

SUSTAINABLE
DEVELOPMENT
REPORT
2011



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About This Report

Last year, we launched our web-based “living report”, which allows us to provide updates on a rolling basis to keep pace with our ongoing sustainable development activities and performance. This year’s report follows the same dynamic model — combining strategic framework with project updates — to provide readers with the most up to date information as it happens. In addition, the online report allows readers to choose from and download its individual components, providing them with the latest information in a customised format.

Scope of Report

Our Sustainable Development Report outlines the economic, environmental and social performance of the assets and activities of Swire Properties in 2011.

This report is designed for a wide range of our stakeholders and other interested parties, including

employees, shareholders, customers, local communities, government officials, non-governmental organisations, media, analysts, academics and suppliers.

Unless otherwise stated, all figures related to asset valuations, gross floor area (GFA) and hotel rooms are on an attributable basis as at 31 December 2011.¹ Since 87% of the GFA of our assets and activities in the UK and the USA are either under or held for future development, data from these regions has not been included in the performance data summary.

The report was compiled using the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines. The content was also guided by ISO 26000, the International Organization for Standardization’s international standard on social responsibility.

2003-2007	2008	2010	TODAY
Annual Environmental, Health and Safety Reports	Our first Sustainable Development Report	Our first web-based “living” Sustainable Development Report (published in Aug 2011)	Activities in Mainland China and at Swire Hotels have been included in this year’s Performance Data Summary
			

Report Assessment and Verification

Hong Kong Quality Assurance Agency (HKQAA) has provided independent assurance of the level to which the GRI G3.1 Guidelines have been applied and has assessed this report as having achieved A+ GRI grade

according to the extent of coverage and information provided. A copy of this report was also sent to GRI to confirm our application level.

¹ Our reporting boundary is set by the percentage of asset ownership

Chief Executive's Message



Our approach to sustainable development has been ingrained in our decision-making, management and culture since our founding in 1972. For us, sustainability and business success are not mutually exclusive; sustainability has been and will continue to be a central tenet that guides all of our corporate activities.

In 2011, our business continued to grow and evolve. Notably, in September we opened TaiKoo Hui, our largest investment property in Mainland China, and in October, we completed construction of OPUS HONG KONG, the first residential development in Asia designed by architect Frank Gehry. Both of these projects embody sustainable practices, allowing us to continue to set a positive example within our industry.

In January 2012, trading in Swire Properties shares commenced on the Main Board of the Stock Exchange of Hong Kong following our successful listing by way of introduction. The listing allows us to strengthen our position as a world-class developer of and investor in mixed-use commercial properties in Hong Kong, Mainland China and select overseas markets.

Growth amidst finite resources

In a world where natural resources are limited but business growth objectives are not, sustainability takes on greater importance. In this context, sustainable development is more than just a mantra; it becomes instead a combination of corporate social responsibility and smart business decision-making.

For us, achieving sustainable growth hinges largely on how well we control our energy consumption and how well we influence our stakeholders to do the same. We have taken several proactive steps to increase energy efficiency up and down our value chain over the lifecycle of our buildings.

With this in mind, in 2011, we established a Joint Research Centre for Building Energy Efficiency and Sustainability at Tsinghua University in Beijing to further our energy efficiency research and to put newly discovered energy-saving methods into practice. Moreover, we have accelerated our energy reduction target timeline from 10 to five years, and we are currently on track to meet our energy reduction goals.

Vibrant communities

We design our developments to create an environment within which communities can develop and thrive. We invest significant resources to nurture these communities by investing in the promotion of arts and culture, education, environmental programmes and volunteer opportunities.

In 2011, we proudly celebrated the 10th anniversary of our Community Ambassador Programme, an employee-led volunteer initiative that enriches the lives of people within the community. The dedication of our nearly 1,300 Community Ambassadors is emblematic of one of our most important communities — that of our employees.

Our employees are our single greatest asset, and we work hard to attract and retain talented individuals who share our business values and who excel in their roles. We develop their talents and abilities with a range of training and development programmes, and are committed to fostering a sense of community in our workforce.

Providing a positive influence

We endeavour to demonstrate our commitment to sustainable development in ways which have a positive effect on everyone who passes through our developments. For instance, by creating landscaped and publicly accessible community spaces, we send an unspoken message to our stakeholders about the adoption of sustainable practices.

Likewise, we are able to exert influence up and down our value chain to reduce environmental and social impacts across the industry by ensuring that our suppliers adhere to our value system.

By publishing this report, we hope to further our positive influence by providing our readers with an account of our sustainable development activities. In the report, we have included benchmarks, targets and goals so that our performance can be judged in a transparent manner and with maximum accountability. Thank you for reading, and I look forward to your feedback.

A handwritten signature in black ink, appearing to read 'MCubbon', with a long horizontal flourish extending to the right.

Martin Cubbon

Chief Executive, Swire Properties

Our Business



We are a leading developer, owner and operator of mixed-use, principally commercial properties, with a well-established record of creating long-term value by transforming urban areas.

Incorporated in 1972, we were listed on the Main Board of the Stock Exchange of Hong Kong in January 2012. Our operations, with a total asset value of HK\$218,234 million, span Hong Kong, Mainland China, the UK and the USA.

Our business comprises three main areas:

1. Property investment — development, leasing and management of commercial, retail and residential real estate as a long-term investment
2. Property trading — development and construction of properties, principally residential, for sale
3. Investment in and operation of hotels

Our Strategy

Our strategy is to create long-term value by developing, owning and managing diverse properties at prime locations, mainly in Hong Kong and Mainland China. We sustain and develop our high-quality portfolio through exemplary service, maintenance and ongoing enhancements over the

duration of our buildings' existence. This strategy allows us to maximise the occupancy and earnings potential of our properties for the economic benefit of our shareholders and for the social benefit of the communities in which we operate.

We draw on our 40 years of experience to conceive, design, develop and manage transformational commercial and residential projects. We create mixed-use buildings that revitalise neighbourhoods by providing dynamic spaces where people can live, work and relax. With a keen sense of heritage, we rejuvenate neglected urban districts and give new significance to historical locations by creating residential and commercial hubs that incorporate public spaces devoted to art, information and culture.

Property development is by its nature a long-term business. As such, sustainable development is central to our corporate mission, and it figures into every aspect of our strategy. Realising that our work will have an impact for generations to come, we infuse sustainable economic, environmental and social practices into all of our corporate activities.

Fast Facts

HK\$9,581 million revenue

25.1 million sq ft of GFA²

827 hotel rooms³

HK\$12,932 million
underlying profit

40 years of history

3,963 employees

All figures at 31.12.2011

² Investment properties on an attributable basis

³ Wholly-owned hotels

Our Portfolio

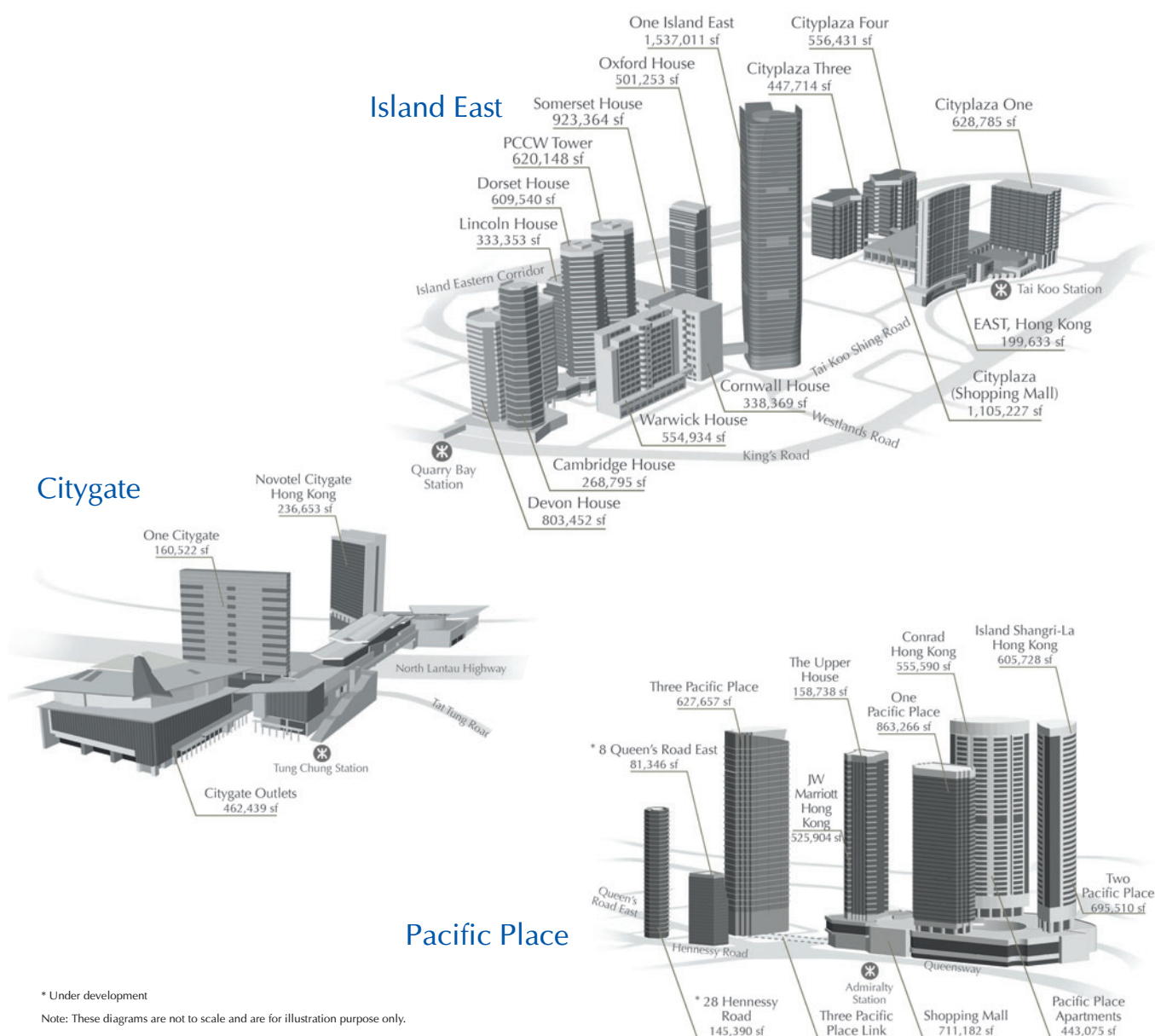
Swire Properties' property portfolio comprises office, retail and residential developments, supported in many cases by serviced apartments and hotels. Approximately 19.4 million sq ft of our portfolio is now complete, with 5.7 million sq ft currently under development or held for future development.

In Hong Kong, our portfolio comprises approximately 14.4 million sq ft of primarily Grade A office and retail premises, hotels, serviced apartments and other luxury

residential accommodation. In Mainland China, we have interests in five major commercial mixed-use developments in Beijing, Shanghai, Guangzhou and Chengdu. Outside Hong Kong and Mainland China, our investment property portfolio comprises the Brickell CitiCentre project in Miami and interests in hotels in the USA and the UK.

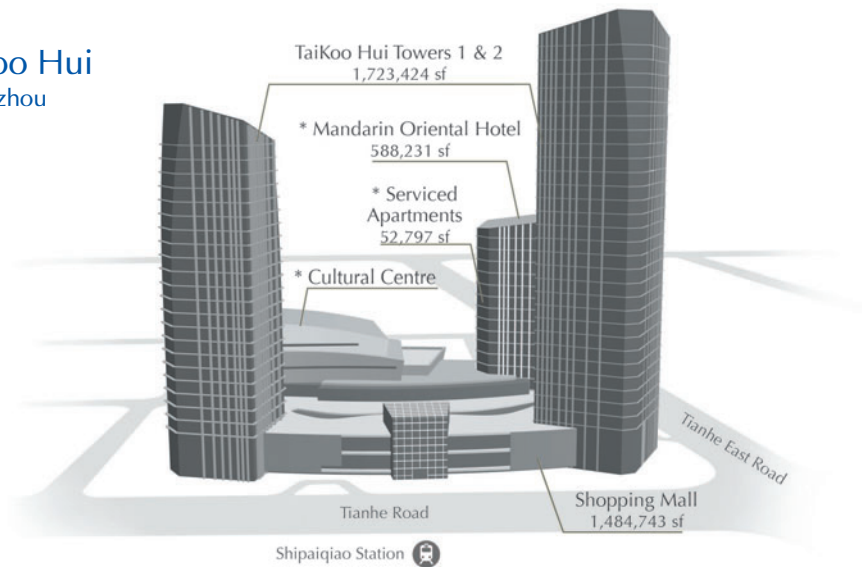
Further information on our portfolio can be found in our [2011 Annual Report](#).

HONG KONG

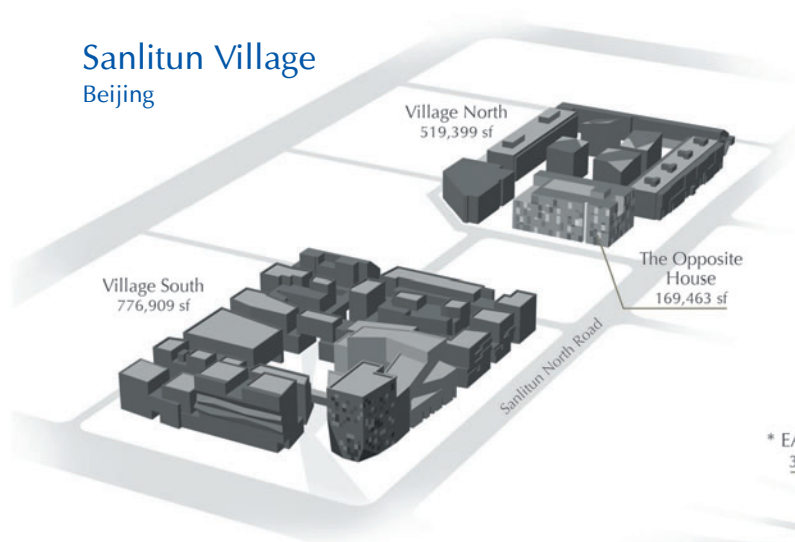


MAINLAND CHINA

TaiKoo Hui
Guangzhou



Sanlitun Village
Beijing



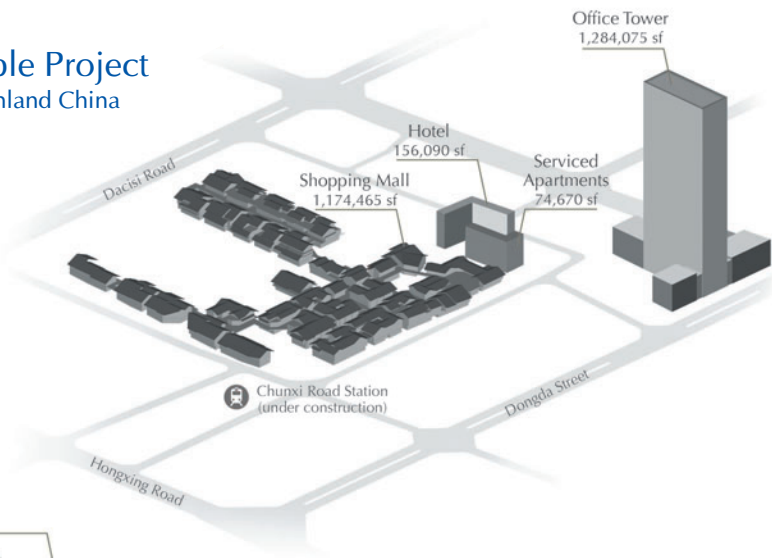
INDIGO
Beijing



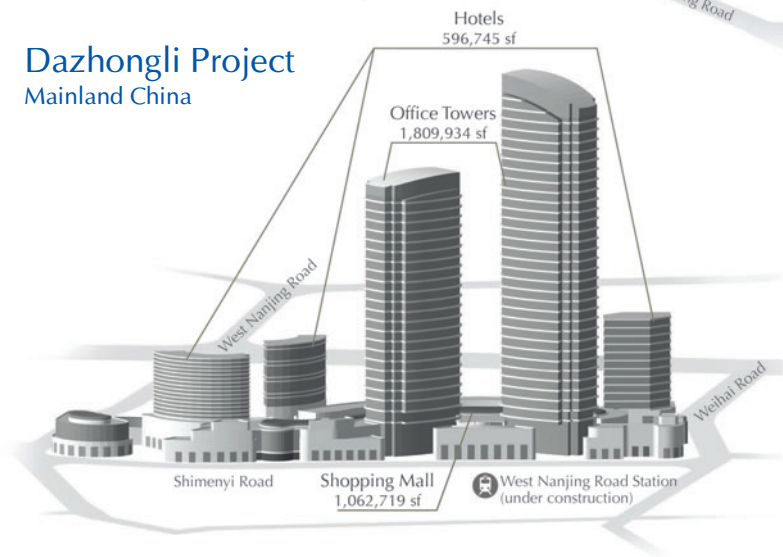
* Under development
Note: These diagrams are not to scale and are for illustration purpose only.

