

SUSTAINABLE DEVELOPMENT REVIEW

Sustainable development has been a core principle at Swire Pacific for 150 years. It remains integral to our approach to business and investments. Providing quality products and services that our customers can trust, investing in our people and communities, and protecting shared natural resources is not only the right thing to do, it is fundamental to our ability to create long-term value for our shareholders.

In 2020, we relaunched SwireTHRIVE, our group strategy for sustainable development. It aims to drive innovation and continuous improvement across the Group in five priority areas: Climate, Waste, Water, People and Communities.



We believe that when the world in which we operate thrives, so do we. SwireTHRIVE is underpinned by stretching near-term targets to reduce carbon, water and waste from our business activities. As a group, our ambition is to achieve net-zero carbon, water neutrality and zero waste to landfill by 2050. This commitment is made by our leadership team and agreed by our Board.

We recognise that there are other environmental, social and governance (ESG) topics that are important to our investors, regulators and customers. We have policies (including on human rights, biodiversity and sustainable procurement) which cover and go beyond SwireTHRIVE.

Governance of Sustainable Development

Our Board, led by its Chairman, is ultimately accountable for sustainability matters. The Board is kept informed of sustainability risks and performance by the Group Risk Management Committee (GRMC), which reports to the Board via the Audit Committee. The Group Head of Sustainability also briefs the Board and division heads twice a year on sustainability matters.

In 2021, a three lines of defence risk governance structure, Swire Pacific Risk Management Committee (SPACRMC) and four risk forums were introduced to strengthen oversight of risks, including sustainability risks, at Group level (see Risk Management section for details).

The GRMC, SPACRMC and the new risk forums form the second line of defence, providing oversight and assurance to the Board and the Audit Committee that risks are being managed effectively. The risk forums relevant to SwireTHRIVE focus on Environment and Sustainability, and Human Resources, Health and Safety.

Functional committees are part of the first line of defence and include representatives from our divisions. They are responsible for identifying and managing specific areas of risk, proposing policies and reporting performance to the GRMC. Those relevant to SwireTHRIVE include the Swire Group Environment Committee (SGEC) and the Health and Safety Committee. We have a Diversity and Inclusion Steering Committee (DISC).

The Sustainable Development Office (SDO) is responsible for the environmental areas of SwireTHRIVE. Our Group Risk Management and Diversity & Inclusion departments and the Swire Trust also have SwireTHRIVE responsibilities.

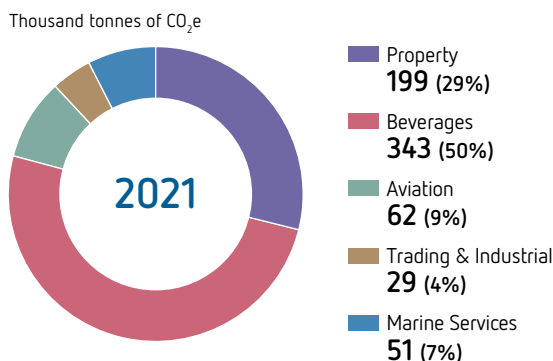
Sustainable Development Fund

The Swire Pacific Sustainable Development Fund offers financial support to operating companies for projects which can deliver significant environmental benefits, but which cannot be justified by reference to our cost of capital targets. Since 2019, the fund has supported trials of innovative cleantech solutions, with a view to accelerating their adoption at scale. In 2021, funding of about HK\$8 million was approved for projects at four operating companies.

Sustainable Finance

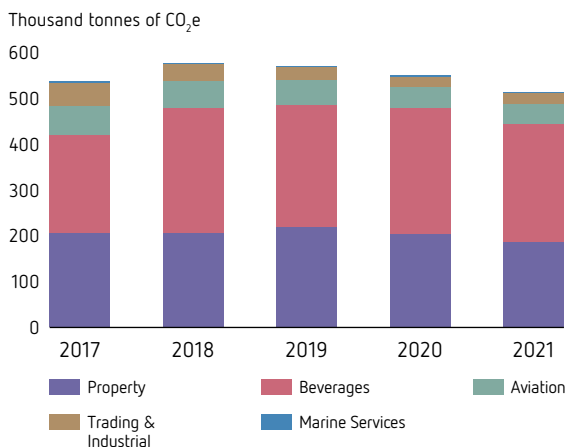
Linking sustainability performance to our financing mechanisms helps demonstrate our commitment to sustainability. In June 2021, the Company converted two revolving credit facilities totalling HK\$2.2 billion into sustainability-linked loans. Sustainable finance represented 18% of the Group's total financing in 2021.

