

## Swire Pacific's approach to GRI reporting

### What is the Global Reporting Initiative?

The **Global Reporting Initiative (GRI)** [www.globalreporting.org](http://www.globalreporting.org) is a multi-stakeholder-governed institution collaborating with companies and other organisations throughout the world to provide a generally accepted framework for sustainability reporting. It has developed the world's most widely used sustainability reporting framework and is committed to its continual improvement and application worldwide. This framework sets out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance. More than 1,500 companies and organisations, including many of the world's leading brands, have declared their voluntary adoption of the Guidelines worldwide. Consequently, the G3 Guidelines have become the **de facto** global standard for reporting.

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

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

\*Sector supplement in final version

### Swire Pacific's approach to GRI reporting

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

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

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

1. Group Profile and Management Approach

2007 report: meet the Level C+ and add profile items 4.17

2008 and later reports: plan to cover all items that are material to the Group as a whole.

2. Performance Indicators

- Given Swire Pacific's diverse interests, few Performance Indicators are relevant to all of its operations. Reporting Performance Indicators which are only relevant to some operations would lead to the other operations having to provide non-useful information. We wish to avoid this sort of 'reporting for reporting's sake' so we are focusing on the 10 Performance Indicators which are most relevant to our Group as a whole. [Appendix 2](#) provides details of how we use these indicators.
- In addition to the 10 Performance Indicators that we report on for the Group as a whole, we provide information in [Appendix 1](#) on:
  1. Performance Indicators that are either partially covered by the Group, or by some companies in their individual reports but not by the whole Group.
  2. Performance Indicators that are satisfied by virtue of not being relevant to our Group.

The extent of this reporting will be expanded where justified in 2008.

## Conclusions

We are pleased to have started reporting under the GRI framework. As this is our first Sustainable Development Report, best efforts have been undertaken to gather information and data as comprehensively and accurately as possible. However, we recognize that some of our data could benefit from more systematic data collection techniques. The Group and its companies will enhance the scope and robustness of its information and data collected for disclosure in future reports.

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

## Extent of Swire Pacific's reporting under GRI

The table of contents of Swire Pacific's 2007 Sustainable Development report shows its coverage of GRI Profile Disclosures and Performance Indicators. In this document, the index has been expanded to provide additional detail on where specific information can be located in the Swire Pacific report and reports prepared by Group companies.

<b>Report Section</b>	<b>Contents</b>	<b>GRI Profile Disclosures and Performance Indicators</b>	<b>Page Number</b>
1	Readers guide to Swire Pacific and this report	2.1, 2.3, 2.4, 2.6, 2.8, 2.9, 3.1 - 3.8, 3.10 - 3.12	2
		2.10	2, 15, 22
2	Chairman's message	1.1, and 1.2 (partial)	3
3	Governance and stakeholder engagement	4.1 - 4.4, 4.14, 4.15 and 4.17	4
4	Economic performance	EC1	6, 7
5	Environmental performance	4.12	8, 11
		4.13	11
		EN3	10, 33
		EN4	9, 13
		EN8	13, 34
		EN10	14, 34
		EN16	9, 35
		EN19	12
EN21	14, 34		
6	Health and safety	LA7	16, 37
7	Being an employer of choice	LA1	19, 36
		2.8	7, 19
8	Business partners		22, 23
9	Swire and the community	2.10	24
10	Assurance statement	3.13	32
<b>Appendices</b>	1) Summary of statistics		33
	2) Companies included in the report and links to their own reports	2.2, 2.3, 2.5, 2.6, 2.7, 2.8	38, 39
	3) Glossary and explanation of GRI performance indicators used	3.9 (partial)	40

In addition to the Profile Disclosures shown in the report index, the Corporate Governance section on pages 53 to 65 of Swire Pacific's Annual Report partially covers Profile Disclosures 4.5 to 4.13.

The following Performance Indicators are partially covered in the Swire Pacific Sustainable Development Report and/or in the reports issued by its major operating companies:

Performance Indicator		Swire Pacific comment
	<b>Materials</b>	
EN1	Materials used by weight or volume.	Refer to reports prepared by Group companies
	<b>Energy</b>	
EN5	Energy saved due to conservation and efficiency improvements.	Refer to reports prepared by Swire Pacific and Group companies
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	Refer reports prepared by Swire Pacific and Group companies, and HAECO in particular.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Refer to reports prepared by Swire Pacific, Swire Properties and Swire Beverages
	<b>Biodiversity</b>	
EN13	Habitats protected or restored.	Swire SITA's landfill operations and restoration work manage impacts on and restores, habitats.
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Swire SITA's actions are noted against EN13. Refer to reports prepared by Swire Pacific and Group companies for information on conservation activities.
	<b>Emissions, Effluent, and Waste</b>	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Refer to reports prepared by Swire Pacific and Group companies
EN20	NOx, SOx, and other significant air emissions by type and weight.	Refer to reports prepared by Group companies
EN22	Total weight of waste by type and disposal method.	Refer to reports prepared by Group companies
	<b>Products and Services</b>	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Refer to reports prepared by Swire Pacific and Group companies
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Refer to reports prepared by Swire Pacific, and Cathay Pacific regarding non-compliances and fines resulting from breaches of noise standards.
EN30	Total environmental protection expenditures and investments by type.	Refer to reports prepared by Group companies, and TAECO in particular.
	<b>Occupational Health and Safety</b>	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Refer to reports prepared by Group companies.

## Policies for Performance Indicators in Swire Pacific's 2007 Sustainable Development Report

Performance Indicators reported in Swire Pacific 2007 Sustainable Development Report:

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

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

Definition: Energy sources used by companies own consumption. E.g. coal, natural gas, diesel, LPG, LNG and petrol.

Calculation: The units for recording energy consumption and converting it to Gigajoules are shown below. The conversion factors are taken from the 2007 Guidelines to DEFRA's GHG conversion factors for company reporting<sup>1</sup>, except for Towngas (i.e. natural gas) which was calculated from Hong Kong and China Gas Company Limited's website<sup>2</sup>, and Aviation Turbine Fuel, which was provided by Cathay Pacific.

<b>Emissions from fuel</b>	<b>Units</b>	<b>CO2e kg per unit</b>
Diesel (inc Marine)	litres	2.6300
Gas Oil	litres	2.6740
LPG	litres	1.4980
Petrol	litres	2.3150
Towngas	MJ	0.0581
Aviation Turbine Fuel	tonnes	3,154
Coal	tonnes	2,457
Fuel Oil	tonnes	3,223
Lubricants	tonnes	3,171

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

<sup>1</sup> <http://www.defra.gov.uk/environment/business/envrp/pdf/conversion-factors.pdf>

<sup>2</sup> <http://www.hkcg.com/>

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

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

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

### ***EN8 – Total water withdrawal by source***

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

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

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

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

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

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

Calculation: Report two categories of water reused:

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

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

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

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

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

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

Definitions:

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

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

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

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

Calculation:

Report two totals:

1. Total indirect GHG emissions by non-renewable energy source
2. Total indirect GHG emission by renewable energy source

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

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

Statistics reported for 2007 omit halon-1301 used in fire extinguishers on aircraft operated by the Group as this data is not currently collected. While the quantity is not believed to be substantial it will be monitored in 2008.

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

Definitions:

Total workforce comprises employees plus supervised workers.

Information on employees is analysed into:

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

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

Definitions: Data for each company on:

1. Number of injuries including fatalities in total and per 1,000 hours worked
2. Lost days in total and per 1,000 hours worked
3. Total number of work-related fatalities

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

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

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