

a **shared** commitment

sustainable development report 2008



readers' guide

Swire Pacific follows the Global Reporting Initiative's (GRI) *Sustainability Reporting Guidelines* to report on its sustainable development issues each year. This report covers 2008. The previous report issued in July 2008 covered 2007. Environment Health and Safety Reports have been issued since 2004.

The companies covered by this report are listed in *Appendix 3*. They account for around 93% of turnover attributable to the Swire Pacific Group¹ and 92% of its employees. The significant changes in the Swire Pacific Group during 2008 were the sale of its 50% interest in Swire SITA Waste Services and internal growth in its investment property, offshore oil support and Mainland China beverage businesses.

This report sets out Swire Pacific's governance procedures, provides information on its environmental and social footprints, notes areas of concern and reports on key initiatives to improve performance. Further information can be found in the reports issued by its major constituent companies in *Appendix 3*.

This report covers the ten GRI performance indicators which are most relevant to the Group as a whole. Given the diverse operations of the Group's companies, some GRI indicators are not relevant across the Group. Individual companies are encouraged to report on additional indicators which are important to their business activities. Improvements have been made in data collection. However, we recognise that some items could benefit from further refinement of data collection techniques and will continue to enhance the robustness of data collected for disclosure in future reports.

¹ The percentage of Swire Pacific's interests covered by this report is calculated by taking the size of each entity multiplied by the percentage of that entity which Swire Pacific owns. See page 5 for an example of how to do this calculation for turnover.

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Further information is given in Swire Pacific's approach to reporting using the Global Reporting Initiative (www.swirepacific.com/sd).

chairman's message



'The long-term sustainable development of our businesses and of the communities in which we operate will remain the focus of our management thinking.'

Sustainable development issues

Sustainable development issues faced by the world have become more challenging over the years. Whilst their impact is less immediate than the financial crisis and economic downturn, they remain the primary threat to long-term prosperity. They include the risk of dangerous climate change caused by global warming, the availability of water, deforestation, the non-sustainable use of resources, as well as poverty and social challenges caused by scarcity of resources.

The long-term threat of dangerous climate change remains the most significant risk. It exacerbates the adverse effects of other sustainability issues. There is now increased governmental recognition of the need for urgent, substantial action to reduce greenhouse gas emissions. The Hokkaido G8 meeting in

July 2008 called for a 50% reduction in global emissions by 2050 and several OECD countries are working on plans for a reduction of at least 80%. The action required to achieve these reductions will substantially change the global economy. Further, the technological and economic changes required to reduce greenhouse gas emissions and meet other challenges will significantly affect the Swire Pacific Group's businesses in the medium and long-term.

Swire Pacific's response

In 2007 the Group adopted the Sustainable Development policy in *Appendix 1*, recognising the link between shareholder value and the sustainable development of its businesses and the communities in which they operate. This policy committed the Group to working on environmental, health and safety, employment, supply chain and community issues that its operations affect. It further committed the Group to work with other parties to promote sustainable development in the industries in which it operates.

Given the diversity of the Group, implementation of the policy is handled on a company by company basis with a structure of committees and working groups at Group level to share best practice and provide co-ordination. These committees are overseen by the Group Risk Management Committee.

Key activities during the year included

- Increasing the extent to which Group companies measure and work to reduce their greenhouse gas emissions per unit of activity.
- Public advocacy of the need to reduce greenhouse gas emissions. This included working with The Climate Group and The Climate Change Business Forum of Hong Kong's Business Environment Council. It also included Swire Pacific and Cathay Pacific Airways joining over 140 global companies in December 2008 to sign the Poznan

Communiqué on Climate Change, supporting a comprehensive framework to tackle climate change. Cathay Pacific is also working with other airlines to propose a comprehensive 'Aviation Global Deal' which will provide a framework for airlines to make an appropriate contribution to reducing global emissions.

- Swire Beverages continued its programme to improve the efficiency with which it uses water.
- Establishing supplier codes of conduct to engage our suppliers on sustainability issues.
- Launching a new climate change education programme for primary school students in Hong Kong and expanding our employee volunteering effort.

Looking forwards, by 1st July the remainder of our controlled companies will join those already paying the cost of offsetting their air travel carbon emissions. In addition, they will set targets for reducing their energy and carbon emission intensities for 2010 to 2012.

As the challenges of resource limitations and climate change increase, the long-term sustainable development of our businesses and of the communities in which we operate will remain the focus of our management thinking.

A handwritten signature in black ink, appearing to be 'C. Pratt', written over a horizontal line.

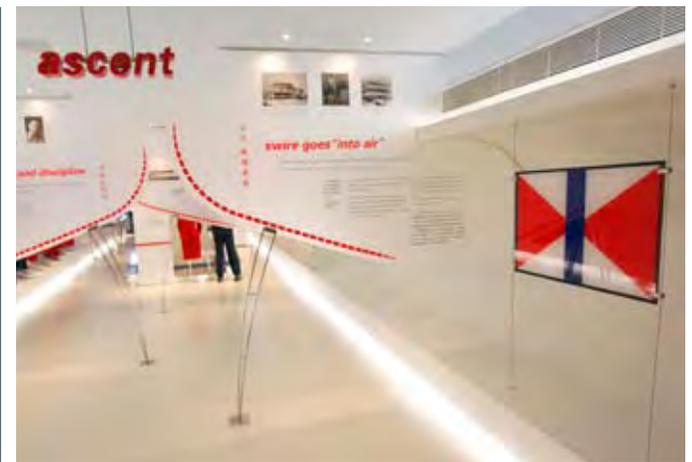
Christopher Pratt
Chairman

governance and engagement

conducting our affairs with high ethical standards

140 yrs

of successful operation
in greater china



Swire Pacific

Swire Pacific is one of the leading listed companies in Hong Kong with five operating divisions: Property, Aviation, Beverages, Marine Services, and Trading & Industrial. All major Swire Pacific Group companies are headquartered in Hong Kong with the exception of Swire Pacific Offshore, which is headquartered in Singapore. Swire Pacific's operational activities are predominantly within the Greater China region, where the name Swire or Taikoo 太古 has been established for over 140 years.

Governance

Swire Pacific is committed to conducting its affairs in accordance with high ethical standards. Its highest governance body is its Board of Directors, which is led by an Executive Chairman. Details of the operation of the Board and its supporting committees, including accountability, audit, and communication with employees and shareholders, are set out on pages 63 to 80 of its 2008 Annual Report, which is available at www.swirepacific.com. At the 12th March 2009 date of the Swire Pacific Annual Report, there were a total of seven Executive, four Non-Executive and six Independent Non-Executive Directors.

Governance: Swire Pacific's role

Swire Pacific's role is to set policy and objectives and to provide oversight on policy implementation by its Group companies. The immediate oversight is provided by the Directors it appoints to the boards of the companies in which it is invested. Their role is complemented by its Group Risk Management Committee (GRMC), which reports directly to the Swire Pacific Board and monitors Group policies and their implementation by its subsidiary, jointly controlled and associated companies. The GRMC has five members and is chaired by the Group Finance Director.

Governance arrangements: The role of each Group company

Managing sustainable development issues is a core responsibility for each company's management team. It involves assessing the issues facing the company, formulating strategy based on this assessment and implementing this strategy. It also requires self-assessment and auditing to confirm action has been taken, as well as reporting on performance.

The following tools help these management activities:

Formulating strategy:

- i. Enterprise Risk Management to identify risks whose management is important to the sustainable development of the business.
- ii. Stakeholder Engagement to identify stakeholder issues which may impact on the business.
- iii. 'Best in Class' assessments to identify gaps between current business practices and the optimum way of delivering the goods and services to customers.

Confirming policy implementation:

- iv. Self-Assessment Questionnaires to confirm that action plans for implementing the sustainable development policy are carried out and risk management procedures followed.

Reporting:

- v. Global Reporting Initiative's framework to report in a consistent, globally accepted manner to stakeholders.

The governance of the Group, and its commitment to transparency, is strengthened and further demonstrated by operating companies reporting externally on sustainable development issues. Refer to *Appendix 3* for links to reports currently provided.

Stakeholder engagement

We continue to develop our stakeholder engagement process with a combination of internal assessment and employment of consultants to conduct reviews. During 2008 we worked with our companies to develop stakeholder maps setting out the parties, including customers, business partners, staff, suppliers, shareholders and communities, affected by their businesses and identifying which stakeholders are most critical and the issues of concern to them. This exercise provides a basis for further stakeholder engagement action. Cathay Pacific and Swire Properties engaged independent consultants to organise dialogues with their stakeholders in 2008, while Swire Beverages conducted a staff survey.

The independent stakeholder engagement conducted for Cathay Pacific and Swire Properties confirmed that both

companies are well regarded for their actions on environmental issues but there is still room for improvement in carbon reduction initiatives, community programmes and articulating how environmental performance relates to their business performance. Swire Beverages' staff survey considered the work environment, management recognition and internal communications. A number of concerns were noted, including a desire for job rotation opportunities and better two-way communication and action taken to address these issues.

In the coming years, we will continue to develop a structured approach to determining and addressing the concerns of our stakeholders.



economic performance

While the rest of this report covers the companies listed in *Appendix 3*, this section covers all companies included in our financial reporting. The table on the next page includes 100% of the turnover of consolidated subsidiaries, but only the Group's share of profit from associated companies and jointly controlled companies, in accordance with the accounting standards governing the Group's Annual Report.

An alternative way of looking at the size of the Group's economic interests is to calculate the 'attributable turnover' by taking the turnover of each of its companies multiplied by the percentage of that company which it owns.

Note: This 'attributable turnover' for Swire Pacific provides a materially fair number and is the best estimate that can be made with information that is publicly available. There are, however, minor distortions in the figures given, as some information relating to associated and jointly controlled companies is not publicly disclosed. In particular, the turnover is slightly overstated as it includes the minority interest in the turnover of AHK Air Hong Kong and Taikoo (Xiamen) Aircraft Engineering Company (TAECO), and understated by not including a portion of the turnover for Hong Kong Air Cargo Terminals (Hactl), HUD Group, Swire SITA Waste Services, CROWN Beverage Cans Hong Kong, Akzo Nobel Swire Paints and associated companies with PUMA.

Management approach and policies on economic performance

Swire Pacific is managed for long-term shareholder value creation and to provide a reliable dividend stream. It focuses on the development of businesses where it can add value through its industry-specific expertise and particular knowledge of the Greater China region. It endeavours to create value for shareholders by making investments which exceed the target rate of return appropriate for each of its businesses. At the same time attention is paid to identifying and managing the risks underlying the achievement of business objectives – see the governance procedures noted on page 2.

For further financial information and management's review of the results for 2008, refer to the Swire Pacific Limited 2008 Annual Report, which is available at www.swirepacific.com.

2008 Attributable turnover		Consolidated HK\$M	Not consolidated HK\$M	Attributable total HK\$M	
	%				
Property					
Hong Kong	100.00	6,724		6,724	
Outside Hong Kong	100.00	1,228		1,228	
		7,952		7,952	
Aviation					
Cathay Pacific & subsidiaries	39.98		86,578	36,614	Note
HAECO & subsidiaries	44.49		4,901	2,180	Note
HAECO jointly controlled cos	10.08 – 40.25		359	160	
HAESL	20.02		8,727	1,747	
TAECO	28.82				Note
Hactl	24.00				Note
			100,565	38,701	
Beverages					
Hong Kong	87.50	1,799		1,574	
Taiwan	80.00	1,358		1,086	
USA	100.00	3,512		3,512	
Mainland China	35.88 – 100	1,332	10,008	6,220	
		8,001	10,008	12,393	
Marine Services					
Swire Pacific Offshore	100.00	4,007		4,007	
HUD Group	50.00				Note
		4,007		4,007	
Trading & Industrial					
Taikoo Motors Group	100.00	2,534		2,534	
Swire Resources excluding PUMA	100.00	1,776		1,776	Note
Other subsidiaries	100.00	503		503	
Swire SITA Waste Services	50.00				Note
CROWN Beverage Cans Group	22 – 45				Note
Akzo Nobel Swire Paints	30 – 40				Note
		4,813		4,813	
Head office & eliminations					
	100.00	-103	-8,395	-2,742	
Total		24,670	102,178	65,124	