Total GHG Emissions (Scopes 1 and 2) by Division



Notes:
 1. Swire Pacific tracks its energy consumption and GHG emissions 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 records.
 2. Totals may not be the exact sum of numbers shown due to rounding.

Indirect (Scope 2) GHG Emissions by Division



Note:
 1. Swire Pacific tracks its energy consumption and GHG emissions 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 records. The figures for 2020 have been updated to reflect such availability.

Climate

We recognise that the world must halve emissions by 2030 and reach net-zero by 2050 to avoid the worst effects of climate change. Reducing our greenhouse gas (GHG) emissions is a business imperative. We are also taking steps to ensure that our assets and operations are prepared to withstand and adapt to climate-related risks.

Climate Risk

As part of its overall coverage of risks, the Group’s Enterprise Risk Management (ERM) process supports consideration of the physical, regulatory and financial impact of climate change on our businesses. In 2018, we started to align our reporting with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We have since assessed the physical climate risk of more than 850 of our immovable assets. Each of our divisions also has operations covered by the ISO14001 environmental management system.

Greenhouse Gas Emissions

We aim to reduce our emissions in line with international carbon reduction goals. We target a 50% reduction in total GHG emissions (scope 1 and scope 2) by 2030, from 2018 levels, and aim to reach net-zero emissions by 2050.

In 2021, our GHG emissions were 683 thousand tonnes of carbon dioxide equivalent (CO₂e), a 12% decrease from 2020 (calculated on a revised basis). Swire Properties and Swire Coca-Cola account for 79% of the emissions of the Group. Both have set science-based targets (SBTs) aligned with the 1.5°C pathway, which have been approved by the Science Based Targets initiative (SBTi).

Following a review of our report boundary in 2021, Cathay Pacific’s emissions are now classified as the Group’s scope 3 emissions. In 2021, the Cathay Pacific group’s emissions totalled 6,060 thousand tonnes of CO₂e, of which we report 45%, which is equivalent to our ordinary shareholding interest in the company. Cathay Pacific has committed to achieving net-zero carbon emissions by 2050, and for sustainable aviation fuel (SAF) to constitute 10% of its total fuel consumption by 2030.

Fuel efficiency at the Cathay Pacific group was impacted by changes in operations, including the mix of aircraft being operated and capacity reductions due to operational restrictions. Its carbon intensity, measured in tonnes of CO₂ per available tonne kilometre (ATK), increased by 1.1% in 2021 compared with 2020.

Energy

Electricity consumption is our largest source of GHG emissions. In 2021, our indirect emissions (primarily derived from purchased electricity) were 512 thousand tonnes of CO₂e, a 7% decrease from 2020 (calculated on a revised basis). We retrofitted buildings and improved operational procedures. Energy saving initiatives and increased use of renewable electricity contributed to our improved performance.

Our sustainable building design policy requires new and substantially renovated buildings to obtain the highest or, as a minimum, the second highest international or local building environmental certification.

Swire Properties designs, constructs and operates properties with a view to reducing energy use. At the end of 2021, buildings accounting for 96% of Swire Properties’ existing buildings are certified green buildings under BEAM, BEAM Plus, LEED, WELL,

China Three Star or Green Mark independent rating systems, of which 82% achieved the highest ratings. 100% of its projects under development have achieved the highest ratings.

In 2021, Swire Properties continued to make steady progress towards meeting its new SBTs. Its scope 1 and 2 emissions have decreased by 23% compared with the 2019 base year. Swire Properties offers free energy audits to tenants. Since 2008, free energy audits have covered 5.8 million square metres of commercial space, identifying potential annual energy savings of 9.1 million kWh.

