

THRIVING TOGETHER

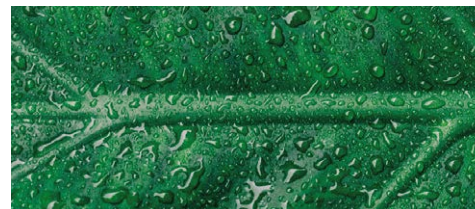
2018 SUSTAINABILITY REPORT

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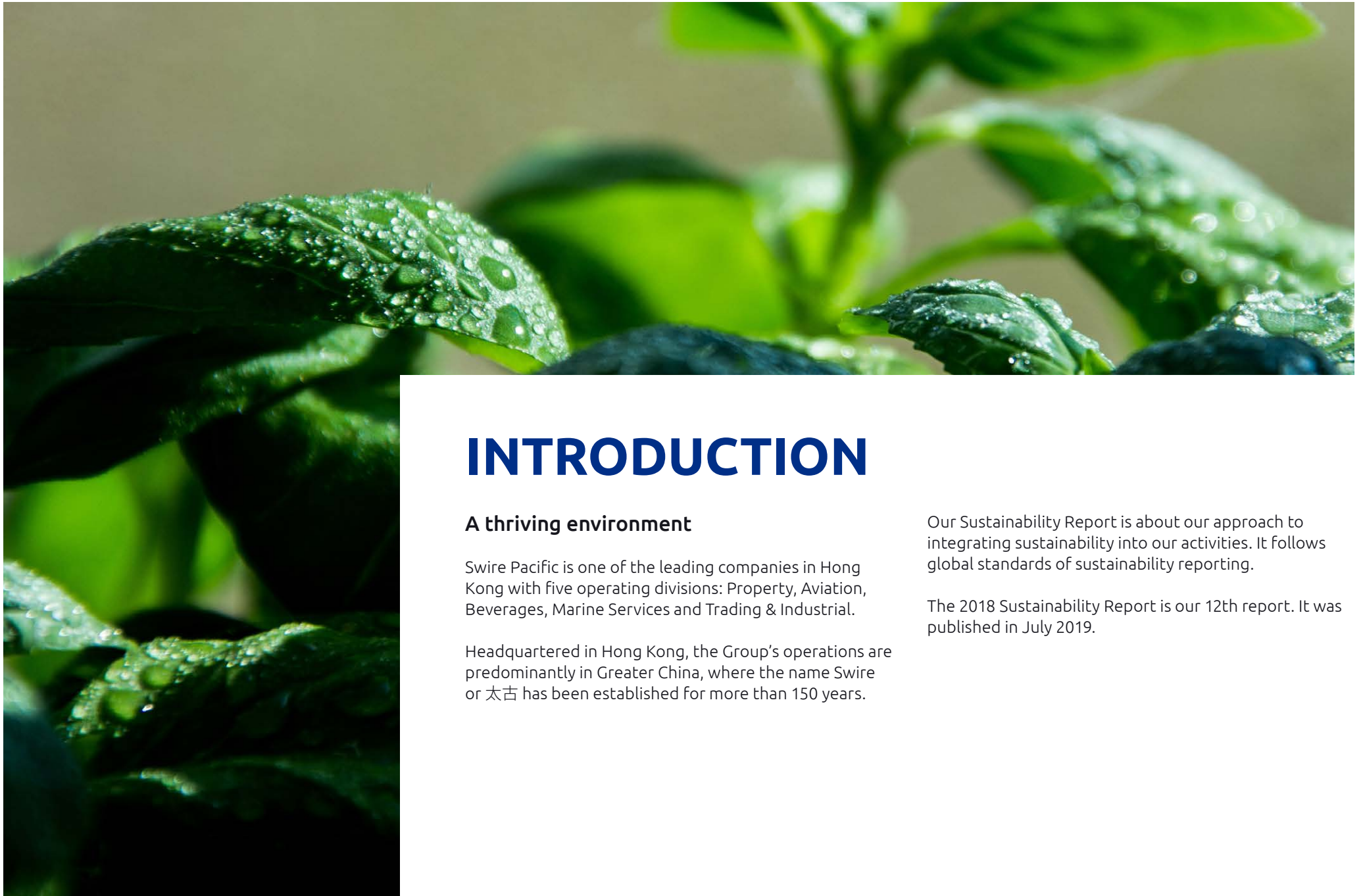


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INTRODUCTION

A thriving environment

Swire Pacific is one of the leading companies in Hong Kong with five operating divisions: Property, Aviation, Beverages, Marine Services and Trading & Industrial.

Headquartered in Hong Kong, the Group's operations are predominantly in Greater China, where the name Swire or 太古 has been established for more than 150 years.

Our Sustainability Report is about our approach to integrating sustainability into our activities. It follows global standards of sustainability reporting.

The 2018 Sustainability Report is our 12th report. It was published in July 2019.

STATEMENTS



“Sustainable development is a strategic imperative for our businesses and integral to our overall approach to building long-term value for our shareholders.”

Chairman’s statement

Swire Pacific’s commitment to sustainability helps to build the foundation for its growth and to provide opportunities for innovation and improved efficiency. Sustainable development is a strategic imperative for our businesses and integral to our overall approach to building long-term value for our shareholders.

We must continue to evolve our sustainability policies with regard to the environment, our people and our communities. We will continue to embed the policies, systems and standards in line with global best practice and trends. This includes climate related risks, which is why this year’s report includes material responding to the Taskforce for Climate Related Financial Disclosures (TCFD).

Sustainability is not just the responsibility of specialists. Everyone has a role to play. We are scaling up the provision of training and tools for our people accordingly.

I am very proud of the work our staff, our customers and others with whom we interact have achieved in 2018. We are making good progress, but I know we can achieve much more. We must become more focused on those areas of our business with the greatest environmental and social impact.

Sustainability requires us to think beyond the short term. Doing so will help us to build the resilience necessary to create value for our shareholders for the long term.

Merlin Swire

Chairman



“A strong sustainability performance boosts reputation, improves efficiency, mitigates risk and attracts and retains talent.”

Head of Sustainable Development Statement

Sustainable development is key to the creation of long-term value for our businesses and to ensuring that we can continue investing in our future.

In 2018, we made good progress in reducing our impact on the environment and addressing climate change. This is reflected in our inclusion in the Hang Seng, MSCI, FTSE4GOOD and DJSI Asia Pacific indices, with Swire Properties being the only Hong Kong and Mainland China based company included in the DJSI World Index.

At the end of 2018, 92% of Swire Properties' existing buildings were certified green buildings, with 75% achieving the highest ratings. In our aviation division (which produces the bulk of our carbon emissions), Cathay Pacific is investing in more fuel-efficient Airbus A350 aircraft. Our aviation and marine divisions have made carbon reduction commitments through the International Civil Aviation Organisation (ICAO) and the International Maritime Organisation (IMO) respectively. We intend to set more ambitious carbon emission targets for 2030, including, in the case of Swire Properties, science-based targets, that is, targets in line with the scale of reductions required to keep global temperature increase below 2°C above pre-industrial temperatures.

In January 2018, Swire Properties issued its first green bond. This was the first such bond to receive green finance certification from the Hong Kong Quality Assurance Association. The bond raised US\$500 million for green projects – building development, energy efficiency, renewable energy, wastewater management and climate change adaptation. In September 2018, Swire Properties completed its HK\$15 billion One Taikoo Place office tower, which obtained platinum-level green certifications (BEAM Plus, LEED and WELL). It is one of the world's most green triple Grade-A office towers, setting a new benchmark for sustainable construction.

In a period of significant expansion, the beverages division used less water to produce one litre of finished product. In Hong Kong, the division has negotiated the formation of a PET and HDPE plastics¹ recycling joint venture. Alongside its continuous efforts with the #DrinkWithoutWaste initiative, this will enable Hong Kong to reduce the amount of plastic waste sent to landfill.

SwireTHRIVE, our sustainable development strategy, helps our businesses to mitigate operational risk and to build long-term resilience through environmental best practice and innovation. In 2019, we will review our progress against our original goals and intend to set carbon, water and waste targets for 2030. We will expand SwireTHRIVE to cover more risks that could threaten the long-term viability of our business and to deal with social and economic aspects of sustainability. We also want to respond to increasing external sustainability risks and regulations.

Decarbonising technologically-constrained industries such as aviation and shipping is challenging. But we aim to contribute by investing in technology and supporting innovation. Fulcrum Bioenergy (in which we have an equity interest) is developing waste-based sustainable biofuels for aviation. Swire Pacific Offshore is examining the potential of fuel cell technology in the marine sector.

A strong sustainability performance boosts reputation, improves efficiency, mitigates risk and attracts and retains talent. We will do more to integrate sustainability into our enterprise risk management. I am confident in what we can achieve, and in our ability to create value for our businesses through sustainability. Swire Pacific is well placed to share technologies and expertise across our businesses, creating value in the long term.

Dr. Mark Watson

Head of Sustainable Development

¹ PET is an abbreviation for Polyethylene terephthalate. HDPE is an abbreviation for High-density polyethylene

2018 HIGHLIGHTS



Property

On 31st December 2018, **92%** of all existing buildings were certified green buildings, with **75%** achieving the highest ratings

Energy intensity in the Hong Kong and Mainland China portfolios has decreased by **25%** (since 2008) and by **35%** (since 2010)

5-star rating and Global Sector Leader (Mixed-use Development Category) in the Global Real Estate Sustainability Benchmark



Aviation

In 2018, Cathay Pacific increased fuel efficiency (as measured by tonnes of CO₂ per revenue tonne kilometre) by **1.99%**

In 2018, HAECO Group's water consumption decreased by **3%**

In 2018, Cathay Pacific Catering Services purchased 417 tonnes of certified sustainable seafood, an **8%** increase from 2017



Beverages

In 2018, the water use ratio improved by **1.77** to **1.74** litres per litre of finished beverage

Average hours of training increased by **38%** from 2017

Negotiated a joint venture for Hong Kong's first plastics recycling facility



Marine Services

In 2018, Swire Pacific Offshore's carbon emissions decreased by **18%** from 2015

In 2018, Hongkong United Dockyards Limited's lost time injury rate was **70%** less than in 2015



Trading & Industrial

Qinyuan Bakery's carbon emissions decreased by **29.4%** from 2017

Qinyuan Bakery's water consumption decreased by **21%** from 2017

Taikoo Motors' lost time injury rate decreased by **41%** from 2017

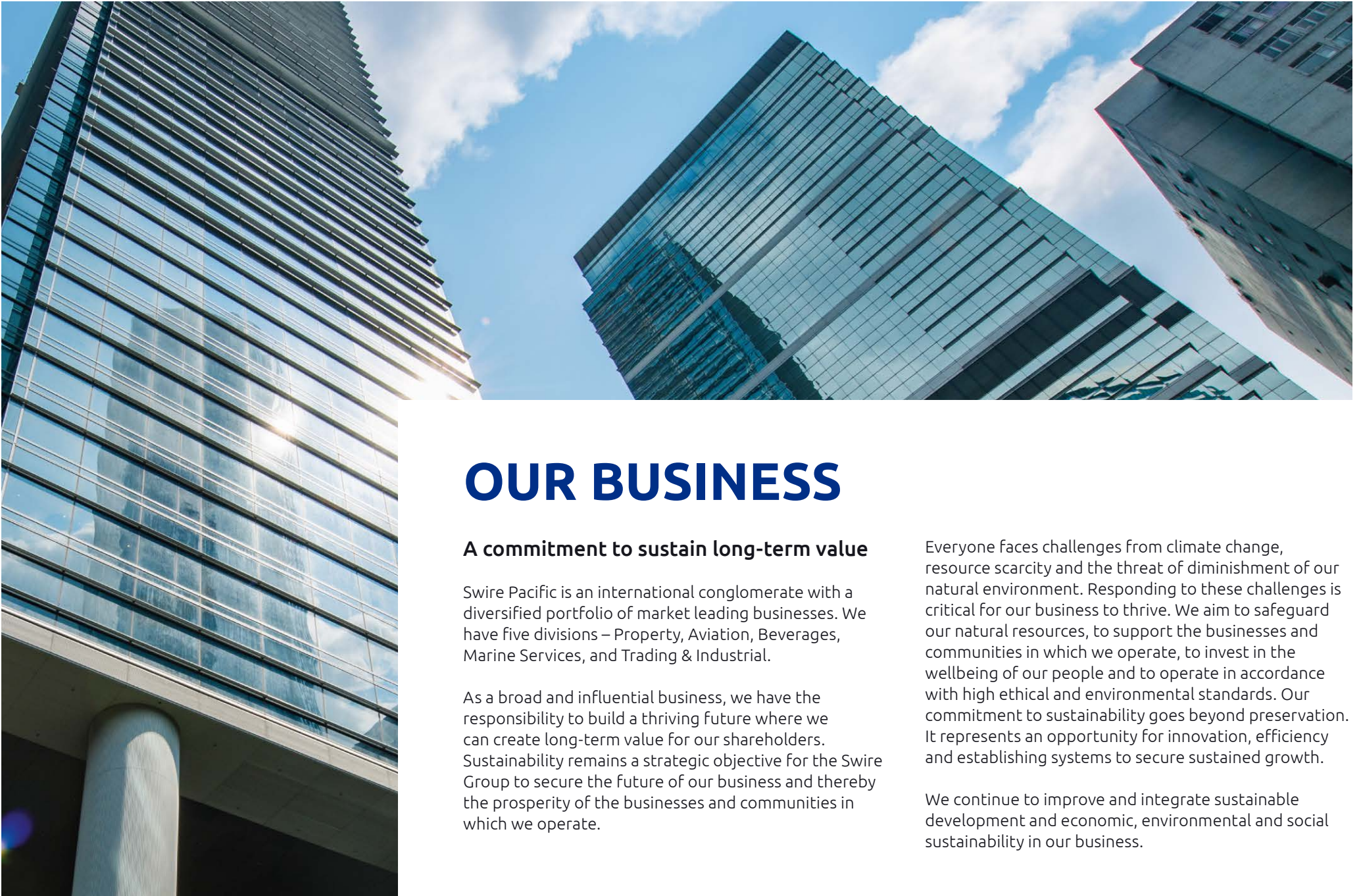
Disclosure and reporting

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

 Hang Seng Corporate Sustainability Index Series Member 2018-2019

MSCI | 2018 Constituent MSCI ESG Leaders Indexes

 FTSE4Good



OUR BUSINESS

A commitment to sustain long-term value

Swire Pacific is an international conglomerate with a diversified portfolio of market leading businesses. We have five divisions – Property, Aviation, Beverages, Marine Services, and Trading & Industrial.

As a broad and influential business, we have the responsibility to build a thriving future where we can create long-term value for our shareholders. Sustainability remains a strategic objective for the Swire Group to secure the future of our business and thereby the prosperity of the businesses and communities in which we operate.

Everyone faces challenges from climate change, resource scarcity and the threat of diminishment of our natural environment. Responding to these challenges is critical for our business to thrive. We aim to safeguard our natural resources, to support the businesses and communities in which we operate, to invest in the wellbeing of our people and to operate in accordance with high ethical and environmental standards. Our commitment to sustainability goes beyond preservation. It represents an opportunity for innovation, efficiency and establishing systems to secure sustained growth.

We continue to improve and integrate sustainable development and economic, environmental and social sustainability in our business.

SWIRE PACIFIC

Swire has been in business for over 200 years

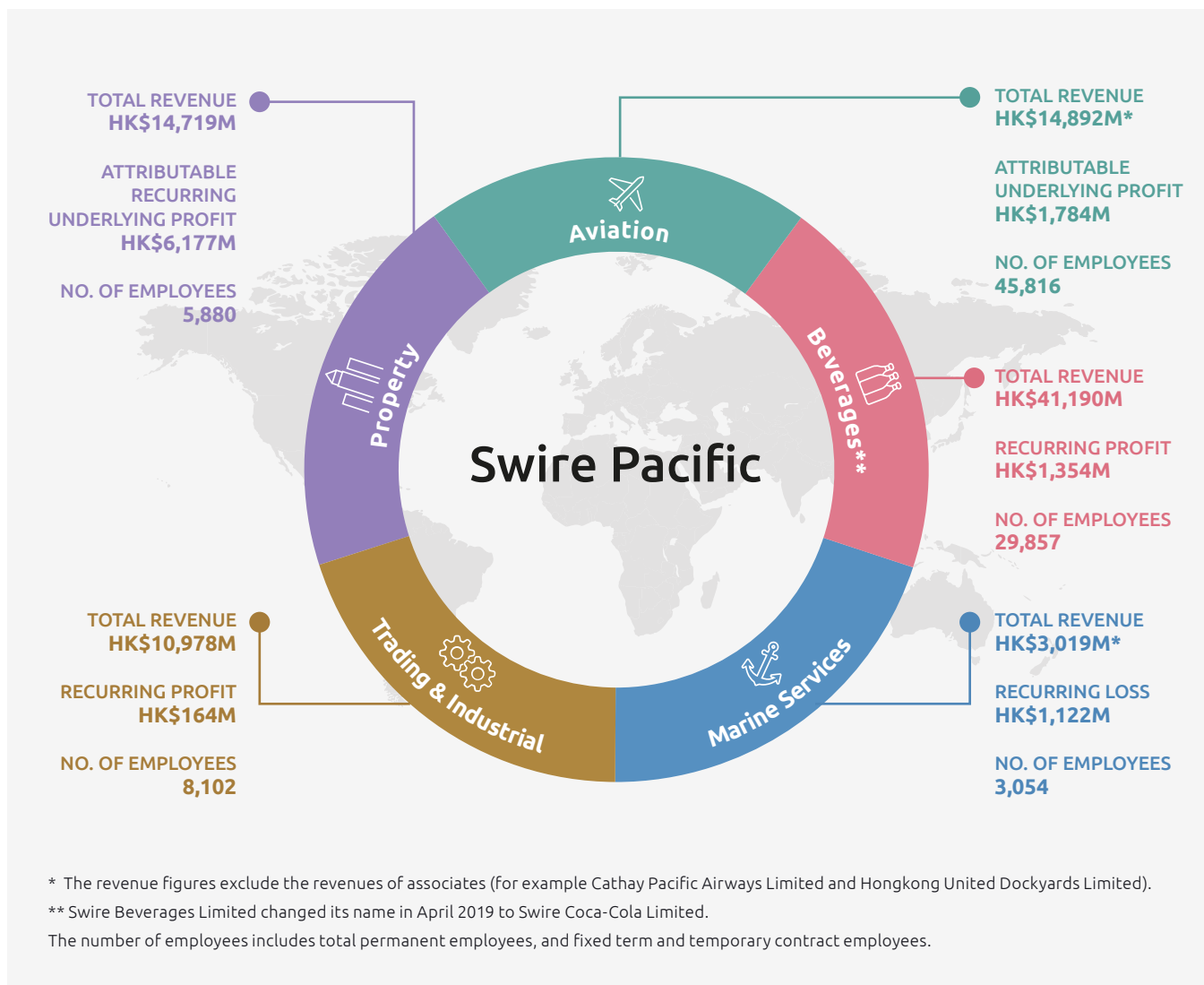
From a modest Liverpool-based, import-export company established over 200 years ago in 1816, the Swire group has grown into a diversified global conglomerate. Our business has stood the test of time because we have always looked ahead and made the right decisions for the long term.

Headquartered in Hong Kong and listed on The Stock Exchange of Hong Kong Limited, Swire Pacific Limited (SWRAY 00019 and SWRBY 00087) is a key part of the Swire group. Swire Pacific is one of the leading companies in Hong Kong, with five operating divisions: Property, Aviation, Beverages, Marine Services and Trading & Industrial. The Group's operations are predominantly located in Greater China, where the name Swire or 太古 has been established for over 150 years.

When formulating strategy, we take a long-term perspective. This is reflected in the nature of our investments. We pride ourselves on being forward-looking and innovative, which has helped us grow and set benchmarks in the industries in which we operate.

SWIRE PACIFIC GROUP OVERVIEW 2018

More information on the group structure and our economic performance can be found on this [factsheet](#) and in the [2018 Swire Pacific Annual Report](#).



GOVERNANCE

Esse quam videri

The Swire motto is to be, rather than seem (to be). We value integrity, endeavour, excellence, humility, teamwork and continuity.

We believe our motto and values are central to the long-term success of our businesses. We believe operating our businesses in a socially and environmentally responsible way is fully consistent with them and with our plans for long-term value creation.



OUR GOVERNANCE APPROACH

Sound corporate governance is essential to long-term success. Our Board is responsible for establishing and maintaining our governance practices. The following links demonstrate our approach to corporate governance:

[Corporate Governance Code](#)

[Memorandum and Articles of Association](#)

[Board Diversity Policy](#)

We are subject to the [Corporate Governance Code in Appendix 14](#) to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Our governance practices are described in the [Corporate Governance Report section of our 2018 Annual Report](#).

The governance of sustainability matters is an important element of our corporate governance. Our aim is to identify and benefit from sustainability opportunities and to manage sustainability risks, through appropriate policies, standards, and systems.

Code of conduct and legal compliance

Our [Corporate Code of Conduct](#) requires employees to maintain the highest standards of business ethics and to deal appropriately with each other, with those with whom we do business, and with the communities in which we operate. The Code of Conduct includes provisions dealing with business ethics, conflicts of interest, bribery, procurement, record keeping, whistleblowing, health and safety, the environment, equal opportunities, diversity and respect in the workforce, and privacy.

All employees receive training on our Code of Conduct as part of their induction programme. The induction programme includes anti-bribery training. Our conditions of employment require compliance with the Code of Conduct.

It is our policy to comply in full, with all applicable laws and regulations, including those governing the environment, employment (including laws prohibiting child or forced labour), health and safety, products (including their advertising and labelling), bribery, privacy, and discrimination.

It is not considered that there are any laws or regulations in respect of the following aspects which have a significant impact on Swire Pacific.

- Air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste
- Compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare
- Providing a safe working environment and protecting employees from occupational hazards
- Preventing child and forced labour
- Health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress
- Bribery, extortion, fraud and money laundering

Notwithstanding the above consideration, it is the policy of Swire Pacific to comply with the laws and regulations applicable to it in respect of the above aspects. For descriptions, where relevant, of the ways in which such policy is implemented, please refer to the sections of this report headed: [Our environment](#) and [Our people and communities](#).

Our corporate policies and sustainable development

Our [sustainable development policy](#) aims to be consistent with the 1987 Brundtland Commission's definition of sustainable development as meeting "the needs of the present without compromising the ability of future generations to meet their own needs."

Through the sustainable development policy, we aim to:

- Reduce our carbon footprint by adopting industry best practices to improve energy efficiency, and by increasing the use of renewable energy
- Turn today's waste into a resource for tomorrow, contributing to the creation of a circular economy, where waste materials are no longer simply thrown away, but are retained and reused as a future resource
- Use water responsibly and sustainably, and protect its watersheds
- Be a good steward of the natural resources and biodiversity under our influence, and identify and manage appropriately the potential adverse impact of our operations on the environment
- Safeguard the health and safety of our employees and others with whom we interact, with the ultimate aim of causing zero harm
- Source materials responsibly and sustainably, including ensuring that our suppliers meet, and preferably exceed, the sustainability standards in our supplier guiding principles
- Bring value to the communities in which we operate and respect their culture and heritage
- Encourage our staff to engage actively in sustainable development matters at work and in the community
- Monitor the company's performance and report regularly

Our policies on climate change, biodiversity, sustainable supply chains, green buildings, and health and safety are covered in the appropriate sections of this report. These can be found in the [Sustainable Development section](#) of the Swire Pacific website.

OUR SUSTAINABLE DEVELOPMENT GOVERNANCE STRUCTURE

Swire Pacific’s highest governance body is its Board, led by an Executive Chairman. Our corporate governance (including the operations of the Board and its committees, audit and communication with shareholders and investors) is addressed in the [Corporate Governance Report in our 2018 annual report](#).

Our Board is ultimately accountable for sustainability matters. Information on sustainability risks and performance is reported to the Board via the Group Risk Management Committee (GRMC), which has eight members and is chaired by the Finance Director. The GRMC is advised by the Swire Group Sustainability Committee and by six working groups covering each of the six focus areas of SwireTHRIVE. The working groups meet three times a year to exchange information and best practices with a view to developing specific policy recommendations, improving efficiency, reducing costs and engaging staff in sustainable development.

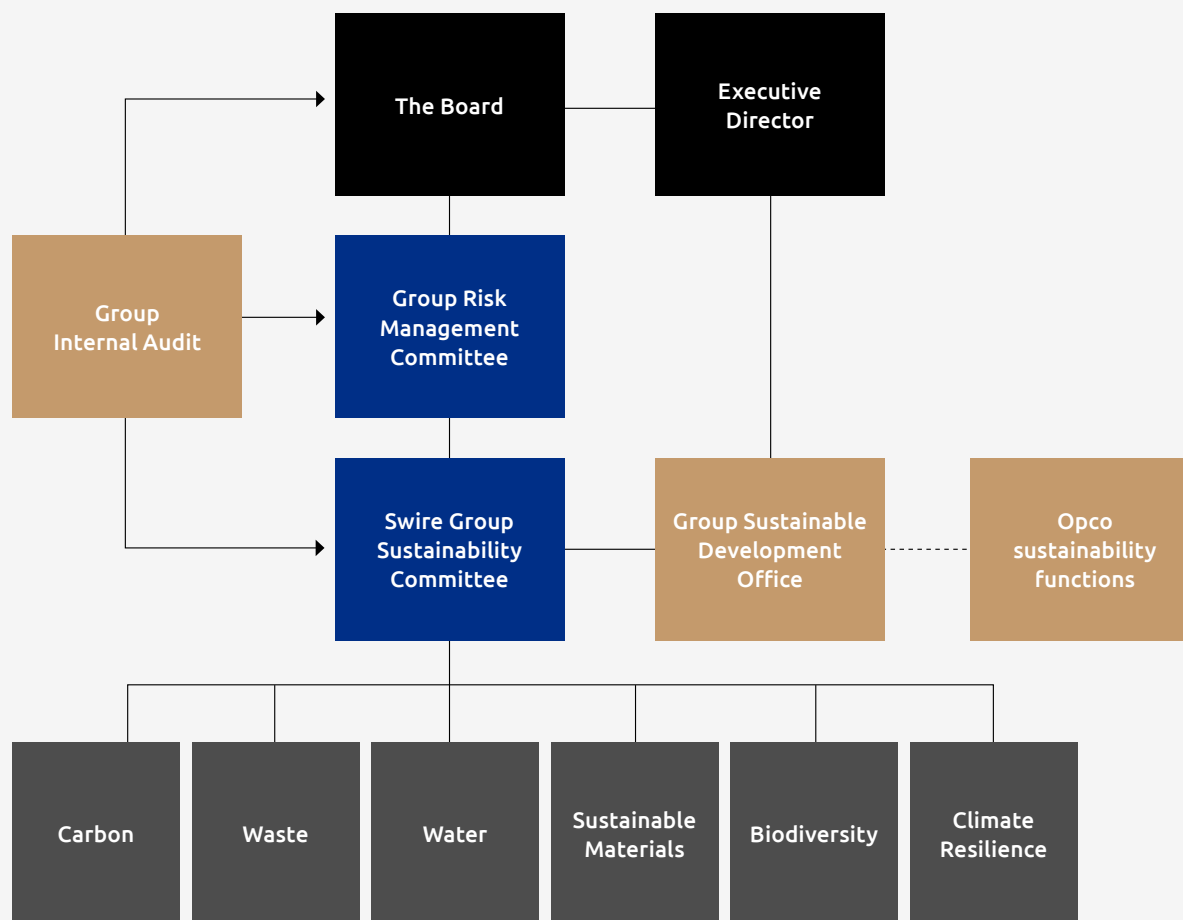
To provide additional oversight and direction, division heads meet twice a year on sustainability matters under the Chairman of the Board.

Our Sustainable Development Office, which reports directly to a member of the Board, is responsible for setting policy, monitoring the implementation of policy and for implementing our Group sustainability strategy, SwireTHRIVE. Policies are intended to reflect key sustainability trends and address major risks and opportunities in sustainability. The Sustainable Development Office co-ordinates the sustainable development committees and working groups. These committees and groups enable operating companies to exchange information and best practices with a view to developing specific policy recommendations, improving efficiency, reducing costs and engaging with staff.

We work together with our operating companies and with those with whom we do business with a view to maintaining an appropriate level of oversight and control over sustainability matters. The management of each operating company is responsible for its own sustainability matters. Each operating company is responsible for:

- Assessing the sustainability issues faced by the company
- Formulating strategy based on this assessment
- Implementing this strategy through an appropriate organisational structure
- Monitoring compliance (to confirm that appropriate action has been taken) and reporting on performance

Sustainable development governance structure



PUBLIC POLICY AND POLITICAL CONTRIBUTIONS

Swire, as a normal business activity, will lobby government entities either directly or through trade associations to promote policies that encourage business and achieve workable legislation. All our public policy work must meet the ethical standards set out in our Code of Conduct and (where relevant) reflect our public sustainability commitments.

MEMBERSHIP OF TRADE ASSOCIATIONS

Some of our public policy work is conducted via trade associations and industry groups, which can help to increase the impact of our policy messages. We work with these groups because they represent our industries and the wider business community in debates led by governments and others, and because they help the industries reach consensus on policy issues. We are members of numerous industry and trade groups.

Here is a list of industry and trade groups of which we and our operating companies are members. The top Trade Associations based on the amount of fees paid by Swire, are highlighted in gold.

Property



- **1st – The Hong Kong Management Association – Charter Member**
- **2nd – The Real Estate Developers Association of Hong Kong – Director and Corporate Member**
- **BEAM Society – Founding Member**
- **Business Environment Council – Board of Director and Council Member**
- **China Green Building Council – Member**
- **Green Cross - Occupational Safety & Health Council – Group Member**
- **Green Earth – Soil Companion**
- **Harbour Business Forum – Patron Member (through the Swire Group)**
- **Hong Kong General Chamber of Commerce – Member**
- **Hong Kong Green Building Council – Platinum Patron Member**
- **The Lighthouse Club Hong Kong – Corporate Member**
- **Urban Land Institute – Regional Corporate Sustaining Member**
- **WWF Hong Kong – Pearl Member**

Aviation



Cathay Pacific

- **Association of Asia Pacific Airlines (AAPA)** – Environmental Working Group Member
- **Sustainable Aviation Fuel User Group** – Member
- **Roundtable on Sustainable Biomaterials** – Member
- **Commercial Aviation Alternative Fuels Initiative** – Member
- **ICAO Global Market-Based Measure Technical Task Force** – Member
- **oneworld global alliance** – Founding member
- **World Wildlife Fund – Hong Kong** – Corporate member (Pearl)

HAECO Hong Kong

- **Business Environment Council** – Member
- **International Airline Technical Pool** – Member

HAECO Xiamen

- **2nd – Asian Business Aviation Association** – Member
- **3rd – Civil Aviation Maintenance Association of China** – Member
- **International Airline Technical Pool** – Member
- **ACJ network Center** – Member
- **Boeing Supply Chain Platform Membership** – Member
- **廈門市外商投資企業協會** – Member
- **廈門市環境保護產業協會** – Member
- **廈門市安全生產管理協會** – Member
- **廈門市節能協會** – Member
- **廈門企業和企業家聯合會** – Member

HAECO America

- **The Aeronautical Repair Station Association of America** – Member

CPSL

- **Hong Kong Association for Customer Service Excellence** – Corporate Member
- **Hong Kong Association of Freight Forwarding and Logistics Ltd** – Member
- **Carrier Liaison Group** – Member

Vogue

- **The Laundry Association of HK Limited** – General Member
- **A member of HK Association for Customer Service Excellence** – General Member

HAS

- **1st – International Air Transport Association (IATA)** – IATA Ground Handling Partnership Membership

Beverages



Swire Coca-Cola

- **1st – The Hong Kong Beverages Association** – President
- **2nd – China Beverage Industry Association** – Director
- **3rd – Taiwan Beverage Industry Association** – Director
- **4th – American Beverage Association** – Member
- **5th – Coca-Cola Bottling Association** – Member
- **Green Cross Group** – Member
- **The Single-Use Beverage Packaging** – Working Group Member
- **Hong Kong Food, Drink & Grocery Association** – Member
- **GS1 – The Global Language of Business** – Board of Director
- **Efficient Consumer Response** – Chairman
- **The Goods Vehicle Fleet Owners Association Limited** – Executive Committee
- **Jiangxi Fire Protection Association** – Board of director
- **Zhanjiang Foreign Investment Association** – Board of director
- **Zhejiang Foreign Investment Enterprise Association** – Member
- **Zhejiang Beverage Association** – Vice president

Swire Coca-Cola (continued)

- **Hangzhou Food Industry Association** – Member
- **Guangdong Quality Inspection Association** – Member
- **Guangdong Food Safety Society** – Member
- **Guangdong British Chamber of Commerce** – Member
- **American Chamber of Commerce of South China** – Member
- **Guangdong Food Industry Association** – Member
- **Henan Association for Foreign Investment** – Vice president
- **Henan Enterprise Association** – Vice president
- **Zhengzhou Enterprise Association** – Vice president
- **Zhengzhou Food Industry Association** – Vice president
- **Zhengzhou Consumer Association** – Member
- **Xiamen People Foreign Friendly Association** – Director
- **Xiamen Quality Control Association** – Member
- **Anhui Foreign Investment Enterprise Association** – Member
- **Shanghai Beverage Industry Association** – Vice president
- **Shanghai Food Association** – Vice president
- **Shanghai Foreign Investment Enterprise Association** – Member
- **Shanghai Pudong Foreign Investment Enterprise Association** – Member
- **Shanghai Jinqiao Economic and Technology Development Zone Enterprise Association** – Director
- **Shanghai Industrial Economic Union** – Member
- **Pudong JinQiao CSR Council** – Director
- **Hubei China Beverage Industry** – Director and Corporate Member
- **Wuhan Waishang Investment Enterprise Association** – Director
- **Wuhan Beverage Industry Association** – Director

Swire Coca-Cola (continued)

- **Hefei China Beverage Industry Association** – Director
- **Anhui Foreign Investment Enterprise Association** – Member
- **Jiangsu Beverage Association** – Vice President
- **Jiangsu Foreign Investment Association** – Vice President
- **Hainan Entrepreneurs Association** – Member
- **Hainan Food and Beverage Association** – Member
- **Yunnan Foreign Investment Enterprise Association** – Vice president
- **Yunnan Industrial Enterprise Association** – Member
- **Yunnan Consumer Association** – Member
- **Taiwan Food Industry Development Association** – Executive Director
- **Taipei Nurses Association** – Member
- **European Chamber of Commerce Taiwan** – Member
- **State Beverage Association** – Member
- **Bonneville Environmental Foundation** – Partner
- **Utah Open Lands** – Partner
- **Trout Unlimited** – Partner
- **The River Network** – Partner
- **Colorado Water Trust** – Partner
- **Utah Clean Air Partnership** – Partner
- **Business for Water Stewardship** – Partner
- **Change the Course** – Member

Marine Services



Swire Pacific Offshore

- 1st – Singapore Shipping Association – Member
- WISTA Singapore – Member
- World Ocean Council – Member
- British Chamber of Commerce (Singapore) – Member

HUD

- Occupational Safety & Health Council – Chairman, Manufacturing Industry Safety & Health Committee
- Marine Department of the Hong Kong government – Member, Pilotage Advisory Committee
- Vocational Training Council – Member, Maritime Services Training Board

Trading & Industrial



Swire Waste Management Limited

- 1st – Hong Kong Waste Management Association – Organisational Member

Taikoo Motor Group – Taikoo Commercial Vehicles Limited

- 2nd – European Chamber Of Commerce Taiwan and Taipei Automobile Distributors Association – Member

Taikoo Motor Group – Beldare Motors Limited

- European Chamber Of Commerce Taiwan – Member

Taikoo Motor Group – Liberty Motors Limited

- European Chamber Of Commerce Taiwan – Member

Taikoo Motor Group – Taikoo Motors Limited

- European Chamber Of Commerce Taiwan and British Chamber of Commerce in Taipei – Member

Taikoo Motor Group – Taikoo Motorcycle Limited

- American Chamber of Commerce in Taipei (AmCham) – Member

Taikoo Motor Group – Tuntung Motors Limited

- Taipei Automobile Distributors Association – Member

Taikoo Sugar Limited – Taikoo Sugar (China) Limited

- 3rd – China Sugar Association – Member
- 廣東省食品安全學會 – Member
- 廣州市黃埔區食品安全協會 – Member

Taikoo Sugar Limited – Chengdo Plant

- 成都市食品商會 – Member

Taikoo Sugar Limited – Shanghai Plant

- Shanghai Association for Food and Cosmetics Quality Safety Management – Member

Swire Resources Limited

- 4th – Hong Kong Retail Management Association – Corporate member
- Hong Kong Institute of Human Resource Management – Corporate member
- WWF – Silver Member
- The Hong Kong Management Association – Corporate member
- Hong Kong General Chamber of Commerce – Corporate member

RISK MANAGEMENT

Securing long-term business viability

Effective risk management is key to ensuring the continued long-term viability of the Group. It is embedded within all of our operating companies. Everyone in the Swire Pacific group has a role to play in risk management. It is essential that we all work together to address the risks to which our Group is exposed.

