

OVERVIEW

Swire does not view sustainability as a cost, but as an opportunity for innovation, growth and improved efficiency. Sustainable development is a key strategic objective because it helps to create long-term value for our shareholders. It does this by safeguarding natural resources, supporting the communities in which we operate, concentrating on health and safety and our staff and their well-being (and that of others with whom we engage) and encouraging our suppliers to maintain sustainability standards similar to our own.

Strategy

Since 2011 we have had a target of moving towards net zero impact on the environment. We have started to review this strategy with a view to having in place appropriate plans intended to minimise the adverse consequences of the impact of our operations on the environment. In the short term, we are concentrating on increasing efficiency and reducing our environmental impact. In the medium and long term, we plan to achieve our goals through innovation and investment.

Governance

The decisions of each of our businesses take due account of sustainability matters in the same way that they take account of other relevant matters.

Each operating company is in charge of its own sustainability matters, but the principles governing the way that this is done are the same throughout the Group. Through its sustainable development office, Swire Pacific sets policy and monitors its implementation by business units. Policies are set to reflect key sustainability trends, the risks to which the Group is subject and opportunities in sustainability available to the Group.

The sustainable development office coordinates committees and working groups that enable operating companies to exchange information and best practices with a view to improving efficiency, reducing costs and engaging with staff. Sustainability matters are overseen by a sustainability committee, chaired by a Swire Pacific executive

director. The sustainability committee reports to the Swire Pacific Group Risk Management Committee, which in turn reports via the Audit Committee to the board of Swire Pacific.

Assessment

We have prepared the sustainability material in this annual report in accordance with the Global Reporting Initiative's GRI G4 reporting guidelines at the core level. These guidelines encourage us to focus on what is important to us and those inside and outside the Group with whom we engage.

We use an enterprise risk management framework and consultations with others in order to identify what economic, environmental and social

matters we need to address if we are to achieve long-term sustainable growth. We identify and select those with whom we wish to engage in accordance with a five-year engagement plan. We engage with people inside and outside the Group who have an interest in or are affected by what we do.

Engagement with Others

In 2013 we held a workshop in order to identify what matters we need to address if we are to achieve long-term sustainable growth. Employees and senior management from Swire Pacific, the Group's operating companies and Swire Trust were asked to consider which sustainable development issues were most important to them. We also invited fund managers, investment analysts, regulators, academics, communications professionals and representatives from non-governmental organisations and other major companies in Hong Kong to identify the environmental, economic and social matters most important to them.

Outside the workshop referred to above, we engage with joint venture companies, the media, government departments and chambers of commerce. We meet and interview them, we hold focus groups and conferences, we publish newsletters and give interviews to the media. We ask those with whom we engage to judge our performance with regard to sustainable development matters.

In 2014, we held our fourth Swire sustainable development forum. There were over 180 participants, including senior executives.

Results

By engaging with others, we have identified the following as matters which we need to address:

- emissions
- energy
- water
- waste
- health and safety
- equal opportunities and diversity
- employment
- training and education
- relationships with suppliers
- relationships with local communities

Those with whom we engage have also suggested that we promote sustainability more externally. In 2014 we provided a keynote speaker at the CSR Asia Conference and participated in the Chinese University of Hong Kong MBA Corporate Social Responsibility Conference. We worked with the Hong Kong Business Environment Council on the development of a handbook for sustainability reporting. We are often asked how we intend to minimise the adverse consequences of our impact on the environment. We say more about this later.

Reporting and Recognition

We report to the Carbon Disclosure Project and (in Hong Kong) to the Carbon Footprint Repository for Listed Companies. In 2014, HAECO group was admitted to the Climate Disclosure Leadership Index and Swire Pacific was admitted to the Dow Jones Sustainability Index, Asia Pacific, joining Cathay Pacific. Swire Pacific and Cathay Pacific are constituents of the Hang Seng Corporate Sustainability Index. In 2014, Swire Properties was rated an industry leader by Sustainalytics and was ranked 16th out of the 100 most sustainable corporations in Asia by Channel NewsAsia. Swire Pacific Offshore won the Sustainable Business Award for Business Responsibility and Ethics at the inaugural Responsible Business Forum for Sustainable Development, held in Singapore in November 2014.