We encourage the use of renewable energy through onsite generation or power purchase agreements. 20.5 million kWh of electricity was generated from renewable sources at Swire Properties, Swire Coca-Cola and HAECO Xiamen in 2021. In 2021, Swire Properties entered into a contract to procure 100% renewable electricity for its Taikoo Hui, Guangzhou development. Swire Coca-Cola’s plants in Yunnan, Hubei and Shanghai Jinqiao are powered by 100% renewable electricity.

Waste

We aim to minimise the total amount of waste we generate and seek to divert as much as possible from landfill, through recycling, reuse and reducing waste at source.

In 2021, the Group generated 89,227 tonnes of waste, a 12% increase from 2020. Swire Properties and Swire Coca-Cola account for 90% of the Group’s waste footprint. We target for 65% of our non-hazardous waste to be diverted from landfill by 2030, and to achieve zero waste to landfill by 2050. Our waste diversion rate increased from 44% in 2020, to 51% in 2021 for subsidiaries covered by our 2030 waste target.

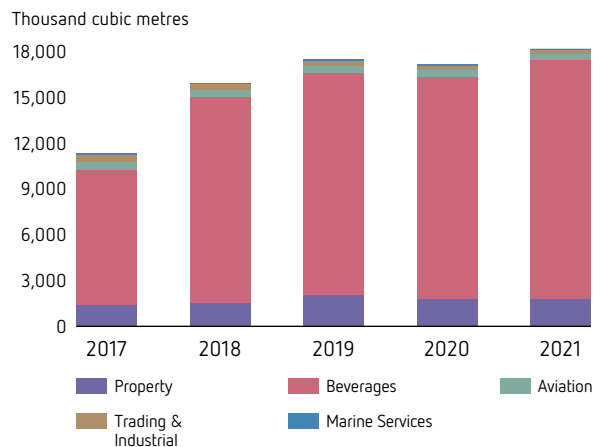
We are conscious of increasing global concerns about single-use plastic and the environmental damage it causes, particularly if not captured at its end-of-life. Whilst plastics are versatile, cost-effective, lightweight and important for our operations, particularly for ensuring food quality and safety, we recognise that we have a responsibility to address the impact of the plastic we use.

In line with The Coca-Cola Company’s World Without Waste initiative, Swire Coca-Cola has the following aims:

- By 2025, primary packaging will be 100% recyclable
- By 2030, primary packaging will comprise 50% recycled content
- By 2030, for every bottle placed in the environment, one will be removed

To address post-consumer waste, Swire Coca-Cola has entered into a joint venture with ALBA Group Asia and Baguio Waste Management & Recycling to build and operate New Life Plastics, Hong Kong’s first food-grade ready plastics recycling facility which can process around 35,000 tonnes of PET and HDPE annually.

Water Withdrawal by Division



Note:

1. Swire Pacific tracks its water consumption 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 records. The figures for 2020 have been updated to reflect such availability.

Water

Our businesses depend on water. Some of them use it extensively. Water stress can affect our suppliers, the communities in which we operate and the biodiversity of the areas in which we operate. We aim to use water responsibly and sustainably, and to protect our water sources.

We abide by all local wastewater treatment laws, and in many cases exceed them. By doing this, we protect our own resources and help the communities in which we operate to have access to safe, good quality water.

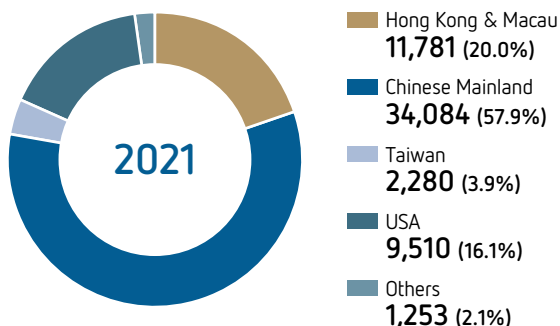
We target to achieve a 30% reduction in the water used by our operations compared to a 2018 frozen efficiency scenario, which assumes no improvements in efficiency from the base year. Water in Swire Coca-Cola’s products is excluded. Our goal is to achieve water neutrality by 2050.

In 2021, we withdrew 18.1 million cubic metres of water, an increase of 6% from 2020 (calculated on a revised basis).

