Swire properties

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SUSTAINABLE DEVELOPMENT REPORT 2012

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About This Report

In an effort to maximise transparency and optimise communication with our stakeholders, our Sustainable Development Report 2012 continues to adhere to the dynamic "living report" model we established in 2011. In addition to the full text of the report, the living report is updated throughout the year to provide readers with a current picture of our sustainable development activities.

Scope of Report

Our Sustainable Development Report provides an overview of the economic, environmental and social performance of the assets and activities operated by Swire Properties in 2012.

Through this report, we strive to inform and engage our various stakeholders and other interested parties, including employees, shareholders, customers, local communities, government officials, NGOs, members of the 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 2012¹. Since 90% of the GFA of our assets and activities in the UK and the US 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.

Chief Executive's Message

In 2012, Swire Properties marked two milestones. We started off the year with a successful listing on the Main Board of the Stock Exchange of Hong Kong, adopting the stock code "1972" to mark our year of establishment. Appropriately enough, we ended the year with a celebration of our 40th anniversary, commemorating the occasion with an outdoor street party with a charitable component held at TaiKoo Place – Swire Properties' birthplace.

Over the course of our 40-year history, we have taken our philosophy of "building communities" – creating long-term value in the communities we serve – and applied it to a wide range of projects around the world. This comprehensive and integrated approach to sustainable development forms the core of our business decision making, and it is the key to our continued success.

2012 milestones

In 2012, we broke ground on Brickell CityCentre, our new development in Miami, Florida, bringing the large-scale mixed-use development model that we have fashioned over the years in Hong Kong to the US for the first time. The project incorporates a host of sustainable design elements, including resource conservation measures and forward-looking waste management solutions. In addition, Brickell CityCentre's physical connectivity with the surrounding community makes it one of the most pedestrian-friendly projects in the US.

We also celebrated the grand opening of INDIGO in Beijing, a mixed-use development which fuses leisure, shopping, offices and a hotel. We designed and built INDIGO to exemplify sustainable design, and the development incorporates myriad energy efficiency solutions, accessibility to environmentally friendly



transportation, the use of sustainable and recycled materials and the provision of ample green space.

Effecting positive environmental change

As a property developer and manager with interests around the world, we recognise that our business decisions have a lasting and wide-ranging impact on a wide array of communities. Moreover, we understand that through the myriad suppliers along our extensive value chain, we are especially well positioned to effect positive environmental and social change on a wider scale.

We have seized the opportunity to address the threat of climate change by developing and managing resourceefficient buildings, and we have made several steps to significantly reduce our overall consumption of electricity through investments in innovation and by retrofitting existing buildings. Tellingly, although our portfolio grew by 17% from 2001 to 2012, our energy consumption decreased by 5% over that same period. In Hong Kong, the city's limited landfill space will reach capacity by 2020, which has made us acutely aware of the importance of waste reduction. To address the issue, we formed a Waste Management Taskforce in late 2012 with the aim of developing a set of best practices and action plans that will enable us to carry out effective waste management strategies and reduce the waste that we generate within our properties now and in the future.

Nurturing communities

With more than four decades of experience in building communities we understand that the social structure of a community is as important as the physical structures that house it. We work to engage community members at every stage of development to ensure that the best interests of the people who live and work there are reflected in everything that we do.

Furthermore, we continually invest in the community through our support of arts and culture, education and the environment, and we operate our Community Ambassador Programme, which involves our employees in the everyday life of our communities through a range of thoughtfully designed volunteer opportunities. In 2012, more than 1,200 of our Community Ambassadors dedicated 6,000 hours to serving our communities and the people within them in Hong Kong and Mainland China. This forms part of our broader effort to engage our valued employees in every aspect of our sustainable development approach.

