Adding Value
Sustainable Development Report 2009
Scope of this Report
This document reports on the economic, environmental and social performance of the assets and activities operated by Swire Properties in Hong Kong and Mainland China during the 2009 calendar year. We refer to our assets and activities in the UK, but as they comprise only a small portion of our asset base and operational footprint they have not been covered comprehensively or included in the performance data summary. We do not report on our property interests in the US, as they were acquired from our parent company, Swire Pacific, outside of the reporting period in January 2010. Unless otherwise stated, figures related to asset valuations, gross floor area (GFA) and hotel rooms are on an attributable basis as at 31 December 2009.

In the absence of statutory requirements or generally accepted sustainability reporting standards in Hong Kong, this report has been compiled using the Global Reporting Initiative (GRI) Sustainability Reporting G3 Framework 2006. There are no significant changes in the scope of this report compared with previous years, nor are there are material limitations on its scope.

This report can be downloaded from our website: www.swireproperties.com/SD/SDreports.htm

Report Application Level
Hong Kong Quality Assurance Agency (HKQAA) has provided independent assurance of the level to which the GRI Framework has been applied and has assessed this report as achieving A+ GRI grade according to the extent of coverage and information provided.
Last year was a challenging year for our industry. Volatility in global financial markets and the slowdown in the world economy severely dented business and consumer confidence around the world.

While Hong Kong and Mainland China fared better than many other economies, the events of 2009 nonetheless impacted our business. In the first half of the year, demand for office and retail space continued to weaken, which resulted in lower rental rates. We also experienced a drop in income from our retail portfolio, which is determined in part by retail turnover.

Despite the challenging market conditions, we continued to roll out our investment programmes as planned and maintained our commitment to active asset management, high quality tenant service and asset improvements. As a result, our rental reversions remained positive and vacancy levels in our wholly-owned retail and office portfolios were consistently low.

Managing the challenges ahead
While we remained strong and financially well positioned for growth, we recognise that our future success requires more than just good economic management. We are under increasing pressure to manage the environmental and social impacts of our developments.

In particular, we have an opportunity to play a leading role in mitigating the impacts of climate change by developing and managing resource-efficient buildings, as well as helping communities adapt to the effects of climate change. We believe that our most immediate and effective contribution in tackling climate change is to reduce our consumption of electricity. In 2009, we set ourselves a target to reduce 20% of our operated energy use by 2020.

Developing a resilient workforce
Our business is entering a new and exciting growth phase so it is crucial that we attract and retain the best people. Our aim is to provide career development and advancement opportunities for our staff, along with competitive benefits and meaningful employee engagement programmes.
We recognise that an effective and flexible organisational structure is also needed to meet the challenges ahead. In 2009, we made four new senior management appointments and placed greater emphasis on succession planning. We will continually review our management and organisational structure to ensure we are suitably positioned to capture opportunities and react quickly as the property market evolves.

**Working with our stakeholders**

We believe that regular stakeholder engagement is fundamental to understanding the impact our activities have on different stakeholders, as well as potential issues that may impact our business. We are working with our stakeholders to raise awareness of sustainable development issues, as well as helping them to adopt their own sustainable business practices. We highlight our efforts and progress with our key stakeholders in this report.

However, we acknowledge that our approach to stakeholder engagement is not consistent across all stakeholder groups. In the coming year, our goal is to develop a five-year stakeholder engagement plan, which will provide a platform for continuous improvement in this area.

**Focus on the future**

We will continue to create value for our stakeholders by developing, owning and managing transformational projects in Hong Kong and Mainland China. We aim to set benchmarks in sustainable property development by maintaining high standards of operational efficiency, working with our tenants and suppliers to reduce environmental and social impacts along our supply chain, investing in the professional development and wellbeing of our employees and facilitating the prosperity of our communities.

In 2009, we created a new department to focus specifically on our highest priority issues and work with other departments to integrate sustainable development further into our business. In the coming year, we will review our action plans to ensure they remain effective in measuring and driving sustainable performance across our business over the medium and longer term.

**Delivering on our commitments**

By publishing this report, we aim to provide our stakeholders with an opportunity to assess our performance against the targets we set ourselves each year. For 2010, we have aligned our sustainable development targets with the key areas on which we report to provide greater transparency and accountability. We will keep you informed of our progress through regular forums, updates on our website and of course our annual sustainable development report. I welcome your feedback and look forward to your support as we continue our journey.

*Martin Cubbon*
Chief Executive, Swire Properties
Our Business

We are a leading property developer, owner and operator, focused on the development and management of mixed use properties in Hong Kong and Mainland China.
We own and operate a portfolio of completed investment properties totalling 16.6 million square feet (sq ft) of gross floor area (GFA) with an additional 6.4 million sq ft GFA under or held for future development. Incorporated in 1972, we are a wholly-owned subsidiary of Swire Pacific Limited. Our operations, with a total asset value of HK$173,739 million, span Hong Kong, Mainland China and the UK.

Our strategy is to create long term value by developing, owning and managing diverse properties at prime locations in Hong Kong and Mainland China. We concentrate on developing transformational projects with scale, mix of uses and access to transport links so they become key commercial destinations. Once completed, we maintain the quality of our developments by providing consistently high levels of service and enhancing our assets over the longer term. This strategy enables us to maximise the occupancy and earnings potential of our properties, which in turn delivers value to our shareholders and other stakeholders.

Please refer to Swire Pacific’s Annual Report 2009 for more information on our business.

**Offices**
In Hong Kong, our completed office portfolio comprises 10.3 million sq ft of GFA. Our emphasis on quality and our commitment to long-term tenant relationships are recognised by the market and reflected by high occupancy rates. Our broad mix of tenants operating in different sectors and range of product offerings help to ensure the economic sustainability of our portfolio.

Our commitment to quality extends to Mainland China, where we are currently developing new office towers as part of larger mixed-use developments in Guangzhou, Beijing and Shanghai.

**Retail**
We manage four completed retail malls in Hong Kong and one major centre in Mainland China covering 4.4 million sq ft of GFA. Our malls provide diverse shopping experiences for customers, ranging from premium retail malls to discount outlets, and are suitably targeted at the demographics of their surrounding communities.

We are currently developing new retail malls as part of our major commercial mixed-use developments in Guangzhou, Beijing and Shanghai. The malls in Hong Kong are wholly owned by us, except for Citygate Outlets, in which we have a 20% interest. In Mainland China, we own 80% of Sanlitun Village and 50% of the INDIGO project, both in Beijing; 97% of Taikoo Hui in Guangzhou; and 50% of the Dazhongli project in Shanghai.

**Hotels**
Through our wholly owned subsidiary, Swire Hotels, we own and operate seven hotels located in Hong Kong, Mainland China and the UK. Our hotels are targeted at travellers seeking individuality, style and personalised service.

In 2009, we opened our first hotel in Hong Kong, The Upper House, and completed the final stages of a 345-room lifestyle business hotel at Island East called EAST. We also have a 20% interest in each of the JW Marriot, Conrad and Shangri-La Hotels at Pacific Place and the Novotel Citygate, all located in Hong Kong, and a 75% interest in the Mandarin Oriental Hotel in Miami, USA. We are currently developing a second EAST hotel in Beijing as part of the INDIGO project.

**Residential**
We own and manage 270 serviced apartments in Pacific Place and an investment portfolio of luxury residential properties on Hong Kong Island. We also develop residential properties for trading, to some of which we provide professional property management services after sale. Since 1986, we have sold more than 30,000 homes in Hong Kong.

**Fast Facts**

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<tr>
<th><strong>23.0 million</strong> sq ft of GFA²</th>
<th><strong>HK$8,192 million</strong> revenue</th>
<th><strong>HK$3,826 million</strong> underlying profit</th>
<th><strong>561</strong> hotel rooms</th>
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<tr>
<td><strong>3,680 employees</strong></td>
<td><strong>1,800+</strong> tenants</td>
<td><strong>1,600+</strong> suppliers</td>
<td><strong>38 years</strong> of history</td>
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All figures at 31 December 2009

² Includes projects completed, under construction and pending development on an attributable basis

* Combined total of wholly owned hotels
Operational Overview

In spite of uncertain economic conditions, we continued to operate a profitable business and make measured investments in our core business throughout 2009.
In 2009, we were pleased to celebrate a number of important operational milestones, including:

• Opening The Upper House, an intriguing urban hotel at Pacific Place in Hong Kong;
• Completing the first phase of the HK$2.1 billion Pacific Place contemporisation project;
• Topping out our Taikoo Hui shopping mall in Guangzhou, with 81% of retail space and 43% of office space currently pre-leased;
• Unveiling the Frank Gehry design for a prime residential project in Hong Kong; and
• Commencing a phased opening of the north site of Sanlitun Village in Beijing, with 67% of space leased.

While there was no change in operational control during the year, Swire Pacific announced in November a possible separate listing of Swire Properties on the main board of the Hong Kong Stock Exchange. At the time of writing, we are wholly owned by Swire Pacific.

Organisational Changes
Our former Chairman and Chief Executive Officer, Keith Kerr, retired at the end of May 2009. He is succeeded by Christopher Pratt as Chairman and Martin Cubbon as Chief Executive. Guy Bradley, previously Director and General Manager, was appointed Chief Operating Officer, Hong Kong. We also welcomed our new Finance Director, Charles Bremridge and General Manager of Marketing and Communications, Dominic Purvis. Dominic also oversees the Sustainable Development Department and chairs our Sustainable Development Steering Committee.

Economic Performance
For us, adding economic value means delivering competitive returns, providing rewarding jobs, creating valuable products and services, and contributing to the community through holistic development, participation, sponsorship and, indirectly, through statutory payments to government.

