

Reporting Methodology

Swire Pacific Annual Report 2014

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About this report

The sustainability material in the 2014 Swire Pacific Annual Report is produced in accordance with the Global Reporting Initiative's GRI G4 reporting guidelines at the core level. This document provides additional information required to satisfy the GRI G4 guidelines at the core level and should be read in conjunction with the 2014 Swire Pacific Annual Report. The GRI content index on pages 224 to 226 of the 2014 Swire Pacific Annual Report (and in appendices 2 and 3 to this document) can be used to find the relevant disclosures made in accordance with the GRI G4 reporting guidelines at the core level.

Sustainable development at Swire Pacific

Swire Pacific does not view sustainability as a cost, but as an opportunity for innovation, growth and improved efficiency. Sustainable development is a key strategic objective and helps to create long term value for our shareholders. It does this by safeguarding our natural resources, supporting the communities in which we operate, concentrating on our staff and their well-being (and that of others with whom we engage) and encouraging our suppliers to maintain sustainability standards similar to our own.

Our long term goal is for our operating companies to minimise the adverse consequences of our impact on the environment, concentrating on greenhouse gas emissions, water and waste. The objective is consistent with our approach to long-term sustainable business development. We also aim to cause zero harm to those involved in our operations. In the short term, we are concentrating on increasing efficiency and reducing our environmental impact. In the medium to long term, we plan to achieve our goal through innovation and investment.

Our sustainability reporting has been based on Global Reporting Initiative (GRI) guidelines since 2007. GRI (www.globalreporting.org) provides a generally accepted framework for sustainability reporting. It sets out the principles and indicators that organisations can use to measure and report their economic, environmental and social performance. The latest GRI reporting standards were issued in 2013.

The GRI guidelines provide:

1. A consistent framework for reporting on sustainable development matters enabling all reporters to use the same definitions of data and terminology
2. Flexibility to report only on what is important or material to a business, so avoiding reporting for reporting's sake
3. A set of common definitions and processes designed to enable readers to understand the performance of the reporting company

Assessing materiality

We use the materiality assessment framework in the GRI G4 guidelines to prepare our report. .

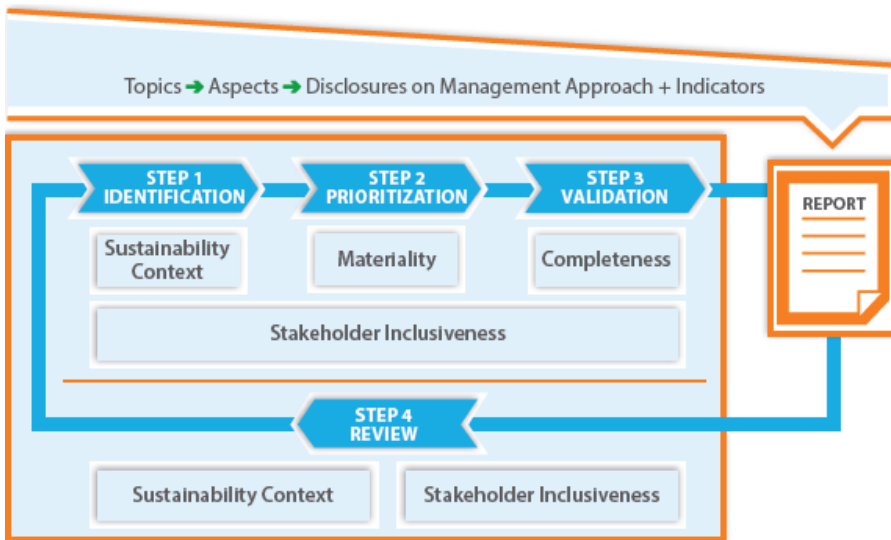


Figure 1: Defining material aspects and boundaries – a process overview

Identification

We identify topics that reflect the impact that our business has inside and outside our organisation. We include topics that are particularly important to those with whom we engage. We do this as follows.

Enterprise risk management

We use an enterprise risk management (ERM) framework. The ERM process enables the management of each operating company to identify and analyse the risks underlying the achievement of business objectives, and to determine how such risks should be managed and mitigated. These risks are assessed with respect to the likelihood of occurrence and severity of impact.

Engagement with others

We use the views of those with whom we engage in order to define what is material to us in terms of sustainability, to develop sustainability policies and to seek feedback. We seek to understand the priorities and expectations of those with whom we engage and their views on our sustainable development performance. We have been doing this since 2007.

We engage with those inside and outside our organisation who have an interest in or are significantly affected by what we do. We do so systematically in accordance with a 5-year plan developed in 2012.

We engage with directors, managers and employees in the Swire Pacific group, financial Institutions, regulators, non-governmental organisations, academics, communications professionals, other Hong Kong companies, the media and Hong Kong government departments and chambers of commerce.

Those with whom we engage are invited to tell us about things that may affect what we do in the industries and regions in which we operate and to give their views on sustainability trends. We meet and interview them. We have focus groups and conferences, including an annual sustainable development forum. We publish newsletters and give media interviews.

The views that we collect do not always directly contribute to our reporting. But they help us to focus on the right things and to validate our materiality assessment.

Keeping track

We scan the media daily in order to identify things which may affect or interest us, including sustainability matters. We keep track of sustainability developments which may affect us, for example carbon market developments and climate negotiations.

External reporting

We report to the Carbon Disclosure Project, the Dow Jones Sustainability Index and the Hang Seng Corporate Sustainability Index. We respond to enquiries from investors. This helps us to identify specific issues that are most relevant to the industries in which we operate.

Prioritisation

In 2013 we held a workshop in order to identify what matters we need to prioritise if we are to achieve long-term sustainable growth. Internal and external parties were asked independently of each other to consider a list of issues relevant to Swire Pacific’s business. This list of issues (or “aspects” as defined by GRI) includes the issues raised during the enterprise risk management process and other issues considered important to those with whom we engage. Employees and senior management from Swire Pacific, the group’s operating companies and the Swire Group Charitable Trust were asked to consider which sustainable development issues were most important to them. This is based on their understanding of Swire’s businesses, the direct financial implications of certain issues, significant risks to the organisation, the potential for gaining competitive advantage and their interests in and expectations of the organisation as employees.