Annual Results (EC1)	Property HK\$M	Aviation HK\$M	Beverages HK\$M	Marine Services HK\$M	Trading & Industrial HK\$M	Head Office HK\$M	Eliminated on consolidation HK\$M	Group HK\$M	2007 HK\$M	Change %
2008										
Direct Economic Value generated										
Turnover which is consolidated	7,952		8,001	4,007	4,813	162	(265)	24,670	21,553	14.5
Valuation gains on investment properties	184				14	(21)		177	19,446	-99.1
Finance income	63		9	10	12	1,342	(1,263)	173	97	78.4
Profit on sale of investments / other net gains	64		75	90	1,725	45		1,999	1,354	47.6
Share of profits of associated & jointly controlled cos	183	(2,776)	269	76	335			(1,913)	4,305	-144.4
	8,446	(2,776)	8,354	4,183	6,899	1,528	(1,528)	25,106	46,755	-46.3
Economic Value distributed										
Purchases of goods and services	2,000		5,903	1,104	4,244	339	(265)	13,325	12,124	9.9
Employee wages and benefits	758		1,353	888	490	34		3,523	2,900	21.5
Payments to providers of capital	1,395	91	89	3	8	4,726	(1,263)	5,049	5,616	-10.1
Payments to government	(134)		114	66	12	(11)		47	4,004	-98.8
Charitable donations and community investments*	20		3	8	2	1		34	26	30.8
	4,039	91	7,462	2,069	4,756	5,089	(1,528)	21,978	24,670	-10.9
Economic Value retained										
Depreciation / amortisation	114		307	347	43			811	724	12.0
Profit after dividends	4,293	(2,867)	585	1,767	2,100	(3,561)		2,317	21,361	-89.2
Retained for re-investment and future growth	4,407	(2,867)	892	2,114	2,143	(3,561)		3,128	22,085	-85.8
2007										
Direct Economic Value generated										
Turnover which is consolidated	6,104		7,066	3,104	5,380	158	(259)	21,553		
Valuation gains on investment properties	19,337				19	50		19,446		
Finance income	17		9	6	6	1,290	(1,231)	97		
Profit on sale of investments / other net gains	(28)		43	1,332	14	(7)		1,354		
Share of profits of associated & jointly controlled cos	333	3,442	191	75	284			4,305		
	25,803	3,442	7,309	4,517	5,703	1,491	(1,490)	46,755		
Economic Value distributed										
Purchases of goods and services	1,367		5,045	876	4,800	295	(259)	12,124		
Employee wages and benefits	505		1,270	680	424	21		2,900		
Payments to providers of capital	809	92	68	50	3	5,825	(1,231)	5,616		
Payments to government	3,795		107	62	40			4,004		
Charitable donations and community investments*	19		3	2	2			26		
	6,495	92	6,493	1,670	5,269	6,141	(1,490)	24,670		
Economic Value retained										
Depreciation / amortisation	83		309	297	35			724		
Profit after dividends	19,225	3,330	507	2,550	399	(4,650)		21,361		
Retained for re-investment and future growth	19,308	3,330	816	2,847	434	(4,650)		22,085		

* Charitable donations reported above are made by consolidated subsidiaries. In addition, associated and jointly controlled companies made donations in cash and services in excess of HK\$33 million during 2008. Most of the Group's donations are made via the Swire Group Charitable Trust. Its guideline is to allocate 0.5% of its last three year's average underlying attributable profit to this trust. In addition Group companies make donations directly to meet the needs of their local communities.

environmental performance

making environmental planning part of our everyday decision making



measure and manage

We are committed to being a good steward of the natural resources and biodiversity under our influence and to ensuring that the potential adverse impacts of our operations on the environment are identified and appropriately managed.



The environmental issues which are particularly relevant to the Group companies and are therefore covered by this report are as follows:

	Greenhouse gas emissions & reductions	Energy consumption	Ozone-depleting substances	Air emissions & pollution control	Water consumption & pollution control	Wastewater discharges & conservation	Chemical use, handling & pollution control	Materials consumed & disposal waste management	Noise	Biodiversity
Swire Properties										
Cathay Pacific, Dragonair & Air Hong Kong										
Cathay Pacific Catering Services										
Vogue Laundry										
Hong Kong Airport Services										
HAECO & TAECO										
HAESL										
Hactl										
Swire Beverages										
HUD Group										
Swire Pacific Offshore										
Swire Resources										
Taikoo Motors Group										
Taikoo Sugar										

Statistics to support the following environmental performance indicators are shown in *Appendix 2*:

- EN3 – Direct energy consumption by primary energy source
- EN4 – Indirect energy consumption by primary source
- EN16 – Total direct and indirect greenhouse gas emissions by weight
- EN8 – Total water withdrawal by source
- EN10 – Percentage of water recycled and reused – treated and untreated wastewater recycled
- EN21 – Total water discharge by quality and destination

‘Now is the time we should be striving to make a difference. It is in our commercial and personal interests to do so. The environmental initiatives we are investing in today are to build up the core competencies that will in future become core requirements from our customers, investors and other stakeholders.’

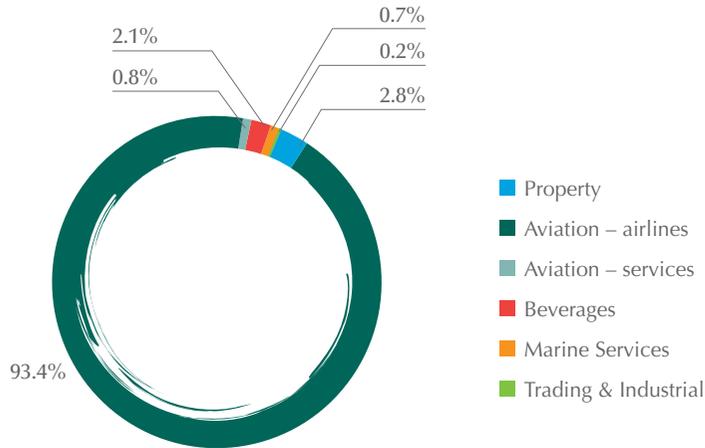
J B Rae-Smith

Executive Officer of Swire Pacific Limited and Chair of Swire Group Environment Committee

Greenhouse gas emissions and energy consumption

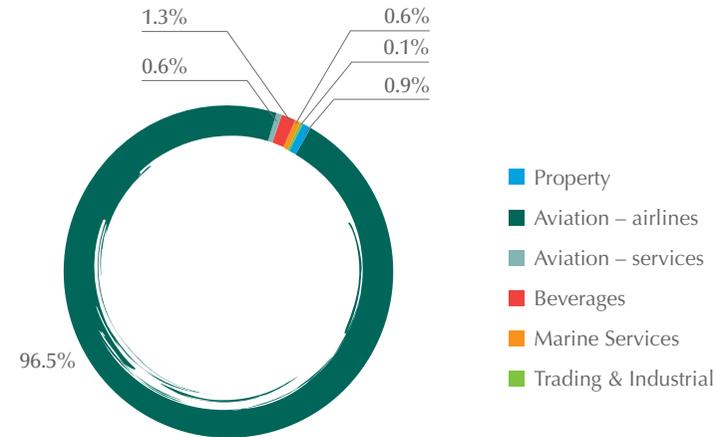
Greenhouse gas emissions (EN16) attributable to Swire Pacific 2008

Total = 6.23 million tonnes of CO₂e



Energy consumption (EN3 + EN4) attributable to Swire Pacific 2008

Total = 88.63 million Gigajoules



Tonnes of CO ₂ e*	2008	2007	Change %	2008 mix %
Property	174,172	179,848	-3.2	2.8
Aviation - airlines	5,818,639	5,565,829	4.5	93.4
Aviation - services	50,845	53,568	-5.1	0.8
Beverages	131,640	121,645	9.7	2.1
Marine Services	44,538	47,444	-6.1	0.7
Trading & Industrial	10,576	10,372	2.0	0.2
Total	6,230,410	5,978,706	4.2	100.0
Type of emissions				
Burning fossil fuels (scope 1) attrib.	5,925,517	5,670,946	4.5	95.1
Refrigerants (scope 1) attrib.	5,936	5,911	0.4	0.1
Purchased electricity (scope 2) attrib.	298,957	301,849	-0.4	4.8
Total	6,230,410	5,978,706	4.2	100.0

* See Appendix 4 for basis for calculating CO₂e.

More than 99.9% of the Group's greenhouse gas emissions derive from energy use, of which 93.4% is by the airline business.

Gigajoules	2008	2007	Change %	2008 mix %
Property	800,456	807,209	-0.8	0.9
Aviation - airlines	85,564,943	81,449,387	5.1	96.5
Aviation - services	488,626	497,954	-1.9	0.6
Beverages	1,178,582	1,074,320	9.7	1.3
Marine Services	549,451	615,034	-10.7	0.6
Trading & Industrial	65,924	63,447	3.9	0.1
Total	88,647,982	84,507,351	4.9	100.0

The average carbon intensity of electricity purchased by the Group in Hong Kong remained at 0.71 kg CO₂ per kWh as reported for 2007.



Cathay Pacific's new B777-300ER fleet with their massive GE90 engines is 25% more fuel efficient than the B747-400s which it replaces on ultra-long haul routes



Actions to improve energy efficiency and reduce the carbon intensity of operations

Greenhouse gas emissions and energy consumption are important issues for most of our companies. Work on these issues during 2008 included:

1. Swire Pacific, Cathay Pacific and Hong Kong Aircraft Engineering Company (HAECO) responding publicly to the [Carbon Disclosure Project](http://www.cdproject.net) (www.cdproject.net) questionnaire, giving details of their greenhouse gas emissions and the actions they are taking to minimise future emissions. Significant non-listed Group companies completed it as an internal exercise.
2. Continued membership of [The Climate Group](#) and Hong Kong's [Climate Change Business Forum](#). We sponsored the Business Environment Council's Green China Forum in Shenzhen and The Climate Group's Climate Change Conference in Hong Kong. We also invited two eminent UK academics to provide a week-long series of seminars to brief members of the Hong Kong business community

and our staff in Hong Kong and Xiamen on the science and economics of climate change.

3. Swire Pacific and Cathay Pacific joining over 140 global companies in signing the [Poznan Communiqué on Climate Change](http://www.poznancommuniqué.com) supporting a comprehensive framework to tackle the issue (www.poznancommuniqué.com)
4. Considering recurrent carbon emissions projected from major investments as part of their approval process, with a view to minimising our overall carbon footprint and reducing our carbon intensity.
5. Developing energy and carbon intensity metrics to provide a focus for improving energy efficiency and reducing the carbon intensity of our operations. For this purpose, we look at future technological changes and undertake peer group reviews to see what is 'best in class' on carbon emissions intensity and energy efficiency. The speed at which it is practical to move to 'best in class' is affected by investments in fixed assets and the pace of technological change.

The Group's airlines, led by Cathay Pacific, have a long-term programme to improve fuel efficiency by modernising their fleets, stringent weight management and operational efficiency drives. In 2008, Cathay Pacific improved its fuel consumption per revenue tonne kilometre (RTK) by 0.4% and per available tonne kilometre (ATK) by 1.2%.

2008 was the first full year of operation for Cathay Pacific and Dragonair's 'Fly Greener' carbon offset programme. 15,271 tonnes of CO₂ were offset. The two airlines offset the carbon emissions associated with the business travel of their staff via this programme. This offset programme is valuable in raising awareness and assisting in the development of offset mechanisms. It is however small compared to their total emissions. Cathay Pacific recognises this and, during 2008 became a founding member of the Aviation Global Deal, which calls for CO₂ emissions from international aviation to be included in a new global climate deal.

Swire Beverages has reduced its energy usage by 3% to 0.37 MJ per litre of product and its carbon emissions by 3% to 63 grams of CO₂ equivalent per litre of product manufactured compared to 2007. This was achieved through a programme which includes:

- Phasing out coal-fired boilers in Mainland China bottling plants and replacing them with boilers powered by steam supplied by local municipalities. This programme will be completed by 2010.
- Improved energy efficiency. For example, a heat recovery unit was installed on the chilling system at the Xiamen bottling plant. This unit recovers the waste heat which was previously ejected to the atmosphere. It is estimated to save 84 tonnes of fuel oil per year, avoiding 270 tonnes of CO₂ emissions.
- Optimising delivery routes and so reducing vehicle emissions by using 'Roadshow' software.

Swire Properties' ongoing energy-efficiency programme achieved a 2 million kWh (equivalent to 7,200 GJ) saving during 2008, compared to 2007. Its actions include:

- Continuing its extensive benchmarking exercise, comparing its performance with companies in Hong Kong, Singapore and the UK. This exercise indicates that its energy management standards and practices compare favourably with those of other leading property companies.
- Offering free energy audits to tenants in collaboration with CLP Power and Hong Kong Electric. Savings of a total of approximately 467 tonnes of CO₂ per annum were identified by the four energy audits conducted at tenant premises in 2008.
- Establishing a three-year Building Energy Efficiency Research Fund with Tsinghua University, Beijing to develop and promote energy efficient operational practices and management in Mainland China and Hong Kong. A pilot energy study was carried out at the Festival Walk retail and office complex in Hong Kong during 2008.

In 2008, Swire Properties received the Corporate Energy Management Award (Central and Southern Asia Region) from the Association of Energy Engineers for its outstanding accomplishments in promoting the practices, principles and procedures of energy management.

Swire Pacific Offshore's (SPO) direct emissions total 24,954 tonnes CO₂e in 2008, most of which is from fuel consumed off-hire between charters, either providing domestic (hotel) support services to the ships and their crews, or moving the vessels to the commencement of their next work locations.

SPO also seeks to minimise its on-hire consumption, first through high maintenance standards and second by working

with its customers with a view to optimising the operational use of its vessels. In 2008 it planned to implement a 'Green Zone' programme to facilitate monitoring, in real time, of the fuel efficiency of the modes of operation of its vessels, so as to permit and support discussions with its customers with a view to mitigating emissions. Work continues on this scheme, but it is not yet ready for implementation due to technical difficulties.