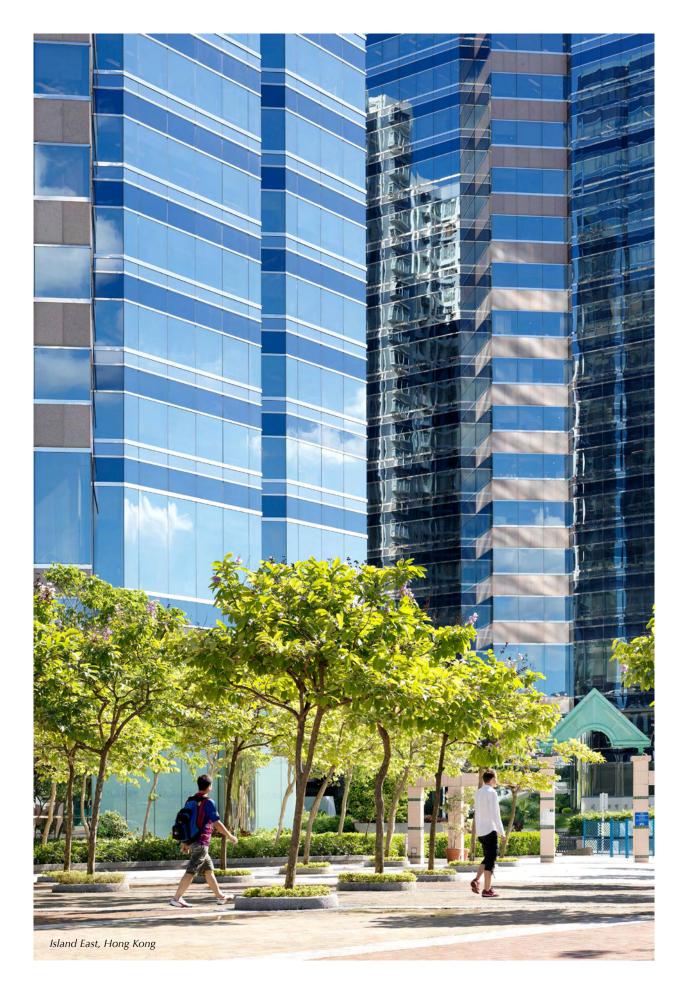
We also work to revitalise existing neighbourhoods, giving them renewed life and a sense of purpose. In 2012, we completed work on the Old Wan Chai Revitalisation Initiatives, a public-private partnership that aimed to modernise the historic neighbourhood around Star Street in Wan Chai while paying homage to the district's rich heritage. The newly revamped neighbourhood fuses the best of old Hong Kong and new, and is in many ways a reflection of the legacy of the Swire name in the city where our parent company was founded in 1816.

Emphasising transparency and accountability

As we enter a new era as a publicly listed company, we will strive to improve our emphasis on transparency and accountability for the benefit of our shareholders, our tenants, our customers, our employees, our communities and the general public. In this regard, this report is but one part of a continuing dialogue with our various stakeholders, and I welcome your feedback, suggestions and ideas.

Mark

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\$237,060 million, span Hong Kong, Mainland China, the UK and the US.

Our business comprises three main areas:

- Property investment development, leasing and management of commercial, retail and residential real estate as a long-term investment
- 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 nurture and improve our portfolio through continuous exemplary service, maintenance and enhancements, which allow 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 where we operate.

For more than 40 years, we have conceived, designed, developed and managed commercial and residential projects that have positively transformed and revitalised neighbourhoods. We continue to do this today, creating mixed-use developments comprising dynamic spaces where people can live, work and gather. We match our visionary projects with a strong sense of tradition and heritage, and we work to rejuvenate old urban districts and historical sites by incorporating them into new residential and commercial hubs with ample public space to augment the life of the surrounding neighbourhood.

Property development innately requires a long-term focus that spans generations rather than years, which is why we prioritise sustainable economic, environmental and social practices and tie them closely together with our corporate mission, strategy and activities.

Fast Facts		
HK\$14,052 million revenue	HK\$6,945 million underlying profit	25.1 million sq ft of GFA
40 years of history	1,196 hotel rooms	4,800 employees

Our Portfolio

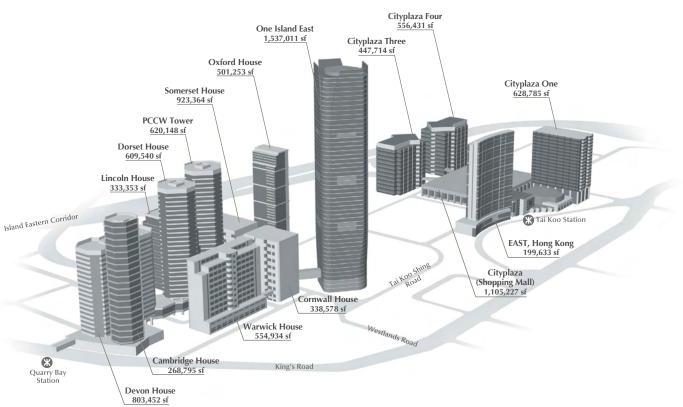
Swire Properties' property portfolio comprises office, retail and residential developments, supported in many cases by serviced apartments and hotels. Approximately 20.9 million sq ft of our portfolio is now complete, with 8.7 million sq ft currently under development or held for future development.

In Hong Kong, our portfolio comprises approximately 15.3 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, Chengdu, Guangzhou and Shanghai. Outside Hong Kong and Mainland China, our investment property portfolio comprises interests in hotels in the UK and Miami in addition to the Brickell CityCentre project in Miami.

