




Swire Pacific's approach to GRI reporting for 2009 Swire Pacific Sustainable Development Report

What is the Global Reporting Initiative?

The **Global Reporting Initiative (GRI)** www.globalreporting.org is a multi-stakeholder-governed institution collaborating with companies and other organisations throughout the world to provide a generally accepted framework for sustainability reporting. It has developed the world's most widely used sustainability reporting framework and is committed to its continual improvement and application worldwide. This framework sets out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance. More than 1,300 companies and organisations, including many of the world's leading brands, have declared their voluntary adoption of the Guidelines worldwide. Consequently, the G3 Guidelines are the **de facto** global standard for reporting.

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

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

*Sector supplement in final version

Swire Pacific's approach to GRI reporting

Starting with our Sustainable Development Report 2007, Swire Pacific has adopted the Sustainability Reporting Framework of the Global Reporting Initiative (GRI) for our reporting, as the framework provides:

1. A consistent framework for thinking about sustainable development issues enabling all reporters to use the same data definitions and terminology.
2. A checklist to assist reporters ensure that they cover all important issues.
3. Flexibility to only report on what is important or material to a business. For Level C, limited Profile Disclosures and only 10 out the possible 79 performance indicators are required. This avoids 'reporting for reporting's sake.'
4. A framework to educate staff on the reporting process.

5. Reports which are more useful to stakeholders because they are based on common definitions and process.

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

1. Group Profile and Management Approach

Meet the Level C+ and partially cover additional profile items which are add to the value of our report.

2. Performance Indicators

Few Performance Indicators are relevant to all of Swire Pacific's operations. Reporting on Performance Indicators which are only relevant to some operations would lead to the other operations having to provide non-useful information. The Group has therefore selected 10 Performance Indicators which most relevant its operating companies based on each of these companies advising the 10 Performance Indicators which are most relevant to their operations.

Operating companies are encouraged to cover additional performance indicators which are pertinent to their operations in their own Sustainable Development reports.

Appendix 2 provides details of how we use these 10 Performance Indicators.

3. Appendix 1 lists GRI Profile Disclosures and Performance Indicators covered by the Swire Pacific Sustainable Development Report 2009 and where pertinent the reports of its subsidiaries and associates. It details specific information can be located.

Conclusions

Our Sustainable Development Report 2009 is our third Sustainable Development Report. We have used best efforts to gather information and data as comprehensively and accurately as possible. However, we recognize that some of our data could benefit from more systematic data collection techniques. The Group and its companies continue to enhance the scope and robustness of its information and data collected for disclosure in future reports.

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

Extent of Swire Pacific's reporting under GRI

The table of contents of Swire Pacific's 2009 Sustainable Development report shows its coverage of GRI Profile Disclosures and Performance Indicators. In this document, table of G3 Content Index is provided to give additional detail on where specific information can be located in the Swire Pacific report.

| G3 Content Index | | |
|---|--|---|
| STANDARD DISCLOSURES PART I: Profile Disclosures | | |
| 1. Strategy and Analysis | | |
| Profile Disclosure | Description | Cross-Reference and Further Explanation |
| 1.1 | Statement from the most senior decision-maker of the organization | Page 1 - Chairman's message |
| 2. Organizational Profile | | |
| Profile Disclosure | Description | Cross-Reference and Further Explanation |
| 2.1 | Name of the organization. | Inside front cover - Readers' Guide to this Report |
| 2.2 | Primary brands, products, and/or services. | Appendix 3 - Companies included in the report and links to their own reports |
| 2.3 | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures. | Page 2 & 3 - Governance and Engagement Appendix 3 - Companies included in the report and links to their own reports |
| 2.4 | Location of organization's headquarters. | Page 2 - Governance and Engagement |
| 2.5 | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | Appendix 3 - Companies included in the report and links to their own reports |
| 2.6 | Nature of ownership and legal form. | For Swire Pacific Limited, please refer to page 2 – Governance and Engagement. For Group companies, please refer to appendix 3 - Companies included in the report and links to their own reports |
| 2.7 | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). | Appendix 3 - Companies included in the report and links to their own reports |