Sustainability issues are relevant to risk management. They include climate change, political and regulatory risks, and emerging risks such as climate resilience and biodiversity. The Board of Directors and the management of each division are responsible for identifying and analysing the risks (including those relating to sustainability) underlying the achievement of business objectives and for determining how to manage and mitigate such risks.

There are two key management committees which monitor the risks affecting the Group – the Group Risk Management Committee (GRMC) and the Finance Committee. These committees comprise members of senior management and are both chaired by the Finance Director, who reports significant matters to the Board as they arise.



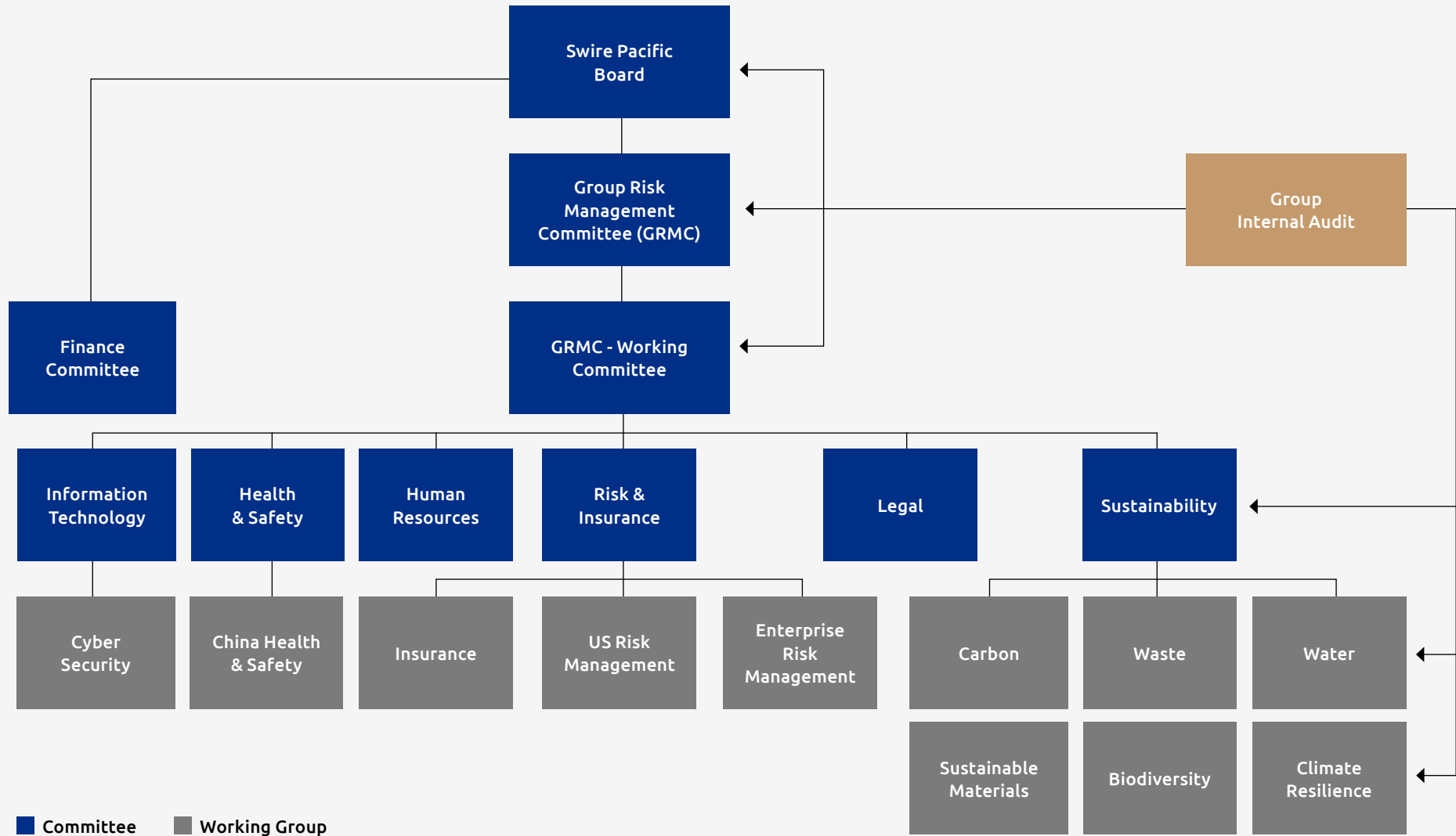
ABOUT THE GRMC

The GRMC, which is made up of divisional chief executives and managing directors, and is chaired by the Finance Director, reports to the Board via the Audit Committee.

The GRMC:

- Reviews divisional risk registers, which set out current and emerging risks, including physical and reputational issues that arise from the social and environmental impact of our business decisions and the environmental and social issues which affect our business.
- Sets group risk management policies and strategies
- Oversees the committees and working groups which have separate functional responsibilities for risk management

Risk governance structure

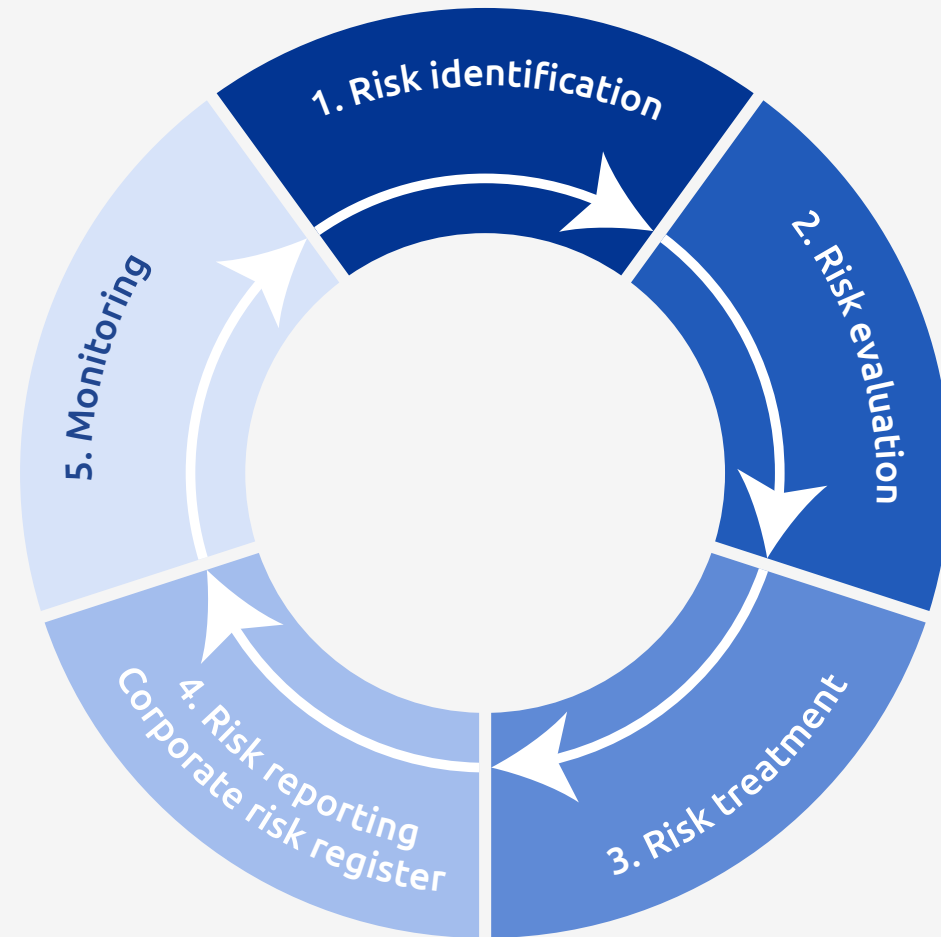


ENTERPRISE RISK MANAGEMENT

We use an enterprise risk management (ERM) process to identify, assess, monitor and manage risks. The implementation and execution of the ERM process follows our enterprise risk management policy. The objective of the policy is to ensure that robust and effective risk management systems are in place to enable management to identify, prioritise and mitigate the risks to which our operating companies are and will be exposed. Each division and major operating company is required to implement the ERM process.

As part of this policy, operating companies must regularly submit corporate risk registers and changes in risk profiles to Swire Pacific. To ensure consistency of approach, these registers are prepared using a standard methodology, format and standard risk ranking criteria.

Enterprise Risk Management Framework

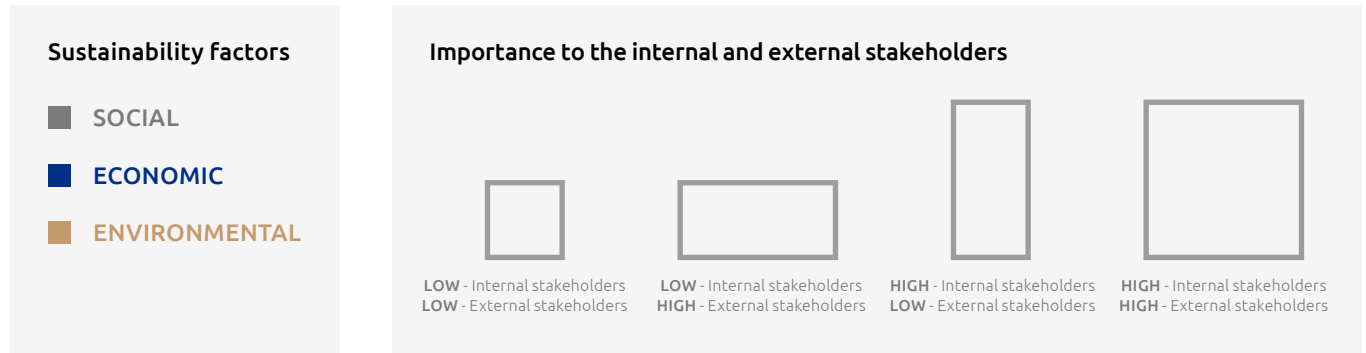


SIGNIFICANT SUSTAINABILITY RISKS

For our company to continue to grow, we must anticipate the risks threatening our development and that of our clients and we must capitalise on new opportunities. We monitor key emerging risks. Early detection helps to protect our business.

Every year, Swire Pacific engages with people inside and outside of the organisation to assess the material risks that might have an impact on its business. The output from that engagement in 2018 is presented below.

Importance of sustainability factors to internal and external stakeholders



<u>Energy use and GHG emissions</u>	<u>Workplace health and safety</u>	<u>Cyber-security, privacy, and data protection</u>	<u>Environmental impact of products and services</u>	Other
				Local development
<u>Management of water resources</u>	<u>Plastic, packaging, and product-life cycle impact</u>	<u>Climate resilience</u>	<u>Waste management</u>	Labour practices
<u>Governance</u>	Product quality and safety	Sustainable consumption	<u>Global regulatory compliance</u>	Talent recruitment and retention
			Social impact of products and services	

In 2018, we highlighted four potential emerging risks.

Climate change and resilience

Possible impact

Climate change gives rise to significant risks to our business. The risks include the impact of extreme weather events on our physical assets, the financial costs of changing to new sources of energy and the environmental and social impact of greenhouse gas emissions.

Mitigation measures

- Our climate change policy is in place
- We have targets for the reduction of our carbon emissions for 2020 and 2030
- We are using more renewable energy in our buildings, by self-generation and purchasing. In 2018, 12.87 million kWh of electricity was generated from renewable energy sources at **Swire Properties**, **Swire Coca-Cola** and **HAECO Xiamen**
- We encourage the use of alternative fuels. Cathay Pacific has a minority stake in Fulcrum BioEnergy Inc., a company which converts municipal solid waste into sustainable aviation fuel
- We assess the risk from extreme weather events to our buildings. We put in place mitigants and resiliency measures intended to ensure the viability of our operations, the safety of our employees and visitors to our facilities, and uninterrupted service for our customers
- For further details, please refer to the [Carbon](#) and [Climate resilience](#) sections of this report

Environmental impact of products and services

Possible impact

Regulations affecting and public scrutiny of our products and services and their uses could have an adverse impact on our operations, finances and reputation.

Mitigation measures

- Waste and water policies are being developed
- We have carbon emissions and water targets for 2020. We are developing carbon emissions, water and waste targets for 2030
- We want to work with others to implement circular economic principles and to use alternative materials and techniques with a view to reducing our reliance on primary natural resources
- Swire Coca-Cola has negotiated a joint venture for Hong Kong’s first plastics recycling facility
- For further details, please refer to the [Waste](#) and [Sustainable materials](#) sections of this report

Cyber attacks*

Possible impact

Cyber attacks have the potential to disrupt our business.

Mitigation measures

- We have in place an information security policy and a cyber incident response plan
- We audit compliance with our information security policy, provide information security training and conduct information security drills
- We include data protection obligations in contracts with data processors

* In October 2018, Cathay Pacific announced that it had discovered unauthorised access to some of the passenger data of Cathay Pacific and Cathay Dragon. Immediate action was taken to contain the event and commence a thorough investigation. There is no evidence that any personal information has been misused. The information systems affected were separate from flight operations systems. There was no impact on flight safety.

Health and safety incidents

Possible impact

Health and safety incidents can lead to casualties, property damage, production and service delays, disruption to our business and damage to our reputation.

Mitigation measures

- Health and safety policies and processes are in place and are reviewed regularly
- Incidents are investigated, and root causes are identified with a view to determining mitigants
- A health and safety committee monitors’ divisional health and safety performance and shares information and best practices
- Divisions have in place emergency response and business continuity plans
- For further details, please refer to the [Health & Safety](#) section of this report

POLICY REVIEW PROCESS

We regularly review our policies relating to sustainability. Where we identify policy gaps, we try to create new policies to guide the Group's approach. In 2019, we are introducing policies on waste, water and human rights. We are also reviewing and updating our sustainable food policy, our supplier corporate social responsibility code of conduct and our sustainable building design policy.

Policies are developed at the working group level, before review by the Swire Group Sustainability Committee (SGSC) and the GRMC and final approval by senior management including the Chairman. The management of risks and the implementation of sustainability policies are subject to scrutiny by our internal audit department as part of the standard internal audit processes, with support from specialist external consultants where necessary.

Please refer also to the [Risk Management section](#) of the Corporate Governance Report in the Swire Pacific Annual Report 2018.

TCFD

Task Force on Climate Related Financial Disclosures

Swire Pacific communicates its approach to climate change mitigation, adaptation and resilience in accordance with its [Climate Change Policy](#).

In 2018, we started to align our disclosures with those recommended by the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board. There are four categories – governance, strategy, risk management and metrics and targets to ensure consistency and utility of our information for investors, insurers and other stakeholders.

GOVERNANCE

- The Board oversees the management of risk, including sustainability risk. We use an enterprise risk management system. The audit committee identifies, analyses and reviews risks. We have corporate risk registers, in which climate change has been identified as an emerging risk.
- The chairman, divisional chief executives and the finance director meet twice a year to consider SwireTHRIVE and sustainability risks, opportunities and targets.

- The division heads' meetings provide direction and oversight to the SGSC, which comprises divisional sustainability heads and is chaired by an executive director of Swire Pacific. SGSC meets three times a year. In accordance with its terms of reference, it has the following responsibilities related to climate change:
 - To oversee, amend and implement SwireTHRIVE (including in relation to carbon and climate resilience) and sustainability policies
 - To report on sustainability to the GRMC (including about emissions and energy use)
 - To report to the Audit Committee on compliance with sustainability policies and on the Group's sustainability work (including in relation to climate change)
 - To review legislative, regulatory and other public sustainability developments and to report them to relevant committees of the Board
- We adopted a [Climate Change Policy](#) to guide our management approach and strategy on climate change mitigation, adaptation and resilience.
- In our 2018 stakeholder engagement exercise, greenhouse gas emissions, climate resilience and management of water resources were identified as the sustainability issues most material to our business. Emissions and climate change were identified as emerging risks. SwireTHRIVE focuses on these issues.

STRATEGY

- Climate change carries risks for our business. Flooding, extreme weather events and increasing temperatures can adversely affect our assets, operations, employees and suppliers. There are regulatory, market and reputational risks.
- Climate change is an opportunity to develop low carbon and climate-resilient businesses and by so doing to meet the demand for the products and services of such businesses and to reduce insurance and other costs. Climate change stimulates business innovation and experimentation and facilitates the transition to a lower carbon economy.
- This is what we are doing to make our businesses more resilient to climate change:
 - **Swire Properties'** new buildings are energy efficient, low users of carbon and certified as green
 - **Cathay Pacific** is a member of the Round Table on Sustainable Biomaterials and of the Sustainable Aviation Fuel Users Group Asia. It has a minority stake in Fulcrum BioEnergy Inc., which converts municipal solid waste into sustainable aviation fuel
 - **Swire Coca-Cola** uses independent third parties to assess water risk for each of its bottling plants, so as to form Source Vulnerability Assessments. The findings are integrated into Source Water Protection Plans at each facility and are regularly reviewed

- **Swire Pacific Offshore** wants to decarbonise by using marine versions of alternative fuels. With Nanyang Technological University, it is researching the viability of hydrogen fuel cell technology
- We are starting a study intended to identify the key risks and opportunities posed by climate change to our assets and business operations.
- As part of SwireTHRIVE, we have targets for the reduction of our carbon use. Swire Properties intends to develop a science-based target for carbon use.
- We have partnered with Tsinghua University's Joint Research Centre for Building Energy Efficiency and Sustainability since 2011. Together we develop and test methods to increase energy efficiency and improve environmental performance in our businesses. The collaboration began with Swire Properties and HAECO and now includes Swire Coca-Cola. It continues to generate substantial energy savings.
- In 2018, Swire Properties issued a 10-year US\$500 million green bond. The proceeds are intended to fund projects relating to renewable energy, energy efficiency and climate change adaptation. The environmental impacts of the green projects funded by the bond proceeds have been described in Swire Properties' first [Green Bond Report](#).

- Through the ISO 14001 Environmental Management System and ISO 50001 Energy Management System, we manage our daily operational risks related to climate change, carbon and energy management.
- We support the efforts of the Hong Kong Business Environment Council to promote awareness of climate change in the business community.

- In 2017, our operating companies set targets to reduce carbon intensity by 8-10% by 2020, in each case by reference to a 2015 frozen efficiency baseline (from which performance is projected with the assumption of no improvement in current efficiencies).
- We report on progress towards these targets in our annual sustainability reports.
- To help us meet our targets we encourage the use of renewable energy in our operations. 12.87 million kWh of electricity was generated from renewable energy sources at Swire Properties, Swire Coca-Cola and HAECO Xiamen in 2018. The Swire Pacific sustainable development fund is available to support suitable renewable projects.

METRICS AND TARGETS

- Since 2006, we have been measuring and reporting our energy consumption and our Scope 1 and 2 carbon emissions from our operations in accordance with global standards, including the GHG Protocol.
- Our aviation and property businesses have had reduction targets for a number of years.
 - **Cathay Pacific** has set a target to improve its fuel efficiency by an average of 2% per annum by 2020 and to achieve carbon neutral growth thereafter. This exceeds the 1.5% agreed industry target
 - **Swire Properties** has set targets to reduce (i) the annual energy consumption of its Hong Kong and Mainland China properties by 64 million kWh and 23 million kWh respectively and (ii) the carbon intensity of its Hong Kong and Mainland China properties by 27% and 21% respectively, in each case by 2020 and by reference to relevant baselines
 - In 2018, **Swire Properties** committed to the Science-Based Targets initiative (SBTi) and began work on establishing science-based targets in accordance with SBTi criteria

RISK MANAGEMENT

- In accordance with TCFD recommendations, we are assessing how vulnerable our businesses are to flooding, heat stress, water stress and extreme weather events. The findings will be incorporated into our ERM process.
- Our business continuity plans include plans for business continuity when extreme weather events happen. Our property division has also put in place local crisis response plans for all its property portfolios.

LOOKING AHEAD

“Sustainability requires us to think beyond the short term. Doing so will help us to build the resilience necessary to create value for our shareholders for the long term.”

Merlin Swire
Chairman

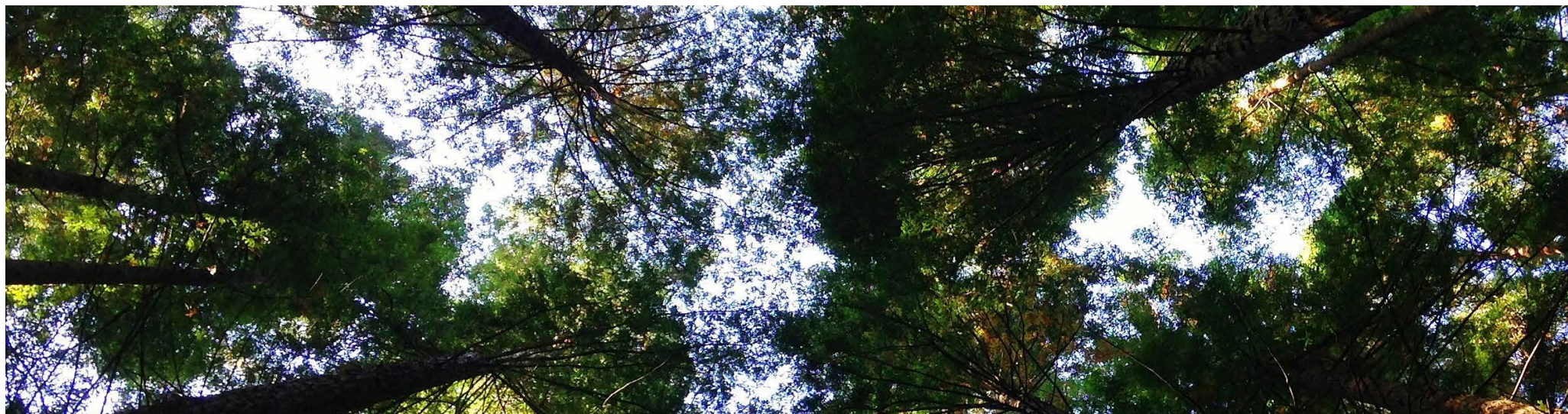
Building a thriving future

In 2019, we are using SwireTHRIVE in our businesses to support consistent implementation and reporting of sustainability matters. SwireTHRIVE enables our businesses to do more together for sustainability than they can do separately. We are expanding the scope of SwireTHRIVE so that it covers relevant social elements of sustainability, for example, diversity and inclusion.

The chairman of Swire Pacific, divisional chief executives and the finance director meet twice a year to consider SwireTHRIVE and sustainability risks, opportunities and targets. We report quarterly to the board on our environmental and health and safety performance.

We are developing protocols intended to improve the accuracy and consistency of our collection of data relating to carbon, waste and water. We report on selected sustainability data. We are reviewing existing sustainability policies and developing a waste policy.

We are developing 2030 carbon, waste and water targets. Our property and beverages divisions are developing science-based targets (targets developed in line with the scale of reductions required to keep global temperature increase below 2°C above pre-industrial temperatures).





OUR ENVIRONMENT

A commitment to thrive together

We depend on our environment. If our business is to thrive in the long term, we must protect it. Over the years, we have made progress in water management, waste recycling and reduction of carbon emissions.

Each of our divisions has operations which comply with ISO 14001 standards. In 2018, the environmental management system in the Hong Kong portfolio of our property division received the latest ISO 14001:2015 certification from the Hong Kong Quality Assurance Agency.

A THRIVING STRATEGY

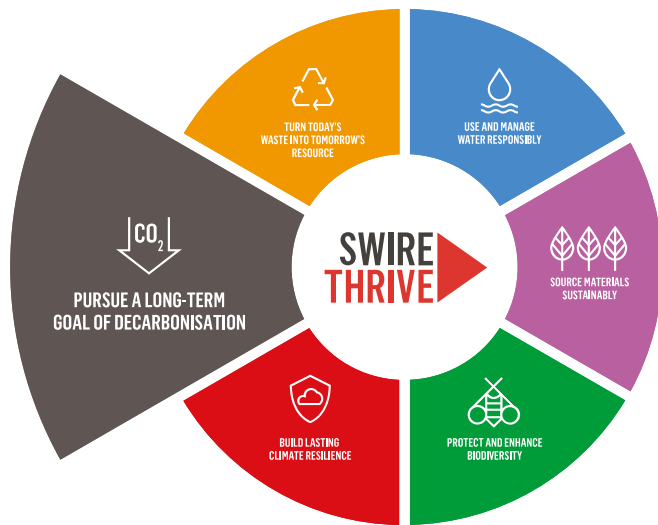
SwireTHRIVE is our environmental strategy. It focuses on carbon, waste, water, sustainable materials, biodiversity, and climate resilience. It provides a framework for our sustainability efforts and an opportunity for our operating companies to work together to make our businesses thrive. Our success (and that of the communities in which we operate) depends on a natural, thriving environment.

Our sustainable development office and representatives from our operating companies developed SwireTHRIVE and selected its areas of focus. They did so having regard to best practice and following a review by internal subject matter experts. Our board endorses SwireTHRIVE.

SwireTHRIVE sustainability strategy



CARBON



Our ambition is to lead in improving energy efficiency and reducing greenhouse gas emissions (GHG) in the industries in which we operate. We aim to reduce our GHG emissions in line with international carbon reduction goals. Innovation and new technologies help to achieve this and to reduce our costs.

The 2015 Paris Climate Accord aimed to strengthen the global response to the threat of climate change. Its measures include limiting the increase in the global average temperature to no more than 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. Businesses are setting targets to support the global response to the threat of climate change.

Taking advantage of new technologies can transform how energy is used and generated. This can reduce operating costs, increase returns and reduce the use of carbon.

“In 2018, we outperformed our SwireTHRIVE carbon target by 0.9%.”

Our operating companies have targets for reducing carbon intensity. We aim to reduce our GHG emissions in line with international carbon reduction goals. Our 2020 carbon intensity targets are intended to reduce our carbon intensity by 8-10% compared with a 2015 frozen efficiency baseline (where performance is projected assuming no improvement in current efficiencies). Innovation and new technologies will help to achieve this.

Electricity consumption is our second largest source of GHG emissions. In 2018, we outperformed our SwireTHRIVE carbon target by 0.9%. The addition of 11 bottling plants in the Beverages division during the reporting period is the reason for this increase. In 2018, indirect GHG emissions in the Trading & Industrial division decreased by 26%, mainly due to the disposal of the Swire Pacific Cold Storage business in August 2018. Indirect GHG emissions in the Marine Services division decreased by 30%, largely due to an increase of our vessel utilisation rate. Swire Coca-Cola and Swire Properties accounted for 41.2% and 30.2% of indirect GHG emissions respectively.

We are retrofitting air conditioning systems and using more energy-efficient lighting and electrically-commutated motor plug fans. Cathay Pacific continues to replace existing aircraft with more fuel-efficient aircraft.

We recognise the world needs to act swiftly and decisively to reduce carbon emissions to mitigate damaging climate change and are committed to supporting this through progressive decarbonisation.

Pursuing a long-term goal of decarbonisation

We must act decisively to mitigate climate change. We aim to decarbonise our operations progressively.

GROUP PERFORMANCE

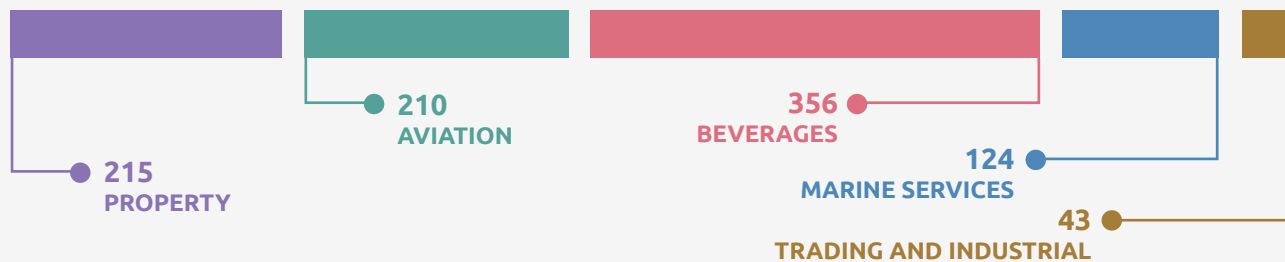
The extreme weather that climate change brings is a material risk to our businesses. Mitigating its effects is a major business imperative. GHG emissions must be reduced to lower the risks associated with climate change. We work with industry groups and regulators to support reductions in GHG emissions.

Total GHG emissions by division (thousand tonnes of CO₂e)



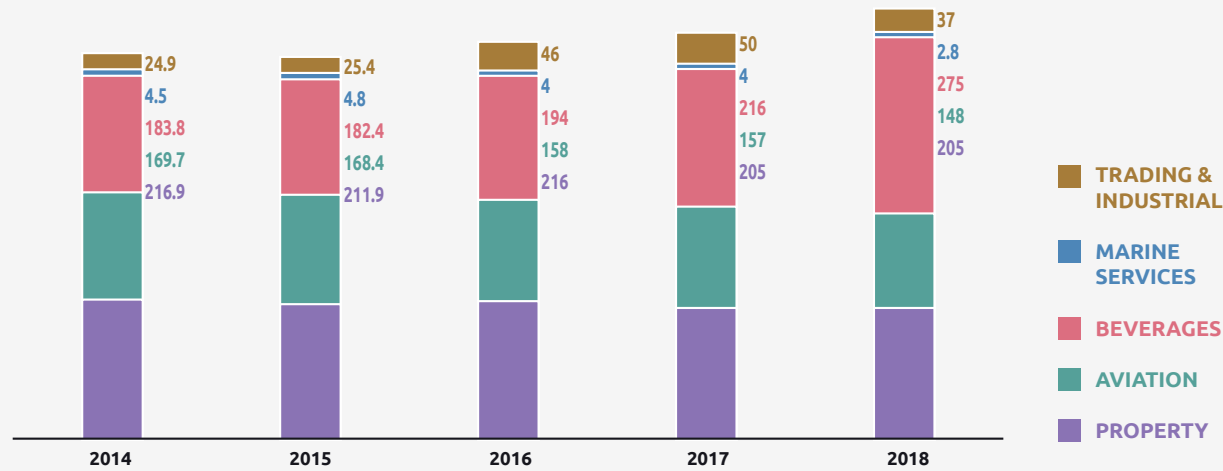
Our total GHG emissions increased by 1% in 2018 compared to 2017. This was due to an increase in the number of flights at Cathay Pacific and the inclusion of 11 new bottling plants at Swire Coca-Cola.

Total GHG emissions by division – without jet fuel (thousand tonnes of CO₂e)

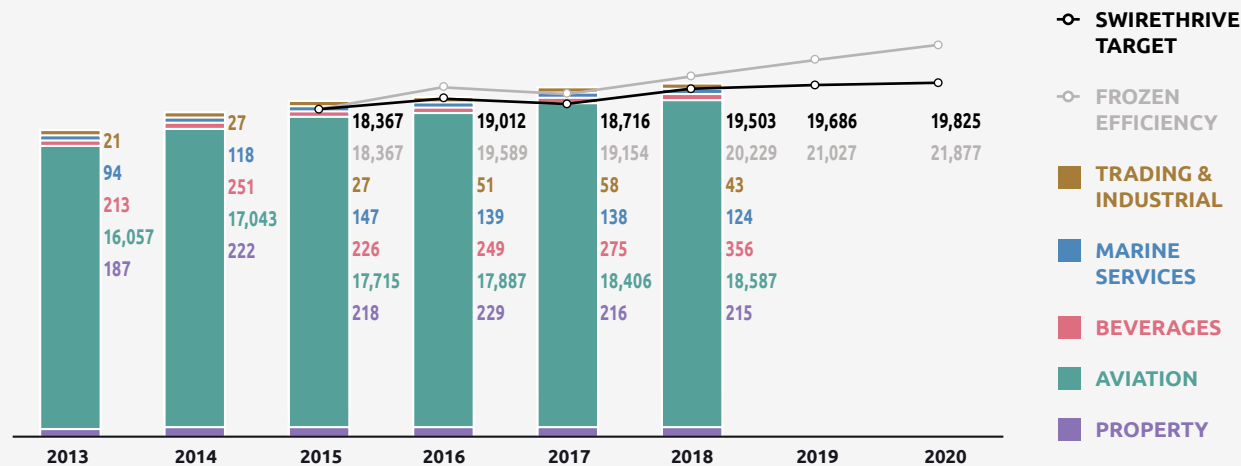


In 2018, GHG emissions associated with jet fuel consumption accounted for 95.1% of our GHG emissions, compared to 94.9% in 2017.

