

Environmental,
Health & Safety Report 2005





It is no coincidence that our Environmental, Health & Safety (EHS) Report is published about the same time as our Group Annual Report as, more than anything, it underscores the importance which sustainability is playing in our business life.

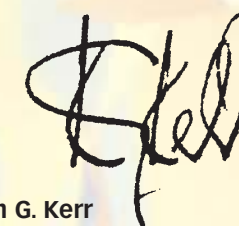
If our primary business includes not only financial, but environmental, safety and health considerations, then in next year's report we hope to go even further by reporting to our stakeholders on the significant work which we have been undertaking at the societal and cultural levels.

Not that this will come as any surprise. Swire Properties has a long history of community involvement, most especially in Hong Kong, but also in Miami, where we have been very committed to playing an active part in the societies in which we work and live. Such a concentration of energies at the local level has made natural sense to us, building on the strengths and uniqueness of each group of properties and its enthusiastic employees which in turn may help to explain - long before the term became fashionable - the reputation that we have for responsible corporate citizenship.

In preparation for the present EHS report however, a process of stakeholder engagement was also embarked upon, enabling us to look at our own performance through other people's eyes

and to learn more about their expectations of us. It has been a revealing journey.

According to the feedback, the robust EHS management policies which we have in place are working well and continue to promote best work practices. However we believe still more can be accomplished and that with respect and care for the environment high on our agenda, this continuous attainment of an excellent EHS performance will become inseparable from our ability to both grow the business, as well as to achieve new forms of long term profitability. When combined together, I feel they are starting to create a unique form of stakeholder value.



Keith G. Kerr
Chairman



Scope of the Report

Swire Properties' Environmental, Health & Safety Report covers the reporting period for the calendar year of 2005. Although not exhaustive we have provided information about the activities of the wholly-owned assets of the company and some of those over which we have operational control.

2005 was an exciting year for Swire Properties. We launched a new Cultural Harbour Plan that showed how we can build on the strengths of Hong Kong and make the most of our outstanding natural asset, the harbour.

In August we announced the completion of the final phase of a holistic renovation and reconfiguration project at Pacific Place Apartments - Parkside, a five-star serviced residence located in the hub of Hong Kong. We went to great lengths to undertake this renovation in an

environmentally sensitive way and this report lays out many of our other innovative projects to protect our environment.



Corporate Governance

Swire Properties, a wholly-owned subsidiary of Swire Pacific Limited, was incorporated in 1972 and is one of Hong Kong's leading companies with extensive experience in the development and management of major commercial, retail and residential properties. Swire Pacific complies with the Code of Best Practice as set out in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong. In addition, as part of its commitment to enhance corporate governance standards within the region, Swire Pacific is a member of the Asian Corporate Governance Association.

Good corporate governance is central to the operation of Swire Properties. Indeed our integrity, responsibility and honesty are core business values and a central part of our corporate image. We aim to act at all times according to the highest standards of business ethics and professional practice. We are committed to being accountable, transparent and fair in all our business dealings. We aim to act in the best interests of our shareholders and seek to take into account the demands and aspirations of all our stakeholders.

In line with the high standards of accountability and transparency that are a feature of our business, a verification statement completed by the Hong Kong Productivity Council can be found on page 24 of the report.

Engaging with Our Stakeholders

In preparation for the 2005 report we interviewed members of our staff, some of our major contractors, members of local non-governmental organisations, representatives of government, shareholders and people from other businesses including the financial sector.

We know from our stakeholder dialogues that we are a highly respected company. Indeed, some stakeholders identified us as the leading developer in Hong Kong on social and environmental issues. We are perceived as a good employer, committed to the community and willing to put resources into making sure that the environment is protected and, where possible, enhanced.

Our dialogues revealed that Swire Properties has an image of integrity, trustworthiness, commitment and ethics. We are seen as a success commercially but also as a company that is generous in its gifts to charities and local events. People perceive us as striving for excellence with a reputation for creativity, good design, quality buildings and professional management.

We are perceived as a caring company that is interested in making a positive contribution to the communities in which

we operate. Moreover, our stakeholders consider us to be innovative when it comes to embedding environmental concerns into our activities and decision-making.

However, our stakeholders also tell us that there are areas requiring further improvement. We recognise that much more needs to be done to live up to the best principles of sustainable development and this is something that we will tackle in the future.

Whilst being a leader in Hong Kong on environmental issues, some stakeholders want us to extend our commitment to include broader issues of conservation and biodiversity which we report on later. Many environmentalists point to the need to engage with climate change issues and in 2005 the company embarked on a programme of examining our greenhouse gas (GHG) emissions and how we can further tackle this issue (see page 7).

There are a range of social issues that are also seen as important to our stakeholders. These include going beyond simply obeying the law in our employment practices and demonstrating more clearly how we promote good practices within our supply chain. These are challenges that we aim to more fully address in the coming years.

As a listening organisation we have learned a lot from engaging with our stakeholders and we are committed to ongoing dialogue in the future. As part of that we welcome comments on this report.

ENVIRONMENT

Tackling Climate Change

At Swire Properties, we are very aware that climate change has the potential to affect us all.

During 2005, GHG emissions and climate change continued to be of serious concern globally.

