
Total grant amount
$2,159,000
Grant disbursed in 2017 †
$684,850

Project name
SWIMS Expansion
Expand and upgrade facilities
Organisation
The University of Hong Kong
Total grant amount
$30,000,000
Grant disbursed in 2017 †
$15,000,000

Project name
Juvenile Horseshoe Crab Rearing Programme
Raise awareness of and encourage participation in biodiversity and habitat conservation
Organisation
Ocean Park Conservation Foundation, Hong Kong
Total grant amount
$1,572,000
Grant disbursed in 2017 †
$500,000

Project name
Sea For Future
Safeguard Hong Kong's marine life and restore fisheries through increased marine protection
Organisation
World Wide Fund for Nature Hong Kong
Total grant amount
$7,850,000
Grant disbursed in 2017 †
$2,615,400

Project name
Ocean Asia Project
Build public knowledge of and demand for sustainable seafood
Organisation
The ADM Capital Foundation Ltd
Total grant amount
$1,114,000
Grant disbursed in 2017 †
–

Project name
Dongshan Marine Station
Establish a marine research station at Xiamen University
Organisation
Xiamen University
Total grant amount
$7,000,000*
Grant disbursed in 2017 †
–

Project name
N/A
Support the Global Ocean Commission's examination of key threats, challenges, and changes to the ocean
Organisation
Pew Charitable Trusts (Global Ocean Commission)
Total grant amount
$3,000,000*
Grant disbursed in 2017 †
–

* 2017 active projects, but with last payment made in previous years
† figures focus on major grants and exclude non-recurring donations

Back to top

Photo credit: Kelvin Yuen

Case study
The Trust – Sea for Future

Hong Kong's marine life is very diverse. Due to poor management, overfishing and pollution, this biodiversity is in severe decline. Only 3% of Hong Kong's marine waters are protected. The Sea for Future project aims to raise this to 10%, in line with the Convention on Biological Diversity.

Seven sites of high conservation value have been identified. If they become marine protected areas, the 10% target would be met. Support has been sought from NGOs, village heads, district councillors and fishermen. There is an education programme for schools about Hong Kong's marine biodiversity and the importance of marine conservation and marine protected areas.

Developing thriving communities

At Swire Pacific we understand the importance to our businesses of the economic, social and environmental health of the communities in which we operate. As well as funding the Trust, our businesses have their own community programmes.

Swire Properties' Community Ambassador programme enables employees to contribute their time and skills to social and environmental causes. Employees nominate beneficiary organisations to be supported. Swire Properties offers an additional day of leave for every 10 hours of time contributed (up to two days per year). In 2017, the programme supported 74 activities. Over 6,700 hours of time were contributed.

Case study
Swire Properties – Cleaning up mudflats

In September 2017, Swire Properties Community Ambassadors and the Ocean Park Foundation cleaned up mudflats at Shui Hau Wan on Lantau Island, Hong Kong. The mudflats are providing an important habitat for many marine species, including the horseshoe crab. Debris and rubbish was collected and removed.

Swire Beverages supports projects dealing with water stewardship and environmental protection, active living, youth development, the empowerment of women and emergency relief. In 2017, Swire Beverages donated HK$3.89 million to 54 charity events. 4,300 employees were involved.

Case study
Swire Beverages – Women Empowerment 5by20

Releasing the potential of women is essential to sustainable development. Women contribute significantly to The Coca-Cola system. The Coca-Cola Company's 5by20 initiative aims to improve the economic empowerment of five million women entrepreneurs in the supply chain by 2020.

Swire Beverages provides entrepreneurial skills and professional training. 13 bottling plants in Mainland China have provided 443 education programmes and development opportunities for 150,000 women in the supply chain.

Swire Pacific Offshore supports local communities in countries where it has a major presence, focusing on education, health, youth, the environment and biodiversity.