To offset part of its emissions, SPO is considering the establishment of a REDD (Reducing Emissions from Deforestation and Degradation) CO₂ sequestering scheme in forested areas of significant biodiversity value in Paraguay. SPO will produce the Project Definition Document for this scheme in 2009. On completion of this document at the end of 2009 it will decide whether to use this scheme to offset some of its GHG emission footprint over the next 20 years.

Actions taken by other Group companies to improve their energy efficiency and to reduce the carbon intensity of their operations are provided in individual company reports listed in *Appendix 3*.

Ozone-depleting substance (ODS) emissions (EN19)

We measure our emissions of ozone-depleting substances (ODS) to confirm we are complying with legislation and to monitor our exposure to requirements for future reductions.

Our estimated ODS emissions in 2008 were 12.0 tonnes of CFC-11 equivalent compared to 11.3* tonnes in 2007. The largest source of these emissions is 11.8 tonnes from Halon 1301 fire extinguishers on aircraft. These fire extinguishers are serviced by HAECO, which recycles and reuses Halon so as to minimise the release of ODS to the atmosphere. The use of Halon 1301 is required for aircraft and there is currently no effective alternative.

Other ODS emissions are from the HCFC chemicals used in the air conditioning systems of Hong Kong Air Cargo Terminals (Hactl) and Swire Properties. HCFCs are being phased out and replaced by HFCs, a non-ODS emitting alternative, in new installations.



One Island East has been provisionally awarded the BEAM Platinum rating, demonstrating its achievement of world best practices in property development

* In our 2007 report we incorrectly reported Swire Properties using 133 tonnes of CFC-11. The correct number is 133 kilograms, making Swire Properties a small user of ozone depleting substances.

Swire Beverages has reduced its ODS to a very low level by using HFC134a, which has zero ozone-depleting potential. In addition, Swire Beverages is working with The Coca-Cola Company to commercialise an alternative HFC-free technology which uses CO₂ as its refrigerant. In 2008, 93 HFC-free coolers were installed in Hong Kong. Approximately 500 more units will be installed in Mainland China in 2009.



Air emissions and pollution control

We continued to support the 'Clean Air Charter' scheme (www.cleanair.hk) developed by the Hong Kong General Chamber of Commerce to respond to air pollution in Hong Kong and the Pearl River Delta. Ten of Swire Pacific's operating companies, representing the majority of our activities in Hong Kong, have signed the charter. Six of these have completed compliance audits conducted by the Business Environment Council in 2008 as part of a voluntary certification scheme. The remaining four are being audited by the Council and expect to be certified during 2009.

Action taken to minimise local air pollution includes the energy-efficiency measures described on previous pages and the following actions:

- Swire Beverages minimises its impact on air quality by maintaining its fleet of delivery vehicles to a high standard and through driver training. It also ensures new vehicles meet the latest emissions standards. In 2008, ten Euro-V trucks were introduced in Hong Kong, replacing older vehicles. The Euro V technology is able to reduce nitrogen oxides in the exhaust by up to 70% and particulate emissions by up to 90% compared to the Euro-3 model.
- Hong Kong Airport Services (HAS) has implemented an 'Electric Tractor Task Assignment System' which minimises the travelling distance and number of trips made by its electric tractors. The combination of this scheme and purchasing new vehicles, as old ones reach the end of their working lives, reduced emissions by 5% per aircraft movement handled in 2008.
- HUD Group's towage & salvage division, trading as Hongkong Salvage & Towage, has installed a vessel identification and traffic management system to enhance the monitoring of vessel speed and increase efficiency in allocating jobs. This resulted in a reduction in fuel consumption per operating hour for its tugs in 2008 of 2% compared with 2007 and 12% compared with 2006.
- HAECO has replaced two of its air-cooled chiller plants with water-cooled plants, resulting in a saving of about 884,000 kWh of electricity per annum, which is equivalent to about 480 tonnes of CO₂ emissions.
- Cathay Pacific Catering Services, HAS and Swire Beverages have tested a fuel economiser unit on their diesel engine vehicle fleets. Preliminary findings indicate that up to 10%

fuel reduction can be achieved for older vehicles. Detailed results are being evaluated and further use of such units will be considered in 2009.

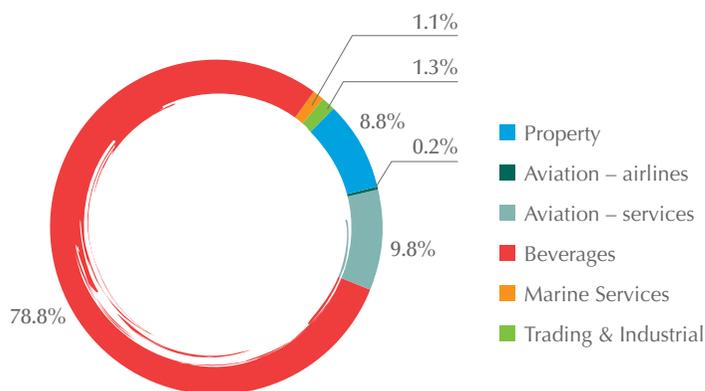
- Swire Resources has conducted an energy efficiency audit of its offices and implemented energy saving measures, saving an estimated 370,000 kWh per annum – a 37% reduction.
- During 2008, Swire Beverages installed a further 85,000 new coolers and vending machines which are 30 – 40% more efficient than the models they replaced. This brings to 200,000 the number of energy-efficient coolers and vendors installed since 2004.



Water consumption and conservation (EN8, EN10, EN21)

Water consumption attributable to Swire Pacific 2008

Total = 5.15 million cubic metres



Cubic metres of water	2008	2007	Change %	2008 mix %
Property	451,757	498,000	-9.3	8.8
Aviation – airlines	11,664	10,981	6.2	0.2
Aviation – services	504,170	464,072	8.6	9.8
Beverages	4,085,775	4,195,896	-3.3	78.8
Marine Services	56,111	62,223	-9.8	1.1
Trading & Industrial	67,086	71,298	-5.9	1.3
Total	5,149,563	5,302,470	-2.9	100.0

Water is an essential and often scarce resource for human activity and natural ecological systems. It is also an important resource for many of our businesses. We therefore monitor our consumption and look for opportunities to conserve water.

The companies covered by this report consumed a total of 8.0 million m³ of water in 2008, of which 5.1 million m³ are attributable to Swire Pacific's interests. The chart and table on this page show the breakdown of this consumption and change from the previous year by Division.

Swire Beverages accounts for 78.8% of the water consumption attributable to Swire Pacific interests. It uses water in its products, its production processes and for washing bottles and equipment to maintain high product quality and hygiene. The total water consumption by Swire Beverages attributable to Swire Pacific dropped by 3.3% as a result of improvements in water utilisation efficiency.

The size of Swire Beverages' consumption makes water resource management a high priority. Swire Beverages reduced water used per litre of product by 12.6% from 2.23 litres in 2007 to 1.95 in 2008, saving 280 million litres of water. This 'water usage ratio' varies by territory, depending on the length of production runs, package types and product mix.

Swire Beverages' Water Usage Ratio

Region	2008	2007	Change %
Hong Kong	2.69	2.86	5.9
Taiwan	2.85	2.93	2.7
USA	2.03	2.21	8.1
Mainland China	1.76	2.07	15.0
Average	1.95	2.23	12.6

Hong Kong and Taiwan have higher usage ratios due to shorter product runs and a higher proportion of water-intensive products such as teas and juices. Swire Beverages' plant in Hangzhou, which has long production runs of carbonated product, has a water usage ratio of 1.56 litres, which is one of the best performances in the entire Coca-Cola production network worldwide.

Six of Swire Beverages' seven bottling units in Mainland China received the '2008 Water Conservation Outstanding Performance Award' from the China Beverages Industry Association in December 2008.

The performance of other substantial water users:

- Vogue Laundry, a company in the aviation division, reduced its water consumption from 16.4 to 15.9 litres of water per kg of linen processed and reduced its water consumption by 3% by using more efficient continuous batch washers.
- Cathay Pacific Catering Services (CPCS) maintained its water consumption per 1,000 meals at 18.7 m³ in 2008, leading to total consumption increasing by 3% in line with business volume.

Statistics on the percentage of water treated, recycled and reused (EN10) and on how water is discharged (EN21) are shown in *Appendix 2*.

In November 2008, Swire Beverages received a report of non-compliance with the Water Pollution Control Ordinance in Hong Kong, due to the unintentional discharge of car washing wastewater into a storm drain. A designated car washing area has been connected to the sewer, thereby preventing similar incidents. With the exception of this incident, all Group companies discharge wastewater in compliance with local requirements. The majority of Group companies discharge wastewater to the municipal sewage system for treatment. Some companies, including HAECO, Hong Kong Aero Engine Services (HAESL), Swire Beverages and Vogue Laundry, treat their own wastewater to meet local standards prior to discharging. Cathay Pacific, Dragonair, HAS, CPCS and Air Hong Kong discharge their wastewater for treatment by the Hong Kong Airport Authority. HUD Group, Swire Pacific Offshore (SPO) and Taikoo (Xiamen) Aircraft Engineering Company (TAECO) discharge their water after treating it in compliance with local laws.

Materials consumed, chemicals and solid waste management

Reducing material consumption and minimising waste generated are important to all our companies. Reduction initiatives undertaken include:

- Swire Properties using 'Grade 100' high performance concrete for over 27% of the concrete content of its One Island East development. Grade 100 concrete provides the same reinforcement ratio as ordinary concrete, while using 26% less volume and 21% less weight, thus reducing concrete usage by 18,330 tonnes, with a saving of about 3,500 tonnes of associated CO₂ emissions.
- Swire Properties extending the application of 'Digital Project' design software to its development projects in Mainland China, allowing buildings to be 'built' and 'procured' in virtual reality on a computer, thus identifying design coordination errors and reducing construction waste significantly. The software also covers construction sequencing, which further reduces waste from rework and improves material procurement, labour resourcing and overall site productivity.
- Cathay Pacific continues to expand the reuse and recycling of in-flight waste. In 2008, the airline stopped providing paper menus on short-haul flights in Economy class and introduced biodegradable plastic bags for onboard sales.
- CPCS' recycling programme recovered 2,200 tons of paper, aluminium cans, plastic bottles and plastic bags from aircraft serviced and its own operations. CPCS also collected 14,000 litres of used cooking oil for use by a company producing biodiesel.

- Swire Beverages reduced its non-recyclable solid waste by 32% from 2.88 grams per litre of product manufactured in 2004 to 1.97 grams per litre in 2008. The company works continuously with suppliers on sustainable packaging innovation to lower the volume of raw materials used. Actions include reducing bottle weight, down-gauging packaging and the introduction of new glass bottle designs. Since 2004, Swire Beverages has reduced the weight of plastic bottles by 9% to 21%, bottle caps by 4%, can bodies by 7% and glass bottles by 33% to 40%.
- Hong Kong Airport Services (HAS) continues its waste recycling programme. In 2008, HAS was awarded the "Wastewi\$e Label – Class of Excellence" for the fifth consecutive year by the Environmental Campaign for its achievement in waste reduction.
- Swire Resources adopted the use of biodegradable bags at its Gigaspots and Marathon retail outlets and actively promotes customers bringing their own bags.
- All Group companies, and in particular HAECO, HAESL, HUD Group, Swire Beverages, and TAECO, seek to



minimise their use of chemicals, implement sound chemical management training and adopt stringent chemical handling and disposal procedures in compliance with local laws.

Noise

The companies covered by this report with significant potential noise issues are the airline businesses and Swire Properties.

Cathay Pacific continues to reduce its noise footprint through investing in quieter aircraft and rigorously following noise-reducing operating procedures during landing and take-off. Despite these efforts, there were some breaches during the year of the stringent noise standards at London Heathrow and also at New York's JFK International Airport, Brussels Airport and Frankfurt Airport. These were mainly related to adverse weather conditions. The airline has paid fines when required

and continues best efforts to utilise optimum landing and take-off routes.

Swire Properties' potential noise issues relate to building construction and demolition. The company specifies good site practices, such as using excavator-mounted hydraulic concrete crushers instead of traditional percussive methods, to reduce noise. It also carries out inspection and monitoring to check compliance with noise specifications and requirements.

Biodiversity

In comparison with issues such as climate change and resource consumption, the Group's direct impact on biodiversity is less significant, as the majority of its operations are conducted in urban or developed areas. The potential impact at sea is also minimised through vessels operated by SPO and HUD Group

exercising stringent control of ballast water, wastewater, fuel and chemicals in compliance with international marine industry standards and laws.

Group companies, including Swire Properties, Swire Beverages, Cathay Pacific and Dragonair, HAECO and HUD Group, have been involved in beach clean-ups, tree-planting and conservation programmes to help protect and enhance the environment.