Using water to make beverages and maintain hygiene, the Beverages Division accounts for 86% of our water use. In 2021, water intensity at Swire Coca-Cola, which reflects the amount of water needed to produce a litre of beverage product, decreased by 0.55% to 1.81 from 1.82 in 2020. Testing and commissioning new production lines in the Chinese Mainland, Hong Kong and Taiwan, and increased product variation impacted water demand.

Swire Coca-Cola aims to return to the environment water in amounts equivalent to those which it uses in its products.

Employee Numbers by Region



People

We aim to be an employer of choice that attracts and retains the most talented people. We do this by creating safe, healthy and inclusive workplaces where everyone is treated with respect and has equal opportunities to succeed.

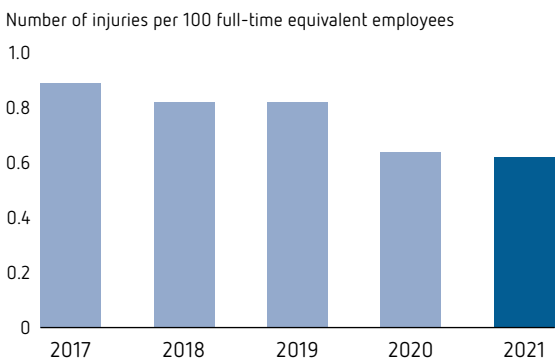
At the end of 2021, the Swire Pacific Group (excluding Cathay Pacific group and HAESL) employed over 58,000 people, a decrease of 6.1% from the end of 2020. The majority of our people are based in Hong Kong and the Chinese Mainland.

Staff turnover is monitored with a view to identifying and managing problems as they arise. In 2021, the turnover rate was 20%, compared with 12.5% in 2020 (figures adjusted to reflect revised report boundary).

Health and Safety

We aim to conduct our operations in a manner which safeguards the health and safety of our people, contractors, suppliers, customers, the visitors to our business premises and the communities in which we operate. We aim to improve our health and safety management systems continuously with a view to causing zero harm.

Lost Time Injury Rate



Note:
1. Figures for 2017-2020 have been restated to reflect the change in the reporting boundary in 2021.

In 2021, the number of injuries per 100 full-time equivalent employees (lost time injury rate or LTIR) decreased by 3% to 0.62 from 0.64 in 2020.

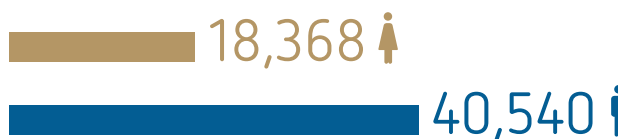
We aim continuously to improve our health and safety performance and culture through systems improvements, training, learning and transparent reporting. We expect our contractors to observe high safety standards. In 2021, we began centrally tracking contractor safety data with a view to improving performance. Regrettably, there were two work-related fatalities of subcontracted workers in 2021. One incident occurred in the Chinese Mainland at Swire Properties and the other at Swire Coca-Cola in Taiwan.

We care about the mental and physical health and wellbeing of our people. Group initiatives include health checks, employee assistance programmes with 24-hour confidential hotlines, and policies on flexible working and parental leave. We will enhance our wellbeing strategy in 2022.

Diversity and Inclusion

We believe in creating an environment where people feel comfortable at work and able to realise their full potential. We are committed to creating an inclusive and supportive working environment for all our people regardless of their age, gender, gender identity, sexual orientation, relationships, family status, disability, race, ethnicity, nationality and religious or political beliefs.

Employee Breakdown by Gender



Our DISC and the Swire Women’s Network help to accomplish our aim of creating a diverse and inclusive workforce. We have a five-year plan with goals, metrics and guidelines.

We have a target that 30% of senior management roles should be held by women by 2024. In 2021, this figure was 24%.

At the end of 2021, the percentage of women on the Company’s Board was 14%.

We have conducted unconscious bias training for those responsible for recruitment and promotion.

Employees are required to be fully compliant with applicable employment and other laws. We provide training in order to assist our people to understand their rights and obligations under Hong Kong anti-discrimination legislation.

Training and Development

We need an agile and well-trained workforce in order to respond to competitive and changing business conditions. We provide on-the-job training, mentoring and coaching, classroom training and online learning. All new joiners take part in induction programmes that include anti-discrimination and anti-corruption training and visits to our businesses.

