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# INTRODUCTION

## A thriving environment

Swire Pacific is one of the leading companies in Hong Kong with five operating divisions: Property, Aviation, Beverages, Marine Services and Trading & Industrial.

Headquartered in Hong Kong, the Group's operations are predominantly in Greater China, where the name Swire or 太古 has been established for more than 150 years.

Our Sustainability Report is about our approach to integrating sustainability into our activities. It follows global standards of sustainability reporting.

The 2018 Sustainability Report is our 12th report. It was published in July 2019.

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# STATEMENTS

Statements
Chairman
Head of Sustainable Development

## Chairman's statement

> **"Sustainable development is a strategic imperative for our businesses and integral to our overall approach to building long-term value for our shareholders."**

Swire Pacific's commitment to sustainability helps to build the foundation for its growth and to provide opportunities for innovation and improved efficiency. Sustainable development is a strategic imperative for our businesses and integral to our overall approach to building long-term value for our shareholders.

We must continue to evolve our sustainability policies with regard to the environment, our people and our communities. We will continue to embed the policies, systems and standards in line with global best practice and trends. This includes climate related risks, which is why this year's report includes material responding to the Taskforce for Climate Related Financial Disclosures (TCFD).

Sustainability is not just the responsibility of specialists. Everyone has a role to play. We are scaling up the provision of training and tools for our people accordingly.

I am very proud of the work our staff, our customers and others with whom we interact have achieved in 2018. We are making good progress, but I know we can achieve much more. We must become more focused on those areas of our business with the greatest environmental and social impact.

Sustainability requires us to think beyond the short term. Doing so will help us to build the resilience necessary to create value for our shareholders for the long term.

**Merlin Swire**
Chairman

## Head of Sustainable Development Statement

> **"A strong sustainability performance boosts reputation, improves efficiency, mitigates risk and attracts and retains talent."**

Sustainable development is key to the creation of long-term value for our businesses and to ensuring that we can continue investing in our future.

In 2018, we made good progress in reducing our impact on the environment and addressing climate change. This is reflected in our inclusion in the Hang Seng, MSCI, FTSE4GOOD and DJSI Asia Pacific indices, with Swire Properties being the only Hong Kong and Mainland China based company included in the DJSI World Index.

At the end of 2018, 92% of Swire Properties' existing buildings were certified green buildings, with 75% achieving the highest ratings. In our aviation division (which produces the bulk of our carbon emissions), Cathay Pacific is investing in more fuel-efficient Airbus A350 aircraft. Our aviation and marine divisions have made carbon reduction commitments through the International Civil Aviation Organisation (ICAO) and the International Maritime Organisation (IMO) respectively. We intend to set more ambitious carbon emission targets for 2030, including, in the case of Swire Properties, science-based targets, that is, targets in line with the scale of reductions required to keep global temperature increase below 2°C above pre-industrial temperatures.

In January 2018, Swire Properties issued its first green bond. This was the first such bond to receive green finance certification from the Hong Kong Quality Assurance Association. The bond raised US$500 million for green projects – building development, energy efficiency, renewable energy, wastewater management and climate change adaptation. In September 2018, Swire Properties completed its HK$15 billion One Taikoo Place office tower, which obtained platinum-level green certifications (BEAM Plus, LEED and WELL). It is one of the world's most green triple Grade-A office towers, setting a new benchmark for sustainable construction.

In a period of significant expansion, the beverages division used less water to produce one litre of finished product. In Hong Kong, the division has negotiated the formation of a PET and HDPE plastics[1] recycling joint venture. Alongside its continuous efforts with the #DrinkWithoutWaste initiative, this will enable Hong Kong to reduce the amount of plastic waste sent to landfill.

SwireTHRIVE, our sustainable development strategy, helps our businesses to mitigate operational risk and to build long-term resilience through environmental best practice and innovation. In 2019, we will review our progress against our original goals and intend to set carbon, water and waste targets for 2030. We will expand SwireTHRIVE to cover more risks that could threaten the long-term viability of our business and to deal with social and economic aspects of sustainability. We also want to respond to increasing external sustainability risks and regulations.

Decarbonising technologically-constrained industries such as aviation and shipping is challenging. But we aim to contribute by investing in technology and supporting innovation. Fulcrum Bioenergy (in which we have an equity interest) is developing waste-based sustainable biofuels for aviation. Swire Pacific Offshore is examining the potential of fuel cell technology in the marine sector.

A strong sustainability performance boosts reputation, improves efficiency, mitigates risk and attracts and retains talent. We will do more to integrate sustainability into our enterprise risk management. I am confident in what we can achieve, and in our ability to create value for our businesses through sustainability. Swire Pacific is well placed to share technologies and expertise across our businesses, creating value in the long term.

**Dr. Mark Watson**
Head of Sustainable Development

[1] PET is an abbreviation for Polyethylene terephthalate. HDPE is an abbreviation for High-density polyethylene



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# 2018 HIGHLIGHTS

## Property

On 31st December 2018, **92%** of all existing buildings were certified green buildings, with **75%** achieving the highest ratings

Energy intensity in the Hong Kong and Mainland China portfolios has decreased by **25%** (since 2008) and by **35%** (since 2010)

5-star rating and Global Sector Leader (Mixed-use Development Category) in the Global Real Estate Sustainability Benchmark

## Aviation

In 2018, Cathay Pacific increased fuel efficiency (as measured by tonnes of $CO_2$ per revenue tonne kilometre) by **1.99%**

In 2018, HAECO Group's water consumption decreased by **3%**

In 2018, Cathay Pacific Catering Services purchased 417 tonnes of certified sustainable seafood, an **8%** increase from 2017

## Beverages

In 2018, the water use ratio improved by **1.77** to **1.74** litres per litre of finished beverage

Average hours of training increased by **38%** from 2017

Negotiated a joint venture for Hong Kong's first plastics recycling facility

## Marine Services

In 2018, Swire Pacific Offshore's carbon emissions decreased by **18%** from 2015

In 2018, Hongkong United Dockyards Limited's lost time injury rate was **70%** less than in 2015

## Trading & Industrial

Qinyuan Bakery's carbon emissions decreased by **29.4%** from 2017

Qinyuan Bakery's water consumption decreased by **21%** from 2017

Taikoo Motors' lost time injury rate decreased by **41%** from 2017

## Disclosure and reporting

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

Hang Seng Corporate Sustainability Index Series Member 2017-2018

MSCI 2018 Constituent MSCI ESG Leaders Indexes

FTSE4Good



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# OUR BUSINESS

## A commitment to sustain long-term value

Swire Pacific is an international conglomerate with a diversified portfolio of market leading businesses. We have five divisions – Property, Aviation, Beverages, Marine Services, and Trading & Industrial.

As a broad and influential business, we have the responsibility to build a thriving future where we can create long-term value for our shareholders. Sustainability remains a strategic objective for the Swire Group to secure the future of our business and thereby the prosperity of the businesses and communities in which we operate.

Everyone faces challenges from climate change, resource scarcity and the threat of diminishment of our natural environment. Responding to these challenges is critical for our business to thrive. We aim to safeguard our natural resources, to support the businesses and communities in which we operate, to invest in the wellbeing of our people and to operate in accordance with high ethical and environmental standards. Our commitment to sustainability goes beyond preservation. It represents an opportunity for innovation, efficiency and establishing systems to secure sustained growth.

We continue to improve and integrate sustainable development and economic, environmental and social sustainability in our business.

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# SWIRE PACIFIC

## Swire has been in business for over 200 years

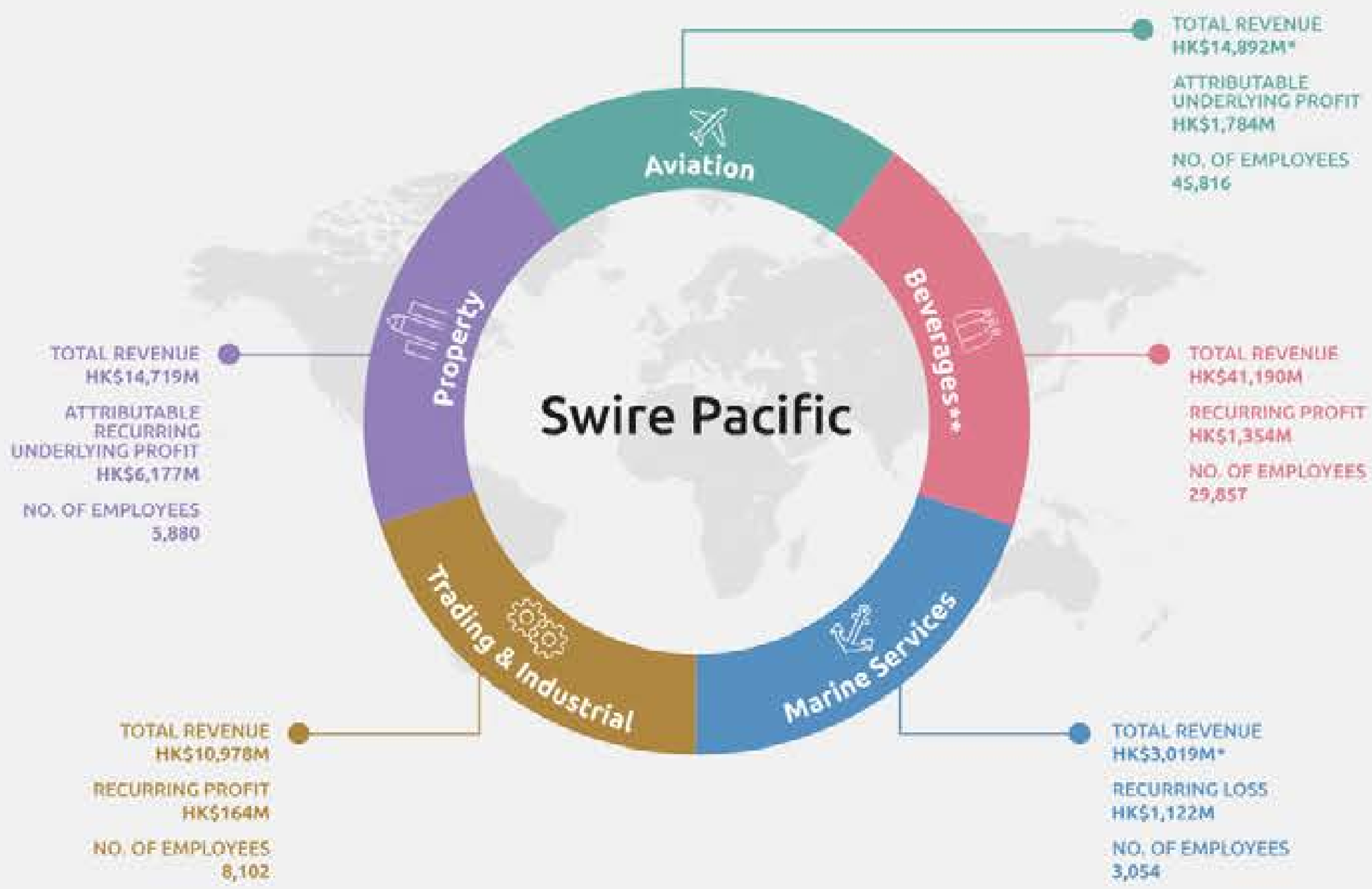
From a modest Liverpool-based, import-export company established over 200 years ago in 1816, the Swire group has grown into a diversified global conglomerate. Our business has stood the test of time because we have always looked ahead and made the right decisions for the long term.

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.

When formulating strategy, we take a long-term perspective. This is reflected in the nature of our investments. We pride ourselves on being forward-looking and innovative, which has helped us grow and set benchmarks in the industries in which we operate.

## SWIRE PACIFIC GROUP OVERVIEW 2018

More information on the group structure and our economic performance can be found on this factsheet and in the 2018 Swire Pacific Annual Report.




* The revenue figures exclude the revenues of associates (for example Cathay Pacific Airways Limited and Hongkong United Dockyards Limited).

** Swire Beverages Limited changed its name in April 2019 to Swire Coca-Cola Limited.

The number of employees includes total permanent employees, and fixed term and temporary contract employees.



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# GOVERNANCE

**Esse quam videri**

The Swire motto is to be, rather than seem to be), We value integrity, endurance, excellence, humility, teamwork and continuity.

We believe that our ethics and values are central to the long-term success of our businesses. We believe operating our businesses with integrity and in a responsible manner is key to fully considered, well-thought-out and safe-guarded long-term value creation.

## OUR GOVERNANCE APPROACH

Sound corporate governance is essential to long-term success. Our Board is responsible for establishing and maintaining our governance practices. The following links demonstrate our approach to corporate governance:

Corporate Governance Code

Memorandum and Articles of Association

Board Diversity Policy

We are subject to the Listing Rules of the Hong Kong Stock Exchange. The Listing Rules and the Securities and Futures Ordinance (Hong Kong) (SFO) set out our governance practices as described in the Corporate Governance Report section of our 2019 Annual Report.

The governance of sustainability matters is an important element of our corporate governance. The Board is responsible for our sustainability governance and strategy, which includes oversight of our overall approach to policies, standards, and targets.

- Code of conduct and legal compliance

Our Corporate Code of Conduct requires our employees to maintain the highest standards of business ethics and to act in full accordance with and with others, with those with whom we do business, and with the communities in which we operate. The Code of Conduct includes our anti-bribery policy.

Our Corporate Code of Conduct requires employees to maintain the highest standards of business ethics and to act in full accordance with and with others, with those with whom we do business, and with the communities in which we operate. The Code of Conduct includes processes dealing with conflicts of interest, gifts and hospitality, political contributions, anti-bribery, whistleblowing, health and safety, the environment, equal opportunities, diversity and respect in the workforce, and privacy.

All employees are required to sign our Code of Conduct as part of their induction programme. The induction programme includes anti-bribery and anti-money laundering training and refresher training is provided every two years.

Our Code of Conduct is available online, in all applicable laws and regulations, including those governing the environment, employment, privacy, anti-bribery, laws prohibiting child or forced labour), health and safety, products, advertising and marketing and labelling), bribery, privacy, and discrimination.

It is not considered that there are any laws or regulations in respect of the following subjects which have a significant impact on Swire Group:

- oil and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste
- Compensation and dismissal, recruitment and promotion, working hours, rest periods, occupational health, safety, diversity, anti-discrimination and the health, safety and welfare of employees
- Providing a safe working environment and protecting employees from occupational hazards
- Preventing child and forced labour
- Protecting the health and safety of visitors and placing emphasis relating to product health and safety and protection of visitors
- Bribery, extortion, fraud and money laundering

Notwithstanding the above considerations, it is the duty of Swire Pacific to comply with the laws and regulations applicable to it in the jurisdictions in which it operates. Swire Pacific is not aware of any respect, which would cause it to be prosecuted, please refer to the section of this report headed Environment and Employees and Community and Customers.

- Our corporate policies and sustainable development

Our Corporate Sustainability policy aims to be consistent with the Sustainable Development Goals and the Paris Agreement on climate, as mentioned. The merits of this approach without compromising the ability of future generations to meet their own needs."

Through the sustainable development policy, we aim to:

- Reduce our carbon footprint by adopting industry best practices to improve energy efficiency, and by decoupling the use of renewable energy.
- Turning our assets into a resource for businesses contributing to the transition of a circular economy, where waste material is reused, recycled, simply thrown away, but are remanufactured and used as a future resource
- Are water responsible and sustainable, and protect & restore nature.
- Ensure our business practices are ethical and transparent, and we are tax efficient, and identify and manage opportunities for economical advantage and impact of our operations on the environment
- Ensure our business practices are ethical and transparent, and we are tax efficient, with the ultimate aim of creating long-term
- Source materials responsibly and sustainably, including ensuring that our suppliers meet and preferably exceed, the sustainability standards set by our supplier sourcing principles
- Ensure our business practices in which we operate and respect their culture and heritage
- Encourage our staff to engage actively in sustainable development initiatives at work and in the community
- Monitor the company's performance against relevant metrics.

Our additional, more detailed, policies on sustainability, sustainable supply chains, climate change, and our Code of Conduct are available on our website under the appropriate sections of this report. These can be found in the Corporate Governance section of the Swire Pacific website.

## OUR SUSTAINABLE DEVELOPMENT GOVERNANCE STRUCTURE

Swire Pacific's highest governance body is its Board, led by an Executive Chairman. The corporate governance responsibility for operational risk is shared between the committees, audit and communication with shareholders and investors) is addressed in the Corporate Governance section of our Annual Report.

Our Board is ultimately accountable for sustainability matters. Information on our governance structure is set out in our Annual Report. Our Sustainability Governance Management Committee (SGMC) reports to the Board through the Audit and Risk Committee and Finance Director. The GSMC is led by the Swire Group Sustainability Committee (SGSC) which is chaired by the Swire Group Finance Director. The members of the SGSC are the working groups most directly concerned with sustainability issues. The SGSC provides a site to deal with cross-cutting sustainability issues, such as climate change, and to provide a forum for discussion, and to ensure that the Group's sustainability strategy is fully integrated into the business.

To provide additional oversight and direction, division heads meet twice a year on sustainability matters under the Chairman of the Board.

Our sustainability reporting is a process of continuous improvement. We are committed to continuously improving our sustainability reporting, including the collection of data for implementation. Our sustainability reporting, including the KPIs we report, are intended to reflect key sustainability trends and address major risks and opportunities. We continue to review our KPIs to ensure they are relevant to our sustainability development committees and working groups. These committees and groups provide opportunity to exchange information and best practices with a view to improving our sustainability performance, improving efficiency, reducing costs and coupon with GHG.

We rate sustainability performance against our sustainability strategy and KPIs. Our sustainability reporting is a process of continuous improvement. We are committed to continuously improving our sustainability reporting, including the collection of data for implementation. Our sustainability reporting, including the KPIs we report, are intended to reflect key sustainability trends and address major risks and opportunities. We continue to review our KPIs to ensure they are relevant to our sustainability development committees and working groups. These committees and groups provide opportunity to exchange information and best practices with a view to improving our sustainability performance, improving efficiency, reducing costs and coupon with GHG.

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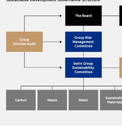
Sustainable Development Governance Structure




## PUBLIC POLICY AND POLITICAL CONTRIBUTIONS

Swire, as a normal business activity, will lobby government entities either directly or through trade associations and policy bodies that consume resources and advocate on certain legislation. All our public policy work must meet the ethical standards set out in our Code of Conduct and Swire rules and policies. Our public sustainability commitments.

## MEMBERSHIP OF TRADE ASSOCIATIONS

Some of our public policy work is conducted via trade associations and industry groups, which can help to increase the impact of our policy messages. We work with these associations to ensure our policy positions are in line with our Code of Conduct, sustainability, diversity, equal opportunity and others, and to ensure they help the industries each businesses or policy issues. We are members of numerous industry and trade groups.

For a list of industry and trade groups of which we are (or operating companies are) members please see below. The Hong Kong Associations based in Hong Kong and are highlighted in yellow.

