

WORKING WITH OTHERS

We have suppliers in many countries. Some of these countries have lower sustainability standards than others. We try to select suppliers which have high standards. We share information and best practices with suppliers and encourage them to adopt appropriate sustainability and other standards.



Supply Chain Management

Our supply chain sustainability working group helps operating companies to develop sustainability policies and guidelines for their suppliers. We have a supplier corporate social responsibility code of conduct. It deals with regulatory compliance, forced labour, child labour, health and safety, environmental issues, compensation and working hours, human rights, subcontractor management, ethics and reporting. Suppliers' compliance with our code is being assessed. 70% of HAECO's major suppliers have agreed to comply with the code. At Swire Resources, approximately 70% of purchases are from manufacturers of international branded goods (for example Nike, Adidas, Reebok, Puma and Columbia). The brand owners are responsible for their manufacturers' compliance with international manufacturing practice standards. All other Swire Resources suppliers have agreed to comply with the Swire code. Compliance is being monitored by outside auditors.

In 2013, the supply chain working group developed a supply chain risk matrix with a view to managing and mitigating risks. Attention has been focused on high risk suppliers. SPO and HAECO rate suppliers in accordance with a sustainability risk management framework. SPO follows up with self assessment questionnaires. The results determine which suppliers need to be audited in order to ensure compliance with the supply chain sustainability code of conduct.

Important Steps in Cathay Pacific's Supply Chain Management



Sustainable Procurement

In 2013, we developed a sustainable procurement policy. This policy commits operating companies to purchasing where possible products which do not adversely affect the environment. It can be difficult to source sustainable products. Our guidelines on doing so are in accordance with international standards.

In Mainland China, Swire Properties aims to source materials from suppliers within a radius of 800 km. Sourcing materials locally reduces energy consumption and creates local employment opportunities. At Swire Properties' INDIGO development in Beijing, reconstituted timber and bamboo (a renewable resource) were used as

building materials. The amenity kit bag in Cathay Pacific's premium economy class is made largely from recycled PET bottles. The toothbrush and shoe horn are made from corn starch and cellulose, which are biodegradable and recyclable.

Working with Others

We cooperate with the Business Environment Council (BEC) in Hong Kong, being involved in three BEC advisory groups. We participated with other leading Hong Kong companies in a corporate sustainability supply chain forum in December 2013. We support sustainability programmes at universities in Hong Kong. Cathay Pacific works with IATA in connection with IATA's 2020 carbon neutrality target.



Swire Pacific participated in the Hong Kong government's producer responsibility scheme in relation to glass bottles. Swire Pacific Offshore signed the Maritime Singapore Green Pledge in 2013, which seeks to reduce the environmental impact of shipping.

Advocacy

We try to raise awareness of sustainability matters among those with whom we do business. We do this by example:

In 2013, Taikoo Sugar started selling three types of Fairtrade and organic certified sugar in Hong Kong.

Taikoo Motors supports Volvo Trucks' fuelwatch programme, which promotes fuel efficient driving.

Cathay Pacific and Dragonair have stopped carrying unsustainably harvested shark fins and other shark products. They stopped serving shark fins in 2009.

Cathay Pacific is monitoring the atmosphere as a participant in the In-service Aircraft for a Global Observing System project.

Swire Pacific Offshore operates two windfarm installation vessels.

Swire Hotels stopped serving shark fins in 2011. Its seafood menus comply with the WWF sustainable seafood guide.

Swire Properties has offered free energy audits to tenants since 2008 in order to help them understand their energy usage and to identify opportunities to save energy. Swire Properties helped Cathay Pacific to identify substantial energy savings at its Cathay City headquarters.

Swire Beverages uses lightweight bottles, up to 30% of which are made from plant-based material.

Swire Beverages uses reverse vending machines to promote recycling.



Sustainable Development Forum

Working as one was the theme of our third sustainable development forum, held in 2013. It highlighted the importance of our operating companies working with industry peers and those with whom we do business towards a sustainable future.

2013 AIMS AND PROGRESS

Aims | To develop a group policy on sustainable procurement
Progress | Awaiting final approval

Aims | To continue to develop a database containing information about compliance by suppliers with our supplier code of conduct
Progress | In progress
Comments | Information is being collected from the operating companies

AIMS FOR 2014

To extend sustainability audits and assessments to more suppliers

To advocate sustainable procurement and other sustainable practices in the group