During 2009, we created HK$1,378.7 million of value for our stakeholders (excluding shareholders of Swire Pacific):

• HK$866 million to our employees in salaries, retirement benefits and other employee related costs;
• HK$480 million paid to governments in taxes; and
• HK$32.7 million in community investment covering programmes, sponsorship, cash donations and in-kind contributions. This includes HK$16.5 million donated to the Swire Group Charitable Trust.

Our business generated an underlying profit of HK$3,826 million, providing a return on average underlying equity attributable to Swire Properties’ shareholders of 3.1%.

Demand in the Hong Kong office market weakened in the first half of the year, but recovered in the second half as the economy improved. Our office rental reversions remained generally positive and occupancy was high throughout the year. Occupancy of our wholly-owned retail malls was almost 100% throughout 2009, although retail sales fell marginally overall. However, the hotel interests suffered from the difficult market conditions and lower profits were recorded from the trading portfolio. A small number of properties within the property investment portfolio were sold, generating modest capital profits. Property values fell in the early part of 2009, but then increased as the outlook for property markets in Hong Kong and Mainland China improved.

For more information on our operational and economic performance, please refer to Swire Pacific’s Annual Report 2009 at www.swirepacific.com/eng/ir/reports.htm.
Our Commitment

We are committed to meeting the property needs of our communities in an economically, environmentally and socially responsible way.
We believe long-term value creation depends on the sustainable development of our business and the communities in which we operate. Our approach is underpinned by our Sustainable Development Policy and supported by our Environment, Health and Safety policies and Supplier Code of Conduct.

Our Sustainable Development Steering Committee is responsible for incorporating social, economic and environmental risks and benefits into our business decision-making and monitoring performance. The Committee is chaired by the General Manager, Marketing and Communications and includes representatives from Sustainable Development, Human Resources, Public Affairs, Development and Valuations, Projects, Portfolio Management, Hotels, Technical Services, Finance and e-Services departments.

In 2009, we formed our Sustainable Development Department to identify environmental and social impacts of our core business, as well as support teams on new development projects to balance environmental, economic and social issues through all phases of a development project: inception, design, construction, commissioning, occupation and demolition. In 2010, our Sustainable Development Department will work with our senior management to revise our sustainable development strategy and action plan.

“We strive to operate our business in a way that is consistent with sustainable development not only because it’s the right thing to do; it also makes good business sense.”

Gordon Ongley, CEO – Mainland China, Swire Properties

Corporate Governance and Risk Management

We are committed to the highest levels of corporate governance, transparency and accountability and we conduct our business with honesty and integrity. In 2009, we did not receive any fines or knowingly breach any law or regulation.

As a wholly owned subsidiary, our highest governance body is the Swire Pacific Board of Directors. In addition to administering our economic performance, the Board oversees broader sustainable development issues through the Group Risk Management Committee.

The highest governance body within Swire Properties is the Executive Committee, led by our chief executive and supported by eight directors and general managers. The Executive Committee is responsible for our strategic direction and operational management.

The nature of our business means we make decisions that entail a degree of risk. Our core risks relate to the performance of real estate markets in Hong Kong and Mainland China, increase in interest rates and construction costs, delays in project approval and construction, changes in government policy and regulation, and unplanned disruptions to our operations. We take a precautionary approach, recognising that effective risk management is central to continued growth and profitability.

The Swire Group Risk Management Committee and functional group committees assess and monitor the Group’s risks, including setting risk management policies and strategies. At a divisional level, our decisions are guided by our risk management framework, which is managed by our Finance Department.

Corporate Governance and Risk Management Structure

Please refer to Swire Pacific’s Annual Report 2009, for more information on our corporate governance structure, roles and responsibilities of the Board and approach to risk management.
Stakeholder Engagement

We place a high priority on stakeholder engagement and recognise that regular engagement is fundamental to understanding the impact our business has on different groups, as well as potential issues that may impact us.

In preparing this report, we consulted 45 stakeholders through focus groups involving our employees, social NGOs, environmental NGOs, suppliers and tenants. We also conducted interviews with the media, local politicians and some of our own senior managers.

Dialogue with our stakeholders provided us with some useful feedback:

- Our stakeholders view us as the leading property developer in Hong Kong on sustainable development issues and hold our reputation for ethical business conduct in high regard.
- The emphasis we put into building communities around our developments is seen as a key point of differentiation between us and our competitors.
- Our stakeholders want us to continue to demonstrate strong leadership and play a key role in raising awareness on sustainable development issues in the broader community.
- Climate change was raised as a key issue and stakeholders would like us to articulate a clear climate change strategy and develop meaningful targets.
- Environmental NGOs and suppliers would like us to integrate sustainable principles and innovation further into the design of our buildings, particularly the specification of sustainable construction materials.

“Our stakeholders play an influential role in determining the success of our business. By engaging with our stakeholders and understanding their concerns, we are able to incorporate their needs into our decision-making process.”

Dominic Purvis, General Manager, Marketing and Communications, Swire Properties

- Tenants are impressed with our free energy audits but would like us to share more on our best practices to improve their own sustainability performance.
- Our Supplier Code of Conduct was recognised as an important new initiative and stakeholders encouraged us to implement monitoring mechanisms to ensure its success.
- Our employees would like to know more about our approach to sustainable development as it applies to them and their roles.
- Our stakeholders see us as a valuable member of the community and hold our employee Community Ambassador Programme in high regard.

Overall, our stakeholders want us to improve our internal and external communications on sustainable development issues. This report is part of that process, but we will also explore other communications channels in the future.
## CORPORATE MEMBERSHIPS

**Business Environment Council**  
Director and Council Member  
**Environmental Protection Department (Hong Kong SAR Government)**  
Signatory to Carbon Reduction Charter  
**Harbour Business Forum**  
Member  
**Hong Kong General Chamber of Commerce**  
Chair of Real Estate and Infrastructure Committee  
**Hong Kong Green Building Council**  
Patron Sponsor and Corporate Member  
**HK BEAM Society**  
Founding Member, Executive Committee Member and Chair of Technical Review Panel  
**International Energy Agency**  
Member of Energy Conservation in Buildings and Community Systems (Annex 53)  
**The Climate Group**  
Member (through our parent company, Swire Pacific)  
**WWF**  
Gold Member

## AWARDS

**Agency for Volunteer Service**  
Third Hong Kong Volunteer Award for Community Ambassador  
**Friends of the Earth Power Smart Contest**  
Champion, Biggest Unit Saver Award (Property Management) for Festival Walk  
**Frost & Sullivan GIL 2009 Asia Pacific**  
Green Excellence Award  
**Hong Kong Arts Development Council**  
Award for Arts Sponsorship  
**Hong Kong Awards for Environmental Excellence**  
Merit Award (Management Service) for Festival Walk  
**The Youth Learning Project on Pacific Economic Cooperation**  
Champion Tertiary Students and Young Adults; Most Innovative Report Award; and Best Exhibition Award
Sustainability in Action

The Upper House

The Upper House is a 117-room intimate hotel located at Pacific Place, our flagship mixed use development, in Hong Kong. Previously the site of The Atrium serviced apartments, The Upper House exemplifies our approach to sustainable development from an environmental, social and economic perspective.

Environment

In developing The Upper House, we worked closely with our consultants, contractors and stakeholders to minimise our environmental impact. During construction, we adopted various measures to reduce dust and noise, suppress smells and monitor waste water. One of our biggest environmental challenges was building above an operating five star hotel. In order to minimise disruption to our neighbouring hotel and their guests, we restricted construction hours to well below the legal maximum.

We recycled a large amount of old furniture and fixtures from The Atrium and tried to minimise the use of new resources when selecting materials. We used products from recycled plywood for the timber floor backing and incorporated renewable materials such as bamboo and sustainable wood in flooring, cabinet finishes and furniture, and wool and silk in carpets, furniture fabrics and curtains. We installed light-emitting diode (LED) and T5 lighting, as well as an energy management system to reduce the hotel’s electricity consumption and greenhouse gas emissions.

We installed the latest technology to reduce our use of paper and greenhouse gas emissions. We check our guests in using tablet PCs to minimise paper and have installed an iPod touch® in each room to replace print copies of hotel directories. We estimate that our paperless initiatives save approximately 1,600 kg of paper and HK$210,000 each year. We also operate a small fleet of energy saving Lexus RX450H hybrid cars to reduce our own carbon footprint and that of our guests.
Social

The Upper House has created considerable local employment opportunities. This includes about 500 jobs during the peak of the design and construction phase, as well as 175 operational jobs. We carefully recruit and extensively train our operational employees to ensure we continually deliver a relaxed and engaging experience for all our guests, as well as keep turnover below the hotel industry average.

The Upper House is a testament to local design and artistic talent. We appointed a renowned young local designer, Andre Fu (pictured below right), for his first project designing an entire hotel. Fu’s design is complimented by art pieces and sculpture from established and upcoming artists from around the world, including Hong Kong artists Man Fung Yi and Cynthia Sah.

Economic

We have extensive experience developing properties for world-class hotel operators in Hong Kong and overseas. The Upper House, our second owner-operated hotel in Greater China, has enabled us to evolve our existing strengths of project development and customer service into a new area of business. By developing our own hotel brand and operations business, we are able to add significant value and synergy to our investment property portfolio, particularly the revitalised Pacific Place.

The Upper House appeals to a distinct group of travellers who seek individuality and a unique luxury experience. We aim to capture growth from this niche area of the hotel market to provide an additional revenue stream to our business. Enhancing the economic sustainability of the hotel is restaurant Café Gray Deluxe, which receives strong patronage from hotel guests, international visitors and Hong Kong residents alike.
Our Environment

We work to reduce our impact on the environment we all share by minimising our use of natural resources, reducing or preventing pollution, managing waste effectively and integrating environmental considerations into the planning, design, construction, operation and maintenance of all our facilities and services.
Environmental responsibility is a key element of our commitment to sustainable development. Our approach is guided by the Swire Group Environment Policy and environmental principles, which ensure environmental considerations are an integral part of our decision-making, management and culture.