Further information about our portfolio can be found in our 2012 Annual Report.

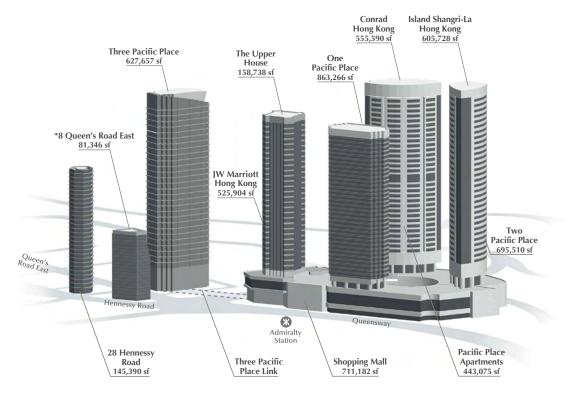
HONG KONG



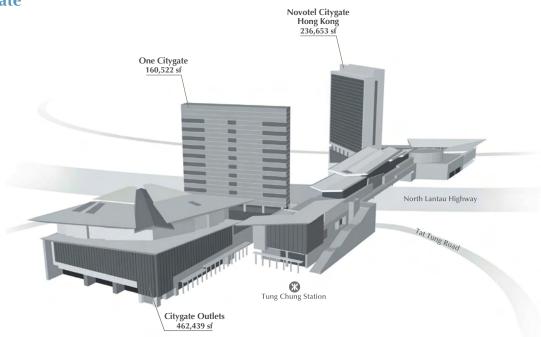
Note: These diagrams are not to scale and are for illustration purpose only. Information as of 30 June 2013.

