

## Swire Pacific's approach to GRI reporting for 2008 Swire Pacific Sustainable Development Report

### What is the Global Reporting Initiative?

The **Global Reporting Initiative (GRI)** [www.globalreporting.org](http://www.globalreporting.org) is a multi-stakeholder-governed institution collaborating with companies and other organisations throughout the world to provide a generally accepted framework for sustainability reporting. It has developed the world's most widely used sustainability reporting framework and is committed to its continual improvement and application worldwide. This framework sets out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance. More than 1,000 companies and organisations, including many of the world's leading brands, have declared their voluntary adoption of the Guidelines worldwide. Consequently, the G3 Guidelines have become the **de facto** global standard for reporting.

GRI specifies that Sustainable Development reports should include 'Profile Disclosures', 'Management Approach' and 'Performance Indicators'. The extent of reporting it requires for Levels A, B and C is:

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	
	G3 Management Approach Disclosures	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

\*Sector supplement in final version

### Swire Pacific's approach to GRI reporting

Swire Pacific has adopted GRI for its reporting, starting with its 2007 report, as GRI provides:

1. A consistent framework for thinking about sustainable development issues enabling all reporters to use the same data definitions and terminology.
2. A checklist to assist reporters ensure that they cover all important issues.
3. Flexibility to only report on what is important or material to a business. For Level C, limited Profile Disclosures and only 10 out of the possible 72 performance indicators are required. This avoids 'reporting for reporting's sake.'
4. A framework to educate staff on the reporting process.
5. Reports which are more useful to stakeholders because they are based on common definitions and process.

Swire Pacific has diverse interests in five operating divisions: Property; Aviation; Beverages; Marine Services, and Trading & Industrial. Given this diversity, its approach to GRI reporting is:

1. Group Profile and Management Approach

Meet the Level C+ and partially cover profile items 1.2, 3.9, 4.12; 4.13; 4.17

2. Performance Indicators

- The table of contents of Swire Pacific's 2008 Sustainable Development report is shown in [Appendix 1](#). It lists out the GRI Profile Disclosures and Performance Indicators covered by the Swire Pacific report and how specific information can be located.
- Given Swire Pacific's diverse interests, few Performance Indicators are relevant to all of its operations. Reporting Performance Indicators which are only relevant to some operations would lead to the other operations having to provide non-useful information. We wish to avoid this sort of 'reporting for reporting's sake' so we are focus on the 10 Performance Indicators which are most relevant to our Group as a whole. [Appendix 2](#) provides details of how we use these 10 Performance Indicators.

## Conclusions

Our 2008 report is our second Sustainable Development Report. We have used best efforts to gather information and data as comprehensively and accurately as possible. However, we recognize that some of our data could benefit from more systematic data collection techniques. The Group and its companies will enhance the scope and robustness of its information and data collected for disclosure in future reports.

We note that GRI is continuing to develop its reporting framework and look forward to developing our reporting within this framework as an important element of meeting the objectives of our Sustainable Development Policy.

## Extent of Swire Pacific's reporting under GRI

The table of contents of Swire Pacific's 2008 Sustainable Development report shows its coverage of GRI Profile Disclosures and Performance Indicators.

In this document, the index has been expanded to provide additional detail on where specific information can be located in the Swire Pacific report.

Report Section	Contents	GRI Profile Disclosures and Performance Indicators	Page Number
1	Readers' guide to this report	2.1, 2.9, 3.1 - 3.3, 3.5 - 3.8, 3.10 - 3.12	Inside Front Cover
2	Chairman's message	1.1, and 1.2 (partial)	1
3	Governance and stakeholder engagement	2.3, 2.4, 4.1 - 4.4, 4.14, 4.15, and 4.17 (partial)	2, 3
4	Economic performance	2.8, EC1	4, 5
5	Environmental performance	2.10	8, 11, 12, 15
		4.12, 4.13	1, 8, 10
		EN3, EN4	7, 25
		3.10	9
		EN8	11, 26
		EN10	12, 26
		EN16	7, 27
		EN19	9
6	Health and safety	LA7	14, 29
		2.8	16
7	Being an employer of choice	LA1	16, 28
		2.8	16
8	Our business partners		18, 19
9	Swire and the community	2.10	21
10	Assurance statement	3.13	Inside Back Cover
	Contact point and request for feedback	3.4	27
<b>Appendices</b>	1) Sustainable Development Policy		24
	2) Summary of Statistics		25 - 29
	3) Companies included in the report and links to their own reports	2.2, 2.3, 2.5, 2.6, 2.7, 2.8	30, 31
	4) Glossary and explanation of GRI performance indicators used	3.9 (partial)	32

In addition to the Profile Disclosures shown in the report index, the Corporate Governance and Risk Management sections on pages 63 to 78 of Swire Pacific's Annual Report partially covers Profile Disclosures 4.5 to 4.13.

Profile Disclosures that are presented in **green text** denote those that are not required for GRI Level C and are partially covered in the Swire Pacific Report.

**Appendix 2**

## Policies for Performance Indicators in Swire Pacific's 2008 Sustainable Development Report

Performance Indicators reported in Swire Pacific 2008 Sustainable Development Report:

<b>Environmental</b>	
	<b>Energy</b>
EN3	Direct energy consumption by primary energy source.
EN4	Indirect energy consumption by primary source.
	<b>Water</b>
EN8	Total water withdrawal by source.
EN10	Percentage and total volume of water recycled and reused.
EN21	Total water discharge by quality and destination.
	<b>Emissions, Effluent, and Waste</b>
EN16	Total direct and indirect greenhouse gas emissions by weight.
EN19	Emissions of ozone-depleting substances by weight.
<b>Labour Practices and Decent Work</b>	
	<b>Employment</b>
LA1	Total workforce by employment type, employment contract, and region.
	<b>Occupational Health and Safety</b>
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.