Our Environmental Impacts
We assess the impact our activities have on the environment and seek to integrate environmental considerations into the planning, design, construction, operation and maintenance of all our facilities and services. Typical environmental impacts associated with property development and management include:

- Greenhouse gas emissions from electricity used in buildings and in procuring building materials.
- Waste generated in the operation and construction of buildings.
- Water use in building operations.
- Noise pollution.
- Air quality.

We monitor our environmental impacts through our Environment, Health and Safety (EHS) system and regularly update our senior management on incidents and progress through the Sustainable Development Steering Committee and the Swire Group Environment Committee.

We aim to comply at all times with environmental regulations and requirements related to our operations and development activities. While our Environmental Affairs Manager maintains the EHS system, we encourage all employees, contractors, suppliers and customers to take responsibility for their actions and comply with their environmental obligations. In 2009, we did not receive any fines or knowingly breach our environmental obligations.

Climate Change
Climate change is a key business challenge and we continue to improve our understanding and management of potential climate change risks. Over the longer term, changes in weather patterns and extreme weather events will place greater demands on the property sector to improve the resilience of buildings. Our most immediate risk relates to emerging policy and regulation designed to encourage businesses to reduce their greenhouse gas emissions. We will assess the impacts of a carbon impost on energy prices and the effect this may have on investment decisions.

Although climate change presents numerous risks, we also see opportunities for innovation. We have taken our knowledge and experience to create new products and services to improve energy efficiency beyond our own operations.

Energy Efficiency in Operating Buildings
The electricity we use in our operating portfolio is our most significant contribution to greenhouse gas emissions, accounting for 187,317 tonnes of carbon dioxide equivalent (CO₂e) in 2009. We are committed to improving our energy efficiency, while encouraging our stakeholders to do the same. In 2009, we invested HK$48 million in energy efficiency initiatives and a further HK$11 million in environmental improvement works across our operating portfolio in Hong Kong.

As part of our long-term energy management strategy, we have set a 10-year target to reduce the energy use of our core Hong Kong investment property portfolio by 20% by 2020, from 2008 levels. We aim to achieve this target by implementing around 300 energy efficiency initiatives with a payback of eight years or less over 12 office towers, four retail malls and one residential apartment block.

Our tenants consume the majority of energy used in our buildings. While we do not have direct control of their energy use, we do play a key role in helping our tenants to be more energy efficient. We offer free energy audits to our office tenants so they can understand their usage patterns, as well as identify energy saving opportunities in their premises. By the end of 2009, we had completed energy audits for 9% of office tenants with area covering 886,672 sq ft and identified annual energy reduction potential of 1,374,988 kWh and 960 tonnes of CO₂e.

We have set a target to complete free energy audits for all our office tenants by 2013.

We encourage our employees and communities to use energy more wisely. In 2009, we signed up to the Friends of the Earth “Dim it” Charter, switched off our lights in support of WWF Earth Hour, and launched a Low Carbon Lifestyle Competition for employees as part of our commitment to The Climate Group’s Carbon Reduction Campaign.
Our Environment

“Green buildings will be important for our management of climate change. I am pleased to see the commitment of Swire Properties to environmentally responsible design and energy efficiency measures.”

William Yu, Head of Climate Program, WWF

Energy Efficiency in New Buildings
To reduce energy use significantly over the longer term, it is essential to integrate sustainability into the design of our new developments. For each new project, we issue guidelines to our consultants to ensure their designs are environmentally and socially responsible. In 2009, we invested HK$31 million in sustainable features and installations for new projects in Hong Kong and Mainland China.

We understand that it is more cost effective to design and build in energy efficient features at the start rather than retrofit them later. In 2009, we commenced studies on four of our new development projects to determine the environmental and cost effectiveness of selected sustainable design features and systems that help to reduce energy consumption, such as enhanced glazing, chilled beams and renewable energy. As the projects were already underway, the scope was limited to items that would add value to the project without compromising the existing development programme. Items were recommended on the basis of financial cost benefit analysis as well as non-financial considerations.

From undertaking these studies, we learned that sustainable features are not necessarily always more expensive than their traditional counterparts. We adopted a number of recommendations, including reflective coating on light fittings and better performing glazing in two new office projects. These initiatives will save a combined total of 195,000 kWh and HK$250,000 per annum, with a payback of less than one year. Most importantly, we learned that we need to commence the studies earlier in the development programme, as late starts limit the scope of possible improvements, particularly those that are not tried and tested in large-scale projects. In order to reduce the operational performance risk of new features and systems, we plan to trial some new technologies on a small scale before implementing them in large-scale projects.

Renewable Energy
We recognise that buildings will play an increasingly important role in the generation and distribution of renewable energy. In 2009, we assessed the application of renewable technologies, such as solar photovoltaic, solar water heating and micro wind turbines on four of our new developments in Hong Kong and Mainland China. The main challenge to incorporating renewable energy technology is the long payback period, which in many cases extends beyond the working life of the installation, particularly in the case of solar PV and micro wind turbines. In 2009, we assessed the viability of installing micro wind turbines in a new office and residential building in Hong Kong and found there was insufficient wind to make the turbines effective. One of the other challenges is availability of space for renewables, particularly in tall buildings located in densely urban environments such as Hong Kong. We are continuing to explore the viability of renewable energy and other new sustainable building technologies and have employed specialist expertise to manage the process.

Indirect Energy and Greenhouse Gas Emissions
Aside from electricity, the materials that go into our buildings account for our largest indirect use of energy and greenhouse gas emissions. In 2009, we undertook a trial lifecycle study on our Tai Sang Commercial Building redevelopment to improve our understanding of embodied energy and greenhouse gas in materials, specifically their contribution to the overall lifecycle cost. We selected the structural frame and facade for modelling, as they are the largest in quantity and most costly material components with available data. After applying various pricing scenarios, we found that the embodied energy and greenhouse gas emissions were not significant enough to impact the lifetime cost of the project and thereby influence construction material selection decisions. We continue to work with our consultants to examine developments in lifecycle assessment of construction materials.

To minimise the indirect greenhouse gas emissions from our day-to-day operations, we implemented a policy to offset greenhouse gas emissions from our employees’ business travel. Our employees are given a summary of
their emissions each quarter, which helps raise awareness and encourages them to consider the necessity of their travel. During the year, we offset 284 tonnes of CO₂ through the Cathay Pacific ‘FLY greener’ carbon offset programme.

Building Rating Schemes
We support building rating schemes as they provide a mark of quality that commercial tenants, buyers, investors and employees recognise and value. We aim to achieve the Building Environment Assessment Method (BEAM) Platinum grade for our new projects in Hong Kong and the US Leadership in Energy and Environmental Design (LEED) Gold standard for selected parts of our new developments in Mainland China.

In 2009, our new office tower, One Island East, received a BEAM Platinum rating. This is our 14th consecutive building to achieve the highest BEAM rating available. Our tenancy at One Island East also received the Interior Platinum rating for our use of recycled materials and installation of fixtures for improved water management and energy efficiency. We estimate these initiatives will save HK$425,000 each year, with the total cost to be paid back in four years. In Mainland China, Office Tower One at Taikoo Hui in Guangzhou was pre-certified as meeting LEED Gold standard.

Energy Efficiency Research
The cost benefit of improving our energy efficiency is a key driver for our establishment of academic research funds. Adding to our existing fund with Tsinghua University, we underwrote a new fund of HK$3 million over three years with Hunan University to conduct research into evolving intelligent building control tools.

We receive a direct benefit from our investment as extensive testing is conducted in our buildings. From 2007 to 2009, our energy studies with Tsinghua University at Festival Walk resulted in a total reduction of 9 million kWh of electricity and 6,300 tonnes of CO₂e.

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<th>Reduce</th>
<th>Cut</th>
<th>Save</th>
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<td>9 million kWh</td>
<td>6,300 Tonnes CO₂e</td>
<td>$5.56 million*</td>
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*Electricity cost savings based on the CLP Bulk Tariff. For illustrative purposes only.

We continue to share our research results through joint workshops and publications so the wider property industry can benefit from our investments. In 2009, we conducted seminars on the findings of our energy studies, which were attended by 80 delegates from the property industry, NGOs, academia and government.

SUSTAINABILITY IN OUR RESIDENTIAL ESTATES
Our Group Estate Management Department is responsible for building management services for 10 estates, with a combined total of more than 7,500 apartments.

We have developed a code of practice for each estate to help reduce the environmental impact of their operations. The code takes an integrated approach to environmental management and includes a number of requirements covering resource minimisation, waste recycling, product use, cleaning techniques, office practices, training and communication.

We encourage our estate managers to develop their own environmental plans with the support of the owners committees. There is a strong emphasis to involve all members of the estate community to achieve the best results for the environment. As well as ongoing dialogue with our residents, our estate managers publish newsletters with environmental tips, display posters to promote “green awareness” and hold events and competitions to engage residents on clean and green living.

“Swire Properties stands out for its investment in research to find practical solutions to achieve sustainability, while also achieving long term profitability.”

Kevin Cheng, Director, ATAL Engineering

Amie Lai, Environmental Affairs Manager, congratulates the winner of our “Green Lifestyle” photo competition, Jonathan Chan from StarCrest, for his winning photograph of the unicycle commuter.
Waste Management
Buildings generate a significant amount of waste, both in their day-to-day operation and construction. We play an influential role in helping our tenants, customers and contractors to manage and reduce waste through various waste management programmes in place at our premises and construction sites.

Waste in Building Operations
We have streamlined waste management procedures and recycling facilities in all our office buildings and malls. Our tenants are issued with specified containers and colour coded bags to assist our contractors with the waste separation process. Once the waste reaches the centralised collection rooms, our contractors separate the recyclable materials into categories, such as paper, plastic and cans, to be sent to designated recycling centres. Our building management teams regularly monitor waste separation procedures. We also collect and report waste data for all our offices and malls (hotels will be ready to report in 2011).