FUTURE DEVELOPMENTS

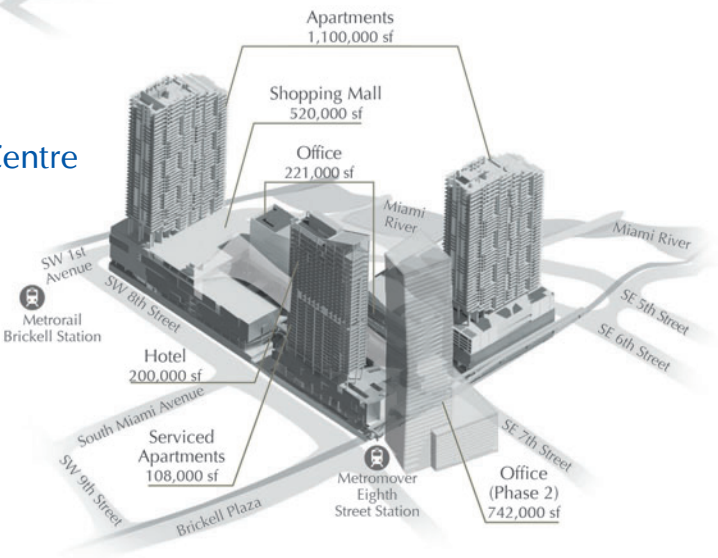
Daci Temple Project
Chengdu, Mainland China



Dazhongli Project
Mainland China



Brickell CitiCentre
Miami, U.S.A.



* Under development
Note: These diagrams are not to scale and are for illustration purpose only.

Operational Overview

Our operations in 2011 included the following activities:

- The acquisition of two parcels of land adjoining our existing Brickell CitiCentre site in Miami for an eventual mixed-use development
- The acquisition of a property at 23 Tong Chong Street near our existing Island East portfolio, which will be redeveloped into serviced apartments
- The acquisition of two adjacent residential sites in Cheung Sha on Lantau Island, which will be developed into luxury residential properties for sale
- The establishment of a representative office in Singapore

In August, Swire Properties finalised the sale of the shopping complex and the office tower of Festival Walk for HK\$18.8 billion to Mapletree Investments, a Singapore-based real estate development, investment and capital management company. The terms of the agreement ceded the ownership and management of Festival Walk to Mapletree Investments, which offered all affected staff commensurate re-employment packages.

In September 2011 in Guangzhou, we officially opened TaiKoo Hui, our largest investment property in Mainland China. With 3.85 million sq ft of total gross floor area, TaiKoo Hui comprises a premium shopping mall, two Grade A office towers, a cultural centre, a Mandarin Oriental hotel and serviced apartments. Situated in the thriving Tianhe central business district in the midst of a prime transportation hub, TaiKoo Hui has direct access to the city's metro system, enabling us to replicate the successful formula of large-scale, mixed-use development that we have honed over the past 40 years in Hong Kong.

On 18 January 2012, trading in Swire Properties shares commenced on the Main Board of the Stock Exchange of Hong Kong following our successful listing by way of introduction. The listing further strengthens our position as a leading developer of and investor in

mixed-use commercial properties. Moreover, as we selectively explore overseas expansion and continue to develop our core business in Hong Kong and Mainland China, the listing will enable us to raise funds from equity capital markets should the need arise.

Economic Performance

For us, adding economic value goes beyond merely delivering competitive returns. It also means providing rewarding jobs, creating valuable products and services, paying taxes and contributing to the community through participation, sponsorship and charitable donations.

During 2011, we created HK\$12,932 million of value for our stakeholders (excluding valuation gains on investment properties):

- HK\$1,137 million to our employees in salaries, retirement benefits and other employee-related costs
- HK\$485 million paid to governments in taxes
- HK\$41.5 million in community investments, including programmes, sponsorship, research funds for universities, cash donations and in-kind support. This includes HK\$17 million donated to the Swire Group Charitable Trust

Our sustainable economic performance is reflected in our continued earnings growth year on year. As we expanded operations in Hong Kong and Mainland China, in 2011 our business recorded an increase of HK\$8,150 million in underlying profit. Profit growth in 2011 was largely due to the disposal of the investment property Festival Walk, a rise in gross rental income in Hong Kong, improved rental performance at Sanlitun Village and the opening of TaiKoo Hui. The positive effect of these favourable factors was partially offset by the loss of rental income from Festival Walk.

For more information on our operational and economic performance, please refer to our [2011 Annual Report](#).



Our Commitment

We are committed to meeting the property needs of our communities and customers in a way that is environmentally, socially and economically responsible.

Throughout our business decision-making process and the lifecycle of a development project — from inception, design, procurement, construction and occupation to demolition or conversion — we choose to adopt a sustainable outlook and philosophy so that we, alongside the communities in which we do business, can succeed and thrive.

“Sustainable development is about how we develop a business model that creates value in the communities where we operate. For example, we favour a balanced mix of tenants of all types and sizes, from neighbourhood stores to international chains. In this way, we are able to nurture a commercial environment in which small and large businesses alike can survive and prosper, giving customers the opportunity to enjoy a wide range of shopping options.”

Elizabeth Kok, General Manager, Retail, Swire Properties

Our approach is underpinned by our Sustainable Development Policy and supported by our Environment, Health & Safety policies and Supplier Code of Conduct.

We continually monitor our approach to sustainable development and the needs of our stakeholders. We identified the following key areas which we used to guide our business decision-making in 2011:

1. Lifecycle Management — adopting a holistic standard in managing sustainable aspects across the whole lifecycle of a building or development
2. Carbon Management — striving to achieve further reductions in energy consumption and greenhouse gas emissions

3. Tenant Engagement — broadening our dialogue with tenants in order to understand what they consider to be priorities for the sustainable development of our properties
4. Becoming an “Employer of Choice” — attracting and retaining talent through career development and providing an environment in which staff can realise their full potential
5. Communication — sharing our sustainable development vision and initiatives with our stakeholders and gathering their input
6. Supply Chain — supporting Swire group directives on supply chain sustainability
7. Financing Intangible Initiatives — encouraging the allocation of resources to promote sustainable development initiatives with intangible values

“We need a financial model that factors in sustainable development practices – it would help us measure the business benefits and also flag risks to the financial team.”

Guy Bradley, Chief Executive Officer – Mainland China, Swire Properties

The following are the policies that guide our corporate sustainability:

- Sustainable Development Policy
- Environmental Policy
- Health and Safety Policy
- Supplier Code of Conduct

Sustainable Development Structure

Our Sustainable Development Steering Committee (SDSC) is responsible for evaluating social, economic and environmental risks and benefits and for monitoring performance. The SDSC is convened by the Head of Technical Services and Sustainability and includes our Chief Operating Officer, representatives from Human Resources & Administration, Marketing, Communications & e-Services, Development & Valuations, Projects, Portfolio Management and Swire Hotels. In order to facilitate the sharing of best practices across the Swire group, the Head of Sustainable Development of John Swire & Sons is also a member of the Committee.

Corporate Governance and Risk Management

We strive to adhere to the highest levels of corporate governance, transparency and accountability, and we conduct our business with honesty and integrity.

As we were not a listed company during the year ended 31 December 2011, our highest governance body at the time was the Swire Pacific Board of Directors. In addition to administering our economic

performance prior to our listing, the Board oversaw broader sustainable development issues through the Group Risk Management Committee (GRMC). Within Swire Properties, the Company is governed by the Board of Directors, which has responsibility for the strategic leadership and control of the Company and its subsidiaries.

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, uncertainties 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 GRMC and functional group committees assess and monitor the Swire 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.



Sustainable Development Steering Committee Structure

Fair Operating Practices

We are committed to conducting our business in a socially responsible manner. Our reputation for fair dealing and integrity is an asset, and we preserve our reputation by maintaining high standards in our conduct.

Our Code of Conduct establishes a set of principles that we adhere to in all our commercial dealings. We practise integrity and fairness in our business relationships, abstain from making political contributions, require employees to disclose gifts received from vendors and clients, respect property rights and ensure all personal data we process is protected according to the provisions of the relevant data privacy ordinances that exist wherever we do business. No corruption-related incidents were recorded in our operations in 2011.

We are open to scrutiny and we have channels for complaint open to all shareholders, customers, suppliers, contractors and employees.

We participate in public policy development on sustainability through our responses to government consultation requests and public forums. In 2011, we responded to public consultation on the Council for Sustainable Development's public engagement process, titled, "Combating Climate Change: Energy Saving and Carbon Emission Reduction in Buildings".

Stakeholder Engagement

Our stakeholders are defined as those groups which have a significant impact on our business or those who experience significant impact from our operations. We actively seek regular dialogue with them to achieve a better understanding of the impact our business has on different groups.

We developed a five-year stakeholder engagement plan in 2011 to align our strategic business goals with the appropriate level of stakeholder engagement. The new plan targets different stakeholder constituencies every year to ensure that we regularly address the wide-ranging concerns of our varied stakeholders with regard to our sustainable business practices. This enables us to ascertain any potential impact our business might have on particular groups or on the environment. 2012 saw the first year of this plan in operation.

For this report, we conducted a series of focus groups and direct interviews with 45 representative stakeholders, including senior management, frontline employees, non-governmental organisations, suppliers, tenants, local politicians, industry experts, industry peers and members of the media. We aimed to identify ways to embed sustainable development into our business through change and collaboration. By pinpointing this particular goal, we endeavour to further integrate sustainable development practices into our own business practices in a seamless and natural manner.



In summary, the following key findings and insights emerged from this exercise:

- Swire Properties is perceived as a top performer in sustainable development compared to other property developers in Hong Kong and as such, we are expected to exert our leadership to promote sustainable development practices within our sphere of influence and across our stakeholder base
- Stakeholders appreciate our building design efforts but would like to see us take a broader approach to sustainable development by focusing more on greening existing buildings and employing urban planning methods to integrate our developments into the wider community environment
- Office tenants consider the provision of sustainable development infrastructures and services an integral part of “customer service”, thus showing a link between commercial and sustainable development performance
- Tenants welcome our free energy audits but expect more consistent practices across our portfolios and a greater focus on waste management issues
- Our senior management prioritises the build-up of internal capacity and the engagement of all employees in order to embed sustainable development considerations in everything we do
- We are expected to play a bigger role in communicating to our stakeholders the importance of adopting sustainable development practices, our overall vision for sustainable development, our strategic direction, as well as lessons we have learnt from our achievements and challenges
- Stakeholders appreciate our efforts in listening to their views and feedback but would welcome greater collaboration opportunities to find solutions to common challenges, share views and ideas and address pertinent issues

A photograph of a modern campus environment. In the foreground, there is a large, lush green lawn. A large, mature tree with a thick brown trunk and dense green foliage stands on the right side. In the middle ground, two people are sitting on a long, low concrete bench, facing each other. The background features a modern building with white walls and large windows, partially obscured by other trees. A green rectangular box is overlaid on the left side of the image, containing the text "Our Environment".

Our Environment

As an industry leader, we strive to set a positive example by reducing our environmental impacts and by incorporating sustainable practices into all facets of our business.

We achieve these objectives 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 Pacific Sustainable Development Policy and key environmental principles that ensure environmental considerations are an integral part of our decision-making, management and culture.

Saved **27 million kWh** of energy since 2008, moving towards our energy reduction plan target

Completed energy audits covering an area of **2.05 million sq ft** by the end of 2011

Established a **Joint Research Centre for Building Energy Efficiency and Sustainability** with Tsinghua University

Completed BEAM reassessment for **11 existing buildings**, with all attaining Platinum Ratings

Recycled **48 tonnes** of glass and **628 tonnes** of floor stone over the four-year duration of the Pacific Place contemporisation project

Our Environmental Impacts

We continually assess the impact our activities have on the environment. Typical environmental impacts associated with property development and management include:

- Greenhouse gas emissions related to electricity use and building construction
- Use of natural resources, including water, in building construction and maintenance
- Waste generation
- Effluent discharge
- Microclimate of surrounding area
- Noise, air and light pollution
- Indoor air quality

We monitor our environmental impacts through our Environment, Health & Safety (EHS) system. Our Sustainable Development Steering Committee and the Swire Group Sustainability Committee regularly update our senior management on progress and incidents, while our Technical Services and Sustainability Department maintains the EHS system.

We aim to comply at all times with environmental regulations and requirements related to our operations and development activities. We encourage all employees, contractors, suppliers and customers to take responsibility for their actions and comply with their environmental obligations. In 2011, we did not receive any fines or sanctions related to environmental laws and regulations.

Climate Change

Climate change simultaneously presents us with challenges and opportunities. As policies and regulations designed to encourage businesses to reduce their greenhouse gas emissions emerge, we must be ready to adapt and reinvent our practices. Our adoption of best practices in our current portfolio has helped us hone our capabilities and expertise in the design and operation of green buildings, and we aim to influence our stakeholders by sharing our experiences.

Through Swire Pacific, we respond to the annual Carbon Disclosure Project information request by providing a detailed analysis of our climate change strategy, risks and opportunities emerging from our greenhouse gas emissions.

The electricity we use in our operating portfolio is our most significant contribution to greenhouse gas emissions, accounting for 187,157 tonnes of carbon

dioxide equivalent CO₂e in 2011.⁴ We are committed to improving our energy efficiency, while encouraging our stakeholders to do the same.

We further reduced our carbon footprint and enhanced our environmentally friendly business practices by adding to our transport fleet two additional electric vehicles, which have zero tailpipe emissions and offer an estimated 70% reduction in greenhouse gas emissions per vehicle when compared with conventional cars. The two electric vehicles help to save over 4,500 litres of petrol use annually, equivalent to 12.5 tonnes of CO₂e in direct emissions.⁵

To encourage electric vehicle usage, we installed additional electric vehicle charging facilities at our car parks in TaiKoo Place, adding to existing charging facilities that had been installed in 2010 in our shopping mall car parks in Pacific Place, Cityplaza and Citygate Outlets.

An Earth-Friendly Chapter

Montpellier Chapter is the first in our new line of Chapter Hotels, a collection of locally-inspired, small luxury hotels in the UK. Located in a painstakingly preserved Regency style building in Cheltenham, it is also our standard bearer in the further development of green hotels.

The hotel has installed a green roof as well as solar energy panels which provide sufficient energy to preheat the water used in the hotel kitchen, saving approximately £3000 per year in energy costs. Hotel staff are encouraged to participate in a bike-to-work scheme through the provision of bicycle racks and staff changing and shower facilities. An existing food miles scheme encourages the sourcing of food produce from small-scale farmers located within 40 miles of the hotel.



A variety of green practices have been implemented at the Montpellier Chapter hotel in the UK

⁴ Calculation based on carbon emission factor derived from information in the 2011 Sustainability Report published by CLP Holdings and the Hongkong Electric carbon calculator

⁵ Calculated based on *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong* published by the Environmental Protection Department (EPD) and the Electrical and Mechanical Services Department (EMSD) of HKSAR

In addition to these tangible efforts to reduce the reliance of our transport fleet on fossil fuels, we also try to reduce business travel through the use of video conferencing whenever possible. When business travel is essential, we offset the indirect greenhouse gas

emissions through our carbon offsetting policy. Over the course of the year, we offset 380 tonnes of CO₂e through FLY *greener*, the carbon offset programme of Cathay Pacific and its sister airline Dragonair.

A Greener Journey Courtesy of Swire Hotels

In June 2011, Swire Hotels began participating in Cathay Pacific's FLY *greener* programme. Swire Hotels offsets carbon emissions from the inbound journeys of hotel guests who travel on either a Cathay Pacific or Dragonair flight and are members of the Marco Polo Club, Cathay Pacific's loyalty programme. The scheme is currently in effect at The Upper House in Hong Kong and The Opposite House in Beijing.

The carbon offsets purchased by Swire Hotels from FLY *greener* are used to support the development of environmental projects in Mainland China that reduce carbon emissions and generate social benefits. This includes two hydropower projects that feed into the Southern China Power Grid as well as a group of 23 wind turbines in Shandong Province.



Visitors to The Upper House can now have their carbon emissions from their inbound journeys offset by the hotel

Energy

Energy Efficiency in Operating Buildings

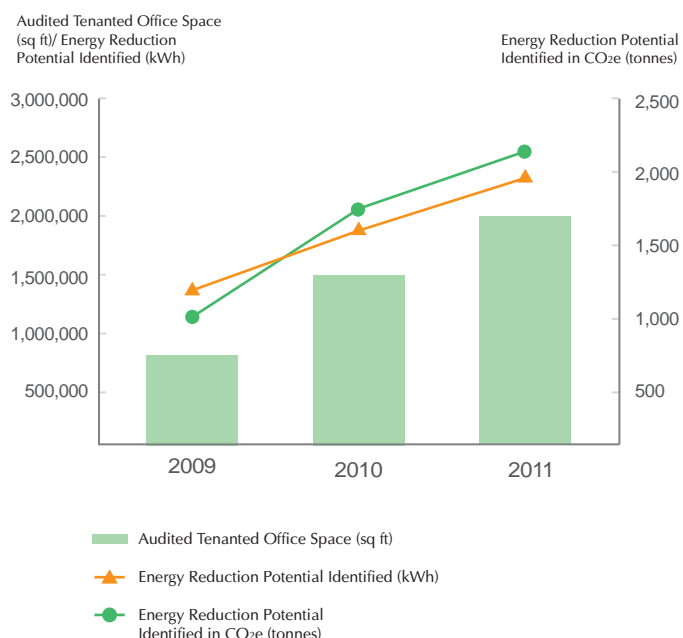
In 2009, we set a 10-year target to reduce the energy use of our core Hong Kong investment property portfolio by 20% from 2008 baseline levels by 2020. In 2011, we reviewed our long-term energy management strategy and decided to shorten our energy reduction target timeline from 10 to five years in order to accelerate our energy efficiency goal. Our new 5-year target is to reduce energy consumption by 50 million kWh by 2016. We aim to achieve this through optimising the performance of the plant and equipment in our properties and by adopting various energy efficiency initiatives.