Indirect GHG emissions by division (thousand tonnes of CO₂e)



Performance against SwireTHRIVE target (thousand tonnes of CO₂e)



In 2018, we outperformed our SwireTHRIVE carbon target by 0.9%.

GREENHOUSE GASES

“In 2018, Cathay Pacific increased fuel efficiency (as measured by tonnes of CO₂ per revenue tonne kilometre (CO₂/RTK)) by 1.99%.”

Our aviation division accounted for 96.2% of our total GHG emissions in 2018. **Cathay Pacific** has set a target to improve fuel efficiency by 2% (compared with the agreed industry target of 1.5%) per annum by 2020 and to achieve carbon neutral growth thereafter. It follows [IATA's four pillar strategy](#).

In 2018, Cathay Pacific increased fuel efficiency (as measured by tonnes of CO₂ per revenue tonne kilometre (CO₂/RTK)) by 1.99%. It started to operate eight new Airbus A350-1000 aircraft, which are 25% more fuel efficient than the existing wide-body fleet.

Cathay Pacific Group aims to operate its fleet as efficiently as possible.

Cathay Pacific has improved its operational fuel efficiency with a fuel monitoring system, and has reduced engine use while taxiing. In the face of additional carbon charges and rising fuel prices, these changes enable them to achieve higher efficiency and build resilience to adverse business conditions. More information can be found in [Cathay Pacific's sustainable development report](#).

Below is relevant information about Cathay Pacific's new aircraft. The company has also introduced a new fuel-efficient fleet.

	A350-900/1000	A321neo	Boeing 777-9X
New aircraft joining fleet from 2018 onwards	18	32	21
Engine	Rolls-Royce Trent XWB	LEAP-1A-32	GE9X-105B
Fuel-efficiency	25% more fuel-efficient than its current long-range competitor	20% more fuel-efficient than current model of A321	21% more fuel efficient per seat than Boeing 777-300ERs

Cathay Pacific is involved in the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), which caps net CO₂ emissions from international aviation at 2020 levels. This scheme was developed by ICAO. In 2016, this scheme was adopted by 191-member states of ICAO. Since May 2018, 78 states, representing about 77% of international aviation activity, agreed to participate voluntarily in CORSIA.

Since 2008, Cathay Pacific has been involved in CORSIA and participates in the ICAO Global Market-based Measure Technical Task Force. It is starting to collect required fuel use data.

Swire Pacific Offshore is committed to reducing its GHG emissions in line with IMO targets. It assesses low or zero carbon fuels (see under Project Hafnium in the [Climate Resilience](#) section of this report), engages with clients about fuel and has fuel management software on its vessels.

Swire Properties has a science-based decarbonisation target. It is working with contractors and suppliers to collect carbon emission data from the construction of One Taikoo Place. It is important and potentially cost-effective to manage carbon emissions from construction activities, including embodied carbon in construction materials used in new developments.

With the Hong Kong University of Science and Technology's Department of Civil and Environmental Engineering, it is using the data collected to identify carbon reduction opportunities at future development projects. In 2018, it made a preliminary assessment of its Scope 3 emissions and is working on measures to reduce them.

Swire Coca-Cola is using transport optimisation software to improve fuel efficiency and delivery times. In Hong Kong, it increased its fleet of Euro VI trucks from 11 in 2017 to 18 in 2018. 97% of the company-owned trucks in Hong Kong are Euro VI or Euro V.

Swire Coca-Cola conducted a detailed review of its Cold Drink Equipment (CDE) to find that only 19% of its CDE uses “natural” refrigerants (i.e. CO₂ or hydrocarbons) as opposed to other more harmful refrigerants (CFCs, HCFCs, HFCs). The CDE (including coolers, vending machines, carboys, fountain equipment) is Swire Coca-Cola's principal asset, and is key to its distribution operations and their expansion. To reduce its Scope 1 emissions, it is replacing inefficient CDE with new CDE.

Swire Waste Management is replacing its Euro II tractors with Euro V tractors.



**Case study:
Cathay Pacific – Alternative jet fuel**

Biofuel reduces GHG emissions by up to 80% compared with fossil-based jet fuel and can be produced more sustainably with little loss of performance. Cathay Pacific contributes to the Sustainable Aviation Fuel Users Group, the FAA Centre of Excellence for Alternative Jet Fuels and the Commercial Alternative Aviation Fuels Initiative. Cathay Pacific has committed to buying 1.1 million tonnes of sustainable aviation fuel over 10 years, enough for 2% of current

operations. Its Airbus delivery flights use biofuels. It has an equity interest in Fulcrum BioEnergy, Inc., the business of which is to convert municipal solid waste into sustainable aviation fuel. In May 2018, Fulcrum commenced construction of its bio-refinery plant at its Sierra plant in Nevada. Once operations begin in 2020, the plant will be able to convert 175,000 tonnes of waste into over 10 million gallons of fuel in each year.

**Case study:
Science-based targets**

Swire Properties is the first real estate company in Hong Kong to have committed to the SBTi, an initiative developed among the United Nations Global Compact, World Resources Institute, the CDP36 and the WWF Hong Kong. The initiative encourages corporations to play a substantive role in reducing GHG emissions and aims to make science-based target setting a standard business practice by 2020. GHG reduction targets are considered

science-based if they are consistent with achieving decarbonisation sufficient to that which has been identified in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (“IPCC”) of the United Nations (published in 2015) to keep global temperature increase below 2°C above pre-industrial temperatures. Swire Coca-Cola is considering setting a science-based target.

CARBON OFFSETS

Carbon offsets are purchased by Cathay Pacific and Swire Pacific Offshore. In 2018, **Cathay Pacific's** Fly Greener programme offset 15,466 tonnes of CO₂. This was achieved by investing in offsets generated by Gold Standard certified offset projects (including biogas digesters in Vietnam and efficient cook stoves in India). The Fly Greener programme (the first of its kind developed by an Asian airline and on which Cathay Pacific makes no profit) has offset over 165,000 tonnes of CO₂ since it started in 2007.

Swire Pacific Offshore purchased credits derived from a REDD Brazil nut project in Peru, making it carbon neutral for 2018.

The projects were selected with regard to their expected environmental, economic and social benefits.

“In 2018, Cathay Pacific’s Fly Greener programme offset 15,466 tonnes of CO₂.”

ENERGY

In 2018, our indirect emissions (primarily derived from using electricity, which is our second largest GHG emission source) were 667.8 thousand tonnes of CO₂e, a 5.7% increase from 2017 (on a revised basis). This was principally due to the inclusion of 11 new bottling plants at **Swire Coca-Cola**.

“Swire Properties’ energy use intensity in Hong Kong decreased by 25% between 2008 and 2018.”

As the cost of electricity rises, making our buildings and operations more energy efficient is a priority. Our operating companies exchange energy efficiency information through our carbon working group. Group Sustainable Building Design Policy requires new and substantially renovated buildings to try to obtain the highest or, as a minimum, the second highest international or local building environmental certification. At the end of 2018, buildings that accounted for 92.2% of its property portfolio had been certified or provisionally certified as green buildings under BEAM, BEAM Plus, LEED, China Three Star and Green Mark independent rating systems.

In 2018, **Swire Coca-Cola's** Yunnan bottling plant obtained LEED Gold certification. It upgraded the facility with reference to the [Group Sustainable Building Design Policy](#), which outlines the green building certification requirements for buildings of a certain size. Swire Coca-Cola has five LEED certified bottling plants in Mainland China and the USA.

Swire Properties' energy use intensity in Hong Kong decreased by 25% between 2008 and 2018. Its energy use in Hong Kong decreased by 56.9 million kWh over the same period. The comparable figures for Mainland China are 35% and (on a business as usual basis) 17.5 million kWh.



Swire Properties offers free energy audits to tenants. Since 2008, audits have covered 5.3 million square feet of commercial space, identifying potential annual energy savings of 8.6 million kWh.

Swire Properties has obtained ISO 50001:2011 certifications for its energy management systems in all its Hong Kong properties and for its Taikoo Hui, Guangzhou and Taikoo Li Sanlitun, Beijing properties in Mainland China.

In 2018, Swire Properties introduced a cloud-based energy management platform at INDIGO, Beijing. It has upgraded heating, ventilating and air conditioning units and replaced old fans with EC motor plug fans at Pacific Place, Taikoo Place, and Taikoo hui, Guangzhou, making annual energy savings of more than 1.4 million kWh. Both projects were initially supported by the Swire Pacific Sustainable Development Fund.

In 2018, Swire Properties received the American Society of Heating, Refrigerating, and Air-Conditioning Engineers Regional Technology Award for the commercial building category. It received the award for work at Two Pacific Place which reduces annual energy consumption by around 2 million kWh, equivalent to 1,600 metric tonnes of CO₂.

HAECO Hong Kong is replacing three freshwater-cooled chiller plants with one new ultra-high efficiency hybrid power chiller plant. It is also introducing a new phase change material thermal storage system. The estimated annual electricity savings are up to 5.4 million kWh, equivalent to a 4,112 tonne CO₂ reduction. **HAECO Americas** and **HAECO Landing Gear Services** are replacing existing lighting with LED tubes, which will save an estimated 2 million plus kWh. HAECO Landing Gear Services is doing the same, saving an estimated 290,510 kWh.

Swire Resources' warehouses are using more energy-efficient LED lights. **Cathay Pacific Catering Services** has installed sensors which are expected to save 530,000 kWh per year, equivalent to 270 tonnes of CO₂ per year.

GREEN BOND REPORT 2018

Case study: Swire Properties – Green bond

In January 2018, Swire Properties issued its first green bond, raising US\$500 million at a 3.5% coupon rate. It was the first green bond in Hong Kong to be certified under the Hong Kong Quality Assurance Agency's green finance certification scheme. Part of the proceeds financed One Taikoo Place.

The Swire Properties green bond was rated A2 by Moody's Investors Service and A by Fitch Ratings. The Green Bond framework was also reviewed and opined on by the independent ratings and analysis firm Sustainalytics.



RENEWABLE ENERGY

We encourage using renewable energy in our operations. In 2018, **Swire Properties**, **Swire Coca-Cola** and **HAECO Xiamen** generated 12.87 million kWh of electricity from renewable energy sources.

At four of its bottling plants in Mainland China, Swire Coca-Cola uses photovoltaic panels and solar water heater systems to generate and use renewable energy. Some of these plants capture methane gas from wastewater treatment process to produce steam. Between August and December 2018, the photovoltaic panels at its bottling plant in Xiamen generated 1.2 million kWh of electricity, saving HK\$106,000.

In 2018, HAECO Xiamen's solar panels generated around 1.37 GWh of electricity. **HAECO Hong Kong** tested a micro-wind turbine to generate electricity. It has solar panels at its main offices, its mobile planning office and its windscreen working stands. **HAESL** has solar panels which are estimated to save 10,000 kWh annually.

“Swire Coca-Cola and HAECO Xiamen generated 12.87 million kWh of electricity from renewable energy sources....”

There are solar panels and a waste to energy tri-generation system at **Swire Properties'** One Taikoo Place development which are estimated to supply 4% of the landlord's energy use. Swire Properties has solar panels on the roofs of its INDIGO, Beijing, Taikoo Hui, Guangzhou, and Taikoo Li Sanlitun, Beijing developments. It intends to start a renewable energy procurement study to evaluate the feasibility, scale, costs and different renewable options within its Mainland China portfolio.

LOOKING AHEAD

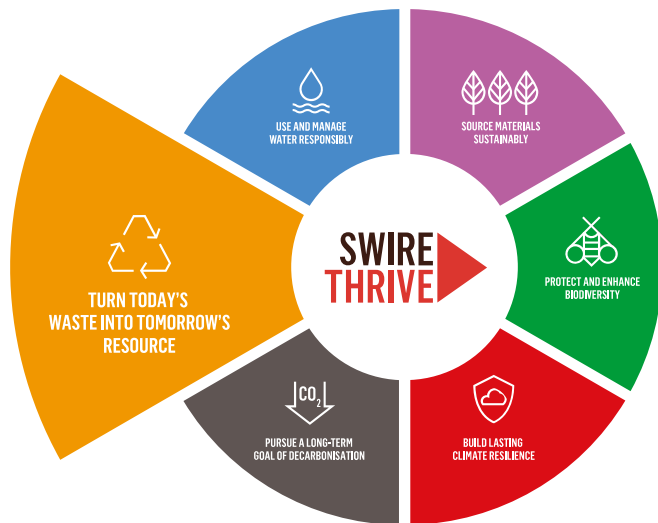
Swire Pacific has a [climate change policy](#). Our businesses are expected to take due account of climate change and extreme weather by identifying the risks associated with them and by doing their best to adapt to and mitigate them where possible, having regard to global best practices.

We are improving the collection and monitoring of our GHG emissions by developing data protocols, identifying preferred calculation methodologies and setting operational boundaries.

Our carbon working group will update its carbon offset and sustainable building design policies.

We aim to establish ambitious carbon intensity targets for 2030, with our property and beverages divisions considering science-based targets.

WASTE



Today's waste is tomorrow's resource

Reducing pollution and protecting natural resources helps us thrive. Recovering materials and reusing them at the end of their lives helps achieve this.

We aim to minimise waste and treat it as a resource to improve efficiency, lower cost and reduce our impact on the environment. We aim to recycle and reuse waste, converting it into energy or safely returning it to the environment, as much as possible.

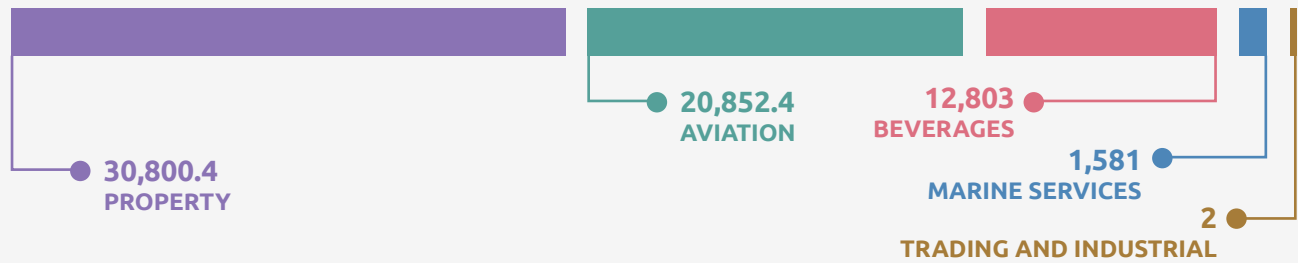
We are committed to turning today's waste into a resource for tomorrow, contributing to the creation of a circular economy, where waste materials are no longer simply thrown away, but are retained and re-used as future resource.

As the world's population and affluence increases, so does waste. Landfills are reaching capacity. Governments are taxing waste, increasing business costs. We operate in different places which are at different stages of development in recovering and recycling waste.

By reducing waste, we reduce the cost of packaging, waste management and disposal. The circular economy is creating new markets. There is increasing awareness of waste recycling, particularly of plastics and post-consumer waste. Recycling waste could become a valuable revenue stream for us.

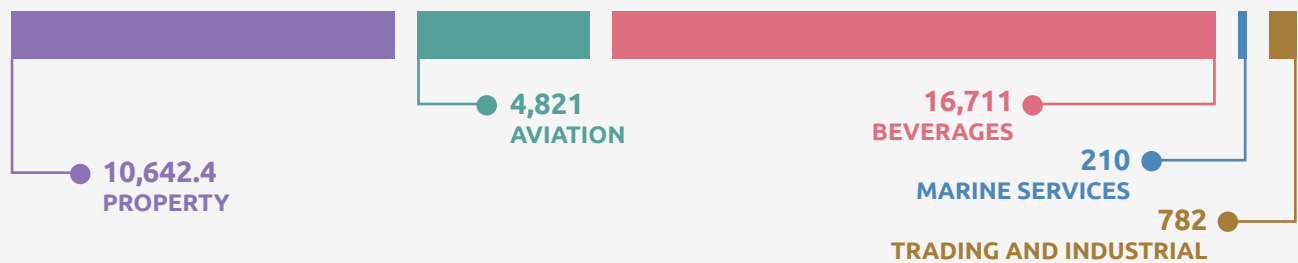
GROUP PERFORMANCE

Waste disposed by division (tonnes)



In 2018, we disposed of 12.3% more waste than in 2017. Swire Properties (including its tenants) generated more than 40% of our 2018 waste. The 11 new bottling plants in our beverages divisions generated much of 2018's increase.

Waste recycled by division (tonnes)



In 2018, we recycled 34.1% more waste than in 2017. Swire Coca-Cola accounted for 50% of the waste recycled in 2018.



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

Cathay Pacific Group

In 2018, Cathay Pacific Catering Services served 35.4 million passengers more than 30 million meals – an average of 82,000 meals for an average of 201 flights per day. It is reducing food waste by delivering meals to aircraft closer to their departure time. With Hong Kong International Airport, Cathay Pacific analysed passenger check-in and transit data in order to determine how many meals are needed on departing aircraft. Meals are now initially ordered by reference to 90% of expected passengers instead of the previous 95%. Revisions can then be made in the period before departures on the basis of more up to date and accurate numbers of expected passengers. All this reduces waste.

With the Hong Kong Productivity Council, Cathay Pacific has participated in a pilot waste charging scheme ahead of the introduction by the Hong Kong government in 2020 of a municipal solid waste charging scheme. The pilot scheme involved 145 flights and dealt with the logistics of implementing the charge at Hong Kong International Airport. A breakdown of cabin waste was done and audited, identifying areas for improvement and providing a baseline for future audits. All findings and data collected will inform its waste reduction strategy in 2019.

Swire Properties

“In 2018, Swire Properties diverted 21.1% of its commercial waste from landfills. Its 2020 target for Hong Kong is 25%.”

Swire Properties’ waste management policy deals with the design, planning, construction and operations of its buildings. Waste management taskforces from its Hong Kong, Mainland China and hotel businesses coordinate waste reduction and diversion.

In 2018, Swire Properties diverted 21.1% of its commercial waste from landfills. Its 2020 target for Hong Kong is 25%. In Mainland China, it recycled 23% of its waste. Its 2020 target is 25%.

Swire Properties is preparing for the introduction of municipal solid waste charging in 2020 in Hong Kong. It has done a six-month trial of volume and weight-based charging with

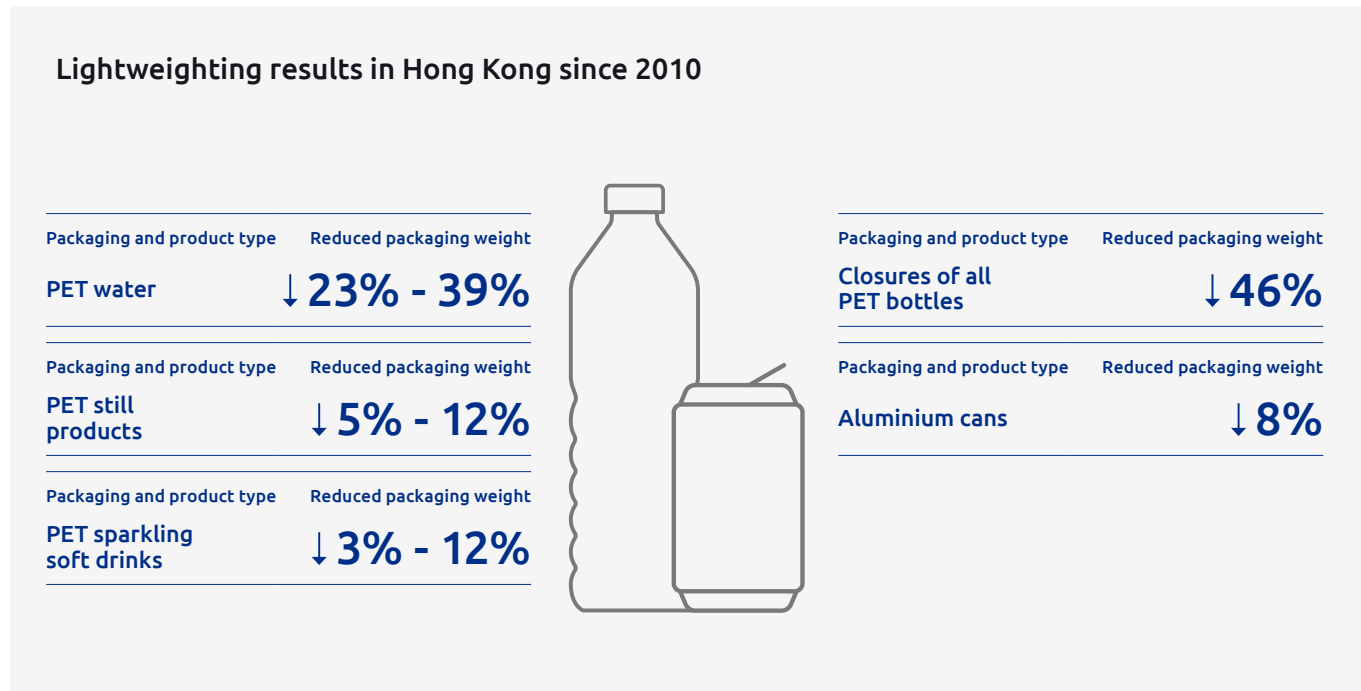
131 tenants at its Cityplaza and East developments and has provided information about the results to the Environmental Protection Department of the Hong Kong government.

In 2018, Swire Properties extended its voluntary waste charging trial to include food and beverage tenants at Pacific Place, Citygate Outlets, and Island Place, and introduced green guidelines for event management and the production of collaterals.

Swire Coca-Cola

Swire Coca-Cola minimises the weight of its bottles, cans and other packaging. This process is called lightweighting. This reduces raw material usage. Since 2010, it has been lightweighting its aluminium cans and plastic bottles.

Swire Coca-Cola is providing 300 Bonaqua water refill stations in Hong Kong in 2019.



Other areas

At **Swire Hotels** used bed linens are used by housekeeping as cleaning cloths or donated to design students for upcycling. Lightly used linens and towels, along with unused or partially used soaps, body washes, lotions and hair products, are recycled and donated to disaster-relief and humanitarian aid organisations. Swire Hotels uses reusable laundry bags at the Opposite House in Beijing. There are recycling bins at EAST, Hong Kong.

Swire Resources is a signatory of the Hong Kong Green Building Council's Green Shop Alliance Programme. It avoids excessive promotional decoration and packaging and participates in waste reduction programmes.



Case study:

Swire Properties – Reducing waste at our community events

At the Tong Chong Street Market, Swire Properties provided recycling bins and, with green ambassadors from WWF, advised on recycling practices. Participants could wash and reuse food containers, borrow utensils and tableware and get discounts from stalls for doing so.

At the White Christmas Street Fair and the annual Swire Properties 10K run, single-use plastic was discouraged and the use by participants of their own utensils and tableware was encouraged. Drinking water refill stations and recycling and food waste bins helped participants to adapt. 10K runners received e-certificates instead of paper certificates.



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

Cathay Pacific is part of the IATA cabin waste working group, which aims to address airline cabin waste management. In 2018, the airline recycled 467 tonnes of plastic, 1,983 tonnes of paper and cardboard and 463 tonnes of glass on inbound flights to Hong Kong. Waste on outbound flights is not recycled. It cannot be carried back for hygiene reasons. Regulations often prohibit recycling of waste from international flights.

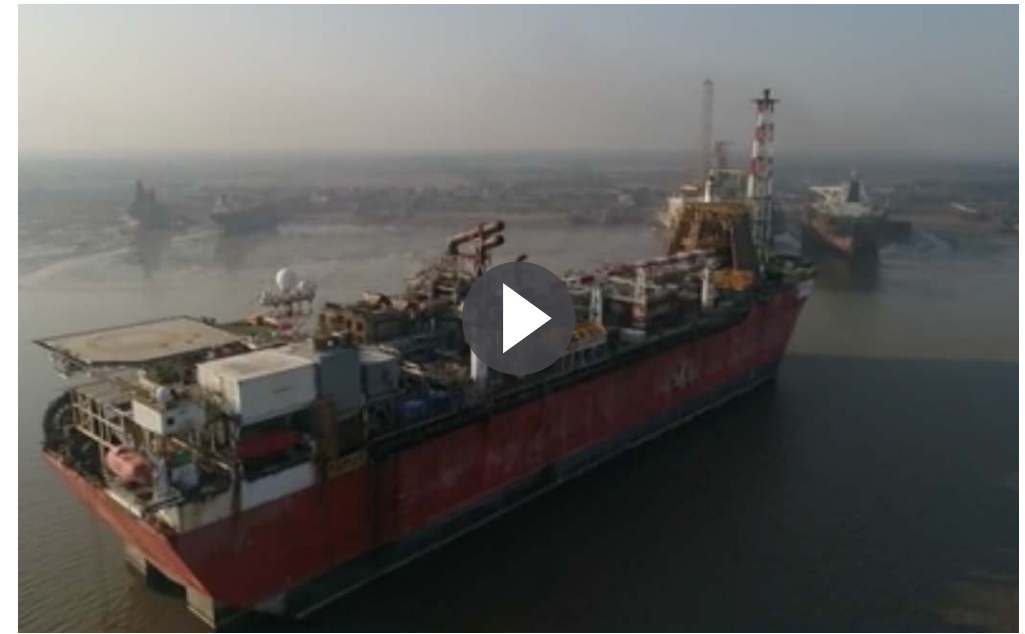
At its Two Taikoo Place development, **Swire Properties** intends to divert 80% of its construction waste from landfills, in order to meet its BEAM Plus ratings requirements.

“In 2018, Cathay Pacific recycled 467 tonnes of plastic, 1,983 tonnes of paper and cardboard and 463 tonnes of glass on inbound flights to Hong Kong.”

HAECO Hong Kong and HAESL implemented waste segregation programmes and better contractor controls to ensure waste wood was sent to an appropriate recycler. At HAECO Hong Kong, the recycling rate increased from 2% in 2016 to 39% in 2017. This level was maintained in 2018.

With St. James Settlement Upcycling Centre, **Cathay Pacific Catering Services** turns old rice packaging into household recycling bags.

In 2018 **Cathay Pacific** retired six old aircraft and introduced four new A350-1000 aircraft. This improves fuel-efficiency. It worked with aircraft manufacturers, the Aircraft Fleet Recycling Association’s accredited companies, and other end-of-life specialists to salvage spare parts and recycle or reuse parts and materials. A large proportion of components can be re-certified, reused or sold to other users. Under PAMELA (Airbus’ Process for Advanced Management of End-of-Life Aircraft), retired Airbus A340 aircraft were recycled with up to 90% of their components reused or recovered. Hazardous waste, mainly lubrication oil, is sent to specialised waste handlers for proper disposal. A B777-200 was donated to a museum.



Case study:
Swire Properties – Food waste recycling

In 2018, Swire Properties joined the Steering Committee of the Food Smart Partnership Programme to address and provide leadership on food waste issues in Hong Kong. Swire Properties supports Food Angel and the Foodlink Foundation, two Hong Kong charities that donate excess food to people in need, and the Green Council, which raises awareness of food waste.

Swire Properties has guidelines for shopping mall tenants to separate food waste for collection. At its shopping malls in Mainland China, it has electronic scales and refrigerated storerooms to facilitate the collection of food waste from tenants. It gives training to tenants

on handling and separating food waste. In 2018, it collected more than 4,500 tonnes of food waste from its Hong Kong and Mainland China tenants for recycling. In Hong Kong, most of the food waste collected goes to the Hong Kong government’s Organic Resource Recovery Centre in Siu Ho Wan to be converted to compost and biogas.

Swire Properties’ tenants in Hong Kong have started to collect coffee grounds for recycling. Collected coffee grounds are converted to fertiliser for landscaping, creating a closed loop system.

Case study:
Swire Pacific Offshore – Sustainable ship recycling

Swire Pacific Offshore has a sustainable ship recycling policy. It states that all vessels at the end of their working lives will be recycled at shipyards certified by a reputable independent third party. This is in compliance with the Hong Kong International Convention for the Safe

and Environmental Sound Recycling of Ships. This policy ensures that SPO recycles its assets in a sustainable, safe and environmentally-responsible way. A video about SPO’s recycling can be viewed here.

RECOVER

The management and use of waste can provide business opportunities. Our investments in Swire Waste Management and Fulcrum Bioenergy are good examples.

Swire Coca-Cola is a member of the Ellen MacArthur Foundation's New Plastics Economy Group. The group aims to reduce the environmental footprint of plastics through packaging innovation and consumer engagement on better recycling practices. Swire Coca-Cola is a signatory of the New Plastic Economy Global Commitment, which has ambitious 2025 targets to address plastic waste and pollution at source.

Cathay Pacific Catering Services reprocesses used cooking oil into vehicle biodiesel. In 2018, it converted 31,964 litres of oil and recovered 1,358.5 tonnes of food waste for conversion to animal feed. It donated 283 tonnes of surplus food from inbound flights to people in need through Feeding Hong Kong. It donated 4.59 tonnes of surplus bakery goods and bottled water to Food Angel, which feeds senior citizens of Hong Kong.

“In 2018, CPCS converted 31,964 litres of oil and recovered 1,358.5 tonnes of food waste for conversion to animal feed.”

Swire Coca-Cola Hong Kong obtained government approval to send the organic by-products from its bottling plant to Hong Kong's Organic Resources Recovery Centre where its organic waste is converted to compost and biogas. It provides wastewater sludge and damaged wooden pallets to be used as biomass fuel by a recycler in Hong Kong. All this reduces the proportion of waste going to landfill. In 2017, 49% of Swire Coca-Cola's waste in Hong Kong went to landfills. The percentage fell to 19% in 2018. It is intended to reduce the percentage further.



Case study: Swire Coca-Cola – Partnering to recover plastic waste

Swire Coca-Cola is forming a joint venture with ALBA Group Asia and Baguio Waste Management Recycling to operate a plastic recycling facility in Hong Kong. The facility will process PET and HDPE plastics from post-consumer beverage and personal care product containers. Collected containers will be sorted, processed and converted to food grade rPET flakes and non-food grade rHDPE pellets. End-products will be traded internationally, with the intention that the food grade rPET flakes will be used as food grade primary packaging. The facility will be able to process approximately 100 tonnes of post-consumer PET and HDPE per day.

The facility will use up to date wastewater treatment technologies, solar water capacity and renewable energy-generating photovoltaic cells. Its design will take advantage of local wind patterns for natural temperature reduction in the summer. Part of the facility will be an education and awareness area for visitors. The facility is expected to be in operation in the third quarter of 2020.

PLASTIC WASTE

Plastics are versatile, cost-effective, lighter than most materials and important for our operations. But if their waste is not handled responsibly, they can harm the environment. We are conscious of the increasing global concerns about plastic waste and the environmental damage which it causes, particularly to the oceans. We aim to play our part in reducing the environmental impact of plastic waste.

“We are conscious of the increasing global concerns about plastic waste and the environmental damage which it causes, particularly to the oceans. We aim to play our part in reducing the environmental impact of plastic waste.”

This is how **Cathay Pacific** has reduced plastic use over the years.

- **2019** No single-use straws or stirrers in lounges or on aircraft
- **2018** No single-use plastic cutlery, bags, straws or stirrers in the employee canteen
- **2016** Paper instead of plastic bags for duty-free purchases
- **2014** 33% lighter (and recyclable) economy class plastic cups
- **2014** Cargo terminal collects plastic stretch wrap for recycling
- **2013** 200,000 economy class plastic cups phased out and sent for recycling
- **2013** Reusable cooler bags instead of Styrofoam boxes for inflight ice cream storage, thereby reducing usage by 44%
- **2012** Biodegradable plastic bags used for blankets, cutlery, duty-free purchases (since 2011) and inflight magazines
- **2011** Corn-starch and cellulose toothbrushes and shoe horns in First and Business Class
- **2007** Plastic cups and bottles collected inflight for recycling
- **2002** Rebates for returning plastic hangers to Vogue Laundry
- **2001** Economy class cutlery washed and re-used

Swire Properties is assessing the types and quantities of single-use plastics in its hotels and restaurants, and where feasible identifying alternatives. In 2018, its restaurants eliminated plastic straws and encouraged patrons to bring their own refillable cups. It has recycling bins in hotel rooms, has replaced plastic with glass bottles and has installed refillable dispensers in bathrooms.

Swire Properties has put recycling bins for umbrella bags and umbrella dryers in its Hong Kong malls and offices. In 2018, it installed a water refill station at Citygate Outlets. From October to December 2018, the station is estimated to have saved more than 5,000 single-use plastic water bottles.

Swire Coca-Cola has aligned its primary packaging goals with The Coca-Cola Company's World Without Waste to aim for the following:

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

For more information, read [Swire Coca-Cola's 2018 sustainability report](#).

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Drink Without Waste

Case study: Swire Coca-Cola – Drink Without Waste

Drink Without Waste is a coalition of Hong Kong based organisations whose aim is to reduce waste generated from beverage consumption and to keep all soft drink primary packaging from entering landfills. Swire Coca-Cola is a founding member. Other members are major beverage producers, bottlers, retailers, NGOs and those engaged in waste management.

Hong Kong relies solely on landfills for municipal waste disposal, which are rapidly running out of space. More than 80% of beverage packaging and around 5.2 million plastic bottles end up as waste in Hong Kong's landfills. In 2018, a working group commissioned a third-party consultant to conduct independent research into how Hong Kong could effectively manage single-use beverage containers.

Published in December 2018, the research covered an analysis of the Hong Kong beverage market and packaging management practices, a review of international best practice (in Germany, South Africa, South Korea, Taiwan and California in the USA), engagement with 75 Hong Kong organisations on sustainable beverage packaging management and impact assessments for two potential future scenarios. The paper recommended pragmatic, inclusive solutions for redesigning, recovering and recycling single-use plastic such as beverage refill dispensers, regulating packaging standards, a cash-on-return scheme and provision of Hong Kong's own recycling facility.

The working group will create a detailed strategy realisation plan. This will include public engagement and social media campaigns to build community awareness.

Swire Coca-Cola Hong Kong intends to invest over HK\$150 million in production equipment and packaging in the next five years to support the growth of refillable and reusable packaging such as returnable glass bottles, carboys and post-mix dispensers. Improving packaging design will continue so that primary packaging recycling rates will increase, including adding rPET into bottled water and carbonated drinks in PET packaging. Swire Coca-Cola will continue promoting public education, innovative business solutions and alternative packaging. It will contribute HK\$2 million to developing collection facilities, reverse vending machines and other initiatives.

