


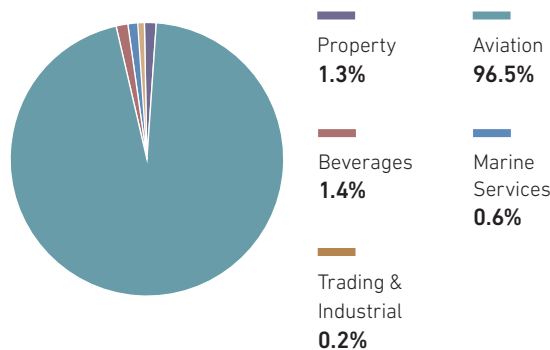


ENVIRONMENT

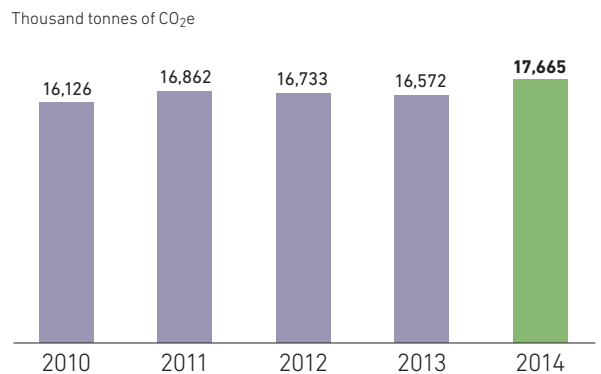
Swire Pacific's objective is to minimise the adverse consequences of its impact on the environment, concentrating on greenhouse gas emissions, water and waste. The objective is consistent with our approach to long-term sustainable business development. To help us get there, we are improving efficiency, innovating and investing.

 EMISSIONS	Reduce – Set targets for greenhouse gas emissions and energy efficiency	Renew – Use renewable energy and biofuels	Offset – Identify carbon offset opportunities
 WATER	Reduce – Lower water consumption and set targets	Reuse – Treat water to a standard that meets or exceeds legal requirements	Replenish – Give back to the community as much water as we use in our operations
 WASTE	Reduce – Produce less waste	Recycle – Do more recycling and use more recycled materials	Recover – Identify opportunities to recover waste

GHG Emissions by Division



GHG Emissions



Emissions

Climate change poses a risk to our business. To reduce the risk, greenhouse gas emissions must be reduced.

In 2014, our greenhouse gas emissions were 17.7 million tonnes of CO₂e, an increase from 16.6 million tonnes of CO₂e in 2013. The aviation division accounts for 97% of our emissions. The increase in 2014 is attributable to more jet fuel consumption by the Cathay Pacific group. More fuel was consumed because more flights were operated than the previous year, which caused emissions to increase. Emissions intensity decreased as a result of the modernisation of the fleet. 16 more fuel-efficient aircraft were delivered and seven less fuel-efficient aircraft were retired in 2014. We manage emissions as follows.

REDUCE

We encourage all our businesses to set targets to reduce emissions and to improve efficiency. Performance is monitored through the Group's management accounts.

- Cathay Pacific aims to achieve an average of 2% per annum improvement in fuel efficiency up to 2020 and thereafter to achieve carbon neutral growth. In 2014, fuel efficiency improved by 2.2%.
- Cathay Pacific manages its emissions by using more efficient aircraft and engines, by improving operational efficiency (by monitoring fuel consumption, reducing weight and washing engines) and by improved route planning and airport procedures. It aims to use more biofuels.
- SPO has a fuel efficiency management system which provides real-time fuel consumption information. This facilitates judgements as to what speed vessels should go at in order to minimise consumption.

RENEW

We encourage our businesses to use renewable energy and biofuels. This is particularly relevant for our airlines.

- In 2014, Cathay Pacific made a minority investment in Fulcrum BioEnergy, Inc., a US-based biofuel developer. Fulcrum's business is the conversion of municipal solid waste into sustainable aviation fuel. Cathay Pacific has a long-term supply agreement with Fulcrum for an initial 375 million US gallons of sustainable aviation fuel over 10 years (representing on an annual basis approximately 2% of the airline's current fuel consumption).
- In 2014, Swire Pacific increased its minority equity investment in Green Biologics, a biotechnology company developing renewable chemical and biofuel technology.
- Cathay Pacific is a member of the Round Table on Sustainable Biomaterials and of the Sustainable Aviation Fuel Users Group Asia.