We also invited fund managers, investment analysts, regulators, academics, communications professionals and representatives from non-governmental organisations and other major companies in Hong Kong to identify the matters most important to them, based on their understanding of our organisational values, policies, strengths, strategies and targets, the impact of our activities on the planet and society, whether we live up to our reputation and their interest in and expectations as to the success of our organisation.

The results from these two exercises were plotted to identify the issues significant to our business and their importance to those with whom we engage, as shown in figure 2.

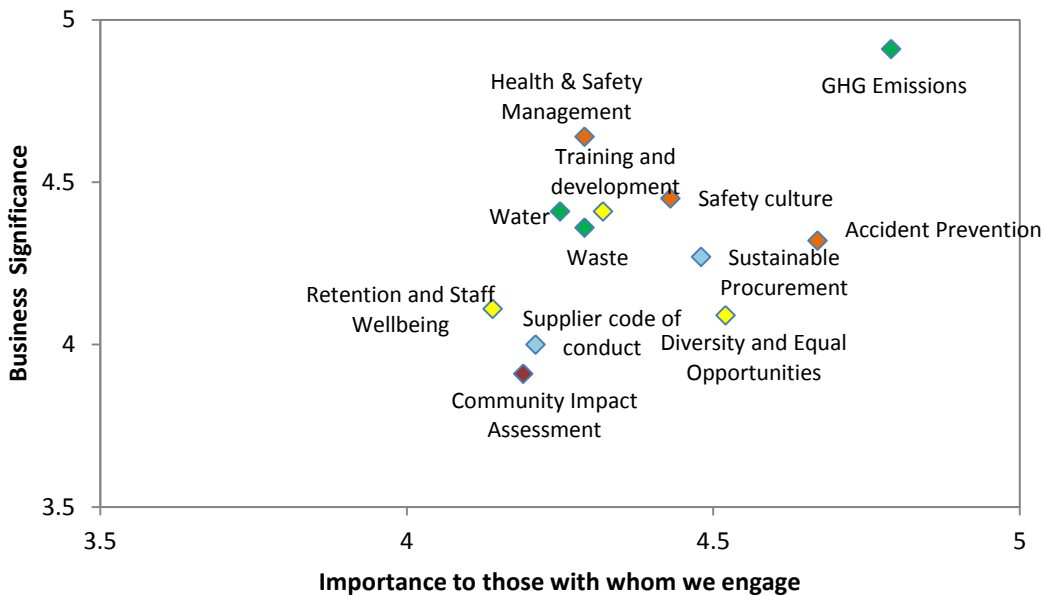


Figure 2: The most material aspects to Swire Pacific as identified by those with whom we engage internally and externally

Our engagement with others was carried out prior to the issue of the relevant GRI G4 guidelines. As a result, the matters or aspects identified by those with whom we engage are not exactly the same as those in the guidelines. The table below shows a comparison. In future such exercises, the aspect terminology used in the GRI G4 Guidelines at the core level will be adopted.

Swire material matter	Corresponding GRI G4 aspect
Emissions (this is assumed to include energy)	Emissions and Energy
Water	Water
Waste	Effluents & Waste
Health and safety management, accident prevention, safety culture	Occupational Health & Safety
Equal opportunities and diversity	Diversity & equal opportunities
Training & development	Training and education
Retention & staff well-being	Employment
Sustainable procurement, supplier code of conduct	Supply chain
Community Impact Assessment	Local Communities

Table 1: Mapping the Swire Engagement Indicators to the GRI G4 Aspects

Those with whom we engaged wanted us to promote sustainability more externally and how we intend to minimise the adverse consequences of our impact on the environment. The matters raised were considered by with those with whom we engaged as a group and so cannot be attributed to specific sub-groups. We have addressed these matters in the Sustainable Development Review section of the 2014 Swire Pacific Annual Report.

Boundaries and scoping

Appendix 1 contains (i) a list of companies and parts of companies which have provided information for this report, (ii) a list of companies and parts of companies which have not provided information for this report and (iii) changes in scope since 2013. Performance indicators are reported on a 100% basis and therefore do not make reference to Swire Pacific’s shareholdings in operating companies.

The table below indicates whether each GRI GR aspect in the right hand column of the table above has an impact inside our organisation, outside our organisation or both. There is a full description of the boundaries and impacts of each such aspect on pages 6-14.

GRI G4 Aspect	Impact inside the organisation	Impact outside the organisation
Emissions and Energy (EN3, EN15, EN16, EN20),	✓	✓
Water (EN8, EN10),	✓	✓
Effluents & Waste (EN22, EN23)	✓	✓
Occupational Health & Safety (LA6)	✓	✓
Diversity & equal opportunities	✓	
Training & education (LA9)	✓	
Employment (LA1)	✓	
Supply chain		✓
Local Communities	✓	✓

Table 2 Aspects that have impacts inside and outside of the organisation.

Validation

The materiality assessment was presented to the Swire group sustainability committee.

Review

We plan to conduct a full review in mid-2015 of our materiality aspects and to seek the views of those with whom we engage on our sustainability performance and reporting. The significance and materiality of the GRI economic performance indicators is something that we propose to analyse in more detail in future consultations

Additional information regarding our material aspects

Emissions

G4-DMA	Explain whether the organization is subject to any country, regional, or industry regulations and policies for emissions, identify whether offsets are used to meet the target. Specify the type, amount, criteria or scheme of which they are part.
G4-EN15	<u>Direct Greenhouse Gas (GHG) Emissions (Scope 1)</u> : (a) gross direct (Scope 1) GHG emissions; (b) gases included in the calculation; (c) biogenic CO2 emissions; (d) the chosen base year; (e) standards, methodologies, and assumptions used; (f) the source of the emission factors used and the global warming potential (GWP) rates used or a reference to the GWP source; (g) the chosen consolidation approach for emissions
G4-EN16	<u>Energy indirect greenhouse gas (GHG) emissions (Scope 2)</u> : (a) gross energy indirect (Scope 2) GHG emissions ; (b) gases included in the calculation, if available; (c) the chosen base year; (d) standards, methodologies, and assumptions used; (e) the source of the emission factors used and the global warming potential (GWP) rates used or a reference to the GWP source, if available; (f) the chosen consolidation approach for emissions
G4-EN20	<u>Emissions of Ozone-depleting substances (ODS)</u> : (a) production, imports, and exports of ODS in metric tons of CFC-11 equivalent; (b) substances included in the calculation; (c) standards, methodologies, and assumptions used; (d) the source of the emission factors used.