We recognise the problem of non-sustainable consumption of endangered seafood and encourage all our companies to follow WWF Hong Kong's Seafood Guide. Cathay Pacific and Dragonair ban shark's fin from their in-flight food service. They also actively support sustainable sourcing of foods, and are considering how they can use standards, such as those of the Marine Stewardship Council, in their in-flight meals.

Performance 2008

- ★ Each company to develop an action plan for implementing the Sustainable Development Policy
Completed but scope for improvement.
- ★ Board papers supporting new investments to estimate carbon emissions associated with the investments and consider the potential impact of paying for such emissions.
Incorporated into the investment approval process but not yet having a significant impact as there is no price on emissions for most of our operations.
- ★ Companies to work on the aspiration to be 'Best in Class' on climate change issues. In particular, to develop metrics for the energy and carbon intensity of their business with associated plans for reducing these intensities.
Progress made but further work required.
- ★ Complete the Carbon Disclosure Project questionnaire for Swire Pacific for 2007
Done with results published on the Carbon Disclosure Project website. Will be repeated in future years.

Agenda 2009

- More rigorous implementation of the 2008 programme:
 - > Embedding implementation of the Sustainable Development Policy.
 - > Further work on the aspiration to be 'Best in Class' on climate change issues.
 - > Improvements in metrics for the energy and carbon intensity, with associated plans for reducing these intensities.
- Encourage technology and experience transfer amongst Group companies, to reduce our environmental impact.

health and safety

difficult jobs, difficult places, safely



We are committed to the principle that business objectives should never compromise safety. Our Group Occupational Health and Safety Policy reinforces our commitment that, in so far as it is reasonably practical, all our operations will be carried out in a manner that safeguards the health and safety of employees, customers, visitors, contractors and the wider community.

2.4%
lower lost time
injury rate



Health and safety management

Implementation of this policy is overseen by the Health and Safety (H&S) Committee, which reports to the Group Risk Management Committee (GRMC). Key aspects of this implementation include:

- Operating companies are responsible for the implementation of their own safety management systems while regular safety audits are conducted by a range of internal and external parties.
- H&S is an integral element of corporate risk management and risk assessment techniques are used when conducting H&S work. Safety management systems are enhanced through the development of a safety culture focused on training and learning.
- Occupational health and safety (OHS) programmes are implemented by Group companies to minimise hazards in the workplace and the risk of accidents, injury and occupational diseases. Qualified staff coordinate OHS seminars and training programmes on key H&S issues.
- Full and open reporting on H&S matters to create a safety culture based on continual improvement. The Group's injury reporting system ensures that a rapid and effective response procedure is in place in the event of injuries and accidents.

Injury statistics

In 2008 there were 2,444 Lost Time Injuries reported across the Group, representing 4.02 injuries per 100 employees, compared with 4.12 injuries per 100 employees in 2007.

Injury severity data for 2007 and 2008 is provided in the form of Lost Days and Lost Day Rate in table LA7 of Appendix 2. A total of 60,649 days were lost across the Group due to injuries in 2008, with just under half of these days lost at Cathay Pacific. The Lost Day Rate was 99.76 days lost per 100 employees.

Regrettably, in 2008 there were five work-related fatalities (three in Mainland China and two in Hong Kong) within the workforce of companies covered by this report, compared to three such fatalities in 2007. Three of the fatalities were vehicle and traffic related accidents, one due to the collapse of a dock arm at the Group's ship repairing business and one due to an employee's failure to follow correct operating procedures for machinery within a bottling plant. Swire has co-operated closely with the

relevant authorities during each of the investigations following these fatalities. Post accident analyses have been conducted, resulting in additional mitigation measures to reduce the potential for reoccurrence of similar accidents. The Group recognises the continuing need to place a high priority on motor risk management programmes, particularly within companies that operate sizeable fleets of passenger and commercial vehicles.

Progress has been made by Group companies during the year on the systems for reporting injury data, but we acknowledge that challenges still exist in ensuring the completeness and consistency of such data.

Health and safety initiatives

Health and safety initiatives undertaken in 2008 include:

Employee safety

- Cathay Pacific Catering Services (CPCS), Hong Kong Air Cargo Terminals (Hactl), Hong Kong Airport Services (HAS) and Cathay Pacific implemented programmes to improve manual handling to reduce the risk of back injuries.
- Cathay Pacific engaged a medical consultant with ergonomic expertise to review and make recommendations on crew service procedures, safe transfer of physically challenged passengers, safe cabin work practices, safe manual handling techniques and counter-measures to guard against musculoskeletal injuries.
- Swire Properties implemented pre-work exercises for building management teams and lunchtime safety talks for administrative staff.
- Hong Kong Airport Services introduced a staff suggestion campaign, which resulted in 17 safety improvements.

A 'Working at Height Safety Campaign' was also held to increase safety awareness for aircraft loading staff.

- Hong Kong Aero Engine Services formed peer groups to share H&S best practices and trialled prescription lenses in protective eye glasses.
- HUD Group increased its use of rehabilitation services, resulting in enhanced medical follow-up for employees during their recovery from injuries. It also continued to conduct regular joint emergency drills with the Fire Services Department and Hong Kong Marine Police.
- Taikoo Motor Group's bodywork and paint workshops are equipped with the activated carbon and filters to control harmful particle emissions and hence reduce air pollution. All technicians in these workshops will receive advanced health examinations on top of the regular health examinations.

Public safety

- Hong Kong Aircraft Engineering Company (HAECO) implemented an updated driver safety programme.
- Swire Coca-Cola China completed the first phase of a comprehensive vehicle safety programme. This included monitoring staff riding with drivers and patrolling delivery routes. It also displays complaint hotline numbers on its vehicles to enable the public to comment on driver performance.
- Swire Resources developed comprehensive H&S guidelines for fit-out work and housekeeping at its retail shops.

Customer safety

- Swire Pacific Offshore (SPO), as a service provider in the safety-conscious offshore oil and gas industry, has participated in a number of H&S initiatives for clients.

SPO's safety system is constantly monitored by its customers.

- Cathay Pacific employed a number of precautionary measures to safeguard the health of passengers and frontline employees against infectious diseases.
- CPCS continued to supply balanced meals which meet recognised standards in food safety and hygiene.

Safety training and communication

- Taikoo (Xiamen) Aircraft Engineering Company (TAECO) introduced a training programme with hazard identification and risk management modules at its new training centre and provides a series of industrial safety training videos on its intranet site.
- SPO makes behavioural-based safety training a key part of the courses at its Marine Training Centre in Singapore, with simulators allowing hands-on experience in a controlled environment.
- Swire Resources conducted safety awareness training for all shop managers.
- Swire Properties won the gold level in the Hong Kong Occupational Safety & Health (OSH) Awards for excellence in presentation of OSH and community development information in its EHS report.
- Vogue Laundry has its OHSAS 18001 system manual and procedures on its intranet.
- Cathay Pacific publishes health-related information for passengers and provides updates regarding deep vein thrombosis, staying healthy while travelling and other travel-related health issues in its Discovery magazine, in-flight videos and on its website.

Performance 2008

- ★ Establish a Health & Safety Working Group to share best practices for improving occupational health and safety performance across the Group.
Completed.
- ★ Enhance the completeness and consistency of statistics on injuries.
In progress.

Agenda 2009

- Improving H&S performance through enhancements to safety management systems.
- Establish a Mainland China Health & Safety Best Practice Working Group.
- Further improve the accuracy of reporting injury statistics.

being an employer of choice

support, reward and motivate



Our people are key to the sustainable development of our businesses. We support, reward and motivate staff to realise their full potential. We strive to be an employer of choice by providing an environment that promotes diversity and respect, safeguards health and safety and offers equal opportunities and an appropriate work-life balance. Our Code of Conduct articulates our commitment to providing a work environment that makes this possible.

2

paid days for corporate volunteering



Our people

Our Group, including its subsidiaries, jointly controlled companies and associated companies, employs over 70,000 staff, of whom 92% work for the operations covered by this report.

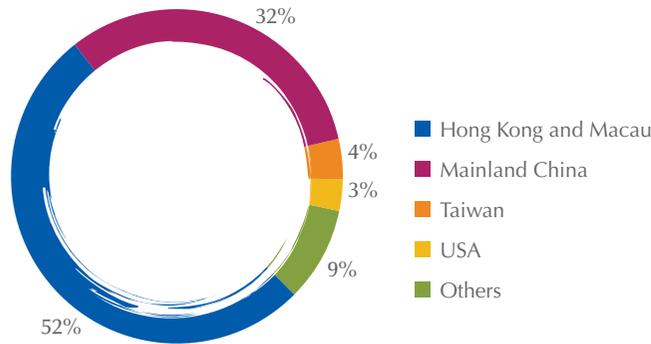
The chart shows the regions where our workforce is employed. 52% of staff are based in Hong Kong and a further 32% in Mainland China. The majority of staff in other areas work for Cathay Pacific's outposts, for Swire Coca-Cola USA and for Swire Pacific Offshore (SPO), which is headquartered in Singapore, with offices in other countries and vessels employed worldwide.

'We are a blend of east and west. We uphold traditional values and modern practices. We have been around a long time and yet are fully aware that, as an employer, we must continually strive to do better.'

Hunter Crawford

Staff Director

Workforce by region



The workforce of companies covered by this report grew in 2008 by 8.6% from 2007, with the main increases being in Swire Beverages' Mainland China operations, and in Hong Kong Airport Services (HAS) which took over Hong Kong International Airport Services. 93.4% of these staff are on permanent employment contracts and 97.6% of that number work full-time. The regional mix and mix of contract type have not changed substantially during the year. See *Appendix 2* for statistical data.

Staff communications

We use an intranet to communicate with our staff at subsidiaries, jointly controlled and associated companies in Hong Kong about corporate developments and other areas of staff interest. In 2008, we started a project to enhance this intranet, with a view to both increasing its content and making it accessible to more of our staff.

The Swire Group Human Resources Committee was established in 2008 to enhance coordination on human resources issues across Group companies and to ensure our Group continues to lead in being an employer of choice.

Talent sourcing and development

We recruit people with a diverse range of talents and skills. Our companies provide a wide range of training programmes designed to encourage the development of leadership ability and language proficiency and the acquisition of technical skills. The aircraft maintenance companies in our Group, Hong Kong Aircraft Engineering Company (HAECO), Hong Kong Aero Engine Services (HAESL) and Taikoo (Xiamen) Aircraft Engineering Company (TAECO), provide engineering apprenticeship and mechanic trainee programmes, while Swire Resources' Retail Academy courses and the cabin crew training programmes conducted by Cathay Pacific and Dragonair equip frontline staff to deliver quality customer service. 2008 saw the first full year of operation of Swire Pacific Offshore's Marine Training Centre in Singapore. The centre is the most advanced of its kind in the offshore industry and the first such facility in Asia.

Over the years, our management trainee programme has attracted high quality graduates from Hong Kong, Mainland China and overseas, instilling in them the Swire traditions of striving for operational excellence whilst being original and forward-looking. The programme provides a centralised recruitment process designed to attract high quality graduates for our Group's various business divisions. Our diversified interests expose management trainees to a variety of challenging business environments,

allowing them to develop the expertise necessary to become effective business leaders.

We are committed to the education and professional growth of our young executives. Where appropriate, we help them gain professional qualifications such as becoming Chartered Financial Analysts. We have developed long-term partnerships with noted international institutions such as INSEAD, Stanford University, The Richard Ivey School of Business and The Kellogg School of Management, and we regularly enrol our management staff in career development programmes with these schools.

In 2009, we will introduce an enhanced 'Leadership and Management Development Programme' to develop the capabilities our executives need to perform and progress. This is supported by our specialist organisational and leadership development company – Ethos International.

Work-life balance

Subsequent to a review of three major areas associated with work-life balance in 2007 (mental and physical health, community involvement and personal goals, and work time and family support), Group companies are encouraged to adopt a policy of offering employees two paid days each year to participate in corporate volunteering programmes. Our Property and Beverages Divisions have taken the lead in this area.

The Group's medical benefit schemes cover the health needs of our staff and their family members. In addition, an Employee Assistance Programme, which helps staff with work-related and personal problems, was extended to all Group companies in Hong Kong during 2009.

Performance 2008

- ★ Establish a working group to oversee the coordination and alignment of human resources policies and initiatives.
Swire Group Human Resources Committee established.
- ★ Continue to explore possible initiatives to enhance work-life balance.
Group companies encouraged to adopt a policy of offering employees two paid days each year for community service.
- ★ Study the possibility of enhancing the Group's online communication platform.
An upgrade of the Group intranet has been developed and was launched in 2009.