Our Environmental Affairs team works with our portfolio managers, building management teams and tenants to develop and implement waste management programmes. In 2009, we undertook a pilot study at Festival Walk with the Environmental Protection Department and Hong Kong Baptist University on converting food waste into useable compost. We engaged food and beverage tenants through ongoing communication and extensive training to separate food waste from other refuse material. Following the completion of the study, the amount of separated food waste increased by 20%. Our subsidiary, Oriental Landscaping, is trialling the food waste compost in their nursery.

Waste in the Construction of New Buildings
We consider waste during the design and material selection process and work closely with our contractors to reduce waste during construction. On selected new projects, we use Building Information Modelling (BIM), which is three-dimensional, dynamic design modelling software. By using BIM, we are able to detect design clashes better, which minimises the amount of waste produced during construction. We used BIM on The Upper House and are using it in the design of the Stubbs Road residential development and Pacific Place contemporisation project.

We require our contractors to submit waste management plans prior to construction. We ask that our contractors first separate recyclable materials and dispose any remaining waste in line with government regulations. An independent environmental consultant carries out regular audits on each project to ensure our contractors meet their obligations. We recycled a significant amount of materials during the first phase of the Pacific Place contemporisation project, including glass balustrades, stone flooring and reuse of old light fixtures for temporary lighting.

Water Management
In 2009, our use of potable water for cooling and landscaping in Hong Kong increased by 7%. A large proportion of the increase is due to the replacement of five air-cooled chillers with three water-cooled chillers at Cityplaza One in April. Water-cooled chillers use significantly less electricity than air-cooled chillers, which was a motivating factor in our decision. Unfortunately, we were unable to install sea water-cooled chillers because the local sea water pump house did not have the capacity to meet the chillers’ water requirements. Our use of water also increased across the board, largely due to the inclusion of a full year’s data from One Island East.

We continue to assess ways to improve our operational water efficiency. In 2009, we examined water reuse in our sprinkler and air conditioning systems. At Taikoo Place, we saved 58,996 m³ of water through collection and re-use of air conditioning condensate.

We are applying a range of water saving measures in our new developments. In Office Tower One at TaiKoo Hui in Guangzhou, we estimate there will be a 45% reduction...
in water use as a result of various water saving measures. These include installation of infra-red sensors and low flow fixtures to reduce duration and rate of water. A rain harvesting system will collect water from the entire TaiKoo Hui development, which will be treated and used for flushing supply in the office tower and podium retail building. The system will treat around 400,000 litres of grey water per day.

**Biodiversity**

We develop, own and manage land and properties largely contained in urban environments and as such do not currently have a biodiversity strategy or action plan in place. However, as a responsible developer, we comply with government requirements related to biodiversity, including the Hong Kong Environmental Impact Assessments Ordinance and the Nature Conservation Policy.

Although our activities rarely touch upon protected habitats or areas of high biodiversity value, we do have an interest of some land in the Tai Ho Valley, located in the northern part of Lantau Island. The area was considered suitable for private and public housing by the Hong Kong Government until 1999, when it was then identified as a potential area for enhanced conservation. The area contains woodland, marshland, stream courses, mudflats and mangroves, which together are considered high in ecological value. We have been working with the Government, environmental NGOs and villagers of Tai Ho to design our development in a manner that preserves the existing ecology in Tai Ho and complies with Government regulations and strategy for the Tai Ho Valley.

**Noise and Acoustics**

We aim to comply with noise regulation at all times and will take immediate remedial action in the event of non-compliance. For all major construction activity, we require our contractors to submit an environmental management plan covering noise control and monitoring strategies at our sites. During the year, we implemented a range of additional noise reduction initiatives to minimise impact on surrounding communities. We installed noise barriers and used non-percussive demolition equipment where possible at our 25A-29A Seymour Road residential development because of the close proximity of neighbouring residential buildings to the site. During the construction of The Upper House and the first phase of the Pacific Place contemporisation project, we reduced noise during permitted working hours to avoid disruption to our tenants and neighbours.

**Air Quality**

We maintain high standards of indoor air quality in the buildings we operate. We have implemented guidelines and a management plan to monitor the quality of indoor air and quantity of fresh air delivered to tenanted areas. In 2009, we maintained our Excellent Class rating under the Hong Kong Air Quality Certification Scheme for all common areas and our own tenancies at One Pacific Place, Festival Walk and the whole of Citygate Outlets. At One Island East, both the common areas and our own tenanted areas also received Excellent Class for the first full year of operation.

During construction, we work with our contractors to ensure their activities do not compromise local air quality. As part of the environmental management plan, our contractors must implement air quality control measures to manage emissions. This may include regular collection and monitoring of air samples, as well as reporting the amount exceeding government guidelines.
Our People

Our people are our greatest asset and key to maintaining our competitive advantage, now and for the future.
Attracting and developing talented people is central to our success. Our approach is underpinned by various policies covering training and development, labour practices, human rights, and workplace health and safety. These policies are outlined in our Employee Code of Conduct and Employee Handbook, which are administered by our Human Resource and Administration Department.

Employee Profile
We employ more than 3,600 people across Hong Kong, Mainland China, the UK and the USA. The majority of our employees are hired locally, with 74% based in Hong Kong on a full time permanent basis. A 17% increase in Hong Kong employees from last year is mainly due to our expansion of Swire Hotels into Hong Kong, which was marked by the opening of The Upper House in October 2009.

Gender
Globally, the property development industry tends to attract more men than women. This is reflected in the composition of our workforce, which is 65% male, a decrease of 8% from last year. In Mainland China, the gender diversity our workforce is evenly split.

Unplanned Absenteeism
Unplanned absenteeism in 2009 was low, with 3.5 days per full time employee in Hong Kong and Mainland China. Our recorded data does not yet include hotel employees.

Age
Our employees are fairly evenly spread across all age brackets, with the exception of under 20 years and over 60 years, which combined make up 2% of our workforce. Our hotels tend to have a high component of younger workers, with 64% of hotel employees falling in the 20 to 30 years age bracket.

Turnover
Turnover of all employees across our operations was 12.6%. Slightly more than half of voluntary separations were in the 20 to 30 age bracket, with the 30 to 40 and 40 to 50 years age brackets comprising 23.1% and 16.1% respectively. The hospitality industry experiences higher rates of employee turnover than the property industry. Excluding hotel and contract employees, our employee turnover rate was 8.1%.
Developing our people

The skills, knowledge and capabilities of our employees contribute to our ability to excel and innovate as an organisation. We provide a variety of training opportunities ranging from trainee programmes for fresh graduates, external educational courses, on-the-job training, internal job rotations, mentoring and overseas secondments. In 2009, our Training and Development team coordinated in-house professional development courses covering negotiation, time management, coaching, assertiveness and stress management, as well as technical courses, including language and advanced computer training. We also support our employees who wish to pursue further education by providing financial assistance and examination study leave for external courses relevant to their roles. In 2009, our employees attended 39,928 recorded hours of training and we provided financial assistance to eight employees undertaking non-graduate education programmes.

Our performance appraisal system provides a mechanism for employees to set development goals and keep track of their performance. It also assists management with succession planning and to identify coaching and development opportunities for their people. The system includes an annual formal appraisal, whereby employees undertake a self-assessment covering performance and behavioural elements to discuss with their manager. Performance appraisal training and refresher courses are provided annually so that managers and employees understand their role in the evaluation process. In 2009, all full-time permanent employees received a performance appraisal.

Though the Swire Leadership and Management Development Curriculum, our people develop the capabilities needed to perform and progress. There are different levels of the leadership programme. Each level is tailored to meet the needs of employees at different stages of their career development. Throughout their careers, our employees, including management trainees, also participate in business management programmes at international institutions such as INSEAD, Stanford University and The Richard Ivey School of Business.

Recruiting and Retaining Employees

We aim to grow our workforce of highly talented, motivated and experienced employees through internal development and external recruitment. In 2009, 8% of our employees were promoted or transferred internally. New employees represented 22% of our workforce, with many recruited for our hotels business prior to the opening of The Upper House.

Through our well-established graduate trainee programme, we attract some of the brightest university leavers from Hong Kong, Mainland China and abroad. We offer separate programmes for management, building surveyor and engineer trainees. These three-year programmes include planned job rotations and project assignments in Hong Kong and Mainland China. Our trainees work under an experienced line manager and are also assigned a mentor to provide support, guidance and coaching.

We also offer seven-week summer internships to penultimate year undergraduates who are interested in our company and the property development industry. We encourage those who perform well to apply to our trainee programmes.
Equal Opportunities
As an equal opportunities employer, we seek to maintain a respectful, inspirational and safe workplace. We respect human rights and do not tolerate harassment or discrimination of any kind. We recruit and promote people based on their experience and ability to do the role. Our workplace agreements are determined on an individual basis, with the basic salary of each employee commensurate to experience and the job, regardless of gender or other characteristics.

We understand the value of a diverse workforce and we seek to create an environment that encourages diversity and challenges the status quo, while at all times maintaining respect for our colleagues. While there are no trade unions representing our employees, our grievance and disciplinary procedures enable our people to raise concerns regarding unfair treatment without fear of retribution.

In 2009, we conducted training workshops internally and with the Equal Opportunities Commission in Hong Kong for over 1,500 employees covering topics such as diversity in the workplace, equal opportunities and anti-discrimination. A key objective of the workshops was to brief employees on the Race Discrimination Ordinance and raise awareness of behaviours that may be harassing or discriminatory.

Code of Conduct
Our Company Code of Conduct clearly states our expectations on the types of behaviours employees should demonstrate at work. The Code of Conduct covers issues and procedures on competitive tendering, conflicts of interest, use of child and forced labour, workplace bullying and harassment, privacy and confidentiality of information, intellectual property rights, non-discrimination, equal opportunities and bribery and corruption.