Progress Towards Our Energy Reduction Target

In pursuit of our updated 5-year target, we have already saved 27 million kWh of energy since 2008. We have achieved this through a variety of initiatives across our whole portfolio, including replacing chillers at Pacific Place and Cityplaza with higher efficiency models, replacing existing lighting with T5, LED and induction lamps, and installing timer lighting systems equipped with sensors to detect occupancy and light levels in TaiKoo Place.

Our tenants consume a significant amount of energy in our buildings, and although we do not have direct control over their energy use, we are currently working on ways to work with them to reduce energy consumption. As part of this effort, we have offered free energy audits to our office tenants since 2008 to help them understand their usage patterns and identify energy-saving opportunities. By the end of 2011, we had completed energy audits for 2.05 million sq ft of our tenanted office space, and identified an annual energy reduction potential of over 2.44 million kWh and 2,125 tonnes of CO₂e.⁶ We have set a target to complete free energy audits for 452,000 sq ft of our tenanted office space in 2012.

Progress of Free Energy Audits Provided to Tenants



⁶ Calculated by using a carbon emission factor of 0.7kg/kWh and by taking into account the air conditioning energy reduction by the landlord resulting from tenants' energy saving initiatives

Energy Efficiency in New Buildings

In order to reduce energy use over the longer term, we apply integrated management and design solutions and conduct energy efficiency studies for new developments. For example, we carried out system options analyses for our Dazhongli Project in Shanghai and our Daci Temple Project in Chengdu. Evaluated systems included the variable-air-volume system, the fan-coil-unit system, and the zoning of air handling units. Various green initiatives were also identified for the Daci Temple Project.

“Going forward, we need to demonstrate that our new buildings, both in terms of design and operation, are as energy efficient as possible in order to mitigate our impact on the environment.”

Don Taylor, General Manager, Office,
Swire Properties

During the Pacific Place contemporisation project, we introduced new skylights to enhance the indoor environment and to reduce the use of electricity for lighting. Additionally, our Old Wan Chai Revitalisation Initiatives project utilises long-lasting and high-energy efficient light fittings, such as LED lights, for park and street lighting to reduce energy consumption.

Energy Efficiency Research

With four major projects launching in Mainland China within five years, we have significant opportunities to continue to put our energy efficiency research and the resulting energy-saving technology into practice. In 2011, together with the Building Energy Research Centre of Tsinghua University, we established a Joint Research Centre for Building Energy Efficiency and Sustainability. Swire Properties will contribute US\$1 million per annum in funding for an initial three years from September 2011 for the research centre, which will be located in the Building Energy Efficiency Demonstration Building at Tsinghua University in Beijing.



The signing ceremony for the Joint Research Centre was held in September 2011

“Tsinghua University and Swire Properties have developed a long-term partnership. The establishment of the Joint Research Centre will present a more sophisticated platform for the University and the real estate industry to address climate change and energy conservation to offer a better living environment.”

Prof. Yi Jiang, Director, Building Energy
Research Centre of Tsinghua University

The Joint Research Centre creates a platform for encouraging further research into building energy efficiency and for promoting sustainable development in the property industry, with our developments in Mainland China providing real-life laboratories for researchers. The Centre also provides a setting for us to continue our study of integrated design and management methodologies to explore advanced and practical approaches for building energy efficiency. At TaiKoo Hui in Guangzhou, which opened in September 2011 (see [Sustainability in Action](#)), researchers are conducting an energy consumption analysis in order to identify new energy-saving strategies for future implementation. At the Daci Temple Cultural and Commercial Complex in Chengdu, slated to open in 2014, studies such as “Microclimate Analysis” and “Three-Star Green Building Evaluation” will be carried out to ensure that the goals of low-carbon emission and building energy efficiency are established during the project’s planning and design stages.

“Swire Properties plays an important role in bringing designers together with tenants as well as with researchers and industry experts, especially with regard to lifecycle issues.”

Dr. Lin Hao, Director, Oval Partnership

In 2011, the Joint Research Centre conducted energy study projects for various developments in our portfolio with the aim of investigating current energy expenditures and suggesting an array of energy saving measures. In Hong Kong, the energy study uncovered 5.8 million kWh of potential energy savings per year. At Sanlitun Village in Beijing, the energy study directly resulted in 4.3 million kWh of energy savings per year by making adjustments to the air conditioning and lighting systems in public areas.

Immediately following the signing ceremony for the Joint Research Centre, a half-day seminar session that included the sharing of integrated design and management and building occupancy evaluation was organised. More than 100 delegates from the property industry, NGOs, academia and government attended.

Building Rating Schemes

Building rating schemes such as the Building Environment Assessment Method (BEAM) and the Leadership in Energy and Environmental Design (LEED) provide a mark of quality easily recognised and compared by commercial tenants, buyers, investors and employees. We support such schemes as positive reinforcements for sustainable development in the building industry. We aim to achieve the BEAM

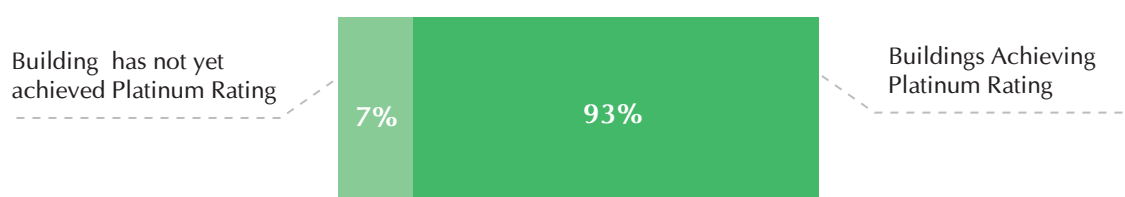
Platinum Rating for our new investment projects in Hong Kong, and the LEED Gold standard for our new key developments in Mainland China. Both of the office towers in our TaiKoo Hui development earned LEED Gold pre-certifications. At our INDIGO development, the office tower obtained a LEED Platinum pre-certification and the shopping mall achieved a Gold pre-certification.

“Swire Properties started to experiment with new environmental technologies and building standards very early, which impressed me.”

Eric Walker, Deputy Director, Integrated Solutions, Greater China, The Climate Group

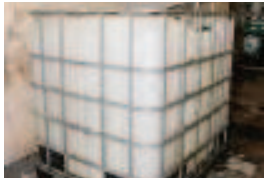

As part of our commitment to continuous improvement, we have taken the lead in the property industry to reassess our buildings under the BEAM Existing Buildings programme. Reassessments will be undertaken every five years, and we aim to consistently achieve Platinum Ratings. The upcoming reassessment will be based on BEAM Plus, the latest version of BEAM, and we will use this opportunity to improve our building provisions and set new best practices. In 2011 alone, we completed reassessments for 11 buildings, with all attaining Platinum Ratings, a notable achievement that demonstrates our commitment to the programme. Our reassessments indicated that the proactive application of several of our initiatives have already paid positive dividends: in all 11 buildings, we had provided free energy audits to tenants, and at One, Two and Three Pacific Place, we had been able to reduce the energy use of passenger lifts by 6-10% through making adjustments to the counterweights.

Percentage of Operating Grade A Office Buildings Receiving a BEAM Platinum Rating



Waste Management

Waste in Building Operations

2005	<p>Installed a food waste digester and introduced food waste recycling practices</p> <p>Pioneered the use of Building Information Modelling (BIM) locally to minimise the amount of waste produced during construction</p>	
2006	<p>Introduced recycling of fluorescent tubes</p>	
2007	<p>Became one of the first retail malls in Hong Kong to install an automatic baler for compacting recyclable waste</p> <p>Launched an electronic waste recycling campaign for our commercial properties</p>	
2009	<p>Partnered with a local cooking oil recycling company to set up a cooking oil recycling programme in our commercial properties</p>	
2010	<p>Initiated a glass bottles recycling scheme across our 12 residential developments</p>	
2011	<p>Our commercial and residential properties received a total of 14 awards in EPD's Programme on Source Separation of Waste</p>	

Buildings generate a significant amount of waste in their day-to-day operations. We offer a variety of waste management programmes to help our tenants and customers manage and reduce waste, including a comprehensive recycling scheme that covers common materials such as metal, plastic and glass as well as an extended recycling scheme that covers electronics, furniture, cooking oil and food waste.

“Events and campaigns are held to collect and recycle fluorescent lamps, mooncake boxes, batteries, books, magazines and red packet envelopes.”

Siew Ka Shing, Senior Technician,
Swire Properties

Despite these efforts, we face the ongoing challenge of fully engaging all of our tenants to help meet our collective goal of reduced waste generation. While we ultimately cannot control the individual decisions of our tenants regarding waste management, we make every effort to educate them on the impacts of their waste management decisions and make available cost-effective solutions to alleviate these impacts.

Along these lines, we aim to reduce waste generation at source by conducting awareness campaigns and by providing an adequate number of recycling bins on our premises. We are working together with our tenants and our cleaning and waste collection contractors to increase waste recovery and reduce disposal.



Recycling bins are readily accessible at our properties

As part of this effort, our commercial properties in Hong Kong participate in the Hong Kong Environmental Protection Department's Programme on Source Separation of Commercial and Industrial Waste, while our residential properties participate in the Programme on Source Separation of Domestic Waste. These schemes recognise buildings that perform well in increasing the quantity of recyclables recovered and reducing the amount of waste requiring disposal.

In 2011, TaiKoo Place won the silver award in the Mixed Office category and Pacific Place received a certificate of merit. In the residential scheme, Robinson Place and TaiKoo Shing received silver awards, and Lei King Wan, The Floridian and Westlands Court received bronze awards.

Mooncake Tin Box Recycling

In 2009, we began organising a mooncake tin box recycling programme in our residential estates to coincide with the annual Mid-Autumn Festival, when tins of mooncakes are given as gifts. In 2010, we extended the programme to cover our commercial buildings, promoting the programme to our tenants and encouraging them to recycle the tin boxes that appear annually en masse.

In 2011, we went a step further and repurposed large collection boxes otherwise used for donations to our Community Ambassador Programme (see [Partnering for Change](#)) as mooncake box recycling collection bins. By placing these collection bins in public areas, tenants and visitors alike were made aware of the recycling programme. In total, 2,000 mooncake tin boxes were collected in 2011.



We redesigned donation boxes into mooncake tin box collection bins

Waste in the Construction of New Buildings

Waste considerations play an important role during our design and material selection processes, and we work closely with our contractors to minimise waste generation during construction. We require that our contractors submit waste management plans, and we monitor the construction process to ensure that our contractors adhere to them. In addition, our contracts clearly stipulate approved disposal sites and methods for different types of waste. We require our contractors to keep detailed records of what is disposed of and what is recycled during construction.

Over the four-year duration of the Pacific Place contemporisation project, which was substantially completed in November 2011, we recycled 48 tonnes of glass and 628 tonnes of floor stone. The glass was recycled into art materials used by primary school students, and the floor stone material was recycled as paving blocks. Additionally, most of the speakers, lights and air conditioners were reused throughout the construction process, showcasing our preference to reuse materials and items whenever possible.



Waste floor stone material was recycled as paving blocks

Water

In the course of our operations, we apply a range of water-saving measures wherever and whenever we can. For instance, we connected Cambridge House in TaiKoo Place to the seawater supply in March 2011. Using a seawater toilet flush system in Cambridge House will save 37 million litres of potable water annually, with a payback period of less than one year.

Although water conservation is one of the key initiatives in our sustainability strategy, we have not yet instituted a company-wide water conservation plan that standardises our approach to recycling and reusing water on a wide scale across all our properties. We have put this as a future priority so that we can work to further limit any water waste deriving from our developments.

Clean Water From Source to Tap

Hong Kong enjoys some of the safest drinking water in the world due in large part to the efforts of the Water Supplies Department (WSD). In order to ensure that water quality at the tap is as good as it is at the source, buildings must properly maintain their plumbing systems. The WSD launched its Quality Water Recognition Scheme for Buildings to recognise buildings in which the plumbing systems meet the recognised standard.

We have joined this scheme to ensure that safe, clean potable water flows out of the taps in our buildings. We maintain our high standards with regular inspections of our plumbing systems and cleaning of our water tanks.

Biodiversity

Since our land and properties are predominately situated within urban environments, we do not have an overarching biodiversity strategy in place. We do, however, comply with government requirements related to biodiversity, including the Environmental Impact Assessment Ordinance and the Nature Conservation Policy, and we support a range of other biodiversity initiatives.

In recognition of the fact that the consumption of protected and endangered marine species is a growing global crisis, we source only sustainable seafood for corporate dinners, and since 2008, we have adhered to the guidelines contained in WWF-Hong Kong's *Seafood Guide*, which promotes the consumption of sustainably sourced seafood.

At Butterfield's, our private club located in TaiKoo Place, we removed shark's fin from all menus since November 2009. Swire Hotels also conforms to our policy and does not serve any dishes that contain shark's fin. Additionally, they do not serve any unsustainable seafood as stated in Swire Pacific's sustainable food policy.



Shark's fin is no longer served at Butterfield's

A Sustainable Food Policy Across the Entire Swire Group

Swire Pacific, our parent company, recently adopted a sustainable food policy to which we adhere. The policy prohibits the presence of unsustainably produced food items in company canteens and in the recipes of new catering contracts, and it calls for the provision of sustainable alternatives for clients and customers in catering services operated and managed by the company.

By opting out of consuming these items and by proactively asking about their sources, we, along with the entire Swire group, hope to create momentum for effective change on a broad scale.



A sustainable food policy guides our catering options

Urban Microclimate

We are aware of and concerned about the urban heat island phenomenon caused primarily by the use of heat-retaining materials in urban development and heat energy released from buildings. Every new development will affect the urban microclimate, so we analyse the interaction between microclimate and each element of the urban landscape in order to lower our operational impact on the environment. This means that we design our buildings and outdoor spaces to minimise impacts on the surrounding area, and we devote resources to landscape planning and urban greenery in order to mitigate the urban heat island effect.

At our Argyle Street residential development project, we designed and ensured the building and outdoor areas provided a comfortable environment for residents. Using a computer fluid dynamic simulation tool, we evaluated wind conditions prior to and following construction and found that the wind speed in outdoor areas on the pedestrian level is at a comfortable level.

Noise and Acoustics

We aim to comply with noise regulations at all times and take remedial action in the event of non-compliance. For all major construction activities, we require our contractors to submit an environmental management plan covering noise control and monitoring strategies at our sites.

At 92-102 Caine Road, one of our residential projects in development in Mid-Levels West, we have taken several steps to reduce noise pollution. During demolition, we used a hydraulic crusher — a modern solution for concrete demolition in inhabited areas — for about 70% of the concrete mass, since it significantly reduces the amount of vibration and noise. During construction, we used the frictional bored pile method for pile construction. Although it is more time-consuming and expensive than traditional driven piling, this non-percussive type of pile construction is quieter and generates less vibration, thus causing less of a nuisance to neighbourhood residents.

Indoor Air Quality

We maintain high standards of indoor air quality (IAQ) in the buildings we operate. We have implemented guidelines and a management plan to monitor the quality of indoor air and the quantity of fresh air delivered to tenanted areas.

In 2011, public areas in 11 of our buildings achieved the Excellent Class certification as part of the Hong Kong government's IAQ Certification Scheme for Offices and Public Places, which recognises premises that achieve a required level for 12 parameters contributing to indoor air quality, such as formaldehyde and carbon dioxide concentration.

Air Pollution

During construction, we work with our contractors to ensure that their activities do not compromise local air quality. As part of their environmental management plans, our contractors must implement air quality control measures to manage emissions, including regular collection and monitoring of air samples and reporting of any amount that exceeds government guidelines.

To support our efforts to develop air quality management systems, we have been endorsers of the [Clean Air Charter](#) promoted by the Hong Kong-Guangdong Business Coalition on the Environment since 2005, and we have continually taken appropriate measures to implement the Charter's statement of commitment.

A large group of people, mostly of Asian descent, are posing for a group photo. They are wearing blue jackets, many of which have a red heart logo. Many of the individuals are making a 'V' hand gesture (peace sign). The group is arranged in several rows, with some people sitting or kneeling in the front. The background shows an indoor setting with large windows and some decorative elements, including a large blue 'O' with hands and a heart. A sign on the right side of the background reads 'We Love the Sun' and 'We Love the Sun spirit'.