Our in-house leadership development company Ethos International designs and provides learning and development programmes for management staff. Managers attend business management and executive programmes at INSEAD and Stanford. Ethos' training programmes emphasise sustainability and contribute to the development of a strong corporate culture and a style of leadership that is consistent with our values.

We recruit high-calibre individuals every year with a view to developing them into future leaders within the Group. Through three structured programmes which focus on management, finance and human resources, individuals have access to coaching, mentoring and various development initiatives.

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

We communicate with our people on a regular basis via our intranet, newsletters, surveys and staff forums.

Communities

We believe that 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 support our communities with monetary donations, with products and services and with the time and energy of our staff, and through the Swire Group Charitable Trust (the Trust), a Hong Kong charity registered under Section 88 of the Inland Revenue Ordinance. The Trust focuses on education, marine conservation and the arts in Hong Kong.

In 2021, the Trust continued to partner with about 50 Hong Kong-based organisations to support vulnerable groups and build social capital through its flagship programme, TrustTomorrow. The Trust also launched a series of staff engagement activities to encourage colleagues to volunteer their time and gain a deeper understanding of social issues. The Trust organised a total of 58 experiential and volunteering activities where staff contributed 2,385 hours during the year.

At the end of 2021, the Trust had 51 programmes. In 2021, it distributed approximately HK\$65 million.

Engaging with Suppliers

Our sustainable procurement policy commits operating companies where possible to purchasing products which do not adversely affect the environment. Our guidelines on doing so are in accordance with international standards.

Our Supplier Corporate Social Responsibility Code of Conduct deals with regulatory compliance, forced labour, child labour, health and safety, environmental issues, compensation and working hours, human rights, subcontractor management, ethics and reporting.

Our businesses engage with thousands of suppliers. They supply goods and services which include aircraft parts, fuel, sugar, auditing, office supplies and uniforms. We prefer to work with suppliers that share our high standards and values. We share information and best practices with suppliers and encourage them to adopt appropriate sustainability and other standards.

Our operating companies are responsible for their own supply chain management. Support is provided by our sustainable supply chain working group.

Reporting and Recognition

Our sustainability performance will be disclosed in detail in a separate sustainable development report, which will be available on our website. It will be prepared with reference to the Global Reporting Initiative (GRI) Standards and the ESG Reporting Guide for listed companies issued by The Stock Exchange of Hong Kong Limited.

Deloitte Touche Tohmatsu have been engaged to provide a limited assurance report in respect of selected sustainability information of Swire Pacific for the year ended 31st December 2021. Further information on the scope and boundaries of our sustainability data and the full limited assurance report can be found at http://www.swirepacific.com/en/sd/sd_reports.php.

Swire Pacific is included in the Dow Jones Sustainability Asia Pacific Index, the Hang Seng Corporate Sustainability Benchmark Index, the S&P Global Sustainability Yearbook 2022 and the MSCI ACWI ESG Leaders, Hong Kong ESG Leaders, ACWI ESG Universal and ACWI SRI Indices. We received a AAA rating from MSCI. Swire Pacific is included in the 2022 Bloomberg Gender-Equality Index.

Swire Properties is included in the FTSE4Good Index. In 2021, Swire Properties continued to be the only listed company from Hong Kong to be included in the Dow Jones Sustainability World Index.

In 2021, Swire Pacific received a score of B for CDP Climate Change and a score of A- for CDP Water Security. Swire Coca-Cola maintained its score of A for CDP Water Security.

Statistics – Environmental

	Note	Property		Beverages		Aviation	
		Swire Properties		Swire Coca-Cola		Cathay Pacific group (Note 2)	
		2021	2020	2021	2020	2021	2020
Total Energy Consumption (thousand GJ)							
Direct energy consumption		190	165	1,340	1,176	–	–
Indirect energy consumption		1,058	1,050	1,833	1,884	–	–
Total	1	1,247	1,215	3,174	3,060	–	–
% Change year-on-year		3%		4%		–	
Total Greenhouse Gas Emissions from Direct Operations (thousand tonnes CO₂e)							
Direct (Scope 1)		11	12	87	85	–	–
Indirect (Scope 2)		187	204	256	273	–	–
Total	1	199	216	343	358	–	–
% Change year-on-year		-8%		-4%		–	
Material Greenhouse Gas Emissions from Swire Pacific's Value Chain (thousand tonnes CO₂e)							
Indirect (Scope 3)	2, 3	–	–	–	–	2,727	3,415
% Change year-on-year		–		–		-20%	
Total Water Withdrawal (thousand cbm)							
Water withdrawn	4	1,776	1,759	15,619	14,572	–	–
% Change year-on-year		1%		7%		–	