In 2009, we conducted refresher training on our human rights policies and procedures for all our Mainland Chinese employees and 61% of Hong Kong based employees, including our security personnel. We also incorporated anti-corruption training into our employee induction programme, as well as into basic building management training for frontline staff. During the year, 216 new employees in Hong Kong and all Mainland Chinese employees attended such training.

RECRUITMENT AND TRAINING AT OUR HOTELS
Our hotels are synonymous with quality, style and individuality. We differentiate ourselves by providing our guests with an experience that is unique. The heart of our difference lies in our people.

We believe that in the hotel business attitude is just as important as experience. In fact, many of our hotel employees had very little hospitality experience before they joined us. Our philosophy from the start has been to find natural, engaging and intuitive people who will be able to deliver a style of service that is relaxed, yet professional. Once we have the right people in place, we provide them with extensive training and development opportunities to ensure they have the technical capabilities and skills to meet the needs of our guests.

To maintain our innovative approach, we encourage our employees to be enterprising, think creatively and have fun with what they do. While this freedom means our employees sometime make mistakes, we support them to learn from the experience and to share the outcomes with the wider team so we all can learn from these events.

"The Opposite House stresses creativity. We like to do things a bit differently and our people are an important part of that ethos. We encourage original thinking and innovative practices. Our committed people are very much part of our unique brand and value proposition."

Anthony Ross, General Manager, The Opposite House

Our People
Our People

Employee Benefits
We offer competitive remuneration, which includes medical care, examination and study leave, retirement benefits and a discretionary performance bonus for all full-time permanent employees commensurate with job grade. We operate a retirement benefit scheme under the Occupational Retirement Schemes Ordinance (ORSO) in Hong Kong, which is exempt from the Mandatory Provident Fund (MPF) Scheme. New full-time permanent employees based in Hong Kong have a one-off option to choose between the ORSO and the MPF Scheme when they commence employment.

Our employees also have access to a range of benefits including use of a company-owned pleasure boat and holiday houses, discounts on a range of Swire Group products and services and education scholarships for their children based on academic achievement.

Employee Assistance
We provide our frontline employees with free access to an independent counselling service where they can discuss work and personal issues with qualified professionals in complete confidence. Our counselling service is accessible 24 hours a day, seven days a week. In 2009, 23 employees accessed our Employee Counselling Service for an average of one hour each.

Employee Engagement and Participation
Our success relies on having an engaged and committed workforce to create and deliver our products and services. In 2009, we invited our employees to participate in the Swire Group Employee Survey to understand their perceptions of our performance, as well as to measure their level of satisfaction and motivation. Approximately 1,150 of our employees participated in the survey. While it is difficult to determine issues that are specific to our company, rather than the Swire Group as a whole, we are pleased to see that 89.9% of Group employees are motivated to see Swire succeed.

We offer a variety of educational, social, sporting and volunteering activities for our employees and their families. In 2009, our employees participated in a variety of activities including dragon boat championships in Hong Kong and Guangzhou, running relay and sedan chair races, an inter-departmental bowling tournament and a dolphin watching boat trip organised by WWF.

GREEN DAY
On 28 November 2009, we held our first Green Day, a fun day out for employees, their families and friends to learn more about environmental sustainability.

Throughout the day, over 1,200 people enjoyed a variety of interactive games, workshops, exhibitions and live shows. These fun activities were all designed to strengthen our understanding of sustainable development and our impact on the environment, as well as to motivate behavioural change.
Health and Safety

The safety of our employees, tenants, contractors and communities who use our facilities is a high priority for our business. Our approach is guided by our Health and Safety Policy and directed by our Health and Safety team.

We have a safety management system in place in Hong Kong and are rolling it out to properties in Mainland China as they become operational. We continually assess our safety and health procedures and have provisions for planning, organising, controlling, monitoring and reviewing health and safety precautions that are required by law.

Our Health and Safety team provides training and support to our employees to ensure they have the knowledge and understanding to meet their health and safety obligations. In 2009, there were no critical or fatal injuries. While we decreased our accident rate from last year to 14*, the severity of accidents involving our employees increased by 9.3% due to a number of long sick leave cases.

Health and Safety Committees

Our Company Safety Committee is chaired by our Safety Manager and includes representatives from our Human Resources and Administration Department and from the technical and building management teams of our Hong Kong centres. Each centre has its own safety subcommittee, comprised of different levels of employees. The role of the committees is to monitor our health and safety performance, identify workplace hazards or unsafe practices that require management attention and to raise to senior management any safety concerns from our employees, tenants or the general public. The Company Safety Committee meets at least once every three months.

Employee Awareness on Health and Safety

While the Safety Manager is accountable for overall coordination and implementation of the Health and Safety Policy, it is the responsibility of all employees to take care of themselves and others by reporting hazards and raising safety issues as and when they arise.

Health and safety is an important component of our frontline employee induction training. We require our safety awareness training to be delivered to new frontline employees within 30 days of commencing employment.

Aside from induction training, our approach to health and safety is frequently communicated to all levels of frontline employees through safety handbooks, office notice boards and staff newsletters. In 2009, we issued a revised safety handbook to all frontline employees in Hong Kong, which contains more comprehensive information on our health and safety policies and security procedures.

*number of reportable accidents / number of employees x 1,000

NEW HEALTH AND SAFETY INITIATIVES

In 2009, we undertook a number of new health and safety initiatives, including:

• Implementing guidelines for handling broken fluorescent lamps containing mercury.
• Implementing manual handling assessment on routine works of security and technical employees.
• Delivering in-house training on accident investigation and safety inspection techniques.
• Launching a pre-work exercise demonstration video for frontline security employees.

Public Health

We undertake various measures to safeguard public health at our premises. We have systems and procedures in place to ensure we respond proactively and effectively to outbreaks of disease that may disrupt our normal day-to-day operations.

Our Pandemic Disease Action Plan (PDAP) outlines the appropriate level of response and course of action, depending on the severity of the outbreak. The PDAP contains mechanisms to monitor outbreaks of diseases, communications systems for tenants and residents, as well as contingency measures for operating our properties and business continuity planning. The PDAP is maintained by our Pandemic Diseases Task Force (PDTF), which is jointly led by our Head of Technical Services, Head of Public Affairs and Head of Human Resources and Administration.

In 2009, the scope of the PDAP and composition of the PDTF were reviewed and updated. The PDTF also developed and implemented measures to manage our response in the case of a severe outbreak of Swine Flu.
Our Community

Creating and sustaining vibrant communities is characteristic of the way we do business.
Our business strategy is supported by our philosophy of “building an integrated community”. We seek to be a long-term and trusted partner so we can serve our communities effectively, but also capture opportunities that benefit both our business and the wider community.

Our approach is two fold. Firstly, we develop the physical infrastructure that will house and support people within the community. Secondly, we help to build and maintain a sense of community identity and spirit through various community investment initiatives, including the promotion of arts and culture, educational programmes and volunteering activities.

Developing our Communities

Our long-term approach to community development is founded on the premise that the physical completion of a project simply marks the beginning of its social growth. Our aim is to identify development opportunities which maximise the value of our investments, as well as enhance the communities in which our investments are located.

Our journey started with Island East, which exemplifies our long-term commitment to creating quality developments and building integrated communities. Over more than three decades, we have transformed the site of the old Taikoo Sugar Refinery and Taikoo Dockyard into a thriving residential and business community. Our experience in Island East is now helping us to transform a run-down part of Wan Chai into a prosperous and creative new enclave (see case study on page 27).

When shaping the design and development of our projects, we take into account the needs and wishes of our stakeholders through a process of regular engagement and consultation. In some cases, this has led to modifications in development proposals, development programmes or implementation of initiatives that mitigate localised impacts during construction.

Sustainable Urban Planning

We are an advocate of sustainable urban planning and believe our developments should provide social and environmental benefits to future generations. We continually provide model master plan submissions and timely responses to important new planning proposals, particularly those along Hong Kong Harbour. By doing this, we hope to encourage proactive dialogue on how Hong Kong can best meet growing aspirations for a quality waterfront befitting a world class city.

In 2009, we answered a request from the Hong Kong Government Planning Department for proposals to enhance the Island East harbourfront. In our proposal, we suggested a number of short-term improvements that would provide ongoing social, environmental and economic benefits to Island East stakeholders. These improvements include doubling the accessible foreshore by installing a series of pedestrian boardwalks, turning the existing Quarry Bay Park into an 18 hectare park with improved connections to the waterfront, and refurbishing the Shau Kei Wan Fish Market into a wharf destination with dining and other leisure activities. We believe that these improvements would not only benefit the local community, but also contribute to the broader vision of an integrated Hong Kong Harbour.

This proposal builds on some of our previous submissions, which include the Hong Kong Cultural Harbour masterplan, a sustainable concept masterplan for Kai Tak and a Wan Chai-Causeway Bay shoreline proposal.

Our long-term vision for Island East.

Artist impression of Island East Harbour Front.
Case Study
Old Wan Chai Revitalisation

Community

Wan Chai started to grow in the 1890s, when it was known for its terraced buildings, a catholic mission, numerous small workshops and the first electrical power station. Over the last decade, we have continued to grow our investment in Wan Chai. Starting with StarCrest and Three Pacific Place, we have helped to develop the south-west end of Wan Chai (known as old Wan Chai) into a chic new enclave for companies, cafés, bars and restaurants. However, we believe that Wan Chai can benefit overall from a masterplan that will address both the area’s cultural heritage and the needs of its modern day inhabitants.

At the request of the Old Wan Chai Revitalisation Initiatives Special Committee, we submitted a proposal to revitalise the area. The objective of the proposal is to enhance the shared streetscape and adjacent open spaces through improvements to the street furniture, paving, lighting, railings and signage.