Our People

Our people are our greatest asset and the key to maintaining our competitive advantage, now and for the future.

"We need to communicate in depth with our employees to ensure that sustainable development is understood and embraced by everyone at Swire Properties."

Maurine Yeung, Head of Human Resources & Administration, Swire Properties

Attracting and developing talent is central to our success. Our approach is underpinned by various policies covering training and development, labour practices, human rights and workplace health & safety. These policies are outlined in our Code of Conduct and our Employee Handbook, which is administered by our Human Resources & Administration Department. We value and encourage honest and responsive channels of communication for the successful implementation of these policies.

Organised **over 200** in-house professional development courses

Promoted or transferred internally **12%** of our employees

Produced **"The People's Book"** for each team member of Swire Hotels

Extended our company outpatient coverage to include visits to registered **Chinese medicine practitioners**

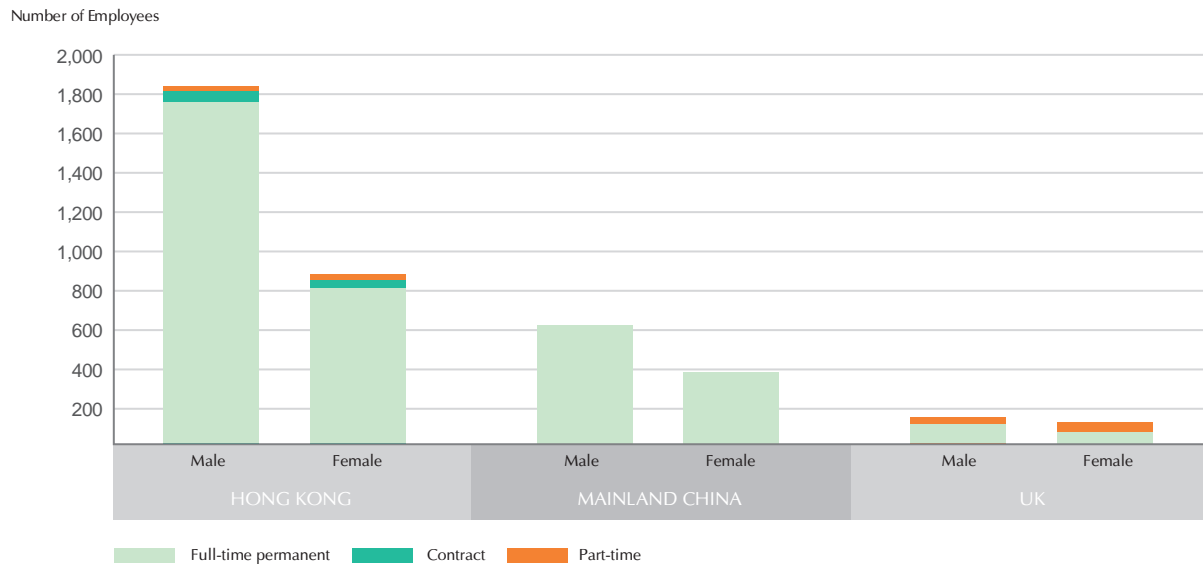
Recorded a loss of **444.72** work hours per 200,000 to accidents, down by 31% from 2010

Employee Profile

We employ approximately 4,000 people across Hong Kong, Mainland China and the UK. The majority of our employees are hired locally, with 64% based in Hong Kong on a full-time permanent basis. While our

employee headcount remained constant from 2010, there was an increase in the proportion of those recruited from Mainland China because of our continued growth in that market.

Workforce by Gender, Employment and Region



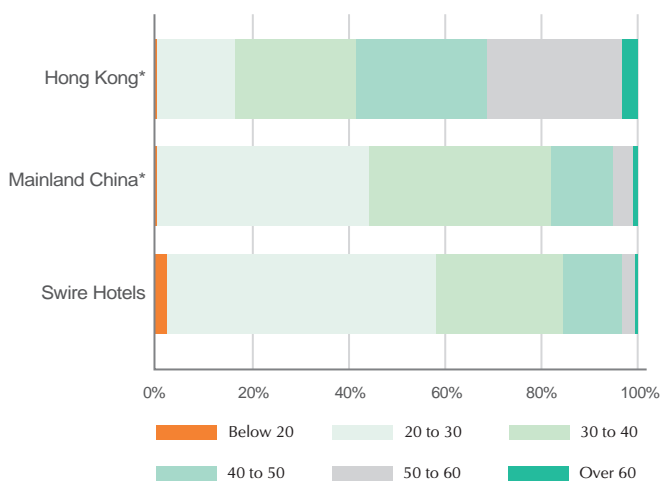
Gender

In total, our global workforce is 65% male. The gender mix of our Swire Hotels workforce is more evenly split between male and female.

Age

Our Hong Kong-based employees are spread relatively evenly across age groups ranging between 20 and 60, reflecting general employment trends in Hong Kong. Consistent with previous trends, Swire Hotels has a higher component of younger workers, with over half aged between 20 and 30 years.

Employees by Operations and Age

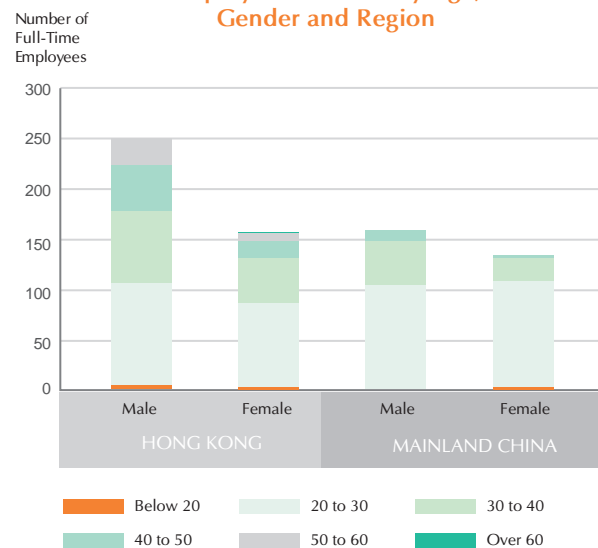


*Excludes Swire Hotels Employees

Turnover

The rate of turnover among all employees across our operations was 20% — slightly higher than 2010. Over half of the voluntary separations that took place in 2011 involved employees aged between 20 and 30, a reflection of the overall trend of job-hopping being more common among younger workers. To address turnover, we are working to identify ways to expand and retain talent (see [Recruiting and Retaining Employees](#)).

Employee Turnover by Age, Gender and Region



Note: Excludes UK

Unplanned Absenteeism

Unplanned absenteeism in 2011 was about the same as 2010, with 4.3 days per full-time employee across our operations.

	Hong Kong		Mainland China	
	Male	Female	Male	Female
Number of Actual Days Lost	8,360	4,364	1,353	1,694
Absenteeism Rate (%)	1.71	2.16	1.02	1.60

Note: Excludes UK

Developing Our People

The skills, knowledge and capabilities of our employees are central to our ability to excel and innovate as an organisation. We provide a variety of training and development opportunities, ranging from trainee programmes for fresh graduates to external educational courses, on-the-job training, internal job rotations, mentoring and overseas secondments.

We run trainee programmes for our trainees in building surveying, engineering and management. Swire Hotels runs the Swire Hotels' International Management Trainee Programme. Depending on the scheme, our training programmes are either two or three years in duration, and upon completion, we provide our trainees with specially designed career paths. In 2011, 13 new trainees joined our training programmes.

In 2011, our Training and Development Team organised over 200 in-house professional development courses covering customer service, individual professional skills, management development, operations, language and leadership. These courses were provided for employees in Hong Kong, Mainland China and at Swire Hotels.

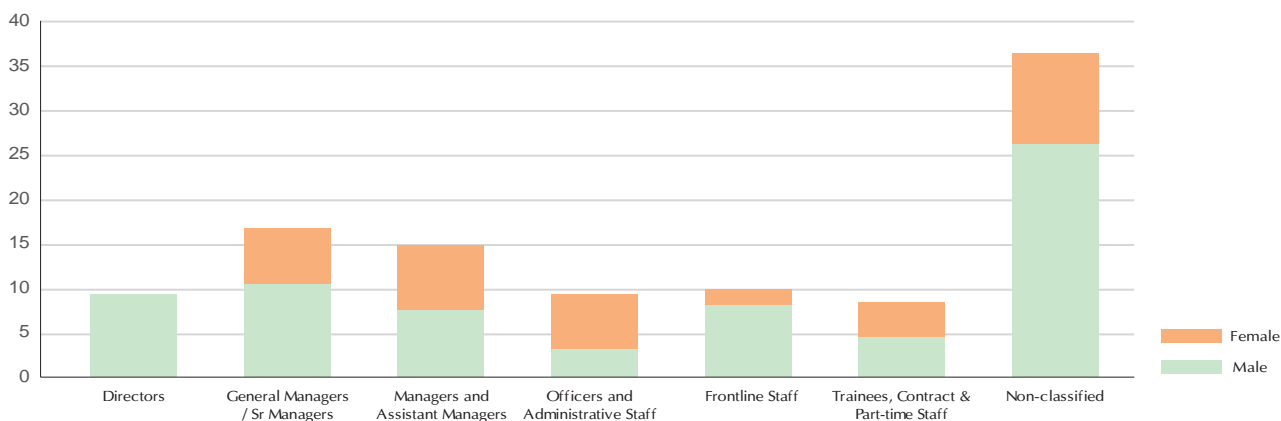
We provide financial assistance and examination and study leave to employees who wish to take external courses or professional qualifications which are relevant to their roles, and we reimburse membership fees for employees who join professional organisations recognised by Swire Properties. Our employees attended 41,170 recorded hours of training in 2011, an average of 11 hours per employee. The trainings included those provided by professional organisations, such as the Royal Institution of Chartered Surveyors, the Hong Kong Institute of Surveyors, the Hong Kong Institution of Engineers and the Hong Kong Green Building Council.



Our management trainees at the completion of a training course

Education and Training

Average Hours per Grade



Note: Excludes UK Employees

The Swire Leadership and Management Development Programme is a multi-phase programme that develops the capabilities of our future leaders at each stage of their career development, equipping them with the latest management tools and helping them to develop an effective management style based on our values. Participating employees, including management trainees, also attend business management programmes at international institutions such as INSEAD, Stanford University and the Richard Ivey School of Business.

Our performance appraisal system enables employees to set development goals and keep track of their performance. It also assists management staff with succession planning, and helps them identify coaching and staff development opportunities.

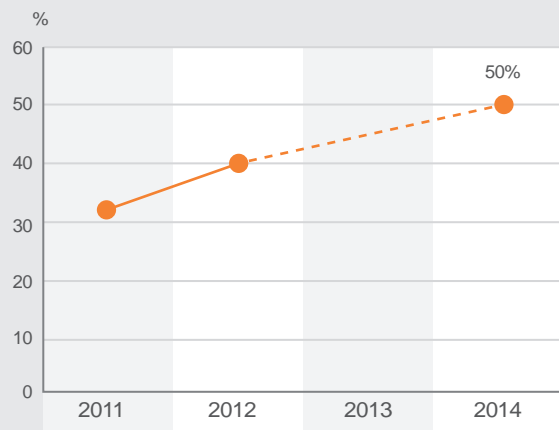
The system includes an annual performance appraisal, which consists of an employee self-assessment and a subsequent dialogue with their manager that focuses on motivation, coaching and developing potential. Performance appraisal training sessions are provided annually in order to clarify the evaluation process.

BEAM Professionals

As green building certification continues to become more important, we encourage our staff to become trained green building professionals. By doing so, we not only help ourselves attain high environmental standards for our buildings, but we also equip our staff with the expertise to provide technical support and advice to our tenants in order to enhance the environmental performance of their premises. By the end of 2011, 28 of our employees were certified as BEAM Professionals.

We are moving towards the target of having 50% of eligible staff certified by 2014, with at least two BEAM Professionals in each portfolio.

Percentage of Eligible Staff Certified as BEAM Professionals



“Capacity building is essential to solidify our global leadership in sustainable development.”

Cary Chan, Head of Technical Services and Sustainability, Swire Properties

Recruiting and Retaining Employees

We aim to expand our workforce of talented, motivated and experienced employees through a rigorous external recruitment process for all positions, from trainees to upper management, and we nurture and develop our employees by offering systematic career development opportunities to high flyers and good performers. In addition, we reinforce our brand culture and promote work-life balance in order to create a fun, positive and creative working environment.

Work-Life Balance Week at Swire Hotels

In order to reinforce an open and positive working environment at Swire Hotels, we introduced Work-Life Balance Week in October 2011. Our hotels embody individuality and personalised care, and we hope to imbue these same principles in our team members by helping them achieve a healthy balance in their own professional and personal lives. Some of the activities of Work-Life Balance Week included yoga and fitness classes and in-house massage services.



Swire Hotels' employees participating in an "Energising Your Life" workshop

New Hires by Age, Gender and Region



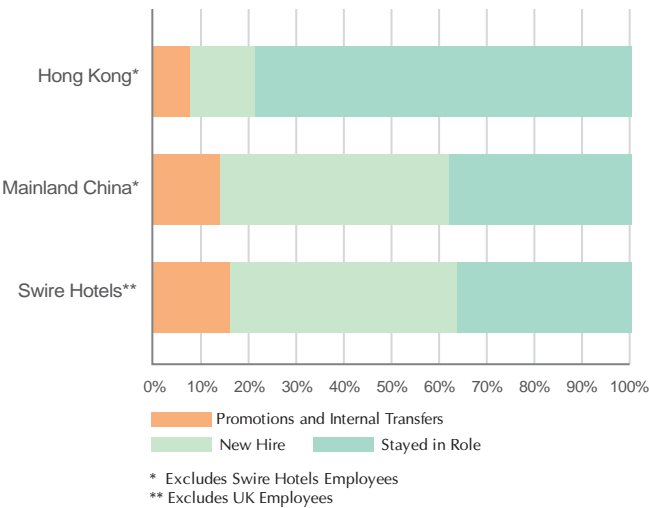
Note: Excludes UK

We offer summer internships to penultimate-year undergraduates interested in a career in property and hotel development and management. We encourage those who perform well to apply to our trainee programmes.

To improve our recruitment process and working conditions, we regularly review staff remuneration and benefits. We also obtain information from all outgoing employees in an exit interview conducted two weeks prior to the completion of their contracts. Comments and opinions collected in the interview are compiled and presented to Directors regularly.

We recognise that retaining quality staff is an ongoing challenge. This is especially apparent for Swire Hotels, where 56% of employees are between the ages of 20 and 30, an age range that is predisposed to job-hopping (see [Turnover](#)). Furthermore, the hospitality industry has a historically high rate of turnover, which compounds our challenge. To address this problem, the Swire Hotels management team has formed focus groups to discuss characteristics of the 20 to 30 age group and to formulate retention strategies. By identifying the underlying reasons behind workplace transience, we will be better able to meet the expectations of our employees. Raising workforce retention rates is one of our key challenges ahead, and we will continually work to ensure that we remain an employer of choice.

Employee Recruitment



Equal Opportunities

We are an equal opportunities employer and strive to provide a professional environment that is respectful, challenging, rewarding and safe. We respect human rights and do not tolerate harassment or discrimination of any kind. Our Human Resources & Administration Department organises training sessions and seminars on human rights and equal opportunities, and in Mainland China, we hold Code of Conduct (see [Code of Conduct](#)) training and refresher training sessions for all staff to outline our expectations on these issues. Every staff member is required to observe the legislation on equal opportunities and may face disciplinary or legal action if they fail to comply.

We recruit, remunerate and promote people based solely on their experience, skills and job performance, without regard to age, gender, race, national origin, disability, sexual orientation or family or marital status.

Hong Kong Adopts a Minimum Wage

Hong Kong's Minimum Wage Ordinance took effect on 1 May 2011, setting the statutory minimum wage at HK\$28 per hour. In compliance with the new ordinance, our Human Resources & Administration Department consulted all existing personnel data to ensure that any staff who fell under the minimum wage on this date either received a top-up payment or a salary adjustment. The HR&A Department has continually monitored the total number of hours worked for all employees in order to remain in compliance with the Minimum Wage Ordinance.

Code of Conduct

Our Code of Conduct states our expectations on how employees should conduct themselves at work. The Code covers matters including 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.

We maintain complaint channels open to all shareholders, customers, suppliers, contractors and

employees. All employees have a responsibility to report potential violations of the Code, including possible improprieties in financial reporting and internal controls. Employees who violate the Code are subject to disciplinary action, including termination of employment or, in the case of possible criminal offences, legal action.

In 2011, we conducted training workshops for over 910 employees, including both office and frontline staff. The workshops covered a range of topics, including diversity in the workplace and anti-corruption.

Employee Engagement

We are committed to fostering a sense of community and teamwork within our workforce, and we actively engage our employees in a variety of ways.