Although Hong Kong is not considered to be a particularly energy intensive society,

its impressive urban landscape comes at a cost. We recognise that buildings, the very foundation of our business, are significant users of electricity and are thus significant emitters of GHGs. Consequently, our buildings' energy efficiency plays an

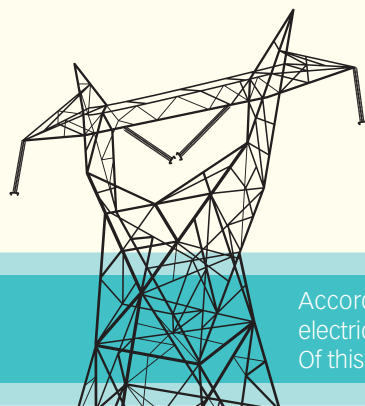
important role in Hong Kong's energy and GHG footprints. We have therefore profiled our energy consumption and GHG emissions.



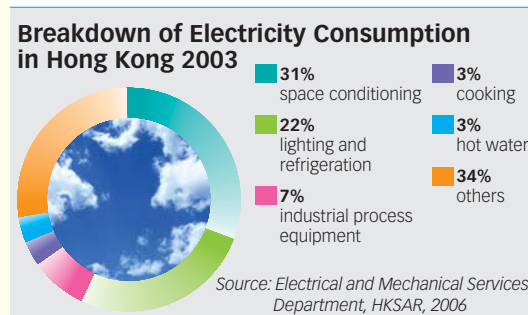
57%
energy
consumption

World energy consumption is predicted to rise by 57% from 2002 to 2025, with much of this being attributable to the emerging economies. Hong Kong's per capita GHG emissions are of the order of 5.541 kWh per capita.

Source: Earth Trends - 2001, www.earthtrends.wri.org



According to 2006 Hong Kong Government statistics, electricity accounts for nearly 50% of energy used locally. Of this, over 50% is used for air-conditioning and lighting.



Breakdown of Swire Properties' Carbon Dioxide Equivalent Emissions (CO₂e) 2005

Source of Emissions	Actual Consumption	Quantity Emitted (tonnes)	% of Total
Industrial diesel consumed (by emergency generator set)	14,017L	37.6	0.02
Petrol consumed (by vehicles)	16,892L	39.6	0.03
Ultra-low sulphur diesel consumed (by vehicles)	21,920L	58.8	0.04
Electricity purchased to run commercial buildings and shopping malls managed by Swire Properties	224,151MWh	150,584.4	99.91

Note: Electricity purchased includes electricity consumption in the operations of facilities located in the property portfolio owned and/or managed by Swire Properties in Hong Kong (including all offices, malls, serviced apartments and our management offices but excluding office and retail tenant areas). Calculations for CO₂e from electricity consumption based on conversion factor (0.6718kg CO₂ per kWh) derived from available 2004 electricity generation and carbon dioxide emission data provided by China Light & Power in its Social and Environmental Report 2004. Calculations for CO₂e of other fuel based on GHG Protocol.

Almost all of our GHG emissions are a result of electricity consumed to run our commercial buildings and shopping malls. Air-conditioning our commercial properties and our offices emits about 3,320 kilogrammes of hydrochlorofluorocarbons (HCFCs) to the

atmosphere and 3,536 kilogrammes of hydrofluorocarbons (HFCs). We use HCFCs and HFCs with relatively low ozone depleting potential and minimise leakage to the atmosphere through the deployment of HFCs recovery equipment and leak

detection systems. Notably, HFCs and some HCFCs are also GHGs, the amount of these substances emitted however is relatively small, and the contribution to carbon dioxide equivalent (CO₂e) is estimated to be negligible.

The Business Coalition on the Environment

Over the years, a high level of air pollution has also led to growing public concern, threatening not only health, but also Hong Kong's reputation as an international business and tourism centre. With the support of the Hong Kong General Chamber of Commerce (HKGCC), the Hong Kong Business Coalition on the Environment is leading a Hong Kong business sector effort - Project CLEAN AIR - to combat air pollution and improve air quality in the Greater Pearl River Delta.

The focal point of the project is the Clean Air Charter, which is supported by a series of campaign activities to engage the Government, business sector and the community in a collective effort. Swire Properties is a signatory to this Clean Air Charter.

In 2006, we will be part of a group-wide initiative to establish a GHG emissions inventory, based on the international GHG Protocol, and will start working towards assessing our climate change impacts.

In 2005, Swire Pacific established a Climate Change Task Force to provide a framework for addressing GHGs. It is important that we understand the potential impact on the environment and on the Swire Group of companies in order that we can identify actions where possible to reduce impacts in the future.