Impact: Climate change poses a risk to our business. Reductions in greenhouse gases are needed to reduce the negative impact of climate change. In 2014 we signed the Trillion Tonne Communiqué. The communiqué calls on governments to set a timeline for net zero emissions, to design a credible strategy to transform the energy system that matches the signatories' ambitions in this regard and to create a plan for fossil fuels, especially coal. Our aviation division accounts for 97% of our emissions, principally resulting from jet fuel consumption by the Cathay Pacific group. The aviation industry accounts for approximately 2% of global emissions. The Cathay Pacific group accounts for approximately 2% of the aviation industry's emissions. Cathay Pacific aims to achieve an average of 2% per annum improvement in fuel efficiency up to 2020 and thereafter to achieve carbon neutral growth.

Aspect boundary: We require all companies and parts of companies which have provided information for this report (as listed in appendix 1) to report their emissions. This helps operating companies to manage emissions more effectively and to identify opportunities for reduction. We use the operational control management approach.

DMA: Cathay Pacific is, because it flies to, from and within the European Union (EU), subject to the EU Emissions Trading Scheme, which requires airlines to surrender allowances for CO₂ emissions emitted. No trading of emission allowances was done in 2014.

The marine services industry is subject to emissions regulations relating to sulphur oxides, nitrous oxides and ozone depleting substances (in accordance with the International Maritime Organisations' MARPOL regulations Annex VI). Swire Pacific Offshore does not trade emissions, as its direct emissions are very small.

EN15 & EN16

Reporting bases for these indicators: Emissions are calculated in accordance with the greenhouse gas protocol developed by World Resources Institute and World Business Council on Sustainable Development (Greenhouse Gas Protocol). Direct emissions for GRI reporting are the same as Scope 1 emissions under the Greenhouse Gas Protocol and are defined as follows:

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

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

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

Greenhouse gas (GHG) emissions are calculated using published emission factors and guidelines from the following sources:

- "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong" published by the Environmental Protection Department (EPD) of Hong Kong Government (all Hong Kong operations).
- "Guidelines to Defra's Greenhouse Gas Conversion Factors for Company Reporting" by the Department for Environment, Food and Rural Affairs (Defra) in the UK (operations in Mainland China and Swire Pacific Offshore's operations).

With the exception of:

- Aviation jet fuel: we include all flights in the calculation, including testing and training flights and flights by dry leased and wet leased aircraft. As fuel density varies according to a number of factors, we use the Joint Inspection Group's¹ recommended specific gravity of 0.80 kg/L to calculate the weight of fuel. We use the IPCC's emission factor of 3.15² to determine CO₂ emissions from the combustion of aircraft fuel.
- Electricity purchased in Hong Kong: we use conversion factors supplied by local power suppliers (China Light and Power and Hong Kong Electric).

The following gases are included in GHG calculations: carbon dioxide (CO₂), methane, sulphur dioxide and nitrous oxide. These are expressed in carbon dioxide equivalents (CO₂e). Swire Pacific does not have any biogenic sources of CO₂.

For aviation turbine fuel we only calculate CO₂ emissions as there is no scientific consensus on the global warming effect of other GHG emissions in the upper atmosphere. Our airlines continue to monitor developments in atmospheric science, including studies from the UK's OMEGA aviation and environment project and the Institute of Atmospheric Physics at the German Aerospace Centre (DLR) and, most recently research published by the Goddard Institute of Space Science³. This latest research suggests that the warming impact of non CO₂ gases is less than the cooling impact of aerosols and other aircraft emissions. Until there is greater consensus among the scientific community on these gases, our primary focus remains on the reduction of CO₂ emissions.

The source of the GWP is "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for buildings (Commercial, Residential or Institutional Purpose) in Hong Kong" published by EPD. These guidelines cite the IPCC Second Assessment Report (1995), and World Resources Institute (2005), *Calculating HFC and PFC Emissions from the Manufacturing, Installation, Operation and Disposal of Refrigeration & Air-conditioning Equipment (Version 1.0) - Guide to calculation worksheets*, World Business Council for Sustainable Development.

EN20

Reporting basis for this indicator: Swire Pacific reports the amount of ozone depleting substances emitted into atmosphere in CFC-11 equivalents.

The ozone depleting substances are mainly used in fire extinguishers and refrigerants. They include CFC-11, CFC-12, CFC13, Halon 1301, HFCF-21, HCFC-22 and HCFC 31. Only refrigerants that are replenished or refilled are included in

¹ Formed by international oil companies, the Joint Inspection Group performs regular inspections of their airport facilities to ensure that they are operated in accordance with their procedures for handling aviation fuel at airports and upstream aviation fuel facilities.

² IPCC. (1999). *Aviation and the Global Atmosphere*. Cambridge: Cambridge University Press.

³ www.pnas.org/content/early/2010/02/02/0906548107.full.pdf+html

calculations. Recycled and reused ozone depleting substances are excluded. The methodology and emissions factors used are taken from the UNEP “Montreal Protocol on Substances that Deplete the Ozone Layer”(2000).

Energy

G4-DMA	Describe whether the organization is subject to any country, regional, or industry regulations and policies for energy. Provide examples of such regulations and policies.
G4-EN3	<u>Energy consumption within the organization:</u> (a) total fuel consumption from non-renewable sources; (b) total fuel consumption from renewable fuel sources; (c) the total: electricity consumption, heating consumption, Cooling consumption, Steam consumption; (d) the total: Electricity sold, Heating sold, Cooling sold, Steam sold; (e) total energy consumption in joules or multiples; (f) standards, methodologies, and assumptions used; (g) source of the conversion factors used.