We encourage our staff to participate in various social and environmental endeavours. Through our Community Ambassador Programme (see [Partnering for Change](#)), our employees work together as volunteers for various community events and programmes. In 2011, we also encouraged our employees to help the less fortunate by partnering with St. James Settlement on a food drive and with Friends of the Earth on a clothing drive. Through a partnership with The Conservancy Association, we arranged a heritage and eco-tour to Long Valley, the largest agricultural wetland in Hong Kong, to help our employees gain a better understanding of its ecological significance.



Our colleagues learnt how to husk rice in Long Valley

Waste Not, Want Not at Our Spring Dinner

At this year's annual Spring Dinner, we instituted a zero food waste pledge, encouraging each table to pledge to finish their food or take unfinished food home. This was part of an ongoing effort to increase awareness among our employees of the severe food waste problem that exists in Hong Kong. Prior to the Spring Dinner, organisers diligently anticipated how much food to order to minimise excess amounts, and they also used WWF-Hong Kong's *Seafood Guide* (see [Biodiversity](#)) as a guideline in planning the menu.



Pledge signed by our colleagues

Encouraging Conservation at Home

Our employees are encouraged to practise Swire Properties' sense of environmental responsibility outside of the office. To this end, we organise a recurring "Power-Save Competition", which rewards our employees who achieve the largest reductions in their power consumption at home.

As a result of this year's competition, a total of 6,700 kWh of electricity was saved, equivalent to a reduction of emission of 4.6 tonnes of CO₂e,⁷ or the amount of carbon absorption by 200 trees in one year.⁸

"Efforts are needed to make sustainable development a habit."

Ng Kam Hung, Building Attendant,
Swire Properties

The Swire Hong Kong Staff Association is a social club for Swire group employees, offering a range of cultural, social, sporting and recreational activities throughout the year. Within Swire Properties, we also organise an annual inter-departmental sports competition, and our employees routinely compete in Hong Kong's annual Dragon Boat Festival.



Participants in an inter-departmental badminton competition in 2011

We design company events to provide our employees with the opportunity to socialise with one another in an informal environment. Our themed annual dinner is a costumed affair that encourages employees to harness their creativity whilst socialising with one another. Our Christmas receptions are similarly festive affairs where employees can share the spirit of the season with one another outside the office.



Our Annual Dinner 2011 had a "circus" theme

CornerStone, our bimonthly employee newsletter, documents the personal and professional achievements of our employees as well as Swire Properties' latest activities and milestones, news and sustainable development initiatives.

⁷ Calculation based on carbon emission factor derived from information in the 2011 Sustainability Report published by CLP Holdings and the Hongkong Electric carbon calculator

⁸ Calculated based on *Guidelines to Account for and Report on Greenhouse Gas Emission and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong* published by the Environmental Protection Department (EPD) and the Electrical and Mechanical Services Department (EMSD) of HKSAR

The People's Book

We launched Swire Hotels in 2008, and through the efforts of passionate and talented team members, the results thus far have been world-class hotels in Hong Kong, Mainland China and the UK, a host of accolades and bold plans for the future. In order to recognise the achievements of each contributing team member, we prepared "The People's Book", a collection of stories, milestones, events and interviews from each stage of Swire Hotels' development.



"The People's Book" captures the key moments of Swire Hotels' journey

We invited team members to share their experiences and memories during the book's production, and we sent a copy to each member of our team to commemorate our journey to date. The book is a physical memento of our work in progress, and it offers a documentary view of the work each of our staff members has done to build and develop Swire Hotels.

Employee Benefits

We offer competitive remuneration, which includes medical care, retirement benefits and a discretionary performance bonus for all full-time permanent employees, commensurate with their 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. We also compensate employees with allowances for overtime hours worked, as defined in their employment contract, although we strive to keep overtime work to a minimum.

We aim to support our employees in every aspect of their professional and personal lives. To meet this objective, we partner with an external consulting firm to provide a full range of Employee Assistance Programme (EAP) services to assist our employees in resolving concerns, difficulties or problems stemming from either their work or home lives. Beginning in April 2011, these services were made available to all staff in Hong Kong; previously, they had been available only to frontline staff.



Our colleagues attending an EAP training course: "7 Habits of Effective Happy People"

The availability of this EAP service enables all our employees in Hong Kong to obtain professional advice and counselling from a team of experienced professionals with qualifications in social work, counselling, management and clinical psychology, either through a 24-hour hotline or face-to-face, during or after office hours. To protect the interests of our employees, all discussions are kept strictly confidential.

Chinese Medical Treatments Included in Medical Benefits

We recently extended our company outpatient coverage to include visits to registered Chinese medicine practitioners for our office staff. The coverage includes consultation, acupuncture and bone setting. From January to December 2011, there were 680 visits to Chinese medicine practitioners, amounting to 3.3% of overall claims.

Health & Safety

1999	One of first developers in HK to incorporate the Pay for Safety Scheme into contracts	
2003	Established Safety Management System Issued Swire Properties' Health & Safety Policy	
2004	Issued staff safety handbook to technicians and security supervisors	
2005	Developed Pandemic Disease Action Plan	
2007	Achievements in External Health & Safety Promotion Campaign: 1. Bronze Award – Best Property Management Company in OSH 2. Silver Award – Outstanding OSH Employee	
2008	Achievements in External Health & Safety Promotion Campaign: 1. Gold Award – OSH Annual Report Award 2. Meritorious Award – Safety Performance Award	
2009	Implemented Manual Handling Assessment Published staff safety handbook for all frontline employees in HK	
2010	Launched Healthy Workstation Video	
2011	Published safety handbook for Mainland China frontline employees Came 2 nd runner-up at the Safety Leadership Awards 2011	

We prioritise the safety of our employees, tenants, contractors and the communities that use our facilities. Our approach is guided by our Health & Safety Policy and directed by our health & safety team. We have a Safety Management System (SMS) in place in Hong Kong, ensuring that safety requirements and procedures are standardised across our portfolios.

Our Company SMS Steering Committee is chaired by our Fire & Safety Manager and includes representatives from our technical and building management teams from different departments in Hong Kong as well as representatives from our Human Resources & Administration Department. There is also a safety subcommittee for operations, comprising management and frontline staff. The role of these committees is to monitor health & safety performance, alert management to the existence of workplace hazards or unsafe practices and respond to any safety concerns from our employees, tenants or the general public.

Our health & safety team provides training and technical support to our employees so that they are equipped to meet their health and safety obligations.

Taking the Edge Off for a Safer Workplace

In an effort to reduce the number of hand injuries sustained by our technical employees, our Technical Services and Sustainability Department sourced different models of safety cutters and protective gloves and evaluated the efficacy of this new equipment by communicating directly with users. Comments and results were reviewed by the SMS Steering Committee, with safety measures and guidelines to be implemented and developed based on user feedback.



New safety cutters being evaluated

In 2011, our accident rate in Hong Kong decreased from 18 cases per 1,000 employees in 2010 to 16 cases per 1,000 employees. The overall severity of workplace accidents, measured in terms of work hours lost, saw an even larger proportional decline, going from 649.11 to 444.72 work hours per 200,000 work hours. This represented an encouraging trend of two consecutive years of declining rates of severity. In Mainland China, the accident rate was 7 cases per 1,000 employees in 2011, and the rate of severity was 106.67 work hours per 200,000 work hours.

Our concern for safety is not limited to our employees, but also extends to our contractors. We are committed to applying sustainable practices throughout our entire value chain (see [Our Value Chain](#)), and this includes stringent oversight and monitoring of the health & safety of our contractors. We regularly review and improve contractor safety regulations and procedures, and we adhere to the same high safety standards for every person who contributes to our company, whether they are an employee, a contractor, a supplier or a customer. In 2011, unfortunately, there was a fatal accident involving a contractor working on the construction site of our development at 28 Hennessy Road.

In order to enhance our overall response time to accidents, we revised and updated our accident reporting procedures and requirements following an SMS Steering Committee discussion with relevant departments and teams. We also reviewed the Safety Rules for Contractors and other related SMS documents to ensure the inclusion of clear reporting requirements in all documentation. Finally, we strengthened documentation regarding the investigation and reporting of accidents, ensured that clear protocol for contractor accident reporting was established, updated safety criteria for contractor applications, and added these criteria to the SMS main manual.

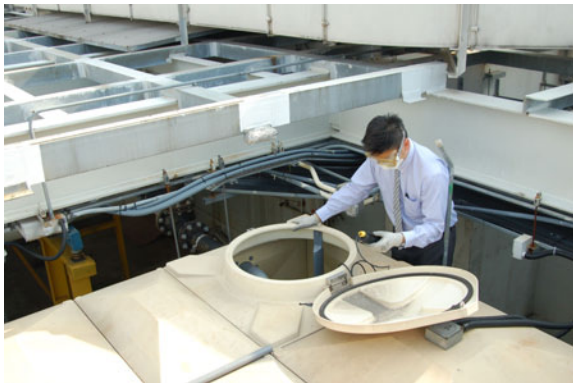
We continually assess our health & safety procedures and have made the provisions necessary for planning, organising, monitoring and reviewing health & safety precautions that are required by law.

Risk Assessment

Rigorous health & safety protocols are an integral part of our risk management system. As our portfolio continues to expand, we have a responsibility to conduct risk assessment of our health & safety operations in order to ensure that the best possible measures are in place.

Corporate Confined Space Assessment

Our technical team is responsible for routine technical duties, many of which require working in confined spaces such as sump pits, manholes and water tanks. To cope with the ongoing expansion of our portfolio and to comply with updates to the relevant legislation, in 2010, we commissioned a confined space assessment. The goals of this assessment are to identify all potential confined spaces in TaiKoo Place, Cityplaza, Pacific Place and EAST, Hong Kong, to assess hazards and risks from working in those spaces and to update our confined space working procedures accordingly. The assessment, which will be completed in 2012, has so far covered more than 1,150 spaces.



A worker conducting a confined space assessment

Health & Safety Awareness

To complement our existing health & safety mechanisms, we rely on all employees to identify and report perceived hazards. In order to provide the proper guidance in this regard, we bundle a health & safety awareness component into our induction training for our frontline employees, and we require them to complete this safety awareness training within 30 days of their commencing employment.

Our approach to health & safety is communicated to all frontline employees through safety handbooks, the company intranet and staff newsletters. In 2011, a safety handbook specific to frontline employees in Mainland China was published on the company intranet.



In Mainland China, the safety handbook is available on the company intranet and is distributed to new frontline employees after they complete the EHS course during their induction training



Our Community

Creating and sustaining vibrant and integrated communities lies at the heart of all that we do, and we plan and develop our local neighbourhoods with a long-term focus on the well-being of the communities that we serve.

In order to do this, we first develop the physical infrastructure to house people and businesses within the community. We then work to build and maintain a cohesive community identity and spirit that thrives

well beyond the completion of the physical structure by investing in the promotion of arts and culture, education, environmental programmes and volunteer opportunities.

Volunteers dedicated almost **6,000 hours** to community service

The Community Ambassador Programme celebrated its **10-year** anniversary

Raised **HK\$1.05 million** at the Love's Team Charity Bazaar

More than **26,000 people** attended the Memories of King Kowloon exhibition

Developing Our Communities

Our long-term approach is founded on the premise that the physical completion of a project simply marks the beginning of its social worth to the people who live, shop and work there. We strive to simultaneously maximise the value of our investments while nurturing and enhancing the communities in which our investments are located.

During the acquisition, design, development and construction phases of our projects, we have dialogue with community representatives to ensure that our development proposals and programmes are in line with the needs and wishes of the community.

"It is likely that over 90% of the buildings will continue to be here for the next 30 years. The retrofitting of existing buildings would therefore be beneficial to the community. Sustainable development is not just about developing new buildings; Swire Properties needs to talk about retrofitting old ones as well."

Dr. Guiyi Li, Director, Zero Carbon Building, Construction Industry Council

This approach is evident in our ongoing Old Wan Chai Revitalisation Initiatives project. Since 2009, we have planned and implemented the revitalisation and enhancement of the south-west end of Wan Chai in close collaboration with the Old Wan Chai Revitalisation Initiatives Special Committee, comprising members of the Wan Chai District Council, experts on heritage conservation and revitalisation, and representatives from the Development Bureau and the Urban Renewal Authority. During the development phase of the project, we also worked together with various government departments. An exhibition was held in 2009 to showcase our vision to the local community and collect their views on the redevelopment proposal (see [Sustainable Development Report 2009](#)).

The project enhances the physical space of the neighbourhood through improvements to street furniture, paving, lighting and railings. In addition, the project documents the area's rich history using improved signage and information panels, allowing residents and visitors to gain a better understanding and appreciation of the area's contribution to Hong Kong's cultural identity. The project is expected to be completed in the second half of 2012.

Improving the Community Landscape

We strive to ensure that our developments help to improve the social, economic and physical environments of surrounding communities.

"In the future, I expect Swire Properties to remain socially responsible and continue to enhance the community landscape in the Mid-Levels."

Cheng Lai-king, Elected Member (Central & Western District Council), Hong Kong

Staircase at Caine Road



The existing 1.2 m staircase connecting Caine Road and Castle Road

There is an existing public staircase connecting Caine Road and Castle Road in Mid-Levels West that has a width of 1.2 m — too narrow for the comfort of pedestrians. However, because of topographic constraints, the staircase cannot be widened. To meet the needs of the community, we have volunteered to build a 2 m staircase on part of our 92-102 Caine Road residential building site and to cede the land portion to the government for the benefit of the community.

A beneficial air conditioning system for the community

In an effort to alleviate street-level heat produced by split-type air conditioners, beginning in 2009, we connected our Oxford House and Cityplaza central air conditioning systems to some of our neighbourhood shop tenants in two areas of Taikoo Shing. This arrangement allows us to supply cooled condenser water directly to tenants, enabling them to replace their use of split-type air conditioners which, in turn, reduces local heat emissions. Not only is this more energy efficient, but it also provides a more comfortable environment for tenants, customers and pedestrians alike.

Partnering for Change

Our Community Ambassador Programme, which celebrated its 10th anniversary in 2011 (see [Our Community Ambassador Programme: A Decade of Service](#)), is an employee-led volunteer initiative that organises and participates in activities to help the elderly, the disabled, children and disadvantaged families in communities throughout Hong Kong and Mainland China, with a special focus on environmental protection, education initiatives and the promotion of arts and culture.

We encourage our employees to give back to the community by volunteering their time to the Community Ambassador Programme, and we offer incentives through our Community Ambassador Service Leave Policy, which awards one day of leave for every 10 hours of service, capped at two days a year. We also recognise the efforts of our employees through our Social Responsibility Award, which is granted to those who have made outstanding contributions to the community.

Our Community Ambassadors, drawn from our employees and a growing network of family members, friends, business partners, tenants, customers and our Swire group peers and their friends and families, have a diverse range of skills and ideas. Together, they design, organise and volunteer in various projects that serve people of different ages and abilities. Working with existing NGOs and service organisations in the community, these projects address grassroots needs while also forging friendships, teaching new skills and enriching the lives of individuals and the well-being of the greater community.



Our colleagues make use of their professional expertise to offer free home maintenance services to those in need

Projects over the years have included one-time efforts that address immediate needs in the community, such as our “BOOKS for LOVE” charity book sale that not only promoted a love of reading and learning in a green and affordable way, but also helped our NGO partners raise funds. Other projects, such as our “Be My Friend” programme that builds a support network among elderly residents of the Island East district who live alone, are multi-year projects that address sustained community needs over the longer term.

In 2011, nearly 1,300 of our Community Ambassadors took part in 37 activities, dedicating a total of almost 6,000 hours to community service. Of those, 85 employees used their granted volunteer service leave to take a total of 115 extra days of leave.

Our Community Ambassador Programme: A Decade of Service



We celebrated the 10th anniversary of the Community Ambassador Programme

In May 2001, a group of around 40 of our employees established our Community Ambassador Programme in an effort to make a difference in the community. Since then, the Programme has grown to include over 1,000 Community Ambassadors who have participated in over 400 activities and contributed a cumulative 45,000 service hours.



Ten years on: The Community Ambassadors in 2011

In 2011, we proudly celebrated the 10th anniversary of our Community Ambassador Programme, which in October received The Fourth Annual Hong Kong Volunteer Award (Corporate Award) from the Agency for Volunteer Service for its distinguished contribution to the community.



We were honoured to receive The Fourth Annual Hong Kong Volunteer Award (Corporate Award)

The Community Ambassador Programme relies on supportive partnerships with NGOs and business partners. Whilst we leverage our own wide selection of venues and facilities for our activities, the most important resources available to the programme remain the skills, expertise and time of our volunteers.

To celebrate the Programme's 10th anniversary, we held the Love's Team Charity Bazaar on 2 and 3 December in TaiKoo Place, Island East. Preparation for the event took place over the course of the year, with our Community Ambassadors planning and participating in various workshops to create handmade products such as leather accessories, jewellery and knitwear to sell at the Bazaar.

A total of 300 Community Ambassadors joined forces to help the Bazaar succeed, engaging in a wide range of activities which included planning, onsite management, making the crafts and collecting over 30,000 donated books to sell at the Bazaar. In addition, over 30 tenants and business partners, as well as residents and customers, donated goods and time to the Bazaar. To support the event, participating employees were entitled to claim the first day of the Bazaar, which was a working day, as an additional day of leave under our Community Ambassador Service Leave Policy.