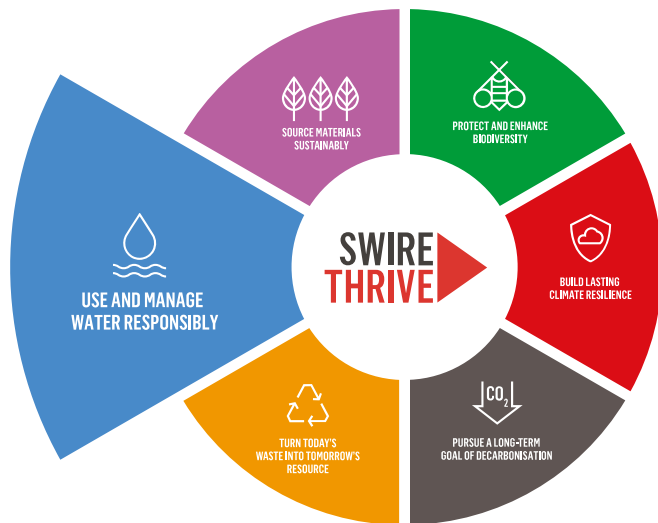
LOOKING AHEAD

In 2019, we are developing a group waste management policy, which will guide our approach to reducing waste.

We are improving how we collect and monitor our information on waste. We are developing and recommending comprehensive data protocols – including data collection and calculation methodologies – and setting operational boundaries.

As part of SwireTHRIVE, we are developing 2030 targets for the percentage of our waste diverted from landfill and for percentages of our waste recycled, reused and recovered.

WATER



Responsible water management

Water is one of the world’s most precious and vital resources. But as populations grow, so does the pressure on water resources.

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

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

Water is one of the world’s most precious and vital resources and it is under significant pressure. We are committed to ensuring that we use water responsibly and, ultimately, sustainably.

The demand for drinkable water is increasing. Climate change and increased agricultural and industrial use of water threaten supply. The United Nations expects two-thirds of the world population to be short of water by 2025. The World Economic Forum has identified water crises as one of the risks that will have the biggest impact on the world over the next ten years. Businesses that use a lot of water will be scrutinised and will need to address these issues. Our businesses understand that their long-term access to water depends on their responsible use of this resource.

For **Swire Coca-Cola**, this is already a priority. More information on its approach to water management is in its [Sustainable Development Report](#).

Using water efficiently and in accordance with best practice will reduce costs and contribute to global efforts to provide clean, safe and affordable water.

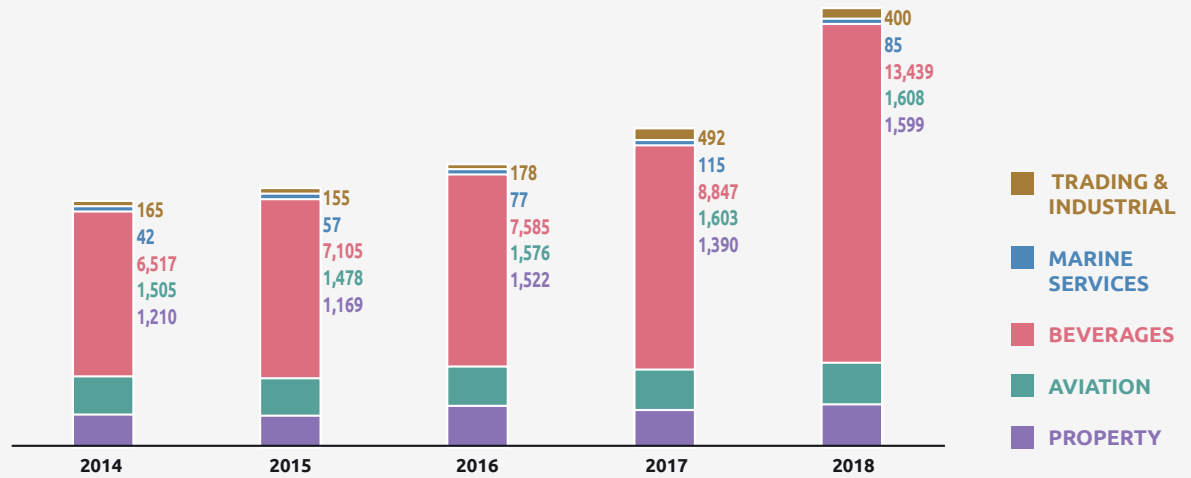
GROUP PERFORMANCE

In 2018, we consumed 17.13 million m³ of water, a 38% increase from 2017. This increase is mainly due to the inclusion of 11 additional bottling plants at Swire Coca-Cola. Swire Coca-Cola accounts for 78.5% of our water use.

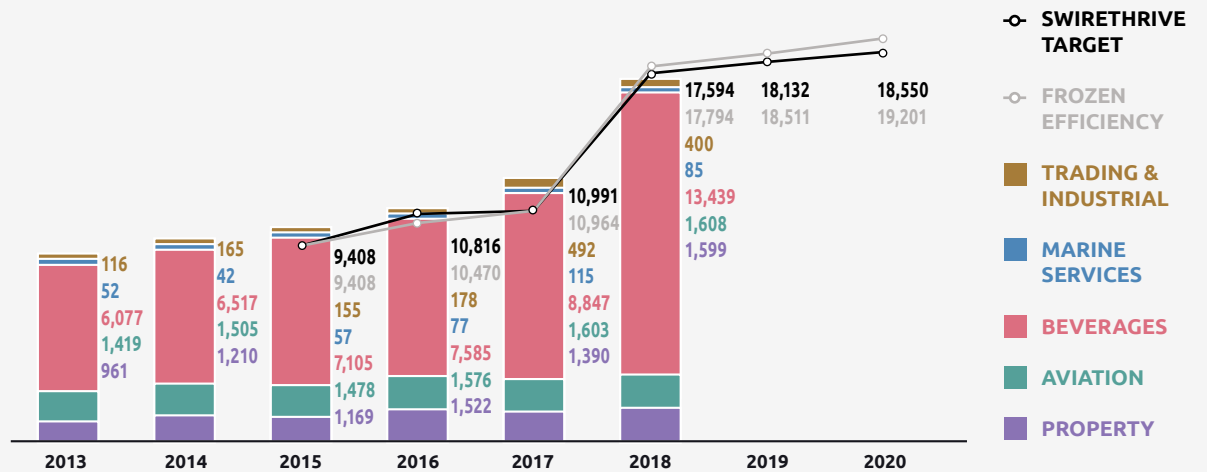
Water consumption at Swire Properties increased due to the inclusion of the US Miami portfolio in this year’s reporting boundary. Water consumption at the Trading & Industrial division decreased, mainly due to the disposal of the Swire Pacific Cold Storage business in August 2018. Water consumption at the Marine Services division decreased, due to the reduction in dock work at Hongkong United Dockyards. Water consumption at Swire Pacific Offshore is immaterial and is not included in the report.

We set water intensity targets and encourage operating companies to use water more efficiently. We aim to reduce our water consumption by 3-4% from its 2015 frozen efficiency baseline (a frozen efficiency baseline being one from which performance is projected with the assumption of no improvement in current efficiencies). The reduction target takes into account projections of water consumption at Swire Coca-Cola’s recently acquired bottling plants. We exceeded our 2018 target by 2.63%.

Water consumption by division (thousand cubic metres)



Performance against SwireTHRIVE target (thousand cubic metres)



WATER RISK

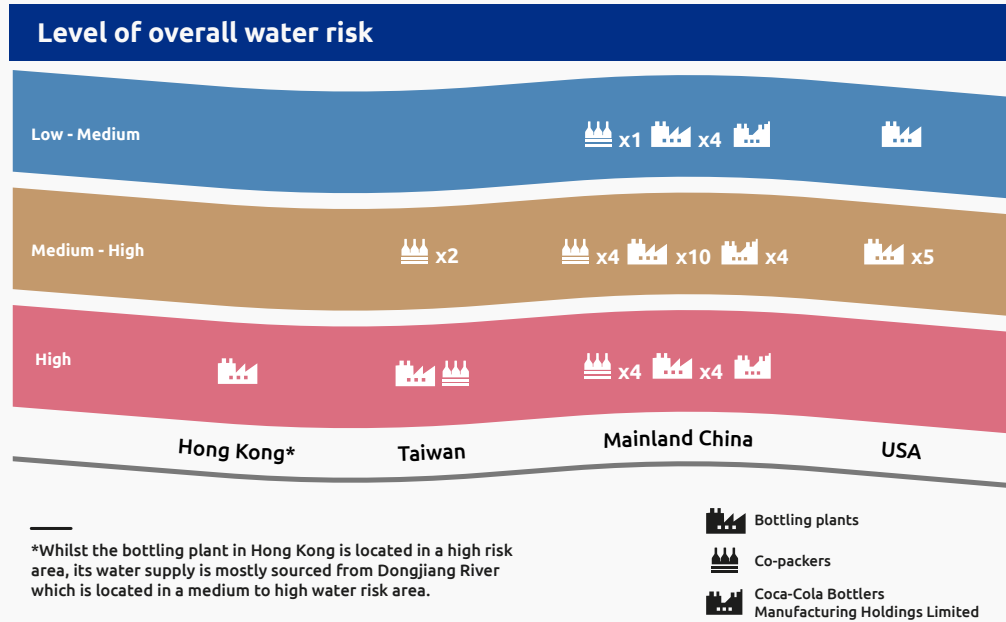
The Intergovernmental Panel on Climate Change (IPCC) estimates that for every 1°C increase in global temperature, 7% of the world’s population face decreased freshwater availability. Water availability is dependent on local climate conditions in the watershed. Climate change can disrupt the natural water cycle. Our businesses must understand local policies and collaborate with others to facilitate water management.

“We encourage operating companies to improve procurement and operations by using less packaging and more sustainable materials.”

In 2018, **Swire Properties** studied its exposure to the following water risks.

- physical risks associated with water stress and low groundwater availability
- regulatory risks from new regulations on water use
- operational risks associated with water efficiency in its buildings
- economic risks from higher water tariffs

The study’s findings will be incorporated into its climate risk assessment.



Case study: Swire Coca-Cola – Source vulnerability assessments

The majority of Swire Coca-Cola’s operations are in areas of medium-to-high water risk, indicating the need for efficient operation in order avoid a negative impact on water resources. Below are some water risk maps.

Managing water resources requires a local approach, including understanding local policies and collaboration with others. Swire Coca-Cola makes Source Vulnerability Assessment and Source Water Protection Plans in line with this approach.

Swire Coca-Cola’s US operations are in dry areas, where the principal water risk is scarcity. Water quality is the principal risk in Mainland China. See the water section of [Swire Coca-Cola’s sustainability report for more information.](#)

SUSTAINABLE WATER RESOURCE MANAGEMENT

The Group has three guiding principles for water resource management: Reduce through water efficiency, Recycle by reusing wastewater where possible, and Replenish water through community and watershed projects.

Reduce

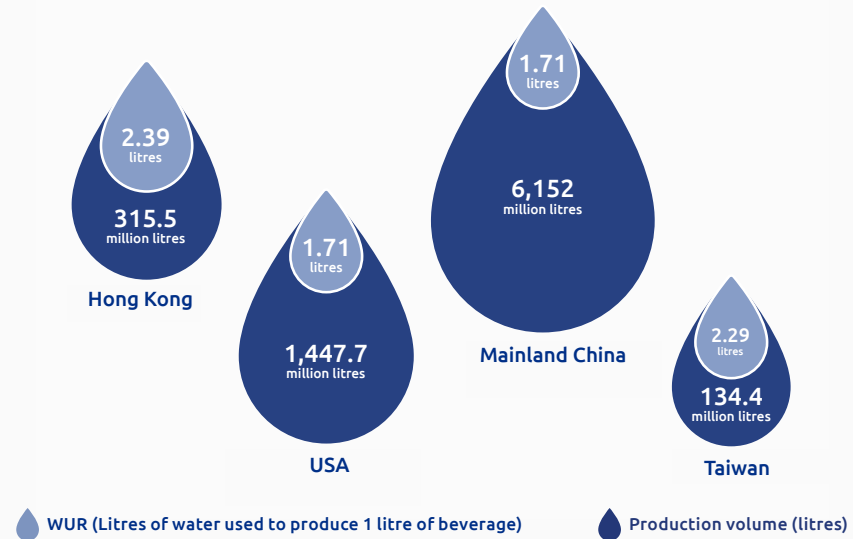
Swire Coca-Cola's bottling plants are committed to achieving world-class water use performance.

"In 2018, Swire Coca-Cola's water use ratio (WUR) decreased to 1.74 from 1.77 in 2017."

In 2018, Swire Coca-Cola's water use ratio (WUR), which reflects the amount of water needed to produce one litre of beverage, decreased to 1.74 from 1.77 in 2017. The WUR varies by market. More water is used (because of the need for cleaning) if there is more switching from the manufacture of one product to another. There is more such switching (and therefore a higher WUR) in Hong Kong and Taiwan than in Mainland China and the US.

HAECO group companies use automatic taps and water-saving nozzles. **HAECO Hong Kong** uses rainwater to flush toilets. **HAECO Xiamen** and **HAECO Americas** have modified their toilet flushing systems to use less water. **TEXL** modified its chemical cleaning process to reduce the use of solvents and water.

Swire Properties has developed guidelines on fresh and flush water to aid its compliance with the Hong Kong government's "Quality Water Supply Scheme for Buildings" so as to encourage employees and tenants to save water. Following tests designed to reduce water consumption at its One Island East development the previous year, in 2018 Swire Properties installed water flow restrictors in some of its shopping malls and office buildings. It monitors consumption using water meters, water flow restrictors, automatic taps and automatic flush water basins and urinals.



Case study:

Swire Coca-Cola – Water-saving measures

Swire Coca-Cola's bottling plants minimise water consumption during the manufacturing process by implementing several measures.

At Swire Coca-Cola, dry lubricants have replaced soapy water to help conveyor belts move cans and bottles along production lines. Ionised air is used for rinsing instead of water when switching a production line from one beverage type to another.

Swire Coca-Cola's Jiangxi bottling plants have introduced ultraviolet disinfection, which will save 7,200 m³ of water per year. Upgraded sub-meters are being installed in water-intensive areas in Mainland China.

RECYCLE

We discharge water into nature in a clean and pure condition that meets or exceeds legal requirements in almost every territory in which we operate. We are committed to wastewater treatment standards which require returning all water used in our manufacturing processes to the environment at a level that supports healthy aquatic life.

Swire Coca-Cola's bottling plants in Mainland China and Hong Kong have their own on-site wastewater treatment systems. Treated wastewater is reused in cooling towers, cleaning, irrigation and toilet flushing. Backwash water is sent to condensing towers from pump seal cooling lines and ozone generator cooling systems for reuse.

In 2018, Swire Coca-Cola recycled 886.4 million litres of water, 195 million litres more than in 2017. Swire Coca-Cola considers its need for wastewater treatment based on quality and reuse purpose. It adheres to The Coca-Cola Company and World Health Organisation standards, and any local requirements when discharging wastewater from bottling plants.

The principal companies in the HAECO group companies have wastewater treatment plants. **HAECO Xiamen** uses heavy metal monitoring equipment and detectors to check effluents before discharge. **HAECO Hong Kong** uses treated wastewater for irrigation, vehicle cleaning, toilet flushing and apron watering. **TEXTL** uses treated water for toilet flushing, with 8% of water withdrawn being reused.

Cathay Pacific Catering Services collects condensate water from air handling units for use by chillers. This recovers 730 tonnes of water annually (representing 0.15% of its total water consumption), generates 9,000 kw/yr, and reduces CO₂ by 4.6 tonne/yr.

Some of our operations use rainwater for irrigation and cleaning.



Case study:

Swire Properties – Water-saving in its property portfolio

In Hong Kong, Swire Properties installed a grey water treatment and recycling system at Oxford House in Taikoo Place to collect, treat and reuse kitchen wastewater from office tenants for irrigation and car park cleaning. It estimates that this system can recycle 1,825 m³ of grey water annually.

In 2018, Swire Properties installed around 500 high-efficiency water flow restrictors for bathroom faucets at Taikoo Li Sanlitun and INDIGO in Beijing, lowering each faucet's flow rate by around 60%. It has installed a rainwater recycling system at Sino-Ocean Taikoo Li Chengdu to collect rainwater for flushing and irrigation. The system is capable of recycling 6,300 m³ of rainwater annually.

REPLENISH

We support programmes that ensure healthy watersheds and sustainable water supplies for the communities in which we operate with the goal of balancing water used in our finished beverages.

Swire Coca-Cola has collaborated with The Coca-Cola Company to establish water replenishment projects in Mainland China and the USA. Its goal is to return the same amount of clean water to natural water systems as it uses in its beverages. The projects helped Swire Coca-Cola to fulfill this objective, with the additional benefits of local community engagement, water and soil erosion control, greater support for sustainable agriculture and wetland protection and rehabilitation. Swire Coca-Cola’s treated water has helped replenish Shanghai’s Chongming Dongtan Wetland, home to migratory waterbirds.



Case study: Swire Coca-Cola – Willamette river water replenishment project in Oregon, USA

Swire Coca-Cola supports the ecological recovery of Willamette watershed by supporting the costs of habitat management for The Bonneville Environmental Foundation and by replenishing the Willamette River with 121 million litres of treated water every year.

ecosystem that can support wildlife. The programme is supported by other organisations and offers benefits to the community by providing volunteering opportunities to the general public.

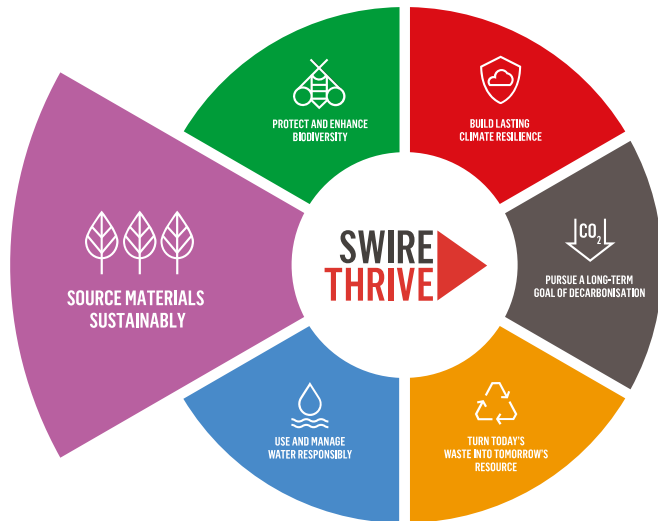
The programme comprises four projects along the river to improve water quality and quantity and develop a healthy



LOOKING AHEAD

We are finalising a group water management policy. The policy will guide our approach to sustainable water resource management. We are improving the collection and monitoring of our water consumption data with data protocols. These provide operational boundaries and preferred calculation methods. We aim to establish ambitious water intensity targets for 2030.

SUSTAINABLE MATERIALS



Responsible sourcing

We rely on natural materials to create our products and services. By 2030, we aim to source all our materials responsibly and sustainably. Our operating companies will continue to be responsible for managing their own supply chains. They have identified their key materials. Specific plans and targets are being developed to meet our 2030 aim.

We rely upon many materials to enable the creation of our products and services, and are committed to ensuring that we source these responsibly, and ultimately, sustainably.

Supply chains are becoming longer and more complex. The severity and frequency of supply chain disruptions is increasing.

Transparency of origin is important to consumers. We need to know more about the sources of our materials. We want to obtain them in a way that does not degrade nature, and with the people who produce them being treated with dignity and respect. This is expected of us. Sustainable sourcing limits the risk of supply chain disruptions and protects our reputation.

In 2016 we committed to sourcing our materials responsibly and sustainably. By 2030 we want to achieve our goal of 100% sustainable sourcing of all the key materials we use.



Our operating companies are supported by our Sustainable Materials Working Group, which shares best practices and develops sustainability policies and guidelines for suppliers. The working group is made up of senior procurement managers from our operating companies. The seniority of the group's members demonstrates the seriousness of the issue to our group.

The working group believes that sustainable procurement will give a competitive advantage to our operating companies. It will strengthen our security of supply, enhance the quality of our goods and services, enhance our corporate reputation, strengthen and protect the perception of our brands and limit our impact on the environment. Our supply chain will also benefit.

The working group considers that joint procurement will encourage sustainable procurement. We intend to do more of it. Joint procurement of green office supplies and paper could save us approaching HK\$1 million a year.



Our operating companies are subject to our supplier corporate social responsibility code of conduct. It deals with regulatory compliance, forced and child labour, health and safety, environmental issues, compensation and working hours, human rights, subcontractor management, ethics and reporting. Suppliers' compliance with the code is assessed. Our operating companies use a risk matrix based on the code with a view to managing and mitigating risks. Attention is focused on high risk suppliers. The results determine which suppliers need to be audited to ensure compliance.

Under our sustainable procurement policy, our operating companies are required to purchase, where possible, products which do not adversely affect the environment, specifically:

- Minimal use of virgin material in the product
- Replacement of disposables with reusables or recyclables
- Minimal environmental impact over the life of the relevant product or service
- Minimal packaging or elimination of packaging
- Reduced energy or water consumption
- Toxicity reduction or elimination

Our guidelines reflect international standards. Our businesses include sustainability criteria in procurement decisions where possible.

Description of our supply chain by division



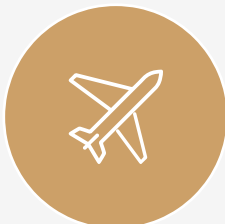
Property

Swire Properties' principal suppliers perform or assist in the planning, design, construction, marketing, sale, leasing, management, maintenance and demolition of properties.



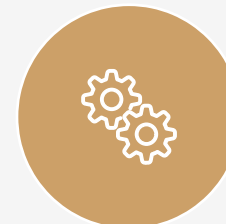
Marine Services

The principal suppliers to SPO and HUD are shipyards, engine manufacturers and suppliers of fuel.



Aviation

The principal suppliers to our airlines are manufacturers of aircraft and engines and suppliers of fuel and engineering services.



Trading & Industrial

The principal suppliers of footwear and apparel to Swire Resources and of vehicles to Taikoo Motors are international brand-owning companies, with their own sustainability policies and standards.



Beverages

Supplies obtained by the beverages division directly from The Coca-Cola Company (TCCC) include juices, concentrates and other ingredients, fountain packaging and advertising materials. Things which TCCC authorises third parties to supply to the beverages division include packaging, speciality merchandise, sales and marketing equipment, sweeteners and carbon dioxide.

“We need to know more about the sources of our materials. We want to obtain them in a way that does not degrade nature, and with the people who produce them being treated with dignity and respect. This is expected of us.”

At **Swire Properties**, a green procurement monitoring system has been in place since 2015. The system tracks consumption of office supplies, building services equipment and building materials that meet specific environmental criteria, for example whether products have been certified or accredited by reputable, independent third parties. Swire Properties uses this data to evaluate its green procurement performance and identify opportunities for sourcing more sustainable products. In 2018, over HK\$217 million of green products were procured. Swire Properties also tracks its consumption of timber, concrete and reinforcement bars.

In 2018, Swire Properties provided training on green procurement for its business units in Mainland China and intends to do the same in Hong Kong this year and to extend the green procurement system to its hotel business. Swire Properties subscribes to the Green Purchasing and Sustainable Purchasing Charters of the Green Council in Hong Kong.

In 2017, the **HAECO group** asked 75 key suppliers to complete a self-assessment survey about compliance with HAECO’s code of conduct for suppliers. This was followed by an assessment of the legal, regulatory, environmental, health and safety and other risks posed by these suppliers. The risks were low in all but one case. The supplier identified as being of medium risk agreed to submit an improvement plan within 12 months.

Swire Pacific Offshore is developing a guide to sustainable materials for new ships.

In 2018, **Cathay Pacific Catering Services** purchased 417 tonnes of certified sustainable seafood, representing 60% of its total seafood purchases, and 38 tonnes of locally grown vegetables, representing 23% of its total purchases of salad greens. For more information please see the [Biodiversity](#) section of this report.



Case study: Swire Properties – Hong Kong’s top Sustainable Consumption Enterprise

In 2018, Swire Properties was named Hong Kong’s top Sustainable Consumption Enterprise at the first Sustainable Consumption Award Scheme. The scheme is organised by the Business Environment Council, the Agriculture, Fisheries and Conservation Department,

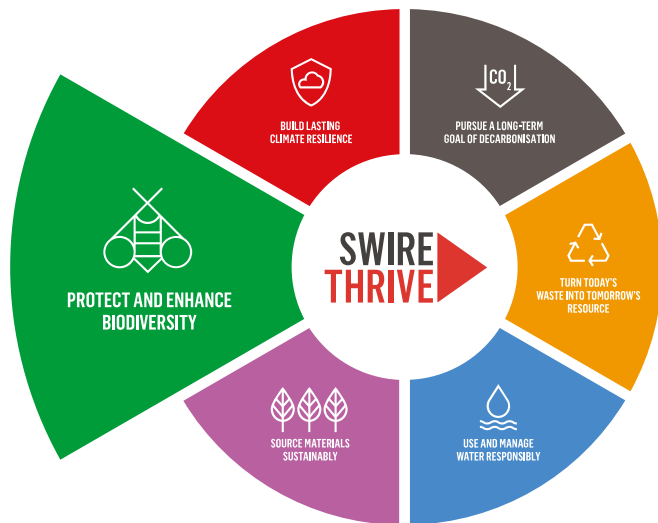
the Consumer Council, the Council for Sustainable Development and the Environmental Protection Department. It recognises Hong Kong companies for purchasing products and services that are good for the environment, people and society.

LOOKING AHEAD

In 2019 the Sustainable Materials Working Group will:

- Review our [Sustainable Procurement Policy and our Supplier Corporate Social Responsibility Code of Conduct](#), having regard to the publication of the sustainable procurement standard ISO20400:2017
- Organise ISO20400:2017 training for purchasing managers in the group
- Work with procurement teams to introduce the Swire Pacific human rights policy to our suppliers
- Work with the SwireTHRIVE Waste Working Group on the development of single use plastic guidelines

BIODIVERSITY



The United Nations has estimated that human activities cause the extinction of three animal or plant species every hour – or 30,000 species a year. We are dependent on biodiversity. Up to 40% of the global economy is based on biological products and services. Ecosystem services provided by nature (pollination, climate regulation and leisure) have been valued at up to USD\$145 trillion per year.

As part of SwireTHRIVE, we have adopted a [Biodiversity Policy](#). It is the policy of Swire Pacific to:

- Ensure that all companies in which Swire Pacific has a controlling interest undertake biodiversity assessments where relevant to their operations
- Minimise the adverse impact of its operations on biodiversity and ecosystems, including protecting endangered species and promoting the sustainable use of natural resources important to biological diversity
- Encourage its operating companies to support relevant and appropriate biodiversity and conservation initiatives and participate in industry-specific working groups related to biodiversity and conservation
- Promote awareness of biodiversity and conservation issues among our employees, customers, suppliers and others with whom we do business
- Promote the restoration of ecosystems where important to the areas in which our businesses operate



Protecting and enhancing biodiversity

We operate in cities, on coasts and in the country. Biodiversity is vital for a resilient natural environment, which is vital for the sustainable development of our businesses.

It is our policy that our operating companies pay due regard to biodiversity. We ask them to identify key biodiversity risks and to take steps to mitigate them.

Biodiversity is key to a resilient natural environment. We need to protect and enhance the ecosystems we operate within, and impact upon, to help nature flourish.

Biodiversity is a key element of SwireTHRIVE because its loss affects our business. We take positive steps to protect it. **Swire Pacific Offshore** has equipped its vessels with ballast water treatment systems. **Swire Properties** uses sustainably certified timber in its developments. **Cathay Pacific** has stopped carrying ivory and shark fin.

“We can always do more. We can design buildings so that they better support wildlife. We can help to combat the trade in endangered species.”

SUPPORTING BIODIVERSITY THROUGH SUSTAINABLE PROCUREMENT

We have catering, food manufacture and hospitality businesses. Our food procurement practices need to be sustainable. We can conserve biodiversity by not purchasing unsustainable food items.

Our [Sustainable Food Policy](#) gives guidance about foods that should not be served at our own events or to customers. We do not serve shark fin, blue fin tuna or black moss. The policy is in line with the WWF Seafood Guide and the Convention on International Trade in Endangered Species of Wildlife Fauna and Flora (CITES).



Case study: Cathay Pacific Catering Services (CPCS) – Sourcing with care and respect

In 2018, CPCS purchased 417 tonnes of certified sustainable seafood, representing 60% of its total seafood purchases. This represents an 8% growth in weight compared with 2017. CPCS purchased cod, lobster and scallops approved by the Marine Stewardship Council

and shrimp and sea bass certified by Best Aquaculture Practices, Global Good Agricultural Practice and the Aquaculture Stewardship Council. CPCS aims to increase its sustainable seafood purchases in cooperation with its airline customers.

SUPPORTING BIODIVERSITY THROUGH SUSTAINABLE TRANSPORT

Many animals and plants are threatened with extinction because of the international trade in rare or endangered wildlife and associated products. Airlines can help combat these threats. **Cathay Pacific** does not carry ivory, hunting trophies, shark fin or racing greyhounds. It has a cargo policy designed to prevent the carriage of illegal or endangered species.

Cathay Pacific has made the WildAid Global Shark Pledge. WildAid supports shark conservation efforts and calls on business leaders and corporations in Hong Kong to join the Global Shark Pledge and help create a shark fin-free Hong Kong.

Cathay Pacific first banned shark fin soup in 2002 and in 2012 was the first airline to ban shark products as cargo.

Cathay Pacific is a signatory to the United for Wildlife Transport Taskforce Buckingham Palace Declaration, which aims to reduce the illegal trafficking of wildlife with the support of aviation and shipping industry companies and organisations. As such a signatory, Cathay Pacific is committed not to facilitate or tolerate the carriage of wildlife products, where trade in those products contravenes CITES.

united
for
wildlife



Case study: Cathay Pacific – Implementing the sustainable development cargo carriage policy

In 2017, Cathay Pacific published its [Sustainable Development Cargo Carriage Policy](#). The policy was developed with reference to international regulations and initiatives:

- CITES
- IATA's Live Animal Regulations
- IATA's Perishable Cargo Regulations
- IATA's Wildlife Task Force initiatives
- United for Wildlife Transport Taskforce initiatives

Cathay Pacific's greyhound carriage policy was developed with The Society for the Prevention of Cruelty to Animals in Hong Kong. The International Union for Conservation and Nature (IUCN) and TRAFFIC, the wildlife trade monitoring network, helped Cathay Pacific to develop its shark and shark-related carriage policy. Any policy is only as good as it is practicable and enforceable. Cathay Pacific engages with its customers and agencies with a view to ensuring that its carriage policies are understood and supported. Cargo is screened to combat misdeclaration. Agents are risk profiled.

SUPPORTING BIODIVERSITY THROUGH PHILANTHROPY

In 2018, the **Swire Trust** contributed over HK\$5.5 million to academic institutions and NGOs to fund projects that support marine life and biodiversity. The Trust supports World Wide Fund for Nature Hong Kong's Sea for Future project. The project aims to safeguard Hong Kong's marine life and to restore fisheries by increasing marine protection areas to at least 10% of Hong Kong's waters. 31 hotspots have been identified and assessed.



Case study: Swire Pacific Offshore – Paraguay Forest Conservation Project

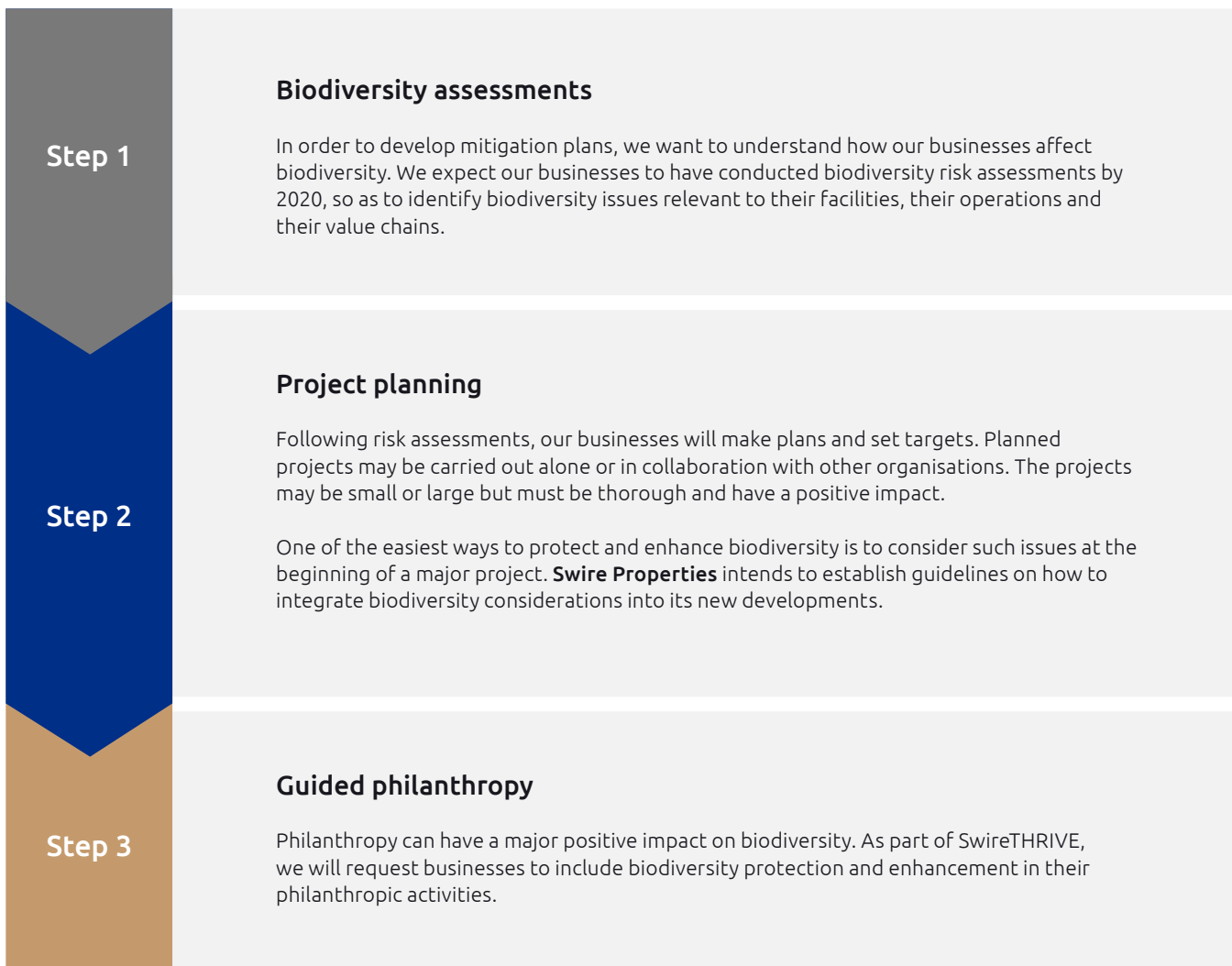
Swire Pacific Offshore works with the World Land Trust and Guyra Paraguay in Paraguay. The REDD+ project reduces emissions from deforestation and forest degradation, thereby helping to conserve threatened forests. The project supports livelihoods, maintains ecosystem services and preserves wildlife.