### Property

- Top – The Hong Kong Management Association - Director
- Corporate Member
- Gold – The Real Estate Developers Association of Hong Kong - Member and Council Member
- REMF Society – Founding Member
- Business Environment Council - Board of Director and Council Member
- China Green Building Council - Member
- Green Cross - Occupational Safety & Health Council - Group Member
- Green Earth - Gold Companies
- Hong Kong Green Building Council - Member (through the Cluster Partner)
- Hong Kong General Chamber of Commerce - Member
- Hong Kong Green Building Council - Member (Pacific Place Member)
- Urban Land Institute - Regional Corporate Sustaining Member
- UHAP Hong Kong - Vice President

### Aviation

**Cathay Pacific**

- Association of Asia Pacific Airlines (AAPA) - Environmental Committee Member
- Sustainable Aviation Fuel User Group – Member
- Roundtable on Sustainable Biomaterials – Member
- Commercial Aviation Alternative Fuels Initiative – Member
- ICAO Global Market-Based Measure Technical Task Force – Member
- Jeanne's global alliance – Founding member
- World Wildlife Fund – Hong Kong – Corporate member (Steel)

**HAECO Hong Kong**

- Business Environment Council – Member
- International Airline Technical Pact – Member

**HAECO Xiamen**

- Xiamen – Asia Business Aviation Association – Member
- Part – Civil Aviation Maintenance Association of China – Member

- International Airline Technical Pact – Member
- ACI Airport Exec – Member
- Xiamen Aviation Industry Association Membership – Member
- 厦门市外商投资企业协会 – Member
- 厦门市台商投资企业协会 – Member
- 厦门市对外经济贸易协会 – Member
- 厦门市台湾同胞投资企业协会 – Member
- 厦门市总商会会员单位 – Member

**HAECO America**

- The International Repair Station Association of America – Member

**CPSL**

- Hong Kong Association for Customer Service Excellence – Corporate Member
- Hong Kong Association of Freight Forwarding and Logistics Ltd – Member
- Carrier Liaison Group – Member

### Vogue

- The Laundry Association of UK Limited – General Member
- A member of UK Association for Customer Service Excellence – General Member

**HAS**

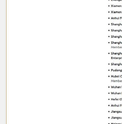
- Sino International Air Transport Association (SIA) – HAS Ground Handling Partnership Membership

### Beverages

**Swire Coca-Cola**

- Sino – Thai Hong Kong Beverages Association – President
- Asia – China Beverage Industry Association – Director
- Asia – Taiwan Beverage Industry Association – Member
- AEI – American Beverage Association – Member
- SEA – Sino-Thai Hong Kong Beverages Association – Member
- Green Cross Group – Member
- Hong Kong Productivity Council Company – Hondling Coop Member
- Hong Kong Trade Development Council – Member
- GCC – The Global Language of Business – Board of Director
- Efficient Consumer Response – Chairman
- The Greek Vehicle Print Owners Association Limited – Executive Committee
- Jiangsu Pho Prosecution Association – Board of director
- Guangdong Food Inspection Association – Vice president
- Guangdong Food Inspection Enterprise Association – Member
- Guangdong British Chamber of Commerce – Member
- American chamber of commerce of South China – Member
- Guangdong Pearl Industry Association – Member
- Guangdong Food Inspection Association – Vice president
- Hunan Beverage Association – Vice president
- Zhenghzhou Enterprise Association – Vice president
- Zhenghzhou Food Industry Association – Vice president
- Zhenghzhou Consumer Association – Member
- Fujian Ruyuan Yongfeng Industry Association – Director
- Shanghai Yuhang Industrial Development Zone – Member
- Shanghai Pudong Food Industry Association – Member
- Shanghai Beverage Industry Association – Vice president
- Shanghai Food Association – Vice president
- Shanghai Foreign Enterprise Enterprise Association – Member
- Shanghai Yuhang Foreign Investment Enterprise Association – Member
- Shanghai Jinjiang Economic and Technology Development Zone Foreign Enterprise Association – Member
- Shanghai Industrial Economic Union – Member
- Pudong Jinqiao CSR Council – Director
- Hubei China Beverage Industry – Director and Corporate Member
- Hubei Xiaoxiang Investment Enterprise Association – Director
- Wuhan Beverage Industry Association – Director
- Hefei China Beverage Industry Association – Director
- Anhui Foreign Investment Enterprise Association – Member
- Jiangsu Beverage Association – Vice President
- Jiangsu Foreign Investment Enterprise Association – Vice President
- Henan Enterprisers Association – Member
- Henan Foreign Investment Association – Member
- Yunnan Foreign Investment Enterprise Association – Vice president
- Yunnan Industrial Enterprise Association – Member
- Yunnan Consumer Association – Member
- Yunnan Food and Beverage Development Association – Executive Director
- Tianjin Ruyuan Association – Member
- European Chamber of Commerce Tianjin – Member
- Qiana Beverage Association – Member
- Beijing Environmental Foundation – Partner
- Xiabi Sport Lands – Partner
- Xiabi Sport Lands – Partner
- Pine River Network – Partner
- Colorado Water Trust – Partner
- Jeff Cabe Car Ownership – Partner
- Business for Water Stewardship – Partner
- Change the Course – Member

### Marine Services



- Sino – Thai Hong Kong Beverages Association – Member
- WEEN Singapore – Member
- World Green Organ – Member
- British Chamber of Commerce (Singapore) – Member

**HSD**

- Occupational Safety & Health Council – Chairman, Manufacturing Industry Safety & Health Committee
- Marine Department of the Hong Kong government – Member, Marine Advisory Committee
- Vocational Training Council – Member, Maritime Services Training Board

### Trading & Industrial

**Swire Waste Management Limited**

- Sino – Thai Hong Kong Beverages Association – President
- Tikkoo Motor Group – Tikkoo Commercial Vehicles Limited
- Tikkoo Motor Group – Tikkoo Commercial Vehicles Limited
- Tikkoo Motor Group – Beldare Motors Limited
- European Chamber of Commerce Taiwan – Member
- Tikkoo Motor Group – Liberty Motors Limited
- European Chamber of Commerce Taiwan – Member
- Tikkoo Motor Group – Tikkoo Motors Limited
- American Chamber of Commerce in Taipei (Kaohsiung) – Member
- Tikkoo Motor Group – Tuntung Motors Limited
- American Chamber of Commerce in Taipei (Hsinchu) – Member
- Tikkoo Motor Group – Tuntung Motors Limited
- Taiwan Automobile Distributors Association – Member
- Tikkoo Sugar Limited – Tikkoo Sugar (China) Limited
- 深圳市糖业协会 – Member
- 深圳市糖业协会 – Member
- 深圳市糖业协会 – Member
- Tikkoo Sugar Limited – Chengdu Plant
- 成都市糖业协会 – Member
- Tikkoo Sugar Limited – Shanghai Plant
- Shanghai Association for Food and Cosmetics Quality Safety Management – Member
- Swire Resources Limited
- Sino – Thai Hong Kong Beverages Association – Corporate Member
- Hong Kong Institute of Market Research Management – Corporate member
- UHAP – Corporate Member
- The Hong Kong Management Association – Corporate member
- Hong Kong General Chamber of Commerce – Corporate member



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# 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 within 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 risks to which our Group is exposed.

Sustainability issues are relevant to risk management. They include climate change, political and regulatory risks, and emerging crisis such as climate resilience and biodiversity. The Board of Directors and the management of each division are responsible for identifying and analysing the risks (including those relating to sustainability) underlying the achievement of business objectives and for determining how to manage and mitigate such risks.

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

Risk management
About the GRMC
Enterprise risk management
Significant sustainability risks
Policy review process

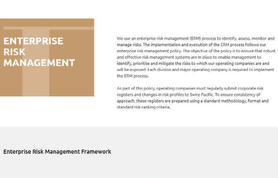
## ABOUT THE GRMC

The GRMC, which is made up of divisional chief executives and managing directors, and is chaired by the Finance Director, reports to the Board via the Audit Committee.

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 and the environmental and social issues which affect our business.
- Sets group risk management policies and strategies.
- Oversees the committees and working groups which have separate functional responsibilities for risk management.

## Risk governance structure

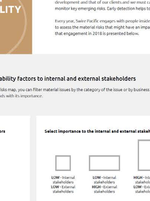



## ENTERPRISE RISK MANAGEMENT

We use an enterprise risk management (ERM) process to identify, assess, monitor and manage risks. The implementation and execution of the ERM process follow 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 the policy, operating companies must regularly submit corporate risk registers and changes to risk profiles to Swire Pacific. To ensure consistency of approach, these registers are prepared using a standard methodology, formal and standard risk ranking criteria.

## Enterprise Risk Management Framework



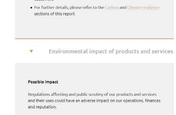

## SIGNIFICANT SUSTAINABILITY RISKS

For our company to continue to grow, we must anticipate the risks threatening our development and ensure that our clients and we must capitalise on new opportunities. We monitor key emerging risks. Early detection helps to protect our business.

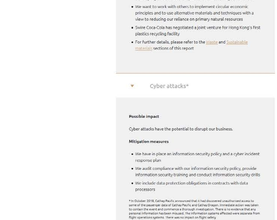
Every year, Swire Pacific engages with people inside and outside of the organisation to assess the material risks that might have an impact on its business. The output from that engagement in 2018 is presented below.

## Importance of sustainability factors to internal and external stakeholders

In the interactive sustainability risks map, you can filter material issues by the category of the issue or by business and stakeholder priority. The size of the issue displayed corresponds with its importance.




## Significant sustainability risks




In 2018, we highlighted four potential emerging risks.

### Climate change and resilience

**Possible impact**

Climate change gives rise to significant risks to our business. The risks include the impact of extreme weather events on our physical assets, the financial costs of changing to new sources of energy and the environmental and social impact of greenhouse gas emissions.

**Mitigation measures**

- Our climate change policy is in place.
- We have targets for the reduction of our carbon emissions for 2020 and 2030.
- We are using more renewable energy in our buildings, by self-generation and purchasing. In 2018, 12.61 million kWh of electricity was generated from renewable energy sources at **Swire Properties**, **Swire Coca-Cola** and **HAGEE Alaska**.
- We encourage the use of Alternative Fuels. Cathay Pacific has a partnership with Neste to supply biofuel for its flights which converts municipal solid waste into sustainable aviation fuel.
- We assess the risk from extreme weather events to our buildings; we put in place mitigants and resiliency measures intended to ensure the stability of our operations, the safety of our employees and visitors to our facilities, and uninterrupted service for our customers.
- For further details, please refer to the Carbon and Climate resilience sections of this report.

### Environmental impact of products and services

**Possible impact**

Regulations affecting and public scrutiny of our products and services and their uses could have an adverse impact on our operations, finances and reputation.

**Mitigation measures**

- Waste and water policies are being developed.
- We have carbon emissions and water targets for 2020. We are developing carbon emissions, water and waste targets for 2030.
- We want to work with others to implement circular economic principles and to use alternative materials and technique with a view to reducing our reliance on primary natural resources.
- Swire Coca-Cola has negotiated a joint venture for Hong Kong's first plastics recycling facility.
- For further details, please refer to the Waste and Sustainable materials sections of this report.

### Cyber attacks*

**Possible impact**

Cyber attacks have the potential to disrupt our business.

**Mitigation measures**

- We have in place an information security policy and a cyber incident response plan.
- We audit compliance with our information security policy, provide information security training and conduct information security drills.
- We include data protection obligations in contracts with data processors.

* In October 2018, Cathay Pacific announced that it had discovered unauthorised access to passenger information on its IT system. The unauthorised access was discovered and sought to contain the event and prevent further unauthorised misdeposits. There is no evidence that any personal information has been misused. The information systems affected were separate from flight operations systems. There were no issues on flight safety.

### Health and safety incidents

**Possible impact**

Health and safety incidents can lead to casualties, property damage, production and service delays, disruptions to our business and damage to our reputation.

**Mitigation measures**

- Health and safety policies and processes are in place and we measured regularly.
- Incidents are investigated, and root causes are identified with a view to determining mitigants.
- A health and safety committee monitors divisional health and safety performance and shares information and best practices.
- Divisions have in place emergency response and business continuity plans.
- For further details, please refer to the Health & Safety section of this report.

## POLICY REVIEW PROCESS

We regularly review our policies relating to sustainability. Where we identify policy gaps, we try to create new policies to guide the Group's approach. In 2019, we are introducing policies on waste, water and human rights. We are also reviewing and updating our sustainable food policy, our supplier corporate social responsibility code of conduct and our sustainable building design policy.

*Policies are developed at the working group level, before review by the Swire Group Sustainability Committee (SGSC) and the CRMC and final approval by senior management including the Chairman. The management of risks and the implementation of sustainability policies are subject to scrutiny by our internal audit department as part of the standard internal audit processes, with support from specialist external consultants when necessary.*

Please refer also to the Risk Management section of the Corporate Governance Report in the Swire Pacific Annual Report 2018.



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# TCFD

TCFD
Governance
Strategy
Risk management
Metrics and targets

## Task Force on Climate Related Financial Disclosures

Swire Pacific communicates its approach to climate change mitigation, adaptation and resilience in accordance with its Climate Change Policy.

In 2018, we started to align our disclosures with those recommended by the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board. There are four categories – governance, strategy, risk management and metrics and targets to ensure consistency and utility of our information for investors, insurers and other stakeholders.

## GOVERNANCE

- The Board oversees the management of risk, including sustainability risk. We use an enterprise risk management system. The audit committee identifies, analyses and reviews risks. We have corporate risk registers, in which climate change has been identified as an emerging risk.
- The chairman, divisional chief executives and the finance director meet twice a year to consider SwireTHRIVE and sustainability risks, opportunities and targets.
- The division heads' meetings provide direction and oversight to the SGSC, which comprises divisional sustainability heads and is chaired by an executive director of Swire Pacific. SGSC meets three times a year. In accordance with its terms of reference, it has the following responsibilities related to climate change:
    - To oversee, amend and implement SwireTHRIVE (including in relation to carbon and climate resilience) and sustainability policies
    - To report on sustainability to the GRMC (including about emissions and energy use)
    - To report to the Audit Committee on compliance with sustainability policies and on the Group's sustainability work (including in relation to climate change)
    - To review legislative, regulatory and other public sustainability developments and to report them to relevant committees of the Board
- We have adopted a Climate Change Policy to guide our management approach and strategy on climate change mitigation, adaptation and resilience.
- In our 2018 stakeholder engagement exercise, greenhouse gas emissions, climate resilience and management of water resources were identified as the sustainability issues most material to our business. Emissions and climate change were identified as emerging risks. SwireTHRIVE focuses on these issues.

## STRATEGY

- Climate changes carries risks for our business. Flooding, extreme weather events and increasing temperatures can adversely affect our assets, operations, employees and suppliers. There are regulatory, market and reputational risks.
- Climate change is an opportunity to develop low carbon and climate-resilient businesses and by so doing to meet the demand for the products and services of such businesses and to reduce insurance and other costs. Climate change stimulates business innovation and experimentation and facilitates the transition to a lower carbon economy.
- This is what we are doing to make our businesses more resilient to climate change:
    - **Swire Properties'** new buildings are energy efficient, low users of carbon and certified as green
    - **Cathay Pacific** is a member of the Round Table on Sustainable Biomaterials and of the Sustainable Aviation Fuel Users Group Asia. It has a minority stake in Fulcrum BioEnergy Inc., which converts municipal solid waste into sustainable aviation fuel
    - **Swire Coca-Cola** uses independent third parties to assess water risk for each of its bottling plants, so as to form Source Vulnerability Assessments. The findings are integrated into Source Water Protection Plans at each facility and are regularly reviewed
    - **Swire Pacific Offshore** wants to decarbonise by using marine versions of alternative fuels. With Nanyang Technological University, it is researching the viability of hydrogen fuel cell technology
- We are starting a study intended to identify the key risks and opportunities posed by climate change to our assets and business operations.
- As part of SwireTHRIVE, we have targets for the reduction of our carbon use. Swire Properties intends to develop a science-based target for carbon use.
- We have partnered with Tsinghua University's Joint Research Centre for Building Energy Efficiency and Sustainability since 2011. Together we develop and test methods to increase energy efficiency and improve environmental performance in our businesses. The collaboration began with Swire Properties and HAECO and now includes Swire Coca-Cola. It continues to generate substantial energy savings.
- In 2018, Swire Properties issued a 10-year US$500 million green bond. The proceeds are intended to fund projects relating to renewable energy, energy efficiency and climate change adaptation. The environmental impacts of the green projects funded by the bond proceeds have been described in Swire Properties' first Green Bond Report.

## RISK MANAGEMENT

- In accordance with TCFD recommendations, we are assessing how vulnerable our businesses are to flooding, heat stress, water stress and extreme weather events. The findings will be incorporated into our ERM process.
- Our business continuity plans include plans for business continuity when extreme weather events happen. Our property division has also put in place local crisis response plans for all its property portfolios.
- Through the ISO 14001 Environmental Management System and ISO 50001 Energy Management System, we manage our daily operational risks related to climate change, carbon and energy management.
- We support the efforts of the Hong Kong Business Environment Council to promote awareness of climate change in the business community.

## METRICS AND TARGETS

- Since 2006, we have been measuring and reporting our energy consumption and our Scope 1 and 2 carbon emissions from our operations in accordance with global standards, including the GHG Protocol.
- Our aviation and property businesses have had reduction targets for a number of years.
    - **Cathay Pacific** has set a target to improve its fuel efficiency by an average of 2% per annum by 2020 and to achieve carbon neutral growth thereafter. This exceeds the 1.5% agreed industry target
    - **Swire Properties** has set targets to reduce (i) the annual energy consumption of its Hong Kong and Mainland China properties by 64 million kWh and 23 million kWh respectively and (ii) the carbon intensity of its Hong Kong and Mainland China properties by 27% and 21% respectively, in each case by 2020 and by reference to relevant baselines.
    - In 2018, **Swire Properties** committed to the Science-Based Targets initiative (SBTi) and began work on establishing science-based targets in accordance with SBTi criteria.
- In 2017, our operating companies set targets to reduce carbon intensity by 8-10% by 2020, in each case by reference to a 2015 frozen efficiency baseline (from which performance is projected with the assumption of no improvement in current efficiencies).
- We report on progress towards these targets in our annual sustainability reports.
- To help us meet our targets we encourage the use of renewable energy in our operations. 12.87 million kWh of electricity was generated from renewable energy sources at Swire Properties, Swire Coca-Cola and HAECO Xiamen in 2018. The Swire Pacific sustainable development fund is available to support suitable renewable projects.



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# LOOKING AHEAD

"Sustainability requires us to think beyond the short term. Doing so will help us to build the resilience necessary to create value for our shareholders for the long term."

Merlin Swire,
Chairman

## Building a thriving future

In 2019, we are using SwireTHRIVE in our businesses to support consistent implementation and reporting of sustainability matters. SwireTHRIVE enables our businesses to do more together for sustainability than they can do separately. We are expanding the scope of SwireTHRIVE so that it covers relevant social elements of sustainability, for example, diversity and inclusion.

The chairman of Swire Pacific, divisional chief executives and the finance director meet twice a year to consider SwireTHRIVE and sustainability risks, opportunities and targets. We report quarterly to the board on our environmental and health and safety performance.

We are developing protocols intended to improve the accuracy and consistency of our collection of data relating to carbon, waste and water. We report on selected sustainability data. We are reviewing existing sustainability policies and developing a waste policy.

We are developing 2030 carbon, waste and water targets. Our property and beverages divisions are developing science-based targets (targets developed in line with the scale of reductions required to keep global temperature increase below 2°C above pre-industrial temperatures).

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# OUR ENVIRONMENT

## A commitment to thrive together

We depend on our environment. If our business is to thrive in the long term, we must protect it. Over the years, we have made progress in water management, waste recycling and reduction of carbon emissions.

Each of our divisions has operations which comply with ISO 14001 standards. In 2018, 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 THRIVING STRATEGY

SwireTHRIVE is our environmental strategy. It focuses on carbon, waste, water, sustainable materials, biodiversity, and climate resilience. It provides a framework for our sustainability efforts and an opportunity for our operating companies to work together to make our businesses thrive. Our success (and that of the communities in which we operate) depends on a natural, thriving environment.

Our sustainable development office and representatives from our operating companies developed SwireTHRIVE and selected its areas of focus. They did so having regard to best practice and following a review by internal subject matter experts. Our board endorses SwireTHRIVE.

SwireTHRIVE Sustainability Strategy

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# CARBON

**Pursuing a long-term goal of decarbonisation**

We treat and declutter by mitigate climate change risk aim to decarbonise our operations and portfolio.

Our ambition is to be a leaner company in terms of efficiency and reducing greenhouse gas emissions. We are committed to reducing our carbon footprint, including our emissions from international carbon-emitting assets, innovation and new technologies helps to achieve this and to reduce our costs.

**We recognise the world needs to act swiftly and decisively to mitigate climate change and avoid 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 by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C, also on an industrial levels, disclosures are calling to support the global response to the threat of climate change.

Taking advantage of new technologies we transition has energy is used and emissions. This can reduce operating costs, increase efficiency and reduce the use of carbon.

The extreme weather that climate change brings is material risk to our business. Mitigating its effects is a major business imperative. Oil emissions must be reduced to limit the impact of climate change. We are in line with with international and regulatory support reduction of CO2 emissions.

**"In 2018, we outperformed our SwireTHRIVE carbon target by 8.9%."**

Our operating companies have targets for reducing carbon intensity, the aim to reduce our CO2 emissions to the with international carbon intensity per. Our 2030 target is to reduce our carbon intensity by 50% from 2010 levels. We compared with a 20 Chinese efficiency baseline (where performance is projected to increase significantly in the global response to the threat of climate change) willing to achieve this.

Electricity consumption is our second largest source of CO2 emissions. In 2018, our carbon footprint was 1,990 kt, a decrease of 2.5% from 2017. Our Property and Beverages plants in the Beverage division during the reporting period is the reason for this. Our Cathay Pacific fleet, our largest carbon emitter, increased its carbon footprint by 10%, mainly due to the disposal of the Marine Services business in August 2018. Indirect GHG emissions in the Marine Services division decreased by 2.5% in 2018 compared with 2017 due to the disposal of our Swire Pacific Offshore Property and a decrease in the use of fuel, oil and lubricants in our Marine Services business.

We are committing air conditioning systems and using more energy-efficient lighting and electrically-powered transport. Our operating companies, Cathay Pacific continues to replace existing aircraft with more fuel-efficient aircraft.