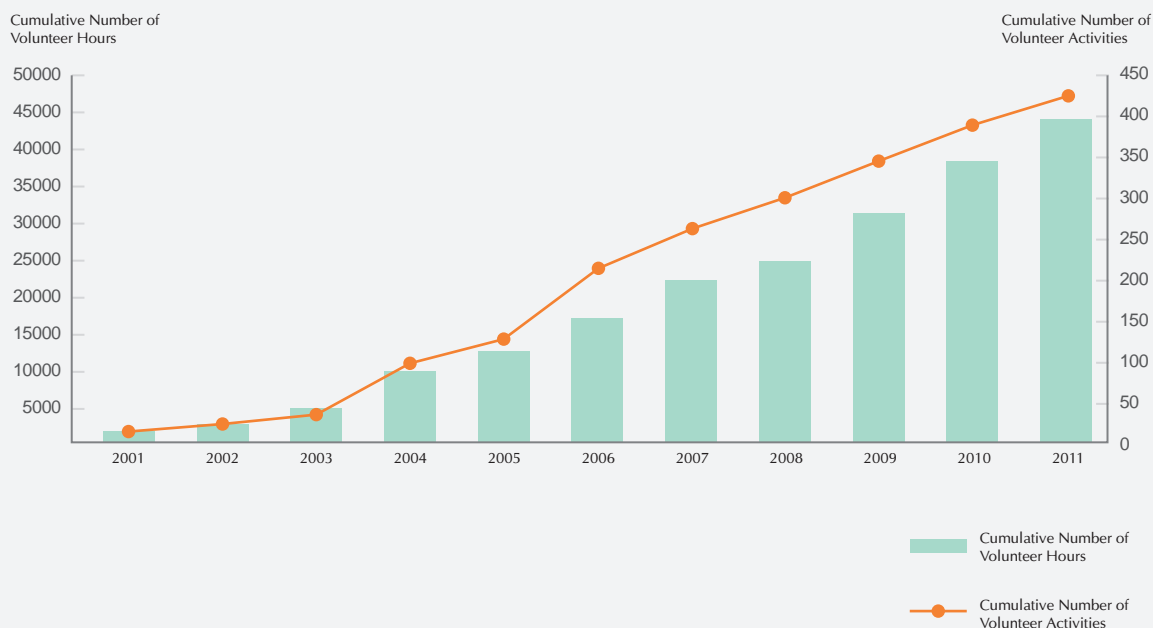


300 Community Ambassadors helped make the Charity Bazaar a success

The event was co-organised with five NGOs — Arts with the Disabled Association Hong Kong, The Boys' and Girls' Clubs Association of Hong Kong, SAHK, St. James' Settlement and WWF-Hong Kong — with the HK\$1.05 million raised going directly to these organisations. This amount included funds donated by the Swire Group Charitable Trust in a donation-matching scheme.

Over the past 10 years, the Programme has grown and made a positive impact on the community at large as well as on many of our colleagues. Looking forward, we will continue to build upon the existing legacy of the Community Ambassador Programme, and are excited for what the next 10 years will bring.

Achievements of the Community Ambassador Programme over the Past 10 Years



Arts and Culture

Our long-standing patronage of the arts stems from our belief that the promotion of cultural activities enriches our communities. We believe that cultural arts should not be restricted to museums or galleries, and over the

past four decades, we have supported and hosted a broad range of arts and cultural events, performances, exhibitions and artwork commissions.

Long Live King Kowloon

Tsang Tsou-choi (1921-2007), a local legend better known as the King of Kowloon, was an eccentric artist whose ubiquitous calligraphy won him the affection of the people of Hong Kong, who viewed his work as emblematic of the city in its purest form.

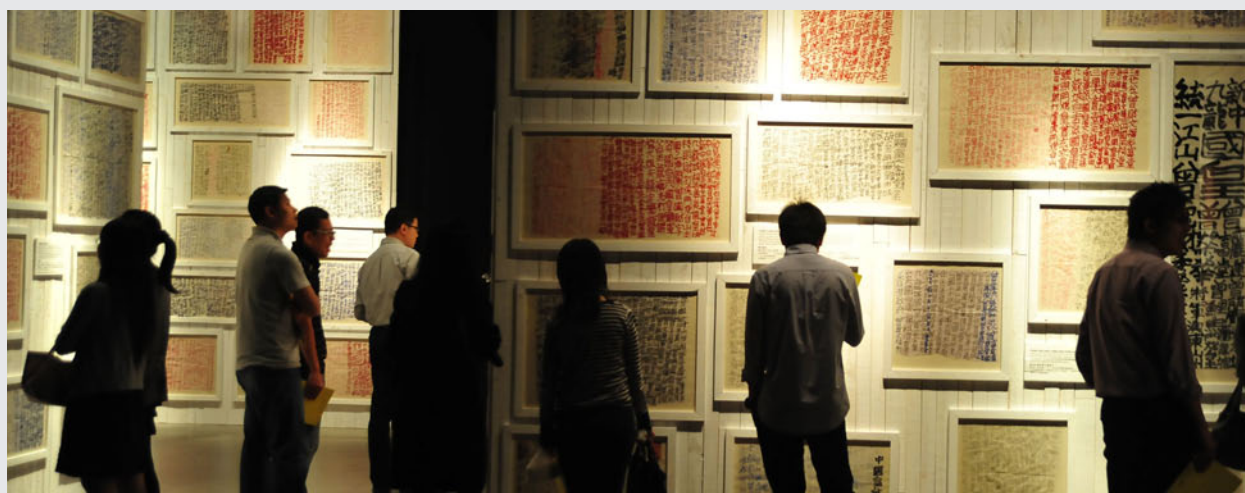
In honour of this local icon, we presented “Memories of King Kowloon”, an exhibition at ArtisTree in TaiKoo Place which featured over 500 items, including Tsang’s original works, his personal belongings as well as crossover projects with international brands. The exhibition, which included over 300 original pieces of Tsang’s work, was the biggest ever display of his collection, covering over 20 years of the artist’s creative output.

In addition to showcasing Tsang’s works, the exhibition placed his life in context by capturing the people and

events surrounding him and by recreating the unique Hong Kong cityscape that comprised his graffiti playground. The exhibition also included over 30 interviews with influential political and cultural figures who each shared their impressions of Tsang and their insights regarding Tsang’s calligraphy.

Augmenting the main exhibition were tribute works by international and local artists along with interesting creations by local students. This was an excellent opportunity for the young generation in Hong Kong to showcase their creativity against the backdrop of Tsang’s unique calligraphic expressions.

Held between April and May, more than 26,000 people attended this free exhibition, and more than 1,800 students and visitors took part in the guided tours on offer.



Visitors appreciating the works of King Kowloon

"Swire Properties has done a good job in promoting arts and culture in commercial premises and areas... I always enjoy the exhibitions at TaiKoo Place."

Senior editor, Hong Kong media

You'd Be Much Better Here — Postcards from The Opposite House

The Opposite House, our 99-room luxury hotel in Sanlitun Village, was designed by famed Japanese architect Kengo Kuma, who imbued the building with his unique aesthetic sensibility.

In an effort to provide a showcase for young Chinese artists, The Opposite House commissioned four art students at the China Central Academy of Fine Arts to design postcards that use Kuma's visionary design sense as a cue. Offered to hotel guests as a welcoming gift, this set of four postcards offers distinct perspectives on The Opposite House through the eyes of some of China's most talented young artists.



A postcard entitled "Shanghai Divas"

Experiencing Rhythms Anew at Sanlitun Village

For the second year in a row, we collaborated with the Beijing Music Festival (BMF) to present a musical programme in The Orange, a multi-function event space located within Sanlitun Village. This year, we presented "Experiencing Rhythms Anew", the inaugural concert for BMF's "Urban Series", which aimed to introduce audiences to an innovative series of contemporary and dynamic musical performances.

Featuring the acclaimed Ju Percussion Group from Taiwan, "Experiencing Rhythms Anew" was a showcase of the group's signature blend of different forms of Asian traditional music with Western percussion music. The free concert tickets on offer were all quickly claimed, and the performance was broadcast live to The Piazza of Village South.



Ju Percussion Group gave an energetic performance at Sanlitun Village

The Creative Genius of Frank Gehry in Hong Kong

In October 2010, we organised a successful exhibition of works by architect Frank Gehry at Sanlitun Village, Beijing. Building on the success of that first exhibition, in September and October 2011 we presented “Outside the Box | Frank Gehry”, the first ever exhibition in Hong Kong showcasing the works of the acclaimed architect and Pritzker Prize-winner. Held at ArtisTree, the exhibition featured models, sketches and images from some of Gehry’s most celebrated projects, offering visitors a glimpse into Gehry’s unique creative process. The exhibition also traced the evolution of the design process behind OPUS HONG KONG, Gehry’s first residential project in Asia, developed by Swire Properties.



The model of OPUS HONG KONG was unveiled at the exhibition

The exhibition was complemented by guided tours for the general public, schools and other academic institutions, as well as the “Creativity Series”, which featured a screening of the documentary *Sketches of Frank Gehry* by Oscar-winning director Sydney Pollack and a series of talks by leading architects and designers about their own creative processes.

All proceeds from the sale of the commemorative exhibition book went to Maggie’s Centre Hong Kong, a cancer support organisation.

Educational Programmes

We develop, sponsor and run educational programmes in our communities that encourage children and teens to develop their creativity, knowledge and confidence. In addition to participating in active partnerships with groups such as the Hong Kong Youth Arts Foundation, we also fund the Swire Organisation for Youth Arts (SOYA), an organisation we founded in 2005 that promotes youth arts and cultural education in Hong Kong and Mainland China.

In Mainland China, our Shanghai representative office donated around 900 new English and Hong Kong edition books to the Jing’an District Library in Shanghai, while in Beijing, members of our staff, under the auspices of our Community Ambassador Programme, organised a book drive and storytelling activity for underprivileged children at the Lu Yuan School. In Guangzhou, our staff participated in English language learning activities with students at the Guangzhou School for the Blind and the Xiao Lou Middle School, and helped underprivileged students at the Ma Kan Elementary School improve their Chinese calligraphy skills.



The children at Lu Yuan School enjoyed spending time with our Community Ambassadors

Say YES to Protecting the Environment

Roots and Shoots (R&S), a non-profit organisation founded by renowned primatologist, environmentalist and humanitarian, Dr Jane Goodall, educates youths about environmental issues and humanitarian values with a special focus on group interaction. In Shanghai, we collaborated with the local chapter of R&S to launch the YES programme at the Primary School Attached to Shanghai No.1 Normal School.

Through creative activities such as painting, music, theatrical art and games, the YES programme inspires students on ways to protect the environment. During 2011, our staff conducted eco classes for the students, enabling them to examine environmental issues from different perspectives.



Our colleagues and the staff of R&S worked as volunteer mentors

Leveraging Our Resources

One of the most effective ways we can contribute to our communities is by sharing our business expertise as well as the technical expertise of our employees.

Mr. Fix, an initiative of our Community Ambassador Programme, taps into the professional expertise of our technical staff to provide those in need within the community with free home maintenance, repair and minor renovation services.

Another way that we can effectively leverage our resources is by providing physical venues to community organisations for a nominal charge. When we plan and develop our properties, we purposely set aside space where we can host arts and culture, education, environmental and volunteer programmes since each of these is a vital part of our goal to create and sustain vibrant communities.

ArtisTree, our 20,000 sq ft multi-purpose venue located at Cornwall House, TaiKoo Place, was built in 2008 to be a cultural resource for Hong Kong. In 2011, it played host to a variety of cultural events, including:

- Paper Tales Exhibition — an exhibition featuring artwork made entirely of paper from 11 local artists, co-presented by the Hong Kong Youth Arts Foundation
- Hong Kong Sinfonietta @ ArtisTree — a series of concerts and talks
- Outside the Box | Frank Gehry — the first ever exhibition in Hong Kong showcasing the works of the acclaimed architect and Pritzker-Prize winner
- What's Next 30 x 30 — a multi-disciplinary art exhibition curated by artist Stanley Wong
- Memories of King Kowloon — an exhibition featuring the distinctive calligraphy of local icon Tsang Tsou-choi
- After Hour Classics by the Hong Kong Philharmonic Orchestra — a series of concerts

The Orange, a multi-function event space located in the heart of our Sanlitun Village development in Beijing, plays an essential role in our goal to make Sanlitun Village a community that integrates art and culture into the lives of Beijingers. With a capacity of up to 500 people and an open layout that can be customised for any type of event, we strive to make The Orange available to community organisations for public events as often as possible.

Since opening in 2008, The Orange has hosted a number of events, including film premieres and art shows. In July 2011, it served as the venue for the “Hong Kong Heritage Tourism Expo — Access Heritage”, a large-scale roving exhibition designed to promote heritage tourism in Hong Kong. Using six heritage tour in Hong Kong, the exhibition introduced visitors to the unique melange of East and West that has defined the rich history of Hong Kong.

Energy Audit for the Swire Institute of Marine Science

In 2008, Swire Properties became the first Hong Kong property developer to provide free energy audits for its office tenants (see [Energy Efficiency in Operating Buildings](#)), helping them to review current energy performance, identify energy saving opportunities and recommend the implementation of appropriate energy management initiatives. In 2010, we extended this service to include the Taikoo Primary School, and in 2011, we continued our efforts by providing an energy audit for the Swire Institute of Marine Science (SWIMS), a Swire-funded research facility of the University of Hong Kong situated on the Cape d'Aguilar Peninsula, on the shores of Hong Kong's only Marine Reserve.

The audit revealed that the total energy consumption of SWIMS was lower than the benchmark set by the Hong Kong Electrical and Mechanical Services

Department (EMSD) for universities. Despite the effective practices that were already in place, we recommended additional energy management opportunities that would result in a reduction in carbon footprint of 19 tonnes per year at the relatively low cost of just over HK\$100,000.⁹



We provided a free energy audit for SWIMS

⁹ Calculation based on the carbon emission factor of 0.79 kg/kWh from The Hongkong Electric Company Limited

Our Value Chain



We strive to extend our sustainable practices to incorporate our entire value chain, which includes our suppliers and our customers.

This comprehensive approach requires us to oversee and manage a wide range of issues, including the ethical conduct of business partners, labour standards

and human rights amongst suppliers, product responsibility and environmental impacts.

Made updates to **Pay for Safety Scheme** to further enhance safety measures

Engaged over **30 tenants** and business partners in support of the Love's Team Charity Bazaar

Helped one of our tenants achieve **LEED-Commercial Interiors** certification — a demonstration of partnership

Supply Chain

As a leading real estate developer, owner and operator, we can leverage our influence to reduce environmental and social impacts across the industry by aligning our goals with those of our suppliers. Along these lines, we have established a Supply Chain Sustainability Committee, chaired by the Head of Technical Services and Sustainability and including representatives from a variety of departments across Hong Kong and Mainland China. These representatives head a number of subcommittees, which are responsible for various supplier relationships.

Supply Chain Sustainability Programme

Through our Supply Chain Sustainability Programme, we seek a commitment to sustainable development from our suppliers. We address sustainability issues and manage risk in our supply chain through a supplier self-assessment, supported by our Supplier Code of Conduct.

We include the Supplier Code of Conduct in our contracts with our most significant suppliers in Hong Kong and Mainland China. In the event of non-compliance, the supplier is contractually bound to submit a corrective action plan and implement it within an agreed period or risk termination of the contract.

Investing in Safety to Minimise Risks

In an ongoing effort to share the responsibility of construction site safety and to effectively influence our contractors, since 1999, Swire Properties has implemented the Pay for Safety Scheme in our construction project contracts. The Pay for Safety Scheme removes the contractor's pricing for site safety from the bidding process and stipulates that pre-priced safety actions be completed by the contractor and paid for by the developer upon their successful completion.

This scheme standardises the level of safety and encourages investment in safety measures by sharing the costs of construction site safety between the contractor and the developer so that the common goals of zero accidents and full compliance with statutory safety requirements are met.

We have made major updates to what is included in the Pay for Safety Scheme in order to further enhance existing safety measures. These updates include the

introduction of site inspection checklist templates and modifications to independent safety audit requirements. In addition, we also added an incentive payment system to award contractors for their outstanding safety performance, so as to encourage them to take further steps to sustain high safety performance.

In addition to these changes in the Pay for Safety Scheme, we also revised our contracts to encourage contractors to adopt certain safety measures. We now recommend that contractors participate in the Real Estate Developers Association of Hong Kong/Hong Kong Construction Association Safety Partnering Programme. We also added a clause that allows us to issue work suspension orders and report contractors that commit serious safety infractions to authorities. These strict requirements are unusual in the Hong Kong construction industry, and they demonstrate the high priority we place on construction safety.

Sustainable Procurement Initiatives

We have extended our Forest Stewardship Council (FSC) certified mixed source paper procurement to include all printing paper, letterheads and business cards, and since 2010, we have switched all our paper to a lighter stock that weighs in at 75 gsm. In selected offices, we procure organic Fair Trade coffee from southern Laos, supporting poor farmers in that region.