OFFSET

We have not set mandatory offset targets, but offsets are important to minimising the adverse consequences of our impact on the environment. Our carbon desk seeks opportunities to generate carbon credits and identifies risks and opportunities associated with carbon trading. Our carbon offsets are required to be certified and to be linked to our businesses.

- SPO's forest conservation project in Paraguay has generated over 7,500 tonnes of carbon credits since 2011. The project is certified by Verified Carbon Standard and the Climate, Community and Biodiversity Alliance.
- Cathay Pacific's FLY greener programme offset 13,300 tonnes of CO₂ in 2014. Swire Hotels uses FLY greener to enable guests to offset emissions.
- Cathay Pacific participates in industry working groups on aviation carbon pricing.



In 2014 we signed the Trillion Tonne Communiqué. The communiqué calls on governments to set a timeline for net zero emissions, to design a credible strategy to transform the energy system that matches the signatories' ambitions in this regard and to create a plan for fossil fuels, especially coal.

Energy

All business units use electricity. Electricity consumption is our second largest source of greenhouse gas emissions. Making our buildings and operations more energy efficient is a priority.

Our emissions from using electricity in 2014 were 600,000 tonnes of CO₂e, an increase from 490,000 tonnes in 2013. The principal reason for the increase was the acquisition of new businesses and the inclusion within the scope of the report of some existing businesses for the first time.

Our operating companies exchange information about energy efficiency through our energy committee. We have identified opportunities to save an estimated 82 million kWh of electricity per year. The energy committee is working to develop minimum standards for energy efficiency.

Operating companies are encouraged to reduce energy use and to set energy efficiency targets.

- New and substantially renovated buildings are required to try to obtain at least the second highest international or local building environmental certification.
- 26 of Swire Properties' buildings in Hong Kong and eight in Mainland China are certified to green building standards.
- Swire Properties aims to reduce electricity consumption by 52 million kWh per year by 2020, representing approximately 20% of its current energy consumption. Energy intensity decreased by 3% in 2014.
- Cathay Pacific aims to reduce electricity consumption by 25% by 2020.
- Cathay Pacific's passenger lounge at Charles De Gaulle airport in Paris obtained Leadership in Energy and Environmental Design ("LEED") silver certification. It is the first airline airport lounge to have achieved this.
- HAECO Hong Kong saved 400,000 kWh of electricity (or 1.7% of energy use) in 2014 by installing LED lighting in hangars and workshops.
- Swire Pacific Cold Storage opened two cold stores in Mainland China in



2014. They obtained LEED platinum certification. They are the first cold stores to achieve this in Mainland China.

We encourage the use of renewable energy in our operations.

- In 2014, Altus Logistics, a subsidiary of Swire Pacific Offshore, installed 3,600m² of solar panels on the roof of its warehouse in Singapore. This is designed to generate 152,000 kWh of electricity per annum and to reduce electricity costs by an estimated 45%.

- Solar panels on the roofs of HAECO Xiamen's hangars generated 1.4 million kWh of electricity in 2014.
- In 2014, Swire Beverages' bottling plant in Hangzhou generated 69,000 kWh of electricity from solar panels (all generated since their installation in October).

Swire Properties offers free energy audits to tenants. Since 2008, audits have covered 280,000 sq m of commercial office space, identifying savings of 2.8 million kWh.

Water Efficiency at Swire Beverages



A number of our operating companies have systems designed to manage their environmental impact. Each of our divisions has operations covered by ISO14001 or similar certifications.

Water

We depend on clean and reliable sources of water. We consumed 9.4 million cubic metres of water in 2014, an increase from 8.6 million cubic metres in 2013. The Beverages Division accounts for 69% of our water use. Water is used to produce beverage products for sale and for cleaning (of production facilities and of beverage bottles). In 2014, water intensity at the Beverages Division, which reflects the amount of water needed to produce a litre of beverage product, was similar to that of 2013. We manage water use as follows.

REDUCE

We set water intensity targets and encourage operating companies to use less water. In some cases we use rainwater instead of municipal water supplies.

- Swire Beverages has increased its water efficiency by 31% since 2005.

It has a target of a 25% improvement in water efficiency by 2020 over 2010 levels.