Our plan for improved streetscaping would maximise accessibility and utilisation, while modern street lighting would support a safe and attractive ambience amid the cul-de-sacs and alleyways. Improved signage and information panels describing the history of the area would facilitate greater community awareness and appreciation of the area’s contribution to Hong Kong’s cultural identity.

“Swire Properties demonstrates concern and respect for the needs of local residents. They make efforts to develop and energise the community. I am very impressed by their role in the Old Wan Chai Revitalisation Project, enhancing the open space for public use and contributing to a better environment and quality of life for residents.”

Kenny Lee, District Council Member, Wan Chai District Council

Community Consultation

Our vision is to rebuild a sense of identity and revitalise the old Wan Chai area, while at the same time preserve its unique culture. In October and November, we held a 17-day exhibition in Wan Chai to showcase our vision and receive feedback from the community. Over 700 people visited the exhibition, most of whom live or work in the area. We received written comments from 20% of visitors, 70% of which were positive about the revitalisation proposal. Some key concerns voiced throughout the consultation period were the potential loss of character in the area and a lack of trust in developers generally to create something for the ultimate benefit of the community. We view the revitalisation project as an opportunity to showcase a development that encompasses the shared values of commercial, social and environmental interests.
Investing in our Communities

We believe there are many ways in which we can give back to the community and our approach to community investment is broad.

Arts and Culture

Our long-standing commitment to promoting arts and culture serves to raise the quality of people’s lives. We regularly host theatre and music performances, cultural events and exhibitions within our developments in Hong Kong and Beijing. We hold one of the largest private art collections in Hong Kong, which we put on open display throughout our buildings.

Our funding approach is about commitment and involvement; we partner with artists and offer practical support wherever we can. Our spaces play a particularly valuable role. In 2009, we collaborated with Hong Kong Youth Arts Foundation to hold the Swire Island East Urban Dance Festival. A total of 11 dance groups, 130 local and overseas choreographers, professional and emerging dancers used various locations in Island East to create dance performances specifically for the chosen sites.

“While Swire Properties provides financial support to NGOs, they go further by providing much needed volunteers, as well as space in their developments for community groups to use. We really appreciate the effort Swire Properties and its people make in enhancing community spirit.”

Lynn Yau, Chief Executive Officer, The Absolutely Fabulous Theatre Connection and Shakespeare4all

Educational Programmes

Our community education programmes aim to develop the future leaders in our community, as well as provide a forum for broader community learning and engagement. Our commitment to the arts and environmental sustainability are key elements of our educational programmes.

At Sanlitun Village in Beijing, we hosted a number of activities to raise awareness on environmental sustainability. In March, over 100 people participated in the WWF ‘Earth Hour Freeze’ event. In May, we held the Village Green Market with the Green Long March, China’s largest youth conservation awareness movement. The market included a number of interactive activities, such as a recycling education station and workshops highlighting design-it-yourself eco-conscious t-shirts and bags.

In Hong Kong, we maintained our support of arts-based educational programmes though a combination of cash donation, sponsorship and in-kind support. Through our sponsorship of Shakespeare4all, we facilitated the production of Julius Caesar, which was seen by over 2,200 people. We also produced a DVD of the performance for distribution to primary and some secondary school students. Following the success of the Viva Vivace! Radio Drama Competition, we supported the ‘Art Talents Pop Up! Poemography Exp.’, organised by Swire Organisation for Youth Arts.
INNOVATIVE EDUCATION: ‘ART TALENTS POP UP! POEMOGRAPHY EXP.’

Swire Organisation for Youth Arts (SOYA) held a series of real-time, cross-border workshops and a forum for high school students from Hong Kong, Beijing and Shanghai to learn about photography, poetry and ‘poemography’, a fusion of both art forms.

Facilitated by experienced and renowned art practitioners, the students were asked to generate their own artistic portfolios on the theme of ‘Architecture’. The students competed for five grand prizes and were assessed on the basis of their creativity and imagination, use of language, quality of work and ability to integrate poetry with photography.

At the end of 2009, we held travelling exhibitions in Beijing, Shanghai and Hong Kong, so that the winners of this interactive cross-media language and visual arts project could showcase their work to the general public.

Volunteering in the Community

We encourage our employees to volunteer some of their spare time by participating in the various community service activities we offer through our Community Ambassador programme. During 2009, our Community Ambassadors took part in 46 activities. Our activities are developed and coordinated by our Community Ambassador Committee, many of which are carried out in collaboration with our community partners, such as the Boys’ and Girls’ Club Association of Hong Kong, the YWMCA Ming Yue District Elderly Community Centre and the Chengdu SOS Child Village.

We recognise the volunteer efforts of our employees through our Social Responsibility Award. Under our Community Ambassador Service Leave Policy, employees can also take an extra day of leave for every 10 hours of accumulated community service (up to a maximum of two days per annum).

In keeping with our mission of “Building an Integrated Community”, our Community Ambassador programme is open to an ever-growing network of our employees’ family and friends, as well as the employees, family and friends of our Swire Group peers, business partners, tenants and customers.

“Some people might think that volunteering is about giving, but most of the time we gain a lot of experience and skills from the process.”

Crystal Lo, Management Trainee, Swire Properties

Get to Know You, Hong Kong

Hong Kong is home to an increasing number of people who have relocated from Mainland China or other parts of Asia. In July, we launched a four-day familiarisation programme for children of new immigrant families to help them adjust to their new home and community. In 2009, 60 children and 64 Community Ambassadors took part in the programme. Apart from introducing them to Hong Kong’s history, transport system and public facilities, we also offered interesting activities like rock climbing, a guided heritage tour and a visit to the Swire Institute of Marine Science at Cape D’Aguilar Marine Reserve.

“Very innovative. It enhanced our understanding towards poetic and photographic art: a very interesting interaction.”

A student participating in ‘Art Talents Pop Up! Poemography Exp.’

‘Art Talents Pop Up! Poemography Exp’. Forum in Hong Kong

‘Art Talents Pop Up! Poemography Exp’. Forum in Hong Kong
Be My Friend
In partnership with the Hong Kong Young Women’s Christian Association, ‘Be My Friend’ is a mutual support network for elderly members of the Island East community who live alone. In 2009, 157 Community Ambassadors made home visits and organised festive celebrations and tea gatherings for around 200 elderly people. We also provided a range of medical services.

Our Community Contribution*

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<th>RMB779,861</th>
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<td>Mainland China</td>
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<tr>
<td></td>
<td>1,257 Community Ambassadors</td>
<td>6,731 Volunteer Hours</td>
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*Cash and in-kind. Excludes donations made to Swire Charitable Trust.

Our Community Programmes in 2009 (%)

- Fundraising: 36%
- Education: 21.5%
- Arts and Culture: 9%
- Home Maintenance: 9%
- Environment: 4.5%
- Other: 20%

COMMUNITY AMBASSADOR ACTIVITIES 2009

Tell a Tale of ME – An eight-week cultural programme for financially disadvantaged children in Island East to help them to develop their knowledge of local history and interviewing skills.

Little Chef – A summer programme for children of our frontline employees to teach them how to cook and eat healthily, while enriching their English vocabulary.

CNY Spring Cleaning – A sustainable network building programme to help senior citizens spring clean their homes in preparation for Chinese New Year.

Little Angels – A Valentine’s Day charity flower sale at Festival Walk with over 160 parent-child ambassadors participating.

Mr Fix – A home maintenance service facilitated by our technical employees that helps senior citizens with home improvement works and repairs.

Books for Love @$10 – A three-day charity book sale that raised $210,000 for St James’ Settlement.

Swire Symphony Under the Stars – We invited 30 visually impaired members of the Hong Kong Blind Union to enjoy a free open air concert of the Hong Kong Philharmonic Orchestra.

Sedan Chair Charity Race – An annual event to raise funds for the Maltida Hospital.

Oxfam Trailwalker – We set up a support station and provided snacks and drinks to walkers and their support teams.
Our Supply Chain

Our supply chain is central to our sustainable growth and economic viability. We aim to use our influence to affect positive environment and social change throughout our supply chain to ensure our business growth is sustainable.
The long-term sustainability of our business is built on a sustainable supply chain. We believe that through our influence, we can reduce environmental and social impacts up and down the supply chain by aligning common goals and making more informed decisions.

We have established a Sustainable Supply Chain Committee, chaired by the General Manager Marketing and Communications and including representatives from Hong Kong and Mainland China. These representatives head a number of subcommittees, which are responsible for various supplier relationships.

Supply Chain Risk Management
We have undertaken an assessment of sustainability risks along our supply chain, including risks related to the environment, construction safety, materials sourcing, human rights violation, industrial action, timely payment of wages, under-age labour, corruption and law enforcement.

In 2009, we commenced initiatives to manage our supply chain risks. These include the development of our Supplier Code of Conduct and an online compliance checklist for suppliers. We sent our Supplier Code of Conduct to 354 suppliers in Hong Kong and Mainland China, along with the online compliance self-assessment questionnaire. We are pleased with the response from our suppliers, with 92% of recipients having now completed the questionnaire.

In 2010, we will include the Supplier Code of Conduct in all new significant contracts by the end of the second quarter. Significant contracts are those which meet the following criteria:

- Contract value exceeding HK$1 million,
- Cleaning and waste management contracts, and
- Contracts with suppliers that have a visible connection to our brand.

We will also explore processes for monitoring and verifying compliance of the Supplier Code of Conduct.

“\n\"The new Code of Conduct clearly spells out Swire Properties’ expectations of its suppliers. High standards along the supply chain are typical of their approach to doing business in a responsible way.\"\n
Juergen Schuster, Director, Josef Gartner & Co. (HK) Ltd.

Sustainable Procurement Strategy
In 2009, we examined aspects of our procurement practices, namely items related to our internal operations. Paper was identified as a key area and we began to implement new initiatives in responsible sourcing, such as Forest Stewardship Council (FSC) certified business cards with organic inks. We will extend our use of FSC certified paper products to include paper towels and toilet tissues in our office and shopping mall facilities. We do not currently have policies for sourcing products locally. We will investigate the feasibility of local sourcing of construction materials for selected projects in 2010.