For our ongoing development projects in Mainland China, we aim to source materials from suppliers within a radius of 800 km, as they have lower embodied energy and create more local employment opportunities. At TaiKoo Hui, more than 30% of materials were sourced from suppliers in the surrounding 800 km radius.

Sustainable OPUS

At OPUS HONG KONG, the prime residential building on the Peak, 50% of the finishing timber, including the flooring and railings, as well as the timber formwork, came from sustainable sources. Additionally, some amber stone pavers were in fact reused from mock ups.

Customer Focus

We have a longstanding commitment to our customers, and recognise our responsibilities as a product and service provider. Traditionally, these responsibilities include minimising risks from the use of our buildings and protecting our customers' health and safety, but we extend the scope of our customer responsibilities to include the following: providing education and accurate information regarding our facilities and operations, making certain that our marketing information is fair and helpful, and ensuring that our contractual processes are fair and transparent.

Communicating Responsibly

We pride ourselves on the high quality of our marketing and communications. We adhere to local regulations and industry guidelines, including the Consent Scheme of the Hong Kong Lands Department and the self-regulatory regime of the Real Estate Developers Association of Hong Kong (REDA). Marketing materials that include development floor plans, technical specifications and facilities are reviewed and checked for accuracy internally and, if required, externally, to ensure that we do not mislead potential customers or misrepresent our products.

In the purchasing process, we provide public information on the positive environmental aspects of our buildings using third-party assessments such as the Building Environmental Assessment Method (BEAM) and the Leadership in Energy and Environmental Design (LEED), which are the most widely-used assessment and green building labelling schemes.

Our customer databases are managed in accordance with privacy laws and regulations. We take a responsible approach to marketing, and particularly target customers who 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.

Providing Excellent Service

Our customer service mission is to deliver exceptional service with dignity, empathy, accountability and respect. To achieve this, we empower and train our staff to deliver the highest standards of customer service.

We see it as our responsibility to offer superior standards and services so that we can help clients' brands and businesses prosper. In turn, we succeed in retaining a diverse, loyal and multinational clientele, and are better able to anticipate and deliver what tenants need.

"We invited Swire Properties to come talk to us about their sustainability initiatives, which we found very helpful."

Fan Wong, Director, Facilities & Administration, Time Warner



The environmental ratings of our buildings are clearly presented

Partnering With Customers

Our partnerships with our customers offer us a valuable way to effect positive environmental and social change.

We involve our tenants in our community activities, which cover issues such as the environment, health, education, disadvantaged community groups and the arts. Most significantly, we joined hands with over 30 business partners, including tenants, in supporting the Love's Team Charity Bazaar (see [Our Community Ambassador Programme: A Decade of Service](#)), our largest ever Community Ambassador Programme event.

We encourage our tenants to support sustainable practices during their occupancy. In addition to offering them free energy audits (see [Energy Efficiency in Operating Buildings](#)), we also invited them to join many of our specially timed sustainable initiatives, such as Earth Hour, mooncake box recycling and providing charitable donations for events and initiatives.



Earth Hour: We encourage our customers to join us in various environmental initiatives

Helping Our Tenant Achieve LEED-Commercial Interiors Certification

In order to achieve LEED-Commercial Interiors certification, applicants must designate an independent Commissioning Authority to verify that the energy-related systems operate as intended in its space. We worked with CHANEL, one of our tenants in TaiKoo Hui, to help them pursue LEED-CI certification by acting as their Commissioning Authority at no charge. This arrangement helped CHANEL to achieve their environmental objectives, enabled us to nurture our relationship with them and bolstered the overall sustainability of TaiKoo Hui.

"The support we have received from the property leasing team was instrumental in helping us achieve LEED Silver Certification for our boutique in TaiKoo Hui."

Robert Champagne, AIA, LEED AP, General Manager, Regional Store Design & Development, CHANEL Limited

Public Health

We undertake various measures to safeguard public health at our premises. We have systems and procedures in place to ensure that 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 procedures to monitor disease outbreaks, communication systems for tenants and residents, contingency measures for operating our properties as well as business continuity planning.

The image shows a wide-angle, low-angle shot of a multi-story shopping mall. The architecture is modern, with curved balconies and glass railings. A large, rectangular glass skylight is visible in the upper part of the frame, allowing natural light to enter. The ceiling is a complex, perforated metal structure. The ground floor is a polished, reflective surface where several people are walking. In the background, various retail stores are visible, including one with a 'GOONA' sign. The overall atmosphere is bright and spacious.

Sustainability in Action

TaiKoo Hui

In September, we celebrated the opening of TaiKoo Hui, our flagship property in Mainland China. Located in the Tianhe central business district, the mixed-use development integrates a premium shopping mall, two Grade A office towers, a cultural centre and a world-class hotel with serviced apartments, all connected seamlessly to one another as well as to transport networks. TaiKoo Hui incorporates a number of sustainability features into its design, operation and maintenance, and it offers a viable blueprint for our future projects in Mainland China and elsewhere.

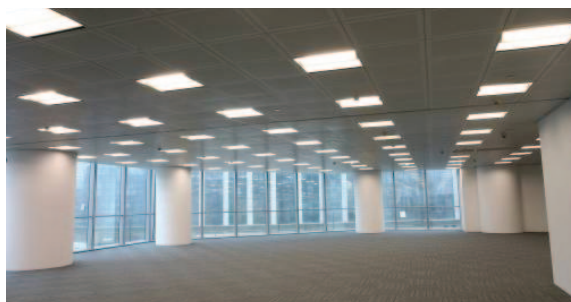
Environment

TaiKoo Hui is our first development on the Mainland that is both wholly designed and managed by Swire Properties. By applying the Integrated Design and Management concept, the project integrates our sustainability hallmarks into every aspect of its operations.

The two office towers each received a pre-certified LEED-CS 2009 Gold standard on the strength of a number of factors, including transport connectivity, an emphasis on recycling and innovation in design (see [Building Rating Schemes](#)). Tower 1 was the first office building in Guangzhou to achieve this rating.

During the design process, we employed Building Information Modelling (BIM), a type of software that facilitates communication between parties involved in the design and building process, to increase construction efficiency and to reduce waste over the duration of the building's lifecycle.

As part of this waste reduction effort, in addition to collecting and storing recyclables, we also make use of a GOMIC refuse compactor, which offers a hygienic and odour-free means of waste management to reduce the total volume of waste.



Energy efficient lighting in office areas will reduce energy consumption

Our use of innovative technologies to achieve sustainable development at TaiKoo Hui extends to energy management and reduction. The design of the shopping mall, with its glass box entrances and atriums, optimises natural light, and the large double-glazed low-e glass curtain walls ensure maximum natural light penetration with minimum energy loss, heat gain and noise. The office areas all adopt a flexible and energy efficient lighting design, saving an estimated 1.3 million kWh of electricity annually.

TaiKoo Hui also includes 86,000 sq ft of green space to reduce the heat island effect as well as a rainwater harvesting system to supply the cooling tower. Additional water conservation efforts include the reuse of air conditioning condensate for the flushing system, which will save an estimated 6,200 m³ of water per year, and the reuse of greywater collected from hotel and office operations for floor washing and flushing.



The glass box entrance makes optimal use of natural light to reduce energy consumption

Social

We designed TaiKoo Hui with the objective of making it a major new landmark in the city of Guangzhou. In addition to its physical linkages with the city, we have taken steps to integrate TaiKoo Hui into the lives of Guangzhou's citizens and visitors.

TaiKoo Hui is a commercial, dining, cultural and residential hub that boasts a year-round programme of promotional events, performances and attractions. Ease of accessibility via public transport or via bicycle through the use of installed bicycle racks enables a wide range of people to partake in the burgeoning community of residents, tenants and visitors.

We engage our various stakeholders at TaiKoo Hui in a number of ways. We employ a professional team of over 300 technical and building management staff dedicated to serving the needs of our tenants across an array of services, including providing assistance when undertaking LEED assessments and working together with tenants to improve their sustainable development performance (see [Energy Efficiency in Operating Buildings](#)).



TaiKoo Hui provides a stage for performances throughout the year

Researchers from our Joint Research Centre for Building Energy Efficiency and Sustainability, a partnership with Tsinghua University (see [Energy Efficiency Research](#)), are in the midst of conducting an energy consumption analysis at TaiKoo Hui in order to identify energy-saving strategies for implementation in the future.

Finally, TaiKoo Hui employees have developed and participated in a number of community initiatives, including educational outreach programmes for underprivileged children at schools across Guangzhou (see [Educational Programmes](#)), the donation of warm blankets to more than 900 needy Guangzhou families and environmental awareness programmes to encourage conservation in the city.

Economic

With a total gross floor area of approximately 3.85 million sq ft, TaiKoo Hui is our largest investment property among the five projects we have in various stages of development in Mainland China.

The 180 shops that make up TaiKoo Hui's shopping mall are fully leased, and 70% of the mall is comprised of international brands, over 70 of which made their Guangzhou debuts.

A major international bank anchors the office space, occupying a full 29 floors, and over 68% of the total office space has been leased. The luxury hotel and accompanying serviced apartments are slated to open at the end of 2012, which will enable TaiKoo Hui to contribute to the economic development of Guangzhou for many years to come.

Membership and Awards

CORPORATE MEMBERSHIP

The Real Estate Developers Association of Hong Kong

Vice President

Executive Committee Member

Hong Kong General Chamber of Commerce

Member of Real Estate and Infrastructure Committee

Vice Chairman of Environment and Sustainability Committee

BEAM Society

Founding Member, Executive Committee Member

Chairman of Technical Review Committee

Hong Kong Green Building Council

Chairman of Industry Standards and Research Committee

Patron Sponsor

Corporate Member

Energy Advisory Committee (Hong Kong SAR Government)

Member

Environmental Education and Community Action Projects Vetting Sub-committee (Hong Kong SAR Government)

Chairman

Working Group of Energy Saving and Carbon Emission Reduction in Buildings (Hong Kong SAR Government)

Member

Environmental Campaign Committee (Hong Kong SAR Government)

Member

Environmental Protection Department (Hong Kong SAR Government)

Signatory to Carbon Reduction Charter

Business Environment Council

Director and Council Member (through our parent company, Swire Pacific)

WWF

Gold Member

The Climate Group

Member (through our parent company, Swire Pacific)

Harbour Business Forum

Patron Member (through The Swire Group)

AWARDS

Agency for Volunteer Service

Corporate Award — The Fourth Hong Kong Volunteer Award

Environmental Protection Department (Hong Kong SAR Government)

Silver Award — Commendation Scheme on Source Separation of Commercial and Industrial Waste (TaiKoo Place)

Silver Award — Commendation Scheme on Source Separation of Domestic Waste (Robinson Place, Taikoo Shing)

Bronze Award — Commendation Scheme on Source Separation of Domestic Waste (Lei King Wan, The Floridian, Westlands Court)

Hotel Investment Conference Asia Pacific (HICAP)

Sustainable Project Design — 2011 Sustainable Hotel Awards (The Upper House)

The Lighthouse Club

2nd Runner Up — Safety Leadership Awards – Architects – Consultants Category

Performance Data Summary

We collect a wide range of data to help us monitor our sustainable development performance and identify areas for improvement.

This year, for the first time, data covering our properties in Mainland China and Swire Hotels has been included in this summary.

HONG KONG

	Unit	2011	2010	2009	2008	2007	2006	2005	2004
Energy use and CO₂e emission									
Purchased electricity	MWh	209,483	229,593	237,306	221,309	223,434	225,564	219,512	209,781
	GJ	754,139	826,535	854,302	796,712	804,362	812,030	790,243	755,212
Indirect CO ₂ e emissions	Tonnes	159,827	171,669	187,317	171,809	177,294	190,939	155,590	148,693
Direct CO ₂ e emissions ¹	Tonnes	2,675	5,126	2,179	-	-	-	-	-
Industrial diesel	Litres	12,097	16,093	15,810	21,670	21,560	26,284	12,797	18,668
Petrol	Litres	22,084	22,055	16,424	17,970	16,467	15,958	16,892	-
Ultra-low sulphur diesel (ULSD)	Litres	57,069	50,996	61,722	61,699	38,512	35,625	21,920	-
Direct energy use (Industrial diesel + Petrol + ULSD)	GJ	3,249	3,172	3,367	3,630	2,732	2,782	1,822	680
Materials used									
Refrigerants containing HCFCs refilled ²	Kilograms	2,257	4,111	3,979	2,266	2,409	4,779	3,320	-
Refrigerants containing HFCs refilled	Kilograms	1,866	3,756	1,478	1,615	2,265	5,395	3,808	-
Paper and paper products	Kilograms	33,348	39,274	37,887	35,570	36,906	33,334	29,859	-
Water use									
Potable water used for cooling	'000 m ³	127	168	168	138	154	135	108	90
Potable water used for properties and landscaping	'000 m ³	297	301	342	316	344	332	251	246
Wastewater reuse and discharge									
Wastewater discharged	'000 m ³	46,387	48,686	50,746	45,914	47,287	49,252	46,900	67,342
Seawater reused for flushing	m ³	250,230	278,509	302,764	213,444	183,130	247,874	144,543	360
Waste potable water reused for flushing	m ³	19,932	22,349	15,646	12,376	11,536	7,153	9,836	12,086
Waste disposal									
Construction and demolition waste ³	Tonnes	5,924	14,743	10,749	8,747	11,547	5,637	1,023	18,710
Commercial / industrial waste	Tonnes	15,646	19,061	18,776	19,143	19,555	19,004	18,695	15,644
Residential / domestic waste	Tonnes	149	148	145	168	266	457	454	363
Grease trap waste	Tonnes	5,736	6,599	5,914	5,654	5,515	5,521	5,166	5,800
Garden waste ⁴	Tonnes	555	287	353	408	460	268	140	52
Waste recycling									
Concrete waste ⁵	Tonnes	1,830	41	-	-	-	210	1,458	1,814
Steel ⁶	Tonnes	532	3,098	1,184	285	300	440	412	6,162
Paper	Tonnes	3,615	3,202	3,378	3,302	3,463	3,373	3,691	3,602
Aluminium	Tonnes	9	9	10	10	12	12	14	13
Plastics	Tonnes	54	69	58	74	86	91	80	28
Waste lubrication oil	Litres	1,403	2,088	3,255	2,843	2,238	3,501	4,122	3,173
Health & safety									
No. of employees		2,211	2,495	2,507	1,992	1,892	1,843	1,801	1,758
No. of reportable accidents (sick leave >3 days)		37	44	34	38	40	47	40	41
No. of hours lost to accidents (sick leave >3 days)		12,482	18,694	23,441	16,936	14,820	17,130	11,631	14,766
No. of fatalities		-	-	-	-	-	-	-	-
Accident rate		16	18	14	19	21	25	22	23
Severity rate		445	649	831	760	695	822	567	738

Notes:

1 Decrease due to the reduced amount of refrigerant use

2 Decrease due to the reduced amount used in Cityplaza Four and Devon House in TaiKoo Place

3 Decrease due to the fact that waste data from the INDIGO development in Beijing was moved to the data summary of Mainland China which follows

4 Increase due to an increase in tree pruning and maintenance work

5 Waste generated due to 92-102 Caine Road project

6 Decrease due to less steel waste generated from 28 Hennessy Road and Pacific Place contemporisation project. In addition, steel waste data from the INDIGO development in Beijing and TaiKoo Hui in Guangzhou was moved to the data summary of Mainland China which follows

Mainland China¹Swire Hotels²

	Unit	2011	2011
Energy use and CO₂e emission			
Purchased electricity	MWh	13,908	20,739
	GJ	50,069	74,660
Indirect CO ₂ e emissions	Tonnes	10,957	16,373
Direct CO ₂ e emissions	Tonnes	43	1,462
Industrial diesel	Litres	1,220	126
Petrol	Litres	14,640	41,173
Town gas ³	Unit	-	239,771
Natural gas ⁴	MJ	-	12,946,524
Direct energy use (Industrial diesel + Petrol + Town gas / Natural gas)	GJ	528	26,604
Materials used			
Refrigerants containing HCFCs refilled	Kilograms	66	-
Refrigerants containing HFCs refilled	Kilograms	-	3
Paper and paper products	Kilograms	10,964	26,563
Water use			
Potable water used for cooling	'000 m ³	41	-
Potable water used for properties and landscaping	'000 m ³	57	126
Wastewater reuse and discharge			
Wastewater discharged	'000 m ³	44	117
Seawater reused for flushing	m ³	-	6,339
Waste potable water reused for flushing	m ³	-	-
Waste disposal			
Construction and demolition waste	Tonnes	18,548	-
Commercial / industrial waste	Tonnes	5,237	1,075
Residential / domestic waste	Tonnes	-	-
Grease trap waste	Tonnes	13,173	2,108
Garden waste	Tonnes	-	-
Waste recycling			
Concrete waste	Tonnes	11.3	-
Steel	Tonnes	138	-
Paper	Tonnes	7.3	50
Aluminium	Tonnes	0.05	1
Plastics	Tonnes	0.09	4
Waste lubrication oil	Litres	-	-
Health & safety			
No. of employees		654	857
No. of reportable accidents (sick leave >3 days)		1	3
No. of hours lost to accidents (sick leave >3 days)		160	656
No. of fatalities		-	-
Accident rate		7	7
Severity rate		106.67	158.48