The project is playing a vital role in preserving the rich wildlife in Paraguay that is dependent on the forest as its habitat. Cameras have been installed to monitor biodiversity. This contributes to the collection of data that enables Swire Pacific Offshore and its partners to measure and demonstrate the biodiversity benefit of the project and provides a glimpse of the spectacular but shy local wildlife.

Photo credit: @Guyra Paraguay



It will take time to develop a group plan for protecting and enhancing biodiversity, given the broad geographical spread of our operations. This is how we propose to achieve it.



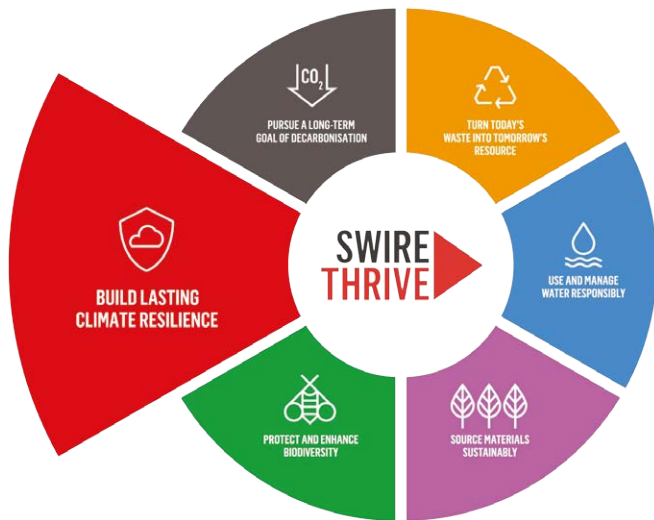


LOOKING AHEAD

We are updating our sustainable food policy. We are putting in place a biodiversity risk assessment and reporting process for our operating companies. We are designing the process so as to help our businesses to identify key biodiversity concerns and opportunities, to develop mitigation plans and to report on their activities.

Our Head of Sustainable Development has been appointed as Chairman of the Asia Pacific Transport Taskforce for United for Wildlife, the first regional sub-grouping of this initiative. The taskforce aims to raise greater public and private sector awareness of illegal wildlife trafficking issues, and to encourage more transport companies to become signatories to the Buckingham Palace Declaration.

CLIMATE RESILIENCE



Sustaining climate resilience

Building climate resilience is a challenge we must overcome to thrive for the long term. If our businesses are to survive the next 200 or more years, we must look far ahead and be ready to adapt to change. We need to design buildings capable of withstanding extreme weather events. Seaports and airports where we have businesses must deal with the consequences of rising sea levels.

Our operating companies are developing climate resilience strategies. By 2020, they expect to have identified the physical and transitional risks climate change poses to their businesses. Then they will plan how best to mitigate those risks.

We will ensure that our operating companies are prepared for, and have the capacity to withstand, the negative impacts of climate change.

Climate change will cause water scarcity, volatile crop yields and more frequent extreme weather events. Regulations will change in response to this. The World Economic Forum identified the failure of climate change mitigation and adaptation, extreme weather events and natural disasters as three of the top five global risks in its 2017 Global Risk Registry.

The 2018 Global Risk Registry cites extreme weather events, natural disasters, and the human failure to mitigate or adapt to climate change as among its top five likeliest risks relating to climate change. The 2018 IPCC report states that the lower the emissions generated by 2030, the lower the challenge in limiting global warming to a 1.5°C increase in average global temperature

above pre-industrial levels. These reports underline the urgency to act sooner rather than later in building climate resilience.

Our businesses need to identify and manage the physical risks of climate change to their operations and supply chains, and the risks associated with changes in regulation consequent upon climate change, in particular, those related to the transition to a low carbon economy.

Climate resilience is the ability of our businesses to prepare for, mitigate and recover from the costs and other effects of climate change. We have made climate change a core element of SwireTHRIVE because it is important and relevant to our ability to create long-term value for our shareholders.

We require our operating companies to consider climate change risks when compiling their risk registers, and to take appropriate precautionary measures. Some of our operating companies are already building climate resilience into their operations.

We have adopted a [climate change policy](#). The policy covers climate change mitigation, adaptation and building the adaptive capacity of our businesses, our employees and the communities in which we operate.

OUR CLIMATE CHANGE MITIGATION EFFORTS

The Paris climate accord set national emission reduction targets. Businesses must do the same. Accordingly, reducing our GHG emissions is a priority under SwireTHRIVE. We plan to reduce our carbon emissions in line with long-term targets, and to work towards achieving international decarbonisation objectives.

In 2018, **Swire Properties** committed to the SBTi, which was developed by the United Nations Global Compact, the World Resources Institute, the CDP and the WWF. SBTi encourages corporations to play a substantive role in reducing global greenhouse gas emissions and aims to make science-based target setting a standard business practice by 2020. In 2018, Swire Properties became the first real estate company in Hong Kong to commit to the SBTi, having begun work on establishing new science-based targets for its business in accordance with SBTi criteria.

Shipping and aviation were not included in the Paris climate accord because they operate across borders. But the industries themselves have agreed emission reduction targets. Our shipping and aviation businesses are preparing for this by becoming more efficient in their use of carbon, by investing in the development of sustainable biofuels and by purchasing carbon offsets.

“In 2018, we finalised our internal preparations for CORSIA compliance and will be ready to start the Monitoring Reporting and Verification (MRV) of emissions from 2019.”

Yee Chow
Climate Change and Biofuel Manager
Cathay Pacific

From 2021, international aviation emissions will be covered by the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), which was agreed in 2016 to address carbon neutral growth for aviation. **Cathay Pacific** is preparing for this and has put in place the means of collecting the necessary fuel data.

The IMO aims to reduce annual GHG emissions from international shipping by at least 50% by 2050 (compared to 2008) and to try to phase them out entirely.

We are gaining experience in green technologies. We are investing in biofuels through an equity interest in Fulcrum BioEnergy, Inc. **Swire Blue Ocean** installs offshore wind turbines. Its vessels have contributed to the installation of 2.97 GW of offshore wind energy in European waters. This figure is expected to increase to 3-3.5 GW on completion of work on the Beatrice Offshore Wind Farm off Scotland's northeast coast. More information on Swire Blue Ocean can be found [here](#).

These newer investments are in addition to our efforts to reduce our emissions in our established business portfolio, which stretches across Property, Aviation, Beverages, Marine Services, and Trading & Industrial.

We want to reduce our overall emissions in line with international carbon reduction goals. Decarbonisation is a key challenge. Please also see the [Carbon](#) section of this report for more information.



Case study: Swire Pacific Offshore – Project Hafnium

Project Hafnium aims to develop an environmentally friendlier and commercially viable Platform Supply Vessel (PSV). Its objective is to assess the viability of alternative fuels for the marine sector and the feasibility of hydrogen-powered PSVs with the goal of radical decarbonisation. The project's research and development is carried out at the Maritime Energy and Sustainable Development Centre of Excellence at Nanyang Technological University.

The first phase of project is dedicated to identifying the most appropriate hydrogen-based fuels and technologies for marine applications and to addressing safety and other systemic limitations. The other two phases will develop the concept further.

Researchers are collecting data on power consumption, mission requirements and available space from anchored and operating PSVs.

There are no standardised ways to store pure hydrogen aboard a marine vessel. Ammonia and methanol have been identified as easy alternative methods to store hydrogen. By 2020, the project will have explored available procedures for storing fuel cells aboard vessels and the possibility of using methanol and ethanol as fuel sources, having regard to The International Code of Safety for Ships using Gases or other Low-flashpoint Fuels.

By the end of the first phase of the project, the most promising technologies for PSVs to use will have been shortlisted. This will be followed by analyses of the life cycle of GHG emissions from source to use and of the total cost of ownership of the shortlisted technologies.

CLIMATE ADAPTATION STRATEGIES

Including climate adaptation considerations in our business decisions will make us more resilient. Our operating companies consider climate change risks when they compile their risk registers and take appropriate measures in response. **HAECO** is incorporating climate considerations into the design of new facilities.

Climate change threatens access to water and its availability and quality. At **Swire Coca-Cola**, selecting the right location for new bottling plants is critical to water stewardship. For all new bottling plants, Swire Coca-Cola assesses water access, quality and quantity risks. The risks (to its own bottling operations, the environment and local communities) are assessed by independent third parties forming a Source Vulnerability Assessment. The findings are reflected in source water protection plans (please see the [Water](#) section for more information).

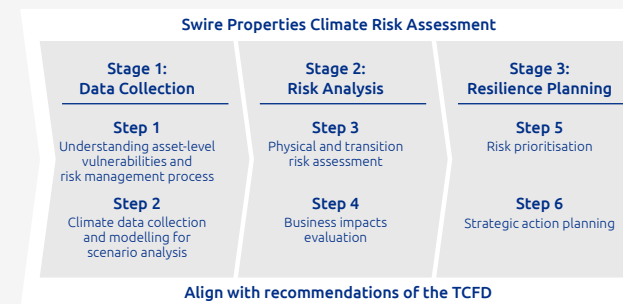


Case study: Swire Properties – Assessing climate risk

In 2018, Swire Properties started to assess climate risk, with a view to identifying the risks and opportunities posed by climate change for its business. It is evaluating these risks and opportunities under different climate change scenarios. This will be achieved by conducting asset-level modelling of acute and chronic physical risks associated with the four Representative Concentration Pathways (RCP 2.6, 4.5, 6 & 8.5) used by the IPCC.

Swire Properties is reviewing global and local government policies, regulatory, technological, and market trends based on different climate scenarios such as the International Energy Agency 2 degree Celsius Scenario (IEA 2DS) in the global transition to a low carbon economy. By doing so, Swire Properties intends to identify the financial impact on its business of climate change risks and opportunities.

The findings will be used to develop a plan for mitigating climate change risks and building climate resilience strategies and to supplement Swire Properties ERM system.



More information can be found in the [TCFD section](#) of the Swire Properties Sustainability Report.

In 2018, Swire Properties was featured in a [Special Report on Resilience and Real Assets](#) published by the Global Real Estate Sustainability Benchmark. The report presented the actions being taken by leading real estate and infrastructure companies and funds to make the built environment safer and more resilient in a rapidly changing world. The report, which identifies Swire Properties as a leader in risk assessment and management, contains a case study on its climate risk assessment.

BUILDING ADAPTIVE CAPACITY

We want to improve the capacity of our businesses, our employees and the communities in which we operate to adapt to climate change. This involves having, and helping to provide access to, information, skills and physical resources.

Swire Coca-Cola supports its local communities by providing bottled water to citizens affected by natural disasters as part of The Coca-Cola Company's Clean Water 24 emergency plan. Within 24 hours of a natural disaster, Swire Coca-Cola will identify the nearest warehouse and arrange for a delivery. In collaboration with local governments, supporting organisations and NGOs, Swire Coca-Cola can successfully deliver water to affected areas in a timely manner.

Swire Coca-Cola has been participating in this programme for five years. During this time, it has delivered 6.5 million bottles of water to more than 1.6 million people with an average response time of 10.5 hours.



BUSINESS ENVIRONMENT COUNCIL 商界環保協會

Case study:

Swire Properties – Leading the way to a low carbon economy

In October 2018, Swire Properties hosted the [Business Environment Council's \(BEC\) Low Carbon Hong Kong: Property & Construction Sector C-Suite Roundtable](#), where representatives of Hong Kong companies discussed climate action strategies.

At the event, Guy Bradley, Chief Executive, and Elizabeth Kok, Director and Senior Advisor, shared views and experiences on how to achieve a low carbon, climate-resilient future. As a member of BEC's Low Carbon Charter Steering Committee, Swire Properties has helped to formulate a Low Carbon Charter, which is expected to be introduced later this year.

"Swire Properties has committed to setting a science-based target to guide our efforts on the long-term decarbonisation of our business. We fully support and look forward to signing the Business Environment Council's Low Carbon Charter.

We encourage our peers in the property and construction sectors to work together to build a resilient, low carbon and sustainable Hong Kong".

Guy Bradley, Chief Executive, Swire Properties.

LOOKING AHEAD

Later this year we will start to identify the acute and chronic physical risks posed by climate change to our key assets and business operations under different climate change scenarios. We are considering how to incorporate climate change into our enterprise risk management and reporting frameworks and how best to address climate change as part of our business continuity planning.



OUR PEOPLE & COMMUNITIES

Everyone can thrive

We have more than 93,000 employees¹. We believe in all of them. Our success is built on their dedication, skills, experience, performance and overall wellbeing.

We aim to develop long-term, mutually beneficial relationships with our employees, our suppliers and the communities in which we operate. We encourage our suppliers to act sustainably, particularly with regard to working conditions and health and safety.

By providing an environment where everyone is treated fairly and with respect, we aim to attract the most talented employees, to offer competitive remuneration and benefits, to have a diverse workforce that

represents the diversity of our local communities and to provide training so our staff can realise their potential.

The economic, social and environmental health of the communities in which we operate is important to our businesses. As neighbours and employers, we aim to be responsible and involved members of those communities.

We believe 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 emphasise education, arts and culture and the environment. We support our communities with money, with products and services and with the time and energy of our staff.

¹The number of employees includes total permanent employees, and fixed term and temporary contract employees

EMPLOYMENT



“We aim to create an environment where our employees can have personal and professional growth in a supportive and motivating work environment. We believe that a healthy work/life balance contributes to the wellbeing of our employees and helps to sustain high levels of performance.”

Ron Mathison
Staff Director

Thriving employees

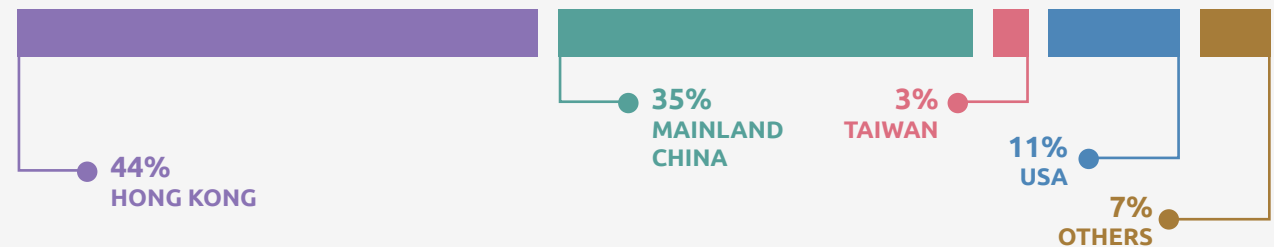
In our 200 years of history, our people have always been integral to our business. Our success depends on our employees.

We aim to attract the most talented employees by providing an environment where everyone is treated fairly and with respect. We aim to recruit the best people, to offer competitive remuneration and benefits, to provide training which enables staff to realise their potential and to have a workforce reflecting the diversity of the communities in which we operate.

STAFF PROFILE

At the end of 2018, the **Swire Pacific Group** (including joint venture and associated companies) employed approximately 93,000 staff, a 0.8% increase from the end of 2017. Most of our staff are based in Hong Kong and Mainland China.

Employee breakdown by region



ATTRACTING TALENT

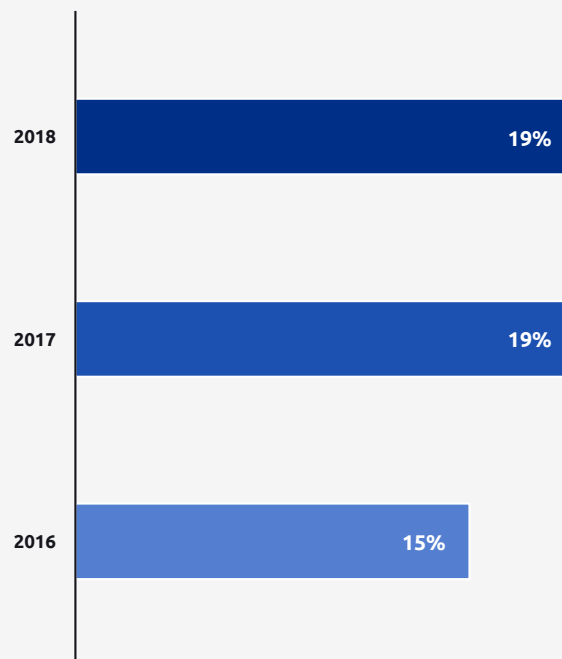
We offer competitive remuneration and benefits, including medical benefits, retirement schemes, bonuses, 14 weeks maternity leave and five days paternity leave. Remuneration decisions are based on roles and responsibilities, individual and business performance, and conditions in the job markets and economies in which we operate.

We do our best to ensure that employees receive regular, objective, fair and open assessments of their performance and are rewarded accordingly.

Swire Properties has a Performance Development Review (PDR) system designed to streamline assessment and ensure consistency. In 2018, it modified the PDR with a view to increasing employees' engagement with its SD 2030 Strategy. From 2019, it will ask its office employees to align their annual performance goals with its SD 2030 Strategy.

The Group has introduced a [flexible working policy](#). All of our Operating Companies are required to adopt this policy no later than the end of June 2019.

Talent retention - Total voluntary turnover rate of permanent employees (%)



Staff turnover is monitored with a view to identifying and managing problems as they arise. In 2018, the staff turnover rate was unchanged from 2017.

LOOKING AFTER OUR EMPLOYEES

Employees can use our 24-hour counselling and consultation services. Our Employee Assistance Programme offers in-person counselling and a 24-hour support hotline. We regularly host talks and training sessions on mental and emotional wellness and the balance between work and non-work elements of life. More information can be found in the [Health & Safety](#) section of this report.

Cathay Pacific established a new function analysing the entire employee lifecycle across the organisation from arrival to retirement. This ensures the employee journey considers every experience such as talent acquisition, onboarding, benefits, rewards, community, engagements, use of digital touchpoints and retirement.

As per our [Code of Conduct](#), we do not tolerate unlawful discrimination or harassment in the workplace. Employees must comply with applicable employment and other laws. We provide staff with training on their rights and obligations under Hong Kong anti-discrimination legislation. More information can be found in the [Diversity & inclusion](#) section of this report.

We communicate with our people through our intranet, social media, newsletters, surveys, informal gatherings and staff forums. By doing so, we tell people what is happening in the group.

Cathay Pacific does an annual online employee engagement survey to understand what employees think and areas of improvement. 46% of Cathay Pacific's employees completed the 2018 survey. Shorter surveys are done every six months.



**Case study:
Swire Properties – A top employer three times in a row**

For the third consecutive year, Swire Properties was named one of the top three companies to work for in Hong Kong by the 2018 Randstad Employer Brand Awards. 75 local and international

companies participated. The awards recognise the most attractive employers based on the votes and opinions of local workers.



**Case study:
Cathay Pacific – Digitising the employee experience**

In 2018, Cathay Pacific started to upgrade its HR platform (PeopleCX). It introduced learning and talent management technology and designed an employee portal (The Hub). New

digital tools and applications are being introduced with a view to improving the employment experience, from arrival to retirement.

DIVERSITY & INCLUSION



“By promoting diversity and inclusion, we will be able to attract and retain people who can benefit the organisation. This benefits them as individuals, the communities in which we operate and society as a whole.”

Olivia Wong
Head of Diversity and Inclusion Development

CREATING A VALUABLE CULTURE

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

“Diversity is a fact, and inclusion is a choice” noted Olivia Wong, Head of Diversity and Inclusion Development. We are an international group of companies. Our people are diverse in age, gender, ethnicity, sexual orientation, disabilities and cultural and socio-economic backgrounds. Being inclusive is different. We need to make conscious decisions to embrace and respect people who might not be the same as us. It takes more effort but is rewarding. Innovation and creativity happen when people from diverse backgrounds work together. By promoting diversity and inclusion, we will be able to attract and retain the people who can benefit our organisation. This benefits them as individuals, the communities in which we operate and society as a whole. Our aim is for our workforce to be inclusive and to reflect the diversity of the societies in which we operate.

We want to be a responsible, respected and preferred employer. We aim to do this by promoting inclusion, diversity and respect, by safeguarding health and safety and by offering equal opportunities and an appropriate balance between work and non-work elements of life. Our [Code of Conduct](#) supports these aims.

Our group is geographically diverse. Our approach to inclusion must take account of the different societies and cultures in the countries in which we operate. We must be sensitive to differences in values, traditions and religions and must respect local approaches to diversity and inclusion. Individual operating companies are encouraged to develop locally specific approaches to diversity and inclusion accordingly.

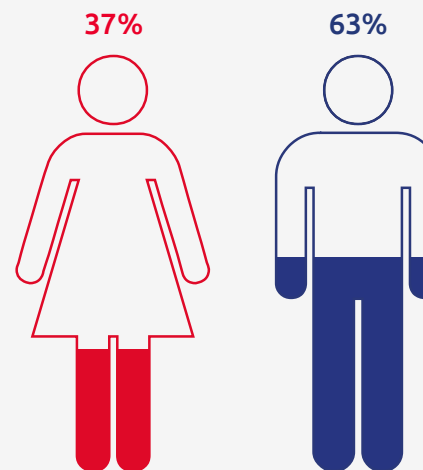
CHANNELS FOR REPORTING HARASSMENT OR DISCRIMINATION

Everyone at Swire Pacific has a responsibility to raise concerns about harassment and discrimination. Such concerns can be raised by staff with their immediate superiors, their department heads and internal audit or human resources departments. If a substantive complaint is received, an impartial and prompt investigation is held. If the issue remains unresolved, it is raised to the head of the relevant business unit. Any material concerns raised through the head of the relevant business unit are reported to the Audit Committee, which ensures that appropriate investigative steps are taken. We do our best to keep the identity of reporting members of staff confidential. Information received is used only for the purposes of investigating and resolving the complaint or concern raised.

INCREASING GENDER DIVERSITY

We operate in some business sectors in which female participation in the workforce is low. The percentage of women in our workforce has increased from 36% to 37% over the past five years. Our marine services division showed the largest gap in gender diversity with only around 15.5% of its workforce being women.

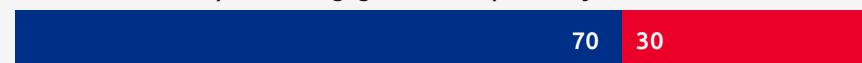
Percentage of men and women in the workforce



Executive – Top/Senior Management



Executive – Middle/Junior management & supervisory



Non-exec – Customer facing staff



Non-exec – Non-customer facing operations/technical staff

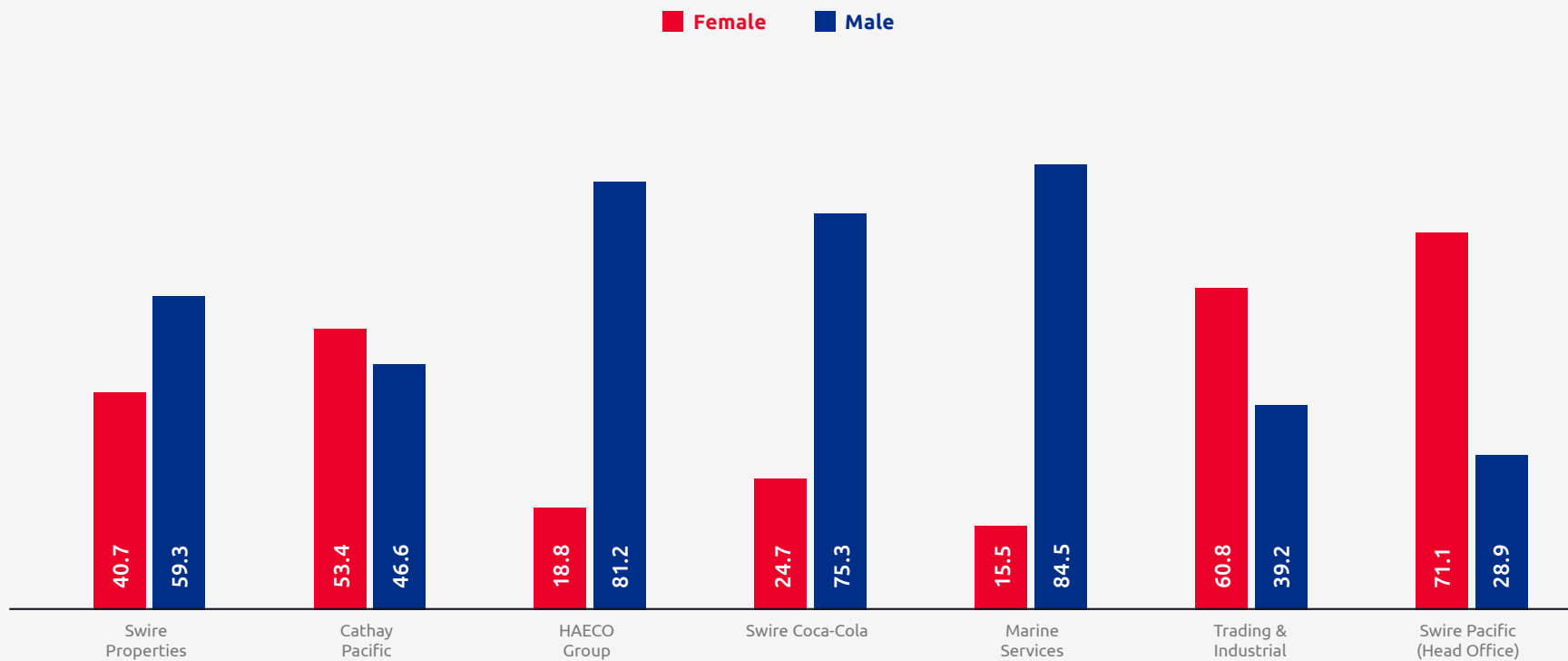


Others



Non-executive – non-customer facing operational and technical staff have the largest gender diversity gap. Staff from this category from Cathay Pacific, HAECO and Swire Coca-Cola account for 88.7% of Swire Pacific staff. They include ground staff, tradesmen, trainees and delivery drivers.

Employee breakdown by gender by operating company (%)



We publish our gender pay gap annually and report on what we are doing to improve diversity and inclusion in our businesses.

EQUAL OPPORTUNITIES FOR A DIVERSE AND INCLUSIVE WORKFORCE

In 2018, we introduced a [Group Diversity and Inclusion Policy](#). Under this policy, spousal employee benefits (medical, insurance and travel) have been extended to same sex spouses with valid marriage certificates.

We are an equal opportunities employer. We aim to treat people with dignity and respect to enable them to be themselves and work at their best. Individuals are unique and deserve respect for their individual abilities. We do not tolerate harassment, unlawful discrimination or other breaches of employment law. We have an equal opportunities policy. We provide training to help staff understand their rights and obligations under Hong Kong anti-discrimination legislation.

To cope with the diverse challenges we face, our leaders must be diverse. This strengthens decision-making and makes us more agile and resilient. Our board diversity policy is available here on our [website](#). At the end of 2018, the percentage of women on our board was 18.2%.



Case study:

Swire Coca-Cola – Female sales representative recruitment

In 2018, Swire Coca-Cola made significant progress in recruiting female sales staff. It established a five-year target in February 2018 to achieve 30% female representation in its sales representative workforce. To achieve this, it needed to begin by achieving a 30% female recruitment ratio. The female representation was

24% at 31 December 2018, compared with a target of 23%. The female recruitment ratio was five percentage points higher in 2018 than in 2017 (and was 31% and 25% respectively at the Hefei and Zhengzhou bottling plants in 2018).

UNCONSCIOUS BIAS TRAINING

We give unconscious bias training. This has been done for those recruiting group management trainees in 2019, for 450 managers at 10 **Swire Coca-Cola** bottling plants in Mainland China and Taiwan and for 400 people at **Cathay Pacific** engaged in recruitment and promotion.

STREAMLINING GOVERNANCE STRUCTURES

In 2018, we established a diversity and inclusion development department and appointed a group head of diversity and inclusion development, who reports to our staff director. Following this appointment, we formed the Swire Pacific diversity and inclusion steering committee (DISC), which replaces our equal opportunities and diversity council and our gender diversity committee. The Swire women's network continues in existence. It aims to enhance our ability to retain potential future female leaders by supporting the advancement of women's careers. It organises events, creates development opportunities, researches and develops policies and builds relationships with male allies and NGOs.

DISC reports to the Chairman of Swire Pacific. DISC is jointly chaired by the finance director of Swire Pacific and the John Swire & Sons (H.K.) Limited (JSSHK) staff director. The other members of DISC are the HR directors of Swire Properties, Cathay Pacific, HAECO and Swire Coca-Cola, a representative nominated by Swire Pacific Offshore, a director in our Trading & Industrial division, the head of the JSSHK staff department and the JSSHK head of diversity and inclusion development.

The committee's responsibilities are as follows.

- to provide group guidelines about diversity and inclusion (D&I)
- to formulate policies designed to promote a diverse workforce and an inclusive working environment for all our employees, with a view to ensuring that our companies are regarded as employers of choice
- to recommend policies designed to deal with specific D&I difficulties in the places we operate
- to research and provide examples of international best practice on D&I
- to share best practices and raise awareness of D&I issues within the group
- to coordinate consistent D&I communications
- to monitor, measure and communicate our D&I achievements
- to encourage and advocate sound D&I practices

There are other diversity committees in the group. Swire Properties and Cathay Pacific have diversity and inclusion committees. Cathay Pacific has women's and LGBT+ networks. Swire Coca-Cola has a gender equality steering committee. These D&I Committee's responsibilities include ensuring equal opportunities, advocating fair and bias-free processes for recruiting, developing and promoting employees and monitoring and reporting successes.

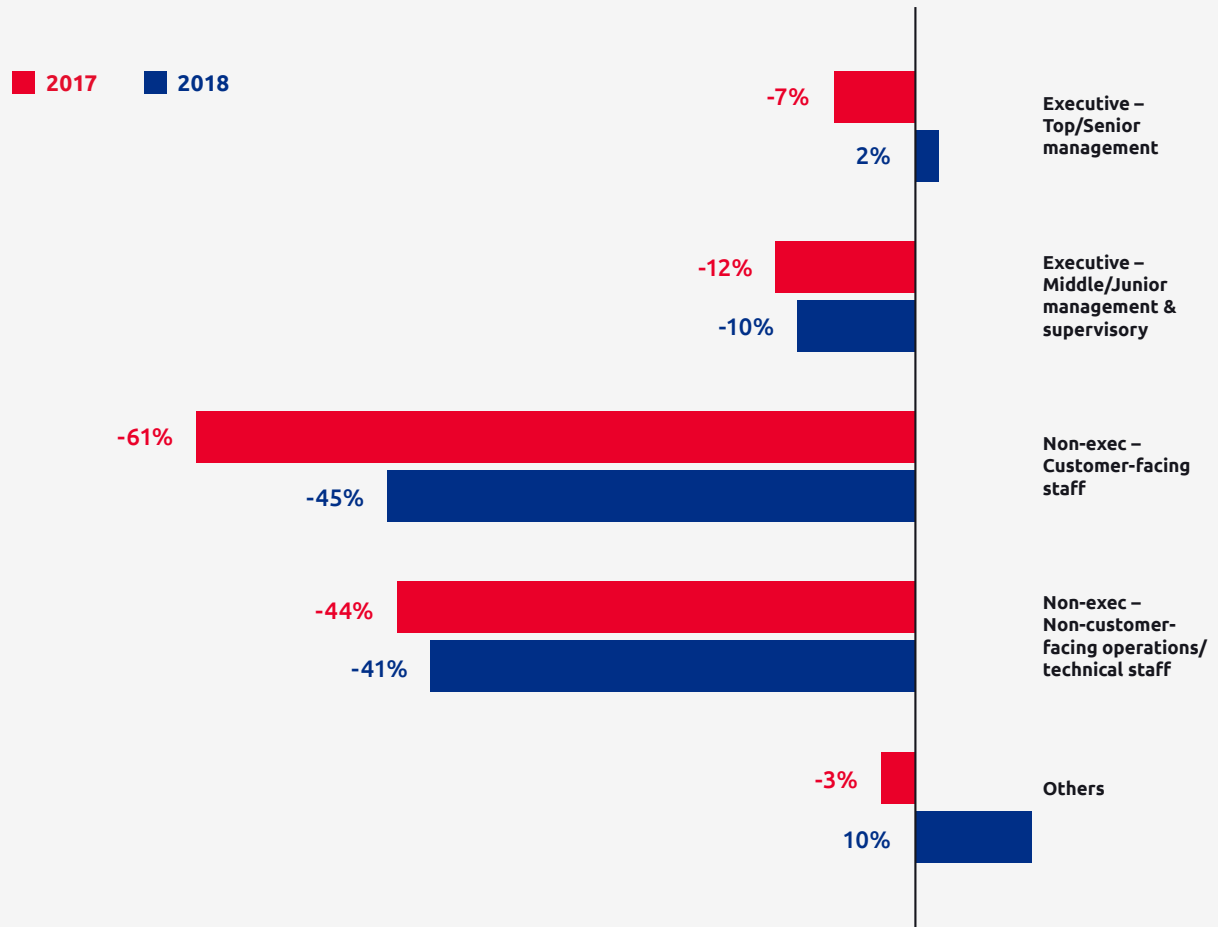
THE GENDER PAY GAP

UK employers with more than 250 employees have to report their gender pay gap. We have done a preliminary study of our gender pay gap, defined as the difference between mean male pay and mean female pay expressed as a percentage of the former. This is not the same as equal pay, which is when men and women are paid the same for the same work.

In 2018, women in senior management positions were paid 102% of the average pay of men, compared with 93% in 2017. Women in middle and junior management and in supervisory positions were paid 90% of the average pay of men, compared with 88% in 2017. The corresponding percentages for non-executive customer-facing staff (who include cleaning staff, cabin crew and clerks) were 55% in 2018 and 39% in 2017.

We pay men and women the same for doing the same jobs. But the gender pay gap indicates that we need to do more to enable women to progress. They are over-represented in junior and lower paid roles. We emphasise diversity and inclusion in the recruitment, management and promotion of our talented people.

Gender pay gap by employee category



We publish our gender pay gap annually and report on what we are doing to improve diversity and inclusion in our businesses.

OTHER DEVELOPMENTS

We are making progress in diversity, but we need to do better and plan to do so. In 2018, we did the following.

- The **Swire Properties** public affairs department piloted on the job training for people with disabilities.
- **Swire Pacific** and **Cathay Pacific** sponsored The Women's Foundation Gala Dinner in Hong Kong.
- Cathay Pacific sponsored the Pink Dot Hong Kong. The event celebrated diversity in Hong Kong. Cathay Pacific's LGBT+ network Fly With Pride had a picnic area at the event.
- Cathay Pacific held a D&I talk and panel discussion entitled "Do we treat people differently based on stereotypes?" The discussion focused on unconscious bias.
- **Swire Coca-Cola's** Gender Equality Steering Committee set diversity targets for the next five years. It monitors progress on a bi-monthly basis. Each bottling plant has established its own steering committee to support this. The proportion of female sales representatives in Mainland China increased.
- Swire Coca-Cola held its biennial women's leadership forum, in which there were 365 participants. The event gave an opportunity to celebrate and thank the women of Swire Coca-Cola and celebrate achievements in progressing towards gender equality.
- Swire Coca-Cola ran a "Be the Best You Can Be" training programme to help female managers increase awareness of gender equality issues and the need to empower and support other women. 515 female managers from 13 bottling plants participated.
- **Swire Pacific Offshore** joined the Women's International Shipping & Trading Association (WISTA) Singapore chapter. WISTA's objective is to attract and support female managers in the maritime, trading and logistics sectors.