Impact: Electricity consumption is the largest source of GHG emissions in Hong Kong. All our business units use electricity. Electricity consumption is our second largest source of GHG emissions. Making our buildings and operations more energy efficient is a priority. Energy use provides opportunities to save costs. We try to reduce energy consumption by our tenants by offering free energy audits to them and by our beverage distributors by giving them free energy efficient coolers.

Aspect boundary: We require all companies and parts of companies which have provided information for this report (as listed in appendix 1) to report their energy consumption. We also encourage those with whom we work to reduce their own energy consumption.

DMA: Swire Pacific is not subject to any country, regional or industry regulations for energy.

Reporting basis for this indicator: Direct energy sources used include diesel, petrol, LPG, Towngas, natural gas, fuel oil, marine gasoil, lubricant oil and jet kerosene. Direct energy is reported in Gigajoules. The quantity of direct energy consumed is calculated by multiplying the fuel in volume or mass by corresponding calorific values (or heating values) given in “Guidelines to Defra’s Greenhouse Gas Conversion Factors for Company Reporting” by Defra in the UK. Towngas consumption in Hong Kong is calculated according to “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for buildings (Commercial, Residential or Institutional Purpose) in Hong Kong (2010)” published by EPD. Each unit registered by a gas meter represents a heat value of 48 Mega joules. Indirect energy sources used include electricity, steam and Towngas purchased from other organizations. Indirect energy is reported in Gigajoules. We consume indirect energy mainly by buying electricity. Some of our bottling plants in Mainland China buy small amounts of steam. The majority of our electricity consumed in Hong Kong and Mainland China is purchased from franchised monopoly suppliers. As a result, we cannot lower the carbon intensity of our electricity by switching suppliers. Each kilowatt hour (kWh) registered by electricity meters represents 3.6 Mega joules. The consumption of renewable energy is insignificant compared with the total energy consumed. We do not sell energy or purchase heating or cooling.

Water

G4-EN8	Total water withdrawal by source: (a) total volume of water withdrawn from the sources; (b) standards, methodologies, and assumptions used.
G4-EN10	Percentage and total volume of water recycled and reused: (a) the total volume of water recycled and reused by the organization; (b) the total volume of water recycled and reused as a percentage of the total water withdrawal reported under Indicator G4-EN8; (c) standards, methodologies, and assumptions used.

Impact: We depend on clean and reliable sources of water. Shortages or contamination of water would adversely affect us, particularly our beverages division. Water is expected to get more scarce in some places where we operate. Our use of water affects others. All our waste water is required to be treated so that it meets or exceeds legal requirements and can be returned to the environment. We aim to give back to the community the same amount of water as we use in our operations. We develop new technologies for water treatment..

Aspect boundary: Our companies report consumption of potable water when it accounts for more than 2% of our total water use. All companies and parts of companies which have provided information for this report (as listed in appendix 1) (except Air Hong Kong and Swire Pacific Offshore) measure their water usage. The water consumption in Swire Beverages dormitories and HAECO Xiamen canteens is excluded.

Swire Properties, Swire Beverages, HAECO Xiamen and Swire Pacific Cold Storage report water that is reused and recycled.

EN8

Reporting basis for this indicator: Municipal water supplies account for 98% of our water consumption. We use sea water for some cooling and toilet flushing but do not report the quantity used as sea water is not a scarce resource. The municipal water consumption is the amount reported in water bills.

EN10

Reporting basis for this indicator: EN10 refers to water recycled/reused in the same process, in a different process, and at another of the reporting organization’s facilities. We report on water reused as follows:

1. Percentage of water treated prior to reuse
2. Percentage of water not treated prior to reuse

The total volume of water recycled and reused can be calculated from the total water used (EN8) and the percentage of water reused. Our operating companies reuse very small amounts of water for toilet flushing and other purposes. In 2014, Swire Beverages worked with a municipal government in China to reuse 9.4% of its waste water. Water was treated to meet or exceed the legal requirements and used in a project to revive a municipal wetland area.

Effluent & waste

G4-EN22	<u>Total water discharge by quality and destination:</u> (a) the total volume of planned and unplanned water discharges by: destination, quality of the water including treatment method, whether it was reused by another organisation; (b) Report standards, methodologies, and assumptions used.
G4-EN23	Report a) the total weight of hazardous and non-hazardous waste by the following disposal methods: reuse, recycling, composting, recovery (including energy recovery), incineration (mass burn), Deep well injection, landfill, on-site storage, other (to be specified). b) how the waste disposal method has been determined: Disposed of directly by the organization or otherwise directly confirmed, information by the waste disposal contractor, organizational defaults of the waste disposal contractor.

EN22

Impact: Our beverages division, which has water treatment and reuse targets, monitors the quality and destination of its water. Treating waste water to a standard that meets or exceeds the minimum legal requirement benefits the communities in which we operate.

Aspect boundary: Swire Properties, HAECO Hong Kong, HAECO Xiamen, TEXL, HAESL, Swire Beverages and the HUD group provide information on the quality and destination of the water which they discharge.

Reporting basis for this indicator: We do not report the discharge of sea water used for cooling as it is immediately returned to the sea unchanged (except that it is warmer). We report the percentage of potable water intake which is discharged by reference to the nature of the relevant company’s operations. If the percentage is 100%, all effluent is discharged to a central drainage system. We report instances of non-compliance with legal requirements relating to water and as to whether water is returned to the sea (after treatment by us) or to a sewer

In 2014, Swire Beverages worked with a municipal government in Mainland China to reuse 9.4% of its waste water. Water was treated to meet or exceed the legal requirements and used in a project to revive a municipal wetland area.

EN23

Impact: In 2013 the Hong Kong government published a ‘Blueprint for the Sustainable Use of Resources’. Increased public awareness of waste has also been reflected in the views of those with whom we engage. Landfills in Hong Kong are getting full. We take waste very seriously. Management and use of waste can be seen as an opportunity. Our investments in Fulcrum and Swire Waste Management are designed to take advantage of this.

Aspect boundary: Air Hong Kong, Hong Kong Airport Services, the HUD group, Swire Resources, Taikoo Motors and Taikoo Sugar do not provide information on hazardous and non-hazardous waste disposed of and recycled. Information from Swire Properties includes information on waste from tenants. Otherwise, all companies and parts of companies which have provided information for this report (as listed in appendix 1) provide information about waste.