Product Responsibility
We pride ourselves on the high quality of our developments and property management services and extend this to our marketing communications. We adhere to local regulations and industry guidelines, including the Hong Kong Lands Department’s Consent Scheme and the Real Estate Developers Association of Hong Kong (REDA)’s self-regulatory regime. The floor plans, technical specifications and facilities communicated through our marketing channels are reviewed and checked for accuracy internally and, if required, by external parties to ensure we do not mislead or misrepresent our products.

Our customer databases are managed in accordance with privacy laws and regulations. We take a responsible approach to marketing and primarily target customers that have opted-in to our database. We update our databases regularly after each campaign and adhere to the requests of those customers who choose to opt-out.
Performance Data Summary

We collect a wide range of data to help us monitor our sustainable development performance and identify areas for improvement. This data covers developments under Swire Properties’ operational control in Hong Kong only, except where indicated.

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<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Industrial diesel</td>
<td>Litres</td>
<td>15,810</td>
<td>21,670</td>
<td>21,560</td>
<td>26,284</td>
<td>12,797</td>
<td>15,958</td>
<td>16,892</td>
</tr>
<tr>
<td>Petrol</td>
<td>Litres</td>
<td>16,424</td>
<td>17,970</td>
<td>16,467</td>
<td>15,958</td>
<td>15,353</td>
<td>3,108</td>
<td>15,353</td>
</tr>
<tr>
<td>Ultra-low sulphur diesel</td>
<td>Litres</td>
<td>61,722</td>
<td>61,699</td>
<td>38,512</td>
<td>35,625</td>
<td>21,081</td>
<td>21,081</td>
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</table>

<table>
<thead>
<tr>
<th>Materials used</th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Refrigerants containing HCPCs refilled³</td>
<td>kilograms</td>
<td>3,979</td>
<td>2,266</td>
<td>2,409</td>
<td>4,779</td>
<td>3,320</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Refrigerants containing HFCs refilled</td>
<td>kilograms</td>
<td>1,478</td>
<td>1,615</td>
<td>2,265</td>
<td>5,395</td>
<td>3,808</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Paper and paper products</td>
<td>kilograms</td>
<td>38,298</td>
<td>35,570</td>
<td>36,906</td>
<td>33,334</td>
<td>29,859</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Water use</th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Potable water used for cooling⁴</td>
<td>’000 m³</td>
<td>168</td>
<td>138</td>
<td>154</td>
<td>135</td>
<td>108</td>
<td>90</td>
<td>–</td>
</tr>
<tr>
<td>Potable water used for properties and landscaping</td>
<td>’000 m³</td>
<td>337</td>
<td>316</td>
<td>344⁴</td>
<td>332</td>
<td>251</td>
<td>246</td>
<td>230</td>
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<table>
<thead>
<tr>
<th>Wastewater reuse and discharge</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Wastewater discharged</td>
<td>’000 m³</td>
<td>51,076</td>
<td>45,914</td>
<td>47,287</td>
<td>49,252</td>
<td>46,900</td>
<td>67,342</td>
<td>69,888</td>
</tr>
<tr>
<td>Seawater reused for flushing</td>
<td>m³</td>
<td>264,190</td>
<td>213,444</td>
<td>183,130</td>
<td>247,874</td>
<td>144,543</td>
<td>360</td>
<td>1,546</td>
</tr>
<tr>
<td>Waste potable water reused for flushing</td>
<td>m³</td>
<td>11,192</td>
<td>12,376</td>
<td>11,536</td>
<td>7,153</td>
<td>9,836</td>
<td>12,086</td>
<td>767</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Waste disposal</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction and demolition waste⁵</td>
<td>Tonnes</td>
<td>10,749</td>
<td>8,747</td>
<td>11,547</td>
<td>5,637</td>
<td>1,023</td>
<td>18,110</td>
<td>30,685</td>
</tr>
<tr>
<td>Commercial / industrial waste</td>
<td>Tonnes</td>
<td>16,582</td>
<td>19,143</td>
<td>19,555</td>
<td>19,004</td>
<td>18,695</td>
<td>15,644</td>
<td>18,626</td>
</tr>
<tr>
<td>Residential / domestic waste</td>
<td>Tonnes</td>
<td>145</td>
<td>168</td>
<td>266</td>
<td>457</td>
<td>454</td>
<td>363</td>
<td>360</td>
</tr>
<tr>
<td>Grease trap waste</td>
<td>Tonnes</td>
<td>5,913</td>
<td>5,654</td>
<td>5,515</td>
<td>5,521</td>
<td>5,166</td>
<td>5,800</td>
<td>5,452</td>
</tr>
<tr>
<td>Garden waste</td>
<td>Tonnes</td>
<td>353</td>
<td>408</td>
<td>460</td>
<td>268</td>
<td>140</td>
<td>52</td>
<td>76</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Waste recycling</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Concrete waste</td>
<td>Tonnes</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>210</td>
<td>1,458</td>
<td>1,814</td>
<td>5,202</td>
</tr>
<tr>
<td>Steel⁶</td>
<td>Tonnes</td>
<td>1,184</td>
<td>285</td>
<td>300</td>
<td>440</td>
<td>412</td>
<td>6,162</td>
<td>4,950</td>
</tr>
<tr>
<td>Paper cardboard</td>
<td>Tonnes</td>
<td>3,372</td>
<td>3,302</td>
<td>3,463</td>
<td>3,373</td>
<td>3,691</td>
<td>3,602</td>
<td>2,835</td>
</tr>
<tr>
<td>Aluminum</td>
<td>Tonnes</td>
<td>10</td>
<td>10</td>
<td>12</td>
<td>12</td>
<td>14</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Plastics⁷</td>
<td>Tonnes</td>
<td>58</td>
<td>74</td>
<td>86</td>
<td>91</td>
<td>80</td>
<td>28</td>
<td>30</td>
</tr>
<tr>
<td>Waste lubrication oil</td>
<td>Litres</td>
<td>3,255</td>
<td>2,843</td>
<td>2,238</td>
<td>3,501</td>
<td>4,122</td>
<td>3,173</td>
<td>2,564</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Health &amp; safety</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of employees⁴</td>
<td></td>
<td>2,507</td>
<td>1,992</td>
<td>1,892</td>
<td>1,843</td>
<td>1,801</td>
<td>1,758</td>
<td>1,803</td>
</tr>
<tr>
<td>No. of reportable accidents (sick leave &gt; 3 days)</td>
<td>34</td>
<td>38</td>
<td>40</td>
<td>47</td>
<td>40</td>
<td>41</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>No. of hours lost to accidents (sick leave &gt; 3 days)</td>
<td>23,441</td>
<td>16,936</td>
<td>14,820</td>
<td>17,130</td>
<td>11,631</td>
<td>14,766</td>
<td>11,859</td>
<td></td>
</tr>
<tr>
<td>No. of fatalities</td>
<td></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Accident rate³</td>
<td></td>
<td>14</td>
<td>19</td>
<td>21</td>
<td>25</td>
<td>22</td>
<td>23</td>
<td>26</td>
</tr>
<tr>
<td>Severity rate⁴</td>
<td></td>
<td>831</td>
<td>760</td>
<td>695</td>
<td>822</td>
<td>567</td>
<td>738</td>
<td>580</td>
</tr>
</tbody>
</table>

Notes:
¹ Increase due to first full year of operation of One Island East.
² First year of collection of CO2e from mobile sources.
³ Increase due to replacement of four chillers at Festival Walk in June 2009.
⁴ Increase due to replacement of five air-cooled chillers with three water-cooled chillers.
⁵ Increase due to greater number of projects under construction in 2009 (esp. Pacific Place contemporisation project and The Upper House).
⁶ Increase due to greater number of projects under construction in 2009 (esp. Taikoo Hui and Tai Sung Commercial Building).
⁷ Decrease due to an error in plastics collection data at Festival Walk from March to April 2009. Corrected in May 2009.
⁸ Employee numbers do not include employees from Mainland China or hotels.
⁹ Accident rate = number of reportable accidents / number of employees x 1,000.
¹⁰ Increase due to a number of longer sick leave cases than in previous years.
## Targets 2009 / 2010

### Objective and Targets 2009

<table>
<thead>
<tr>
<th>Operational Improvement</th>
<th>Performance</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Streamline and standardise waste separation in our premises.</td>
<td>□</td>
<td>Comprehensive pilot waste study initiated in Pacific Place and will be completed in first half of 2010. We will determine strategy for remaining premises based on results.</td>
</tr>
<tr>
<td>Include sustainability in the assessment and selection of our supply chain.</td>
<td>□</td>
<td>Supplier Code of Conduct and questionnaire issued to key suppliers and will be incorporated into all new contracts in 2010.</td>
</tr>
<tr>
<td>Setup the EHS database outside of Hong Kong operations.</td>
<td>□</td>
<td>EHS database established for 75 Tianhe Road in Guangzhou and operating hotels in the UK. Will be rolled into other sites as they become operational.</td>
</tr>
<tr>
<td>Conduct a comprehensive job hazard analysis and risk assessment for all identified works.</td>
<td>□</td>
<td>Job analysis and risk assessment on manual handling implemented in 2009. The programme will continue and be extend to other routine operations.</td>
</tr>
<tr>
<td>Produce a demonstration video of pre-work exercise for review by frontline staff.</td>
<td>□</td>
<td>Video produced and distributed to building managers in all Hong Kong developments.</td>
</tr>
<tr>
<td>Conduct task inspections of hazardous activities at all our developments.</td>
<td>□</td>
<td>Inspections carried out on ladders at all developments as well as procedures for working at height.</td>
</tr>
<tr>
<td>Maintain a record of zero prosecutions on health and safety issues.</td>
<td>□</td>
<td></td>
</tr>
<tr>
<td>Maintain a record of zero fatalities.</td>
<td>□</td>
<td></td>
</tr>
</tbody>
</table>