- Swire Pacific Offshore provided a confidential harassment and discrimination hotline.
- The Swire Women's Network sponsored a conference in support of the United Nations HeForShe initiative.



Case study: Swire Hotels – Down Syndrome – UPSTAIRS project

Swire Hotels' The Upper House invited 10 summer interns on a work experience programme, the UPSTAIRS project.

The programme, undertaken with The Hong Kong Down Syndrome Association, was designed to provide vocational experience for young people with Down Syndrome and to equip them with the skills to integrate into society. 18 hours of training was given, followed by work experience in different parts of the hotel. Two participants were recruited on a part time basis for six months, one in housekeeping and one in its guest experience team. The Upper Hotel expects to continue its partnership with other programmes in future.



Case study: Cathay Pacific – Fly With Pride

Fly With Pride was introduced in 2018 to support Cathay Pacific's LGBT+ community and to break the stigma which can be attached to sexual orientation. Every employee should feel safe and valued when they come to work at Cathay Pacific and should feel comfortable in bringing their whole selves to work, whatever their sexual orientation. This group's objectives are:

- To create a support network for Cathay Pacific LGBT+ people
- To organise activities to help raise LGBT+ awareness and create a better sense of belonging in the workplace
- To promote awareness of the LGBT+ community for colleagues who are not LGBT+
- To contribute to a more inclusive and diverse Hong Kong community

"I genuinely believe there is not only a solid business case for LGBT+ inclusion at Cathay but also a strong moral case too – it's just the 'right thing' for us to do"
says Josh Rogers, Fly With Pride Network Lead



LOOKING AHEAD

DISC is developing strategies and setting targets. Operating companies intend to make improvements in one or two of five D&I focus areas – age, gender, sexual orientation, disability and ethnicity.

Later this year, we will introduce a respect in the workplace policy. The policy will aim to tackle workplace harassment and bullying and will provide a complaints procedure.

We are developing a flexible working policy and related guidelines, which we expect to publish in Q2 2019.

Later this year, the Group (and Swire Properties, Cathay Pacific, HAECO and Swire Coca-Cola) will sign up to the Hong Kong Equal Opportunities Commission's racial diversity and inclusion charter.

Later this year, we will start our male allies' initiative. Its purpose is to benefit from the collective influence and engagement of our internal male leaders and employees. This in turn will advance gender diversity and inclusion within the group.

TRAINING AND DEVELOPMENT

Thriving people for a thriving organisation

An agile and well-trained workforce can respond to changes in the business environment and increased competition. We need talented individuals to want to work for us. We aim to provide training to enable our employees to realise their full potential.

INDUCTION PROGRAMMES

All new employees take part in induction programmes. These programmes include anti-discrimination and anti-corruption training and visits to our businesses.

Swire Properties' training video helps those joining to familiarise themselves with their roles and responsibilities. There are also weekly job familiarisation sessions. **Cathay Pacific's** Brushwingers orientation programme helps those joining to understand Cathay Pacific and its culture and values.

TRAINING AND EDUCATION

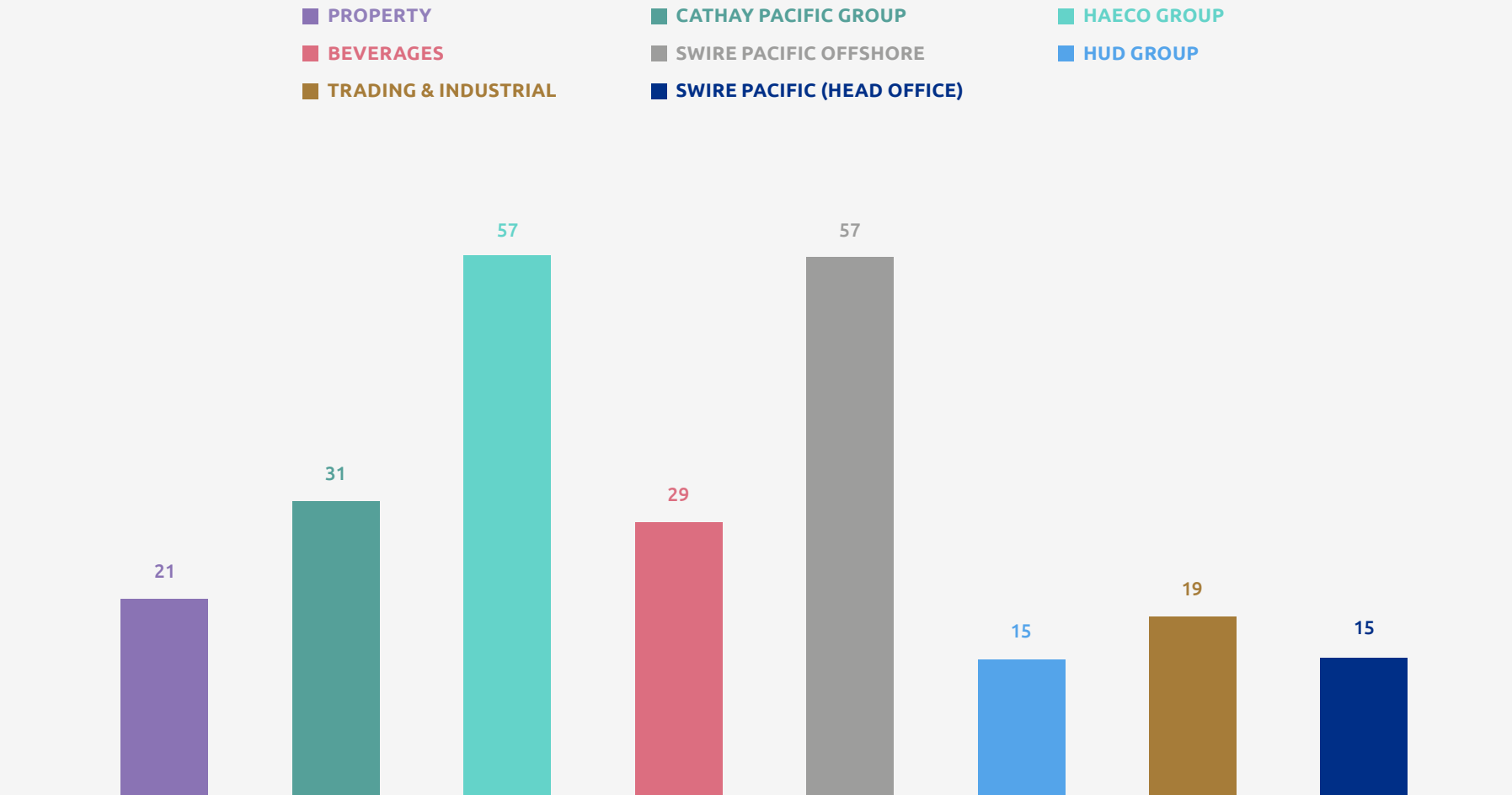
We aim to attract and retain outstanding people and enable them to realise their career goals. We develop our people by on-the-job learning, mentoring or coaching, classroom training and online learning. In 2018, the average number of hours of training per employee was 40.72, a 22.7% increase from the previous year.

Swire Properties' two year 'Achieving Excellence' programme aims to help managers develop their careers and gain a deeper understanding of Swire Properties' commitment to sustainable development. There are workshops on leadership development, presentation skills, strategic thinking, fostering teamwork and performance management. Participants meet senior executives on a one-to-one basis.

Cathay Pacific Services, Hong Kong Airport Services and Vogue Laundry Services arrange soft skills training courses. In 2018, there were workshops dealing with on the job coaching, report writing skills and project management skills.

Our in-house leadership development company Ethos International designs and delivers learning and development programmes for Swire group management staff. High potential managers are enrolled in business management and executive programmes at INSEAD and Stanford. Ethos' training programmes emphasise sustainability and develop a strong corporate culture and leadership style that is consistent with Swire's values.

Average hours of training per employee by division (2018)





Every year, we recruit high-calibre graduates for a long-term career. Over the next 15 years, graduates are coached, mentored and sent on courses and the next steps of their careers are planned. During their training, they are given an understanding of sustainable development and the business opportunities it generates.

In 2018, 568 people participated in leadership and executive management training programmes, a 4.3% increase from 2017. Participants in the programmes received more than 36,000 hours of training. Since 2015, 2,216 participants in the programmes have received more than 135,000 hours of training.

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

Many of our businesses have their own apprenticeships, traineeships and internship programmes. **Swire Hotels** has an 18-month international operations management trainee programme, providing exposure to hotel operations in Hong Kong and Mainland China. **Cathay Pacific Catering Services** has a nine-month aviation catering programme for young people.

Below is a description of Cathay Pacific training programmes:

Career choices

Career choices	Brief description
Management Trainee	A three-year development programme for the next generation of business leaders. The programme comprises classroom training, workshops and attachments to business units.
Graduate Engineer Programme	A two-year development programme for graduate engineers. Participants receive classroom training and on-the-job experience.
Cadet Pilot	A 55-week programme in Australia to train participants to qualify as commercial pilots.
Cabin Crew	A safety and service induction training programme followed by a three-year contract for cabin crew.
Customer Services Officer	A 12-month development programme for customer service officers.
IT Graduate Trainee Programme	A two-year programme for IT graduates.
Operational Leadership Programme	An eight-year programme of on the job experience in business units for future leaders.



Case study:
HAECO – ‘Director as a Mentor’ mentoring programme

In August 2018, HAECO Hong Kong established its ‘Director as a Mentor’ programme, designed to foster sustainable leadership among potential staff members. Senior HAECO directors mentor 40 future leaders of the business over 12 months. The mentees are high flyers, graduate trainees and Swire management trainees from Hong Kong and Xiamen.

Participants received briefings and guidelines on programme objectives, role profiles and responsibilities. All pairs were required to have conducted their first session by the end of 2018.



Case study:
SPO wins SkillsFuture Employer Award 2018

In 2018, Swire Pacific Offshore received a SkillsFuture Employer Award in Singapore. SkillsFuture is a national movement providing Singapore citizens with opportunities to develop their fullest potential. SkillsFuture celebrates the skills, passion and contributions of every individual to drive Singapore’s next phase of development towards an advanced economy and an inclusive society.

SPO is recognised for its strong emphasis on and continuous investment in its people. During the award ceremony, SkillsFuture highlighted the Swire Pacific Offshore training centre and the Swire Marine Training Centre. These centres provide training for seafarers, in-house leadership development programmes for shore-based employees, e-learning portals and a management trainee programme.

Photo credit: SkillsFuture Singapore

HEALTH & SAFETY



“We believe that all safety incidents are preventable. We aim to improve our health and safety management systems continuously with the ultimate aim of causing zero harm.”

Tom Cohen
Head of Group Risk Management

Safety is a fundamental responsibility

We aim to conduct our operations in a manner which safeguards the health and safety of our employees, contractors, suppliers, customers, the visitors to our business premises and the communities in which we operate. Protecting our workforce is fundamental to our businesses achieving long-term success and sustainability.

We focus on five areas:

- Management commitment
- Safe workplace
- Safe behaviour
- Continuous improvement of management systems
- Effective injury management

A HEALTHY AND SAFE WORKPLACE

Each operating company has an Occupational Health and Safety (OH&S) policy, which is monitored by our Internal Audit Department.

Achievement of zero harm depends on a strong safety culture where employees are responsible for the safety of others and themselves. We aim to identify and manage potential hazards by conducting regular safety audits and reporting all (including minor) incidents. We encourage reporting of near misses.

The Swire Pacific Health and Safety Committee reports to the GRMC. The GRMC reports to the Board via the Audit Committee. Members of the Health and Safety Committee are senior representatives from our five divisions. The committee is responsible for developing group-wide health and safety policies and guidelines, monitoring divisional performance, promoting education and training, sharing best practices and developing internal health and safety capabilities.

We evaluate performance by recording lost time injury rates (LTIR) and lost day rates (LDR) and by setting targets for improvement. LTIR is the number of injuries per 100 full-time equivalent employees. LDR is the number of work days lost to injuries per 100 full-time equivalent employees. The divisions report every quarter on health and safety to the GRMC, and the Board receives regular safety updates. A separate Mainland China Health and Safety Working Group deals with health and safety in Mainland China, where regulations frequently change and vary among provinces.

The theme for the 2018 annual Swire Pacific health and safety conference was “Embedding Safety Culture”. 80 health and safety representatives shared best practices in workplace safety. There were presentations and discussion topics about health and wellbeing, big data analysis of health and safety incidents, risk perception and safe behaviour.

Swire Pacific OH&S Policy





At Swire Pacific, we track our safety performance by measuring our LTIR and LDR.

In 2018, our LTIR increased to 1.79 from 1.73 in 2017, a 3.5% increase. This reflected increased LTIR at **Cathay Pacific** and **Swire Coca-Cola**, the former largely due to injuries to cabin crew, the latter largely due to traffic accidents and manual handling errors by new employees. Over last five years, our LTIR has decreased by 12%. Common injuries are trips and falls, strains from pulling and pushing equipment, being struck by falling objects and burning or scalding.

In 2018, our LDR decreased by 12.2%. Over the last five years, total LDR has decreased by 7.6%. The LDR at Cathay Pacific has decreased by 14% since 2017 and by 12.5% since 2014. Injuries have been less severe, and recovery has been quicker due to rehabilitation management. The LDR at **HAECO** has decreased by 34% since 2017 but has increased by 8.5% since 2014. There were fewer lost time injuries.

Safety is a fundamental responsibility

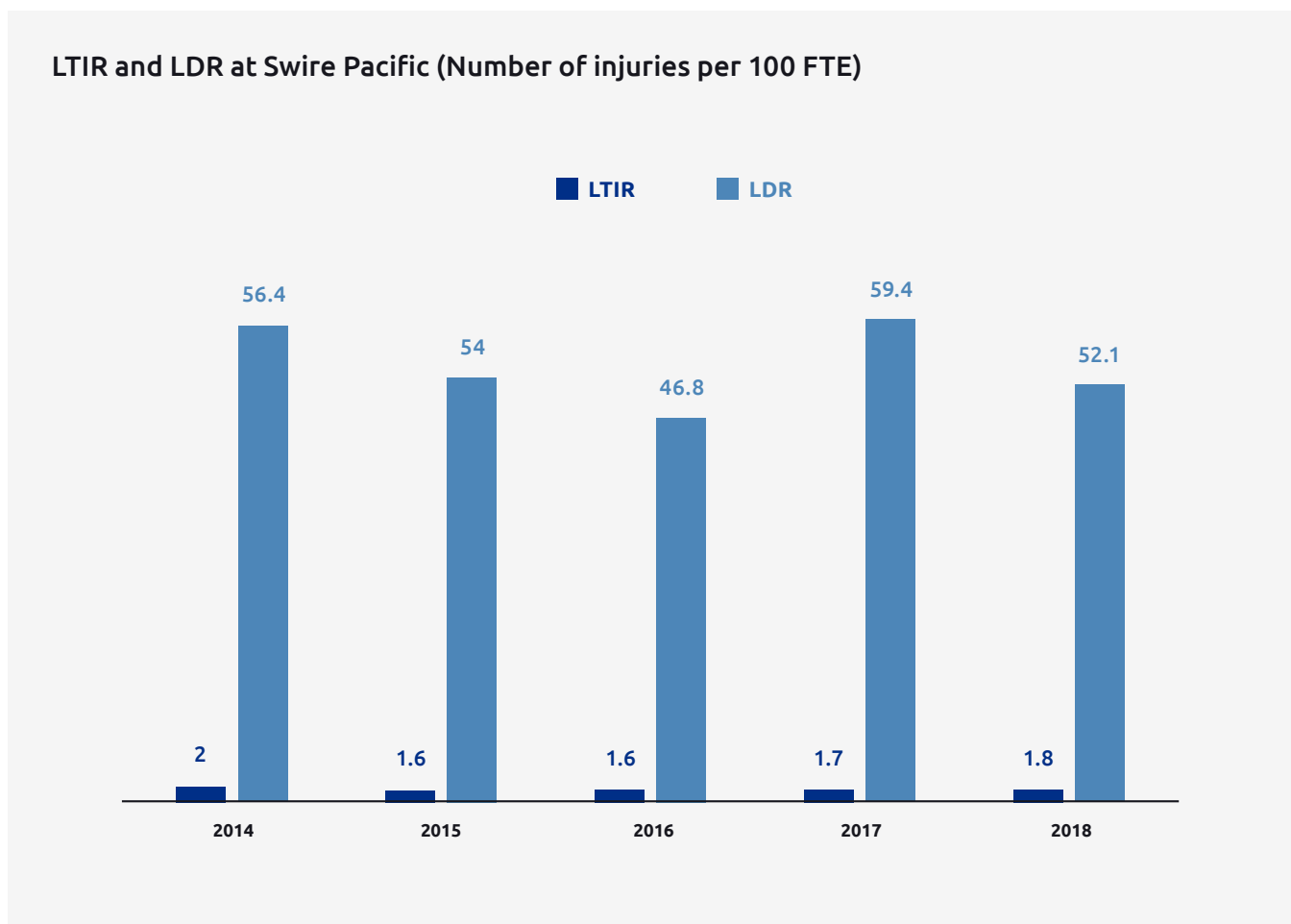
The Health and Safety Committee is identifying leading indicators of safety, which in turn can identify preventative measures.

During 2018:

- **Swire Properties** migrated its safety management systems in Hong Kong to the ISO 45001:2018 standard (being one of the first companies in Hong Kong to achieve this standard). It intends to do a comparable upgrade in Mainland China once a new national standard is published.

- Swire Properties developed an e-learning OH&S platform, to be launched in 2019, for senior management to receive compulsory OH&S training. Swire Properties plans to expand this e-learning platform to frontline and office employees later in 2019.
- **Cathay Pacific, HAECO** and **Swire Coca-Cola USA** undertook manual handling campaigns intended to reduce injuries through training and the use of proper lifting techniques.
- HAECO improved its analysis of safety risks and provided training to health and safety representatives.
- Swire Coca-Cola provided defensive driving training and promoted safe driving in Mainland China.
- **Swire Pacific Offshore** introduced get home safe rules.

Regrettably there were two fatalities among our employees in 2018. These occurred in Hong Kong when a contracted commuter bus collided with a stationary vehicle.





Case study: Swire Coca-Cola – Manual handling

In 2018, Swire Coca-Cola implemented Pristine Condition in the USA to reduce ergonomic injuries caused by manual handling. Pristine Condition uses the principles of weightlifting to prevent injuries and is delivered by video, coaching and follow-up observations.

In 2017, improper manual handling was responsible for 43% of LTIRs. These injuries principally affect warehouse loaders, driver merchandisers, merchandisers and field service technicians and cooler movers. Lost time incidents from manual handling decreased by 36% between the second halves of 2017 and 2018.

HEALTH AND WELLNESS

We care about the mental and physical health and wellbeing of our people. Under our Employee Assistance Programme, we offer a 24-hour Professional Personal Counselling and Consultation (PPCC) hotline to help employees deal with stress management, relationships, parenting, coping with trauma or grief, and preparing for retirement. Employees approaching retirement are invited to pre-retirement workshops. Seminar topics have included: “Chinese Herbal Cuisine and Physical Health”, “Diet Wise – Spring and Summer Series”, “Have a Good Night Sleep”, “Say Goodbye to Sub-health”, “Low Pressure Relaxation through Drama”, “The Power of Positive Thinking” and “Back and Neck Care”.

A sustainable work-life balance is important for wellbeing. Swire Pacific encourages an approach to work which fits with this aim. We provide a coaching service, where we advise employees on how to cope with the challenges they may encounter within and outside Swire. We have a flexible working policy.

The PPCC and coaching service are led by experienced counsellors, social workers and clinical psychologists. All information is kept confidential. We encourage employees to lead active lifestyles by participating in physical wellbeing programmes arranged by our staff association. There are family outings to Ocean Park and Disneyland in Hong Kong and inter-company sporting competitions. We sponsor Hong Kong’s King of the Hills Mountain Marathon Series.



Case study: Cathay Pacific – Wellness at Cathay

Cathay Pacific and Cathay Dragon encourage their staff to develop habits and behaviours that lead to better health and an improved quality of life.

Cathay Pacific organises social events for employees and their families at which they take part in team activities. It offers counselling, a management helpline, self-assessment and access to online education. There is an

in-house psychologist. There are religious fellowship meetings, educational courses and medical, physiotherapy and fitness facilities. Pilots and cabin crew receive fatigue training. Pilots are offered help with sleeping and advice on giving up smoking. Consultation on financial matters and tax loans are offered. Training in manual handling aims to manage the risk of fatigue.



LOOKING AHEAD

We will monitor leading indicators of health and safety incidents by hazard reporting and workplace inspections.

We are exploring ways to improve the integration of wellness within our health and safety programmes.

SUPPLY CHAIN

Thriving supply chains

We aim to promote inclusive, ethical and sustainable procurement practices. With our substantial purchasing power, we expect, by creating long-term value for those with whom we do business and the communities in which we operate, to create long-term value for our shareholders.

We have over one thousand suppliers globally. They supply goods and services, including ships, aircraft, fuel, sugarcane, auditing, office supplies and uniforms. We use our purchasing power and our close relationships with suppliers in ways designed to meet the needs of our businesses and customers.

Sustainable procurement helps to manage risks, improve efficiencies and reduce costs. We aim to procure goods in a way that does not degrade the environment and to procure services only from those who are accountable for their workplace practices.

It is our policy to comply with all applicable laws and regulations relating to procurement. Our own general code of conduct covers procurement and includes relevant provisions about bribery and competition.



Case study: Swire Resources – Supplier assessments

Swire Resources favours suppliers and contractors who share its commitment to sustainable development. Currently, 87% of its stock purchases are of internationally branded goods, for example, Nike, Adidas, Reebok, Columbia, New Balance, Under Armour, Repetto and Puma. The owners of such brands are committed to complying with international manufacturing practice standards. All the factories from which Swire Resources

sources goods have signed up to the Swire Pacific [Supplier Corporate Responsibility Code of Conduct](#). 20 factories assessed their own compliance with the code in 2018. Third party audits are being considered. Factories are given three months to rectify non-compliance. If they are still non-compliant, they are invited to join an improvement programme.

THE SUPPLIER CORPORATE SOCIAL RESPONSIBILITY CODE OF CONDUCT

Our [supplier corporate responsibility code of conduct](#) has been adopted by all our operating companies.

It sets out minimum standards with respect to:

- Legal and regulatory compliance
- Forced labour
- Child labour
- Health and safety
- Environmental protection
- Compensation and working hours
- Human rights
- Subcontractor management
- Ethics and reporting

Our SwireTHRIVE Sustainable Materials Working Group encourages consistent implementation of the supplier corporate social responsibility code of conduct by our operating companies.

We respect internationally recognised human rights in line with the principles and guidance contained in the United Nations Guiding Principles on Business and Human Rights. In 2019, we introduced the [Swire Pacific Limited Human Rights Policy](#). This human rights policy is informed by the International Bill of Human Rights and by the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work. We comply with national laws where they conflict with human rights standards but still do our best to respect the latter. The policy addresses:

- Diversity and inclusion
- Suppliers and contractors
- Labour practices (including child and forced labour)
- Health and safety
- Employment (including flexible working and the right to join or not join unions)



Case study: Swire Properties – Supplier compliance monitoring

Swire Properties collects information from its suppliers about their social, environmental and governance practices and performance. New suppliers must complete self-assessment questionnaires to confirm that they have in place appropriate policies and systems. Swire Properties does due diligence on the answers.

In 2018, Swire Properties automated its previously manual system for monitoring the selection, management and performance of its suppliers in Hong Kong and Mainland China. Suppliers are requested to self-assess and their

sites may be visited. Suppliers are also requested to obtain independent certification in accordance with internationally recognised standards and submit environmental, and health and safety management plans for internal review.

In 2018, Swire Properties assessed compliance by its 25 largest suppliers (by procurement spend) with the Swire Pacific [Supplier Corporate Responsibility Code of Conduct](#). None were identified as high risk.

THE CODE IN PRACTICE

We need to purchase goods on competitive terms. But in doing so, we must take due account of labour standards, health and safety and the environment.

In addition to Swire Pacific's supplier corporate social responsibility code of conduct, **Swire Coca-Cola** follows the supplier guiding principles of The Coca-Cola Company. These principles cover workplace policies, health and safety, human rights, environmental protection and business integrity. Swire Coca-Cola's own major suppliers are audited.

Swire Coca-Cola shares knowledge with other Coca-Cola bottlers in Mainland China in order better to manage procurement. This facilitates the identification and selection of suppliers who follow appropriate procurement principles.

Cathay Pacific has developed a balance-rated scorecard for procurement to measure suppliers' performance in six different areas: Costs, Innovation, Satisfaction, Quality, Assurance of Supply and Sustainability. With other members of the oneworld alliance, Cathay Pacific shares information about suppliers using the SEDEX supply chain platform. It is considering whether to continue to use SEDEX or to assess suppliers independently.

Cathay Pacific Catering Services has stringent procedures for supplier selection and ingredient procurement. Its Hazard Analysis and Critical Control Point (HACCP) team and its technical laboratory staff conduct regular audits of its food suppliers' food safety systems.



Case study: Swire Pacific Offshore – Addressing modern day slavery

Swire Pacific Offshore's Modern Slavery compliance policy is wholly aligned with Swire Pacific Offshore's wider commitment to running all its businesses in an ethical and sustainable manner. The Swire Pacific Offshore supply chain sustainability code of conduct prohibits the use by its suppliers of bonded, child, coerced, forced, indentured or involuntary labour. Swire Pacific Offshore does not tolerate modern slavery and works with regulators and other third parties to combat it.

Swire Pacific Offshore has a Modern Day Slavery Act Compliance framework and has developed a risk-based assessment process for its material global suppliers. Its new contracts with suppliers contain provisions preventing slavery and human trafficking. It is considering

strengthening its existing contracts in this area. Swire Pacific Offshore's practices in relation to modern slavery were internally audited in 2018. There was one medium risk audit recommendation – to improve the risk assessment process. This has been done.

Swire Pacific Offshore provides training to over 90% of its employees assessed as most likely to encounter modern slavery. It raises awareness of the topic among its sea-going and shore-based employees. In 2018, Swire Pacific Offshore held a lunchtime session on modern day slavery. For more information please find Swire Pacific Offshore's Modern-Day Slavery statement [here](#).

COMMUNITY INVOLVEMENT

Helping our communities thrive

We believe that when our communities thrive, so do our businesses. We support the communities in which we operate directly through the community programmes of our businesses and through the Swire Group Charitable Trust (the Trust). The Trust focuses on education, marine conservation and the arts in Hong Kong.

At the end of 2018, the Trust had 18 programmes in operation. During 2018, the Trust distributed over HK\$36 million. In total, including the programmes of our operating companies, we spent HK\$81 million on community activities in 2018 (this includes the equivalent of HK\$28 million of in-kind donations), and our volunteers contributed over 70,000 hours of voluntary service.



In 2017, Swire Pacific was awarded the 15+ Caring Company Award by the Hong Kong Council of Social Service for good corporate citizenship. **Cathay Pacific, Cathay Pacific Catering Services, Swire Properties** and **Swire Coca-Cola** also received recognition.



Swire Trust was established in 1983 as the philanthropic arm of Swire Pacific. It is overseen by a Philanthropy Council, which is chaired by a member of senior management. The Trust receives annual income from companies in the Swire group based on a percentage of Swire Pacific's profit. The Trust is a Hong Kong charity exempt from tax under section 88 of the Inland Revenue Ordinance.

Guided by the Swire family motto – *Esse Quam Videri* – the Trust is motivated by altruism and acts for the direct benefit of society and the greater good.





Case study: Swire Trust – Drum Fun

Partner Organisation: Music Children Foundation Limited (MCF)

Project outputs and outcomes: MCF introduces music to underprivileged students. The Trust has supported Drum Fun, a three-year outreach programme at Pak Tin Catholic Primary School intended to promote musical literacy and talent by means of free Chinese drum classes. More than 90 underprivileged children were invited to perform at concerts and competitions. MCF has observed that the students have better self-control and improved confidence.



Vision

A flourishing world of diversity, equal opportunity and sustainable growth

Value in Diversity: As a 200-year-old company, Swire’s diverse businesses are part of the long-term development of the communities and societies in which it operates. The Trust envisions a flourishing world of diversity where all members of society have opportunities for a meaningful life, and where growth and resources are sustained for future generations.

Mission

We aim to create positive change in Education, Marine and the Arts through supporting registered non-profit organisations primarily in Hong Kong and Mainland China.

Education

To enhance education equity, quality and innovation for disadvantaged children and youth

<p>Education equity Provide access for the disadvantaged for more inclusive education</p>	<p>Education quality Provide resources for educators and parents to improve learning environments</p>	<p>Education innovation Support relevant, learner-focused and experiential learning programmes</p>
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Marine

To help create sustainable marine ecosystems in Hong Kong and Mainland China through policy change, public engagement and scientific research

<p>Policy change Progress appropriate industry and government policies and management for marine protection</p>	<p>Public engagement Educate and engage the public on marine issues for wider support</p>	<p>Scientific research Support marine science research to strengthen science-based information</p>
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Arts




To promote an inclusive arts sector, and to use arts in addressing social issues

<p>Arts education Provide arts education for the disadvantaged and disabled</p>	<p>Arts accessibility Enable access for the disabled and disadvantaged to appreciate art</p>	<p>Arts as a solution Address social issues through art therapy and activities</p>
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GRANTS

The following grants were made or renewed during 2018:



Grants in 2018, broken down under the three focus areas of the Trust: Education, Marine, Arts

Education	
<p>Project name N/A Support LEAP’s mission, development and activities in the prevention of substance abuse by providing health-based education programmes for primary and secondary students</p> <p>Organisation Life Education Activity Programme (LEAP)</p> 	<p>Grant Total HK\$5,500,000</p> <p>Grant disbursed in 2018 † HK\$5,500,000</p>
<p>Project name DreamStarter Promote an experiential learning journey in fostering students’ ability to be creative for social good</p> <p>Organisation Grwth Foundation Limited</p> 	<p>Grant Total HK\$2,700,000</p> <p>Grant disbursed in 2018 † HK\$420,000</p>
<p>Project name Brain Box Strengthen the capacity of children with learning difficulties at an early stage through diversified service and enhanced parental support</p> <p>Organisation Changing Young Lives Foundation</p> 	<p>Grant Total HK\$3,680,000</p> <p>Grant disbursed in 2018 † HK\$1,150,000</p>

* 2018 active projects, but with last payment made in previous years

† Figures focus on major grants and exclude non-recurring donations

^ Deferred payment of remaining balance of HK\$5m for SWIMS’ Expansion project, subjected to construction work performed by new contractor




Education (continued)	
<p>Project name Support Unit for Special Educational Needs (SuSEN) Provide comprehensive clinical support for students with special educational needs and their families and a training platform for student teachers</p> <p>Organisation The Education University of Hong Kong</p> 	<p>Grant Total HK\$10,000,000</p> <p>Grant disbursed in 2018 † HK\$1,500,000</p>
<p>Project name N/A Strengthen the school's English and Mandarin language teaching and support special projects</p> <p>Organisation Taikoo Primary School</p> 	<p>Grant Total HK\$2,000,000 annually</p> <p>Grant disbursed in 2018 † HK\$769,965</p>
<p>Project name Seeds in Education Fund Foster diverse views, approaches and solutions in education by seeding a wide variety of small-scale education initiatives</p> <p>Organisation Various NGOs</p>	<p>Grant Total HK\$11,173,000*</p> <p>Grant disbursed in 2018 † –</p>




<p>Project name Swire Professorship in Aerospace Engineering Establish an endowed Swire Professorship in Aerospace Engineering and further the development of aerospace studies in Hong Kong</p> <p>Organisation The Hong Kong University of Science and Technology</p> 	<p>Grant Total HK\$10,000,000*</p> <p>Grant disbursed in 2018 † –</p>
<p>Project name Village Model in Rural China Support early childhood development of left-behind children in rural areas of Mainland China through early learning centres, family skills training and community building</p> <p>Organisation Half the Sky Foundation (Asia) Limited</p> 	<p>Grant Total HK\$4,590,000*</p> <p>Grant disbursed in 2018 † –</p>

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Marine	
<p>Project name Sea for Future Phase II Engage local experts and communities to conserve and revitalise marine habitats</p>	<p>Grant Total HK\$2,998,802</p>
<p>Organisation WWF Hong Kong</p> 	<p>Grant disbursed in 2018 † HK\$1,629,000</p>
<p>Project name Sea for Future Safeguard Hong Kong's marine life and restore fisheries by increasing marine protection areas to at least 10% of Hong Kong's waters</p>	<p>Grant Total HK\$7,846,203</p>
<p>Organisation WWF Hong Kong</p> 	<p>Grant disbursed in 2018 † HK\$1,307,703</p>
<p>Project name Hong Kong Reef Fish Survey Establish baseline knowledge of reef fish in Hong Kong through scientific underwater surveys by citizen scientists</p>	<p>Grant Total HK\$2,700,000</p>
<p>Organisation Bloom Association Hong Kong Limited</p> 	<p>Grant disbursed in 2018 † HK\$655,750</p>



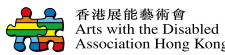
<p>Project name Waterbird Census and Wetland Conservation in China Empower local conservation groups to help conserve intertidal wetlands in Mainland China through a systematic bird census and public education</p>	<p>Grant Total HK\$2,159,000</p>
<p>Organisation The Hong Kong Bird Watching Society</p> 	<p>Grant disbursed in 2018 † HK\$657,650</p>
<p>Project name SWIMS-Fishbase Improve and enhance the extent of the largest global databases of fish and non-fish marine animals</p>	<p>Grant Total HK\$1,004,000</p>
<p>Organisation The University of Hong Kong</p> 	<p>Grant disbursed in 2018 † HK\$602,000</p>
<p>Project name Juvenile Horseshoe Crab Rearing Programme Raise awareness of and encourage participation in biodiversity and habitat conservation</p>	<p>Grant Total HK\$1,572,000</p>
<p>Organisation Ocean Park Conservation Foundation Hong Kong</p> 	<p>Grant disbursed in 2018 † HK\$500,000</p>

* 2018 active projects, but with last payment made in previous years

† Figures focus on major grants and exclude non-recurring donations

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Marine (continued)	
<p>Project name</p> <p>SWIMS' Expansion Expand and upgrade SWIMS facilities</p>	<p>Grant Total</p> <p>HK\$30,000,000[^]</p>
<p>Organisation</p> <p>The University of Hong Kong</p> 	<p>Grant disbursed in 2018 †</p> <p>—</p>
<p>Project name</p> <p>Dongshan Swire Marine Station (D-SMART) Support the design and construction of a marine station</p>	<p>Grant Total</p> <p>HK\$7,031,380*</p>
<p>Organisation</p> <p>Xiamen University</p> 	<p>Grant disbursed in 2018 †</p> <p>—</p>
<p>Project name</p> <p>Ocean Asia Project II Advance sustainable fisheries in Hong Kong and Mainland China with special focus on fostering a sustainable seafood market in Hong Kong</p>	<p>Grant Total</p> <p>HK\$2,860,000*</p>
<p>Organisation</p> <p>The ADM Capital Foundation Limited</p> 	<p>Grant disbursed in 2018 †</p> <p>—</p>


Culture and Art	
<p>Project name</p> <p>N/A Support the orchestra's overall mission, development and activities. Inspire and expand musical appreciation in Hong Kong</p>	<p>Grant Total</p> <p>HK\$42,204,800</p>
<p>Organisation</p> <p>The Hong Kong Philharmonic Society Limited (Grant 4)</p> 	<p>Grant disbursed in 2018 †</p> <p>HK\$3,656,000</p>
<p>Project name</p> <p>N/A Support the orchestra's overall mission, development and activities. Inspire and expand musical appreciation in Hong Kong</p>	<p>Grant Total</p> <p>HK\$46,377,000</p>
<p>Organisation</p> <p>The Hong Kong Philharmonic Society Limited (Grant 5)</p> 	<p>Grant disbursed in 2018 †</p> <p>HK\$11,275,500</p>
<p>Project name</p> <p>N/A Promote the arts and artistic talent among persons with disabilities, create equal opportunities for them in the arts sector and foster social integration</p>	<p>Grant Total</p> <p>HK\$1,500,000 annually</p>
<p>Organisation</p> <p>Arts with the Disabled Association Hong Kong</p> 	<p>Grant disbursed in 2018 †</p> <p>HK\$1,500,000</p>

* 2018 active projects, but with last payment made in previous years

† Figures focus on major grants and exclude non-recurring donations

[^] Deferred payment of remaining balance of HK\$5m for SWIMS' Expansion project, subjected to construction work performed by new contractor

Culture and Art (continued)	
<p>Project name The Magic of Audio Description Enhance cultural experiences for the visually impaired through specialised audio description</p>	<p>Grant Total HK\$3,074,000</p>
<p>Organisation The Hong Kong Society for the Blind</p> 	<p>Grant disbursed in 2018 † HK\$1,000,000</p>
<p>Project name Spark! Arts Programme for Children at Small Group Homes Provide free, high quality visual and performing arts activities for children in small group homes</p>	<p>Grant Total HK\$2,306,000</p>
<p>Organisation Hong Kong Youth Arts Foundation</p> 	<p>Grant disbursed in 2018 † HK\$850,000</p>
<p>Project name N/A Provide transport costs for disadvantaged schools to participate in the museum's education programme</p>	<p>Grant Total HK\$1,000,000</p>
<p>Organisation Hong Kong Maritime Museum Limited</p> 	<p>Grant disbursed in 2018 † HK\$730,890</p>

<p>Project name Arts Access Fund Provide financial resources for disadvantaged persons to access the arts and cultural events in Hong Kong</p>	<p>Grant Total HK\$250,000 annually</p>
<p>Organisation Various NGOs</p>	<p>Grant disbursed in 2018 † HK\$58,975</p>
<p>Project name Drum Fun Provide free Chinese drum classes to low-income primary school students in Sham Shui Po, Hong Kong</p>	<p>Grant Total HK\$809,000*</p>
<p>Organisation Music Children Foundation Limited</p> 	<p>Grant disbursed in 2018 † —</p>

* 2018 active projects, but with last payment made in previous years
 † Figures focus on major grants and exclude non-recurring donations
 ^ Deferred payment of remaining balance of HK\$5m for SWIMS' Expansion project, subjected to construction work performed by new contractor



Case study: Swire Properties – Hometown Heroes

Project objective: To involve local communities in Swire Properties' placemaking through arts, culture, food and entertainment

Project outputs and outcomes: Swire Properties invited members of the local community to join four creative programmes celebrating the neighbourhood spirit of Taikoo Place and Star Street Precinct:

I AM A PLACEMAKER

Participants created artworks reflecting the changes they wanted to see in Tai Koo. Around 400 individual artworks were combined into a single installation displayed at the sky lobby of One Island East and at Cityplaza.