| | | |
|------|--|--|
| 2.8 | Scale of the reporting organization. | <p>Page 4 - Economic performance</p> <p>Page 18 - Being an employer of choice</p> <p>Appendix 3 - Companies included in the report and links to their own reports</p> |
| 2.9 | Significant changes during the reporting period regarding size, structure, or ownership. | <p>Inside front cover - Readers' Guide to this Report</p> |
| 2.10 | Awards received in the reporting period. | <p>Page 3 - Governance and Engagement</p> <p><u><i>For Awards received by operating companies, please refer to pages of their individual reports which summarized as below.</i></u></p> <p>Swire Properties – Sustainable Development Report: page 8 - Our Commitment</p> <p>Cathay Pacific - Sustainable Development Report: page 5 - Overview of 2009, Selected Awards in Cathay Pacific for 2009</p> <p>Cathay Pacific Catering Services - EHS Report: page 3 - Environment, Environmental Achievement 2009</p> <p>Hong Kong Airport Services - Sustainable Development Report: page 6 - Corporate Profile, Achieve in 2009</p> <p>Hong Kong Aircraft Engineering Company - Sustainable Development Report: page 22 - HAECO and the community, Efforts Appreciated</p> <p>Taikoo (Xiamen) Aircraft Engineering Company - Environmental, Occupational Health & Safety Report: page 37: Social Activities</p> <p>Hong Kong Aero Engine Services - Sustainable Development Report: page 21 - Environment, Awards</p> <p>Swire Beverages - Sustainable Development Report: page 9 - Award Winning Performance & Key Achievements</p> <p>Hong Kong United Dockyard - EHS Report: page 11 - Health & Safety, Our People</p> <p>Swire Pacific Offshore - Sustainable Development Report: page 17 - 2009 Overview</p> <p>Swire Resources - Sustainable Development Report: page 8 – Employee</p> |

| 3. Report Parameters | | |
|----------------------|--|--|
| Profile Disclosure | Description | Cross-Reference and Further Explanation |
| 3.1 | Reporting period (e.g., fiscal/calendar year) for information provided. | Inside front cover - Readers' Guide to this Report |
| 3.2 | Date of most recent previous report (if any). | Inside front cover - Readers' Guide to this Report |
| 3.3 | Reporting cycle (annual, biennial, etc.) | Inside front cover - Readers' Guide to this Report |
| 3.4 | Contact point for questions regarding the report or its contents. | Inside back cover - Contact information |
| 3.5 | Process for defining report content. | Inside front cover - Readers' Guide to this Report |
| 3.6 | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance. | Inside front cover - Readers' guide to this report Appendix 3 - Companies included in the report and links to their own reports |
| 3.7 | State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope). | Inside front cover - Readers' Guide to this Report |
| 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations. | Inside front cover - Readers' Guide to this Report |
| 3.9 | Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. <i>Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.</i> | See Appendix 2 of this document |
| 3.10 | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods). | Page 5 - Economic Performance Appendix 2 - Table of Rates of injury, lost days and work-related fatalities (LA7) |
| 3.11 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report. | Inside cover page - Readers' guide to this report |
| 3.12 | Table identifying the location of the Standard Disclosures in the report. | Inside front cover - Readers' Guide to this Report and Content |
| Profile Disclosure | Description | Cross-Reference and Further Explanation |
| 4.1 | Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. | Page 2 - Governance and Engagement |
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer. | Page 2 - Governance and Engagement |

| | | |
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| 4.3 | For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. | Page 2 - Governance and Engagement |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | Page 3 - Governance and Engagement |
| 4.12 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. | Page 18 - Being an employer of choice Page 22 - Swire and the community |
| 4.13 | Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; *Views membership as strategic. | Page 7 - Environmental Performance |
| 4.14 | List of stakeholder groups engaged by the organization. | Page 3 - Governance and Engagement |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. | Page 3 - Governance and Engagement |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. | Page 3 - Governance and Engagement |
| STANDARD DISCLOSURES PART III: Performance Indicators | | |
| Performance Indicator | Description | Cross-Reference and Further Explanation |
| EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | Page 4 & 5 - Economic Performance |
| Performance Indicator | Description | Cross-Reference and Further Explanation |
| EN3 | Direct energy consumption by primary energy source. | Appendix 2 - Table of Total Energy consumption (EN3+EN4) |
| EN4 | Indirect energy consumption by primary source. | Appendix 2 - Table of Total Energy consumption (EN3+EN4) |
| EN8 | Total water withdrawal by source. | Page 10 - Environmental Performance Appendix 2 - Table of Total water withdrawal by source |
| EN10 | Percentage and total volume of water recycled and reused. | Appendix 2 - Table of Percentage and total volume of water recycled and reused. |

| | | |
|------------------------------|--|---|
| EN16 | Total direct and indirect greenhouse gas emissions by weight. | Page 7 - Environmental performance Appendix 2 - Table of Total direct and indirect greenhouse gas emissions by weight (EN16) |
| EN19 | Emissions of ozone-depleting substances by weight. | Page 11 - Environmental performance |
| EN21 | Total water discharge by quality and destination. | Appendix 2 - Table of Total water discharge by quality and destination (EN21) |
| Performance Indicator | Description | Cross-Reference and Further Explanation |
| LA1 | Total workforce by employment type, employment contract, and region. | Appendix 2 - Table of Swire Pacific Group workforce data as of 31 December 2009 (LA1) |
| LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. | Page 14 - Health and Safety Appendix 2 - Table of Rates of injury, lost days and work-related fatalities (LA7) |