Reporting basis for this indicator: We report the total weight of waste broken down into the following categories:

1. Total weight of hazardous waste disposed of
2. Total weight of hazardous waste recycled
3. Total weight of non-hazardous waste disposed of
4. Total weight of non-hazardous waste recycled of

In Hong Kong, there are limited options for waste disposal. We do not reuse waste within our own operations. Recyclable waste is separated at source in our operations and sent to specialised recycling facilities. Some food waste from Swire Properties is composted in our facilities in Taikoo Place, but the amount is negligible, so we do not report on it. All general waste goes to landfills. Hazardous waste is collected and disposed of by licenced contractors. Construction waste is sent to landfills or public fills (in which latter case it is used by the Hong Kong government for land reclamation). There are no deep well injection, incineration or waste to energy facilities available to the private sector in Hong Kong.

In Mainland China, waste is collected by government contractors and goes to landfills or to waste to energy or incineration facilities.

Occupational health & safety

G4-DMA	Describe Programs related to assisting workforce members, their families, or community members regarding serious diseases, including whether such programs involve education and training, counseling prevention and risk control measures or treatment.
G4-LA6	<u>Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender</u> : (a) Report types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities, for the total workforce (that is, total employees plus supervised workers), by Region, Gender; (b) Report types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities for independent contractors working on-site to whom the organization is liable for the general safety of the working environment, by: Region, Gender; (c) Report the system of rules applied in recording and reporting accident statistics

Impact: The health and safety of our staff and those with whom we engage is of critical importance. We aim continually to improve our management of health and safety with a view to causing zero harm. We concentrate on training, learning and transparent reporting.

Aspect boundary: We require all companies and parts of companies which have provided information for this report (as listed in appendix 1) to provide information about health and safety on a quarterly basis.

We recognise the importance of the health and safety of our contractors and visitors. Occupational health and safety is included in our supplier CSR code of conduct.

DMA: Information on infectious diseases is posted on our intranet and disseminated by email. This information includes updates, risk control measures and recommended actions. Vaccinations are offered to staff and their families against

influenza. Guidelines on the preparation of business continuity plans (BCP) for infectious diseases and pandemics (ID&P) are posted on our intranet. The objectives of BCP for ID&P are to:

- Ensure that critical business operations are maintained
- Safeguard the wellbeing of staff and customers
- Minimise financial loss
- Provide timely and up to date information to staff, customers and the media.

Reporting basis for this indicator: Swire Pacific reports the number of lost time injuries (LTI), the Lost Time Injury Rate (LTIR), the number of lost days, the Lost Day Rate (LDR) and employee fatalities as defined below.

1. **Total injuries** are the number of injuries in a year which result in minimum lost time of one working day.
2. **Lost Time Injury Rate:** represents the number of injuries per 100 equivalent employees per year. It is calculated as the total Injuries multiplied by 200,000 and then divided by total hours worked. 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year.
3. **Lost Days:** A Lost Day occurs when, in the opinion of a physician, an employee cannot work, Lost Days are counted as calendar days where counting begins on the first day following the injury and ends on the day when the person returns to full duty, receives a permanent job transfer or leaves employment.
4. **Lost Day Rate** represents the number of lost work days per 100 equivalent employees per year. It is calculated as the total Lost Days multiplied by 200,000 and then divided by total hours worked. 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year.
5. **An employee fatality** is a loss of life of an employee as the result of a work-related incident.

Information about the number of hours worked, lost time injuries, fatalities and lost days due to injuries is collected from operating companies. Lost Day Rate and Lost Time Injury Rate are calculated using GRI definitions. Injuries occurring during travel to and from work in Mainland China are included having regard to relevant Mainland China legislation.

Omissions: Occupational health, absenteeism, types of injury and contractor management are monitored and managed by operating companies but not reported on at group level. The nature and locations of our operations mean that occupational health hazards are minimal. Due to the diversity of our businesses, types of injury will vary greatly between industries. Types of injury are therefore recorded at an operating company level. If a type of injury is common in several operating companies, the Swire Pacific health and safety committee may investigate further how these kinds of injuries can be reduced. For example, several incidences of road and transport related injuries resulted in a group transport safety policy being developed at head office level. Information on reducing injuries from manual handling has also been disseminated through the health and safety committee. Contractor management is done at operating company level and best practice is shared through the health and safety committee.

We do not report by region or gender.

Employment

G4-DMA	Describe actions taken to determine and address situations where work undertaken within the organization’s supply chain does not take place within appropriate institutional and legal frameworks, where persons working for suppliers are not provided the social and labor protection that they are entitled to receive by national labor law, where working conditions in the organization’s supply chain did not meet international labor standards or national labor law, where work undertaken within the organization’s supply chain is inadequately remunerated, where workers in the organization’s supply chain are falsely considered to be self-employed or where there is no legally recognized employer, where work undertaken within the organization’s supply chain performed at home is not performed subject to a legally recognized contract.
G4-LA1	<u>Total number and rates of new employee hires and employee turnover by age group, gender and region:</u> (a) the total number and rate of new employee hires during the reporting period, by age group, gender and region; (b) the total number and rate of employee turnover during the reporting period, by age group, gender and region.

Impact: We recognise that our success depends critically on our staff. We try to be an employer of choice by providing an environment in which all employees are treated fairly and with respect. We want talented individuals to want to work for us. We try to recruit the best people, to offer competitive remuneration and benefits and to provide training to enable staff to realise their potential.

Aspect boundary: We require all companies and parts of companies which have provided information for this report (as listed in appendix 1) to provide information about staff.

Reporting basis for this indicator: Swire Pacific reports the rate of employee turnover and new employees hired by age group, gender and region. The total number of new employees hired and employee turnover can be calculated from the total number of employees and the percentage disclosed.

DMA: Swire Pacific companies are required to take adequate steps to ensure that their suppliers are legally compliant and achieve appropriate standards on environment, health and safety and labour issues. Our supplier CSR code of conduct includes provisions on legal and regulatory compliance, forced and child labour, health and safety, compensation and working hours, discrimination and human rights, guidance on subcontractors and service providers, and ethics. Should there be a breach of the code by a supplier, the relevant operating company will review it and either develop a plan for improvement or, if the breach is serious, cease to use the supplier.