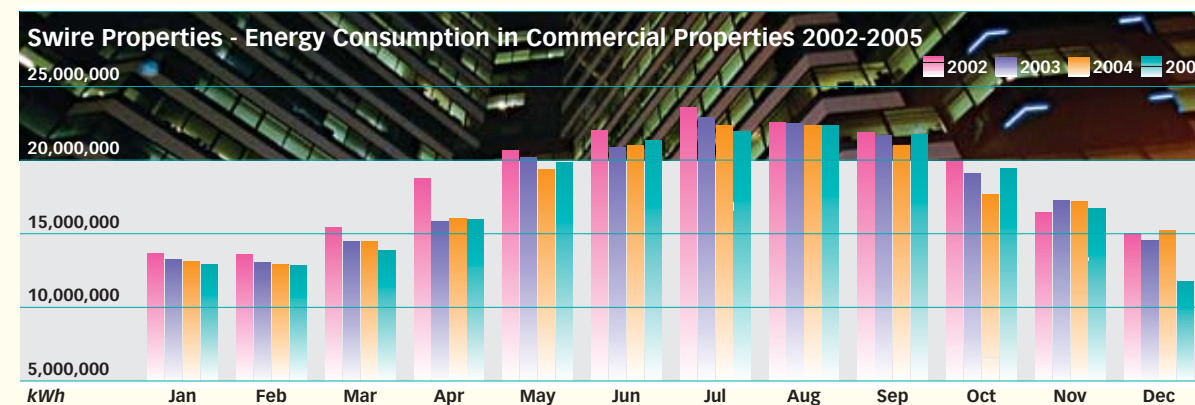


Profiling Energy Consumption
To continuously improve the energy performance of our buildings, we monitor electricity consumption on a monthly basis.

This report focuses on the performance of our commercial properties since these have the most significant energy footprint per square metre of floor area.

In 2005, our commercial premises consumed over 224 million kWh of electricity, which equates to approximately 180 kWh per m². This represents energy for the overall operation of the buildings, but does not take into account tenant activities such as use of lighting.

We can compare this to the electricity generation from the Tai Ling wind turbine on Lamma Island. The wind turbine is expected to generate about one million kWh of electricity per year (this would supply the needs of 200 Hong Kong families)¹. By comparison the electricity savings at Festival Walk of about five million kWh equate to five such wind turbines, and the overall savings for Swire Properties of about 10 million kWh since 2002 equate to 10 such wind turbines.



¹ Tam, Angela. "Tapping Wind Power for Clean Energy in Hong Kong." Hong Kong Engineer, Vol. 34/No. 3, March 2006.

Looking back at our energy profile since 2002, we have reduced overall energy consumption of our commercial buildings cumulatively by 5%, amounting to a reduction of 6,718 tonnes of carbon dioxide emissions. Through careful design and management we can significantly influence energy efficiency. Inevitably, some properties are able to achieve greater energy efficiencies than others. As an example, we have managed to reduce energy consumption at Festival Walk by 12% since 2002.

Energy efficiency has been a key management focus for many years. Through designing our buildings to achieve maximum efficiency we can have a significant impact on reducing energy consumption once buildings are occupied. Many of these design initiatives have been included in our previous EHS reports and may be referred to on our corporate website (www.swireproperties.com).

Energy Consumption Data

	2005	2004	2003	Unit
Electricity Consumed	224,151	225,197	227,346	MWh
Diesel in Operation	14,017	19,838	13,268	litres

Much of the energy consumed in our buildings is determined by our tenants. Although we cannot control the activities of tenants directly, we do try to influence them by providing energy saving tips and other information as part of the environmental guidelines that we distribute regularly.

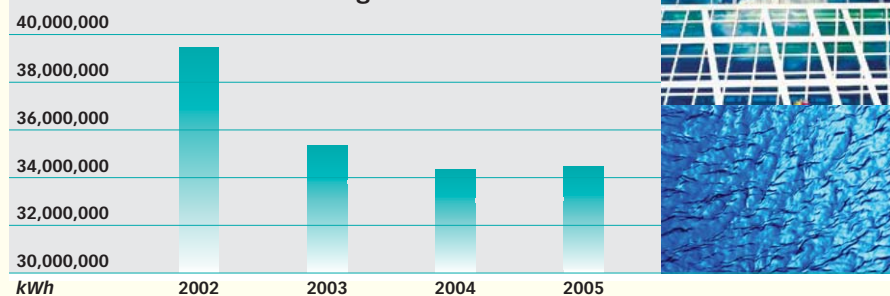
We have achieved energy savings mainly through the installation of water-cooled air-conditioning systems. 2005 data indicates that the chillers are saving in the order of 5 million kWh per year, which equates to over 3,000 tonnes of carbon dioxide emissions. During the year we started to look at opportunities for working with a wider range of stakeholders in the

reduction of carbon dioxide emissions. We hope that some of these will materialise in 2006 and 2007.

About 83% of our buildings (as measured by gross floor area) are now operating with water-cooled systems.

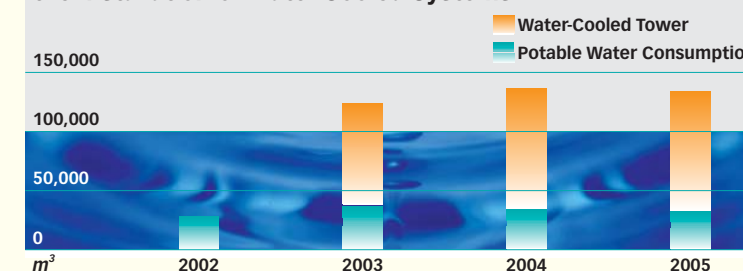
We aim to increase our annual electricity savings to 13 million kWh.