Notes:

1 Mainland China includes Sanlitun Village in Beijing, 75 Tianhe Road in Guangzhou, various representative offices and new projects currently in development in Mainland China

2 Swire Hotels includes The Upper House, EAST, Hong Kong, The Opposite House and the main administrative office in Hong Kong

3 Town gas is consumed by The Upper House and EAST, Hong Kong

4 Natural gas is consumed by The Opposite House

Objectives and Targets 2011

Our Environment

Lifecycle Management	Adopt integrated design process in new developments from inception through to testing and commissioning and operation	We have adopted this process in our new developments, including in TaiKoo Place's 2A project and the Chengdu Daci Temple project
Carbon	Reduce energy consumption by 9% in 2011 from 2008 levels en route to our 10-year energy reduction target	We have shortened our energy reduction target timeline from 10 to five years in order to accelerate our energy efficiency goal. Our new 5-year target is to reduce energy consumption by 50 million kWh by 2016. As of 2011, we have saved 27 million kWh of energy
	Work towards Building Energy Codes compliance	To comply with Building Energy Codes, mandatory energy audits in existing buildings will be completed by Sept 2012
Operational Improvement	Reduce waste from our operational buildings to landfill by 35% by 2012	We regard influencing behavioural change of tenants as a high priority. We have therefore developed a waste strategy and action plan for each commercial property and implemented various programmes. More importantly, we have developed a new target (see Objectives and Targets 2012 below)
	Start BEAM reassessments for another four operating buildings in addition to the eight buildings that began being reassessed in 2010	Completed BEAM reassessment for 11 buildings and all achieved Platinum Ratings. (Festival Walk was one of the buildings scheduled for reassessment in 2011. After it was sold in Aug 2011, it was removed from the list, resulting in 11 buildings)
	Extend EHS data gathering to operating Mainland China properties	EHS data in China has been included in Sustainable Development Report 2011
	Establish Environmental Management System for operating Hong Kong properties	We completed the gap analysis, documentation and manual preparation in 2011. Training and trial run will start in 2012
	Achieve 5% reduction in paper usage for in-house photocopying and printing	Over 6% reduction was achieved

■ Achieved
 ■ Ongoing
 ■ Not achieved or not yet started

Our People

Employer of Choice	Organise three eco-related awareness events/campaigns for staff	More than three events/campaigns were organised during the year
	Familiarise staff with sustainable development report via briefings/games	Staff were informed of the publication of the report via circular and internal newsletter <i>Cornerstone</i> . Introduction of the report was included in induction training for new employees. Relevant briefings are being organised in 2012
Health & Safety	Lower our recorded accident rate to a maximum 13 reportable accidents per 1,000 employees	Accident rate in 2011 was 16 cases per 1,000 employees
	Implement Safety Management System in operating Mainland China properties	To be completed in 2012
	Launch Office Safety Handbook in company portal	To be completed in 2012
	Conduct corporate Confined Space Assessment (Phase 2)	On-site assessment was completed in 2011 and the reports will be issued in early 2012
	Launch Workstation Safety Video in company portal/intranet for Mainland China staff	Video was launched in company portal in 2011
	Conduct corporate Noise Assessment in operational buildings	Vendor selection and tendering were completed in 2011. The noise assessment will be completed in 2012

Our Community

Tenant Engagement	Develop a community project with active involvement of at least one new tenant that has not participated before	We engaged nine tenants covering a variety of business types in supporting our Love's Team Charity Bazaar in Dec 2011
	Provide free energy audits to office tenants covering 25% of office spaces	We have completed energy audits for 22% of office spaces

Our Value Chain

Supply Chain	Formulate a supply chain monitoring mechanism for tracking supplier compliance with the Supplier Code of Conduct	Options are being evaluated at the Swire Group Supply Chain Sustainability Working Group. We will align with the Group's approach once the mechanism is finalised
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Achieved
 Ongoing
 Not achieved or not yet started

Objectives and Targets 2012

Our Environment

Lifecycle Management	<p>Complete BEAM assessments for the remainder of our HK portfolio (EAST, Pacific Place and Cityplaza shopping malls and PCCW Tower)</p> <p>Complete LEED assessment for INDIGO and TaiKoo Hui</p> <p>Develop an action plan for the top three waste types: paper, food waste and glass</p>
Carbon	<p>Reduce energy consumption by 7.9 million kWh in 2012</p> <p>Reduce energy consumption by 50 million kWh by 2016 from 2008 levels</p>

Our People

Health & Safety	<p>Develop a web-based office safety handbook</p> <p>Conduct noise assessments for noisy workplaces</p> <p>Launch Safety Management System in Sanlitun Village and TaiKoo Hui in Mainland China</p> <p>Strive for zero major injuries</p>
Employer of Choice	<p>Revamp / strengthen training and staff development programmes</p> <p>Based on the findings of stakeholder engagement, review comments from F-grade (frontline and technical) staff and establish appropriate action plans for management approval</p> <p>Review existing policy / benefits entitlement (e.g. paternity and marriage leave, long service award) to maintain our competitiveness in the market and align with other group companies</p> <p>Continue to support work-life balance programmes, e.g. Employee Assistance Programme, Work-Life Balance Week, etc.</p> <p>Engage an additional 300 employees in sustainability initiatives / activities</p> <p>Train and educate retail leasing staff on sustainability issues to drive ongoing communications efforts with retail tenants</p>

Our Community

Community	<p>Identify community needs and strengthen collaboration with business partners for community programmes</p> <p>Leverage the company's retail and office space for charity projects</p> <p>Encourage more staff to participate in community activities</p>
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Our Value Chain

Tenant Engagement	Provide free energy audits to office tenants covering 452,000 sq ft of office space
Supply Chain	Integrate Environmental Procurement Guidelines into Environmental Management System

Verification Statement



Scope and Objective

Hong Kong Quality Assurance Agency (HKQAA) was commissioned by Swire Properties Limited (hereinafter referred to as "SPL") to undertake an independent verification of the Sustainable Development Report 2011 (hereinafter called "the Report"). The Report stated SPL's sustainability performance and efforts made for the period from 1 January 2011 to 31 December 2011. The verification team did not partake in the compilation of the data and information in the Report.

The aim of this verification was to provide assurance on the completeness and accuracy of the information stated in the Report. The Report's coverage of indicators defined in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 3.1 (G3.1) was also assessed to confirm if the A+ application level had been achieved.

Methodology

The process used in this verification was based on current best practices. The Report was reviewed based on the following criteria:

- The principles of completeness, accuracy, neutrality, comparability and responsiveness, as set out in the Institute of Social and Ethical AccountAbility standard AA1000, and
- The Global Reporting Initiative (GRI) G3.1 Guidelines.

The verification procedure included reviewing relevant documentation and verifying the selected representative sample of data and information consolidated in the Report. Raw data and supporting evidence of the selected samples were thoroughly examined.

Conclusion

Based on the outcome of the verification process, the verification team determined that the Report fulfils the A+ application level of the GRI G3.1 Guidelines. The information presented in the Report provided a material and complete representation of the performance of SPL in the context of sustainable development. The verification team confirmed that the Report was prepared based on factual statements and that the data contained within the Report are accurate. It is a fair and honest representation of initiatives, targets, progress and performance on SPL's sustainable development achievements.

Opportunities for improvement on the reporting structure and content are separately submitted to SPL for their consideration on the compilation of future sustainable development reports. It does not affect our opinion on the Report.

Signed on behalf of Hong Kong Quality Assurance Agency

Jorine Tam
Assistant Director
June 2012



Statement GRI Application Level Check

GRI hereby states that **Swire Properties Limited** has presented its report "Sustainable Development Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 19 June 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint circular watermark.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because **Swire Properties Limited** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 11 June 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

Global Reporting Initiative Index

GRI Indicators	References
1. Strategy and Analysis	
1.1 Statement from the most senior decision-maker of the organisation	Chief Executive's message
1.2 Description of key impacts, risks, and opportunities	Our Commitment Corporate Governance and Risk Management Objectives and Targets
2. Organisational Profile	
2.1 Name of the organisation	Contact Us
2.2 Primary brands, products and/or services	2011 Annual Report - Company Profile (P.2)
2.3 Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures	Our Business 2011 Annual Report - Company Milestones
2.4 Location of organisation's headquarters	Contact Us
2.5 Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	About This Report Our Business
2.6 Nature of ownership and legal form	Our Business
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Our Business Corporate website - Business Overview
2.8 Scale of the reporting organisation	Our Portfolio Economic Performance 2011 Annual Report - Company Profile (P.2)
2.9 Significant changes during the reporting period regarding size, structure or ownership	About This Report Operational Overview
2.10 Awards received in the reporting period	Membership and Awards
3. Report Parameters	
3.1 Reporting period (e.g., fiscal/calendar year) for information provided	About This Report
3.2 Date of most recent previous report (if any)	About This Report
3.3 Reporting cycle (annual, biennial, etc.)	About This Report
3.4 Contact point for questions regarding the report or its contents	Contact Us
3.5 Process for defining report content	About This Report Stakeholder Engagement
3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	About This Report
3.7 State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)	About This Report
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations	2011 Annual Report - Portfolio Overview (P.20) Operational Overview
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols	Performance Data Summary
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	About This Report Performance Data Summary
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	About This Report Performance Data Summary
3.12 Table identifying the location of the Standard Disclosures in the report	GRI Index
3.13 Policy and current practice with regard to seeking external assurance for the report	About This Report Verification Statement

4. Governance, Commitments and Engagement

4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	Sustainable Development Structure Corporate Governance and Risk Management 2011 Annual Report - Board of Directors (P.64)
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	2011 Annual Report - Chairman and Chief Executive (P.65)
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	2011 Annual Report - Independent Non-executive Directors (P.73)
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Fair Operating Practices Employee Engagement 2011 Annual Report - Culture (P.69); Investor Relations (P. 71)
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	2011 Annual Report - Remuneration Committee (P.68)
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Code of Conduct 2011 Annual Report - Conflicts of Interest (P.66)
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	2011 Annual Report - Board Composition; Appointment and Re-election; Responsibilities of Directors (P.65-66)
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Our Commitment Fair Operating Practices Our People Corporate website - Our Vision and Values
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	Sustainable Development Structure 2011 Annual Report - Risk Assessment; Management Structure; Controls and Review; Internal Audit (P.69)
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	2011 Annual Report - Delegation by the Board (P.67); Management Structure; Controls and Review (P.69)
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Corporate Governance and Risk Management
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Building Rating Schemes Urban Microclimate and Biodiversity Air Quality
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic	Membership and Awards
4.14	List of stakeholder groups engaged by the organisation	Stakeholder Engagement
4.15	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Stakeholder Engagement
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Stakeholder Engagement

Economic

DMA EC	Disclosure on Management Approach EC	Our Business
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments	Economic Performance

EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Climate Change
EC3	Coverage of the organisation's defined benefit plan obligations	Employee Benefits
EC4	Significant financial assistance received from government	We did not receive significant financial assistance from any government
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation	Supply Chain
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Employee Profile 2011 Annual Report - Directors and Officer (P.72-73)
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement	Energy Leveraging our Resources Partnering for Change
Environmental		
DMA EN	Disclosure on Management Approach EN	Our Environment Environmental Policy
EN1	Materials used by weight or volume	Performance Data Summary
EN2	Percentage of materials used that are recycled input materials	Office operation: Sustainable Procurement Initiatives Over half of the printer cartridges we used in our Hong Kong operations had been recycled and refilled Building materials: Our contractors are responsible for purchasing building materials on our behalf
EN3	Direct energy consumption by primary energy source	Performance Data Summary
EN4	Indirect energy consumption by primary source	Performance Data Summary
EN5	Energy saved due to conservation and efficiency improvements	Energy Efficiency in Operating Buildings
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services and reductions in energy requirements as a result of these initiatives	Energy
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Climate Change
EN8	Total water withdrawal by source	Performance Data Summary
EN9	Water sources significantly affected by withdrawal of water	The water we use is supplied by local governmental water supplies departments
EN10	Percentage and total volume of water recycled and reused	Performance Data Summary
EN11	Location and size of land owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Our activities rarely involve protected habitats or areas of high biodiversity value
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Our activities rarely involve protected habitats or areas of high biodiversity value
EN16	Total direct and indirect greenhouse gas emissions by weight	Performance Data Summary
EN17	Other relevant indirect greenhouse gas emissions by weight	Performance Data Summary
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Climate Change
EN19	Emissions of ozone-depleting substances by weight	Performance Data Summary
EN20	NOx, SOx, and other significant air emissions by type and weight	We do not emit a material amount of NOx, Sox, POPs, VOCs, HAP, stack and fugitive emissions, particular matter, etc. in our business
EN21	Total water discharge by quality and destination	Performance Data Summary
EN22	Total weight of waste by type and disposal method	Waste Management Performance Data Summary We do not use or dispose of a material amount of hazardous matter in our operations

EN23	Total number and volume of significant spills	There were none in 2011
EN26	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation	Energy Waste Management
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	We do not produce or sell a material amount of products with packaging
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Our Environmental Impacts
Social: Labor Practices and Decent Work		
DMA LA	Disclosure on Management Approach LA	Our People / Health & Safety Policy
LA1	Total workforce by employment type, employment contract and region, broken down by gender	Employee profile
LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region	Employee profile
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Employee Benefits
LA4	Percentage of employees covered by collective bargaining agreements	There are no formal collective bargaining agreements in place. However, employees can present their grievances through established channels, where they will be dealt in a timely and effective manner. The grievance system is clearly communicated in the Employee Handbook
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	There is no specific minimum notice period. However, we post circulars to inform our employees of the changes and make sure employees are aware of them
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region and by gender	Health & Safety Unplanned Absenteeism
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases	Health & Safety Customer Focus
LA10	Average hours of training per year per employee by gender and by employee category	Developing Our People
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Developing Our People
LA12	Percentage of employees receiving regular performance and career development reviews by gender	All full-time permanent employees were given a performance appraisal in 2011
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	Employee Profile 2011 Annual Report - Directors and Officer (P.72-73)
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Equal Opportunities
LA15	Return to work and retention rates after parental leave, by gender	100% for maternity leave (currently there are no paternity leave policies in Hong Kong while paternity leave is entitled to staff in Mainland China where we reported 100% retention rate)
Social: Human Rights		
DMA HR	Disclosure on Management Approach HR	Our People / Supply Chain / Supplier Code of Conduct
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns or that have undergone human rights screening	A key consideration when signing investment agreements or entering into joint venture partnerships is that we should work with companies that share our values towards sustainable development, including the protection of human rights. We have included the Supplier Code of Conduct (containing human rights clauses) in our contracts with our most significant suppliers in Hong Kong and Mainland China

HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken	Supply Chain Sustainable Development Report 2010 - Supply Chain Sustainability Programme (P.42)
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Equal Opportunities Over 20% of employees in Hong Kong and Mainland China received trainings on human rights in 2011
HR4	Total number of incidents of discrimination and corrective actions taken	We received no complaints of discrimination in 2011
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	No significant risk was identified. We received no reports on such cases
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	No significant risk was identified. We received no reports on such cases Measures taken to contribute to eliminate the risk: Code of Conduct Our Supply Chain Supplier Code of Conduct
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	No significant risk was identified. We received no reports on such cases Measures taken to contribute to eliminate the risk: Code of Conduct Our Supply Chain Supplier Code of Conduct
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	There were none in 2011. We strictly adhere to equal opportunities regulations and our Code of Conduct
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	There were none in 2011
Social: Society		
DMA SO	Disclosure on Management Approach SO	Fair Operating Practices Our Community
SO1	Percentage of operations with implemented local community engagement, impact assessments and development programmes	Our Community
SO2	Percentage and total number of business units analysed for risks related to corruption	Fair Operating Practices
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	Code of Conduct
SO4	Actions taken in response to incidents of corruption	No such incidents were reported in 2011
SO5	Public policy positions and participation in public policy development and lobbying	Fair Operating Practices Membership and Awards
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	Fair Operating Practices
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	1. An administrative fine of RMB10,000 was levied for late submission of China visa documents for the Hotel Manager in EAST, Beijing 2. A suspension notice was issued on the INDIGO construction site for substandard site management There were a few other cases of fines levied on our operations but they were of minor monetary value and are therefore not included in this table
SO9	Operations with significant potential or actual negative impacts on local communities	No significant potential or actual negative impacts were identified
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	No significant potential or actual negative impacts were identified
Social: Product Responsibility		
DMA PR	Disclosure on Management Approach PR	Health & Safety Customer Focus
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Health & Safety Customer Focus

PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Customer Focus
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	Customer Focus
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	An administrative fine of RMB10,000 was levied on The Opposite House for using an unapproved vehicle as a limousine

Note: Core indicators are marked in bold