Agenda 2009

- Commence a new 'Leadership & Management Development Programme' designed by our specialist training company, Ethos International.
- Introduce a Hong Kong Government sponsored internship programme for university graduates.

business partners

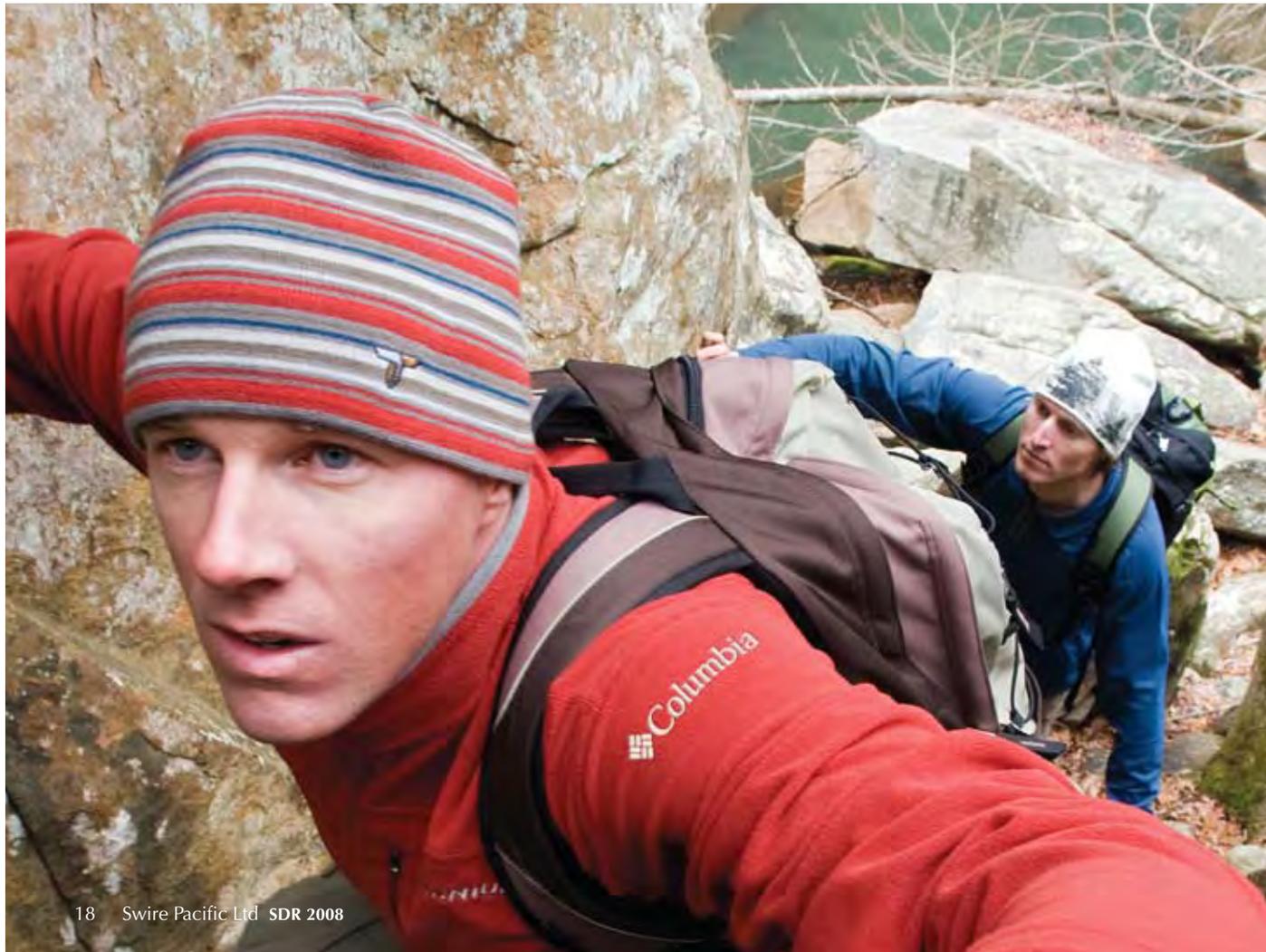
facilitating good business practices through responsible procurement



Our supplier relationships are part of our reputation and brand. We seek to ensure that our requirement to purchase goods on competitive terms is not met at the expense of labour standards, health and safety or the environment. We also advocate the responsible use of our products and services by our customers and consumers.

codes of conduct

to engage suppliers



Our customers

A common thread that runs through our diverse range of businesses is a commitment to offering quality products and services and to conducting business in a manner that safeguards, as far as is reasonably practicable, the health and safety of our employees, our customers and the wider community.

We advocate the responsible use of our products and services by our customers and consumers. For example:

- Swire Resources encourages its consumers to reduce the use of plastic bags and has adopted the use of bio-degradable plastic bags in all its retail outlets.
- Swire Properties engages its tenants in recycling campaigns and community service. During 2008 it also launched a free energy-audit service for its commercial tenants.
- Cathay Pacific and Dragonair promote their 'Fly Greener' carbon offset programme to their passengers.

Our suppliers and joint venture partners

We have long-term partnerships with a number of leading global corporations. Besides supporting the development of our businesses, these partnerships provide opportunities to work together on environmental and community issues. We work with The Coca-Cola Company on sustainable supply chains and share with Shell on scenario planning in relation to climate change.

Such cooperation provides valuable insight into how we might develop our businesses with a view to supporting the sustainable development of the communities of which we are a part.

We recognise the importance of engaging with our suppliers on issues associated with the sustainable development of the communities where our products are sourced. Our supplier relationships are part of our reputation and brand. We seek to ensure that our requirement to purchase goods on competitive terms is not met at the expense of labour standards, health and safety or the environment.

Our Supply Chain Sustainability Working Group brings together procurement professionals from Group companies to share best practice on working with suppliers on sustainability issues.

- In the past year, nine Group companies developed Supplier Codes of Conduct. Hence, 11 Group companies covered by this report now have Supplier Codes of Conduct in place and are integrating these Codes into their procurement standards.
- Swire Beverages' Supplier Guiding Principles (adopted in 2002) govern the sourcing of all materials used in beverage production, as well as promotional materials used for

marketing. Since 2004, the company has been working with its suppliers to lower the volume of raw materials used in packaging, reducing the consumption of PET bottles by over 9%, aluminium by 4%, and the weight of glass bottles by over 30%.

- Swire Resources, with retail and wholesale interests in active footwear and sports and lifestyle apparel, sources from factories that comply with the Standards of Manufacturing Practices (SMP) of its major clients. In 2008, the company developed its own SMP to govern the sourcing of its products.
- Cathay Pacific surveyed more than 700 suppliers on their compliance with its Supplier Code of Conduct and received a 95% response rate. Analysis of the responses indicated a high degree of compliance. The airline has also introduced a procedure for its procurement staff to monitor supplier compliance in relation to social and environmental issues.

The scale and complexity involved in engaging with our network of suppliers poses many challenges and, as a conglomerate, the diversity of our businesses further increases the complexity of the task. Nonetheless, we are determined to engage more actively with our suppliers on sustainability issues. In the medium

term, the Supply Chain Sustainability Working Group will take sustainable forestry products as a focus area, developing guidelines and pilot projects on this area.



Performance 2008

- ★ Formalise the Working Group, which shares best practice on supply chain management practices, and takes joint action where appropriate.
Our Supply Chain Sustainability Working Group now covers 14 Group companies in this report.
- ★ Map out and prioritise sustainability issues relating to suppliers.
Eleven companies in the Working Group have developed supplier codes of conduct and agreed on sourcing of sustainable forestry products as a focus for joint action.
- ★ Encourage the Group's major operating companies to report externally on their work with suppliers on environmental and social issues.
Four member companies of the Working Group publicly reported on their supply chain management practices in their 2008 reports.

Agenda 2009

- Focus on reducing the environmental impact of all the paper products we purchase.
- Develop a platform for knowledge sharing and programmes to engage suppliers.

swire and the community

invest and engage, bringing lasting benefits to our communities



We have a long-standing commitment to the communities in which we operate. They provide the resources and infrastructure that help our businesses run smoothly and we seek to enhance their capabilities while respecting their culture and heritage. We do this by the way we conduct business, through sponsorship and engaging the resources and talents of our people and our community partners.

HK\$36m

invested in local communities



Community investment

In 2008, we supported around 250 community organisations, mainly in Hong Kong, Mainland China and the Asia Pacific region, with cash contributions of more than HK\$36 million, and additional support in the form of goods and services. More than two-thirds of this funding went to long-term community investment partnerships, while the remainder was disbursed in response to pressing social needs. Another HK\$31 million in funds was raised to aid the emergency relief effort following the devastating earthquake in Sichuan Province in Mainland China.

The majority of our philanthropic funding is channelled through [The Swire Group Charitable Trust](#) (Swire Trust), to which Swire Pacific is the major contributor. Our Philanthropy Council, chaired by a Board Director, meets regularly to oversee the Swire Trust's funding programmes. Individual Swire companies play a role in supporting healthcare, the elderly and a wide range of social initiatives, while the Swire Trust has chosen to focus on education, arts and culture, and the environment. We maintain close links with the major community partners we support with a view to enhancing the long-term benefits of this funding.

We believe that giving young people opportunities to acquire the knowledge and skills for building a better future is one of the best ways to support the long-term development of our communities. Our commitment to supporting **education** extends back to the early part of the 20th century, when Swire contributed some £40,000 (around HK\$24 million in today's terms) to endow the Taikoo Chair of Engineering at the University of Hong Kong (HKU) in the early 1900s, and established the Taikoo Primary School in Hong Kong in 1923 to provide free education for the children of our workforce at the Taikoo Sugar Refinery and Taikoo Dockyard.

Today, we continue to invest in these long-term partnerships. In 2008, as well as providing funding for **Taikoo Primary School** to employ qualified Putonghua and native English-speaking teachers, our staff volunteers organised a ten-week programme helping students to improve their English language and communication skills through story-telling and interactive activities such as role playing, cooking and dancing. We also gave the primary six students a one-day tour highlighting the environmental features at Swire Properties' and Swire Coca-Cola's facilities, in an effort to inspire them to adopt an environmentally-responsible lifestyle.

Our relationship with HKU has continued with the Swire Trust funding a new research vessel for the **Swire Institute of Marine Science**. This Institute, established with major funding from Swire in the late 1980s, is the HKU's research centre for marine biodiversity.

Each year, Swire funds 27 undergraduate **scholarships** at Hong Kong's universities and five postgraduate students from Mainland China to study in Hong Kong. In 2008, the Swire Trust partnered with the Baptist University in Hong Kong and the Ministry of Foreign Affairs of the PRC, to offer two scholarships per annum for students nominated by the Ministry for full-time postgraduate



studies in the translation faculty of the Baptist University. We also provide a variety of scholarships for children of our staff.

In addition to academic studies, we support a diverse range of educational programmes. For example:

- Swire and Cathay Pacific have been major sponsors of the **Life Education Activity Programme** (LEAP) since its inception in 1994. LEAP's health education and drug prevention programmes annually reach out to some 76,000 students from the age of five to 15, including over 3,000 at special needs schools.
- Swire supports the **Community English Language Laboratory** (CELL), which has assisted tens of thousands of students to improve their spoken English.
- Dragonair is a sponsor of four special needs schools in Western China under the **Special Olympics Adopt-a-School** programme. The programme aims to empower individuals with mental disabilities to become physically fit and respected members of their societies through sports.

In addition to working to minimise the impact of our operations on the **environment**, we support efforts that advance the understanding of climate change and other environmental challenges.

The Swire Trust continues to fund the **Swire NOCS Ocean Monitoring System** (SNOMS) research project for measuring the transfer of carbon dioxide between the oceans and the atmosphere. SNOMS is run by the National Oceanography Centre of the University of Southampton, using equipment placed on board M.V. Pacific Celebes, a vessel owned by The China Navigation Company, part of the Swire group's private business arm. The data is delivered real-time to the oceanographic community and helps research into the extent to which oceans will continue their current absorption of 30% – 50% of man-made carbon dioxide emissions – one of the factors that determines how quickly emissions must be reduced to avoid dangerous climate change.

An important initiative in 2008 was the launch of the **Sustainable lifestyle Target Education Programme** (STEP), a climate change education programme for primary school students in Hong Kong. Swire has commissioned WWF Hong Kong to design and implement STEP, which aims to help children understand the concept of climate change and acquire an environmentally responsible lifestyle through a week-long programme that forms a part of their syllabus. The programme incorporates drama, games, exhibitions and seminars, as well as classroom exercises



education, environment

and online support. It has received the endorsement of the Education Bureau of Hong Kong and will reach more than 12,000 students at 15 primary schools in its first year.

Swire became a major sponsor of the **Green Long March (GLM)** in 2008. The GLM, organised jointly by Beijing Forestry University, FutureGenerations and the Chinese Youth Federation, is a student-led environmental programme aimed at raising awareness of China's environmental challenges and promoting sustainable solutions. Students from 32 universities in Mainland China were involved in environmental case studies, field research and awareness campaigns on ten routes across China. The sponsorship involved Swire adopting the GLM's Gold Coast Route, from Zhanjiang in Guangdong Province to Xiamen in Fujian Province, providing opportunities for staff at Taikoo (Xiamen) Aircraft Engineering Company (TAECO) and Swire Coca-Cola bottling plants in Guangzhou and Xiamen to participate in environmental programmes that benefit the communities where we operate. FutureGenerations also assisted Swire Properties in a Green Christmas Tree Design Competition in Beijing, which was complemented by seminars for university students and public exhibitions to raise awareness of environmental issues.