Energy Consumption Following Installation of Water-Cooled Air-Conditioning at Festival Walk



Water Conservation: Meeting the Challenge

Environmental Trade-Offs - Water and Energy Consumption for Festival Walk - Illustrating Water Consumption Following the Installation of Water-Cooled Systems



We have noted the significant benefits of using water-cooled chillers in terms of reducing energy. We recognise this increases our water consumption and that water scarcity is perhaps one of the most significant environmental challenges facing us on a regional as well as a global scale. We use as much seawater as possible for the water-cooled systems. Overall, 96% of our seawater consumption is for cooling.

At Festival Walk the trade-off between energy reductions and water usage can be seen starkly in the diagram above. The introduction of water-cooled towers in 2003 increased water usage sharply. To minimise water consumption, cyclone separators are installed to reduce the need for bleed-offs.

When we are involved with construction we also use water to minimise dust and maintain good air quality (most notably respirable particulates). During dry and windy weather, we spray our sites with water in accordance with Hong Kong legislation. We ensure that our contractors are sensitive to this issue and are required to follow an environmental management plan that includes, among other things, minimising water requirements.

Water Consumption Data

	2005	2004	2003	Unit
Potable Water for Cooling	108	102	-	1,000m³
Potable Water for Property Management and Landscaping	251	251	244	1,000m³

Construction Waste Disposal Charging Scheme

From 20 January 2006, the charges for disposing of one tonne of construction waste at public fill reception facilities, sorting facilities and landfills amount to HK\$27, HK\$100 and HK\$125 respectively.

At Swire Properties we have been implementing construction waste reduction initiatives on our sites for many years - well in advance of the Construction Waste Disposal Charging Scheme.

At our new development, One Island East, only 1% of waste from the demolition works was sent to landfill. This was a result of using only concrete crushers, which dismantle concrete structures into small pieces using a biting action, rather than using typical percussive breakers.

Reducing Waste

Waste management continues to be a mainstream environmental challenge for Hong Kong.

Local landfills are predicted to reach capacity within five to nine years, and we urgently need to reduce waste generation.

We believe that it is the responsibility of all members of our society, including producers, importers, retailers and consumers, to try and reduce waste. At Swire Properties one of our most sensitive sources of waste results from our construction and demolition (C&D) works. C&D waste in Hong Kong is particularly problematic due to the sheer volume and bulky nature of the materials.

Recycling Waste from Our Residences

Our efforts in waste management at residential properties have focused on facilitating the collection and recovery of domestic waste for recycling, in line with the Government's municipal solid waste management (MSW) policy framework. The Government reports that approximately 40% of MSW generated in Hong Kong is recycled. It is hoped that this can be increased to 45% and 50% by 2009 and 2014 respectively.

One of the constraining factors in domestic waste management in Hong Kong is the lack of facilities for sorting, segregating and storing waste for recycling. Consequently we have undertaken numerous initiatives at our properties to both encourage residents to sort their waste and to provide appropriate facilities to make it more convenient for them to do so. The facilities we provide range from recycling bins placed on each floor, to the complete redesign of waste refuse rooms (known as hopper rooms) on each floor.

In 2003 we reported on the successful cooperation between the owners of the Taikoo Shing residential estate and Swire Properties in renovating the hopper rooms to make recycling easier. Since then, additional residences have joined the scheme and total dry waste collected for recycling has increased significantly.

The quantity of materials collected for recycling increased by 16% between 2004 and 2005. Residents have also started to sort textiles, electrical appliances and

metal that can be recycled and these are collected by our cleaning company. From 2005, our cleaners began collecting personal computer and TV equipment. These items are given to a government-registered recycler and the revenue generated goes directly to the individual cleaners. Our aim is to involve and motivate all staff to ensure the separation scheme is successful. This additional revenue provided to the cleaners has further enabled us to keep the cost of the cleaning services contract at the same level for the past seven years while concurrently increasing the level and scope of their service.

Significant waste management efforts are also taking place at our other managed properties, including those where there are no hopper rooms, or where hopper rooms are too small to redesign. Recycling bins are thus provided on each floor and in some cases also on podiums and in gardens. In 2005, clothes collection bins were also installed at several properties.

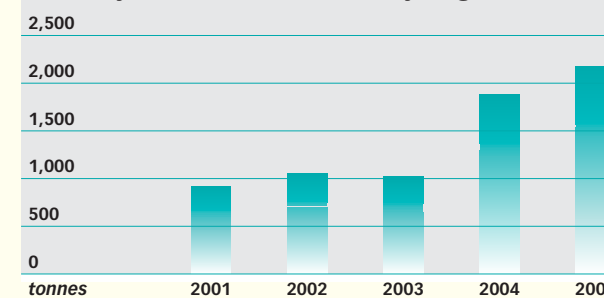
At Harbour Heights, Island Place, Lei King Wan, The Floridian, Les Saisons, Parkvale, Robinson Place, StarCrest and Sunningdale we recovered over 640 tonnes of cans, bottles and paper for recycling in 2005.