Photo courtesy of ASSMDA

Case study
Swire Pacific Offshore – Livelihood project in Iloilo

In November 2017, SPO undertook a livelihood project in Iloilo, a province in central Philippines. The project imparted practical skills and techniques to seafarers and their families to enable them to improve their earning capacity.

Participants (more than 30 in all) were taught how to make car cleaning materials, how to create handicrafts and how to make buns and smoked fish.

More information on the community work of our operating companies can be found in their annual sustainability reports here.

Supply chain < > About our report

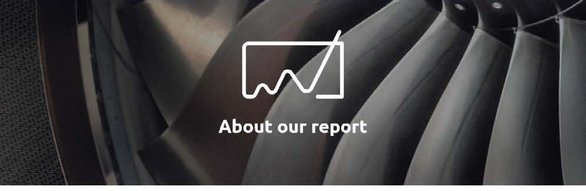
Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司 All rights reserved Disclaimer Privacy Statement



About our report

Why reporting matters

Our sustainability reporting sets out our approach to sustainability, ethics and good governance. Our approach to sustainability reporting is integral to our commitment to have an open and honest dialogue with our stakeholders – we believe that this approach helps to create value for all our stakeholders, enabling us to thrive together.

This is our 11th annual sustainability report. It has been prepared as an interactive website and is available in English and Traditional Chinese. It has been prepared with reference to the Core level of the Global Reporting Initiative (GRI) Standards and the comply or explain provisions and recommended disclosures in the Environmental, Social and Governance (ESG) Reporting Guide (ESG Guide) of The Stock Exchange of Hong Kong Limited (HKEx).

This report relates to our sustainability performance during the year ending 31 December 2017. It covers SwireTHRIVE (our environmental sustainability strategy), progress towards our 2020 goals, and other material topics identified through our materiality assessments and relevant financial and operational performance. It describes Swire's corporate governance relevant to sustainability and how we integrate sustainability into identifying and managing risks and opportunities. A GRI Standards and HKEx content index is available at the end of the report. This report follows our previous report, published in July 2017.

On our Annual Report

Our 2017 Annual Report deals with our financial and operational performance, and with our corporate governance.

We respond to enquiries from investors and provide information to the Carbon Disclosure Project (CDP), the Dow Jones Sustainability Index (DJSI) and MSCI, as organisations that assess the economic, environmental and social performance of companies. This helps us to identify specific issues that are most relevant to the industries in which we operate.

Dow Jones Sustainability Index (DJSI)
In 2017, Swire Pacific was included in the DJSI Asia Pacific Index. Swire Pacific has been included in DJSI indices since 2001.

Hang Seng Corporate Sustainability Index
Swire Pacific has been included in the Hang Seng Corporate Sustainability Index and the Hang Seng (Mainland China and Hong Kong) Corporate Sustainability Index since 2010.

Carbon Disclosure Project (CDP)
Swire Pacific supports the CDP as a respondent. Swire Pacific has responded to CDP since 2007. In 2017 we achieved a B rating.

MSCI Rating
In 2017, Swire Pacific received an AA rating from MSCI ESG Research, making us one of the top performers in our sector.

MSCI Constituent MSCI Global SRI Indexes
In 2017, Swire Pacific received an AA rating from MSCI ESG Research, making us one of the top performers in our sector.

On our data

We support transparency and provide information and data in this report and on our website. Only data that was provided before the end of March 2018 is included in this report. If data or incidents are reclassified or confirmed after preparation of this report, they will be updated in future reports.

On assurance

We have very clear standards and reporting requirements for our sustainability data. These standards are supported by internal audits and statistical checks.

PwC has provided limited assurance in relation to the selected sustainability data for 2017 listed below and identified with the symbol [R] in the relevant data table[s].