Statistics – Health & Safety

	Property		Beverages		Aviation	
	Swire Properties		Swire Coca-Cola		HAECO group (Note 5)	
	2021	2020	2021	2020	2021	2020
Thousand hours worked	12,980	13,141	74,405	69,271	27,837	28,596
Total lost time injuries	62	82	200	174	117	125
Lost time injury rate (LTIR)	0.96	1.25	0.54	0.50	0.84	0.87
% Change year-on-year (LTIR)	-23%		8%		-3%	
Total fatalities (employee)	0	0	0	1	0	0
Total fatalities (contractor)	1	–	1	–	0	–

Notes:

- Totals may not be the exact sum of numbers shown here due to rounding.
- The Group currently reports scope 3 emissions associated with its investment in Cathay Pacific due to its significant contribution to the Group's emissions portfolio. We account for a proportion of the Cathay Pacific group's total GHG emissions under the Group's scope 3 emissions. The proportion is 45%, which is the same as our percentage ordinary shareholding interest in Cathay Pacific.
- For the Cathay Pacific group's aviation turbine fuel associated emissions, only CO₂ (not CO₂e) emissions are reported as there is no scientific consensus on the global warming effect of other GHGs emissions. Cathay Pacific monitors developments in these areas of atmospheric science, including studies from the UK's OMEGA aviation and environment project and the Institute of Atmospheric Physics at the German Aerospace Centre.
- Total water withdrawal refers to the sum of water drawn from municipal water and groundwater. Virtually all water withdrawal by the Group is from municipal water supplies provided by local water supply authorities.

HAECO group (Note 5)		Trading & Industrial		Marine Services				Total (Note 1)	
		Swire Resources, Taikoo Motors, Swire Foods and Swire Environmental Services		Swire Pacific Offshore (Note 6)		HUD group (Note 7)			
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
202	232	74	72	317	931	237	314	2,360	2,891
337	327	150	141	2	3	11	17	3,392	3,422
539	559	224	214	319	934	248	331	5,752 ^R	6,313
-3%		5%		-66%		-25%		-9%	
18	21	5	5	30	77	20	26	171	226
44	47	24	23	0.2	0.3	1.2	2.3	512	550
62	68	29	28	30	77	21	29	683 ^R	776
-10%		4%		-61%		-28%		-12%	
-	-	-	-	-	-	-	-	2,727 ^R	3,415
-		-		-		-		-20%	
398	417	311	302	-	-	39	86	18,143 ^R	17,136
-5%		3%		-		-55%		6%	

Trading & Industrial		Marine Services				Total (Note 1)			
Swire Resources, Taikoo Motors, Swire Foods and Swire Environmental Services		Swire Pacific Offshore		HUD group (Note 7)		Swire Pacific (Head Office)			
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
13,717	13,257	7,649	10,286	1,113	1,703	84	77	137,785	136,330
40	47	6	6	1	1	0	0	426	435
0.58	0.71	0.16	0.12	0.18	0.12	0	0	0.62 ^R	0.64
-18%		33%		50%		-		-3%	
0	0	0	0	0	0	0	0	0 ^R	1
0	-	0	-	0	-	0	-	2 ^R	-

5. Following a revision to our report boundary in 2021, HAECO group figures exclude Hong Kong Aero Engine Services Limited (HAESL), a joint venture company between Rolls-Royce and HAECO. 2020 figures have been restated.

6. This figure excludes on-hire vessel fuel consumption as this belongs to scope 3 as defined by the Greenhouse Gas Protocol.

7. For 2021, the data for Hongkong United Dockyards group (HUD) covers the period from January to September only.

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