Training and education

G4-LA9	<u>Average hours of training per year per employee by gender, and by employee category:</u> (a) average hours of training that the organization’s employees have undertaken during the reporting period, by: Gender, Employee category.
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Impact: We spend a lot of time and money on training and career development. We try to provide more (and more targeted) training every year. All training required by law is provided. We try to provide all training necessary for staff to progress.

Aspect boundary: We require all companies and parts of companies which have provided information for this report (as listed in appendix 1) to provide information about training and development.

Reporting basis for this indicator: Swire Pacific reports on this aspect by the following employee categories: top and senior managers; middle and junior managers and supervisors; customer facing staff and non-customer facing and operational and technical staff. We calculate LA9 in the follow way:

1. Identify the total number of employees in each employment category at the end of the year
2. Identify total hours devoted to training staff within each employee category.
3. Report the average number of hours of training per year per employee by employee category using the following formula:

$$LA9 = \text{Total hours per employee category} / \text{total employee hours}$$

Omission: We do not break down training hours by gender.

Diversity and equal opportunities

G4-LA12	<u>Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.</u> a) Report the percentage of individuals within the organisation’s governance bodies in each of the following diversity categories: <ul style="list-style-type: none"> • Gender • Age group • Minority Group • Other indicators of diversity where relevant
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	<p>b) Report the percentage of employees per employee category in each of the following diversity categories:</p> <ul style="list-style-type: none"> • Gender • Age Group • Minority group • Other indicators of diversity where relevant.
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Impact: We recognise the positive impact of a diverse workforce on our business and on those whom we would like to work for us. We try to be an employer of choice by providing an environment in which all employees are treated fairly and with respect.

Aspect boundary: The aspect boundary for governance bodies for this indicator is the Swire Pacific board of directors. The aspect boundary for employees is all employees of the companies and parts of companies which have provided information for this report (as listed in appendix 1).

Reporting basis for this indicator: Information on the age and gender of the board of directors is in the Directors and Executive Officers section of the 2014 Swire Pacific Annual Report. We discuss our management approach to diversity and equal opportunities under Staff in the Sustainable Development Overview section of the 2014 Swire Pacific Annual report. We also have a board diversity policy which can be found at <http://www.swirepacific.com/en/governance/diversity.pdf>. We use gender and age breakdowns as measures of diversity.

Omission: We do not have a definition of minority status in our workforce. We do not report on our employees by age group, but will consider doing so in the future.

Local communities

G4-SO1	<p><u>Percentage of operations with implemented local community engagement, impact assessments, and development programmes.</u></p> <p>Report the percentage of operations with implemented local community engagement, impact assessments, and development programmes, including the use of:</p> <ul style="list-style-type: none"> • Social impact assessments, including gender impact assessments, based on participatory processes • Environmental impact assessments and ongoing monitoring • Public disclosure of results of environmental and social impact assessments • Local community development programmes based on local communities needs • Stakeholder engagement plans based on stakeholder mapping • Broad based local community consultation committees and processes that include vulnerable groups • Works councils, occupational health and safety committees and other employee representation bodies to deal with impacts • Formal local community grievance processes
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Impact: We believe that if the communities in which we operate prosper, so do our businesses. We support the communities in which we operate through the long-term projects of the Swire Group Charitable Trust and through the community programmes of our operating companies.

Aspect Boundary: All our operating divisions carry out community engagement activities. Details of these can be found under Community Involvement in the Sustainable Development Overview section of the 2014 Swire Pacific Annual report and in the sustainability reports and websites of individual operating companies.

Reporting basis for this indicator: Community engagement is carried out by operating companies but the principles on the basis of which we engage with the communities in which we operate are the same throughout the group. These principles can be found under Community Involvement in the Sustainable Development Overview section of the 2014 Swire Pacific Annual report.

Where they are required, environmental impact assessments are carried out and monitored in accordance with applicable local regulations. The use of community consultation committees, stakeholder mapping, formal processes to include vulnerable groups and formal local community grievance processes may differ significantly by operating company or location. Further information can be found in the sustainable development reports of individual operating companies where applicable.

Omission: Community engagement is managed by each operating company, and the way that this is done depends on the nature of the business and its location. It is therefore not applicable to report against the aspect specific DMA at group level.

Supply chain

Impact: We have identified our supply chain as a material aspect that has an impact outside our organisation. It is material to all our companies. We believe that by working with suppliers, customers and consumers, we can encourage and influence the adoption and improvement of sustainable practices in the industries and places in which we operate.

Reporting basis for this indicator: Individual operating companies are responsible for their own supply chain management and each has its own procurement procedures. We do not make or report on supplier environmental assessments, supplier human rights assessments, supplier labour practices assessments or assessments of suppliers' impact on society. We do not see value in doing this. Instead we identify high risk suppliers and focus on suppliers' compliance with our supply chain CSR code of conduct. This deals with regulatory compliance, forced labour, child labour, health and safety, environmental issues, compensation and working hours, human rights, subcontractor management, ethics and reporting. The disclosure of our management approach to the supply chain can be found under Working with Others in the Sustainable Development Overview section of the 2014 Swire Pacific Annual report.

Omission: For the reasons mentioned above, we do not report on the indicators set out in the GRI G4 guidelines. We are defining indicators to monitor our performance on supply chain related issues. We expect to start reporting on our supply chain performance in 2016.