Waste Arising, Recycling and Disposal Data

Disposal	2005	2004	2003	Unit
Office/Commercial Waste	18,040	16,862	19,529	tonnes
Residential/Domestic Waste	454	363	360	tonnes
Grease Trap Waste	5,166	5,800	5,452	tonnes
Garden Waste	140	52	76	tonnes
Glass Waste	1	49	25	tonnes
Expired Smoke Detectors (with radioactive materials)	248	315	271	no.
Waste Lubrication Oil	913	2,293	2,896	litres
Other Waste (e.g. seawater pump house sludge)	179	142	36	tonnes
Recycling				
Paper	3,746	3,679	2,883	tonnes
Aluminium	14	13	14	tonnes
Plastics	81	29	33	tonnes
Waste Lubrication Oil	4,122	3,173	2,564	litres

Note: • More waste lubrication oil is sent for recycling but not for disposal in 2005.
• The increase in weight of office/commercial waste and residential/domestic waste are largely due to the change of occupancy rate.

Total Dry Waste Collected for Recycling at Taikoo Shing





Reducing Waste from Our Commercial Premises

In 2005, we conducted an initiative on food waste management, which represents a significant waste stream in Hong Kong. It is estimated that 3,300 tonnes of food waste per day is generated locally, of which nearly 90% is domestic. The majority of this waste inevitably ends up in the landfills. In response to this, we

have installed an organic food waste digester in Festival Walk as a pilot project. The digester, which originates from Japan where it is widely used, treats organic waste through a process that includes accelerating fermentation. The organic waste ultimately ends up as mainly water and carbon dioxide, with small amount of residue, which is dissolved into discharged water by means of biotechnology.

Construction and Demolition Waste

During 2005, our construction activities were relatively limited. Our main construction activities were focused on four projects:

- One Island East involving excavation and lateral support, site foundation and formation works involving mainly earth removal
- Parkside, where we finished renovation works
- Wing Fung Street, a small project with limited waste
- Excavation tunnel works at Three Pacific Place, where there is ongoing removal of earth and stone

Recycling Demolition Materials and Construction Waste Avoidance

With limited construction during 2005, the amount of waste generated was relatively small. Nevertheless as detailed in our previous reports, we consistently take steps wherever possible to reduce, recover and recycle as much construction waste as possible. This is achieved by stipulating construction methods that minimise resource use and waste generation, ensuring that waste is sorted to maximise recycling and ensuring that

our contractors develop and implement a waste management plan. We measure our performance in this area according to the amount of waste generated on a project basis.

For the Seymour Road development we planned demolition so that around 75% of the demolition waste could be recycled. To achieve this, demolition waste and materials are sorted and salvaged to facilitate recycling. Inert materials, such as timber, piping and window frames, can

be collected and delivered to the required recycling companies. Broken concrete can be delivered to the Government's recycling facility at Tuen Mun. Non-inert waste goes to landfill.

Keeping the Noise Down

One of our main challenges in Hong Kong continues to be the development of our properties in a densely populated urban environment. At our Seymour Road site the close proximity of residential buildings (some only 10 metres away from our demolition) obviously requires mitigation measures. In 2005 we planned the initial demolition works for our development, which entailed spending extra money on using non-percussive demolition methods, such as hydraulic crushers and noise barriers.

Recyclable materials include concrete, steel reinforcement, steel wares, aluminium wares, PVC pipelines and plastic wares.

Reusable materials include door sets, cabinets, bath tubs, sanitary wares, water heaters, air-conditioners, fire fighting equipment and light fittings, etc.

Construction Sites Waste Disposal and Recycling Data

	2005	2004	2003	Unit
C&D Waste Disposed	105	18,710	30,685	tonnes
Concrete Waste Recycled	1,458	1,814	5,202	tonnes
Steel Recycled	412	6,162	4,950	tonnes

Note: • C&D waste disposed refers to C&D waste sent to landfill.
 • The decrease in waste disposed and recycled is due to fewer construction sites in 2005. 2005 figure includes: 1) One Island East; 2) Three Pacific Place - Tunnel; 3) Castle Step; 4) Parkside Renovation; 5) Taikoo Hui; and 6) 23 Wing Fung Street.



We will continue exploring waste reduction initiatives through the use of new technology and more recycling initiatives. We will develop projects on the use of waste reduction machines for shopping mall operations. We will be sending waste fluorescent tubes from our commercial portfolios to recycling facilities.

Pioneering 3D Design: The Digital Project

Traditional building design work is two-dimensional. However, this does not always allow sufficient clarity for contractors during the tendering process or actual construction. For example, one of the main sources of construction waste arises from two-dimensional designs having errors that are only detected at the construction stage. When the errors occur the contractor has to manage

potential problems, including redesign, and this results in a high wastage rate, often 15% to 25% of construction waste.

To overcome this problem, in February 2005 Swire Properties pioneered the local use of three-dimensional design software known as 'Digital Project'. Created by Gehry Technologies, Digital Project has evolved from the more familiar two-

dimensional AutoCAD software. In 2005 we used the software to generate a unique digital building information model of our One Island East development as the base tool for design, design coordination, checking, tender document generation and property management.