# GROUP PERFORMANCE

**Total GHG emissions by division (thousand tonnes of $CO_2e$)**




**Total GHG emissions by division – without jet fuel (thousand tonnes of $CO_2e$)**

In 2018, CO2 emissions associated with jet fuel consumption accounted for 70.1% of our GHG emissions, compared to 64.0% in 2017.

**Indirect GHG emissions by division (thousand tonnes of $CO_2e$)**

**Performance against SwireTHRIVE target (thousand tonnes of $CO_2e$)**

In 2018, our equivalent our Swire THRIVE carbon target by 8.9%.

# GREENHOUSE GASES

**"In 2018, Cathay Pacific increased fuel efficiency (as measured by tonnes of CO2 per revenue tonne kilometre (CO2/RTK)) by 1.9%."**

Our science-driven accounted for 90.5% of our total CO2 emissions in 2018. **Cathay Pacific** has set a target to improve fuel efficiency by 2% compared with the agreed baseline of 2019 and 2020 and 1.5% compared to 2018 to achieve carbon neutral growth thereafter. In 2018 we achieved.

In 2018, Cathay Pacific increased fuel efficiency (as measured by tonnes of $CO_2$ per revenue tonne kilometre (CO2/RTK)) by 1.9%. Cathay Pacific continues to replace older, less efficient aircraft with more fuel-efficient ones. In 2018, Cathay Pacific took delivery of 10 new aircraft, retired 9 aircraft and made 2 aircraft permanent.

Cathay Pacific has a strategy to reduce its fleet carbon footprint as possible.

Cathay Pacific has improved its operational fuel efficiency with a fuel management system, and has introduced single-engine taxiing, and the fleet of efficient aircraft changes and rising fuel prices, these changes enable them to achieve higher efficiency. Cathay Pacific continues to replace older, less efficient aircraft, can be found in Cathay Pacific's Sustainability Performance Summary.

Below is relevant information about Cathay Pacific's new aircraft. The company has also introduced more fuel-efficient fleet.

| | A350-900 XWB | A321neo | Boeing 777-9X |
|---|---|---|---|
| Fuel aircraft Cathay Pacific has ordered | 18 | 32 | 21 |
| Engine | Trent XWB-84 | LEAP-1A-32 | GE9X-105B1 |
| Fuel efficiency | 25% more fuel efficient than current models of aircraft | 20% more fuel efficient than current models of aircraft | 21% more fuel efficient per seat than Boeing 777-300ERs |

# CARBON OFFSETS

Carbon offsets are purchased by Cathay Pacific and Swire Properties in 2018. In 2019 **Cathay Pacific's** forward programme offset 1.6 kt tonnes of $CO_2$. This was the equivalent of the emissions from the operation of 1,000 Airbus A320 aircraft. Including Dragon Aviation in Vietnam and offsetted and issued in kind. The Pu Leng programme (the first of its kind developed by an ocean airline and on which Cathay Pacific has offsetted) offset over 100,000 tonnes of $CO_2$ in 2018 in Qinghai, China.

**Swire Pacific Offices** purchased credits derived from a REDD-based project in Peru, creating a carbon neutral site in 2018.

The projects were selected with regards their equivalent environmental, economic and social benefits.

**"In 2018, Cathay Pacific's Fly Greener programme offset 13,466 tonnes of $CO_2$."**

# ENERGY

In 2018, our indirect emissions (primarily derived from using electricity, which is our second largest GHG emission source) were 30 kt GHG tonnes of $CO_2e$, a 5.7% increase from 2017. Our Property and Beverages businesses are responsible for 87 kt tonnes of $CO_2e$ **Swire Properties**.

**"Swire Properties' energy use intensity in Hong Kong decreased by 19% between 2008 and 2018."**

As the cost of electricity rises, making our buildings and operations more energy efficient is a priority. Our Property and Beverages businesses are using the information through our carbon tracking tool, Energy Management Reporting Manager. Policy, employee care and sustainability, we are investing in buildings to be obtain the highest standards of energy efficiency, and we are using the information to improve our energy efficiency profiles, so that all of the buildings that accounted for 50.4% of our property portfolio have been certified or are currently certified as green buildings under BEAM Plus, Leed, and Leed, Hong Kong Green Building Council and Greenmark.

In 2018 **Swire Properties** in Hong Kong, energy intensity decreased by 19% between 2008 and 2018. In the year to date Hong Kong decreased by 14.6 kWh/m2/year, the equivalent of 2,000 tonnes of $CO_2e$ tonnes. Swire Properties' Hong Kong Portfolio Energy Intensity was 128.6 kWh/m2/year, a 1.6% increase from 2017 in 2018.

As part of its 2030 GHG strategy, Swire Properties is committed to the following, 2020:

| | 2018 progress update | 2020 KPI |
|---|---|---|
| Reduction of carbon footprint (thousand tonnes of $CO_2e$) | Hong Kong portfolio (2.0%) | Hong Kong portfolio (0.0%) |
| | Mainland China portfolio (2.0%) | Mainland China portfolio (2.1%) |
| Reduction of energy intensity (kWh/m2) | Hong Kong portfolio 128.6 kWh/m2/year (2.0%) | Hong Kong portfolio 128.6 kWh/m2/year (0.0%) |
| | Mainland China portfolio 112.3 kWh/m2/year (7.5 %) | Mainland China portfolio 112.3 kWh/m2/year (2.0%) |

Swire Properties offers three energy audits to tenants. Since 2016, audits have covered 1.5 million square feet of commercial space, identifying potential annual energy savings of 10 million kWh.

Swire Properties has obtained ISO 50001:2011 certification for its energy management system in Hong Kong properties and for its Taikoo Hui, Guangfuo and Taikoo Li Sanlitun, Beijing properties in Mainland China.

In 2018, Swire Properties introduced a cloud-based energy management platform at HKEC, Beijing. It has upgraded heating, ventilating and air conditioning and all lighting systems to energy-efficient systems. In 2018, Swire Properties in Hong Kong completed a lighting and heating energy retrofit of more than 1 million sq. feet. Both projects were initially supported by the Swire Pacific Sustainable Development Fund.

In 2018, Swire Properties received the Innovation Society of Hong Kong awards for its Sustainable Lighting Retrofit Programme. Its Sustainable Lighting Retrofit Programme category, it received the award for work at Tree Pacific Place which reduces annual energy consumption by around 2 million kWh, equivalent to 1,400 metric tonnes of $CO_2e$.

Swire Properties offers free energy audits to tenants. Since 2016, audits have covered 1.5 million square feet of commercial space, identifying potential annual energy savings of 10 million kWh.

Swire Properties has obtained ISO 50001:2011 certification for its energy management system in Hong Kong properties and for its Taikoo Hui, Guangfuo and Taikoo Li Sanlitun, Beijing properties in Mainland China.

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**GREEN BOND** Swire Properties

**Case study: Swire Properties – Green bond**

In January 2018, Swire Properties issued the first green bond, a 10-year HK$1,500 million (US$192 million) green bond. The proceeds from the green bond in Hong Kong Dollars will be used for refinancing eligible green projects, including the Swire Pacific Offices in Taikoo Place.

The Swire Properties green bond was rated A3 by Moody's and A+ by Standard and Poor's Global Ratings. The Green Bond Framework was also reviewed and rated second by the independent ratings and analysis firm Sustainalytics.

# RENEWABLE ENERGY

We are using renewable energy in our operations. In 2018, **Swire Properties**, **Swire Coca-Cola** and **HKRECO Korea** generated 5.6[illegible] million kWh of electricity from renewable energy sources.

At four of its building plants in Mainland China, Swire Coca-Cola uses photovoltaic panels to generate electricity. Its Taikoo Sanlitun Beijing property has installed a total of 3 energy-saving capture grease trap wastewater treatment processes to produce biogas. Between August and December 2018, the photovoltaic panels at its building plants generated 1,[illegible] kWh of electricity, saving 400,[illegible] kWh.

In 2018, HKRECO Korea's large-scale generation source of 17 GWh of electricity, saving 8,[illegible] tonnes of $CO_2e$ tonnes. Its Gwangmyeong Landfill Site, which produces biogas, is a waste processing office and a waste-to-energy facility. Its Ansan Landfill Site, which is a landfill site, Bidong Wastewater is intended to start a renewable energy procurement study to evaluate the feasibility, scale, cost and different renewable options within its Mainland China portfolio.

**"Swire Coca-Cola and HKRECO Korea generated 13.87 million kWh of electricity from renewable energy sources."**

There are solar panels and a water to energy of generation system at **Swire Properties**' Tree Pacific Place development which are estimated to supply 4% of the building's electricity consumption. Swire Properties is also using solar panels in Hong Kong, Taikoo Place, Guangfuo, and Taikoo Li Sanlitun, Beijing developments. It intends to start a renewable energy procurement study to evaluate the feasibility, scale, cost and different renewable options within its Mainland China portfolio.

# LOOKING AHEAD

Swire Pacific, Swire Coca-Cola and Cathay Pacific are committed to reduce the carbon of climate change and carbon neutral by the 21st century. We are committed with their work by 2030 and 2050 respectively. Our operating companies, Cathay Pacific, Swire Properties, Swire Coca-Cola, Swire Beverages, Swire Marine Services, Swire Aviation, Swire Pacific Offshore, Swire Pacific Offshore, Swire Pacific Offshore

# WASTE

**Today's waste is tomorrow's resource**

Reducing pollution and protecting natural resources helps us thrive. Recycling materials and products at the end of their first life helps extend their lifetime.

We aim to minimise waste and treat it as a resource to improve efficiency, lower costs and reduce environmental impacts. We also aim to reduce the environmental impacts of waste recycling and safely disposing it to the environment, as much as possible.

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

As the world's population and affluence increase, so does waste. Landfills are overflowing quickly. Governments are having a hard time finding suitable sites. Landfill operators in different places which are at different stages of development in recycling and composting systems.

By reducing waste, we reduce the costs of packaging, heat transportation, and energy consumption. We also reduce the need for landfills, and the harmful environmental impacts of waste recycling and disposal of plastics and post-consumer waste. Recycling waste could become a valuable revenue stream for us.

# GROUP PERFORMANCE

**Waste disposed by division (tonnes)**




In 2018, one department of 22,196 tonnes waste than in 2017. Some Properties (including its tenants) generated more than 40% of our 2018 waste. The 17 non-building projects in our Group generated about 27% of our 2018 waste.

**Waste recycled by division (tonnes)**




In 2018, we recycled 34.7% more waste than in 2017. Some Cross Harbour Tunnel recycled 70% of the waste in 2018.

# REDUCE

We encourage operating companies to improve environmental and operations by using less packaging and more sustainable materials.

**Cathay Pacific Group**

In 2018, Cathay Pacific Catering Services served 35.8 million passengers more than 30 million meals and snacks on board aircraft. Cathay Pacific Catering Services is reducing food waste by delivering meals to aircraft closer to their departure time. With Hong Kong International Airport, Cathay Pacific analysed passenger check-in and flight data to predict the number of passengers on each flight and the number of meals. Meals are now ordered, cooked, and delivered to 70% of scheduled passenger flights. Reduced of the pre-prepared 70% meals are then be made to the packed before departure, so that the meals are fresher. This has reduced the number of unwanted pre-prepared 70% meals without carbon.

With the Hong Kong Airport Authority (Council), Cathay Pacific has participated in a pilot project to reduce food waste from airline meals. Cathay Pacific Catering Services has 100% of unwanted cabin waste (including carbon). The cabin waste is separated into flights and dealt with the logistics of implementing the change at Hong Kong International Airport. Cathay Pacific Catering Services has reduced food waste by 2.5% since the implementation of the pilot project. Cathay Pacific Catering Services has also reduced food waste by more reduction strategy in 2018.

**Swire Properties**

**"In 2018, Swire Properties diverted 21.1% of its commercial waste from landfills. Its 2020 target for Hong Kong is 24.7%"**

Swire Properties' waste management policy deals with the design, planning, construction and operations of buildings. Waste management satisfactory from its tenants. Swire Properties has a comprehensive coordinate waste reduction and diversion.

In 2018, Swire Properties diverted 21.1% of its commercial waste from landfills. Its 2020 target for Hong Kong is 24.7%. In Mainland China, it recycled 23% of its waste in 2020 target is 25%.

Swire Properties is preparing for the introduction of municipal solid waste charging in Mainland China. Its waste data is a month total of waste and wastewater charging. Its waste data is a month total of waste and wastewater charging. Swire Properties is also preparing for the Environmental Protection Department of Hong Kong government.

In 2018, Swire Properties extended its voluntary waste charging trial to hotels food and beverage operations in Hong Kong, Guangzhou, Shanghai, Chengdu and Beijing. Swire Properties is also preparing for the introduction of municipal solid waste charging in Mainland China. Its waste data is a month total of waste and wastewater charging. Its waste data is a month total of waste and wastewater charging. Swire Properties is also preparing for the Environmental Protection Department of Hong Kong government.

**Swire Coca-Cola**

Swire Coca-Cola recognises the weight of its bottles, cans and other packaging. This process is called lightweighting. The process can materials usage, transport, and fuel. Since lightweighting, its aluminum cans and plastic bottles.

Swire Coca-Cola is planning 300 kilowatt-hour refill stations in Hong Kong in 2019.

**Lightweighting results in Hong Kong since 2010**

| Reduced amount of PET resin | Reduced amount of aluminum per can | Reduced packaging weight |
|---|---|---|
| **PET water** ↓ 23% - 39% | **Aluminum can** ↓ 8% | **Overall** ↓ 46% |
| Reduced packaging weight per **PET with graphics** ↓ 5% - 12% | Reduced packaging weight per **Aluminum can** ↓ 8% | |
| Reduced packaging weight per **PET sparkling soft drinks** ↓ 3% - 12% | | |

**Other areas**

Swire Properties and Cathay Pacific are used by housekeeping as cleaning clothes or rags. Swire Properties and Cathay Pacific are also using reusable cleaning cloths instead of using disposable wipes. Swire Properties and Cathay Pacific are also using reusable towels, bags, or boxes for packaging. These are recycling the S-FCC Hong Kong.

Swire Properties is a signatory of the Hong Kong Green Building Council's Green Shop Adaptor Programme. It avoids excessive promotional decoration and packaging and participates in waste reduction programmes.

**Case study:**
**Swire Properties - Reducing waste at our community events**

At the Taikoo Shing Street Market, Swire Properties provided reusable cutlery, cups, and plates to food and beverage vendors participating in the event. Participants could wash and reuse food containers, bonus utensils and tableware and get discounts from stalls for doing so.

At the Wilkie Christmas Street Fair and the annual Quite Festival, Swire Properties provided reusable cutlery and tableware and rewarded participants of both our utensils and tableware use and participants who brought their own reusable utensils and food waste bins helped participants to adapt. 100 volunteers received certificates instead of paper certificates.

# RECYCLE

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

**Cathay Pacific** is part of the 0.5% cabin waste recycling group, which aims to address cabin waste when transported. In 2018, this action recycled 90 tonnes of plastic, 10 tonnes of aluminum, 10 tonnes of glass, 10 tonnes of paper and 10 tonnes of cardboard. Hong Kong, Hawker or outbound flights is not recycled. It cannot be carried out because of the operational constraints. Cathay Pacific recycled 90 tonnes of plastic from Hong Kong.

At its Tai Tsang Tsang Tsang development, **Swire Properties** intends to divert 60% of its construction waste from landfills. It is on its way to achieve 60% by 2020.

**"In 2018, Cathay Pacific recycled 487 tonnes of plastic, 10 tonnes of aluminum, 10 tonnes of glass, 10 tonnes of paper and 10 tonnes of cardboard flights in Hong Kong."**

**HAECO Hong Kong and India** implemented waste segregation programmes and better contractor controls to ensure waste metal was not sent to an appropriate recycler. In Mainland China, HAECO Xiamen has increased from 5% in 2016 to 28% in 2017. This had one hundred and 70% in 2018.

In 2018 **Cathay Pacific** cabin crews and aircraft and introduced an Airbus A330-300 aircraft. This improved fuel efficiency, in cabin and aircraft manufacturing. Cathay Pacific Catering Services improved cabin waste recycling. Cathay Pacific is also specialised to salvage spare parts and recycle or reuse parts and materials. A large number of Airbus A330 aircraft were recycled with up to 90% of their components reused or recycled. Cathay Pacific Catering Services improved cabin waste recycling. Cabin waste recycling increased from 0.5% in 2017 to 1.0% in 2018.

**Case study:**
**Swire Properties - Food waste recycling**

In 2018, Swire Properties joined the Steering Committee of the Food Waste Recycling Pilot Scheme, which is a collaboration between Cathay Pacific, Hong Kong Airport, Swire Properties, Hong Kong Airport, Swire Properties supports food waste at the Tai Kwun Food Waste Recycling Pilot Scheme. Food waste is collected from restaurants, and the Swire Coca-Cola, which also experiences of food waste.

Swire Properties has guidelines for shopping mall tenants to separate food waste for collection. At its shopping malls in Mainland China, it has devised a sales and refrigerated food waste recycling system. Food waste is collected from tenants, it also helping to handle and separating food waste. In 2018, it collected more than 400 tonnes of food waste from its shopping malls in Mainland China. Food waste is recycled into animal feed, fertilizer, and biogas. Food waste is also collected from tenants in Hong Kong. It is also collected from Hong Kong Resource Recovery Centre in Siu Ho Yuen to be converted to compost and biogas.

Swire Properties' tenants in Hong Kong have started to collect food waste for recycling. In 2018, Swire Properties' food waste was collected by Food Wise Facilities. For landscaping, rooftop or roof farm, hydro.

**Case study:**
**Swire Pacific Offshore - Sustainable Ship Recycling**

Swire Pacific Offshore has to sustainable ship recycling policy. It notes that all assets at the end of their working lives will be recycled in accordance with the Hong Kong Convention on Ship Recycling. This is in line with the Hong Kong Convention, the Safety and Environmental Protection Standards for Ship Recycling Facilities. It also aims to recycle its assets in a sustainable, safe and environmentally responsible way. In video about SPO's recycling can be viewed here.

# RECOVER

The management and use of marine can provide business opportunities. The Government is Swire Properties and Hutchison Whampoa and Cathay Pacific and principles.

**Swire Coca-Cola** is a member of the Ellen MacArthur Foundation's New Plastics Economy Global Commitment. Swire Coca-Cola is committed to recycling packaging through packaging and resource management to facilitate the recycling of plastics. Swire Coca-Cola is a signatory of the New Plastic Economy Global Commitment. Swire Coca-Cola is committed to 100% of its plastic packaging is potentially collected at scenes.

**Cathay Pacific Catering Services** experienced cabin crediting of this: while Brickset in 2018. It is estimated 2,000 tonnes of aluminum and 1,250 tonnes of plastic. Cathay Pacific Catering Services is also specialised to salvage spare parts and recycle or reuse parts and materials. A large number of Airbus A330 aircraft were recycled with up to 90% of their components reused or recycled. Cathay Pacific Catering Services improved cabin waste recycling. Cabin waste recycling increased from 0.5% in 2017 to 1.0% in 2018.

**"In 2018, 29% converted 35,944 litres of oil and recovered 1,250.5 tonnes of food waste for conversion into biodiesel."**

**Swire Coca-Cola** Hong Kong obtained government approvals and the organic waste treatment facility (Food Waste Recycling Centre) in Siu Ho Wan. The Food Waste Recycling Centre is a food waste treatment facility. It is a food waste treatment facility. It is a food waste treatment facility. It

# WATER

## Responsible water management

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, our communities and the biodiversity of the areas in which we operate.

We aim to use water responsibly and sustainably and protect our water sources. We include water in our annual business plans, and in many cases exceed targets. By doing this, we will protect our own resources and help the communities in which our operates 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 10 risks that will have the biggest impact on the world over the next two years. Businesses that use a lot of water will be scrutinised and will need to address these issues. Governments are also increasing their long-term access to water requirements due to their responsible use of this resource.

For **Swire Coca-Cola**, this is already a priority. More information on its approach to water management is in its sustainability development review.

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

Water
Group performance
Water risk
Sustainable water resource management
Recycle
Replenish
Looking ahead

# GROUP PERFORMANCE

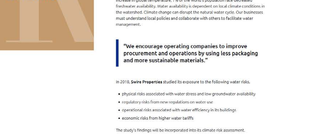
In 2018, we consumed 17.13 million $m^3$ of water, a 38% increase from 2017. This increase is mainly due to the inclusion of 11 additional bottling plants at Swire Coca-Cola. Swire Coca-Cola accounts for 76.5% of our water use.

Water consumption at Swire Properties increased due to the inclusion of the US Miami portfolio in this year's reporting boundary. Water consumption at the Trading & Industrial division decreased, mainly due to the disposal of the Susie Pacific Cold Storage business in August 2018. Water consumption at the Marine Services division decreased, due to the reduction in dock work at Hongkong United Dockyards. Water consumption at Swire Pacific Offshore is immaterial and is not included in the report.