Appendix 1 – Reporting Scope

The following companies and parts of companies have provided selected sustainability information for the 2014 Swire Pacific annual report:

- Swire Properties Limited
- Cathay Pacific Airways Limited
- Hong Kong Dragon Airlines Limited
- AHK Air Hong Kong Limited
- Cathay Pacific Catering Services Limited
- Vogue Laundry Services Limited
- Hong Kong Airport Services Limited
- Cathay Pacific Services Limited
- Hong Kong Aircraft Engineering Company Limited
- Hong Kong Aero Engine Services Limited
- Taikoo (Xiamen) Aircraft Engineering Company Limited
- Taikoo (Xiamen) Landing Gear Services Company Limited
- Taikoo Engine Services (Xiamen) Company Limited
- Taikoo Spirit AeroSystems (Jinjiang) Composite Company Limited
- HAECO Americas
- Swire Beverages companies
- Swire Pacific Offshore companies
- Hongkong United Dockyards group
- Swire Resources group
- Taikoo Motors group
- Taikoo Sugar Limited
- Taikoo Sugar (China) Limited
- Swire Waste Management Limited
- Swire Pacific Cold Storage group

The following companies and parts of companies have not provided selected sustainability information for the 2014 Swire Pacific annual report:

- Property Division - USA and UK
- Aviation Division - Catering and laundry service companies outside Hong Kong
- Beverages Division - Coca-Cola Bottlers Manufacturing Holdings Limited and Xiamen Luquan Industries Company Limited
- Trading & Industrial Division - Campbell Swire, Akzo Nobel Swire Paints, Taikoo Motors group operations in Hong Kong, Macau, Mainland China and Malaysia, the Swire Sustainability Fund, Swire Foods and Chongqing New Qinyuan Bakery.

In 2014 we expanded the scope of reporting to include the following companies and parts of companies:

- Property Division - INDIGO investment property and EAST Hotel in Beijing, Mainland China
- Aviation Division - Cathay Pacific Services Limited and HAECO Americas

Appendix 2 – General Standard Disclosures

GENERAL STANDARD DISCLOSURES					
General Standard Disclosures	Description	Annual Report Page number	Information in the reporting methodology	Section in the 2014 Annual Report/Comment	External Assurance
Strategy & Analysis					
G4-1	Statement from the most senior decision maker about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.	12		Chairman's Statement	* page 227 - 229
Organizational Profile					
G4-3	Name of the organisation	1-3		Front Cover Corporate statement	* page 227 - 229
G4-4	Primary brands, products, and services	1-3 16-75		Corporate Statement 2014 Performance Review and Outlook	* page 227 - 229
G4-5	Location of the organisation's headquarters	1-3		Corporate Statement	* page 227 - 229
G4-6	Number of countries where the organisation operates	1-3		Corporate Statement	* page 227 - 229
G4-7	Nature of ownership and legal form	139		Notes to the Financial Statements - General Information	* page 227 - 229
G4-8	Markets served, types of customers, and beneficiaries	16-75		2014 Performance Review and Outlook	* page 227 - 229
G4-9	Scale of Organisation	4-7 16-75		2014 Performance Highlights 2014 Performance Review and Outlook	* page 227 - 229
G4-10	The total number of employees by employment contract, gender and region	90-91 230-234		Sustainable Development Review - Staff Sustainable Development Statistics The 'Others' category in the regional breakdowns of staff includes airline and shipping staff who operate internationally. We do not report employment variation due to seasonal changes as this is not material.	* page 227 - 229
G4-11	Percentage of total employees covered by collective bargaining agreements	232		See note in Sustainable Development Statistics	* page 227 - 229

G4-12	Description of the organisation's supply chain	92-93		Sustainable Development Review - Working with Others	* page 227 - 229
G4-13	Significant changes during the reporting period in size, structure, ownership or supply chain.	12 16-75		Chairman's Statement 2014 Performance Review and Outlook	* page 227 - 229
G4-14	Whether and how the precautionary approach is addressed	78-79 121-123		Sustainable Development Review - Overview Risk Management	* page 227 - 229
G4-15	Externally developed economic, environmental, social charters and principles which the organisation subscribes to or which it endorses	80-84	●	Sustainable Development Review - Environment	* page 227 - 229
G4-16	Memberships of associations and national/international advocacy organizations	92-93	●	Sustainable Development Review - Working with Others	* page 227 - 229
Identified Material Aspects & Boundaries					
G4-17	Entities included in the organisation's consolidated financial statements or equivalent documents	121-222 223	●	Principal Subsidiary, Joint Venture and Associated Companies and Investments. Sustainable Development Statistics	* page 227 - 229
G4-18	Process of defining report content and aspect boundaries, and how the organization has implemented the Reporting Principles for Defining Report Content	78-79	●	Sustainable Development Review - Overview	* page 227 - 229
G4-19	Material aspects defined as part of defining report content	78-79	●	Sustainable Development Review - Overview	* page 227 - 229
G4-20	For each material aspect, report the aspect boundary inside the organisation		●		* page 227 - 229
G4-21	For each material aspect, report the aspect boundary outside the organisation		●		* page 227 - 229
G4-22	Effect of any restatements of information provided by previous reports, and reasons for restatements	N/A		N/A	* page 227 - 229
G4-23	Significant changes from previous reporting period in Scope and Aspect Boundaries	223	●	Sustainable Development Statistics	* page 227 - 229
Stakeholder Engagement					
G4-24	List the stakeholder groups engaged by the organisation	78-79	●	Sustainable Development Review - Overview	* page 227 - 229
G4-25	Basis for identification and selection of stakeholders with whom to engage	78-79	●	Sustainable Development Review - Overview	* page 227 - 229

G4-26	Organisation's approach to stakeholder engagement	78-79	●	Sustainable Development Review - Overview	* page 227 - 229
G4-27	Key topics and concerns that have been raised through stakeholder engagements and how the organisation responded	78-79	●	Sustainable Development Review - Overview	* page 227 - 229
Report Profile					
G4-28	Reporting period for information provided	223	●	Sustainable Development Statistics	* page 227 - 229
G4-29	Date of most recent previous report	223	●	Sustainable Development Statistics	* page 227 - 229
G4-30	Reporting cycle	223	●	Sustainable Development Statistics	* page 227 - 229
G4-31	Contact point for questions regarding the report or its contents	248		Financial Calendar and Information for Investors	* page 227 - 229
G4-32	The GRI G4 'in accordance' option the organization has chosen	78-79 224-226 223 227-229	●	Sustainable Development Review - Overview GRI Content Index Sustainable Development Statistics Sustainable Development Assurance Statement	* page 227 - 229
G4-33	Organisation's policy and current practice with regard to seeking external assurance for the report	227-229 1-3		Sustainable Development Assurance Statement About this report	* page 227 - 229
Governance					
G4-34	The governance structure of the organisation, including committees of the highest governance body.	112-120 121-123 78-79		Corporate Governance Report Risk Management Sustainable Development Overview	* page 227 - 229
Ethics & Integrity					
G4-56	The organisation's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	1-3 112-120		Corporate Statement Corporate Governance Report	* page 227 - 229