- Total energy consumption
- Total greenhouse gas emissions by weight
- Total water used
- Total employee fatalities
- Total employee lost time injuries

The full assurance statement from PricewaterhouseCoopers can be found here:

Download

We value your feedback

We welcome the views of those who read this report. Please send your feedback and other sustainability related enquiries to sd@swirepacific.com

sd@swirepacific.com
(852) 2840 8888
www.swirepacific.com

Swire Pacific Limited
33rd Floor, One Pacific Place,
88 Queensway, Hong Kong

The Sustainable Development Office

Dr. Mark Watson
Head of Sustainable Development

Mark Harper
Sustainable Development Manager

Lara Tyrrell
Group Sustainable Business Manager

Larissa Jarillo de Lima
Assistant Manager – Sustainable Development

Joey Lau
Assistant Manager – Sustainable Development

Amy Hung
Executive Assistant

Our people and communities < > Assessing materiality

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司 All rights reserved. Disclaimer Privacy Statement

Assessing materiality

Aligning with the Global Reporting Initiative

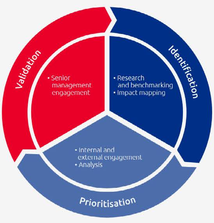
The content of our annual sustainable development report is determined by reference to a detailed materiality assessment. The assessment identifies and evaluates the sustainability issues *that mattered most to our businesses and our stakeholders during the year under review* and will matter most to them in the near-term future.

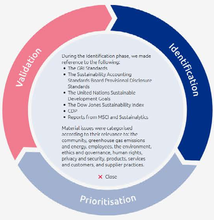
In this report, a material issue is one which reflects the significant economic, environmental and social impact of our businesses or substantively influences the assessments and decisions of stakeholders. In identifying and assessing material issues, we follow guidance from and report with reference to the Global Reporting Initiative (GRI). Including the requirement to report by reference to the GRI Standards.

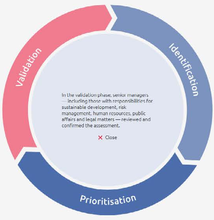
The objectives of the materiality assessment are to meet external reporting requirements (GRI Standards and the HKEx ESG Guide) and to help us evaluate our sustainability performance in light of the expectations of those inside and outside our businesses with whom we engage.

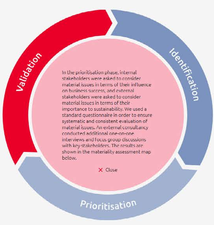
Our in-depth assessment

Our materiality assessment has three steps: identification, prioritisation and validation (see below).

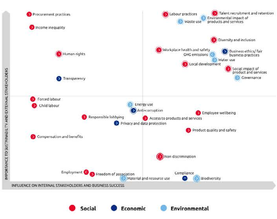








Materiality assessment map



Social Economic Environmental

Material issues and aspects

The table below shows:

(i) *the GRI indicators which corresponds to the material issues which we identified for 2017*

(ii) whether they have an impact inside our organisation, outside our organisation or both

(iii) the Swire group businesses where they have a material impact.

Material issue	GRI indicator	Boundary		Swire group businesses
		Impact inside	Impact outside	
Economic Performance	G201	●		All
Anti-Competitive Behaviour	G206	●		All
Anti-Corruption	G205	●		All
Materials	G301	●		Swire Properties
Emissions	G305	●	●	Cathay Pacific
Energy	G302	●	●	Cathay Pacific and Swire Properties
Effluents and Waste	G306	●	●	Swire Properties, Cathay Pacific, and Swire Beverages
Water	G303	●	●	Swire Beverages
Biodiversity	G304		●	Cathay Pacific and Swire Properties
Freedom of Association / Collective Bargaining	G407	●		All
Diversity and Equal Opportunities	G405	●		All
Training and Development	G404	●		All
Occupational Health and Safety	G403	●		All
Anti-Discrimination	G406	●		All
Indirect Economic Impacts	G203		●	All
Local Community	G413		●	Swire Trust
Supplier Social Assessment	G414		●	All
Socio Economic Compliance	G419		●	All

For each of the 18 material topics, we have provided a section in this report which indicates why the topic was material in 2017, our approach to managing the risks and opportunities associated with the topic, and our performance in relation to the topic.