I AM A SINGER-SONGWRITER

Budding performers developed songs based on the stories of people living in the Eastern District and Wan Chai areas of Hong Kong. Creative workshops co-hosted by social enterprise "Every Life is a Song" guided 16 community singer-songwriters to write and perform six songs.

I AM A COOKING ACE

A Christmas cook-off celebrated the culinary talents of five community chefs in Taikoo Shing. The five winning recipes were featured on the Christmas menu at EAST Hong Kong and at the White Christmas Street Fair charity sales.

I AM A DRINKS MASTER

Community mixologists created Christmassy cocktails and mocktails at the Star Street Precinct, with the support of local restaurants and bars. The 12 leading drinks were available at the White Christmas Street Fair charity sales.



**Case study:
Swire Coca-Cola – 5by20 “Coca-Cola Mama University”
in Mainland China**

Project objective: To help women in Mainland China to learn and grow, improve their quality of life and income, and create value for society (under the “Coca-Cola 5by20 Initiative”)

Project outputs and outcomes: 5by20’s “Coca-Cola Mama University” is a programme led and created by The Coca-Cola Company to offer professional and personal development training for women in Mainland China. Through this

programme, Swire Coca-Cola provided over 450 courses at 13 bottling plants to more than 200,000 women. The course content covered topics including accounting and finance, management, entrepreneurship and work-life balance. “Coca-Cola Mama University” brings value to women in Mainland China by providing the knowledge they need to improve the quality of life for themselves and their families.



**Case study:
Cathay Pacific – World As One**

Project objective: To inspire Hong Kong’s youth to build awareness and empathy through travel and volunteer work

Project outputs and outcomes: In October 2018, Cathay Pacific invited a group of young Hong Kong people to go to Cambodia to do voluntary work to support its local communities. The group comprised young people who had never previously travelled, representatives from ethnic minority communities and

survivors of drug addiction. Over five days, the group helped to build new homes for villagers and accompanied Cambodian children to national heritage sites where they learnt about their country’s history. The group also visited non-profit organisations and social enterprises.

Cathay Pacific’s partners in World As One were Social Ventures Hong Kong, VolTra and ELIV.

ABOUT OUR REPORT

Why reporting matters

Our sustainability reporting sets out our approach to sustainability, ethics and good governance. Our approach is integral to fulfilling our commitment to an open and honest dialogue with our stakeholders. We believe our approach builds resilience and creates value for all our stakeholders.

This is our 12th annual sustainability report. It has been prepared as an interactive website and is available in English and Traditional Chinese. It has been prepared with reference to the Core level of the Global Reporting Initiative (GRI) Standards and the comply or explain provisions and recommended disclosures in the

Environmental, Social and Governance (ESG) Reporting Guide (ESG Guide) of The Stock Exchange of Hong Kong Limited (HKEx).

This report relates to our sustainability performance during the year ending 31 December 2018. It covers [SwireTHRIVE](#) (our group environmental sustainability strategy), progress towards our 2020 goals, and other material topics identified through our [materiality assessments](#) and relevant financial and operational performance. It describes Swire Pacific's [corporate governance](#) relevant to sustainability and how we integrate sustainability into identifying and [managing risks and opportunities](#). A [GRI Standards and HKEx content index](#) is available at the end of the report. This report follows our previous report, published in July 2018.



ON OUR ANNUAL REPORT

Our 2018 Annual Report details our financial and operational performance, and our corporate governance.

We respond to enquiries from investors and provide information to the Carbon Disclosure Project (CDP), the Dow Jones Sustainability Index (DJSI), FTSE4Good, MSCI and organisations which assess the economic, environmental and social performance of companies. They help us to identify the specific issues most relevant to the industries in which we operate.



Dow Jones Sustainability Index

In 2018, Swire Pacific was included in the DJSI Asia Pacific Index. Swire Pacific has been included in DJSI indices since 2001.



FTSE4Good

FTSE4Good

In December 2018, Swire Pacific was listed as a constituent stock in the FTSE4Good Index Series (FTSE4Good) for the first time.



Hang Seng Corporate Sustainability Index Series Member 2018-2019

Hang Seng Corporate Sustainability Index

In 2018, Swire Pacific received a AA rating from the Hang Seng Corporate Sustainability Index. Swire Pacific is included in the Hang Seng Corporate Sustainability and Hang Seng Corporate Sustainability Benchmark Indices.



CDP

Swire Pacific supports the CDP as a respondent. Swire Pacific has responded to CDP since 2007. In 2018, we achieved a C rating.



MSCI Constituent MSCI Global SRI Indexes

In 2018, Swire Pacific received a AAA rating from MSCI ESG Research, making us one of the top performers in our sector.

THE SUSTAINABLE
DEVELOPMENT OFFICE
TEAM



From left: Mark Harper, Haily Chan, Dr. Mark Watson, Amy Hung, Lara Tyrrell, Joey Lau

ASSESSING MATERIALITY



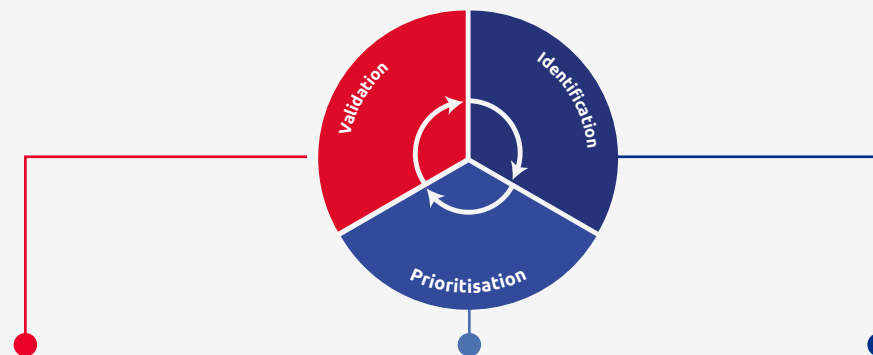
Aligning with the Global Reporting Initiative

The coverage of our annual sustainable development report is determined by reference to a detailed materiality assessment. The assessment identifies and evaluates the sustainability issues most important to our businesses and stakeholders for the year under review and in the near-term future.

We define a material issue as an issue that reflects the significant economic, environmental and social impact of our businesses or that substantively influences the assessments and decisions of stakeholders. We follow guidance from and report with reference to the GRI, including the requirement to report by reference to the GRI Standards and to identify and assess material issues.

The objectives of the materiality assessment are to meet external reporting requirements (GRI Standards and the HKEx ESG Guide) and to evaluate our sustainability performance in light of the expectations of those inside and outside our businesses with whom we engage.

Our materiality assessment has three steps: identification, prioritisation and validation



Validation – In the validation phase, senior managers — including those with responsibilities for sustainable development, risk management, human resources, public affairs and legal matters — reviewed and confirmed the assessment.

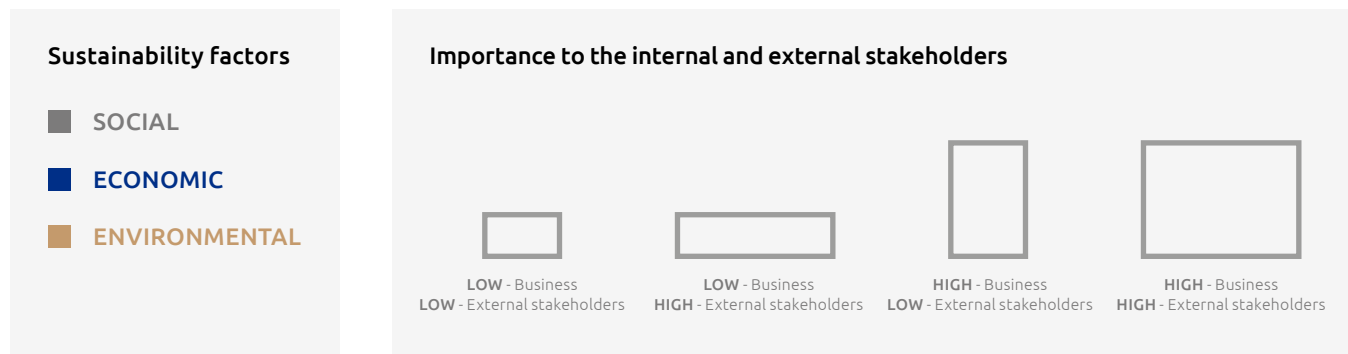
Prioritisation – In the prioritisation phase, internal stakeholders were asked to consider material issues in terms of their influence on business success. External stakeholders were asked to consider material issues in terms of their importance to sustainability. We used a standard questionnaire to ensure consistent, systematic evaluation of material issues. An external consultancy conducted additional one-on-one interviews and focus group discussions with key stakeholders. The results are shown in the materiality assessment map below.

Identification – During the Identification phase, we made reference to the following:

- The GRI Standards
- The Sustainability Accounting Standards Board Provisional Disclosure Standards
- The United Nations Sustainable Development Goals
- DJSI
- CDP
- Reports from MSCI and Sustainalytics
- Material issues were categorised according to their relevance to the community, greenhouse gas emissions and energy, employees, the environment, ethics and governance, human rights, privacy and security, products, services and customers, and supplier practices.

MATERIALITY ASSESSMENT MAP

Importance of sustainability factors to the business and external stakeholders



Sustainable consumption	Anti-corruption	Governance	AI and big data analytics		Plastic, packaging, and product-life cycle impact	Employee wellbeing
	Material and resource use		Freedom of association	Local regulatory compliance		Automation
Responsible lobbying	Access to products and services	Biodiversity	Business ethics / fair business practices		Diversity and inclusion	Transparency
Talent recruitment and retention	Waste management	Generation of employment	Labour practices	Energy use and GHG emissions	Geopolitical tensions and imbalances	Environmental impact of products and services
Workplace health and safety		Global regulatory compliance	Renewable energy		Product quality and safety	
	Local development	Child labour	Human rights	Income inequality		Climate resilience
	Compensation and benefits	Trade barriers	Cyber-security, privacy, and data protection		Forced labour	
	Management of water resources					

MATERIAL ISSUES AND ASPECTS

This table shows:

- i. the GRI indicators which correspond to the material issues which we identified for 2018
- ii. whether they have an impact inside our organisation, outside our organisation or both
- iii. the Swire Group businesses where they have a material impact

For each of the 22 material topics, we have provided a section in this report which indicates why the topic was material in 2018, our approach to managing the risks and opportunities associated with the topic, and our performance in relation to the topic.

Cyber-security, data protection and packaging waste (plastics) were identified as new material issues in 2018.

Our stakeholders did not rank the materiality of talent recruitment and retention or diversity and inclusion as highly as in previous years. However, we consider it important to report on these matters in order to demonstrate our commitment to remaining an employer of choice to our around 93,000 employees.

Our stakeholders did not consider human rights, biodiversity and our procurement practices of material importance for disclosure. However, they are disclosed as these are viewed as emerging issues of major importance to the future sustainability of our businesses.

Material issue	GRI indicator	Boundary		Swire Group business
		Impact inside	Impact outside	
Economic Performance	GRI 201	●		All
Indirect Economic Impact	GRI 203		●	All
Procurement Practices	GRI 204	●	●	All
Anti-corruption	GRI 205	●		All
Anti-competitive Behaviour	GRI 206	●		All
Materials	GRI 301	●		Swire Properties and Swire Coca-Cola
Energy	GRI 302	●	●	Cathay Pacific, Swire Properties and Swire Coca-Cola
Water	GRI 303	●	●	Swire Coca-Cola
Biodiversity	GRI 304		●	Cathay Pacific and Swire Properties
Emissions	GRI 305	●	●	Cathay Pacific
Effluent and Waste	GRI 306	●	●	Swire Properties, Cathay Pacific and Swire Coca-Cola
Employment	GRI 401	●		All
Occupational Health and Safety	GRI 403	●		All
Training and Education	GRI 404	●		All
Diversity and Equal Opportunity	GRI 405	●		All
Non-discrimination	GRI 406	●		All
Freedom of Association and Collective Bargaining	GRI 407	●		All
Human Rights Assessment	GRI 412		●	All
Local Communities	GRI 413		●	All
Supplier Social Assessment	GRI 414		●	All
Customer Privacy	GRI 418		●	All
Socio-economic Compliance	GRI 419		●	All



SCOPE OF OUR REPORTING

Lists of companies and parts of companies which have and have not provided information for this report can be found [here](#).

Performance indicators are reported on a 100% basis and therefore do not make reference to Swire Pacific's shareholdings in operating companies.

STAKEHOLDER ENGAGEMENT

Fostering dialogue

Understanding the needs and concerns of our stakeholders informs our approach to sustainability and our future activity. We must also understand global trends and their impact on us so we can respond effectively to the diverse challenges we face through our sustainability strategy.

Since 2007, we have regularly engaged with stakeholders in order to understand their priorities and expectations and their perceptions of our performance, particularly in relation to sustainable development. Fostering dialogue is essential as it maintains trust, gains support for our activities and occasionally reconciles diverging interests. It also helps us to focus on where we need to improve and where we are falling short so that we can take corrective action.

We define stakeholders as internal and external interest groups who have a significant impact on our business or who are significantly affected by our operations.

Fostering dialogue is essential as it maintains trust, gains support for our activities and occasionally reconciles diverging interests.

ONGOING ENGAGEMENT

In 2017, we updated our stakeholders' map and five-year stakeholder engagement plan, with a view to engaging with relevant interest groups at least once per year.

In 2018, we engaged with investors, employees, policymakers, NGOs, shareholders, local communities and those engaged in other industries. Our primary aim was to develop our [sustainable development materiality analysis](#). Stakeholders were selected for engagement based on their expertise in issues material to us, how influential they are and their willingness to collaborate.

The Sustainability Report is intended to provide an honest and transparent record of our sustainability performance to our stakeholders, with whom we maintain mutually beneficial relationships.

We show below how we engaged with groups of stakeholders in 2018, with links to further information.

Examples of sustainability goals for each stakeholder group



Board members

Sustainability challenges

Energy use and greenhouse gas (GHG) emissions, water management, plastic waste, governance, cyber-security and data protection, and anti-corruption.

Method of engagement

One to one interviews



Senior leadership team

Sustainability challenges

Climate resilience, energy use and GHG emissions, plastic waste, biodiversity, governance, health and safety, and diversity and inclusion

Method of engagement

Focus groups



NGOs and activists

Sustainability challenges

Energy use and GHG emissions, water management, plastic waste, governance, health and safety and the social impact of products and services.

Method of engagement

One to one interviews and focus groups



Investors

Sustainability challenges

Energy use and GHG emissions, water management, governance, cyber-security and data protection, the social impact of products and services, health and safety, talent recruitment and retention, and product quality and safety.

Method of engagement

One to one interviews



Peer companies and competitors

Sustainability challenges

Climate resilience, energy use and GHG emissions, governance, labour practices, and diversity and inclusion.

Method of engagement

Focus groups



Those with whom we do business

Sustainability challenges

Climate resilience, energy use and GHG emissions, environmental impact of products and services, plastic waste, and cyber-security and data protection.

Method of engagement

One to one interviews



OUR PERFORMANCE

On our data

We support transparency and provide information and data in this report and on our website. Only data that was provided before the end of March 2019 is included in this report. If data or incidents are reclassified or confirmed after preparation of this report, they will be updated in future reports.

On assurance

We have clear standards and reporting requirements for our sustainability data. These standards are supported by internal audits and statistical checks.

Deloitte Touche Tohmatsu has provided limited assurance in relation to the selected sustainability data for 2018 listed below and identified with the symbol [R] in the relevant data table[s].

- Total energy consumption
- Total greenhouse gas emissions by weight
- Total water used
- Total employee fatalities
- Total employee lost time injuries

The full assurance statement from Deloitte Touche Tohmatsu can be found [here](#).

PERFORMANCE DATA

Building performance over the years

View our key performance indicators against operating company and year.

This table presents a quantitative overview of our 2018 sustainable development performance. All of the 2018 data presented in these tables that has been identified with the symbol [R], have been independently assured by Deloitte Touche Tohmatsu.

Performance data

Statistics		Note	Property			Cathay Pacific group			HAECO group			Swire Coca-Cola (Note 6)			Swire Pacific Offshore (Note 4)			HUD group			Trading & Industrial			Swire Pacific (Head Office)			Total (Note 1)			
Environmental			2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	
Total energy consumption (thousand GJ)	Direct energy consumption		166	143	154	256,677	252,729 (5)	245,730	423	384	349	1,130	846 (5)	781	1,260	1,417	1,337	345	341	329	84	69 (5)	51	-	-	-	260,085	255,929 (5)	248,730	
	Indirect energy consumption		1,035	959	1,023	500	506 (5)	682	490	471 (5)	481	1,807	1,273 (5)	1,170	5	5	5	15	17	19	207	265	244	-	-	-	4,059	3,496	3,624	
	Total	1	1,201	1,102	1,177	257,177	253,235	246,412	913	855	830	2,937	2,119 (5)	1,951	1,265	1,422	1,342	360	358	348	291	334	295	-	-	-	264,144 R	259,425	252,354	
	% Change year-on-year		9%	-6%		2%	3%		7%	3%		39%	9%		-11%	6%		1%	3%		-13%	13%					2%	3%		
Total greenhouse gas emissions by weight (thousand tonnes CO2e)	Direct (scope 1)	2	10	11 (5)	13	18,406	18,220 (5)	17,702	33	29	27	81	59 (5)	55	93	106	108	28	28	27	6	8 (5)	6	-	-	-	18,657	18,461 (5)	17,938	
	Indirect (scope 2)		205	205 (5)	216	75	80	80	73	77	78	275	216 (5)	194	0.5	1	1	2.3	3	3	37	50	46	-	-	-	667.8	632	618	
	Total	1	215	216	229	18,481	18,300	17,782	106	106	105	356	275 (5)	249	94	107	109	30	31	30	43	58	51	-	-	-	19,325 R	19,093	18,556	
	% Change year-on-year		0%	-6%		1%	3%		0%	1%		29%			-13%	-1%		-2%	4%		-26%	14%					1%	3%		
Total water used (thousands cbm)	Water used	3	1,599	1,390	1,522	975	950	866	633	653 (5)	710	13,439	8,847 (5)	7,585	-	-	-	85	115	77	400	492 (5)	178	-	-	-	17,131 R	12,447 (5)	10,938	
	% Change year-on-year		15%	-9%		3%	10%		-3%	-8%		52%	17%		-	-		-26%	49%		-19%	176%					38%	14%		
Total waste by type and disposal method (tonnes)	Waste disposed																													
	Hazardous		0.4	1	0	0.4	0	1	1,470	1,442	1,135	51	64	110	1,581	1,424	1,973	0	0	0	2	2 (5)	1	-	-	-	3,104.8	2,933	3,220	
	Non-hazardous		30,800	32,316	38,377	15,206	14,218	13,794	4,176	4,291	4,921	12,752	5,024 (5)	722	0	0	0	0	0	0	0	0	0	-	-	-	62,934	55,849	57,814	
	Waste recycled																													
	Hazardous		0.4	0	1	0	0	0	0	0	148	43	59 (5)	0	0	0	0	0	0	0	0	0	0	-	-	-	43.4	59	149	
	Non-hazardous		10,642	7,272	4,350	3,491	4,268	4,414	1,330	1,341	717	16,668	10,354 (5)	10,342	2	1	16	208	84	184	782	1,353	457	-	-	-	33,123	24,673	20,480	
	Total		41,442.8	39,589	42,728	18,697.4	18,486	18,209	6,976	7,074	6,921	29,514	15,501 (5)	11,174	1,583	1,425	1,989	208	84	184	784	1,355	458	-	-	-	99,205.2	83,514	81,663	
% Change year-on-year		5%	-7%		1%	2%		-1%	2%		90%	39%		11%	-28%		148%	-54%		-42%	196%					19%	2%			
Health & Safety																														
Thousand hours worked			12,406	11,614	11,674	66,886	67,712	69,059	33,914	34,209	39,415	64,092	46,245	45,304	11,961	11,647	12,194	2,271	2,332	1,995	16,256	17,608	17,767	76	82	84	207,862	191,269	197,492	
Total lost time injuries			91	83	105	1,288	1,112	970	222	249	299	173	118	113	9	4	4	5	10	12	75	81	96	0	0	0	1,863	1,657	1,599	
Lost time injury rate (LTIR)			1.47	1.43	1.80	3.85	3.28	2.81	1.31	1.46	1.52	0.54	0.51	0.50	0.15	0.07	0.07	0.44	0.86	1.20	0.92	0.92	1.08	0.00	0.00	0.00	1.79 R	1.73	1.62	
% Change year-on-year (LTIR)			3%	-21%		17%	17%		-10%	-4%		6%	2%		114%	7%		-49%	-7%		0%	-15%		-	-	-	3%	7%		
Lost days due to injuries			3,379	2,808	2,112	28,964	34,178	24,304	8,237	12,581	11,650	8,883	3,130	3,396	1,030	149	52	1,168	979	1,314	2,519	2,983	3,357	-	-	-	54,180	56,808	46,184	
Lost day rate (LDR)			54.47	48.36	36.18	86.61	100.95	70.38	48.57	73.94	59.11	27.72	13.54	14.99	17.22	2.56	0.85	102.84	83.95	131.71	30.99	33.88	37.78	0	0	0	52.13	59.4	46.77	
% Change year-on-year (LDR)			13%	34%		-14%	43%		-34%	25%		105%	-10%		573%	201%		23%	-36%		-9%	-10%		-	-	-	-12%	27%		
Total Fatalities (employee)			0	0	0	2	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	2	1	0	0	0	2	4	1	
Staff																														
Workforce	Permanent and fixed term employees	7	5,880	5,319	5,353	31,108	31,394	32,253	14,708	14,573	14,858	29,857	29,101 (5)	20,416	2,398	2,221 (5)	2,264	656	709	650	8,102	8,672 (5)	9,098	38	41	45	92,747	92,014 (5)	84,937	
	Supervised employees		-	-	61	-	-	3,823	-	-	254	-	-	755	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,893	
	Male		3,490	3,207	3,309	13,951	14,122	17,058	12,026	11,903	12,241	22,472	22,145 (5)	16,573	2,187	2,008 (5)	2,013	595	652	592	3,222	3,468 (5)	3,593	11	13	14	57,954	57,463 (5)	55,393	
	Female		2,390	2,112	2,105	17,157	17,272	19,018	2,682	2,670	2,871	7,385	6,956 (5)	4,598	211	213 (5)	251	61	57	58	4,880	5,204 (5)	5,505	27	28	31	34,793	34,551 (5)	34,437	

Statistics		Note	Property			Cathay Pacific group			HAECO group			Swire Coca-Cola (Note 6)			Swire Pacific Offshore (Note 4)			HUD group			Trading & Industrial			Swire Pacific (Head Office)			Total (Note 1)		
Staff			2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
Workforce	Total	7	5,880	5,319	5,414	31,108	31,394	36,076	14,708	14,573	15,112	29,857	29,101 (5)	21,171	2,398	2,221 (5)	2,264	656	709	650	8,102	8,672 (5)	9,098	38	41	45	92,747	92,014 (5)	89,830
	Employees who are on Permanent Terms (%)		93%	94%	95%	88%	90%	86%	96%	96%	96%	100%	100% (5)	99%	48%	55% (5)	60%	55%	95%	94%	94%	94% (5)	94%	100%	100%	100%	93%	94% (5)	1
	Permanent employees who work Full-time (%)		98%	99%	99%	98%	98%	98%	99%	99%	99%	99%	99% (5)	99%	100%	100% (5)	100%	100%	100%	100%	88%	92% (5)	93%	100%	100%	100%	98%	98% (5)	98%
	Workforce by region (%)																												
	Hong Kong & Macau		55%	61%	60%	82%	81%	83%	47%	48%	48%	5%	5%	7%	0%	0%	0%	100%	100%	100%	38%	33%	33%	100%	100%	96%	44%	44%	51%
	Mainland China		36%	39%	39%	2%	3%	2%	37%	36%	34%	69%	69%	68%	0%	0%	0%	0%	0%	0%	45%	52%	53%	0%	0%	4%	35%	36%	31%
	Taiwan		0%	0%	0%	2%	2%	2%	0%	0%	0%	3%	3%	4%	0%	0%	0%	0%	0%	0%	16%	14%	13%	0%	0%	0%	3%	3%	3%
	USA		9%	0%	0%	2%	2%	1%	16%	16%	17%	23%	23%	20%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	11%	11%	8%
	Others		0%	0%	0%	11%	12%	12%	0%	0%	0%	0%	0%	0%	100%	100%	100%	0%	0%	0%	1%	1%	1%	0%	0%	0%	6%	7%	7%
	Workforce by employee category (%)																												
	Executive - Top/Senior management		2%	2%		1%	1%		1%	1%		1%	1%		1%	1%		5%	3%		1%	1%		29%	27%		1%	1%	
	Executive - Middle/Junior management & supervisory		24%	23%		8%	8%		12%	11%		9%	13%		14%	17%		12%	8%		5%	6%		26%	29%		10%	11%	
	Non-exec - Customer facing staff		53%	53%		51%	51%		9%	10%		54%	51%		0%	0%		0%	0%		59%	57%		0%	0%		45%	44%	
	Non-exec - Non-customer facing operational/technical staff		11%	11%		31%	31%		67%	67%		31%	30%		85%	0%		83%	89%		21%	24%		0%	0%		36%	35%	
	Others		10%	11%		8%	8%		12%	12%		6%	6%		0%	82%		0%	0%		13%	12%		45%	44%		8%	10%	
	Workforce by employee category and age group (%)																												
	Executive - Top/Senior management																												
	under 30 years old		1%	0%		1%	0%		0%	0%		0%	0%		0%	0%		0%	0%		0%	1%		0%	0%		0%	0%	
	30 to 50 years old		72%	77%		64%	68%		43%	54%		60%	62%		63%	53%		39%	53%		63%	71%		36%	27%		61%	65%	
	Over 50 years old		27%	23%		36%	32%		57%	46%		40%	38%		38%	47%		61%	47%		37%	27%		64%	73%		39%	35%	
	Executive - Middle/Junior management & supervisory																												
	under 30 years old		16%	20%		10%	10%		6%	6%		6%	10%		6%	11%		2%	9%		1%	5%		0%	8%		8%	10%	
	30 to 50 years old		76%	72%		63%	62%		66%	67%		80%	75%		75%	69%		76%	65%		82%	82%		91%	83%		72%	70%	
	Over 50 years old		8%	8%		27%	27%		28%	28%		15%	15%		19%	21%		21%	26%		17%	12%		9%	8%		20%	19%	
	Non-exec - Customer facing staff																												
	under 30 years old		27%	29%		23%	27%		8%	13%		30%	34%		0%	0%		0%	0%		50%	55%		0%	0%		29%	32%	
	30 to 50 years old		48%	47%		67%	65%		59%	56%		65%	62%		0%	0%		0%	0%		48%	44%		0%	0%		62%	60%	
	Over 50 years old		25%	24%		10%	9%		34%	31%		5%	5%		0%	0%		0%	0%		2%	1%		0%	0%		9%	8%	
	Non-exec - Non-customer facing operational/technical staff																												
	under 30 years old		33%	32%		13%	15%		28%	29%		21%	21%		11%	0%		23%	18%		25%	38%		0%	0%		21%	23%	
	30 to 50 years old		57%	60%		58%	58%		53%	52%		66%	66%		68%	0%		38%	33%		60%	53%		0%	0%		59%	58%	
	Over 50 years old		9%	8%		29%	28%		19%	18%		14%	13%		21%	0%		39%	50%		15%	9%		0%	0%		20%	19%	
	Others																												
	under 30 years old		32%	30%		17%	18%		34%	38%		28%	27%		0%	18%		0%	0%		33%	35%		6%	17%		27%	27%	
	30 to 50 years old		50%	52%		63%	63%		61%	58%		66%	65%		0%	67%		0%	0%		61%	59%		63%	50%		62%	62%	
	Over 50 years old		18%	18%		20%	19%		5%	5%		7%	7%		0%	15%		0%	0%		6%	5%		31%	33%		11%	11%	