Swire is a long-term patron of the **arts and culture**, seeking to encourage creativity and imagination in its local communities. The Hong Kong Arts Development Council conferred the 2008 Award for Arts Sponsorship on our Property Division in recognition of its continuing commitment to making arts accessible to the public on an everyday level. Over the past three decades, in addition to its notable collection of art on permanent public display, **Swire Properties** has brought a diverse range of outstanding cultural programmes and exhibitions to the community, from the internationally acclaimed Cirque du Soleil



in 'Saltimbanco', to the world's first-ever indoor ice lantern display and a series of free concerts by the Hong Kong Philharmonic Orchestra. In 2008, Swire Properties hosted more than 80 arts exhibitions and performances at its managed commercial and residential complexes. Its opening of ArtisTree in Island East, a new multi-purpose venue of some 20,000 square feet dedicated to arts and cultural events, has further underscored its commitment to supporting development of the arts in Hong Kong.

The Swire Trust has been the Principal Patron of the **Hong Kong Philharmonic Orchestra** since 2006, and has recently renewed its patronage of the orchestra for another three years, with annual sponsorship of HK\$13 million. This funding supports the orchestra in bringing classical music to the wider public in Hong Kong and Mainland China through free concerts and educational programmes. It also enables the orchestra to host world-renowned international performers and to present the talents of young local musicians. Other examples of our sponsoring of the arts include:

- The Swire Trust funds the **Arts with the Disabled Association Hong Kong**, an organisation that seeks to encourage people

with all disabilities to realise their own creative potential and to promote an inclusive society through the arts.

- Swire Properties actively partners with organisations such as **Shakespeare4All** and the **Hong Kong Youth Arts Foundation**, to encourage young people to learn from the arts the confidence and perseverance needed for success in life.
- Cathay Pacific's partnership with the **Asian Youth Orchestra (AYO)** has provided the opportunity for 350 disadvantaged children and their families from neighbourhoods near Hong Kong International Airport to enjoy the delights of classical music at the AYO's 2008 Family Fun Fest.

Swire responded to the devastating earthquake in Sichuan Province in China with a group-wide fundraising appeal. The Swire Trust, together with our companies, our staff and our customers, raised more than HK\$31 million to aid the **emergency relief** effort. Dragonair also contributed by flying doctors, aid workers and over 54 tonnes of supplies into the stricken area without charge. In addition, some 800 staff members and their families and friends hand-knitted 3,900 scarves and shawls to present to victims of the disaster through the Red Cross at the start of winter.



arts & culture, emergency relief

Community engagement

Employee volunteering is an integral part of our community engagement strategy. It provides new ways of connecting with our local communities and enables our staff to gain skills and motivation while giving something back to society. In 2008, through partnerships with more than 80 not-for-profit organisations, our staff engaged in a wide range of community initiatives.

We recognise that participation in community work is a personal choice. To facilitate our staff becoming involved, we encourage our Group companies to offer employees two paid days each year to participate in **corporate volunteering programmes**. Throughout the year, we also use our staff communication channels, such as the intranet and staff newspaper (紅白藍), to provide the forum for our staff to share their volunteering experiences and observations on the needs of our communities.

The extent of our corporate volunteering activities increased over the previous year. In particular, Hong Kong Aircraft Engineering Company (HAECO) and Taikoo (Xiamen) Aircraft Engineering Company (TAECO) have launched corporate volunteering programmes that support the elderly, children and the environment.



The development of **children and young people** remains the most important element in our community engagement work. In 2008, more than 40% of our employee volunteering programmes were devoted to this area. Our activities in Hong Kong included:

- Swire Coca-Cola Hong Kong's volunteers learning how to bake cookies and make handicrafts with newly arrived immigrant students from Mainland China and South Asia, and working on vegetable farms with dyslexic children.
- Cathay Pacific's volunteers helping students in neighbourhoods near Hong Kong International Airport to improve their spoken English through the English On Air programme.
- Swire Resources' volunteer team offering children from underprivileged families free tuition and the opportunities to visit museums and other attractions in Hong Kong.

In 2008, the Swire Trust, in conjunction with the **China Care Fund**, a Hong Kong-based charity, arranged two community service trips to Mainland China's Guangxi province. This enabled some 60 staff volunteers from 14 Swire group companies to see for themselves the challenges faced by deprived communities and to reinforce teamwork through community service. Our staff



painted murals and set up mobile book corners in school classrooms in order to enrich the learning environment for the young students. They also enjoyed making artwork with the students and teaching them simple English through party games. Funds raised by our staff and the Swire Trust's sponsorship enable us to support 36 underprivileged students so that they can finish their three-year senior high school studies.



Many of our activities are particularly focused on contributing positively to our **environment**.

- Staff volunteers in Hong Kong and Mainland China have participated in numerous tree-planting activities to counter soil erosion.
- In 2008, HUD Group staff volunteers took part in beach clean-ups, TAECO staff participated in a campaign to keep the city of Xiamen clean, and Swire Beverages' staff supported the green movement associated with the Beijing Olympics by helping to collect litter from the torch relay route. All of these activities have contributed to encouraging wider awareness of the importance of environmental conservation.
- Swire Beverages' bottling plants in Mainland China are strong supporters of the 'Save a Barrel of Water' student education campaign, organised by The Coca-Cola Company.

corporate volunteering

This campaign encourages staff to work with students in various initiatives to recycle and save water.

- Taikoo Motors Group (TMG), in Taiwan, organised a nine-day round the island cycling race to promote a low-carbon lifestyle and to raise funds for local charities. This public campaign, with 600 participating cyclists, allowed TMG to engage its staff and business partners in increasing awareness of the impact of climate change.



In addition to these community programmes, the majority of our companies have incorporated environmental education into their staff induction and development programmes. We encourage our staff to adopt an environmentally-responsible lifestyle and

to inspire their families and friends and the wider community to help protect the environment.

Some of our activities involve applying ourselves to areas where **our experience and expertise** can make a positive difference.

- Engineers at HAECO, Hong Kong Aero Engine Services (HAESL), Cathay Pacific and Dragonair are actively involved in Hong Kong's annual 24-hour pedal kart charity race – as pedal kart team members and as maintenance service providers to the participating teams.
- Swire Properties' technical team contributed more than 250 hours of technical services to help underprivileged old people with home-repair work.



- Swire Pacific management staff volunteered their time and knowledge to serve on the boards of various community organisations.

Cathay Pacific's 'I Can Fly' programme and the Dragonair Aviation Certificate Programme, a joint initiative between Dragonair and the Hong Kong Air Cadet Corps, continue to offer opportunities for Hong Kong's young people to be mentored by the airlines' pilots, learning more about the science and operation of the aviation industry. Our business partners in the airport community are also involved in these programmes.

To inspire more companies and individuals to **share our commitment** to serving the community, Swire Properties actively engages its commercial and residential tenants in its community programmes. Similarly, HAESL collaborated with Television Broadcasts Limited (TVB), its neighbour in Tseung Kwan O, in organising a fun tour for children from underprivileged families.

These engagement programmes strengthen our relationship with the communities in which we operate and provide opportunities for our staff to develop a wide range of skills and competences, including communication, leadership and teamwork, while making a difference to the community.

Performance 2008

- ★ Establish a community engagement committee to assist Group companies to establish and maintain good relationships with the communities.
Swire Group Community Engagement Committee established.
- ★ Continue to explore possible new community investment and engagement initiatives that align with the Swire Trust's focus areas and strengthen the sustainability of the communities in which we operate.
Launched new partnerships supporting education and environmental conservation. Details are provided in this section of the report.

Agenda 2009

- Expand our community engagement work in Mainland China.
- Enhance our staff communications relating to community engagement.
- Engage staff in practising green and low-carbon lifestyles.

Swire Pacific Sustainable Development Policy

we adopt this policy because

- Long-term value creation for our shareholders depends on the sustainable development* of our businesses and the communities in which we operate.
- We wish to excel as corporate citizens.

our policy

- **Industry leadership**

We will work with others to promote sustainable development in the industries in which we operate.

- **In our operations**

We will meet or exceed all legal requirements and:

- Be a good steward of the natural resources and biodiversity under our influence and ensure that all potential adverse impacts of our operations on the environment are identified and appropriately managed.
- Operate as far as is reasonably practicable in a manner which safeguards the health and safety of all our stakeholders.
- Strive to be an employer of choice by providing an environment in which all employees are treated fairly and with respect and can realise their full potential.
- Favour suppliers and contractors who promote sustainable development and encourage the responsible use of our products and services by our customers and consumers.
- Promote good relationships with the communities of which we are a part and enhance their capabilities while respecting people's culture and heritage.

making it happen

- All companies in which Swire Pacific has a controlling interest will have action plans for applying this policy in a way which is relevant to their businesses. We will encourage other companies in which we have an interest as a shareholder or through our supply chain to implement similar policies.
- We will encourage and empower our staff to be proactive on sustainable development matters both at work and in the community.
- We will monitor our performance and report regularly.
- We will review this policy periodically, having regard in particular to stakeholder dialogues.

* Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. – 'Our Common Future', 1987 – World Commission on Environment and Development.

appendix 2 summary of statistics⁽¹⁾

Total energy consumption (EN3+EN4)

Company	Attributed to Swire Pacific		Energy Consumption in GJ						Attributed to Swire Pacific		Change %
			100% of consumption								
	at 31 Dec 2008 %	at 31 Dec 2007 %	Direct Energy Consumption (EN3)		Indirect Energy Consumption (EN4)		Total		Total		
		2008	2007	2008	2007	2008	2007	2008	2007		
Property											
Swire Properties – Hong Kong	100.00	100.00	3,743	2,847	796,713	804,362	800,456	807,209	800,456	807,209	-0.8
Aviation											
Cathay Pacific Airways	39.98	39.91	191,910,924	182,692,257	121,105	117,151	192,032,029	182,809,408	76,774,405	72,959,235	5.2
Hong Kong Dragon Airlines	39.98	39.91	19,620,170	19,287,022	29,578	29,169	19,649,748	19,316,191	7,855,969	7,709,092	1.9
AHK Air Hong Kong	23.99	23.95	3,895,659	3,261,212	–	–	3,895,659	3,261,212	934,569	781,060	19.7
	39.98										
Cathay Pacific Catering Services	39.98	39.91	159,027	153,820	151,911	149,625	310,938	303,445	124,313	121,105	2.6
Vogue Laundry	39.98	39.91	205,707	246,161	25,294	27,277	231,001	273,438	92,354	109,129	-15.4
Hong Kong Airport Services	39.98	39.91	113,165	117,566	9,026	10,473	122,191	128,039	48,852	51,100	-4.4
HAECO	44.49	43.75	131,968	129,400	110,082	109,107	242,050	238,507	107,688	104,347	3.2
TAECO	28.80	24.75	16,559	17,791	81,953	89,782	98,512	107,573	28,371	26,624	6.6
HAESL	20.02	19.69	116,218	128,740	71,535	65,704	187,753	194,444	37,588	38,286	-1.8
Hactl	24.00	23.99	39,292	33,194	166,790	164,232	206,082	197,426	49,460	47,363	4.4
Beverages											
Hong Kong	87.50	87.50	118,793	117,176	100,698	92,909	219,491	210,085	192,055	183,824	4.5
Taiwan	80.00	80.00	155,477	107,279	58,094	54,235	213,571	161,514	170,857	129,211	32.2
USA	100.00	100.00	316,438	315,050	41,114	43,175	357,552	358,225	357,552	358,225	-0.2
Mainland China	54.85	54.32	429,668	381,881	405,551	360,129	835,219	742,010	458,118	403,060	13.7
Marine Services											
Swire Pacific Offshore (2)	100.00	100.00	332,669	399,454	3,926	1,481	336,595	400,936	336,595	400,936	-16.0
HUD Group	50.00	50.00	394,673	399,898	31,039	28,298	425,712	428,197	212,856	214,098	-0.6
Trading & Industrial											
Swire Resources – Hong Kong (3)	100.00	100.00	1,567	1,572	29,575	28,139	31,142	29,711	31,142	29,711	4.8
Taikoo Motors Group	100.00	100.00	9,261	9,410	25,168	23,988	34,429	33,398	34,429	33,398	3.1
Takioo Sugar – Hong Kong	100.00	100.00	–	–	233	214	233	214	233	214	8.7
Takioo Sugar – Mainland China	100.00	100.00	–	–	120	124	120	124	120	124	-3.2
Total			217,970,978	207,801,731	2,259,505	2,199,575	220,230,483	210,001,305	88,647,982	84,507,351	4.9

Notes:

(1) See Appendix 3 for list of companies covered by this report

(2) The figures exclude On-Hire vessel fuel consumption as these belong to scope 3 as defined by the Greenhouse Gas Protocol

(3) The figures exclude PUMA operation data

Direct Energy consumption (EN3) (in 100%) breakdown by fuel type (G)

	2008	2008 Mix %
Coal stationary	131,786	< 0.1
Gas (natural gas + Towngas) stationary	170,733	< 0.1
Oil derivatives stationary	587,608	0.3
Oil derivatives mobile	217,080,851	99.6
Total	217,970,978	100.0