Island East

Pacific Place

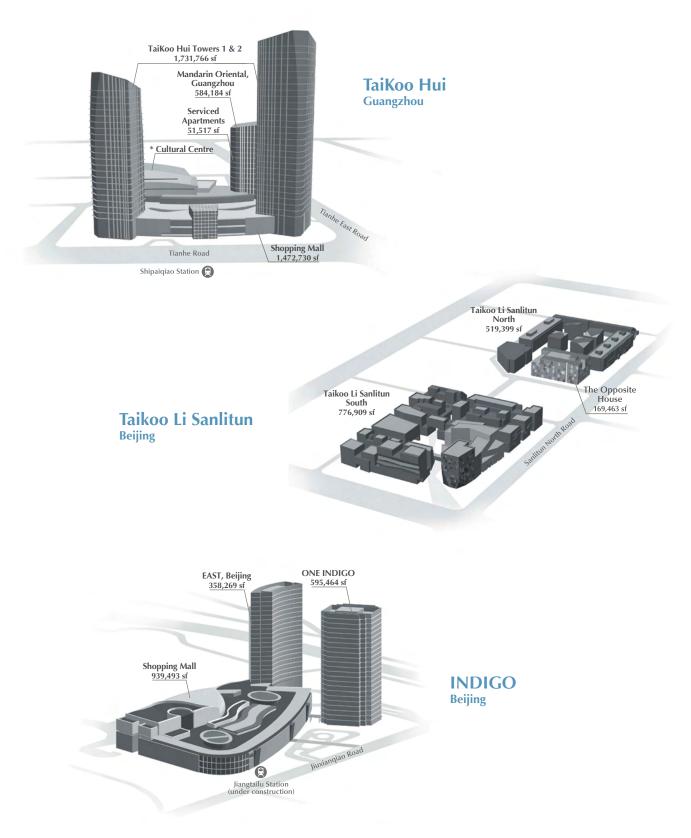


Citygate



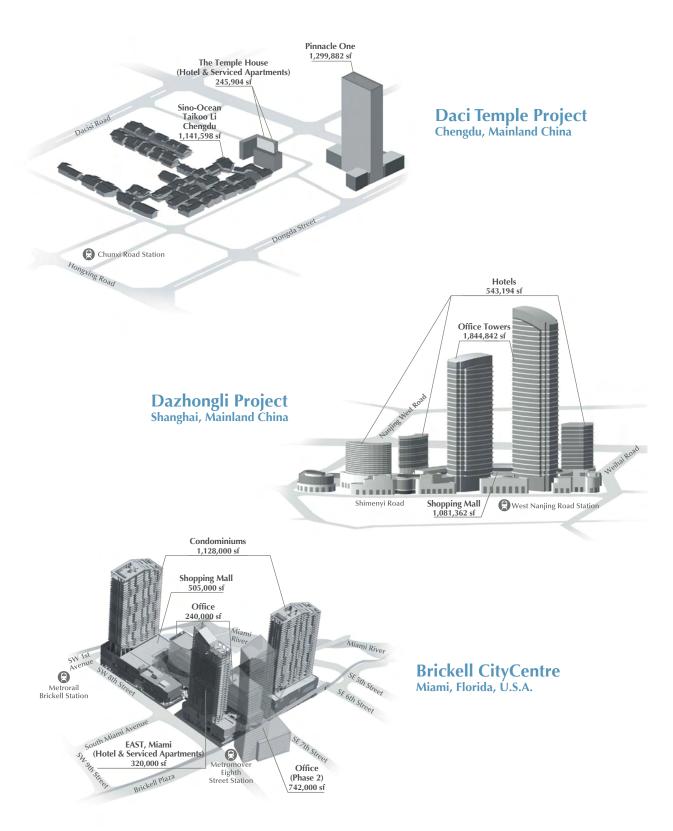
*Under development Note: These diagrams are not to scale and are for illustration purpose only. Information as of 30 June 2013.

MAINLAND CHINA



*Under development Note: These diagrams are not to scale and are for illustration purpose only. Information as of 30 June 2013.

FURTHER DEVELOPMENTS



*Under development

Note: These diagrams are not to scale and are for illustration purpose only. Information as of 30 June 2013.

Operational Overview

In 2012, we marked a number of operational milestones.

JANUARY



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 and enables us to raise funds from equity capital markets should the need arise.

MARCH



OPUS HONG KONG, the first residential project in Asia designed by architect Frank Gehry, was completed. Developed and managed by Swire Properties, OPUS HONG KONG exemplifies sustainable architecture in its conception and design with features that include cross-ventilation, the use of sustainably sourced timber for more than half of the development's total timber and widespread greening, which covers more than 30% of the site area.

JUNE



We broke ground on Brickell CityCentre, our new large-scale mixed-use development in the heart of Miami, Florida (see New Projects and Sustainable Design). Spanning 5.4 million sq ft of GFA, this is the largest private sector venture of its kind in the city's history, and it marks the first time that we are deploying our proven mixed-use development model in the US. Construction work for the first phase of the project commenced in 2012, with completion scheduled in the latter half of 2015.

SEPTEMBER



INDIGO in Beijing, our mixed-use development featuring a mix of shopping, leisure, business and hospitality, marked its grand opening (see Sustainability in Action). INDIGO is the first joint venture project between Swire Properties and Sino-Ocean Land, and it comprises a total of 1.89 million sq ft, including a 935,000 sq ft shopping mall, a 25-storey Grade A office tower, and EAST Beijing, a lifestyle business hotel offering 369 rooms and suites.

DECEMBER



We celebrated our 40th Anniversary with a street party held at TaiKoo Place in Island East, where the company was founded in 1972. With the theme of giving back to the community, our "Happy 40th Street Party" included live entertainment from local and international performers, games and various charitable activities.



2012 also saw the completion of the sales of 98 units at AZURA, our premium residential development at 2A Seymour Road in Mid-Levels West. This latest project features a fanshaped layout that affords each of the 126 total units widespanning harbour and city views. Together with our nearby ARGENTA residential project due to complete in 2013, we have added new highlights to the existing Mid-Levels West area.

Economic Performance

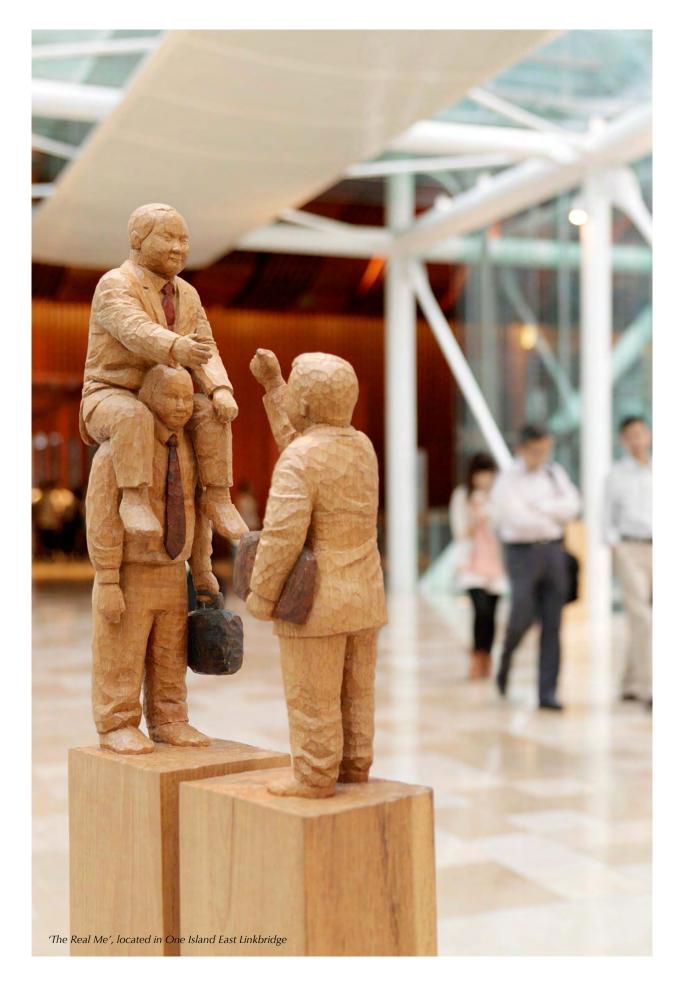
We believe adding economic value goes beyond simply delivering competitive returns. It also includes providing rewarding jobs, creating valuable products and services, paying taxes and contributing to the community through participation, sponsorship and charitable donations.