- Swire Properties' Brickell City Centre development in Miami, Florida will be able to capture up to three million litres of rain per annum.

REUSE

All waste water is required to be treated so that it meets or exceeds legal requirements and can be returned to the environment.

- HAECO Xiamen reuses treated water for toilet flushing and equipment washing.
- In the Zhengzhou bottling plant in Mainland China, 100% of waste water is treated before being used by the municipal government in an urban wetland.

REPLENISH

Swire Beverages aims to return to the environment water in amounts equivalent to those which it uses in its products by 2020. Flow restoration projects in Chalk Creek, Utah and Jesse Creek, Idaho have restored stream flows of almost 300 million litres per year.

In 2013, Swire Pacific made a minority investment in NanoSpun Technologies, which is developing a wastewater treatment process using nanotechnology. In 2014, we won a water stewardship award at the 2014 Deloitte China Sustainability Awards.

Waste

Waste is a concern to those with whom we engage. Landfills in Hong Kong are getting full. We take waste very seriously. Swire Properties generated the majority of the Group's waste in 2014. This includes waste from tenants.

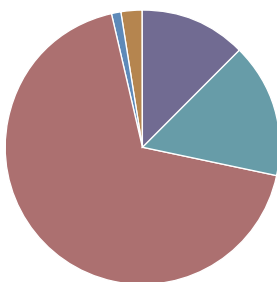
REDUCE

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

- Swire Beverages uses lightweight plastic bottles and in 2014 saved almost 290 tonnes of aluminium by appropriate sizing of cans.
- Cathay Pacific aims to reduce material usage and waste by 25% by 2020. In 2014, it started to use lighter paper and biodegradable packaging for its

Water Consumption by Division

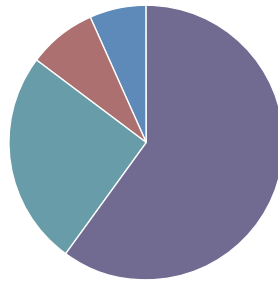
Thousand cubic metres



Property 1,210 (12.8%)	Aviation 1,505 (16.0%)	Beverages 6,517 (69.1%)
Marine Services 42 (0.4%)	Trading & Industrial 165 (1.7%)	

Waste Disposed by Division

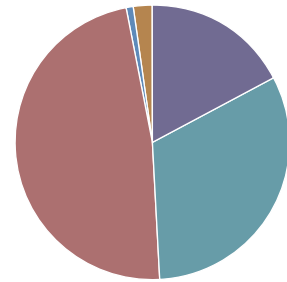
Tonnes



Property 43,068 (60.2%)	Aviation 18,062 (25.3%)	Beverages 5,752 (8.0%)
Marine Services 4,689 (6.5%)	Trading & Industrial 4 (0%)	

Waste Recycled by Division

Tonnes



Property 3,176 (17.6%)	Aviation 5,737 (31.9%)	Beverages 8,670 (48.1%)
Marine Services 24 (0.1%)	Trading & Industrial 418 (2.3%)	

inflight magazine and to replace it less frequently than after every flight.

- In 2014, we made a minority investment in Avantium, the business of which is to make bioplastics and biobased chemicals.
- EAST Hong Kong has replaced paper coasters with reusable rubber mats and has eliminated the unnecessary use of paper in guest rooms.

RECYCLE

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



- Cathay Pacific aims to increase recycling by 25% by 2020.
- Cathay Pacific Catering Services sends food waste to be converted into pig and fish food.
- Swire Properties encourages tenants to do more recycling.
- The supply chain sustainability working group worked with university students on a uniform recycling project.

- EAST Hong Kong used recycled materials to produce Christmas decorations in 2014, saving HK\$40,000. They gave linen to non-governmental organisations.

RECOVER

Management and use of waste can be seen as an opportunity. Our investments in Fulcrum and Swire Waste Management are designed to take advantage of this.

EAST Hong Kong, Swire Properties, Cathay Pacific and HAECO Hong Kong received Hong Kong Awards for Environmental Excellence in the Wastewi\$e category in 2014. We are improving our collection and monitoring of information about waste and are developing a road map for minimising our adverse impact on the environment caused by waste.



Natural Capital Accounting

We have started to test natural capital accounting. This is an attempt to quantify and evaluate the environmental impact of certain of our manufacturing operations and is designed to provide information which will be useful when selecting future manufacturing sites and making future investments.