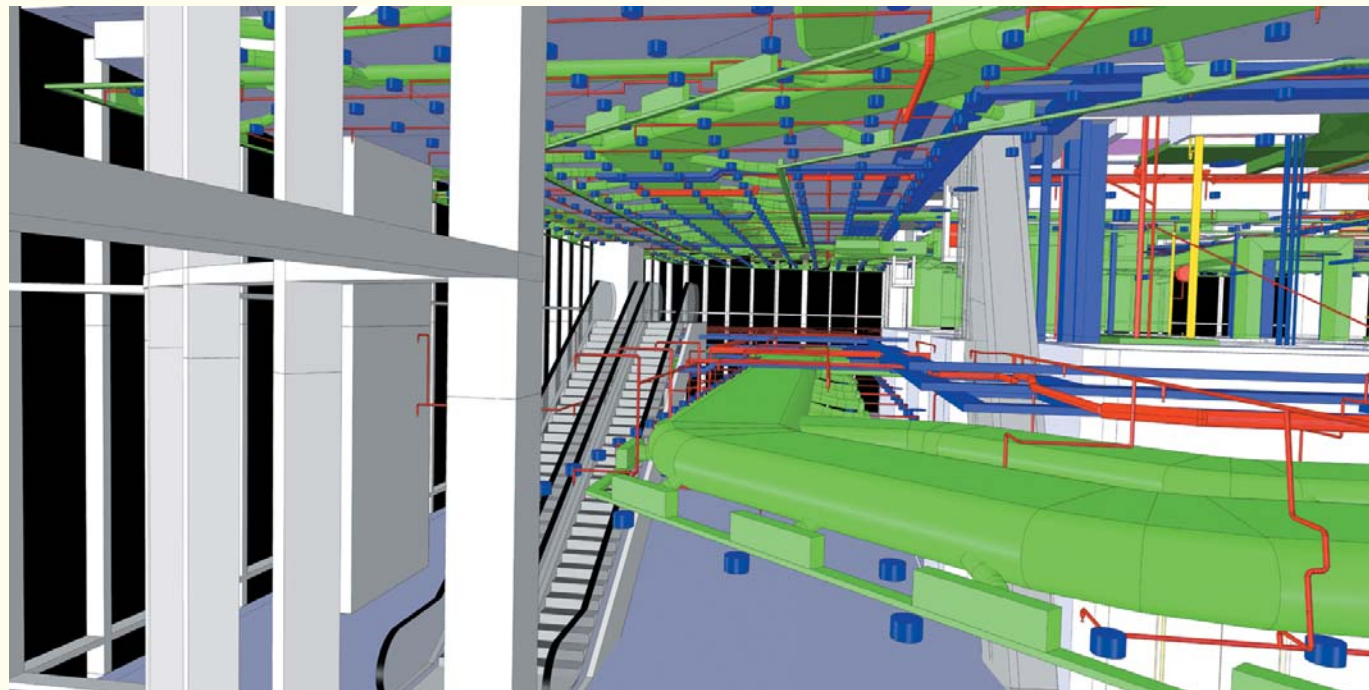
The comprehensive building model allowed us to produce more accurate estimates of materials needed, thus allowing us to 'design out waste'. The use

of a virtual construction function in the software also allows testing for buildability and work sequencing by contractors prior to submitting tenders, thus facilitating higher accuracy in the tendering process and minimising risk for all parties.

To further facilitate the process, we have established a centralised project design office. This has maximised efficiency and accuracy. Our eProject Management System (ePM) has been employed as a common communication platform for Swire Properties' managers as well as consultants and contractors located both in Hong Kong and overseas.

We will apply the state-of-the-art Digital Project to eliminate waste during the design and construction phase of our new developments.

We will apply the Hong Kong Building Environmental Assessment Method (HK-BEAM) assessment criteria to all new developments and refurbishments and achieve the highest ratings.



Environmental Procurement

We procure a wide range of services from contractors and consultants in addition to a wide range of products. In 2005 our Environmental Procurement Task Force identified two main tasks:

- 1 To develop an environmental procurement framework, guidelines and tools such as contractor questionnaires, assessment forms, environmental products listings, eco-labels listings and environmental criteria, that can be used to procure products and services
- 2 To educate staff and contractors on the need to reduce environmental impacts for company-wide procurement

We have made significant progress in developing environmental procurement practices and principles, which included drafting a mission statement, guidelines and tools, and an implementation framework. This information was developed into an Environmental Procurement Portal to provide interactive step by step guidance to all staff regarding consideration of environmental issues in the procurement process. We aim to implement qualitative practices throughout Swire Properties which is a significant undertaking given the large number of different parties involved.



We define environmental procurement as purchasing products that are less harmful to the environment, more energy efficient or less resource intensive, throughout the entire life cycle of that product or service, than the next best alternative. We aim to purchase environmentally preferred products and services.



Conservation in Action

In Hong Kong our developments take place largely on brownfield sites. Consequently, the protection of wildlife and biodiversity are not significant issues. However in the USA we have had the opportunity to not only protect biodiversity as part of our developments, but also to restore the local ecology and conserve the air quality.

Brickell Key, Miami, USA

In 1979 we purchased 80% of the 44 acre Brickell Key site located in downtown Miami. The site is an island, which was barren except for non-native species such as Australian pines when we took it over.

Upon purchase of the balance of the undeveloped land in 1997, we became master developer of the entire island, where six residential and four commercial projects were already completed, including three residential towers that were developed by other developers.

Our concept for Brickell Key is to mix residential, offices, retail and hotel components totalling 5.9 million square

feet. This intensive land use strategy enables us to conserve air quality by reducing the number of car trips generated by island development in view of the less developed public transport. The Brickell community today consists of 2,920 condominium residences, 25,000 square feet of retail space, 350,000 square feet of Class A office space and a 328-room luxury hotel (the Mandarin Oriental, Miami).