Profile Disclosures highlighted in yellow are not required for GRI Level C and are partially covered in the Swire Pacific Report. We aim to further improve our reporting on these disclosures where we find the information to be important and relevant to our stakeholders.

Policies for Performance Indicators in Swire Pacific's 2009 Sustainable Development Report

Performance Indicators reported in Swire Pacific 2009 Sustainable Development Report:

| | |
|---|--|
| Economic | |
| | Economic Performance |
| EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments |
| Environmental | |
| | Energy |
| EN3 | Direct energy consumption by primary energy source |
| EN4 | Indirect energy consumption by primary source |
| | Water |
| EN8 | Total water withdrawal by source |
| EN10 | Percentage and total volume of water recycled and reused |
| EN21 | Total water discharge by quality and destination |
| | Emissions, Effluent, and Waste |
| EN16 | Total direct and indirect greenhouse emissions by weight |
| EN19 | Emissions of ozone-depleting substances by weight |
| Labour Practices and Decent work | |
| | Employment |
| LA1 | Total workforce by employment type, employment contract, and region |
| | Occupational Health and Safety |
| LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region |

For these performance indicators this section provides a summary of the GRI definition and the Swire calculation basis for reporting. For more detailed information on the GRI definition refer to G3 Guidelines available at <http://www.globalreporting.org>

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

GRI definition:

Information required under EC1:

| Component | Comment |
|---|---|
| Direct economic value generated | |
| a) Revenues | Net sales plus revenues from financial investments and sales of assets |
| Economic value distributed | |
| b) Operating costs | Payments to suppliers, non-strategic investments, royalties, and facilitation payments |
| c) Employee wages and benefits | Total monetary outflows for employees (current payments, not future commitments) |
| d) Payments to providers of capital | All financial payments made to the providers of the organization's capital |
| e) Payments to government | Gross taxes |
| f) Community investments | Voluntary contributions and investment of funds in the broader community (includes donations) |
| Economic value retained (calculated as Economic value generated less Economic value distributed) | Investments, equity release |

Swire Pacific reporting basis for this indicator:

Information is provided in accordance with the accounting standards governing the Group's Annual Report. Refer to page 155 of Swire Pacific's 2009 Annual Report for the accounting policies.

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

EN3 – Direct energy consumption by primary energy source

GRI definition:

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

Swire Pacific reporting basis for this indicator:

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

For Towngas in Hong Kong, according to "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for buildings (Commercial, Residential or Institutional Purpose) in Hong

Kong" published by Environmental Protection Depart (EPD) of the Hong Kong Government, each unit registered by gas meter represents that the towngas with a heat value of 48 Megajoule.

EN4 – Indirect energy consumption by primary energy source

GRI definition:

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

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

Swire Pacific reporting basis for this indicator:

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

Swire Pacific Group companies consume indirect energy mainly through the purchase of electricity. The other, much smaller source of indirect energy is purchase of steam by some of our plants in Mainland China.

The great majority of our electricity is consumed in Hong Kong and Mainland China where their are franchised monopoly suppliers such that we cannot lower the carbon intensity of our electricity by choice of supplier.

The mix of primary energy sources for electricity suppliers in Hong Kong in 2009 was:

| | Hong Kong Electric (Hong Kong Island) 2009 | China Light & Power (Kowloon and New Territories) 2009 |
|-------------------------|--|--|
| Fuel source | | |
| Coal | 80% | 44.50% |
| Natural gas | 20% | 24.70% |
| Nuclear | - | 30.60% |
| Oil | - | 0.20% |
| Carbon intensity | | |
| kg CO2e/kWh | 0.84 | 0.56 |

In Mainland China electricity is generated from coal, natural gas, nuclear energy and hydro-electricity but we do not have adequate information on the mix to be able to report it.