We set water intensity targets and encourage operating companies to use water more efficiently. We aim to reduce our water consumption by 1.6% from 2015 (from efficiency baseline Grupo Inverfin efficiency baseline being one from which performance is projected with the assumption of no improvement in future efficiencies). The reduction target takes into account projections of water consumption at Swire Coca-Cola's recently acquired bottling plants. We exceeded our 2018 target by 2.63%.

### Water consumption by divison (thousand cubic metres)

### Performance against SwireTHRIVE target (thousand cubic metres)




# WATER RISK

The Intergovernmental Panel on Climate Change (IPCC) estimates that for every 1°C increase in global temperature, 1% of the world's population face decreased freshwater availability. Water availability is dependent on local climate conditions in the watershed. Climate change can disrupt the natural water cycle. Our businesses must understand local policies and collaborate with others to facilitate water management.

**"We encourage operating companies to improve procurement and operations by using less packaging and more sustainable materials."**

In 2018, **Swire Properties** studied its exposure to the following water risks.

- physical risks associated with water stress and low groundwater availability
- regulatory risks from new regulations on water use
- operational risks associated with water efficiency in its buildings
- economic risks from higher water tariffs

The study's findings will be incorporated into its climate risk assessment.

Level of overall water risk
Low - Medium
Medium - High
High
Medium High
Low
Medium Low
Medium High
High
Low
Medium Low
Medium High
High
Hong Kong*
Sydney*
Medium Low
Medium High
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# SUSTAINABLE MATERIALS

Sustainable materials
The Sustainable Materials Working Group
Sustainable procurement
Looking ahead

## Responsible sourcing

We rely on natural materials to create our products and services. By 2030, we aim to source all our materials responsibly and sustainably. Our operating companies will continue to be responsible for managing their own supply chains. They have identified their key materials. Specific plans and targets are being developed to meet our 2030 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.

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.

In 2016 we committed to sourcing our materials responsibly and sustainably. By 2030 we want to achieve our goal of 100% sustainable sourcing of all the key materials we use.

## THE SUSTAINABLE MATERIALS WORKING GROUP

Our operating companies are supported by our Sustainable Materials Working Group, which shares best practices and develops sustainability policies and guidelines for suppliers. The working group is made up of senior procurement managers from our operating companies. The seriority of the group's members demonstrates the seriousness of the issue to our group.

The working group believes that sustainable procurement will give a competitive advantage to our operating companies. It will strengthen our security of supply, enhance the quality of our goods and services, enhance our corporate reputation, strengthen and protect the perception of our brands and limit our impact on the environment. Our supply chain will also benefit.

The working group considers that joint procurement will encourage sustainable procurement. We intend to do more of it. Joint procurement of green office supplies and paper could save us approaching HK$1 million a year.

## SUSTAINABLE PROCUREMENT

Our operating companies are subject to our supplier corporate social responsibility code of conduct. It deals with regulatory compliance, forced and child labour, health and safety, environmental issues, compensation and working hours, human rights, subcontractor management, ethics and reporting. Suppliers' compliance with the code is assessed. Our operating companies use a risk matrix based on the code with a view to managing and mitigating risks. Attention is focused on high risk suppliers. The results determine which suppliers need to be audited 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 virgin 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

**Property**
Swire Properties' principal suppliers perform or assist in the planning, design, construction, marketing, sale, leasing, management, maintenance and demolition of properties.

**Aviation**
The principal suppliers to our airlines are manufacturers of aircraft and engines and suppliers of fuel and engineering services.

**Beverages**
Suppliers obtained by the beverages division directly from The Coca-Cola Company (TCCC) include juices, concentrates and other ingredients, fountain packaging and advertising materials. Things which TCCC authorises third parties to supply to the beverages division include packaging, speciality merchandise, sales and marketing equipment, sweeteners and carbon dioxide.

**Marine Services**
The principal suppliers to SPO and HUD are shipyards, engine manufacturers and suppliers of fuel.

**Trading & Industrial**
The principal suppliers of footwear and apparel to Swire Resources and of vehicles to Taikoo Motors are international brand-owning companies, with their own sustainability policies and standards.

> **"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."**

At **Swire Properties**, a green procurement monitoring system has been in place since 2015. The system tracks consumption of office supplies, building services equipment and building materials that meet specific environmental criteria, for example whether products have been certified or accredited by reputable, independent third parties. Swire Properties uses this data to evaluate its green procurement performance and identify opportunities for sourcing more sustainable products. In 2018, over HK$217 million of green products were procured. Swire Properties also tracks its consumption of timber, concrete and reinforcement bars.

In 2018, Swire Properties provided training on green procurement for its business units in Mainland China and intends to do the same in Hong Kong this year and to extend the green procurement system to its hotel business. Swire Properties subscribes to the Green Purchasing and Sustainable Purchasing Charters of the Green Council in Hong Kong.

In 2017, the **HAECO group** asked 75 key suppliers to complete a self-assessment survey about compliance with HAECO'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.

In 2018, **Cathay Pacific Catering Services** purchased 417 tonnes of certified sustainable seafood, representing 60% of its total seafood purchases, and 38 tonnes of locally grown vegetables, representing 23% of its total purchases of salad greens. For more information please see the Biodiversity section of this report.

### Case study:
### Swire Properties – Hong Kong's top sustainable consumption enterprise

In 2018, Swire Properties was named Hong Kong's top Sustainable Consumption Enterprise at the first Sustainable Consumption Award Scheme. The scheme is organised by the Business Environment Council, the Agriculture, Fisheries and Conservation Department, the Consumer Council, the Council for Sustainable Development and the Environmental Protection Department. It recognises Hong Kong companies for purchasing products and services that are good for the environment, people and society.

## LOOKING AHEAD

In 2019 The Sustainable Materials Working Group will:

- Review our Sustainable Procurement Policy and our Supplier Corporate Social Responsibility Code of Conduct, having regard to the publication of the sustainable procurement standard ISO20400:2017
- Organise ISO20400:2017 training for purchasing managers in the group
- Work with procurement teams to introduce the Swire Pacific human rights policy to our suppliers
- Work with the SwireTHRIVE Waste Working Group on the development of single use plastic guidelines.



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# BIOVERSITY

## Protecting and enhancing biodiversity

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

It is our policy that our operating companies pay due regard to biodiversity. We 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 USD145 billion per year.



## GROUP ACTIVITY ON BIODIVERSITY

Biodiversity is a key element of SwireTHRIVE because its loss affects our business. We take positive steps to protect it. **Swire Pacific Offshore** 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 always do more. We can design buildings so that they better support wildlife. We can help to combat the trade in endangered species."**

As part of SwireTHRIVE, 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 participate in industry-specific working groups related to biodiversity and conservation
- Promote awareness of biodiversity and conservation issues among our employees, customers, suppliers 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. Our food procurement practices need to be sustainable. We can conserve biodiversity by not purchasing unsustainable food items.

Our Seafood Buyer's Guide (SBG) gives guidance about foods that should not be served at our own events or to customers. We do not serve shark fin, blue fin tuna or black moss. The policy is in line with the WWF Seafood Guide and the Convention on International Trade in Endangered Species of Wildlife Fauna and Flora (CITES).

### Case study: Cathay Pacific Catering Services (CPCS) – Sourcing with care and respect

In 2018, CPCS purchased 417 tonnes of certified sustainable seafood, representing 60% of its total seafood purchases. This represents an 8% growth in weight compared with 2017. 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 SUSTAINABLE TRANSPORT

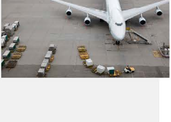
Many animals and plants are threatened with extinction because of the international trade in rare or endangered wildlife and associated products. Airlines can help combat these threats. **Cathay Pacific** does not carry ivory, hunting trophies, shark fin or racing greyhounds. It has a cargo policy designed to prevent the carriage of illegal or endangered species.

Cathay Pacific has made the Wildlife Global Shark Pledge. Wildlife Global supports shark conservation efforts and calls on business leaders and corporations in Hong Kong to join the Global Shark Pledge and help create a shark fin-free Hongkong.

Cathay Pacific first banned shark fin soup in 2002 and in 2012 was the first airline to ban shark products as cargo.

Cathay Pacific 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.

united for wildlife



### Case study: Cathay Pacific – Implementing the sustainable development cargo carriage policy

In 2017, Cathay Pacific published its Sustainable Development Cargo Carriage Policy. The policy was developed with reference to international regulations and initiatives:

- CITES
- IATA's Live Animal Regulations
- IATA's Perishable Cargo Regulations
- IATA's Wildlife Task Force initiatives
- United for Wildlife Transport Taskforce initiatives

Cathay Pacific's greyhound carriage policy was developed with The Society for the Prevention of Cruelty to Animals in Hong Kong. The International Union for Conservation and Nature (IUCN) and TRAFFIC, the wildlife trade monitoring network, helped Cathay Pacific to develop its shark and shark-related carriage policy. Any policy is only as good as it is practicable and enforceable. Cathay Pacific engages with its customers and agencies with a view to ensuring that its carriage policies are understood and supported. Cargo is screened to combat misdeclaration. Agents are risk profiled.

## SUPPORTING BIODIVERSITY THROUGH PHILANTHROPY

In 2018, the **Swire Trust** contributed over HK$5.5 million to academic institutions and NGOs to fund projects that support marine life and biodiversity. The Trust supports World Wide Fund for Nature Hong Kong's 'Sea for Future' project. The project aims to safeguard Hong Kong's marine life and to restore fisheries by increasing marine protection areas to at least 10% of Hong Kong's waters. 31 hotspots have been identified and assessed.

### Case study: Swire Pacific Offshore – Paraguay Forest Conservation Project

Swire Pacific Offshore 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 to monitor biodiversity. This contributes to the collection of data that enables Swire Pacific Offshore and its partners to measure and demonstrate the biodiversity benefit of the project and provides a glimpse of the spectacular but shy local wildlife.

Photo credit: @Guyra Paraguay

## 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 achieve it.

**Step 1**

### Biodiversity assessments

In order to develop mitigation plans, we want to understand how our businesses affect biodiversity. We expect our businesses to have conducted biodiversity risk assessments by 2020, so as to identify biodiversity issues relevant to their facilities, their operations and their value chains.

**Step 2**

### Project planning

Following risk assessments, our businesses will make plans and set targets. Planned projects may be carried out alone or in collaboration 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 consider such issues at the beginning of a major project. **Swire Properties** intends to establish guidelines on how to integrate biodiversity considerations into its new developments.

**Step 3**

### Guided philanthropy

Philanthropy can have a major positive impact on biodiversity. As part of SwireTHRIVE, we will request businesses to include biodiversity protection and enhancement in their philanthropic activities.

## LOOKING AHEAD

We are updating our sustainable food policy. We are putting in place a biodiversity risk assessment and reporting process for our operating companies. We are designing the process so as to help our businesses to identify key biodiversity concerns and opportunities, to develop mitigation plans and to report on their activities.

Our Head of Sustainable Development has been appointed as Chairman of the Asia Pacific Transport Taskforce for United for Wildlife, the first regional sub-grouping of this initiative. The taskforce aims to raise greater public and private sector awareness of illegal wildlife trafficking issues, and to encourage more transport companies to become signatories to the Buckingham Palace Declaration.



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# CLIMATE RESILIENCE

## Sustaining climate resilience

*Building climate resilience is a challenge we must overcome to thrive for the long term. If our businesses are to survive the next 200 or more years, we must look far ahead and be ready to adapt to change. We need to design buildings capable of withstanding extreme weather events. Seaports and airports where we have businesses must deal with the consequences of climate change.*

*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. Then they will plan how best to mitigate those risks.*

> **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 Report.

The 2018 Global Risk Registry cites extreme weather events, natural disasters, and the human failure to mitigate or adapt to climate change as among its top five likeliest risks relating to climate change. The 2018 IPCC report stated the lower the emissions generated by 2030, the lower the challenge in limiting global warming to a 1.5°C increase in average global temperature above pre-industrial levels. These reports underline the urgency to act sooner rather than later in building climate resilience.

*Our businesses need to identify and manage the physical risks of climate change to their operations and supply chains, and the risks associated with changes in regulation consequent upon climate change. In particular, those related to the 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 Swire Pacific's ESG because it is important to our ability to create long-term value for our shareholders.

We require 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.

Climate resilience
Our climate change mitigation efforts
Climate adaptation strategies
Building adaptive capacity
Looking ahead

# OUR CLIMATE CHANGE MITIGATION EFFORTS

The Paris climate accord set national emission reduction targets. Businesses must do the same. *Accordingly, reducing our GHG emissions is a priority under SwireTHREVE. We plan to reduce our carbon emissions in line with long-term targets, and to work towards achieving international decarbonisation objectives.*

In 2018, **Swire Properties** committed to the SBTi, which was developed by the United Nations Global Compact, the World Resources Institute, the CDP and the WWF. SBTi encourages corporations to play a substantive role in reducing global greenhouse gas emissions and aims to make science-based target setting a standard business practice by 2020. In 2018, Swire Properties became the first real estate company in Hong Kong to commit to the SBTi, having begun work on establishing new science-based targets for its business in accordance with SBTi criteria.

Shipping and aviation were not included in the Paris climate accord because they operate across borders. But the industries themselves have agreed emission reduction targets. Our shipping and aviation businesses are preparing for this by becoming more efficient in their use of carbon, by investing in the development of sustainable biofuels and by purchasing carbon offsets.

> **"In 2018, we finalised our internal preparations for CORSIA compliance and will be ready to start the Monitoring Reporting and Verification (MRV) of emissions from 2019."**
>
> Yee Chow,
> Climate Change and Biofuel Manager, Cathay Pacific

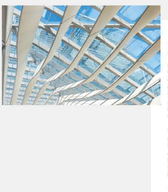
From 2021, international aviation emissions will be covered by the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), which was agreed in 2018 to address carbon neutral growth for aviation. **Cathay Pacific** is preparing for this and has put in place the means of collecting the necessary fuel data.

The IMO aims to reduce annual GHG emissions from international shipping by at least 50% by 2050 (compared to 2008) and to try to phase them out entirely.

We are gaining experience in green technologies. We are investing in biofuels through an equity interest in Fulcrum Bioenergy, Inc. **Swire Blue Ocean** installs offshore wind turbines. Its vessels have contributed to the installation of 2.97 GW of offshore wind energy in European waters. This figure is expected to increase to 3-3.5 GW on completion of work on the Beatrice Offshore Wind Farm off Scotland's northeast coast. More information on Swire Blue Ocean can be found here.

*These newer investments are in addition to our efforts to reduce our emissions in our established business portfolio, which stretches across Property, Aviation, Beverages, Marine Services, and Trading & Industrial.*

We want to reduce our overall emissions in line with international carbon reduction goals. Decarbonisation is a key challenge. Please also see the Carbon section of this report for more information.



## Case study:
## Swire Pacific Offshore – Project Hafnium

Project Hafnium aims to develop an environmentally friendlier and commercially viable Platform Supply Ship (PSV). Its objective is to assess the viability of alternative fuels for the marine sector and the feasibility of hydrogen-powered PSVs with the goal of radical decarbonisation. The project's research and development is carried out at the Maritime Energy and Sustainable Development Centre of Excellence at Nanyang Technological University.

*The first phase of project is dedicated to identifying the most appropriate hydrogen-based hubs and technologies for marine applications and to addressing safety and other systemic limitations. The other two phases will develop the concept further.*

*Researchers are collecting data on power consumption, mission requirements and available space from anchored and operating PSVs.*

There are no standardised ways to store pure hydrogen aboard a marine vessel. Ammonia and methanol have been identified as easy alternative methods to store hydrogen. By 2020, the project will have developed available procedures for storing fuel cells aboard vessels and the possibility of using methanol and ethanol as fuel sources, having respect to the International Code of Safety for Ships using Gases or other Low-flashpoint Fuels.

By the end of the first phase of the project, the most promising technologies for PSVs to use will have been shortlisted. This will be followed by analyses of the life-cycle of GHG emissions from source to use and of the total cost of ownership of the shortlisted technologies.

# CLIMATE ADAPTATION STRATEGIES

Including climate adaptation considerations in our business decisions will make us more resilient. Our operating companies consider climate change risks when they compile their risk registers and take appropriate measures in response. **MARCO**:: incorporating climate considerations into the design of new facilities.

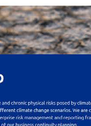
*Climate change threatens access to water and its availability and quality.* At **Swire Coca-Cola**, selecting the right location for new bottling plants is critical to water stewardship. For all new bottling plants, Swire Coca-Cola assesses water access, quality and quantity risks. The risks (to its own bottling operations, the environment and local communities) are assessed by independent third parties forming a Source Vulnerability Assessment. The findings are reflected in source water protection plans (please see the Water section for more information).

## Case study:
## Swire Properties – Assessing climate risk

In 2018, Swire Properties started to assess climate risk, with a view to identifying the risks and opportunities posed by climate change for its business. It is evaluating these risks and opportunities under different climate change scenarios. This will be achieved by conducting asset-level modelling of acute and chronic physical risks associated with the four Representative Concentration Pathways (RCP 2.6, 4.5, 6.0 & 8.5) used by the IPCC.

Swire Properties is reviewing global and local government policies, regulatory, technological, and market trends based on different climate scenarios such as the International Energy Agency 2 degree Celsius Scenario (IEA 2DS) in the global transition to a low-carbon economy. By doing so, Swire Properties intends to identify the financial impact on its business of climate change risks and opportunities.

The findings will be used to develop a plan for mitigating climate change risks and building climate resilience strategies and to supplement Swire Properties' EMS system.




*Step 1 and 2 are implemented as of the 1Q19.*

More information can be found in the TCFD section of the Swire Properties Sustainability Report.

In 2018, Swire Properties was featured in a Special Report on Resilience and Real Assets published by the Global Real Estate Sustainability Benchmark. The report presented the actions being taken by leading real estate and infrastructure companies and funds to make the built environment safer and more resilient in a rapidly changing world. The report, which identifies Swire Properties as a leader in risk assessment and management, contains a case study on 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. This involves having, and helping to provide access to, information, skills and physical resources.

**Swire Coca-Cola** supports its local communities by providing bottled water to citizens affected by natural disasters as part of The Coca-Cola Company's Clean Water 24 emergency plan. Within 24 hours of a natural disaster, Swire Coca-Cola will identify the nearest warehouse and arrange for a delivery, in collaboration with local governments, supporting organisations and NGOs. Swire Coca-Cola can successfully deliver water to affected areas in a timely manner.

Swire Coca-Cola has been participating in this programme for five years. During this time, it has delivered 8.5 million bottles of water to more than 1.8 million people with an average response time of 10.5 hours.

BUSINESS ENVIRONMENT COUNCIL 商界環保協會

## Case study:
## Swire Properties – Leading the way to a low carbon economy

In October 2018, Swire Properties hosted the Business Environment Council (BEC) Low-Carbon Hong Kong Property & Construction Sector Circular Roundtable, where representatives of Hong Kong companies discussed climate action strategies.

At the event, Guy Bradley, Chief Executive, and Elizabeth Kok, Director and Senior Advisor, shared views and experiences on how to achieve a low-carbon, climate-resilient future. As a member of BEC's Low Carbon Charter Steering Committee, Swire Properties has helped to formulate a Low Carbon Charter, which is expected to be introduced later this year.

*"Swire Properties has committed to setting a science-based target to guide our efforts on the long-term decarbonisation of our business. We fully support and look forward to signing the Business Environment Council's Low Carbon Charter. We encourage our peers in the property and construction sectors to work together to build a resilient, low-carbon and sustainable Hong Kong".*
Guy Bradley, Chief Executive, Swire Properties.

# LOOKING AHEAD

Later this year we will start to identify the acute and chronic physical risks posed by climate change to our key assets and business operations under different climate change scenarios. We are considering how to incorporate climate change into our enterprise risk management and reporting frameworks and how best to address climate change as part of our business continuity planning.



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# OUR PEOPLE & COMMUNITIES

## Everyone can thrive

We have more than 93,000 employees[1]. We believe in all of them. Our success is built on their dedication, skills, experience, performance and overall wellbeing.

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.

By providing an environment where everyone is treated fairly and with respect, we aim to attract the most talented employees, to offer competitive remuneration and benefits, to have a diverse workforce that represents the diversity of our local communities and to provide training so our staff can realise their potential.

The economic, social and environmental health of the communities in which we operate is important to our businesses. As neighbours and employers, we aim to be responsible and involved members of those communities.

We believe when the communities in which we operate prosper, so do we. We concentrate on doing things where we believe we can make a difference. We emphasise 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.

[1] The number of employees includes total permanent employees, and fixed term and temporary contract employees

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# EMPLOYMENT

Employment
Staff profile
Attracting talent
Talent retention
Looking after our employees

"We aim to create an environment where our employees can have personal and professional growth in a supportive and motivating work environment. We believe that a healthy work/life balance contributes to the wellbeing of our employees and helps to sustain high levels of performance."