Statistics		Note	Property			Cathay Pacific group			HAECO group			Swire Coca-Cola (Note 6)			Swire Pacific Offshore (Note 4)			HUD group			Trading & Industrial			Swire Pacific (Head Office)			Total (Note 1)			
Staff			2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	
Workforce	Workforce by employee category and gender (%)	Executive - Top/Senior management																												
		Male	48%	50%		64%	64%		85%	83%		80%	81%		100%	100%		89%	79%		63%	70%		55%	64%		69%	70%		
		Female	52%	50%		36%	36%		15%	18%		21%	19%		0%	0%		11%	21%		37%	30%		45%	36%		31%	30%		
		Executive - Middle/Junior management & supervisory																												
		Male	48%	48%		73%	72%		83%	83%		72%	77%		76%	69%		69%	78%		58%	57%		27%	33%		70%	72%		
		Female	52%	52%		27%	28%		17%	17%		28%	23%		24%	31%		31%	22%		42%	43%		73%	67%		30%	28%		
		Non-exec - Customer facing staff																												
		Male	68%	70%		22%	22%		91%	92%		74%	75%		0%	0%		0%	0%		29%	26%		0%	0%		50%	49%		
		Female	32%	30%		78%	78%		10%	8%		26%	25%		0%	0%		0%	0%		71%	74%		0%	0%		50%	51%		
		Non-exec - Non-customer facing operational/technical staff																												
		Male	62%	63%		85%	84%		83%	82%		84%	85%		84%	0%		92%	93%		64%	68%		0%	0%		82%	82%		
		Female	38%	37%		15%	16%		17%	18%		16%	15%		16%	0%		8%	7%		36%	32%		0%	0%		18%	18%		
		Others																												
		Male	40%	38%		31%	31%		64%	64%		40%	40%		0%	85%		0%	0%		37%	38%		13%	11%		42%	48%		
Female	60%	63%		69%	69%		36%	36%		60%	60%		0%	15%		0%	0%		63%	62%		88%	89%		58%	52%				
Voluntary Permanent Employee Turnover Data																														
By age group	Under 30 years old		41%	37%	35%	24%	18%	15%	19%	16%	14%	39%	34%	29%	25%	6%	12%	27%	20%	10%	98%	99%	67%	40%	29%	0%	40%	37%	30%	
	30 to 50 years old		20%	18%	16%	7%	6%	5%	8%	9%	9%	15%	14%	12%	3%	6%	5%	22%	15%	12%	28%	31%	33%	9%	4%	0%	12%	12%	10%	
	Over 50 years old		15%	11%	11%	6%	10%	6%	7%	9%	9%	2%	8%	5%	27%	10%	4%	7%	6%	8%	13%	19%	19%	0%	0%	0%	7%	10%	7%	
By gender	Male		21%	20%	21%	10%	9%	9%	10%	11%	10%	21%	20%	18%	9%	7%	5%	17%	12%	10%	47%	55%	43%	25%	7%	0%	17%	17%	14%	
	Female		30%	24%	22%	11%	9%	7%	12%	11%	12%	16%	16%	13%	18%	6%	12%	18%	9%	9%	60%	67%	52%	0%	3%	0%	21%	21%	16%	
By region	Hong Kong & Macau		22%	22%	20%	11%	10%	8%	11%	10%	10%	27%	26%	19%	0.00%	0%	0%	17%	12%	10%	93%	90%	59%	8%	5%	0%	18%	17%	13%	
	Mainland China		24%	22%	23%	8%	7%	11%	7%	7%	8%	17%	17%	14%	0.00%	0%	0%	0.00%	0%	0%	42%	56%	49%	0.00%	0%	0%	19%	22%	18%	
	Taiwan		0.00%	0%	0%	7%	4%	4%	0.00%	0%	0%	10%	14%	7%	0.00%	0%	0%	0.00%	0%	0%	12%	26%	22%	0.00%	0%	0%	16%	17%	13%	
	USA		0%	67%	0%	12%	2%	10%	19%	22%	17%	26%	25%	29%	50%	0%	0%	0.00%	0%	0%	0.00%	0%	0%	0.00%	0%	0%	23%	22%	18%	
	Others		20%	0%	0%	10%	8%	6%	0%	0%	0%	0.00%	6%	0%	10%	7%	6%	0.00%	0%	0%	34%	23%	56%	0.00%	0%	0%	10%	8%	7%	
Total Voluntary Turnover Rate of Permanent Employees (%)			25%	22%	21%	10%	9%	8%	11%	11%	10%	20%	19%	17%	10%	7%	6%	17%	12%	10%	55%	62%	48%	8%	5%	0%	19%	19%	15%	
New Hire Data																														
By age group	Under 30 years old		54%	47%	48%	25%	21%	20%	30%	29%	22%	55%	57%	47%	23%	7%	17%	30%	31%	50%	116%	105%	80%	100%	25%	0%	52%	50%	39%	
	30 to 50 years old		21%	17%	24%	5%	4%	5%	7%	7%	11%	17%	47%	19%	2%	6%	6%	14%	34%	45%	33%	36%	39%	4%	5%	7%	13%	23%	14%	
	Over 50 years old		16%	13%	16%	6%	5%	5%	8%	8%	9%	8%	26%	28%	22%	6%	3%	7%	33%	49%	16%	19%	29%	0%	0%	0%	8%	12%	12%	
By gender	Male		25%	22%	30%	10%	10%	11%	13%	13%	12%	25%	46%	30%	6%	6%	6%	13%	34%	47%	59%	60%	51%	18%	15%	14%	21%	29%	22%	
	Female		34%	28%	29%	8%	6%	7%	14%	14%	20%	25%	53%	23%	21%	6%	12%	23%	19%	50%	68%	70%	63%	0%	0%	0%	23%	28%	21%	

Statistics		Note	Property			Cathay Pacific group			HAECO group			Swire Coca-Cola (Note 6)			Swire Pacific Offshore (Note 4)			HUD group			Trading & Industrial			Swire Pacific (Head Office)			Total (Note 1)			
New Hire Data			2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	
By region	Hong Kong & Macau		25%	24%	25%	10%	8%	10%	11%	11%	16%	34%	24%	27%	0.00%	0%	0%	15%	33%	48%	101%	91%	61%	5%	5%	5%	17%	17%	16%	
	Mainland China		30%	25%	36%	7%	4%	1%	9%	7%	4%	23%	55%	19%	0.00%	0%	0%	0.00%	0%	0%	51%	61%	64%	0.00%	0%	0%	45%	45%	25%	
	Taiwan		0.00%	0%	0%	1%	2%	1%	0.00%	0%	0%	17%	12%	10%	0.00%	0%	0%	0.00%	0%	0%	20%	36%	25%	0.00%	0%	0%	20%	20%	14%	
	USA		47%	0%	100%	2%	3%	4%	27%	30%	26%	32%	35%	64%	0%	100%	0%	0.00%	0%	0%	0.00%	0%	0%	0.00%	0%	0%	33%	33%	45%	
	Others		20%	0%	0%	5%	7%	9%	0%	0%	0%	0.00%	11%	0%	9%	6%	7%	0.00%	0%	0%	32%	40%	79%	0.00%	0%	0%	8%	8%	9%	
Total New Hires Rate (%)			29%	24%	28%	9%	8%	9%	13%	13%	14%	25%	48%	29%	9%	6%	7%	15%	33%	48%	65%	66%	58%	5%	5%	4%	21%	29%	21%	
Training Data																														
By employee category	Top / Senior Management		37.90	34.76	24.93	6	-	2.75	12.20	16.09	27.39	38.22	41.41	58.49	3.70	0.47	1.80	6.83	7.69	5.11	13.81	17.29	13.07	15.56	11.55	14.88	26.59	51.69	15.52	
	Middle/ Junior management and supervisory		28.33	22.20	15.88	20	-	14.47	59.48	52.85	83.95	29.83	23.90	28.57	6.24	0.03	15.73	7.71	5.68	6.11	14.88	14.87	11.22	24.38	25.58	22.29	31.39	27.21	39.93	
	Customer facing staff		19.50	9.61	10.02	52	-	26.62	40.69	78.10	40.88	21.98	16.35	15.15	0.00	0.00	0.00	0.00	0.00	0.00	24.58	5.41	6.49	0.00	0.00	0.00	33.94	20.27	23.04	
	Non-customer facing operational / technical staff		19.32	18.88	13.06	82	-	12.30	55.33	45.32	62.19	39.82	26.71	32.95	66.41	0.00	4.41	17.08	8.00	8.48	9.56	15.59	13.25	0.00	0.00	0.00	55.19	33.27	26.55	
	Others		7.62	11.51	6.88	8	-	1.13	80.98	53.94	163.54	25.91	18.86	22.25	0.00	25.77	155.71	0.00	0.00	0.00	7.32	7.20	6.06	8.25	19.93	1.00	29.07	26.48	69.88	
Total Average Hours of Training			20.90	14.09	11.57	30.59	49.10	21.28	57.36	50.64	65.27	28.63	20.70	23.68	57.35	22.88	123.08	15.46	7.81	7.91	18.51	8.46	8.35	14.61	19.34	18.75	40.72	33.19	30.08	
Salary Data																														
Gender pay gap by employee category	Executive - Top/Senior management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2%	-7%	-
	Executive - Middle/Junior management & supervisory		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-10%	-12%	-	
	Non-exec - Customer facing staff		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-45%	-61%	-	
	Non-exec - Non-customer facing operational/ technical staff		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-41%	-44%	-	
	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10%	-3%	-	

Notes:

- Totals may not be the exact sum of numbers shown here due to rounding.
 - For the Cathay Pacific group, only CO₂ emissions for aviation turbine fuel are reported as there is no scientific consensus on the global warming effect of other emissions. Cathay Pacific monitors developments in these areas of atmospheric science, including studies from the UKs OMEGA aviation and environment project and the Institute of Atmospheric Physics at the German Aerospace Centre.
 - Virtually all water consumption by the Swire Pacific Group is withdrawn from municipal water supplies provided by local water supply authorities. Swire Properties' buildings have installed rainwater catching facilities but the amount of rainwater caught is insignificant in relation to the Group's total water consumption.
 - This figure excludes on-hire vessel fuel consumption as this belongs to scope 3 as defined by the Greenhouse Gas Protocol.
 - Swire Pacific tracks its GHG emission, energy consumption, water consumptions and waste data 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 the above records. The figures for 2017 have been updated to reflect such availability.
 - The gender pay gap is calculated based on the average basic salary.
 - Staff data includes total permanent employees, fixed term and temporary contract employees which is in alignment with the annual report. All data NOT marked with this note includes permanent staff data only.
- R. Denotes sustainability data that has been reported on by Deloitte. Please refer to the independent limited assurance report for further details.

GRI INDEX

GRI indices

This content index can be used to find the relevant disclosures made in accordance with the GRI Sustainability Reporting Standards and the ESG Reporting Guide of Appendix 27 of the main board listing rules of the Hong Kong Stock Exchange.

GRI Standard General Disclosure

GRI standard general disclosures	Description	Report section	Remarks
Organisational Profile			
102-1	Name of the organisation	Our business - Swire Pacific	Annual Report 2018 – Corporate Statement
102-2	Activities, brands, products, and services	Our business - Swire Pacific	Annual Report 2018 – Corporate Statement: 2018 Performance Review and Outlook
102-3	Location of headquarters	Our business - Swire Pacific	Annual Report 2018 – Corporate Statement
102-4	Number of countries where the organisation operates	Our business - Swire Pacific	Annual Report 2018 – Corporate Statement
102-5	Nature of ownership and legal form	Our business - Swire Pacific	
102-6	Markets served (including geographic breakdown, sectors served, types of customers and beneficiaries)	Our business - Swire Pacific	Annual Report 2018 – 2018 Performance Review and Outlook
102-7	Scale of the organisation	Our business - Swire Pacific	
102-8	Information on employees and other workers	Our people & communities – Diversity & inclusion Our performance – Performance Data	
102-9	Supply chain	Our people & communities – Supply chain	
102-10	Significant changes to the organisation and its supply chain		Annual Report 2018 – Corporate Statement: 2018 Performance Review and Outlook
102-11	Precautionary principle or approach	Our business – Risk management	Swire Pacific 2018 Annual Report – Risk Management
102-12	External initiatives	Our business – Governance Our environment Our people & communities	
102-13	Membership associations	Our business – Governance	
Strategy and Analysis			
102-14	Statement from senior decision-makers	Introduction – Statements	
102-15	Key Impacts, risks and opportunities	Our business – Risk management	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	Our business – Governance	
Governance			
102-18	Governance structure	Our business – Governance	Swire Pacific 2018 Annual Report – Corporate Governance Report

GRI standard general disclosures	Description	Report section	Remarks
Identified Material Aspects and Boundaries			
102-45	Entities included in the consolidated financial statements		Swire Pacific 2018 Annual Report – Reporting Methodology
102-46	Defining report content and topic boundaries	About our Report – Assessing Materiality	Swire Pacific 2018 Annual Report – Reporting Methodology
102-47	List of material topics	About our Report – Assessing Materiality	Swire Pacific 2018 Annual Report – Reporting Methodology
103-1	Explanation of the material topic and its boundary	About our Report – Assessing Materiality	Swire Pacific 2018 Annual Report – Reporting Methodology
102-48	Restatements of information	Our performance – Performance Data	
102-49	Changes in reporting		Swire Pacific 2018 Annual Report – Reporting Methodology
Stakeholder Engagement			
102-40	List of stakeholder groups	About our Report – Assessing Materiality	
102-41	Collective bargaining agreements	Our people & communities – Diversity & inclusion	
102-42	Identifying and selecting stakeholders	About our Report – Assessing Materiality	
102-43	Approach to stakeholder engagement	About our Report – Assessing Materiality	
102-44	Key topics and concerns raised	About our Report – Assessing Materiality	
Report Profile			
102-50	Reporting period	About our report	
102-51	Date of most recent report	About our report	
102-52	Reporting cycle	About our report	
102-53	Contact point for questions regarding the report	About our report	
102-54	Claims of reporting in accordance with the GRI Standards	About our report	
102-55	GRI content index	About our report	
102-56	External assurance	About our report	Independent Practitioner’s Limited Assurance Report

GRI Standard & HKEx

GRI standard topic-specific standard	Topic-specific standard disclosure	GRI standard description	Item	HKEx ESG reporting guide reference	Report section	Remarks
Economic						
GRI 201: Economic Performance 2016	103-1	Explanation of the material topic and its boundary			Our business – Swire Pacific	Annual Report 2018 – Financial Review
	103-2	The management approach and its components			Our business – Swire Pacific	Annual Report 2018 – Financial Review
	103-3	Evaluation of the management approach			Our business – Swire Pacific	Annual Report 2018 – Financial Review
	201-1	Direct economic value generated and distributed			Our business – Swire Pacific	Annual Report 2018 – Financial Review
	201-2	Financial implications and other risks and opportunities due to climate change			Our business – TCFDs	
GRI 203: Indirect Economic Impacts 2016	103-1	Explanation of the material topic and its boundary				Annual Report 2018 – 2018 Performance Review and Outlook
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
	203-2	Significant indirect economic impacts				
GRI 204: Procurement Practices 2016	103-1	Explanation of the material topic and its boundary	General Disclosure B5	Policies on managing environmental and social risks of the supply chain.	Our environment – Sustainable materials	
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 205: Anti-corruption 2016	103-1	Explanation of the material topic and its boundary	General Disclosure B7	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Our business – Governance	During the reporting period, as far as the Directors were aware, the Group did not commit any violations of laws and regulations in material aspects that would have a significant impact on the Group.
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
	205-2	Communication and training about anti-corruption policies and procedures		Our people & communities – Training & development		
	205-3	Confirmed incidents of corruption and actions taken				

GRI standard topic-specific standard	Topic-specific standard disclosure	GRI standard description	Item	HKEx ESG reporting guide reference	Report section	Remarks
Economic						
GRI 206: Anti-competitive Behaviour 2016	103-1	Explanation of the material topic and its boundary			Our people & communities – Supply chain	During the reporting period, as far as the Directors were aware, the Group did not commit any violations of laws and regulations in material aspects that would have a significant impact on the Group.
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices				
Environmental						
GRI 301: Materials 2016	103-1	Explanation of the material topic and its boundary	General Disclosure A2, A3	Policies on the efficient use of resources, including energy, water and other raw materials.	Our environment – Sustainable materials	During the reporting period, as far as the Directors were aware, the Group did not commit any violations of laws and regulations in material aspects that would have a significant impact on the Group.
	103-2	The management approach and its components		Policies on minimising the issuer’s significant impact on the environment and natural resources.		
	103-3	Evaluation of the management approach	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.		This was deemed to not be material at a Group Level, by our materiality assessment.
GRI 302: Energy 2016	103-1	Explanation of the material topic and its boundary	General Disclosure A2, A3	Policies on the efficient use of resources, including energy, water and other raw materials.	Our environment – Carbon	During the reporting period, as far as the Directors were aware, the Group did not commit any violations of laws and regulations in material aspects that would have a significant impact on the Group.
	103-2	The management approach and its components		Policies on minimising the issuer’s significant impact on the environment and natural resources.		
	103-3	Evaluation of the management approach				
	302-1	Energy consumption within the organisation	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ‘000s) and intensity (e.g. per unit of production volume, per facility).	Our performance – Performance data	Annual Report 2018 – Sustainable Development Review
			KPI A2.3	Description of energy use efficiency initiatives and results achieved.		
302-4	Reduction of energy consumption	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our environment – Carbon		

GRI standard topic-specific standard	Topic-specific standard disclosure	GRI standard description	Item	HKEx ESG reporting guide reference	Report section	Remarks
Environmental						
GRI 303: Water 2016	103-1	Explanation of the material topic and its boundary	General Disclosure A2, A3	Policies on the efficient use of resources, including energy, water and other raw materials. Policies on minimising the issuer’s significant impact on the environment and natural resources.	Our environment – Water	During the reporting period, as far as the Directors were aware, the Group did not commit any violations of laws and regulations in material aspects that would have a significant impact on the Group.
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
	303-1	Water withdrawal by source	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Our performance – Performance data	Annual Report 2018 – Sustainable Development Review
			KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Our environment – Water	
			KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.		
GRI 304: Biodiversity 2016	103-1	Explanation of the material topic and its boundary	General Disclosure A2, A3	Policies on the efficient use of resources, including energy, water and other raw materials. Policies on minimising the issuer’s significant impact on the environment and other raw materials.	Our environment – Biodiversity	During the reporting period, as far as the Directors were aware, the Group did not commit any violations of laws and regulations in material aspects that would have a significant impact on the Group.
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
	304-2	Significant impacts of activities, products, and services on biodiversity	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.		
	304-3	Habitats protected or restored				

GRI standard topic-specific standard	Topic-specific standard disclosure	GRI standard description	Item	HKEx ESG reporting guide reference	Report section	Remarks	
Environmental							
GRI 305: Emissions 2016	103-1	Explanation of the material topic and its boundary	General Disclosure A1, A3	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Our environment – Carbon	During the reporting period, as far as the Directors were aware, the Group did not commit any violations of laws and regulations in material aspects that would have a significant impact on the Group.	
	103-2	The management approach and its components					
	103-3	Evaluation of the management approach		Policies on minimising the issuer’s significant impact on the environment and natural resources.			
	305-1	Direct (Scope 1) GHG emissions	KPI A1.1	The types of emissions and respective emissions data.	Our performance – Performance data	Annual Report 2018 – Sustainable Development Review	
			KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our environment – Carbon		
	305-2	Energy indirect (Scope 2) GHG emissions	KPI A1.5	Description of measures to mitigate emissions and results achieved.			
KPI A3.1			Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.				
GRI 306: Effluents and Waste 2016	103-1	Explanation of the material topic and its boundary	General Disclosure A1	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Our environment – Waste		During the reporting period, as far as the Directors were aware, the Group did not commit any violations of laws and regulations in material aspects that would have a significant impact on the Group.
	103-2	The management approach and its components					
	103-3	Evaluation of the management approach					
	306-2	Waste by type and disposal method	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).”	Our performance – Performance data		
KPI A1.4			Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our environment – Waste			
KPI A1.6			Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.				

GRI standard topic-specific standard	Topic-specific standard disclosure	GRI standard description	Item	HKEx ESG reporting guide reference	Report section	Remarks
Social						
GRI 401: Employment 2016	103-1	Explanation of the material topic and its boundary	General Disclosure B1	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our people & communities	During the reporting period, as far as the Directors were aware, the Group did not commit any violations of laws and regulations in material aspects that would have a significant impact on the Group.
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
	401-1	New employee hires and employee turnover	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Our performance – Performance data	
GRI 403: Occupational Health and Safety 2016	103-1	Explanation of the material topic and its boundary	General Disclosure B2	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our people & communities – Health & Safety	During the reporting period, as far as the Directors were aware, the Group did not commit any violations of laws and regulations in material aspects that would have a significant impact on the Group.
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	KPI B2.1	Number and rate of work-related fatalities.	Our performance	We do not disclose occupational health & safety data by gender and region. Occupational disease and absenteeism were not recorded during the reporting period.
KPI B2.2			Lost days due to work injury.	Our people & communities – Health & Safety		
KPI B2.3			Description of occupational health and safety measures adopted, how they are implemented and monitored.			
GRI 404: Training and Education 2016	103-1	Explanation of the material topic and its boundary	General Disclosure B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our people & communities – Training & development	During the reporting period, as far as the Directors were aware, the Group did not commit any violations of laws and regulations in material aspects that would have a significant impact on the Group.
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
	404-1	Average hours of training per year per employee	KPI B3.2	The average training hours completed per employee by gender and employee category.	Our performance – Performance Data Our people & communities – Training & development	We use employee category breakdown as measure of training. Cathay Pacific did not collect training data with breakdown by employee category. We do not report on our employee training by gender.

GRI standard topic-specific standard	Topic-specific standard disclosure	GRI standard description	Item	HKEx ESG reporting guide reference	Report section	Remarks
Social						
GRI 405: Diversity and Equal Opportunity 2016	103-1	Explanation of the material topic and its boundary	General Disclosure B1	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our people & communities – Diversity & inclusion	During the reporting period, as far as the Directors were aware, the Group did not commit any violations of laws and regulations in material aspects that would have a significant impact on the Group.
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
	405-1	Diversity of governance bodies and employees	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Our performance – Performance Data	We do not have a definition of minority status in our workforce.
	405-2	Ratio of basic salary and remuneration of women to men			Our people & communities – Diversity & inclusion	The ratio was calculated based on basic salary. Remuneration was not included in the calculation.
				Our performance – Performance Data		
				Our people & communities – Diversity & inclusion		
GRI 406: Non-discrimination 2016	103-1	Explanation of the material topic and its boundary	General Disclosure B1	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our people & communities – Diversity & inclusion	During the reporting period, as far as the Directors were aware, the Group did not commit any violations of laws and regulations in material aspects that would have a significant impact on the Group.
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
	406-1	Incidents of discrimination and corrective actions taken				
GRI 407: Freedom of Association and Collective Bargaining 2016	103-1	Explanation of the material topic and its boundary				
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk				

GRI standard topic-specific standard	Topic-specific standard disclosure	GRI standard description	Item	HKEx ESG reporting guide reference	Report section	Remarks
Social						
GRI 412: Human Rights Assessment 2016	103-1	Explanation of the material topic and its boundary				
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 413: Local Communities 2016	103-1	Explanation of the material topic and its boundary	General Disclosure B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Our people & communities – Community involvement	During the reporting period, as far as the Directors were aware, the Group did not commit any violations of laws and regulations in material aspects that would have a significant impact on the Group.
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
	413-1	Operations with local community engagement, impact assessments, and development programs	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our people & communities – Community involvement	The specific disclosure required at GRI Standard is not considered applicable to Swire Pacific as a group.
		KPI B8.2	Resources contributed (e.g. money or time) to the focus area.			
GRI 414: Supplier Social Assessment 2016	103-1	Explanation of the material topic and its boundary			Our people & communities – Supply chain	
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 418: Customer Privacy 2016	103-1	Explanation of the material topic and its boundary			Our business – Risk management	
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 419: Socio-Economic Compliance 2016	103-1	Explanation of the material topic and its boundary				During the reporting period, as far as the Directors were aware, the Group did not commit any violations of laws and regulations in material aspects that would have a significant impact on the Group
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
	419-1	Non-compliance in laws and regulations in the social and economic area				

GRI standard topic-specific standard	Topic-specific standard disclosure	GRI standard description	Item	HKEx ESG reporting guide reference	Report section	Remarks
Child Labor						
N/A	N/A	N/A	General Disclosure B4	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		This was deemed to not be material at a Group Level, by our materiality assessment.
Product Responsibility						
N/A	N/A	N/A	General Disclosure B6	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		This was deemed to not be material at a Group Level, by our materiality assessment.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

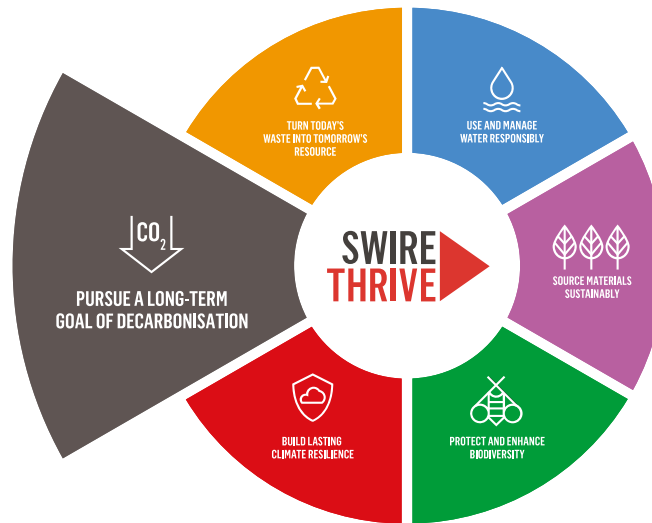
About UN SDGs

Swire Pacific takes due account of the United Nations Sustainable Development Goals (SDGs), which aim to end poverty, protect the planet and ensure prosperity for all as part of a new international sustainable development agenda.

When developing SwireTHRIVE in 2016, we started to align the sustainability areas on which we focus and our key performance indicators to the SDGs. We have identified eight SDGs relevant to our business. In 2017, we identified 20 SDG targets relevant to SwireTHRIVE.



Activities linked to SDGs



Carbon



- 7.2 Increase the share of renewable energy in the global energy mix

Renewable energy generation increased from 11.08 million kWh in 2017 to 12.87 million kWh in 2018, a 16% increase

- 7.3 Increase energy efficiency

In 2018, Swire Properties' carbon intensity in its Hong Kong and Mainland China properties improved by 4.3% and 11.9% respectively compared to 2017

[Relevant section of the report](#)

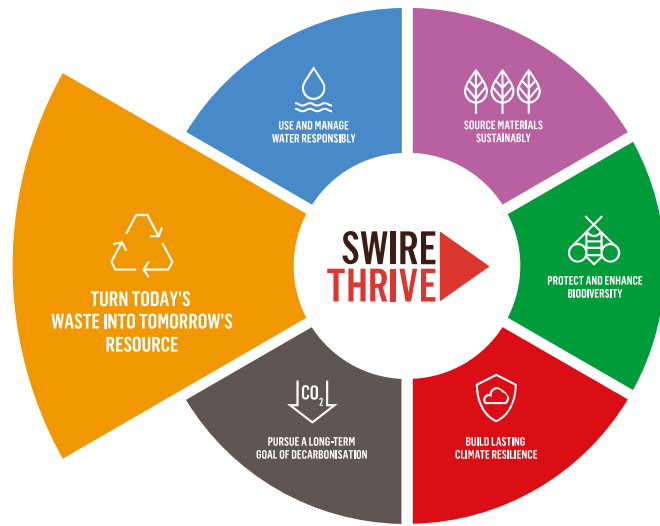


- 9.4 Retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean technologies and industrial processes

In 2018, Swire Coca-Cola's water use ratio (WUR), which measures the amount of water needed to produce a litre of beverage, decreased (from 1.77 in 2017) to 1.74

[Relevant section of the report](#)

Activities linked to SDGs



Waste



- **11.6** Reduce the adverse environmental impact of cities by paying attention to air quality and waste management

20 of Swire Properties' buildings in Hong Kong received excellent ratings for indoor air quality and four received good ratings.
In 2018 the Swire Pacific group recycled 34.1% more waste than in 2017

[Relevant section of the report](#)



- **12.2** Achieve the sustainable management and efficient use of natural resources

Swire Coca-Cola uses lightweight packaging where possible. In Hong Kong, using less aluminium has reduced the weight of cans by 22%, saving approaching 300 tonnes of aluminium per annum

- **12.3** Reduce per capita global Food waste at the retail and consumer levels, and along production and supply chains

Since 2014, Cathay Pacific Catering Services has worked with a local charity, Feeding Hong Kong, to redistribute surplus food collected from inbound flights. In 2018, over 283 tonnes of food was donated

- **12.5** Reduce waste generation through prevention, reduction, recycling and reuse

Swire Coca-Cola is a founding member of the Drink Without Waste Initiative and the Ellen MacArthur Foundations New Plastic Economy
Swire Coca-Cola is forming a joint venture to build a plastics recycling facility in Hong Kong

[Relevant section of the report](#)

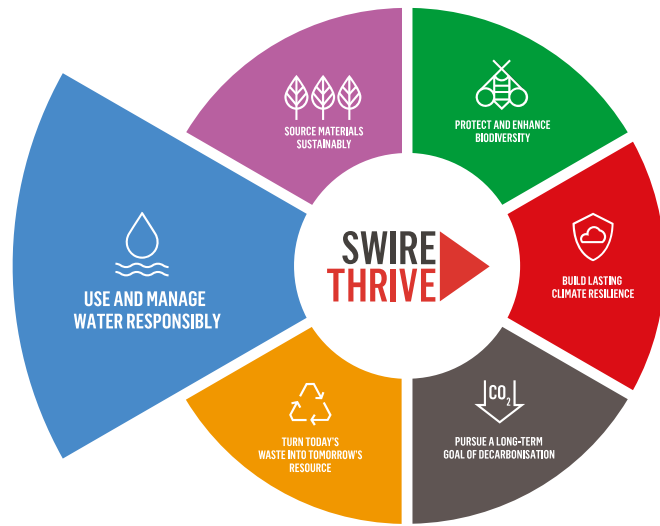


- **14.1** Prevent and significantly reduce marine pollution of all kinds, including marine debris and nutrient pollution

At Swire Pacific Offshore, all efforts are made to eradicate waste discharge to the sea, with all scrap and engine room waste bagged, and all sludge discharged to shore tankers. The garbage management plan for each vessel provides detailed plans and instructions for garbage handling and charts showing authorised areas for waste disposal

[Relevant section of the report](#)

Activities linked to SDGs



Water



- **6.1** Achieve universal and equitable access to safe and affordable drinking water for all

Swire Coca-Cola Hong Kong is introducing 300 Bonaqua water stations, offering hot and cold mineralised water, in Hong Kong

- **6.3** Improve water quality by reducing pollution, reducing the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

All of Swire Coca-Cola's bottling plants in Mainland China, Hong Kong and Taiwan are equipped with their own on-site wastewater treatment systems

- **6.4** Substantially increase water-use efficiency and ensure sustainable withdrawals

In 2018, Swire Coca-Cola recycled 886.4 million litres of water

[Relevant section of the report](#)



- **12.2** Sustainable management and efficient use of natural resources

In 2018, the Coca-Cola system including Swire Coca-Cola replenished 155% of the water used in all beverages sold globally

[Relevant section of the report](#)

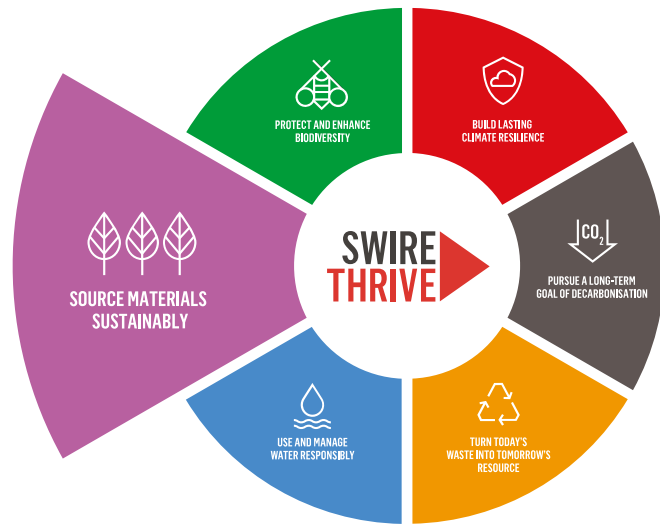


- **15.1** Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services

Swire Coca-Cola has been helping to replenish the Chongming Dongtan Wetland in Shanghai with treated water from its nearby bottling plants since 2014

[Relevant section of the report](#)

Activities linked to SDGs



Materials



- **12.1** Help implement sustainable consumption and production patterns

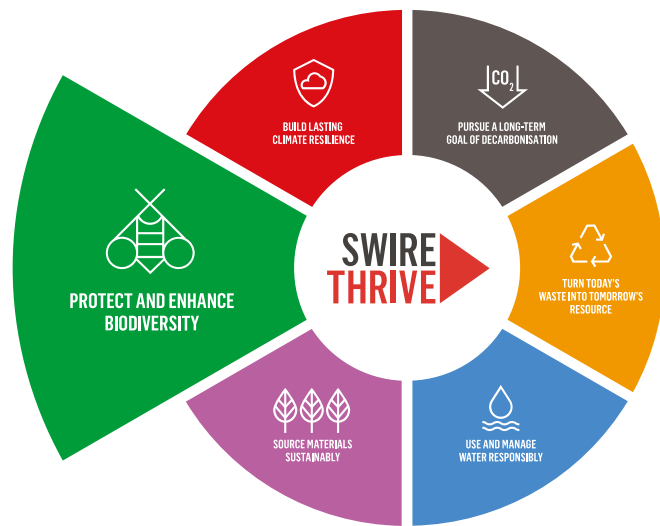
In 2018, Cathay Pacific Catering Services purchased 417 tonnes of certified sustainable seafood, and 38 tonnes of locally grown vegetables

- **12.3** Reduce per capita global food waste at the retail and consumer levels, and along production and supply chains

In 2018, Cathay Pacific donated over four and a half tonnes of bakery goods and bottled water to Food Angel, a Hong Kong charity

[Relevant section of the report](#)

Activities linked to SDGs



Biodiversity



- **6.6** Protect and restore water-related ecosystems

Swire Coca-Cola is supporting the ecological recovery of Willamette watershed in Oregon USA

[Relevant section of the report](#)



- **14.2** Sustainably manage and protect marine and coastal ecosystems

In 2018, HK\$5.5 million was contributed to marine conservation projects by the Swire Trust

[Relevant section of the report](#)



- **15.2** Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

Swire Pacific Offshore's REDD+ project in Paraguay is reducing emissions from deforestation and forest degradation

- **15.5** Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity, and protect threatened species

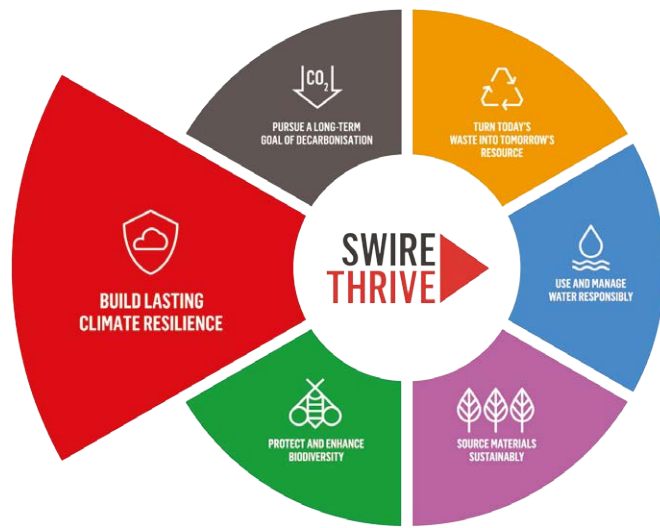
Cathay Pacific's sustainable carriage policy is designed to prevent the carriage of illegal and endangered species
 Cathay Pacific is a signatory of the United for Wildlife Transport Taskforce Buckingham Palace Declaration
 In 2018 Cathay Pacific made the WildAid Global Shark Pledge

- **15.7** Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand for and supply of illegal wildlife products

See 15.5 above

[Relevant section of the report](#)

Activities linked to SDGs



Climate Resilience



- **13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters

In 2018, Swire Properties started to study the risks and opportunities posed by climate change to its assets and business operations.

- **13.3** Improve education, and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

We have adopted a climate change policy. The policy covers climate change mitigation, adaptation and building the adaptive capacity of our businesses, our employees and the communities in which we operate

[Relevant section of the report](#)

We value your feedback

We welcome the views of those who read this report. Please send your feedback and other sustainability related enquiries to sd@swirepacific.com

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