EN8 – Total water withdrawal by source

GRI definition:

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

1. Surface water – including wetlands, rivers and lakes
2. Ground water
3. Rain water
4. Waste water from another organization
5. Municipal water supply

Swire Pacific reporting basis for this indicator

The Group uses sea water for cooling and toilet flushing where feasible but does not report the quantity used as the seawater is not a scarce resource.

For potable water use each company reports a source separately when it accounts for more than 2% of the total it uses. For most companies Municipal Water Supply accounts for more than 98% of consumption.

EN10 – Percentage and total volume of water recycled / reused

GRI definition:

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

Swire Pacific reporting basis for this indicator:

Report two categories of water reused:

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

EN21 – Total water discharge by quality and destination

GRI Definition:

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

Swire Pacific reporting basis for this indicator:

We do not report the discharge of sea water which is used for cooling as this is immediately returned the sea without being changed other than being warmed up.

Except Beverages companies, HAECO, TAECO and HUD which operate their own sewage treatment plant and have active monitoring of the amount of water discharged, We report discharge of potable water in term of the percentage of potable water intake and the amount of potable water discharged is estimated based on the nature of the company's operation. We report 100% discharge to the sewer indicates that all effluent is discharged to the central drainage system.

We also report information related to water discharge including:

1. Quality - number of non-compliance report / ticket received
2. Destination – to sea after our own treatment or to sewer.

EN16 – Total direct and indirect greenhouse gas emissions by weight

GRI definitions:

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

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

cement manufacturing, catalytic cracking in petrochemical processing, aluminium smelting etc).”

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

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

Swire Pacific reporting basis for this indicator:

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

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

Except:

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

The conversion factors used, cover all six greenhouse gases for all fuels. However, for aviation turbine fuel we only calculate CO₂ emissions as there is no scientific consensus on the global warming effect of other GHGs in the upper atmosphere such as oxides of nitrogen. . Our airlines continue to monitor developments in the area of atmospheric science, including studies from the UK’s OMEGA aviation and environment project and the Institute of Atmospheric Physics at the German Aerospace Centre (DLR) and, most recently research published by the Goddard Institute of Space Science www.pnas.org/content/early/2010/02/02/0906548107.full.pdf+html . This latest research suggests the warming impact of non CO₂ gases is less than the cooling impact of aerosols and other aircraft emissions. Until there is greater consensus among the scientific community on these gases, their primary focus remains on the reduction of their CO₂ emissions.

EN19 – Emissions of ozone-depleting substances by weight

GRI definition:

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

Swire Pacific reporting basis for this indicator:

Report the amount of ozone depleting substances emitted into atmosphere in CFC-11 equivalent attributable to the Group.

LA1 – Total workforce by employment type, employment contract and regionGRI definitions:

Total workforce analysed as follows:

1. Total workforce between employees and supervised workers.
2. Total workforce by geographic region
3. Employees between permanent contact and fixed term contacts.
4. Permanent employees between full time and part time
5. Employment variation due to seasonal changes (if applicable)

Swire Pacific reporting basis for this indicator:

Swire Pacific uses for the following region to report the geographic distribution of its staff HK/Macau, China, Taiwan, USA and Other. Other includes airline and shipping staff who operate internationally.

We do not report employment variation due to seasonal changes as this is not material. The area where it is most significant is taking on additional delivery staff for Beverages in the summer.

LA7 – Rates of injury, occupational diseases, lost days, and absenteeism, and number of workGRI definitions:

This indicator requires the reporting of injury rate, occupational disease rate, lost day rate, absentee rate and absolute number of fatalities with the following definitions applying:

- **Total injuries** are the number of injuries in the year which result in lost time of a minimum of one working day.
- **Lost Day Rate** represents the number of lost work days per 100 employees per year. It is calculated as the Total Days Lost multiplied by 200,000 and then divided by total hours worked. The factor 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year.
- **Lost Time Injury Rate** represents the number of injuries per 100 employees per year. It is calculated as the Total Injuries multiplied by 200,000 and then divided by total hours worked. The factor 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year.)

Swire Pacific reporting basis for this indicator:

Information on workforce headcount is provided under LA1.

Number of hours worked, Total Injuries and fatalities, and Lost Days due to injuries are collected from operation companies and Lost Day Rate and Lost Time Injury Rate are calculated based on GRI's definitions.

Occupational health and absenteeism are monitored and managed by operating companies but not reported at Group level for two reasons. Firstly the nature of our businesses means that occupational health hazards are minor. Secondly the diversity of our group makes it more appropriate to manage these issues at operating company rather than Group level.