Ron Mathison,
Staff Director

## Thriving employees

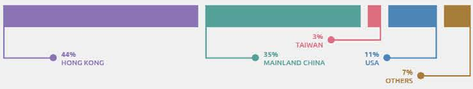
In our 200 years of history, our people have always been integral to our business. Our success depends on our employees.

We aim to attract the most talented employees by providing an environment where everyone is treated fairly and with respect. We aim to recruit the best people, to offer competitive remuneration and benefits, to provide training which enables staff to realise their potential and to have a workforce reflecting the diversity of the communities in which we operate.

## STAFF PROFILE

At the end of 2018, the **Swire Pacific Group** (including joint venture and associated companies) employed approximately 93,000 staff, a 0.8% increase from the end of 2017. Most of our staff are based in Hong Kong and Mainland China.

### Employee breakdown by region




## ATTRACTING TALENT

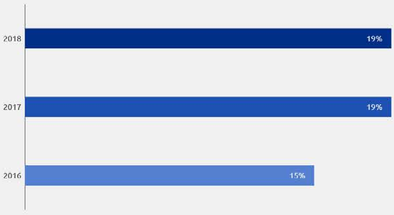
We offer competitive remuneration and benefits, including medical benefits, retirement schemes, bonuses, 14 weeks maternity leave and five days paternity leave. Remuneration decisions are based on roles and responsibilities, individual and business performance, and conditions in the job markets and economies in which we operate.

We do our best to ensure that employees receive regular, objective, fair and open assessments of their performance and are rewarded accordingly.

**Swire Properties** has a Performance Development Review (PDR) system designed to streamline assessment and ensure consistency. In 2018, it modified the PDR with a view to increasing employees' engagement with its SD 2030 Strategy. From 2019, it will ask its office employees to align their annual performance goals with its SD 2030 Strategy.

**The Group** has introduced a Flexible working policy. All of our Operating Companies are required to adopt this policy no later than the end of June 2019.

### Talent retention - Total voluntary turnover rate of permanent employees (%)




Staff turnover is monitored with a view to identifying and managing problems as they arise. In 2018, the staff turnover rate was unchanged from 2017.

## LOOKING AFTER OUR EMPLOYEES

Employees can use our 24-hour counselling and consultation services. Our Employee Assistance Programme offers in-person counselling and a 24-hour support hotline. We regularly host talks and training sessions on mental and emotional wellness and the balance between work and non-work elements of life. More information can be found in the Health and Safety section of this report.

**Cathay Pacific** established a new function analysing the entire employee lifecycle across the organisation from arrival to retirement. This ensures the employee journey considers every experience such as talent acquisition, onboarding, benefits, rewards, community, engagements, use of digital touchpoints and retirement.

As per our Code of Conduct, we do not tolerate unlawful discrimination or harassment in the workplace. Employees must comply with applicable employment and other laws. We provide staff with training on their rights and obligations under Hong Kong anti-discrimination legislation. More information can be found in the Diversity & Inclusion section of this report.

We communicate with our people through our intranet, social media, newsletters, surveys, informal gatherings and staff forums. By doing so, we tell people what is happening in the group.

Cathay Pacific does an annual online employee engagement survey to understand what employees think and areas of improvement. 46% of Cathay Pacific's employees completed the 2018 survey. Shorter surveys are done every six months.

### Case study: Swire Properties – A top employer three times in a row

For the third consecutive year, Swire Properties was named one of the top three companies to work for in Hong Kong by the 2018 Randstad Employer Brand Awards. 75 local and international companies participated. The awards recognise the most attractive employers based on the votes and opinions of local workers.

### Case study: Cathay Pacific – Digitising the employee experience

In 2018, Cathay Pacific started to upgrade its HR platform (PeopleCX). It introduced learning and talent management technology and designed an employee portal (The Hub). New digital tools and applications are being introduced with a view to improving the employment experience, from arrival to retirement.



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# DIVERSITY & INCLUSION

**"By promoting diversity and inclusion, we will be able to attract and retain people who can benefit the organisation. This benefits them as individuals, the communities in which we operate and society as a whole."**

Olivia Wong,
Head of Diversity and Inclusion Development

## CREATING A VALUABLE CULTURE

We want to create an inclusive and supportive working environment for all our people, regardless of age, gender identity, sexual orientation, relationships, family status, race, religion, disability, nationality, ethnicity or political belief. We believe that by creating an environment where people feel comfortable at work and able to realise their full potential.

"Diversity is a fact, and inclusion is a choice" noted Olivia Wong. Head of Diversity and Inclusion Development. We have a wide range of employees with different backgrounds and diverse age, gender, ethnicity, sexual orientation, disabilities and cultural and socio-economic backgrounds. Being inclusive is different. We need to make conscious decisions to create an environment where people feel valued and respected. We can most effort but is rewarding. Innovation and creativity happen when people from diverse backgrounds work together. By promoting diversity and inclusion, we will be able to attract and retain people who can benefit our organisation. This benefits them as individuals, the communities in which we operate and society as a whole. Our aim is for our workforce to be inclusive and to reflect the diversity of the societies in which we operate.

We want 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 a development pathway between women and non-women elements of the Our Global Strategy 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 customs and practices. Our Human Resources Policies and Procedures are designed to develop locally specific approaches to diversity and inclusion accordingly.

## CHANNELS FOR REPORTING HARASSMENT OR DISCRIMINATION

Everyone at Swire Pacific has a responsibility to raise concerns about harassment and discrimination. Such concerns can be raised by staff with their immediate managers, their department heads and internal audit in human resources departments. If a complaint is made, it will be investigated. If it is found to be justified, depending on the issue remains unresolved, it is raised to the level of the relevant business and reported matrix reports through the head of the relevant business and reported matrix reports through the head of the relevant business and reported matrix reports through the head

# TRAINING & DEVELOPMENT

## Thriving people for a thriving organisation

An agile and well trained workforce can respond to changes in the business environment and increased competition. We need talented individuals to want to work for us. We aim to provide training to enable our employees to realise their full potential.



## INDUCTION PROGRAMMES

All new employees take part in induction programmes. These programmes include anti-discrimination and anti-corruption training and visits to our businesses.

**Swire Properties'** training video helps those joining to familiarise themselves with their roles and responsibilities. There are also weekly job familiarisation sessions. **Cathay Pacific**'s Brushwingers orientation programme helps those joining to understand Cathay Pacific and its culture and values.

## TRAINING AND EDUCATION

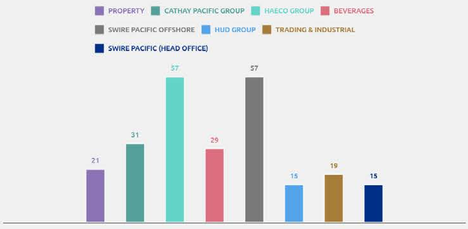
We aim to attract and retain outstanding people and enable them to realise their career goals. We develop our people by on-the-job learning, mentoring or coaching, classroom training and online learning. In 2018, the average number of hours of training per employee was 40.72, a 22.7% increase from the previous year.

**Swire Properties'** two year 'Achieving Excellence' programme aims to help managers develop their careers and gain a deeper understanding of Swire Properties' commitment to sustainable development. There are workshops on leadership development, presentation skills, strategic thinking, fostering teamwork and performance management. Participants meet senior executives on a one-to-one basis.

**Cathay Pacific Services**, **Hong Kong Airport Services** and **Vogue Laundry Services** arrange soft skills training courses. In 2018, there were workshops dealing with on the job coaching, report writing skills and project management skills.

Our in-house leadership development company Ethos International designs and delivers learning and development programmes for Swire group management staff. High potential managers are enrolled in business management and executive programmes at INSEAD and Stanford. Ethos' training programmes emphasise sustainability and develop a strong corporate culture and leadership style that is consistent with Swire's values.

### Average hours of training per employee by division (2018)




## MANAGING THE FUTURE

Every year, we recruit high calibre graduates for a long-term career. Over the next 15 years, graduates are coached, mentored and sent on courses and the next steps of their careers are planned. During their training, they are given an understanding of sustainable development and the business opportunities it generates.

In 2018, 568 people participated in leadership and executive management training programmes, a 4.3% increase from 2017. Participants in the programmes received more than 36,000 hours of training. Since 2015, 2,216 participants in the programmes have received more than 135,000 hours of training.

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

Many of our businesses have their own apprenticeships, traineeships and internship programmes. **Swire Hotels** has an 18-month international operations management trainee programme, providing exposure to hotel operations in Hong Kong and Mainland China. **Cathay Pacific Catering Services** has a nine-month aviation catering programme for young people.

Below is a description of Cathay Pacific training programmes:

### Career choices

| Career choices | Brief description |
|---|---|
| Management Trainee | A three-year development programme for the next generation of business leaders. The programme comprises classroom training, workshops and attachments to business units. |
| Graduate Engineer Programme | A two-year development programme for graduate engineers. Participants receive classroom training and on the job experience. |
| Cadet Pilot | A 55-week programme in Australia to train participants to qualify as commercial pilots. |
| Cabin Crew | A safety and service induction training programme followed by a three-year contract for cabin crew. |
| Customer Services Officer | A 12-month development programme for customer service officers. |
| IT Graduate Trainee Programme | A two-year programme for IT graduates. |
| Operational Leadership Programme | An eight-year programme of on the job experience in business units for future leaders. |

### Case study: HAECO – 'Director as a Mentor' mentoring programme

In August 2018, HAECO Hong Kong established its 'Director as a Mentor' programme, designed to foster sustainable leadership among potential staff members. Senior HAECO directors mentor 40 Future leaders of the business over 12 months. The mentees are high flyers, graduate trainees and Swire management trainees from Hong Kong and Xiamen.

Participants received briefings and guidelines on programme objectives, role profiles and responsibilities. All pairs were required to have conducted their first session by the end of 2018.

### Case study: SPO wins SkillsFuture Employer Award 2018

In 2018, Swire Pacific Offshore received a SkillsFuture Employer Award in Singapore. SkillsFuture is a national movement providing Singapore citizens with opportunities to develop their fullest potential. SkillsFuture celebrates the skills, passion and contributions of every individual to drive Singapore's next phase of development towards an advanced economy and an inclusive society.

SPO is recognised for its strong emphasis on and continuous investment in its people. During the award ceremony, SkillsFuture highlighted the Swire Pacific Offshore training centre and the Swire Marine Training Centre. These centres provide training for seafarers, in-house leadership development programmes for shore-based employees, e-learning portals and a management trainee programme.

Photo credit: SkillsFuture Singapore



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# HEALTH & SAFETY

Health & Safety
A healthy and safe workplace
A thriving safety culture
Health and wellness
Looking ahead

"We believe that all safety incidents are preventable. We aim to improve our health and safety management systems continuously with the ultimate aim of causing zero harm."

Tom Cohen,
Head of Group Risk Management

## Safety is a fundamental responsibility

We aim to conduct our operations in a manner which safeguards the health and safety of our employees, contractors, suppliers, customers, the visitors to our business premises and the communities in which we operate. Protecting our workforce is fundamental to our businesses achieving long-term success and sustainability.

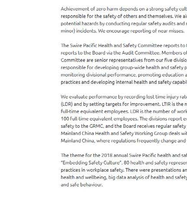
We focus on five areas:

- Management commitment
- Safe workplace
- Safe behaviour
- Continuous improvement of management systems
- Effective injury management

## 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.

### Swire Pacific OH&S Policy




Achievement of zero harm depends on a strong safety culture where employees are responsible for the safety of others and themselves. We aim to identify and manage potential hazards by conducting regular safety audits and reporting all (including minor) incidents. We encourage reporting of near misses.

The Swire Pacific Health and Safety Committee reports to the GRMC. The GRMC reports to the Board via the Audit Committee. Members of the Health and Safety Committee are senior representatives from our five divisions. The committee is responsible for developing group-wide health and safety policies and guidelines, monitoring divisional performance, promoting education and training, sharing best practices and developing internal health and safety capabilities.

We evaluate performance by recording lost time injury rates (LTIR) and lost day rates (LDR) and by setting targets for improvement. 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. The divisions report every quarter on health and safety to the GRMC and the Board receives regular safety updates. A separate Mainland China Health and Safety Working Group deals with health and safety in Mainland China, where regulations frequently change and vary among provinces.

The theme for the 2018 annual Swire Pacific health and safety conference was "Embedding Safety Culture". 80 health and safety representatives shared best practices in workplace safety. There were presentations and discussion topics about health and wellbeing, big data analysis of health and safety incidents, risk perception and safe behaviour.

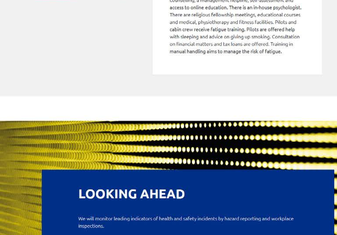
## A THRIVING SAFETY CULTURE

At Swire Pacific, we track our safety performance by measuring our LTIR and LDR.

In 2018, our LTIR increased to 1.79 from 1.73 in 2017, a 3.5% increase. This reflected increased LTIR at **Cathay Pacific** and **Swire Coca-Cola**, the former largely due to injuries to cabin crew, the latter largely due to traffic accidents and manual handling errors by new employees. Over last five years, our LTIR has decreased by 12%. Common injuries are trips and falls, strains from pulling and pushing equipment, being struck by falling objects and burning or scalding.

In 2018, our LDR decreased by 17.2%. Over the last five years, total LDR has decreased by 7.8%. The LDR at Cathay Pacific has decreased by 14% since 2017 and by 12.5% since 2014; injuries have been less severe, and recovery has been quicker due to rehabilitation management. The LDR at **HAECO** has decreased by 34% since 2017 but has increased by 8.5% since 2014. There were fewer lost time injuries.

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



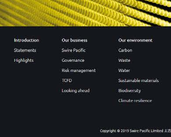

## Safety is a fundamental responsibility

The Health and Safety Committee is identifying leading indicators of safety, which in turn can identify preventative measures.

During 2018:

- **Swire Properties** migrated its safety management systems in Hong Kong to the ISO 45001:2018 standard (being one of the first companies in Hong Kong to achieve this standard). It intends to do a comparable upgrade in Mainland China once a new national standard is published.
- Swire Properties developed an e-learning OH&S platform, to be launched in 2019, for senior management to receive comparable OH&S training. Swire Properties plans to expand this e-learning platform to frontline and office employees later in 2019.
- **Cathay Pacific**, **HAECO** and **Swire Coca-Cola USA** undertook manual handling campaigns intended to reduce injuries through training and the use of proper lifting techniques.
- HAECO improved its analysis of safety risks and provided training to health and safety representatives.
- Swire Coca-Cola provided defensive driving training and promoted safe driving in Mainland China.
- **Swire Pacific Offshore** introduced cell home-safe rules.

Regrettably there were two fatalities among our employees in 2018. These occurred in Hong Kong when a contracted commuter bus collided with a stationary vehicle.



### Case study: Swire Coca-Cola – Manual handling

In 2018, Swire Coca-Cola implemented Pristine Condition in the USA to reduce ergonomic injuries caused by manual handling. Pristine Condition uses the principles of ewaysliftfitness to prevent injuries and is delivered by video, coaching and follow-up observations.

In 2017, improper manual handling was responsible for 43% of LTIRs. These injuries principally affect warehouse loaders, driver merchandisers, merchandisers and field service technicians and cooler movers. Lost time incidents from manual handling decreased by 36% between the second halves of 2017 and 2018.

## HEALTH AND WELLNESS

We care about the mental and physical health and wellbeing of our people. Under our Employee Assistance Programme, we offer a 24-hour Professional Personal Counselling and Consultation (PPCC) hotline to help employees deal with stress management, relationships, parenting, coping with trauma or grief, and preparing for retirement. Employees approaching retirement are invited to pre-retirement workshops. Seminar topics have included: "Chinese Herbal Cuisine and Physical Health", "Diet Wise – Spring and 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".

A sustainable work-life balance is important for wellbeing. Swire Pacific encourages an approach to work which fits with this aim. We provide a coaching service, where we advise employees on how to cope with the challenges they may encounter within and outside Swire, we have a flexible working policy.

The PPCC and coaching service are led by experienced counsellors, social workers and clinical psychologists. All information is kept confidential. We encourage employees to lead active lifestyles by participating in physical wellbeing programmes arranged by our staff associations. There are family outings to Ocean Park and Disneyland in Hong Kong and inter-company sporting competitions, like sponsor Hong Kong's King of the Hills Mountain Marathon Series.



### Case study: Cathay Pacific – Wellness at Cathay

Cathay Pacific and Cathay Dragon encourage their staff to develop habits and behaviours that lead to better health and an improved quality of life.

Cathay Pacific organises social events for employees and their families at which they take part in team activities. It offers counselling, a management helpline, self assessment and access to online education. There is an in-house psychologist. There are religious fellowship meetings, educational courses and medical, physiotherapy and fitness facilities. Pilots and cabin crew receive fatigue training. Pilots are offered help with sleeping and advice on giving up smoking. Consultation on financial matters and tax loans are offered. Training in manual handling aims to manage the risk of fatigue.

## LOOKING AHEAD

We will monitor leading indicators of health and safety incidents by hazard reporting and workplace inspections.

We are exploring ways to improve the integration of wellness within our health and safety programmes.



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# SUPPLY CHAIN

Supply chain
Code of conduct
The code in practice

## Thriving supply chains

We aim to promote inclusive, ethical and sustainable procurement practices. With our substantial purchasing power, 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, including ships, aircraft, fuel, supercane, auditing, office supplies and uniforms. We use our purchasing power and our close relationships with suppliers in ways designed 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 procure services only 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.

### Case study: Swire Resources – Supplier assessments

Swire Resources favours suppliers and contractors who share its commitment to sustainable development. Currently, 87% of its stock purchases are of internationally branded goods, for example, Nike, Adidas, Reebok, Columbia, New Balance, Under Armour, Repetto and Puma. The owners of such brands are committed to complying with international manufacturing practice standards. All the factories from which Swire Resources sources goods have signed up to the Swire Pacific Supplier Corporate Responsibility Code of Conduct; 20 factories assessed their own compliance with the code in 2018. Third party audits are being considered. Factories are given three months to rectify non-compliance. If they are still non-compliant, they are invited to join an improvement programme.

## THE SUPPLIER CORPORATE SOCIAL RESPONSIBILITY CODE OF CONDUCT

Our Supplier Corporate 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 SwireTHRIVE Sustainable Materials Working Group encourages consistent implementation of the supplier corporate social responsibility code of conduct by our operating companies.

We respect internationally recognised human rights in line with the principles and guidance contained in the United Nations Guiding Principles on Business and Human Rights. In 2019, we introduced the Swire Pacific Limited Human Rights Policy. This human rights policy is informed by the International Bill of Human Rights and by the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. We comply with national laws where they conflict with human rights standards but still do our best to respect the latter. The policy addresses:

- Diversity and inclusion
- Suppliers and contractors
- Labour practices (including child and forced labour)
- Health and safety
- Employment (including flexible working and the right to join or not join unions)

### Case study: Swire Properties – Supplier compliance monitoring

Swire Properties collects information from its suppliers about their social, environmental and governance practices and performance. New suppliers must complete self-assessment questionnaires to confirm that they have in place appropriate policies and systems. Swire Properties does due diligence on the answers.

In 2018, Swire Properties automated its previously manual system for monitoring the selection, management and performance of its suppliers in Hong Kong and Mainland China. Suppliers are requested to self-assess and their sites may be visited. Suppliers are also requested to obtain independent certification in accordance with internationally recognised standards and submit environmental, and health and safety management plans for internal review.

In 2018, Swire Properties assessed compliance by its 25 largest suppliers (by procurement spend) with the Swire Pacific Supplier Corporate Responsibility Code of Conduct. None were identified as high risk.

## 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 Coca-Cola** 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 Coca-Cola's own major suppliers are audited.

Swire Coca-Cola shares knowledge with other Coca-Cola bottlers in Mainland China in order better to manage procurement. This facilitates the identification and selection of suppliers who follow appropriate procurement principles.

**Cathay Pacific** has developed a balance rated scorecard for procurement to measure suppliers' performance in six different areas: Costs, Innovation, Satisfaction, Quality, Assurance of Supply and Sustainability. With other members of the oneworld 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 Pacific Offshore – Addressing modern day slavery

Swire Pacific Offshore's Modern Slavery compliance policy is wholly aligned with Swire Pacific Offshore's wider commitment to running all its businesses in an ethical and sustainable manner. The Swire Pacific Offshore supply chain sustainability code of conduct prohibits the use by its suppliers of bonded, child, coerced, forced, indentured or involuntary labour. Swire Pacific Offshore does not tolerate modern slavery and works with regulators and other third parties to combat it.