Income inequality and human rights were identified as new material issues in 2017.

Scope of our reporting

A list of companies and parts of companies which have provided information for this report, and a *list of companies and parts of companies which have not provided information for this report can* be found here.

Download

Performance indicators are reported on a 100% basis and therefore do not make reference to Swire Pacific's shareholdings in operating companies.

The *Sulzer Maritec* Training Centre, established in 2007, has allowed SPO to make the necessary significant advances in staff training and has already demonstrated its value as a complement to traditional 'on the job' training methods and statutory certification courses. The aim is that all SPO sea staff will attend SMTC for at least five days of discretionary, non-statutory training at least once every four years.

Photograph of Swire Pacific Offshore

About our report < > Stakeholder engagement

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 1959 Swire Pacific Limited 太古地產有限公司版權所有 All rights reserved. Disclaimer Privacy Statement

Stakeholder engagement

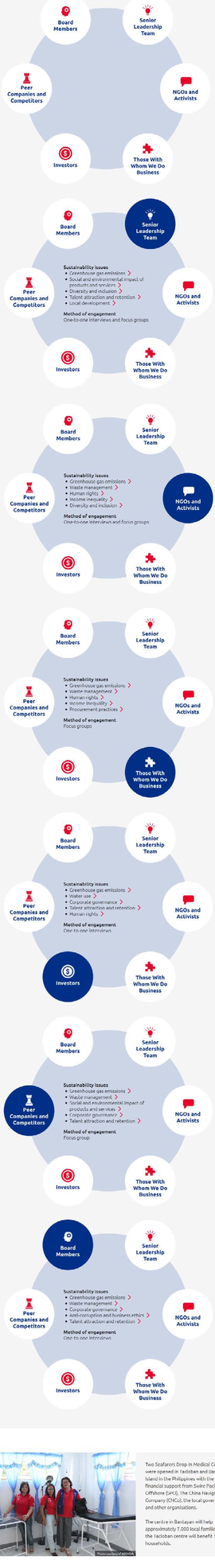
Mutually beneficial relationships

Our stakeholders are the people with whom we engage internally and externally and who affect materially or are materially affected by what we do. This report is intended to provide an honest and transparent record of our sustainability performance for our stakeholders.

To have an effective sustainability strategy, we need to understand what concerns our stakeholders and how emerging global trends relevant to sustainability will affect us. To help us do this, we have conducted regular stakeholder engagement exercises since 2007. These exercises help us to identify, understand and communicate the issues of most importance to our stakeholders and to understand what they think of our performance. The views collected are not always reflected in our sustainability reporting. But the exercises are good for building trust and obtaining support, and can sometimes reconcile diverging interests.

In 2017, we updated our map of stakeholders and our plan for engaging with them. The intention is to engage with a number of interest groups at least once each year. For our 2017 stakeholder engagement exercise, we selected stakeholders on the basis of their expertise in issues material to us, their influence and their willingness to collaborate with us.

2017 Stakeholder engagement map



Photocopyright of ASWA

Two Seafarers Drop in Medical Centres were opened in Tadoban and Bantayan Island in the Philippines with the financial support from Swire Pacific Offshore (SPO), the China Navigation Company (CNCo), the local government and other organisations.

The centre in Bantayan will help approximately 7,000 local families while the Tadoban centre will benefit 1,000 households.

Assessing materiality < > Performance data

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 文化版权所有 All rights reserved. Disclaimer Privacy Statement

Performance data

This table presents a quantitative overview of our 2017 sustainable development performance. All of the 2017 data presented in these tables that has been identified with the symbol [R], have been independently assured by PricewaterhouseCoopers.