A significant element of our development has been the restoration of the local ecology. In addressing this we have planted more than 4,500 trees and plants and preserved native species such as laurel, banyan, coconut palms, silver buttonwoods and mahoganies. Where we have been unable to relocate existing trees, we have replanted them in nearby parks. Included in the development is a high quality beach, planted with four varieties of palms, bougainvilleas and natural grasses.

We have developed a long-term land management plan that includes the

maintenance of an on-island native species nursery. We provide environmental education through the placement of information markers describing the landscape. These include guidance on the preservation of flora and fauna, particularly the Florida manatee, also known as the sea cow, a locally endangered species.



A critical element of our conservation plan is maintenance of the sea wall that encircles and protects the island from water damage and erosion. This generally involves undertaking occasional repairs. However, in the light of climate change risks, we recently further improved hurricane protection by increasing the sea wall height along the east of the island.

Embedding Health and Safety

Good health and safety (H&S) practices are part of our commitment to ensuring the well being of employees, customers and others with whom we interact, wherever we operate.

HEALTH & SAFETY

Workplace safety is a particular priority at Swire Properties and has four basic features: a Safety Management System (SMS), an ongoing training programme, safe structural design, and ongoing maintenance. We continue to build on a commitment that saw the implementation of our SMS in 2003.

We were committed to making sure that H&S is fully embedded in the company, making Swire Properties a safer place to work. Having a system is just the beginning, the true test of our SMS is whether it leads to the development of a culture of H&S. Our challenge is to

demonstrate that our own staff and our contractors are changing their behaviour to adapt to our H&S programmes.

Health and Safety in Our Commercial Portfolios

Swire Properties owns and manages seven key commercial properties in Hong Kong. The safety of staff, tenants and the general public is paramount, therefore.

Since commissioning external safety audit reports in 2003, our audit scores have improved each year. In 2005, the auditors commended the strength of our safety organisation, hazardous control

programme, accident investigation and emergency preparedness, and safety committees (for all of which we received the maximum possible scores).

One area still requiring attention, however, is our programme for inspection of hazardous conditions.



Our first interdepartmental Health and Safety Quiz Competition was held in August 2005 with the aim of raising staff's awareness on workplace safety

The strength of our SMS, however, is not solely in the implementation of a strong system. It must also be measured by staff buy-in to fundamental safety principles. In order to demonstrate this, we undertook focus group interviews with

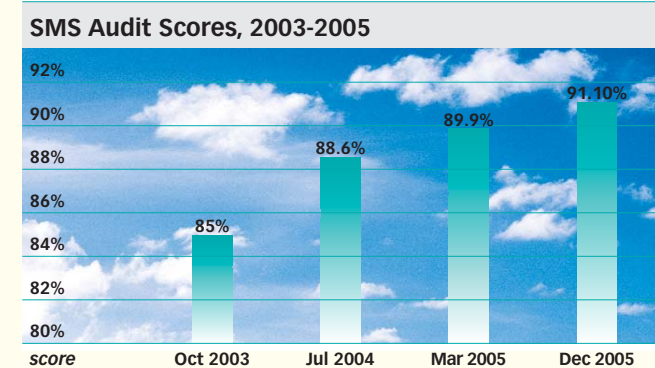
staff in each of our commercial properties. Some of their comments appear in the boxes in this section. Staff reflections on what H&S means to them in daily tasks demonstrate our SMS is more than a system. It is difficult to measure shifts in

attitude, but the evidence suggests H&S has become embedded in the organisation and should see us meet targets to further reduce workplace accidents over the coming years.



We have taken classes on safety for gondolas, heavy lifting, and fire prevention. One day, some colleagues were welding on a platform at height when sparks ignited some paint. We knew how to take action immediately and extinguished the fire. I have more confidence at work now. I don't panic anymore. If you haven't taken the training you might panic at work and do the wrong thing.

*Chan Shui Tai, Technician
Island Place*



In 2003, SARS alerted Swire Properties to the devastating effects of communicable diseases in the community and in our own workplace. To be fully prepared for this or other potential pandemics such as avian flu, we have developed an action plan that allows us to maintain operations whilst ensuring the safety of our staff and everyone else using our facilities.

The Pandemic Disease Action Plan (PDAP) allows us to rotate staff from the

workplace to home and thus rapidly and significantly reduce staff exposure to infection. In the event of the shutdown of core infrastructural services, the PDAP would allow us to function sufficiently so as to retain core business activities.

In several cases, staff feedback on potential risks resulted in important safety enhancements. At Island Place, technicians reported unsafe work conditions for installation work in a

Compared with previous employers, health and safety in Swire Properties is much better. For example, we are repairing outdoor lights at exterior area. Our engineers had to install a working platform above a busy highway, and they were worried about the traffic despite the installation of sufficient safety equipment. In order to deal with this concern, now we are thinking of installing more anchors on-site to enhance safety.