Swire Pacific Offshore has a Modern Day Slavery Act Compliance framework and has developed a risk-based assessment process for its material global suppliers. Its new contracts with suppliers contain provisions preventing slavery and human trafficking. It is considering strengthening its existing contracts in this area. Swire Pacific Offshore's practices in relation to modern slavery were internally audited in 2018. There was one medium risk audit recommendation – to improve the risk assessment process. This has been done.

Swire Pacific Offshore provides training to over 90% of its employees assessed as most likely to encounter modern slavery. It raises awareness of the topic among its sea-going and shore-based employees. In 2018, Swire Pacific Offshore held a lunchtime session on modern day slavery. For more information please find Swire Pacific Offshore's Modern-Day Slavery statement here.



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# COMMUNITY INVOLVEMENT

## Helping our communities thrive

We believe that what we do, and how we do it, is as important as the impact we have on our communities. We want our business to be a force for good in our business and through the Swire Group Charitable Trust (the "Trust"), the Trust focuses on what we do to support our communities.

In the year of review, the Trust supported the Organisation in operations during 2018 by providing financial support to the Organisation's operations, including the provision of operational expenditure, capital expenditure, and other expenditure in connection with the Organisation's operations in Hong Kong, Mainland China and Taiwan. The Trust's total contribution was 70.05% of its yearly income.

Sustainability Overview
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# RECOGNITION

In 2017, Swire Properties was awarded the "Corporate Citizenship Award for Hong Kong" by Hong Kong Council for Social Service in recognition of its community investment and volunteerism.

# THE SWIRE GROUP CHARITABLE TRUST

Swire Trust was established in 1982 as the philanthropic arm of Swire Pacific. It is overseen by a Philanthropy Council, which is standing committee of senior management. The Trust's mission is to support the communities in which the Swire Group operates and to encourage employee involvement in community activities. Swire Pacific contributes to the Trust on an annual basis, and employee donations are matched by the Trust. In 2018, employee donations and contributions totalled HK$ 3.5 million.

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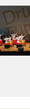
Guided by the Swire Family Creed – Swire Trust's motto – Swire Trust is dedicated to alleviate poverty and improve the quality of life of people in need.

SWIRE TRUST



**Case study:**
**Swire Trust - Green Pus**

Partner Organisation: Muir Children Foundation Limited
Year: 2018

Project aims to enhance the environment and development for underprivileged students. The Trust has supported Green Pus since 2016 to provide a variety of activities for students from Muir Children Foundation, such as outdoor activities, sports, cooking classes, and other activities. Green Pus also provides a variety of underprivileged students with a wonderful experience and opportunities to interact with people from different backgrounds, develop their self-confidence and improve their overall performance.

# OUR VALUES

**Vision**

**A flourishing world of diversity, equal opportunity and sustainable growth**

**Value in Diversity** – As a 100-year old company, Swire's diverse shareholders are all flourishing and are passionate about creating sustainable growth in which everyone, regardless of gender, race, or any other characteristic, has equal opportunities for a meaningful life, and where growth and resources are updated for future generations.

**Mission**

We aim to make a positive change in Education, Marine and Culture, We do this through supporting organisations around the Organising and Partnered Project.

**Education**

To promote education equity, quality and inclusion for disadvantaged children and youth.

| Education equity: Provide equitable access to a quality education for all children | Education quality: Improve learning outcomes for underprivileged children through quality programmes | Education innovation: Develop and implement innovative approaches to education programmes |
|---|---|---|

**Marine**

To protect and develop sustainable marine ecosystems in Hong Kong and Mainland China through public awareness, research and conservation initiatives and partnerships.

| Marine Stewardship: Promote and encourage sustainable marine ecosystems | Public engagement: Raise public awareness and engagement in marine conservation | Scientific research: Conduct research to inform and support marine conservation |

**Arts**

To promote and develop arts and culture, and to be a platform for underprivileged people.

| Arts Education: Provide art education for underprivileged people | Arts accessibility: Make arts and culture accessible to underprivileged people | Arts as a platform: Develop and promote underprivileged artists and disadvantaged communities |

# GRANTS

The following grants were made or renewed during 2018:

Grants in US$ is lower down under the Hong Kong arrow of the Trust Donations, Marine, Arts.

## Education

**N/A**
Supports youth initiatives, development and activities in the promotion of substance abuse by providing health-based education programmes for primary and secondary students.
Partnered Project: Life Education Activity Programme (Level)
Amount: **HK$3,300,000**
Commencement Year: **2018**
Duration: **-**

**DreamStarter**
Provides an unprecedented learning journey in "Celebrating Students' ability to be creative for social good."
Partnered Project: Lasalle Foundation Limited
Amount: **HK$640,000**
Commencement Year: **2018**
Duration: **-**

**Brain Bee**
Strengthen the capacity of children with learning difficulties at an early stage through neuroscience based intervention programmes.
Partnered Project: Chongqing Yuxing Cross Foundation
Amount: **HK$2,700,000**
Commencement Year: **2018**
Duration: **-**

**Support Unit for Special Educational Needs (SuSEN)**
Provides comprehensive clinical support for students with special educational needs and their families in primary and secondary schools in Hong Kong.
Partnered Project: The Salvation Army
Amount: **HK$10,000,000**
Commencement Year: **2018**
Duration: **-**

**N/A**
Strengthen the school's English and Mandarin language teaching and support special projects.
Partnered Project: Tsung Tsin School
Amount: **HK$300,000**
Commencement Year: **2018**
Duration: **-**

**Seeds-in-Education Fund**
Create diverse, class-aligned talent and exposure in education by seeding a wide variety of small initiatives and partnerships.
Partnered Project: Hong Kong Jockey Club
Amount: **HK$2,000,000 annually**
Commencement Year: **2018**
Duration: **-**

**Swire Professorship in Aerospace Engineering**
Establish an endowment fund to support the Aerospace Engineering and Fulfil the 100-year development of aerospace education in Hong Kong.
Partnered Project: The Hong Kong University of Science and Technology
Amount: **HK$10,000,000***
Commencement Year: **2018**
Duration: **-**

**Village Model in Rural China**
Support rural education development and improve children's access to a wave of Mainland China through early learning centres, family skills training, and community building.
Partnered Project: Half the Sky Foundation (Local Limited)
Amount: **HK$4,500,000***
Commencement Year: **2018**
Duration: **-**

## Marine

**Sea for Future Phase II**
Engage and inspire youth communities to conserve and rehabilitate marine habitats.
Partnered Project: WWF Hong Kong
Amount: **HK$1,429,000**
Commencement Year: **2018**
Duration: **-**

**Sea for Future**
Safeguard Hong Kong's marine life and nature fisheries, by increasing marine protection areas for at least 10% of Hong Kong's waters.
Partnered Project: WWF Hong Kong
Amount: **HK$1,387,703**
Commencement Year: **2018**
Duration: **-**

**Hong Kong Reef Fish Survey**
Provide baseline knowledge of reef fish in Hong Kong through scientific, citizen science surveys by trained volunteers.
Partnered Project: Hong Kong Cetacean Research Project Society Limited
Amount: **HK$2,700,000**
Commencement Year: **2018**
Duration: **-**

**Waterbird Census and Wetland Conservation in China**
Support the conservation of wetlands and waterbirds in Mainland China through public awareness and capacity building.
Partnered Project: The Hong Kong Bird Watching Society
Amount: **HK$2,611,000**
Commencement Year: **2018**
Duration: **-**

**SWIRE-Fishbase**
Improve and enhance the content of the Asian global database of fish and fish marine species.
Partnered Project: The University of Hong Kong
Amount: **HK$600,000**
Commencement Year: **2018**
Duration: **-**

**Juvenile Horseshoe Crab Rearing Programme**
Seek a sustainable population and conservation plan for this vulnerable conservation species.
Partnered Project: Ocean Park Conservation Foundation Hong Kong
Amount: **HK$500,000**
Commencement Year: **2018**
Duration: **-**

**SWIRE' Expansion**
Expand marine species SWIRE-Fishbase.
Partnered Project: The University of Hong Kong
Amount: **HK$240,000,000***
Commencement Year: **2018**
Duration: **-**

**Cetaphan Swire Marine Station (Ti-HANAT)**
Support the design and construction of marine station
Partnered Project: Cetaphan
Amount: **HK$17,511,300***
Commencement Year: **2018**
Duration: **-**

**Ocean Asia Project II**
Ocean is a sustainable fisheries in Hong Kong and Mainland China with special focus on fostering a sustainable seafood market in Hong Kong.
Partnered Project: The WWF Cyber Foundation Limited
Amount: **HK$2,860,000***
Commencement Year: **2018**
Duration: **-**

## Culture and Art

**N/A**
Support the school's art and culture, development of art facilities, improve school's musical and art appreciation in Hong Kong.
Partnered Project: The Hong Kong Philharmonic Society Limited (Level 2)
Amount: **HK$2,600,000**
Commencement Year: **2018**
Duration: **-**

**N/A**
Support the school's art and culture, development of art facilities, improve school's musical and appreciation in Hong Kong.
Partnered Project: The Hong Kong Philharmonic Society Limited (Level 3)
Amount: **HK$4,377,000**
Commencement Year: **2018**
Duration: **-**

**N/A**
Provide free art and music classes for disadvantaged students and people in the research education programme.
Partnered Project: Hong Kong Polytechnic Research Limited
Amount: **HK$1,275,500**
Commencement Year: **2018**
Duration: **-**

**N/A**
Promote the art and artistic talent among programmes with disabilities, create equal opportunities for people with disabilities and to foster youth development.
Partnered Project: Arts with the Disabled Association Hong Kong
Amount: **HK$1,500,000**
Commencement Year: **2018**
Duration: **-**

**The Magic of Audio Description**
Enhance cultural experiences for the visually impaired through specialised audio description
Partnered Project: The Hong Kong Society for the Blind
Amount: **HK$1,000,000**
Commencement Year: **2018**
Duration: **-**

**Sparks' Arts Programme for Children at Small Group Homes**
Provide free, high quality, visual and performing arts activities for children in small group homes
Partnered Project: Hong Kong Sheng Kung Hui Foundation
Amount: **HK$900,000**
Commencement Year: **2018**
Duration: **-**

**N/A**
Provide free music classes for disadvantaged students to access the arts and culture in Hong Kong.
Partnered Project: Hong Kong Polytechnic Research Limited
Amount: **HK$2,800,000**
Commencement Year: **2018**
Duration: **-**

**Arts Related Fund**
Arts Related Fund aimed for disadvantaged students to access the arts and culture in Hong Kong.
Partnered Project: Hong Kong Sheng Kung Hui Foundation
Amount: **HK$10,000,000 annually**
Commencement Year: **2018**
Duration: **-**

**Drum Fun**
Provide free Chinese drum classes for low-income Hong Kong school students in Sham Shui Po, Hong Kong.
Partnered Project: Chinese Culture Foundation Limited
Amount: **HK$878,975**
Commencement Year: **2018**
Duration: **-**

**Drum Fun**
Provide free Chinese drum classes for low-income Hong Kong school students in Sham Shui Po, Hong Kong.
Partnered Project: Chinese Culture Foundation Limited
Amount: **HK$804,000***
Commencement Year: **2018**
Duration: **-**

*Will be disbursed over a period of three years (2018-2020)
** Will be disbursed over a period of five years (2018-2022)
*** Will be disbursed over a period of ten years (2018-2027)
Note: Grants in US$ are converted into Hong Kong Dollars at the prevailing exchange rate at the time of the grant approval. Grants in US$ are converted into Hong Kong Dollars at the prevailing exchange rate at the time of the grant approval.

**Case study:**
**Swire Properties - Hometown Heroes**

Project objective: To provide local communities in Swire Properties' Mainland China projects with a wide range of cultural and educational activities.

Project outputs and outcomes: Swire Properties' Hometown Heroes programme has been successfully implemented in 10 projects, including the Taikoo Hui and Taikoo Place in Guangzhou and Chengdu.

**1 HOW IS SYNERGY ACHIEVED?**
Hometown Heroes is a series of volunteering activities organised by the Group and Swire Properties' Mainland China projects. Employees are encouraged to participate in these activities, which include Tree Planting, Beach Clean Up, Community Garden and Food Bank Volunteering.

**2 HOW IS SYNERGY ACHIEVED?**
In Tai Kwai Village, a traditional village in Guangzhou, we planned a little corner of a village for the Hometown Heroes programme. Our volunteers helped to build a community garden, a "Tree Tunnel" and a "Tree Tea Room" to provide a place for the community to gather and enjoy the beauty of the natural surroundings.

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**4 HOW IS SYNERGY ACHIEVED?**
In Tai Kwai Village, a traditional village in Guangzhou, we planned a little corner of a village for the Hometown Heroes programme. Our volunteers helped to build a community garden, a "Tree Tunnel" and a "Tree Tea Room" to provide a place for the community to gather and enjoy the beauty of the natural surroundings.

**5 HOW IS SYNERGY ACHIEVED?**
Community Investment Leaders (Volunteering coordinator) and Hometown Heroes Ambassadors (Volunteers) are trained to be the leaders of the volunteering activities. Over 1,700 hours of volunteering time was available at the Hometown Heroes Month of Giving, Lasting.

**Case study:**
**Cathay Pacific – Swire Scholarship – Skyjill "Coral Cells Matter University" by National Cities**

Project objective: To help women in Mainland China learn about the importance of coral reefs and the impact of climate change on coral reefs, and to inspire them to be leaders in their communities.

Project outputs and outcomes: Skyjill "Coral Cells Matter University" is an educational program for the Chinese women, which is a platform for women in Mainland China. Through this platform, we have organised a series of activities, including a coral building workshop in Swire Pacific Offices, a coral reef conservation talk, a coral reef conservation exhibition, a coral reef management, and experiments and scientific debates. To begin with, we have organised a coral building workshop in Swire Pacific Offices, which was attended by 20 participants and a coral reef conservation talk.

Cathay Pacific partnered in kindness to Care were Social Veterans, Hong Kong, Coffee and Tea.

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# ABOUT OUR REPORT

## Why reporting matters

Our sustainability reporting sets out our approach to sustainability, ethics and good governance. Our approach is integral to fulfilling our commitment to an open and honest dialogue with our stakeholders. We believe our approach builds resilience and creates value for all our stakeholders.

This is our 12th 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 2018. It covers SwireTHRIVE (our group 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 Pacific'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 2018.

# ON OUR ANNUAL REPORT

Our 2018 Annual Report details our financial and operational performance, and our corporate governance.

We respond to enquiries from investors and provide information to the Carbon Disclosure Project (CDP), the Dow Jones Sustainability Index (DJSI), FTSE4Good, MSCI and organisations which assess the economic, environmental and social performance of companies. They help us to identify the specific issues most relevant to the industries in which we operate.

### Dow Jones Sustainability Index

In 2018, Swire Pacific was included in the DJSI Asia Pacific Index. Swire Pacific has been included in DJSI indices since 2001.

### FTSE4Good

In December 2018, Swire Pacific was listed as a constituent stock in the FTSE4Good Index Series (FTSE4Good) for the first time.

### Hang Seng Corporate Sustainability Index

In 2018, Swire Pacific received a AA rating from the Hang Seng Corporate Sustainability Index. Swire Pacific is included in the Hang Seng Corporate Sustainability and Hang Seng Corporate Sustainability Benchmark Indices.

### CDP

Swire Pacific supports the CDP as a respondent. Swire Pacific has responded to CDP since 2007. In 2018, we achieved a C rating.

### MSCI Constituent MSCI Global SRI Indexes

In 2018, Swire Pacific received a AAA rating from MSCI ESG Research, making us one of the top performers in our sector.

### We value your feedback

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

From left: Mark Harper, Haily Chan, Dr. Mark Watson, Amy Hung, Lara Tyrrell, Joey Lau



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# ASSESSING MATERIALITY

## Aligning with the Global Reporting Initiative

The coverage of our annual sustainable development report is determined by reference to a detailed materiality assessment. The assessment identifies and evaluates the sustainability issues most important to our businesses and stakeholders for the current reporting year and in the near-term future.

We define a material issue as an issue that reflects the significant economic, environmental and social impact of our businesses or that substantively influences the assessments and decisions of stakeholders. We follow guidance from and report with reference to the GRI, including the requirement to report by reference to the GRI Standards and to identify and assess material issues.

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

Assessing materiality
In-depth assessment
Materiality assessment map
Material issues and aspects
Scope of our reporting

# IN-DEPTH ASSESSMENT

## Our materiality assessment has three steps: identification, prioritisation and validation

**Identification** – During the identification phase, we made reference to the following:

- The GRI Standards
- The Sustainability Accounting Standards Board Provisional Disclosure Standards
- The United Nations Sustainable Development Goals
- DJSI
- CDP
- Reports from MSCI and Sustainalytics
- Material issues were categorised according to their relevance to the community, greenhouse gas emissions and energy, employees, the environment, ethics and governance, human rights, privacy and security, products, services and customers, and supplier practices.

**Prioritisation** – In the prioritisation phase, internal stakeholders were asked to consider material issues in terms of their influence on business success. External stakeholders were asked to consider material issues in terms of their importance to sustainability. We used a standard questionnaire to ensure consistent, systematic evaluation of material issues. An external company conducted additional one-on-one interviews and focus group discussions with key stakeholders. The results are shown in the materiality assessment map below.

**Validation** – In the validation phase, senior managers — including those with responsibilities for sustainable development, risk management, human resources, public affairs and legal matters — reviewed and confirmed the assessment.

# MATERIALITY ASSESSMENT MAP

## Importance of sustainability factors to the business and external stakeholders

In the interactive materiality assessment map, you can filter material issues by the category of the issue or by business and stakeholder priority. The size of the issue displayed corresponds with its importance.

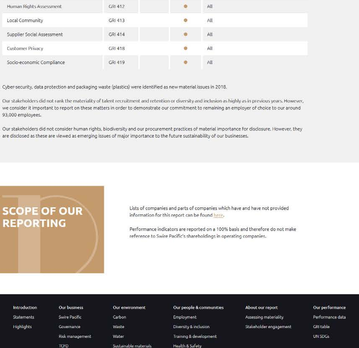
**Select sustainability factors**

- SOCIAL
- ECONOMIC
- ENVIRONMENTAL

**Select importance to business and external stakeholders**

- LOW - Business LOW - External stakeholders
- LOW - Business HIGH - External stakeholders
- HIGH - Business LOW - External stakeholders
- HIGH - Business HIGH - External stakeholders

## Materiality assessment results




# MATERIAL ISSUES AND ASPECTS

The table below shows:

i. the GRI indicators which correspond to the material issues which we identified for 2018;

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.

For each of the 22 material topics, we have provided a section in this report which indicates why the topic was material in 2018, our approach to managing the risks and opportunities associated with the topic, and our performance in relation to the topic.

| Material issue | GRI indicator | Boundary | | Swire Group business |
|---|---|---|---|---|
| | | Impact inside | Impact outside | |
| Economic Performance | GRI 201 | ● | | AB |
| Indirect Economic Impact | GRI 203 | | ● | AB |
| Procurement Practices | GRI 204 | ● | ● | AB |
| Anti-corruption | GRI 205 | ● | ● | AB |
| Anti-competitive Behaviour | GRI 206 | ● | | AB |
| Materials | GRI 301 | ● | | Swire Properties and Swire Coca-Cola |
| Energy | GRI 302 | ● | ● | Cathay Pacific, Swire Properties and Swire Coca-Cola |
| Water | GRI 303 | ● | ● | Swire Coca-Cola |
| Biodiversity | GRI 304 | | ● | Cathay Pacific and Swire Properties |
| Emissions | GRI 305 | ● | ● | Cathay Pacific |
| Effluents and Waste | GRI 306 | ● | ● | Swire Properties, Cathay Pacific and Swire Coca-Cola |
| Employment | GRI 401 | ● | | AB |
| Occupational Health and Safety | GRI 403 | ● | | AB |
| Training and Education | GRI 404 | ● | | AB |
| Diversity and Equal Opportunity | GRI 405 | ● | | AB |
| Non-discrimination | GRI 406 | ● | | AB |
| Freedom of Association and Collective Bargaining | GRI 407 | ● | | AB |
| Human Rights Assessment | GRI 412 | | ● | AB |
| Local Community | GRI 413 | | ● | AB |
| Supplier Social Assessment | GRI 414 | | ● | AB |
| Customer Privacy | GRI 418 | | ● | AB |
| Socio-economic Compliance | GRI 419 | | ● | AB |

Cyber security, data protection and packaging waste (plastics) were identified as new material issues in 2018.

Our stakeholders did not rank the materiality of talent recruitment and retention or diversity and inclusion as highly as in previous years. However, we consider it important to report on these matters in order to demonstrate our commitment to remaining an employer of choice to our around 93,000 employees.

Our stakeholders did not consider human rights, biodiversity and our procurement practices of material importance for disclosure. However, they are disclosed as these are viewed as emerging issues of major importance to the future sustainability of our businesses.