Download PDF

Stakeholder engagement < > GRI table (index)

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司 All rights reserved Disclaimer Privacy Statement

GRI table (index)

This content index can be used to find the relevant disclosures made in accordance with the GRI Sustainability Reporting Standards and the ESG Reporting Guide of Appendix 27 of the main board listing rules of the Hong Kong Stock Exchange.

GRI General Standard Disclosure

Download

GRI Standard & HKEx

Download

Performance data < > UN SDGs

Our business
Statements
Highlights
Swire Pacific
Governance
Risk management
Looking ahead

Our environment
Carbon
Waste
Water
Sustainable materials
Biodiversity
Climate resilience

Our people and communities
Diversity and equal opportunities
Training and development
Health and Safety
Supply chain
Community involvement

About our report
Assessing materiality
Stakeholder engagement
Performance data
GRI table (index)
UN SDGs

Copyright © 2018 Swire Pacific Limited 太古股份有限公司 All rights reserved Disclaimer Privacy Statement

United Nations Sustainable Development Goals

About UN SDGs

Swire Pacific takes due account of the United Nations Sustainable Development Goals ("SDGs"), which aim to end poverty, protect the planet and ensure prosperity for all as part of a new international sustainable development agenda.

When developing SwireTHRIVE® in 2016, we started to match the sustainability areas on which we focus and our key performance indicators to the SDGs. In doing so, we identified eight SDGs relevant to our business. In 2017, we identified 20 SDG targets relevant to SwireTHRIVE.

SUSTAINABLE DEVELOPMENT GOALS

Activities linked to SDGs

Carbon

- **7.2** Increase the share of renewable energy in the global energy mix
- **7.3** *Improve energy efficiency*

Relevant section of the report

- **9.4** Retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean technologies and industrial processes

Relevant section of the report

Waste

- **11.6** Reduce the adverse environmental impact of cities, by paying attention to air quality and waste management

Relevant section of the report

- **12.2** *Achieve the sustainable management and efficient use of natural resources*
- **12.3** Reduce per capita global food waste at the retail and consumer levels, and along production and supply chains
- **12.5** Reduce waste generation through prevention, reduction, recycling and reuse

Relevant section of the report

- **14.1** Prevent and significantly reduce marine pollution of all kinds, including marine debris and nutrient pollution

Relevant section of the report

Water

- **6.1** Achieve universal and equitable access to safe and affordable drinking water for all
- **6.3** Improve water quality by reducing pollution, reducing the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
- **6.4** Substantially increase water-use efficiency and ensure sustainable withdrawals

Relevant section of the report

- **12.2** *Sustainable management and efficient use of natural resources*

Relevant section of the report

- **15.1** *Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services*

Relevant section of the report

Materials

- **12.1** *Help implement sustainable consumption and production patterns*
- **12.3** *Reduce per capita global food waste at the retail and consumer levels, and along production and supply chains*

Relevant section of the report

Biodiversity

- **6.6** Protect and restore water-related ecosystems

Relevant section of the report

- **14.2** *Sustainably manage and protect marine and coastal ecosystems*

Relevant section of the report

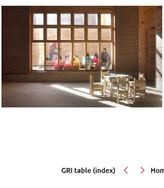
- **15.2** Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
- **15.5** Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity, and protect threatened species
- **15.7** Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand for and supply of illegal wildlife products

Relevant section of the report

Climate Resilience

- **13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters
- **13.3** *Improve education, and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning*

Relevant section of the report



Since 2011, Swire Properties has been working with the Hu Zhi Qiao Charitable Foundation to revitalise and modernise the 2,000-year-old rammed earth building method, in which natural materials such as sand, gravel and soil are packed together to form structures. In 2017, the project won the UNESCO Asia-Pacific Awards for Cultural Heritage Conservation for New Design in Heritage Contexts Award.

GRI table (index) < > Home

Copyright © 2018 Swire Pacific Limited 太古地產有限公司版權所有 All rights reserved Disclaimer Privacy Statement