Total water withdrawal by source (EN8)
Percentage and total volume of non-sea reused (EN10)
Total water discharge by quality and destination (EN21)

Company	Attributed to Swire Pacific		Water used (m ³)				Change %	Water recycled (as % of total)				Water discharged (as % of used)			
	at 31 Dec 2008 %	at 31 Dec 2007 %	Total		Attributable			Treated		Untreated		To sea		To sewer	
			2008	2007	2008	2007		2008	2007	2008	2007	2008	2007	2008	2007
Property															
Swire Properties – Hong Kong	100.00	100.00	451,757	498,000	451,757	498,000	-9.3	2.7	2.3					50.0	50.0
Aviation															
Cathay Pacific Airways	39.98	39.91	17,009	15,381	6,800	6,139	10.8							100.0	100.0
Hong Kong Dragon Airlines	39.98	39.91	12,166	12,134	4,864	4,843	0.4							100.0	100.0
AHK Air Hong Kong	23.99	23.95	-	-	-	-	N/A								
Cathay Pacific Catering Services	39.98	39.91	409,633	399,766	163,771	159,547	2.6							100.0	100.0
Vogue Laundry	39.98	39.91	424,490	463,488	169,711	184,978	-8.3							90.0	90.0
Hong Kong Airport Services	39.98	39.91	10,429	9,886	4,170	3,946	5.7							100.0	100.0
HAECO	44.49	43.75	219,738	128,658	97,761	56,288	73.7							94.3	89.4
TAECO	28.80	24.75	176,159	176,115	50,734	43,588	16.4	3.9		1.5	0.8	66.4	54.5		
HAESL	20.02	19.69	90,027	79,863	18,023	15,725	14.6							66.1	62.6
Hactl	24.00	23.99													
Beverages															
Hong Kong	87.50	87.50	788,030	844,012	689,526	738,511	-6.6	0.1		20.0				47.4	43.3
Taiwan	80.00	80.00	569,676	509,504	455,741	407,603	11.8	2.4	16.0	13.3	11.3			65.1	53.6
USA	100.00	100.00	770,934	845,676	770,934	845,676	-8.8							50.8	54.7
Mainland China	54.85	54.32	3,906,242	4,057,633	2,142,574	2,204,106	-2.8	3.8	3.2	7.0	8.8			42.4	26.3
Marine Services															
Swire Pacific Offshore (1)	100.00	100.00	-	-	-	-	N/A								
HUD Group	50.00	50.00	112,221	124,445	56,111	62,223	-9.8					37.9	38.1		
Trading & Industrial															
Swire Resources – Hong Kong (2)	100.00	100.00	2,967	2,891	2,967	2,891	2.6							100.0	100.0
Taikoo Motors Group	100.00	100.00	63,032	67,896	63,032	67,896	-7.2							29.9	29.8
Takioo Sugar – Hong Kong	100.00	100.00	-	-	-	-	N/A								
Takioo Sugar – Mainland China	100.00	100.00	1,087	512	1,087	512	112							100.0	100.0
Total			8,025,597	8,235,860	5,149,563	5,302,470	-2.9								

Notes:

- (1) The figures exclude On-Hire vessel fuel consumption as these belong to scope 3 as defined by the Greenhouse Gas Protocol
(2) The figure excludes PUMA operation data

Total direct and indirect greenhouse gas emissions by weight (EN16)

Company	Emissions in tonnes CO ₂ e										Change %
	Attributed to Swire Pacific		100% of emissions						Attributed to Swire Pacific		
	at 31 Dec 2008 %	at 31 Dec 2007 %	Direct scope 1		Indirect scope 2		Total		Total		
		2008	2007	2008	2007	2008	2007	2008	2007		
Property											
Swire Properties – Hong Kong	100.00	100.00	2,362	2,554	171,810	177,294	174,172	179,848	174,172	179,848	-3.2
Aviation											
Cathay Pacific Airways (1)	39.98	39.91	13,039,360	12,472,082	18,166	18,874	13,057,526	12,490,956	5,220,399	4,985,141	4.7
Hong Kong Dragon Airlines (1)	39.98	39.91	1,333,084	1,316,689	4,437	4,700	1,337,521	1,321,389	534,741	527,366	1.4
AHK Air Hong Kong (1)	23.99	23.95	264,690	222,638	–	–	264,690	222,638	63,499	53,322	19.1
Cathay Pacific Catering Services	39.98	39.91	10,819	12,173	22,787	24,106	33,605	36,279	13,435	14,479	-7.2
Vogue Laundry	39.98	39.91	14,002	16,873	3,806	4,459	17,808	21,332	7,120	8,514	-16.4
Hong Kong Airport Services	39.98	39.91	9,210	8,068	1,354	1,687	10,564	9,755	4,223	3,893	8.5
HAECO	44.49	43.75	9,056	10,196	16,512	17,578	25,568	27,774	11,375	12,151	-6.4
TAECO	28.80	24.75	1,372	1,307	13,657	14,215	15,029	15,522	4,328	3,842	12.7
HAESL	20.02	19.69	7,896	8,776	10,730	10,586	18,626	19,362	3,729	3,812	-2.2
Hactl	24.00	23.99	2,622	2,207	25,018	26,460	27,640	28,667	6,634	6,877	-3.5
Beverages											
Hong Kong	87.50	87.50	7,709	7,245	15,105	14,711	22,814	21,956	19,962	19,212	3.9
Taiwan	80.00	80.00	11,966	8,200	10,194	9,461	22,160	17,661	17,728	14,129	25.5
USA	100.00	100.00	22,391	20,515	4,774	4,651	27,164	25,166	27,164	25,166	15.0
Mainland China	54.85	54.32	33,002	31,104	88,759	85,131	121,761	116,235	66,786	63,139	5.8
Marine Services											
Swire Pacific Offshore (2)	100.00	100.00	26,337	31,004	586	215	26,923	31,219	26,923	31,219	-13.8
HUD Group	50.00	50.00	30,575	27,891	4,656	4,559	35,231	32,450	17,615	16,225	8.6
Trading & Industrial											
Swire Resources – Hong Kong (3)	100.00	100.00	113	107	5,265	5,272	5,377	5,379	5,377	5,379	–
Taikoo Motors Group	100.00	100.00	702	663	4,416	4,251	5,118	4,914	5,118	4,914	4.2
Takioo Sugar – Hong Kong	100.00	100.00	–	–	54	49	54	49	54	49	10.0
Takioo Sugar – Mainland China	100.00	100.00	–	–	26	29	26	29	26	29	-10.4
Total			14,827,265	14,200,292	422,112	428,289	15,249,377	14,628,581	6,230,410	5,978,706	4.2

Notes:

(1) Only CO₂ emissions are reported for aviation turbine fuel as there is no scientific consensus on the global warming effect of the other emissions. Our airlines continue to monitor developments in these areas of atmospheric science, including studies from the UK's OMEGA aviation and environment project and the Institute of Atmospheric Physics at the German Aerospace Centre (DLR).

(2) The figures exclude On-Hire vessel fuel consumption as these belong to scope 3 as defined by the Greenhouse Gas Protocol

(3) The figure excludes PUMA operation data

Swire Pacific Group workforce data as of 31 December 2008 (LA1)

	Swire Pacific attributable % 2008	Total workforce						Change %	Employees who are on permanent terms % 2008	Permanent employees who work full-time % 2008	Total workforce by region %				
		Employees 2008	Supervised workers 2008	Total 2008	Total attributable 2008	Total attributable 2007	Hong Kong & Macau				Mainland China	Taiwan	USA	Others	
Swire Pacific	100.00	28	–	28	28	24	16.7	100.0	100.0	100.0	–	–	–	–	
Property															
Swire Properties – Hong Kong	100.00	2,453	–	2,453	2,453	2,294	6.9	95.4	94.7	99.9	–	–	–	0.1	
Aviation															
Cathay Pacific Airways	39.98	18,145	–	18,145	7,254	6,604	9.8	97.0	97.8	70.2	0.8	2.9	2.3	23.8	
Hong Kong Dragon Airlines	39.98	2,558	–	2,558	1,023	1,098	-6.9	96.3	100.0	73.3	21.0	5.4	–	0.3	
AHK Air Hong Kong	23.99	94	–	94	23	22	2.3	92.6	100.0	36.2	–	–	–	63.8	
Cathay Pacific Catering Services	39.98	1,695	–	1,695	678	657	3.2	84.2	94.8	100.0	–	–	–	–	
Vogue Laundry	39.98	594	15	609	243	261	-6.9	75.8	99.8	100.0	–	–	–	–	
Hong Kong Airport Services	39.98	3,067	–	3,067	1,226	781	57.0	84.1	100.0	100.0	–	–	–	–	
HAECO	44.49	5,020	237	5,257	2,339	2,150	8.8	90.2	95.2	97.1	2.7	–	–	0.2	
TAECO	28.80	5,287	1	5,288	1,523	1,260	20.9	100.0	100.0	–	100.0	–	–	–	
HAESL	20.02	920	27	947	190	174	8.8	97.7	100.0	100.0	–	–	–	–	
HACTL	24.00	2,583	447	3,030	727	751	-3.1	78.4	95.2	97.7	2.3	–	–	–	
Beverages															
Hong Kong	87.50	1,642	53	1,695	1,483	1,418	4.6	83.5	99.2	98.3	1.4	0.2	–	–	
Taiwan	80.00	893	82	975	780	830	-6.0	98.3	100.0	–	–	100.0	–	–	
USA	100.00	1,772	–	1,772	1,772	1,848	-4.1	100.0	97.2	–	–	–	100.0	–	
Mainland China	54.85	10,860	4,823	15,683	8,602	7,569	13.6	100.0	100.0	–	100.0	–	–	–	
Marine services															
Swire Pacific Offshore	100.00	1,820	–	1,820	1,820	1,832	-0.7	55.7	100.0	–	–	–	–	100.0	
HUD Group	50.00	683	–	683	342	332	2.9	87.1	99.7	100.0	–	–	–	–	
Trading & Industrial															
Swire Resources – Hong Kong	100.00	1,774	–	1,774	1,774	1,553	14.2	88.0	71.8	100.0	–	–	–	–	
Taikoo Motors Group	100.00	770	21	791	791	849	-6.8	99.6	100.0	–	–	100.0	–	–	
Taikoo Sugar	100.00	86	–	86	86	72	19.4	100.0	100.0	27.9	72.1	–	–	–	
2008 total		62,744	5,706	68,450	35,156	32,380	8.6	93.4	97.6	52.1	32.1	3.5	3.2	9.1	

Rates of injury, lost days and work-related fatalities (LA7)

Company	Injuries (including fatalities)											
	Thousand hours worked (employees)		Total injuries (1) (employees)		Total fatalities (6) (employees)		Lost time injury rate (2)		Lost days due to injuries		Lost day rate (3)	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Property												
Swire Properties – Hong Kong	4,457	4,266	57	67			2.56	3.14	1,189	962	53.33	45.10
Aviation												
Cathay Pacific Airways (5)	17,392	16,133	1,053	798			12.11	9.89	29,186	Note (4)	335.63	Note (4)
Hong Kong Dragon Airlines	2,896	2,775	236	262			16.30	18.88	2,828	Note (4)	195.30	Note (4)
AHK Air Hong Kong	99	58	–	–			–	–	–	Note (4)	–	Note (4)
Cathay Pacific Catering Services	3,783	3,691	64	75			3.38	4.06	1,794	1,895	94.84	102.68
Vogue Laundry	1,634	1,659	48	23			5.87	2.77	962	686	117.73	82.70
Hong Kong Airport Services	5,649	5,371	183	128			6.48	4.77	6,516	4,424	230.69	164.74
HAECO	12,258	11,697	240	247	1		3.92	4.22	4,552	4,190	74.27	71.64
TAECO	11,727	10,922	144	277	2	1	2.46	5.07	971	1,784	16.56	32.67
HAESL	2,207	2,087	12	21			1.09	2.01	245	292	22.20	27.98
Hactl	5,902	6,029	66	82			2.24	2.72	3,700	3,682	125.38	122.14
Beverages												
Hong Kong	2,973	2,997	54	101			3.63	6.74	2,138	3,636	143.83	242.64
Taiwan	2,030	1,998	13	15			1.28	1.50	155	294	15.27	29.43
USA	3,860	3,803	51	86			2.64	4.52	390	460	20.21	24.19
Mainland China (6)	31,040	29,348	104	122	1	2	0.67	0.83	3,407	3,280	21.95	22.35
Marine Services												
Swire Pacific Offshore	7,450	6,969	15	4			0.40	0.11	462	6	12.40	0.17
HUD Group	1,976	2,068	65	49	1		6.58	4.74	1,764	722	178.50	69.83
Trading & Industrial												
Swire Resources – Hong Kong	2,451	2,791	33	32			2.69	2.29	300	430	24.48	30.81
Taikoo Motors Group	1,650	1,580	5	8			0.61	1.01	131	67	15.88	8.48
Takioo Sugar - Hong Kong	43	39	–	–			–	–	–	–	–	–
Takioo Sugar - Mainland China	42	33	1	1			4.81	6.01	7	7	33.65	42.07
Total	121,594	116,314	2,444	2,398	5	3	4.02	4.12	60,649		99.76	

Notes:

(1) Total injuries are those which result in lost time of a minimum of one day. (In the above table total injuries include fatalities.)