### ***EN3 – Direct energy consumption by primary energy source***

Definition:

Energy used by companies via consumption of primary energy sources. E.g. coal, natural gas, diesel, LPG, LNG and petrol.

Calculation:

The quantity of direct energy consumed is calculated by multiplying the fuel in volume or mass by corresponding calorific value (or heating value) given in the Greenhouse Gas Protocol.

For Towngas in Hong Kong, according to "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for buildings (Commercial, Residential or Institutional Purpose) in Hong Kong" published by Environmental Protection Department (EPD) of the Hong Kong Government, each unit registered by gas meter represents that the towngas with a heat value of 48 Megajoule.

### ***EN4 – Indirect energy consumption by primary energy source***

Definition:

Energy used by other organizations (e.g. power companies) to produce intermediate energy (e.g. electricity or steam) used by the reporting organization.

As an example, given that 1,000 kWh = 3.6 GJ, if Company A uses 1,000 kWh and Power Company X has a fuel mix of 50% power from coal and 50% power from nuclear, then Company A's indirect energy consumption is 1.8 GJ from coal and 1.8 GJ from nuclear.

Calculation:

Report the quantity of intermediate energy (e.g. electricity) purchased from other organizations and convert to Gigajoules.

**EN8 – Total water withdrawal by source**Definition:

Water used for any purpose. To be reported in cubic meters for four types of water sources:

1. Surface water (wetlands, lakes, rivers)
2. Ground water
3. Rain water
4. Municipal water supply

NB: The Group uses sea water for cooling and toilet flushing but does not report it as it is not a scarce resource.

Calculation:

Each company reports per the four categories above except if any of the sources is *less than 2%* of total use, in which case it may be reported as part of the most common source.

**EN10 – Percentage and total volume of water recycled / reused**Definition:

EN10 refers to water recycled/reused in the same process, in a different process, and at another of the reporting organization's facilities.

Calculation:

Report two categories of water reused:

1. Water treated prior to reuse
2. Water not treated prior to reuse

**EN21 – Total water discharge by quality and destination**

Definition: Water in cubic meters discharged to the sea, to sewers, or other (including wetlands, lakes, rivers, ground water).

Calculation: Report total volume of planned and unplanned water discharges by:

1. Quality - within or not within regulated limits
2. Destination – sea or sewer
3. Treatment method – whether or not treated

**EN16 – Total direct and indirect greenhouse gas emissions by weight**Definitions:

Direct emissions for GRI reporting are the same as Scope 1 emissions under the Greenhouse Gas Protocol, and are defined as follows:

“Emissions that occur from sources that are owned or controlled by a company, such as combustion facilities (e.g.: boilers, furnaces, burners, turbines, heaters, incinerators, engines, flares etc), combustion of fuels in transportation (e.g.: cars, buses, planes, ships, barges, trains etc), and physical or chemical processes (e.g.: in cement manufacturing, catalytic cracking in petrochemical processing, aluminium smelting etc).”

Indirect emissions for GRI reporting are the same as Scope 2 emissions under the Greenhouse Gas Protocol, and are defined as follows:

“Emissions that occur from the generation by another party of electricity that is purchased and consumed by the company.”

Calculation:

Activity data such as volumes of fuels consumed and electricity used are collected from operation companies and GHG emission is calculated using published emission/conversion factors and guidelines from the following sources:

- “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for buildings (Commercial, Residential or Institutional Purpose) in Hong Kong” published by Environmental Protection Department (EPD) of Hong Kong Government;
- “Guidelines to Defra’s Greenhouse Gas Conversion Factors for Company Reporting” by the Department for Environment, Food and Rural Affairs (Defra) in the UK;
- Calculation Tools from Greenhouse Gas Protocol;

Except:

- For aviation jet fuel: carbon content advised by Cathay Pacific Airways
- For indirect emission by purchasing electricity: Conversion factors from local power suppliers are adopted.

The conversion factors used, cover all six gases for all fuels except aviation turbine fuel which is for CO<sub>2</sub> **only** as there is no scientific consensus on the global warming effect of the other emissions. Our airlines continue to monitor 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 (DLR). Until there is greater consensus among the scientific community on these gases, their primary focus remains on the reduction of their CO<sub>2</sub> emissions.

***EN19 – Emissions of ozone-depleting substances by weight***

Definition:

Quantities of gases with ozone depleting potential are recorded and then converted into CFC-11 equivalent.

***LA1 – Total workforce by employment type, employment contract and region***

Definitions:

Total workforce comprises employees plus supervised workers.

Information on employees is analysed into:

1. Employment type divided between full time and part time
2. Employment contract divided between permanent contract or fixed-term contract
3. Region divided into HK/Macau, China, Taiwan, USA and Other

***LA7 – Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region***

Definitions: Data for each company on:

1. Number of injuries including fatalities in total and per 100 employees worked for 50 weeks @ 40 hours per week.
2. Lost days in total and per 100 employees worked for 50 weeks @ 40 hours per week.
3. Total number of work-related fatalities

***EC1 – Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments***

Information is provided in accordance with the accounting standards governing the Group's Annual Report. Refer to Swire Pacific's Annual Report for the accounting policies.

The accounting standards and hence accounting policies require the inclusion of 100% of the revenue, costs and donations of consolidated subsidiaries but only the Group's share of profit from associated companies and jointly controlled companies. Supplementary information is provided on the size of the Group's economic interests by taking the revenue (reported as turnover) of each of its companies multiplied by the percentage of that company which it owns to calculate 'attributable turnover.'