Appendix 3 - Specific Standard Disclosures

		Sustainable Development Overview									
Specific Standard Disclosure	Description	Environment page 80-84	Health & Safety page 85-86	Community page 87-89	Staff page 90-91	Working with Others page 92-93	Sustainable Development Statistics page 230-234	Directors and Executive Officers page 124-125	Information in the Reporting methodology	Omissions	External Assurance
Energy											
G4-DMA	Management approach to energy	•							•		* page 227 - 229
G4-EN3	Energy consumption within the organisation						•		•		Total energy consumption page 227-229
Emissions											
G4-DMA	Management approach to emissions	•							•		* page 227 - 229
G4-EN15	Direct greenhouse gas emissions (Scope 1)	•					•		•		Total greenhouse gas emissions by weight page 227-229
G4-EN16	Indirect greenhouse gas emissions (Scope 2)	•					•		•		
G4-EN20	Emissions of ozone-depleting substances						•		•		
Water											
G4-DMA	Management approach to water	•							•		* page 227 - 229
G4-EN8	Total water withdrawal by source	•					•		•		Total water used page 227-229
G4-EN10	Percentage and total volume of water recycled and reused						•		•		
Effluents and waste											
G4-DMA	Management approach to effluents and waste	•							•		* page 227 - 229
G4-EN22	Total water discharge by quality and destination						•		•		
G4-EN23	Total weight of waste by type and disposal method	•					•		•		
Occupational health and safety											

G4-DMA	Management approach to occupational health and safety			●					●		* page 227 - 229
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender			●			●		●	Occupational health, absenteeism, types of injury and contractor management are monitored and managed by operating companies but not reported at group level. We report by business division as this is most applicable. We do not report by region or gender.	Total employee fatalities Total employee lost time injuries page 227-229
Local communities											
G4-DMA	Management approach to community				●				●	The specific disclosures required are not considered applicable to Swire Pacific as a group.	* page 227 - 229
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programmes.				●				●		
Employment											
G4-DMA	Management approach to employment					●			●		* page 227 - 229
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region						●		●		
Training and education											
G4-DMA	Management approach to training and education					●			●		* page 227 - 229
G4-LA9	Average hours of training per year per employee by gender and				●		●		●	We do not disclose training by gender. We will consider doing so in future.	

	by employee category									
Diversity and equal opportunities										
G4-DMA	Management approach to diversity and equal opportunities				•				•	* page 227 - 229
G4-LA12	Composition of governance bodies and breakdown of employees by employee category according to gender, age group, minority group and other indicators of diversity							•	•	We use gender and age breakdowns as measures of diversity. We do not have a definition for minority status in our workforce. We do not report workforce by age group. We will consider doing so in future.
Supply chain										
G4-DMA	Management approach to supply chain				•				•	We are defining indicators relevant to our supply chain and expect to start reporting by reference to them in 2016. * page 227 - 229

Appendix 4- Memberships of associations and national/international advocacy organizations

Swire Pacific

WWF HK – member of the Conservation Advisory Committee
Hong Kong Business Environment Council – Board member
Member of the Energy Advisory Group
Member of the ESG Advisory Group
Member of CCBF Advisory Group
Hong Kong Management Association Sustainability Committee
City University Advisory Committee of the School of Energy and Environment

Property

BEAM Society - Founding Member, Director
Business Environment Council - Director and Council Member
Climate Change Advisory Group - Signatory to Building Energy Pledge
Development Bureau (Hong Kong SAR Government) - Signatory to Greening Partner Charter
Environmental Campaign Committee (Hong Kong SAR Government) - Member
Environmental Education and Community Action Projects Vetting Sub-committee - Chairman
Green Cross - Occupational Safety & Health Council - Group Member – Residential
Harbour Business Forum - Patron Member
Hong Kong General Chamber of Commerce - Chairman of Environment and Sustainability Committee
Hong Kong Green Building Council - Director
Chairman and Co-opted Member of Policy and Research Committee
Co-opted Member of Corporate Affairs & Membership Committee
Co-opted Member of Green Labelling Committee
Platinum Patron Member
Hong Kong Green Purchasing Charter - Member
The Real Estate Developers Association of Hong Kong
Corporate Member
Executive Committee Member
WWF- Gold Member

Aviation

IATA – International Air Transport Authority
SAFUG - Sustainable Aviation Fuel Users Group
RSB – Roundtable on Sustainable Biofuels
CAFFI - The Commercial Aviation Alternative Fuels Initiative
AAPA - Association of Asia Pacific Airlines
ASRC - HAECO Group provides support to Hong Kong's first aviation service research centre ("ASRC"), co-founded by Hong Kong Polytechnic University and The Boeing Company, as part of its support for the local community to develop future aviation professionals in Hong Kong.

Marine Services

ISOA - International Support Vessel Owners' Association
IMCA - International Marine Contractor Association
NI - Nautical Institute – Council member
SSA - Singapore Shipping Association
ISU - International Salvage Union
IMEC - International Maritime Employers' Council - Director
IMSF - International Marine Simulator Forum

Appendix 5 - Externally developed economic, environmental, social charters and principles which the organisation subscribes to or which it endorses

Swire Pacific

The Trillion Tonne Communiqué - signatory

Property

Signatory to Carbon Reduction Charter

Signatory to Energy Saving Charter – No Incandescent Lightbulbs

Signatory to Energy Saving Charter – Indoor Temperature

Signatory to Food Wise Charter

Aviation

CX GROUP

EMSD's Energy Saving Charter - 2013 and 2014

HAECO GROUP

Programme on Source Separation of Commercial and Industrial Waste (EPD)

Energy Saving Charter on Indoor Temperature 2014

Energy Saving Charter on No Incandescent Light Bulbs

Clean Air Charter certification

CarbonSmart Low-Carbon Commitment Partner & participation in the Carbon Audit Pilot Fund

Marine Services

Singapore TAFEP Fair Employment Practices Pledge

MPA Green Initiative Pledge