Jenny Wong, Building Surveyor
Citygate



Health and Safety Data

	2005	2004	2003	Unit
Number of Reportable Accidents	64	59	62	no.
Number of Fatalities	0	0	0	no.
Total Number of Work Hours Lost to Accidents	12,060	15,158	12,271	hours
Incident Rate	36	34	34	per 1,000 employees
Severity Rate	588	758	600	per 1,000 employees

Note: • Figure based on the number of reportable accidents by law.
 • Figure covers employees during and on their way to and from work.
 • Figure calculated based on the methodology adopted by the Hong Kong Labour Department for incident rate per 1,000 workers/employees.
 • Figure represents the total number of work hours lost to accidents divided by the total hours worked, then multiplied by 200,000 work hours, where 200,000 work hours is the equivalent base of 100 full-time employees working 40 hours per week, 50 weeks per year.



Our suggestions led to improved safety by improving the removal of dust cleaned from air-conditioners, which is quite hazardous. To avoid staff and customers inhaling the dust, we designed a box in which to transport it.

Ting Kwok Ming,
Senior Technician
Cityplaza

congested vertical duct shaft running the entire 25 storeys of the building. A safety review saw the installation of self-retracting lifeline with a twin pawl braking system.

In another case, the inherently problematic task of filter cleaning for shops in Cityplaza (due to the lack of back entrances) was improved considerably. Routine maintenance had previously involved dismantling filters on-site and transporting them through the shop to the basement, leading to dust migration and reduction of indoor air quality. Since 2005, we have employed an enclosed tailor-made trolley for filter delivery. The response from tenants has been very positive and overall work efficiency has improved.



We do what we say, which means we pay for safety. Although the cost is often much higher, we still take the safer option. Tendering out for the Seymour Road demolition is a good example. Only three or four contractors in Hong Kong had the required machinery that met our H&S specifications, which increased costs substantially.

Edmond Lo, Project Manager

Health and Safety on Our Projects

H&S procedures on construction sites is vital to our commitment to eliminate accidents.

We have monthly meetings on site with contractors over multiple issues, of which H&S is prominent. Safety officers employed by the contractors must attend these regular meetings and present a monthly safety report to Swire Properties. Reports must assess general site conditions related to safety, accident,

injury and fatality rate, and the status of training programmes for workers.

Apart from our own specialists, we also engage independent consultants to monitor construction site safety. H&S infractions by contractors lead to warning letters, in the first instance, followed by fines. This ongoing programme of independent site monitoring allows us to ensure full compliance with H&S legislation and our own sometimes higher standards.

Progressive construction companies appreciate working alongside developers who care about, and take a leading position on matters of safety, health and the environment.

We have partnered with Swire Properties on many projects, including Three Pacific Place and now One Island East, and always find them committed to implementing comprehensive safety and environment management plans. Their attitude to such core values translates into a safe, efficient and pleasant working environment for all on site and for the adjacent communities.

Derek Smyth (Executive Director)
Gammon Construction Limited



We will do everything possible to achieve a zero accident rate and have committed ourselves to maintain or improve upon the current level of low accident rates in both our business portfolio and construction sites.

We will organise in-house training on safety inspections.

We aim to get an equivalent high score in the 2006 H&S audits of our commercial portfolios.

Strong site management and training resulted in zero fatalities and only one reportable accident in 2005 across six sites in Hong Kong and Guangzhou. In total, 2,650 contracted employees worked on the six sites.

Our long-term aim is, of course, a zero accident rate.

Independent Verification

Objectives

Hong Kong Productivity Council (HKPC) was commissioned by Swire Properties Limited (Swire Properties) to verify the Swire Properties' Environmental, Health & Safety (EHS) Report 2005 (the "2005 Report"), which focuses on Swire Properties' EHS performance in 2005. The objectives of HKPC's verification work are to:

- Assess whether the scope of the 2005 Report covers all significant issues in relation to Swire Properties' EHS performance;
- Assess whether the selected statements and data within the reporting period and presented in the 2005 Report are accurate;
- Assess whether the data collection and information management systems used to prepare the 2005 Report are reliable; and
- Provide recommendations for future reports.

Approach

Our verification procedures comprised a review of the 2005 Report and selection of a representative sample of statements and data for verification through a series of interviews with Swire Properties' representatives. During the interviews, the documented supporting materials relating to the selected statements and data as well as Swire Properties' EHS management practices and initiatives were explained to and examined by our independent verifiers.

Results

We have concluded that:

- The 2005 Report is considered to be comprehensive and provides an overview of Swire Properties' EHS performance;
- The selected statements and data examined during the verification process, with minor amendments subsequently made to HKPC's satisfaction, reflect an accurate account of Swire Properties' EHS performance;
- The presentation is considered to be appropriate and effective in communicating the relevant messages; and
- The data collection and information management systems including the EHS Database used are considered to be generally organised and effective. In particular, data were collected and recorded according to a prescribed data input format.

Recommendations for Future Reports

Swire Properties is encouraged to:

- continue and expand where appropriate its stakeholder engagement process to involve more relevant stakeholders using appropriate engagement mechanism(s);
- further enhance the readability through adopting a presentation format which highlights major achievements within the reporting year and facilitates comparison with the target(s) established previously; and
- move towards sustainability report with reference to the leading reporting best practices, in particular the Global Reporting Initiative's Sustainability Reporting Guidelines, and include information on social performance as suggested by some stakeholders.



K. L. Tsang
General Manager
Environmental Management Division
Hong Kong Productivity Council
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