# SCOPE OF OUR REPORTING

Lists of companies and parts of companies which have and have not provided information for this report can be found here.

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



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# STAKEHOLDER ENGAGEMENT

## Fostering dialogue

Understanding the needs and concerns of our stakeholders informs our approach to sustainability and our future activity. We must also understand global trends and their impact on us so we can respond effectively to the diverse challenges we face through our sustainability strategy.

Since 2007, we have regularly engaged with stakeholders in order to understand their priorities and expectations and their perceptions of our performance, particularly in relation to sustainable development. Fostering dialogue is essential as it maintains trust, gains support for our activities and occasionally reconciles diverging interests. It also helps us to focus on where we need to improve and where we are falling short so that we can take corrective action.

We define stakeholders as internal and external interest groups who have a significant impact on our business or who are significantly affected by our operations.

> **Fostering dialogue is essential as it maintains trust, gains support for our activities and occasionally reconciles diverging interests.**

## ONGOING ENGAGEMENT

In 2017, we updated our stakeholders' map and five-year stakeholder engagement plan, with a view to engaging with relevant interest groups at least once per year.

In 2018, we engaged with investors, employees, policymakers, NGOs, shareholders, local communities and those engaged in other industries. Our primary aim was to develop our sustainable development materiality analysis. Stakeholders were selected for engagement based on their expertise in issues material to us, how influential they are and their willingness to collaborate.

The Sustainability Report is intended to provide an honest and transparent record of our sustainability performance to our stakeholders, with whom we maintain mutually beneficial relationships.

We show below how we engaged with groups of stakeholders in 2018, with links to further information.

### Board members

**Sustainability challenges**
Energy use and GHG emissions, water management, plastic waste, governance, cyber-security and data protection, and anti-corruption.

**Method of engagement**
One to one interviews

### Senior leadership team

**Sustainability challenges**
Climate resilience, energy use and GHG emissions, plastic waste, biodiversity, governance, health and safety, and diversity and inclusion.

**Method of engagement**
Focus groups

### NGOs and activists

**Sustainability challenges**
Energy use and GHG emissions, water management, plastic waste, governance, health and safety and the social impact of products and services.

**Method of engagement**
One to one interviews and focus groups

### Investors

**Sustainability challenges**
energy use and GHG emissions, water management, governance, cyber-security and data protection, the social impact of products and services, health and safety, talent recruitment and retention, and product quality and safety.

**Method of engagement**
One to one interviews

### Peer companies and competitors

**Sustainability challenges**
climate resilience, energy use and GHG emissions, governance, labour practices, and diversity and inclusion.

**Method of engagement**
Focus groups

### Those with whom we do business

**Sustainability challenges**
Climate resilience, energy use and GHG emissions, environmental impact of products and services, plastic waste, and cyber-security and data protection.

**Method of engagement**
One to one interviews



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# OUR PERFORMANCE

## 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 2019 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 clear standards and reporting requirements for our sustainability data. These standards are supported by internal audits and statistical checks.

Deloitte Touche Tohmatsu has provided limited assurance in relation to the selected sustainability data for 2018 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 Deloitte Touche Tohmatsu can be found here.

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# PERFORMANCE DATA

## Building performance over the years

View our key performance indicators against operating company and year. Click the build button below the charts to generate and compare interactive data sets.

This table presents a quantitative overview of our 2018 sustainable development performance. All of the 2018 data presented in these tables that has been identified with the symbol [R], have been independently assured by Deloitte Touche Tohmatsu.

DOWNLOAD PDF

### Operating company

- [ ] Swire Pacific[1]
- [ ] Cathay Pacific Group
- [ ] HAECO Group
- [ ] Swire Coca-Cola[6]
- [ ] HUD Group
- [ ] Trading & Industrial
- [ ] Swire Properties
- [ ] Swire Pacific Offshore[4]
- [ ] Swire Pacific (Head Office)

### Performance indicators

**Environment**

- **Total energy consumption**
- [ ] Direct energy consumption
- [ ] Indirect energy consumption
- [ ] Total
- + **Total greenhouse gas emissions**
- + **Total water used**
- + **Total waste**

**Health and safety**

- + **LTIR, LDR and fatalities**

**Staff**

### Period

- [ ] 2018
- [ ] 2017
- [ ] 2016

RESET BUILD

Notes:

1. Totals may not be the exact sum of numbers shown here due to rounding.
2. For the Cathay Pacific group, only $CO_2$ emissions for aviation turbine fuel are reported as there is no scientific consensus on the global warming effect of other emissions. Cathay Pacific monitors developments in these areas of atmospheric science, including studies from the UKs OMEGA aviation and environment project and the Institute of Atmospheric Physics at the German Aerospace Centre.
3. Virtually all water consumption by the Swire Pacific Group is withdrawn from municipal water supplies provided by local water supply authorities. Swire Properties' buildings have installed rainwater catching facilities but the amount of rainwater caught is insignificant in relation to the Group's total water consumption.
4. This figure excludes on-hire vessel fuel consumption as this belongs to scope 3 as defined by the Greenhouse Gas Protocol.
5. Swire Pacific tracks its GHG emission, energy consumption, water consumptions and waste data through utility bills and purchase or service records. When such records are not yet available, consumption is captured through direct measurements (e.g. readings of submeters). These figures are updated upon availability of the above records. The figures for 2017 have been updated to reflect such availability.
6. The gender pay gap is calculated based on the average basic salary.
7. Staff data includes total permanent employees, fixed term and temporary contract employees which is in alignment with the annual report. All data NOT marked with this note includes permanent staff data only.

R. Denotes sustainability data that has been reported on by Deloitte. Please refer to the independent limited assurance report for further details.



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# PERFORMANCE DATA

| Statistics | | Note | Property | | | Cathay Pacific group | | | HAECO group | | | Swire Coca-Cola (Note 6) | | | Swire Pacific Offshore (Note 4) | | | HUD group | | | Trading & Industrial | | | Swire Pacific (Head Office) | | | Total (Note 1) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Environmental** | | | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 |
| Total energy consumption (thousand GJ) | Direct energy consumption | | 166 | 143 | 154 | 256,677 | 252,729 (5) | 245,730 | 423 | 384 | 349 | 1,130 | 846 (5) | 781 | 1,260 | 1,417 | 1,337 | 345 | 341 | 329 | 84 | 69 (5) | 51 | - | - | - | 260,085 | 255,929 (5) | 248,730 |
| | Indirect energy consumption | | 1,035 | 959 | 1,023 | 500 | 506 (5) | 682 | 490 | 471 (5) | 481 | 1,807 | 1,273 (5) | 1,170 | 5 | 5 | 5 | 15 | 17 | 19 | 207 | 265 | 244 | - | - | - | 4,059 | 3,496 | 3,624 |
| | Total | 1 | 1,201 | 1,102 | 1,177 | 257,177 | 253,235 | 246,412 | 913 | 855 | 830 | 2,937 | 2,119 (5) | 1,951 | 1,265 | 1,422 | 1,342 | 360 | 358 | 348 | 291 | 334 | 295 | - | - | - | 264,144 R | 259,425 | 252,354 |
| | % Change year-on-year | | 9% | -6% | | 2% | 3% | | 7% | 3% | | 39% | 9% | | -11% | 6% | | 1% | 3% | | -13% | 13% | | | | | 2% | 3% | |
| Total greenhouse gas emissions by weight (thousand tonnes CO2e) | Direct (scope 1) | 2 | 10 | 11 (5) | 13 | 18,406 | 18,220 (5) | 17,702 | 33 | 29 | 27 | 81 | 59 (5) | 55 | 93 | 106 | 108 | 28 | 28 | 27 | 6 | 8 (5) | 6 | - | - | - | 18,657 | 18,461 (5) | 17,938 |
| | Indirect (scope 2) | | 205 | 205 (5) | 216 | 75 | 80 | 80 | 73 | 77 | 78 | 275 | 216 (5) | 194 | 0.5 | 1 | 1 | 2.3 | 3 | 3 | 37 | 50 | 46 | - | - | - | 667.8 | 632 | 618 |
| | Total | 1 | 215 | 216 | 229 | 18,481 | 18,300 | 17,782 | 106 | 106 | 105 | 356 | 275 (5) | 249 | 94 | 107 | 109 | 30 | 31 | 30 | 43 | 58 | 51 | - | - | - | 19,325 R | 19,093 | 18,556 |
| | % Change year-on-year | | 0% | -6% | | 1% | 3% | | 0% | 1% | | 29% | | | -13% | -1% | | -2% | 4% | | -26% | 14% | | | | | 1% | 3% | |
| Total water used (thousands cbm) | Water used | 3 | 1,599 | 1,390 | 1,522 | 975 | 950 | 866 | 633 | 653 (5) | 710 | 13,439 | 8,847 (5) | 7,585 | - | - | - | 85 | 115 | 77 | 400 | 492 (5) | 178 | - | - | - | 17,131 R | 12,447 (5) | 10,938 |
| | % Change year-on-year | | 15% | -9% | | 3% | 10% | | -3% | -8% | | 52% | 17% | | - | - | | -26% | 49% | | -19% | 176% | | | | | 38% | 14% | |
| Total waste by type and disposal method (tonnes) | Waste disposed | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Hazardous | | 0.4 | 1 | 0 | 0.4 | 0 | 1 | 1,470 | 1,442 | 1,135 | 51 | 64 | 110 | 1,581 | 1,424 | 1,973 | 0 | 0 | 0 | 2 | 2 (5) | 1 | - | - | - | 3,104.8 | 2,933 | 3,220 |
| | Non-hazardous | | 30,800 | 32,316 | 38,377 | 15,206 | 14,218 | 13,794 | 4,176 | 4,291 | 4,921 | 12,752 | 5,024 (5) | 722 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - | 62,934 | 55,849 | 57,814 |
| | Waste recycled | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Hazardous | | 0.4 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 148 | 43 | 59 (5) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - | 43.4 | 59 | 149 |
| | Non-hazardous | | 10,642 | 7,272 | 4,350 | 3,491 | 4,268 | 4,414 | 1,330 | 1,341 | 717 | 16,668 | 10,354 (5) | 10,342 | 2 | 1 | 16 | 208 | 84 | 184 | 782 | 1,353 | 457 | - | - | - | 33,123 | 24,673 | 20,480 |
| | Total | | 41,442.8 | 39,589 | 42,728 | 18,697.4 | 18,486 | 18,209 | 6,976 | 7,074 | 6,921 | 29,514 | 15,501 (5) | 11,174 | 1,583 | 1,425 | 1,989 | 208 | 84 | 184 | 784 | 1,355 | 458 | - | - | - | 99,205.2 | 83,514 | 81,663 |
| | % Change year-on-year | | 5% | -7% | | 1% | 2% | | -1% | 2% | | 90% | 39% | | 11% | -28% | | 148% | -54% | | -42% | 196% | | | | | 19% | 2% | |
| **Health & Safety** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Thousand hours worked | | | 12,406 | 11,614 | 11,674 | 66,886 | 67,712 | 69,059 | 33,914 | 34,209 | 39,415 | 64,092 | 46,245 | 45,304 | 11,961 | 11,647 | 12,194 | 2,271 | 2,332 | 1,995 | 16,256 | 17,608 | 17,767 | 76 | 82 | 84 | 207,862 | 191,269 | 197,492 |
| Total lost time injuries | | | 91 | 83 | 105 | 1,288 | 1,112 | 970 | 222 | 249 | 299 | 173 | 118 | 113 | 9 | 4 | 4 | 5 | 10 | 12 | 75 | 81 | 96 | 0 | 0 | 0 | 1,863 | 1,657 | 1,599 |
| Lost time injury rate (LTIR) | | | 1.47 | 1.43 | 1.80 | 3.85 | 3.28 | 2.81 | 1.31 | 1.46 | 1.52 | 0.54 | 0.51 | 0.50 | 0.15 | 0.07 | 0.07 | 0.44 | 0.86 | 1.20 | 0.92 | 0.92 | 1.08 | 0.00 | 0.00 | 0.00 | 1.79 R | 1.73 | 1.62 |
| % Change year-on-year (LTIR) | | | 3% | -21% | | 17% | 17% | | -10% | -4% | | 6% | 2% | | 114% | 7% | | -49% | -7% | | 0% | -15% | | - | - | | 3% | 7% | |
| Lost days due to injuries | | | 3,379 | 2,808 | 2,112 | 28,964 | 34,178 | 24,304 | 8,237 | 12,581 | 11,650 | 8,883 | 3,130 | 3,396 | 1,030 | 149 | 52 | 1,168 | 979 | 1,314 | 2,519 | 2,983 | 3,357 | - | - | - | 54,180 | 56,808 | 46,184 |
| Lost day rate (LDR) | | | 54.47 | 48.36 | 36.18 | 86.61 | 100.95 | 70.38 | 48.57 | 73.94 | 59.11 | 27.72 | 13.54 | 14.99 | 17.22 | 2.56 | 0.85 | 102.84 | 83.95 | 131.71 | 30.99 | 33.88 | 37.78 | 0 | 0 | 0 | 52.13 | 59.4 | 46.77 |
| % Change year-on-year (LDR) | | | 13% | 34% | | -14% | 43% | | -34% | 25% | | 105% | -10% | | 573% | 201% | | 23% | -36% | | -9% | -10% | | - | - | | -12% | 27% | |
| Total fatalities (employee) | | | 0 | 0 | 0 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 1 | 0 | 0 | 0 | 2 | 4 | 1 |
| **Staff** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Workforce | Permanent and fixed term employees | 7 | 5,880 | 5,319 | 5,353 | 31,108 | 31,394 | 32,253 | 14,708 | 14,573 | 14,858 | 29,857 | 29,101 (5) | 20,416 | 2,398 | 2,221 (5) | 2,264 | 656 | 709 | 650 | 8,102 | 8,672 (5) | 9,098 | 38 | 41 | 45 | 92,747 | 92,014 (5) | 84,937 |
| | Supervised employees | | - | - | 61 | - | - | 3,823 | - | - | 254 | - | - | 755 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 4,893 |
| | Male | | 3,490 | 3,207 | 3,309 | 13,951 | 14,122 | 17,058 | 12,026 | 11,903 | 12,241 | 22,472 | 22,145 (5) | 16,573 | 2,187 | 2,008 (5) | 2,013 | 595 | 652 | 592 | 3,222 | 3,468 (5) | 3,593 | 11 | 13 | 14 | 57,954 | 57,463 (5) | 55,393 |
| | Female | | 2,390 | 2,112 | 2,105 | 17,157 | 17,272 | 19,018 | 2,682 | 2,670 | 2,871 | 7,385 | 6,956 (5) | 4,598 | 211 | 213 (5) | 251 | 61 | 57 | 58 | 4,880 | 5,204 (5) | 5,505 | 27 | 28 | 31 | 34,793 | 34,551 (5) | 34,437 |

| Statistics | | | Note | Property | | | Cathay Pacific group | | | HAECO group | | | Swire Coca-Cola (Note 6) | | | Swire Pacific Offshore (Note 4) | | | HUD group | | | Trading & Industrial | | | Swire Pacific (Head Office) | | | Total (Note 1) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Staff | | | | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 |
| Workforce | Total | | 7 | 5,880 | 5,319 | 5,414 | 31,108 | 31,394 | 36,076 | 14,708 | 14,573 | 15,112 | 29,857 | 29,101 (5) | 21,171 | 2,398 | 2,221 (5) | 2,264 | 656 | 709 | 650 | 8,102 | 8,672 (5) | 9,098 | 38 | 41 | 45 | 92,747 | 92,014 (5) | 89,830 |
| | Employees who are on Permanent Terms (%) | | | 93% | 94% | 95% | 88% | 90% | 86% | 96% | 96% | 96% | 100% | 100% (5) | 99% | 48% | 55% (5) | 60% | 55% | 95% | 94% | 94% | 94% (5) | 94% | 100% | 100% | 100% | 93% | 94% (5) | 1 |
| | Permanent employees who work Full-time (%) | | | 98% | 99% | 99% | 98% | 98% | 98% | 99% | 99% | 99% | 99% | 99% (5) | 99% | 100% | 100% (5) | 100% | 100% | 100% | 100% | 88% | 92% (5) | 93% | 100% | 100% | 100% | 98% | 98% (5) | 98% |
| | Workforce by region (%) | Hong Kong & Macau | | 55% | 61% | 60% | 82% | 81% | 83% | 47% | 48% | 48% | 5% | 5% | 7% | 0% | 0% | 0% | 100% | 100% | 100% | 38% | 33% | 33% | 100% | 100% | 96% | 44% | 44% | 51% |
| | | Mainland China | | 36% | 39% | 39% | 2% | 3% | 2% | 37% | 36% | 34% | 69% | 69% | 68% | 0% | 0% | 0% | 0% | 0% | 0% | 45% | 52% | 53% | 0% | 0% | 4% | 35% | 36% | 31% |
| | | Taiwan | | 0% | 0% | 0% | 2% | 2% | 2% | 0% | 0% | 0% | 3% | 3% | 4% | 0% | 0% | 0% | 0% | 0% | 0% | 16% | 14% | 13% | 0% | 0% | 0% | 3% | 3% | 3% |
| | | USA | | 9% | 0% | 0% | 2% | 2% | 1% | 16% | 16% | 17% | 23% | 23% | 20% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 11% | 11% | 8% |
| | | Others | | 0% | 0% | 0% | 11% | 12% | 12% | 0% | 0% | 0% | 0% | 0% | 0% | 100% | 100% | 100% | 0% | 0% | 0% | 1% | 1% | 1% | 0% | 0% | 0% | 6% | 7% | 7% |
| | Workforce by employee category (%) | Executive - Top/Senior management | | 2% | 2% | | 1% | 1% | | 1% | 1% | | 1% | 1% | | 1% | 1% | | 5% | 3% | | 1% | 1% | | 29% | 27% | | 1% | 1% | |
| | | Executive - Middle/Junior management & supervisory | | 24% | 23% | | 8% | 8% | | 12% | 11% | | 9% | 13% | | 14% | 17% | | 12% | 8% | | 5% | 6% | | 26% | 29% | | 10% | 11% | |
| | | Non-exec - Customer facing staff | | 53% | 53% | | 51% | 51% | | 9% | 10% | | 54% | 51% | | 0% | 0% | | 0% | 0% | | 59% | 57% | | 0% | 0% | | 45% | 44% | |
| | | Non-exec - Non-customer facing operational/technical staff | | 11% | 11% | | 31% | 31% | | 67% | 67% | | 31% | 30% | | 85% | 0% | | 83% | 89% | | 21% | 24% | | 0% | 0% | | 36% | 35% | |
| | | Others | | 10% | 11% | | 8% | 8% | | 12% | 12% | | 6% | 6% | | 0% | 82% | | 0% | 0% | | 13% | 12% | | 45% | 44% | | 8% | 10% | |
| | Workforce by employee category and age group (%) | **Executive - Top/Senior management** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | under 30 years old | | 1% | 0% | | 1% | 0% | | 0% | 0% | | 0% | 0% | | 0% | 0% | | 0% | 0% | | 0% | 1% | | 0% | 0% | | 0% | 0% | |
| | | 30 to 50 years old | | 72% | 77% | | 64% | 68% | | 43% | 54% | | 60% | 62% | | 63% | 53% | | 39% | 53% | | 63% | 71% | | 36% | 27% | | 61% | 65% | |
| | | Over 50 years old | | 27% | 23% | | 36% | 32% | | 57% | 46% | | 40% | 38% | | 38% | 47% | | 61% | 47% | | 37% | 27% | | 64% | 73% | | 39% | 35% | |
| | | **Executive - Middle/Junior management & supervisory** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | under 30 years old | | 16% | 20% | | 10% | 10% | | 6% | 6% | | 6% | 10% | | 6% | 11% | | 2% | 9% | | 1% | 5% | | 0% | 8% | | 8% | 10% | |
| | | 30 to 50 years old | | 76% | 72% | | 63% | 62% | | 66% | 67% | | 80% | 75% | | 75% | 69% | | 76% | 65% | | 82% | 82% | | 91% | 83% | | 72% | 70% | |
| | | Over 50 years old | | 8% | 8% | | 27% | 27% | | 28% | 28% | | 15% | 15% | | 19% | 21% | | 21% | 26% | | 17% | 12% | | 9% | 8% | | 20% | 19% | |
| | | **Non-exec - Customer facing staff** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | under 30 years old | | 27% | 29% | | 23% | 27% | | 8% | 13% | | 30% | 34% | | 0% | 0% | | 0% | 0% | | 50% | 55% | | 0% | 0% | | 29% | 32% | |
| | | 30 to 50 years old | | 48% | 47% | | 67% | 65% | | 59% | 56% | | 65% | 62% | | 0% | 0% | | 0% | 0% | | 48% | 44% | | 0% | 0% | | 62% | 60% | |
| | | Over 50 years old | | 25% | 24% | | 10% | 9% | | 34% | 31% | | 5% | 5% | | 0% | 0% | | 0% | 0% | | 2% | 1% | | 0% | 0% | | 9% | 8% | |
| | | **Non-exec - Non-customer facing operational/technical staff** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | under 30 years old | | 33% | 32% | | 13% | 15% | | 28% | 29% | | 21% | 21% | | 11% | 0% | | 23% | 18% | | 25% | 38% | | 0% | 0% | | 21% | 23% | |
| | | 30 to 50 years old | | 57% | 60% | | 58% | 58% | | 53% | 52% | | 66% | 66% | | 68% | 0% | | 38% | 33% | | 60% | 53% | | 0% | 0% | | 59% | 58% | |
| | | Over 50 years old | | 9% | 8% | | 29% | 28% | | 19% | 18% | | 14% | 13% | | 21% | 0% | | 39% | 50% | | 15% | 9% | | 0% | 0% | | 20% | 19% | |
| | | Others | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | under 30 years old | | 32% | 30% | | 17% | 18% | | 34% | 38% | | 28% | 27% | | 0% | 18% | | 0% | 0% | | 33% | 35% | | 6% | 17% | | 27% | 27% | |
| | | 30 to 50 years old | | 50% | 52% | | 63% | 63% | | 61% | 58% | | 66% | 65% | | 0% | 67% | | 0% | 0% | | 61% | 59% | | 63% | 50% | | 62% | 62% | |
| | | Over 50 years old | | 18% | 18% | | 20% | 19% | | 5% | 5% | | 7% | 7% | | 0% | 15% | | 0% | 0% | | 6% | 5% | | 31% | 33% | | 11% | 11% | |