### Employee Engagement

<table>
<thead>
<tr>
<th>Employee Engagement</th>
<th>Performance</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue and develop the Employee Engagement Programme.</td>
<td>□</td>
<td>Employee engagement programme conducted, covering Green Day, low carbon lifestyle luncheon, environmental outing and pre-work exercise.</td>
</tr>
<tr>
<td>Conduct indoor air quality assessments for Swire Properties’ offices.</td>
<td>□</td>
<td>Indoor air quality assessment and certification completed in all Hong Kong offices.</td>
</tr>
<tr>
<td>Provide specific accident investigation and safety inspection training.</td>
<td>□</td>
<td>Two sessions were organised in 2009. More sessions will be organised in 2010 when there are sufficient attendees.</td>
</tr>
</tbody>
</table>

### Tenant Engagement

<table>
<thead>
<tr>
<th>Tenant Engagement</th>
<th>Performance</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborate with tenants to support local environmental campaigns.</td>
<td>□</td>
<td>Invited tenants to support environmental campaigns such as Earth Hour, Dim It, food waste composting and moon cake tin box recycling.</td>
</tr>
<tr>
<td>Conduct free energy audits for office tenants and complete by 2013.</td>
<td>□</td>
<td>Completed energy audits for 9% of office tenants covering 861,100 sq ft. Aim to complete 20% of portfolio in 2010.</td>
</tr>
</tbody>
</table>

### Resident Engagement

<table>
<thead>
<tr>
<th>Resident Engagement</th>
<th>Performance</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hold a photography competition around the theme ‘Green Lifestyles’ for 11 estates.</td>
<td>□</td>
<td>Competition held in first half of 2009. Three entries selected from each estate for final round. Winner announced in second half of 2009.</td>
</tr>
</tbody>
</table>

### Studies and Technical Visits

<table>
<thead>
<tr>
<th>Studies and Technical Visits</th>
<th>Performance</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source / deploy food waste reduction systems.</td>
<td>□</td>
<td>Food waste composting project piloted at Festival Walk and Gomixer installed at East Hotel.</td>
</tr>
</tbody>
</table>

### Objectives and Targets 2010

#### Our Commitment

- Revise our sustainable development, strategy and action plan.

#### Stakeholder Engagement

- Develop a five-year stakeholder engagement plan.

#### Our Environment

- Reduce energy consumption by 7% in 2010 from 2008 levels.
- Provide free energy audits to office tenants covering 20% of office spaces.
- Develop a corporate waste reduction strategy and action plan for all Hong Kong properties.

#### Our People

- Benchmark levels of employee turnover by gender, length of service and occupation.
- Improve leadership capability by implementing leadership development programmes and training.

#### Health and Safety

- Implement the Safety Management System in our Mainland China developments.
- Produce a promotional video of proper use of display screen equipment and stretching exercises at the office.
- Undertake a complete review of SPL’s Health and Safety Policy.
- Maintain a record of zero fatalities.
- Lower our record accident rate to a maximum 13 reportable accidents per 1,000 employees.

#### Our Community

- Continue to develop the scope and breadth of our Community Ambassador programme with our partners and tenants.
- Contribute to industry groups in the development of policies and initiatives that advance sustainability in property sector.

#### Our Supply Chain

- Incorporate the Supplier Code of Conduct into all new and renewed material contracts.
- Evaluate compliance with Supplier Code of Conduct. Assess key risks and develop mitigation plan.
## Global Reporting Initiative Index

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</thead>
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</tr>
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<tr>
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<td>1.1, 1.2</td>
</tr>
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</tr>
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<td>Operational Overview</td>
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<tr>
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<td>1.2, 2.10, 3.5, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, HR4, SO5, SO8, PR9</td>
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<tr>
<td>Our Environment</td>
<td>1.2, EC2, EC8, MD-EN, EN5, EN6, EN7, EN11, EN12, EN13, EN26, EN28, PR1</td>
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<tr>
<td>Our People</td>
<td>1.2, 2.8, 4.16, EC3, EC7, MD-HR, MD-LA, HR3, HR5, HR8, LA1, LA2, LA3, LA6, LA8, LA10, LA11, LA12, LA13, LA14, SO2, SO3, SO4, PR1</td>
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<tr>
<td>Our Community</td>
<td>1.2, 4.16, EC8, MD-SO, SO1</td>
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<tr>
<td>Our Supply Chain</td>
<td>1.2, EC6, EN14, HR6, HR7, MD-PR, PR3, PR6</td>
</tr>
<tr>
<td>Performance Data Summary</td>
<td>3.9, EN1, EN2, EN3, EN4, EN8, EN10, EN16, EN17, EN19, EN21, EN22, LA7</td>
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<tr>
<td>Targets</td>
<td>1.2, EC8, PR1</td>
</tr>
<tr>
<td>GRI Index</td>
<td>3.12</td>
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</table>

### GRI Indicator

<table>
<thead>
<tr>
<th>GRI Indicator</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC4</td>
<td>Significant financial assistance received from government. We did not receive significant financial assistance from government.</td>
</tr>
<tr>
<td>EN2</td>
<td>Percentage of materials used that are recycled input materials. We are unable to provide the percentage of recycled materials used as inputs (or a reasonable estimate) as our contractors are responsible for purchasing building materials on our behalf.</td>
</tr>
<tr>
<td>EN20</td>
<td>NOx, SOx, and other significant air emissions by type and weight. We do not emit significant amounts of NOx, SOx, persistent organic pollutants, HAP, stack and fugitive emissions, or similar particulate matter in our business.</td>
</tr>
<tr>
<td>EN22</td>
<td>Total weight of waste by type and disposal method. We do not use or dispose of a material amount of hazardous matter in our operations.</td>
</tr>
<tr>
<td>EN23</td>
<td>Total number and volume of significant spills. In 2009, there were none.</td>
</tr>
<tr>
<td>EN27</td>
<td>Percentage of products sold and their packaging materials that are reclaimed by category. We do not produce or sell a significant amount of products with packaging.</td>
</tr>
<tr>
<td>HR1</td>
<td>Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. We have entered into JV partnerships with companies that share our values towards sustainable development, including the protection of human rights and elimination of child labour.</td>
</tr>
<tr>
<td>HR2</td>
<td>Percentage of significant suppliers and contractors that have undergone human rights screening. None as of 2009. This will commence in 2010 with the roll out of the Supplier Code of Conduct (SCOC) and procedures to monitor and verify compliance with the SCOC.</td>
</tr>
<tr>
<td>LA4</td>
<td>Percentage of employees covered by collective bargaining agreements. There are no formal collective bargaining agreements in place.</td>
</tr>
<tr>
<td>LA5</td>
<td>Minimum notice periods regarding operational changes, including whether it is specified in collective bargaining agreements. There are no formal collective bargaining agreements in place.</td>
</tr>
</tbody>
</table>
Verificiation Statement

Scope and Objective
Hong Kong Quality Assurance Agency (“HKQAA”) was commissioned by Swire Properties Limited (“SPL”) to undertake an independent verification of the Sustainable Development Report 2009 (“the Report”). The Report stated the sustainability performance of the assets and activities majority owned or operated by SPL in Hong Kong and Mainland China during the 2009 calendar year. The purpose of the verification exercise was to independently review the materiality, completeness, accuracy, consistency and reliability of the information presented in the Report. It also assessed the Report’s coverage of indicators defined in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 3.0 (G3) to confirm if it has achieved application level A+. This statement represents our independent opinion of the content of the Report.

Methodology
The verification procedure included reviewing of relevant documentation, interviewing staff involved in preparation of the Report and verifying selected sample of data and information consolidated in the Report. Accuracy of the sampled data and the underlying processes were tested through detail examination of available evidence to support substantive comments and claims made in the Report. As such, the report was evaluated against the following criteria:

- Adherence to the principles as set out in the AA1000 [(AA1000) 2008], and
- The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 3.0 (G3)

Conclusion
In our opinion, the Report meets the content and quality requirements of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 3.0 (G3). The assessment team confirmed that the “A+ Application level” has been achieved. The Report provides a structured, balanced, reliable, consistent and accurate representation of SPL performance in the context of social, environment and economic aspects. It represents a further step forward in the continuing process of making explicit its approach towards sustainability.

Materiality
Based on our review, we consider the Report includes all major material aspects concerning SPL’s sustainability performance. The presentation is fact-based and unbiased.

Accuracy
All selected data examined during our verification were accurate and consistent with the supporting information reviewed. The information provided in the Report was reliable in the presentation of SPL’s commitments, initiatives, performance and achievements for the reporting period.

Responsiveness
SPL undertook a consultation process with a range of stakeholders prior to the development of the Report. It demonstrates that SPL holds a high level of commitment in stakeholder engagement. This engagement contributes to SPL’s efforts to achieve an accountable and strategic response to sustainability.

Recommendation
Opportunity exists for improving the coverage and presentation of future reports, yet does not affect our opinion on the Report. Our recommendations are:

- SPL may continue to explore the potential for greater stakeholder input to the scope and content for future reporting, consider to elaborate the scope of its stakeholder engagement process and how it influences SPL’s strategy on sustainable development.
- SPL may develop some high-level indicators that are aligned with its sustainability risks, in which to be used by stakeholders to assess the overall performance. As such, methods for identifying significant sustainability issues, including assessment of sustainability risk should be elaborated in future reports.
- SPL may describe ways in which ethical issues are addressed in company activities.

Signed for and on behalf of HKQAA

Connie Sham
Senior Manager, Strategic Business Branch

Acknowledgements
We wish to thank CSR Asia Limited and Sedgwick Richardson for their assistance in the development and preparation of this report.
Photo contributed by Walter Lee, Gammon Construction (p32).