(2) Lost Time Injury Rate = Total Injuries/Total Hours Worked X 200,000*. (* This represents rate per 100 employees, based on 40 hours per week for 50 weeks a year.)

(3) Lost Day Rate = Total Days Lost/Total Hours Worked X 200,000*. (* This represents rate per 100 employees, based on 40 hours per week for 50 weeks a year.)

(4) This information is excluded due to changes in the data collection system.

(5) Cathay Pacific Airways 2007 total injuries figure has been revised.

(6) In addition to the 5 work-related fatalities listed, there were the following in 2008:

a. A fatality at Swire Duro. This company, which has ceased operations, is not included within the scope of this report;

b. Two non work-related fatalities in Beverages – Mainland China. One employee died from a heart attack and another died from a traffic accident after work.

appendix 3 description of the companies which comprise the Swire Pacific Group

	Accounting status	Swire Pacific attrib at 31 Dec 2008 %	Covered by this report	Description	Company report
Property					
Hong Kong with the exception of Pacific Place and Citigate hotel companies	Subsidiary	60 – 100	Yes	One of Hong Kong's leading property developers with a portfolio of 14.7 million square feet comprising commercial properties in prime locations, as well as serviced apartments and other luxury residential accommodation.	Sustainable Development Report (GRI B+)
Pacific Place and Citygate hotel companies	Associate / Jointly controlled	20.00	No	Holds minority interests in hotels at Pacific Place and Citygate in Hong Kong.	
USA	Subsidiary / Jointly controlled	75 – 100	No	Develops property in Florida and owns 75% of the Miami Mandarin Oriental hotel.	
Swire Hotels Group	Subsidiary	100	No	Hotel investment and operation.	
Mainland China	Subsidiary & Jointly controlled	50 – 98	No	Developing mixed use commercial centres in Beijing, Guangzhou and Shanghai.	
Aviation					
Cathay Pacific Airways	Associate	39.98	Yes	An international airline registered and based in Hong Kong which operates passenger and cargo services to 116 destinations with 123 wide-bodied aircraft. Listed in Hong Kong.	Corporate Social Responsibility Report (GRI A+)
Hong Kong Dragon Airlines	Associate	39.98	Yes	A wholly-owned subsidiary of Cathay Pacific providing passenger and cargo airline services to destinations in Mainland China and the region.	Covered by Cathay Pacific Airways' Report
Cathay Pacific Catering Services	Associate	39.98	Yes	Operates a large air catering facility supplying 62% of the airline catering at Hong Kong International Airport.	Environmental Report
Vogue Laundry	Associate	39.98	Yes	Operates the largest single-site laundry plant in Asia, providing a comprehensive range of laundry and dry cleaning services to many airlines, hotels and other establishments.	Environmental, Health & Safety initiatives
AHK Air Hong Kong	Associate	23.99	Yes	Operates eight A300 aircraft on regional package delivery for DHL.	
Hong Kong Airport Services	Associate	39.98	Yes	Provides luggage and passenger transportation at Hong Kong International Airport	Sustainable Development Report (GRI C)
Other catering and laundry service companies	Associate	11.99 – 15.99	No	Flight kitchens in Taipei, Cebu, Vancouver and Vietnam. Laundry in Taipei.	
Hong Kong Aircraft Engineering Company (HAECO)	Associate	44.49	Yes	Provides base and line aircraft maintenance at Hong Kong International Airport. Listed in Hong Kong.	Environmental, Health & Safety Report
Hong Kong Aero Engine Services (HAESL)	Associate	20.02	Yes	A joint venture between HAECO, Rolls-Royce and SIA Engineering Company which provides commercial aero engine overhaul services.	Sustainable Development Report
Taikoo (Xiamen) Aircraft Engineering Company (TAECO)	Associate	28.80	Yes	A subsidiary of HAECO. Provides heavy aircraft maintenance services at Xiamen Gaoqi International Airport and line maintenance at a number of airports in Mainland China.	Environmental, Occupational Health & Safety Report
Hong Kong Air Cargo Terminals (Hactl)	Associate	24.00	Yes	The leading air cargo terminal operator at Hong Kong International Airport.	

Companies are omitted from the Sustainable Development report either due to low percentage ownership or small size
All GRI reports listed in this appendix are self-declared or third party checked.

	Accounting status	Swire Pacific attrib at 31 Dec 2008 %	Covered by this report	Description	Company report
Beverages					
Hong Kong	Subsidiary	87.50	Yes	Manufactures, markets and distributes products of The Coca-Cola Company in Hong Kong, Taiwan, parts of seven provinces in Mainland China and an extensive area of Western USA.	Corporate Social Responsibility Report (GRI C)
Taiwan	Subsidiary	80.00	Yes		
USA	Subsidiary	100.00	Yes		
Mainland China	Subsidiary / Jointly controlled	44.63 – 100	Yes		
Marine Services					
HUD Group	Jointly controlled	50.00	Yes	Repairs ships and operates harbour tugs and refuse transport ships in Hong Kong.	Environmental, Health & Safety Report
Swire Pacific Offshore	Subsidiary	100.00	Yes	Headquartered in Singapore. Provides marine support services to the offshore oil and construction industry globally except for North America.	Sustainable Development Report (GRI C+)
Trading & Industrial					
Taikoo Motors Group	Subsidiary	100.00	Yes	Distribution and retailing of motor vehicles in Taiwan.	Sustainable Development Report
Swire Resources	Subsidiary	100	Yes	Marketing, distribution and retailing of branded sports and casual footwear, apparel and accessories in Mainland China and Hong Kong.	
PUMA Hong Kong and China	Associate	49	No	Marketing, distribution and retailing of branded sports and casual footwear, apparel and accessories in Mainland China and Hong Kong.	
Swire SITA Waste Services	Jointly controlled	0.00	No	Provides waste management services in Hong Kong, Macau, Taiwan and Mainland China. Swire Pacific sold its interest in this company in October 2008.	
CROWN Beverage Cans Group	Jointly controlled	22.29–44.57	No	Aluminium beverage can manufacturing in Mainland China and Vietnam.	
Akzo Nobel Swire Paints (formerly ICI Swire Paints)	Jointly controlled	30 – 40	No	Paint manufacture and distribution in Mainland China and Hong Kong.	
Taikoo Sugar	Subsidiary	100.00	Yes	Packaging and selling sugar products in Mainland China and Hong Kong.	

Companies are omitted from the Sustainable Development report either due to low percentage ownership or small size. All GRI reports listed in this appendix are self-declared or third party checked.

appendix 4 glossary

Associated companies are those companies over whose management the Group has significant influence, but not control or joint control, including participation in the financial and operating policy decisions, generally accompanying a shareholding carrying between 20% and 50% of the voting rights.

Attributable turnover is the turnover of Swire Pacific's subsidiary, associated and jointly controlled companies multiplied (in each case) by the percentage of the share capital of these companies owned by Swire Pacific.

'**Best in Class**' is a process for a company to assess the best way of meeting its customers' needs as a starting point for setting aspirations to improve its performance. The speed with which a company can change its operations to 'best in class' will depend on its fixed investments and other commercial limitations.

Carbon Dioxide Equivalent (CO₂e) is a measure of the global warming potential of releases of the six greenhouse gases ('GHG') specified by the Kyoto protocol. These are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF₆).

For this report, the conversion factors used cover all six gases for all fuels except aviation jet fuel, which is for CO₂ only as there is no scientific consensus on the global warming effect of the other emissions. Our airlines continue to monitor developments in these areas of atmospheric science, including studies from the UK's OMEGA aviation and environment project and the Institute of Atmospheric Physics at the German Aerospace Centre (DLR). Until there is greater consensus among the scientific community on these gases, their primary focus remains on the reduction of their CO₂ emissions.

Enterprise Risk Management is a process which companies in the Group use to compile a register of the risk events which they face. For each type of risk event, the register records management's judgement of the severity of the risk event, the likelihood of it occurring and the action taken to mitigate and manage the risk.

Global Reporting Initiative (GRI) www.globalreporting.org is a multi-stakeholder-governed institution which provides a generally accepted framework for sustainability reporting. It has developed the world's most widely used sustainability reporting framework. This framework sets out the principles and indicators that entities can use to measure and report their economic, environmental and social performance. More than 1,000 companies and other organisations, including the owners of many of the world's leading brands, have declared their voluntary adoption of the Guidelines which have been prepared in accordance with the GRI. Consequently, these Guidelines have set the *de facto* global standard for reporting.

Global Reporting Initiative 'Level C' covers the Group Profile disclosures shown in the Contents on the inside cover and ten GRI Performance Indicators, including at least one from each of the economic, environment and social indicators.

GRI Performance Indicators are qualitative or quantitative information about results or outcomes associated with the organisation that is comparable and demonstrates change over time. The basis for using the Performance Indicators in this report is provided on www.swirepacific.com/sd.

Greenhouse gas emissions are reported in tonnes of carbon dioxide equivalent, which is defined in this glossary.

Jointly controlled companies are those companies held for the long-term, over which the Group is in a position to exercise joint control with other venturers in accordance with contractual arrangements, and where none of the participating parties has unilateral control over the economic activity of the joint venture.

Revenue tonne kilometres (RTK) is traffic volume, measured in load tonnes from the carriage of passengers, excess baggage, cargo and mail on each sector multiplied by the sector distance.

Subsidiary companies are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than 50% of the voting rights.

assurance statement



Hong Kong Productivity Council (HKPC) was commissioned by the Swire Pacific Group (Swire Pacific) to verify its Sustainable Development Report 2008 (SD Report). The SD Report covers the environmental, social and economic performance of Swire Pacific during the calendar year of 2008.

objectives

The objective of HKPC's verification work is to provide an independent assurance on the completeness, accuracy and reliability of information presented in the SD Report 2008 and, more specifically, to:

- assess whether the scope of the SD Report covers all significant aspects in relation to Swire Pacific's performance;
- check whether the SD Report conforms to the Level C requirements of the Global Reporting Initiative (GRI) G3 Guidelines;
- evaluate whether the selected statements and data presented in the SD Report are accurate;
- review whether the data collection and information management mechanisms used to prepare the SD Report are reliable; and
- provide recommendations for future reports.

approach

Our verification procedures¹ comprised a comprehensive review of the SD Report followed by the selection of a representative sample of statements and data in relation to Swire Pacific's significant aspects for verification. Through a series of interviews with Swire Pacific's representatives, we reviewed and examined the data collation systems and supporting materials relating to the selected statements and data as well as Swire Pacific's relevant management practices and initiatives.

results

Report completeness

The SD Report conforms to Level C requirements of GRI G3 Guidelines. It presents a structured and comprehensive overview of the environmental, social and economic performance with respect to Swire Pacific's key services, activities and initiatives. Swire Pacific addresses its reporting limitations and provides an in-depth account on its attributable energy efficiency

initiatives and achievements in reducing carbon dioxide emission in the report. In response to the comments on the last year Report, Swire Pacific has provided a clear indication on the status of the corporate objectives and targets for 2008 and has enhanced the overall report readability by improving the visual presentation in the report.

Report accuracy and reliability

The selected sample of statements and data examined during the verification process are consistent with the source materials reviewed and reflect a fair account of Swire Pacific's environmental, social and economic performance. The data collation and information management systems adopted are generally considered to be reliable.

recommendations for future reports

Swire Pacific is commended for continuously improving its SD report by addressing feedback on previous reports. We further encourage Swire Pacific to consider the inclusion of the following areas in the preparation of its future reports:

- To provide information on how Swire Pacific addresses stakeholders' concerns on its major sustainability aspects revealed during the stakeholder engagement process;
- To adopt graphical presentation to facilitate year-on-year comparisons on achievements of key performance indicators; and
- To progressively extend the coverage of appropriate performance indicators with reference to GRI G3 Guidelines to achieve the requirements of higher application level.

A handwritten signature in black ink, appearing to read 'Tsang Ken Lan'.

K L Tsang General Manager
Environmental Management Division
Hong Kong Productivity Council
19th June 2009

¹ Our verification work did not cover data and information which have already been published in the Swire Pacific Group's Annual Report and the Environmental/EHS/Corporate Social Responsibility Report produced by relevant subsidiaries of the Group.

thank you for reading this report

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Request for feedback

We welcome your views on how we may further our environmental and social commitments or improve our reporting. Please contact us via our website or email to sd@swirepacific.com

If you do not wish to keep a print copy of this report, please pass it to other readers or dispose it for recycling. Thank you.

	C	C+	B	B+	A	A+
Mandatory		√		Report externally assured		Report externally assured
Optional	Third party checked	√		Report externally assured		Report externally assured
	GRI checked			Report externally assured		Report externally assured



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