| Statistics | | | Note | Property | | | Cathay Pacific group | | | HAECO group | | | Swire Coca-Cola (Note 6) | | | Swire Pacific Offshore (Note 4) | | | HUD group | | | Trading & Industrial | | | Swire Pacific (Head Office) | | | Total (Note 1) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Staff** | | | | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 |
| Workforce | Workforce by employee category and gender (%) | **Executive - Top/Senior management** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Male | | 48% | 50% | | 64% | 64% | | 85% | 83% | | 80% | 81% | | 100% | 100% | | 89% | 79% | | 63% | 70% | | 55% | 64% | | 69% | 70% | |
| | | Female | | 52% | 50% | | 36% | 36% | | 15% | 18% | | 21% | 19% | | 0% | 0% | | 11% | 21% | | 37% | 30% | | 45% | 36% | | 31% | 30% | |
| | | **Executive - Middle/Junior management & supervisory** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Male | | 48% | 48% | | 73% | 72% | | 83% | 83% | | 72% | 77% | | 76% | 69% | | 69% | 78% | | 58% | 57% | | 27% | 33% | | 70% | 72% | |
| | | Female | | 52% | 52% | | 27% | 28% | | 17% | 17% | | 28% | 23% | | 24% | 31% | | 31% | 22% | | 42% | 43% | | 73% | 67% | | 30% | 28% | |
| | | **Non-exec - Customer facing staff** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Male | | 68% | 70% | | 22% | 22% | | 91% | 92% | | 74% | 75% | | 0% | 0% | | 0% | 0% | | 29% | 26% | | 0% | 0% | | 50% | 49% | |
| | | Female | | 32% | 30% | | 78% | 78% | | 10% | 8% | | 26% | 25% | | 0% | 0% | | 0% | 0% | | 71% | 74% | | 0% | 0% | | 50% | 51% | |
| | | **Non-exec - Non-customer facing operational/technical staff** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Male | | 62% | 63% | | 85% | 84% | | 83% | 82% | | 84% | 85% | | 84% | 0% | | 92% | 93% | | 64% | 68% | | 0% | 0% | | 82% | 82% | |
| | | Female | | 38% | 37% | | 15% | 16% | | 17% | 18% | | 16% | 15% | | 16% | 0% | | 8% | 7% | | 36% | 32% | | 0% | 0% | | 18% | 18% | |
| | | Others | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Male | | 40% | 38% | | 31% | 31% | | 64% | 64% | | 40% | 40% | | 0% | 85% | | 0% | 0% | | 37% | 38% | | 13% | 11% | | 42% | 48% | |
| | | Female | | 60% | 63% | | 69% | 69% | | 36% | 36% | | 60% | 60% | | 0% | 15% | | 0% | 0% | | 63% | 62% | | 88% | 89% | | 58% | 52% | |
| **Voluntary Permanent Employee Turnover Data** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| By age group | Under 30 years old | | | 41% | 37% | 35% | 24% | 18% | 15% | 19% | 16% | 14% | 39% | 34% | 29% | 25% | 6% | 12% | 27% | 20% | 10% | 98% | 99% | 67% | 40% | 29% | 0% | 40% | 37% | 30% |
| | 30 to 50 years old | | | 20% | 18% | 16% | 7% | 6% | 5% | 8% | 9% | 9% | 15% | 14% | 12% | 3% | 6% | 5% | 22% | 15% | 12% | 28% | 31% | 33% | 9% | 4% | 0% | 12% | 12% | 10% |
| | Over 50 years old | | | 15% | 11% | 11% | 6% | 10% | 6% | 7% | 9% | 9% | 2% | 8% | 5% | 27% | 10% | 4% | 7% | 6% | 8% | 13% | 19% | 19% | 0% | 0% | 0% | 7% | 10% | 7% |
| By gender | Male | | | 21% | 20% | 21% | 10% | 9% | 9% | 10% | 11% | 10% | 21% | 20% | 18% | 9% | 7% | 5% | 17% | 12% | 10% | 47% | 55% | 43% | 25% | 7% | 0% | 17% | 17% | 14% |
| | Female | | | 30% | 24% | 22% | 11% | 9% | 7% | 12% | 11% | 12% | 16% | 16% | 13% | 18% | 6% | 12% | 18% | 9% | 9% | 60% | 67% | 52% | 0% | 3% | 0% | 21% | 21% | 16% |
| By region | Hong Kong & Macau | | | 22% | 22% | 20% | 11% | 10% | 8% | 11% | 10% | 10% | 27% | 26% | 19% | 0.00% | 0% | 0% | 17% | 12% | 10% | 93% | 90% | 59% | 8% | 5% | 0% | 18% | 17% | 13% |
| | Mainland China | | | 24% | 22% | 23% | 8% | 7% | 11% | 7% | 7% | 8% | 17% | 17% | 14% | 0.00% | 0% | 0% | 0.00% | 0% | 0% | 42% | 56% | 49% | 0.00% | 0% | 0% | 19% | 22% | 18% |
| | Taiwan | | | 0.00% | 0% | 0% | 7% | 4% | 4% | 0.00% | 0% | 0% | 10% | 14% | 7% | 0.00% | 0% | 0% | 0.00% | 0% | 0% | 12% | 26% | 22% | 0.00% | 0% | 0% | 16% | 17% | 13% |
| | USA | | | 0% | 67% | 0% | 12% | 2% | 10% | 19% | 22% | 17% | 26% | 25% | 29% | 50% | 0% | 0% | 0.00% | 0% | 0% | 0.00% | 0% | 0% | 0.00% | 0% | 0% | 23% | 22% | 18% |
| | Others | | | 20% | 0% | 0% | 10% | 8% | 6% | 0% | 0% | 0% | 0.00% | 6% | 0% | 10% | 7% | 6% | 0.00% | 0% | 0% | 34% | 23% | 56% | 0.00% | 0% | 0% | 10% | 8% | 7% |
| Total Voluntary Turnover Rate of Permanent Employees (%) | | | | 25% | 22% | 21% | 10% | 9% | 8% | 11% | 11% | 10% | 20% | 19% | 17% | 10% | 7% | 6% | 17% | 12% | 10% | 55% | 62% | 48% | 8% | 5% | 0% | 19% | 19% | 15% |
| **New Hire Data** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| By age group | Under 30 years old | | | 54% | 47% | 48% | 25% | 21% | 20% | 30% | 29% | 22% | 55% | 57% | 47% | 23% | 7% | 17% | 30% | 31% | 50% | 116% | 105% | 80% | 100% | 25% | 0% | 52% | 50% | 39% |
| | 30 to 50 years old | | | 21% | 17% | 24% | 5% | 4% | 5% | 7% | 7% | 11% | 17% | 47% | 19% | 2% | 6% | 6% | 14% | 34% | 45% | 33% | 36% | 39% | 4% | 5% | 7% | 13% | 23% | 14% |
| | Over 50 years old | | | 16% | 13% | 16% | 6% | 5% | 5% | 8% | 8% | 9% | 8% | 26% | 28% | 22% | 6% | 3% | 7% | 33% | 49% | 16% | 19% | 29% | 0% | 0% | 0% | 8% | 12% | 12% |
| By gender | Male | | | 25% | 22% | 30% | 10% | 10% | 11% | 13% | 13% | 12% | 25% | 46% | 30% | 6% | 6% | 6% | 13% | 34% | 47% | 59% | 60% | 51% | 18% | 15% | 14% | 21% | 29% | 22% |
| | Female | | | 34% | 28% | 29% | 8% | 6% | 7% | 14% | 14% | 20% | 25% | 53% | 23% | 21% | 6% | 12% | 23% | 19% | 50% | 68% | 70% | 63% | 0% | 0% | 0% | 23% | 28% | 21% |

| Statistics | | Note | Property | | Cathay Pacific group | | | HAECO group | | | Swire Coca-Cola (Note 6) | | | Swire Pacific Offshore (Note 4) | | | HUD group | | | Trading & Industrial | | | Swire Pacific (Head Office) | | | Total (Note 1) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **New Hire Data** | | | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 |
| By region | Hong Kong & Macau | | 25% | 24% | 25% | 10% | 8% | 10% | 11% | 11% | 16% | 34% | 24% | 27% | 0.00% | 0% | 0% | 15% | 33% | 48% | 101% | 91% | 61% | 5% | 5% | 5% | 17% | 17% | 16% |
| | Mainland China | | 30% | 25% | 36% | 7% | 4% | 1% | 9% | 7% | 4% | 23% | 55% | 19% | 0.00% | 0% | 0% | 0.00% | 0% | 0% | 51% | 61% | 64% | 0.00% | 0% | 0% | 45% | 45% | 25% |
| | Taiwan | | 0.00% | 0% | 0% | 1% | 2% | 1% | 0.00% | 0% | 0% | 17% | 12% | 10% | 0.00% | 0% | 0% | 0.00% | 0% | 0% | 20% | 36% | 25% | 0.00% | 0% | 0% | 20% | 20% | 14% |
| | USA | | 47% | 0% | 100% | 2% | 3% | 4% | 27% | 30% | 26% | 32% | 35% | 64% | 0% | 100% | 0% | 0.00% | 0% | 0% | 0.00% | 0% | 0% | 0.00% | 0% | 0% | 33% | 33% | 45% |
| | Others | | 20% | 0% | 0% | 5% | 7% | 9% | 0% | 0% | 0% | 0.00% | 11% | 0% | 9% | 6% | 7% | 0.00% | 0% | 0% | 32% | 40% | 79% | 0.00% | 0% | 0% | 8% | 8% | 9% |
| Total New Hires Rate (%) | | | 29% | 24% | 28% | 9% | 8% | 9% | 13% | 13% | 14% | 25% | 48% | 29% | 9% | 6% | 7% | 15% | 33% | 48% | 65% | 66% | 58% | 5% | 5% | 4% | 21% | 29% | 21% |
| **Training Data** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| By employee category | Top / Senior Management | | 37.90 | 34.76 | 24.93 | 6 | - | 2.75 | 12.20 | 16.09 | 27.39 | 38.22 | 41.41 | 58.49 | 3.70 | 0.47 | 1.80 | 6.83 | 7.69 | 5.11 | 13.81 | 17.29 | 13.07 | 15.56 | 11.55 | 14.88 | 26.59 | 51.69 | 15.52 |
| | Middle/ Junior management and supervisory | | 28.33 | 22.20 | 15.88 | 20 | - | 14.47 | 59.48 | 52.85 | 83.95 | 29.83 | 23.90 | 28.57 | 6.24 | 0.03 | 15.73 | 7.71 | 5.68 | 6.11 | 14.88 | 14.87 | 11.22 | 24.38 | 25.58 | 22.29 | 31.39 | 27.21 | 39.93 |
| | Customer facing staff | | 19.50 | 9.61 | 10.02 | 52 | - | 26.62 | 40.69 | 78.10 | 40.88 | 21.98 | 16.35 | 15.15 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 24.58 | 5.41 | 6.49 | 0.00 | 0.00 | 0.00 | 33.94 | 20.27 | 23.04 |
| | Non-customer facing operational / technical staff | | 19.32 | 18.88 | 13.06 | 82 | - | 12.30 | 55.33 | 45.32 | 62.19 | 39.82 | 26.71 | 32.95 | 66.41 | 0.00 | 4.41 | 17.08 | 8.00 | 8.48 | 9.56 | 15.59 | 13.25 | 0.00 | 0.00 | 0.00 | 55.19 | 33.27 | 26.55 |
| | Others | | 7.62 | 11.51 | 6.88 | 8 | - | 1.13 | 80.98 | 53.94 | 163.54 | 25.91 | 18.86 | 22.25 | 0.00 | 25.77 | 155.71 | 0.00 | 0.00 | 0.00 | 7.32 | 7.20 | 6.06 | 8.25 | 19.93 | 1.00 | 29.07 | 26.48 | 69.88 |
| Total Average Hours of Training | | | 20.90 | 14.09 | 11.57 | 30.59 | 49.10 | 21.28 | 57.36 | 50.64 | 65.27 | 28.63 | 20.70 | 23.68 | 57.35 | 22.88 | 123.08 | 15.46 | 7.81 | 7.91 | 18.51 | 8.46 | 8.35 | 14.61 | 19.34 | 18.75 | 40.72 | 33.19 | 30.08 |
| **Salary Data** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gender pay gap by employee category | Executive - Top/Senior management | | | - | - | | - | - | | - | - | | - | - | | - | - | | - | - | | - | - | | - | - | 2% | -7% | - |
| | Executive - Middle/Junior management & supervisory | | | - | - | | - | - | | - | - | | - | - | | - | - | | - | - | | - | - | | - | - | -10% | -12% | - |
| | Non-exec - Customer facing staff | | | - | - | | - | - | | - | - | | - | - | | - | - | | - | - | | - | - | | - | - | -45% | -61% | - |
| | Non-exec - Non-customer facing operational/ technical staff | | | - | - | | - | - | | - | - | | - | - | | - | - | | - | - | | - | - | | - | - | -41% | -44% | - |
| | Others | | | - | - | | - | - | | - | - | | - | - | | - | - | | - | - | | - | - | | - | - | 10% | -3% | - |

Notes:

1. Totals may not be the exact sum of numbers shown here due to rounding.
2. For the Cathay Pacific group, only $CO_2$ emissions for aviation turbine fuel are reported as there is no scientific consensus on the global warming effect of other emissions. Cathay Pacific monitors developments in these areas of atmospheric science, including studies from the UKs OMEGA aviation and environment project and the Institute of Atmospheric Physics at the German Aerospace Centre.
3. Virtually all water consumption by the Swire Pacific Group is withdrawn from municipal water supplies provided by local water supply authorities. Swire Properties' buildings have installed rainwater catching facilities but the amount of rainwater caught is insignificant in relation to the Group's total water consumption.
4. This figure excludes on-hire vessel fuel consumption as this belongs to scope 3 as defined by the Greenhouse Gas Protocol.
5. Swire Pacific tracks its GHG emission, energy consumption, water consumptions and waste data through utility bills and purchase or service records. When such records are not yet available, consumption is captured through direct measurements (e.g. readings of submeters). These figures are updated upon availability of the above records. The figures for 2017 have been updated to reflect such availability.
6. The gender pay gap is calculated based on the average basic salary.
7. Staff data includes total permanent employees, fixed term and temporary contract employees which is in alignment with the annual report. All data NOT marked with this note includes permanent staff data only.

R. Denotes sustainability data that has been reported on by Deloitte. Please refer to the independent limited assurance report for further details.

GRI Standards Home | Standards | Standards Development | Standards Development Process | Standards Development Process | Standards Development Process

# 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 align the sustainability areas on which we focus and our key performance indicators to the SDGs. We have 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 AFFORDABLE AND CLEAN ENERGY

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

  Renewable energy generation increased from 11.08 million kWh in 2017 to 12.87 million kWh in 2018, a 16% increase

- **7.3** Increase energy efficiency

  In 2018, Swire Properties' carbon intensity in its Hong Kong and Mainland China properties improved by 4.3% and 11.9% respectively compared to 2017

Relevant section of the report

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

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

  In 2018, Swire Coca-Cola's water use ratio (WUR), which measures the amount of water needed to produce a litre of beverage, decreased (from 1.77 in 2017) to 1.74

Relevant section of the report

## Waste

11 SUSTAINABLE CITIES AND COMMUNITIES

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

  70 of Swire Properties' buildings in Hong Kong received excellent ratings for indoor air quality and four received good ratings.

  In 2018 the Swire Pacific group recycled 34.1% more waste than in 2017

Relevant section of the report

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- **12.2** Achieve the sustainable management and efficient use of natural resources

  Swire Coca-Cola uses lightweight packaging where possible. In Hong Kong, using less aluminium has reduced the weight of cans by 22%, saving approaching 300 tonnes of aluminium per annum

- **12.3** Reduce per capita global food waste at the retail and consumer levels, and along production and supply chains

  Since 2014, Cathay Pacific Catering Services has worked with a local charity, Feeding Hong Kong, to redistribute surplus food collected from inbound flights. In 2018, over 283 tonnes of food was donated

- **12.5** Reduce waste generation through prevention, reduction, recycling and reuse

  Swire Coca-Cola is a founding member of the Drink Without Waste Initiative and the Ellen MacArthur Foundations New Plastic Economy

  Swire Coca-Cola is forming a joint venture to build a plastics recycling facility in Hong Kong

Relevant section of the report

14 LIFE BELOW WATER

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

  At Swire Pacific Offshore, all efforts are made to eradicate waste discharge to the sea, with all scrap and engine room waste bagged, and all sludge discharged to shore tankers. The garbage management plan for each vessel provides detailed plans and instructions for garbage handling and charts showing authorised areas for waste disposal.

Relevant section of the report

## Water

6 CLEAN WATER AND SANITATION

- **6.1** Achieve universal and equitable access to safe and affordable drinking water for all

  Swire Coca-Cola Hong Kong is introducing 300 Bonaqua water stations, offering hot and cold mineralised water, in Hong Kong

- **6.3** Improve water quality by reducing pollution, reducing the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

  All of Swire Coca-Cola's bottling plants in Mainland China, Hong Kong and Taiwan are equipped with their own on-site wastewater treatment systems

- **6.4** Substantially increase water-use efficiency and ensure sustainable withdrawals

  In 2018, Swire Coca-Cola recycled 886.4 million litres of water

Relevant section of the report

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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

  In 2018, the Coca-Cola system including Swire Coca-Cola replenished 155% of the water used in all beverages sold globally

Relevant section of the report

15 LIFE ON LAND

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

  Swire Coca-Cola has been helping to replenish the Chongming Dongtan Wetland in Shanghai with treated water from its nearby bottling plants since 2014

Relevant section of the report

## Sustainable materials

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- **12.1** Help implement sustainable consumption and production patterns

  In 2018, Cathay Pacific Catering Services purchased 417 tonnes of certified sustainable seafood, and 38 tonnes of locally grown vegetables

- **12.3** Reduce per capita global food waste at the retail and consumer levels, and along production and supply chains

  In 2018, Cathay Pacific donated over four and a half tonnes of bakery goods and bottled water to Food Angel, a Hong Kong charity

Relevant section of the report

## Biodiversity

6 CLEAN WATER AND SANITATION

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

  Swire Coca-Cola is supporting the ecological recovery of Willamette watershed in Oregon USA

Relevant section of the report

14 LIFE BELOW WATER

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

  In 2018, HK$5.5 million was contributed to marine conservation projects by the Swire Trust

Relevant section of the report

15 LIFE ON LAND

- **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

  Swire Pacific Offshore's REDD+ project in Paraguay is reducing emissions from deforestation and forest degradation

- **15.5** Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity, and protect threatened species

  Cathay Pacific's sustainable carriage policy is designed to prevent the carriage of illegal and endangered species

  Cathay Pacific is a signatory of the United for Wildlife Transport Taskforce Buckingham Palace Declaration

  In 2018 Cathay Pacific made the WildAid Global Shark Pledge

- **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

  See 15.5 above

Relevant section of the report

## Climate resilience

13 CLIMATE ACTION

- **13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters

  In 2018, Swire Properties started to study the risks and opportunities posed by climate change to its assets and business operations.

- **13.3** Improve education, and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

  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

Relevant section of the report



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