

OVERVIEW

We take a long-term perspective in formulating strategy. Sustainability is key to our long-term approach. We recognise that sustainable development does not mean less profit. Rather it is an opportunity to increase efficiency. Our ultimate goal is for our operating companies to achieve zero net impact on the environment.

GOVERNANCE

We believe that sustainability is part of, not separate from, doing business. The decisions of each of our business units take due account of the sustainability matters relevant to that business unit, in the same way that they take due account of other relevant matters. When assessing risks and planning for the future, we take account of sustainability matters. The outcomes of decisions on sustainability matters are to be reported on by business units, just like any other business outcomes. Business units have sustainability targets. We intend to include those targets, and performance against those targets, in quarterly management accounts from 2013. This will help to focus the attention of senior management on sustainability matters.

Each business unit is required to deal with its own sustainability matters, but the principles governing the way this is done are the same in all business units. Through its sustainable development office, Swire Pacific sets policy and monitors its implementation by the business units. The sustainable development office also assists business units with planning and with the measurement of results. Policy is set in the light of key sustainability trends, the risks to which the Group is subject and the opportunities in sustainability available to the Group. There are Group committees dealing with particular matters relevant to sustainability – human resources, health and safety, the environment, energy and the supply chain. These committees report to the Group Risk Management Committee. The Swire Group Charitable Trust uses funds provided by companies in the Group to support charitable projects in the communities in which our companies operate. We have a community engagement taskforce.

Through our enterprise risk management system, we identify risks to be managed in order to facilitate the sustainable development of our businesses. We engage in relation to sustainability with those with whom we do business and

other third parties and compare our performance in relation to sustainability with that of others. We assess our own performance and report on it to shareholders using the Global Reporting Initiative.

ENGAGEMENT WITH OTHERS

In 2012, we appointed CSR Asia to seek the views of third parties about our governance and our social and environmental performance. Respondents included our own employees, regulators, academics, non-governmental organisations and communications experts. The responses have helped us to establish priorities in relation to sustainability matters, to set targets and to determine how we report on those matters. Greenhouse gas emissions and water consumption were identified as crucial by respondents. We ourselves regard these matters as crucial, particularly the former for our airlines and the latter for our beverages business, since this is where these businesses have the most impact on the environment.

INFORMATION COLLECTION AND REPORTING

Our business units collect the information necessary to report internally (to the boards of operating companies) and externally (to shareholders and others). The Swire Pacific board receives quarterly safety reports, which are signed off by divisional chief executives. Reporting to the Swire Pacific board on other sustainability matters is being considered for 2013. We report to the Carbon Disclosure Project, in relation to which our performance and disclosure scores improved significantly in 2012. This demonstrates our efforts to take due account of climate change in what we do. We also report to the compilers of the Hang Seng Sustainability Index and the FTSE4Good Index. We prepared our first integrated annual report in 2011. In 2013, we aim to refine our reports so that they deal appropriately with the sustainability matters of most relevance to our operating companies.