* Excluding valuation gains on investment properties

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 2012 our business recorded an increase of HK\$2,560 million in underlying profit. Profit growth in 2012 was largely due to an increase in profits from property trading of HK\$1,905 million, primarily attributable to the sale of residential units at AZURA in Hong Kong. Profits from property investment increased by HK\$474 million, due to higher rental income in Hong Kong, an improvement in performance at Taikoo Li Sanlitun in Beijing and the first full year contribution from TaiKoo Hui in Guangzhou. These profits were partially offset by loss of rental income from Festival Walk following its disposal in August 2011 and pre-opening expenses at INDIGO in Beijing.

For more information on our operation and economic performance, please refer to our 2012 Annual Report.



Our Commitment

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

We believe that incorporating a sustainable outlook and philosophy into everything we do and along every stage of the development process ensures the wellbeing of our company and the communities in which we do business.

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



Through continual monitoring of our sustainable development approach and the needs of our stakeholders, we identified the following key areas which guided our business decision-making in 2012:

- Lifecycle Management adopting a holistic standard in managing sustainable aspects across the whole lifecycle of a building or development
- **Carbon Management** striving to achieve further reductions in energy consumption and greenhouse gas emissions
- Tenant Engagement broadening our dialogue and partnership with tenants to engage them with our sustainability initiatives
- Becoming an "Employer of Choice" attracting and retaining talent through career development, and providing an environment in which staff can realise their full potential
- Stakeholder Outreach and Input sharing our sustainable development vision and initiatives with our stakeholders and gathering their input
- Supply Chain reinforcing our suppliers' commitment to sustainable development
- Financing Intangible Initiatives encouraging the allocation of resources to promote sustainable development initiatives with intangible values

The following are the policies that guide our corporate sustainability:

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

Sustainable Development Structure

Our Sustainable Development Steering Committee (SDSC) is responsible for balancing social, economic and environmental risks and benefits in our business decision-making process and for monitoring our performance. The SDSC is convened by the General Manager of Technical Services and Sustainability and includes our Chief Operating Officer, representatives from Human Resources & Administration, Development & Valuations, Projects, Portfolio Management and Swire Hotels. In order to facilitate the sharing of best practices across the Swire group, the Head of the Sustainable Development Office of John Swire & Sons (H.K.) Ltd. 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.

Swire Properties is governed by a Board of Directors, which has responsibility for the strategic leadership and control of the company and its subsidiaries, with the company goal to maximise shareholder value while taking due account of the broad range of stakeholder interests. For more information on our corporate governance, please refer to our 2012 Annual Report.

We are committed to ensuring that our affairs are conducted in accordance with high ethical standards. This reflects our belief that, in the achievement of our long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, we believe that shareholder wealth will be maximised in the long term and that our employees, our business partners and the communities in which we operate will all benefit.

Corporate governance is the process by which the Board of Directors instructs management of Swire Properties and its subsidiaries to conduct its affairs with a view to ensuring that its strategies are fulfilled. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to shareholders
- that the interests of those who deal with the company are safeguarded
- that overall business risk is understood and managed appropriately
- the delivery of high-quality products and services to the satisfaction of customers
- that high standards of ethics are maintained

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 approvals and construction, changes in government policy and regulations, and unplanned disruptions to our operations. Our decisions are guided by our enterprise risk management framework, which is managed by our Finance Department. We take a precautionary approach, recognising that effective risk management is central to continued growth and profitability.

Fair Operating Practices

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

Our Company 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 2012. We are open to scrutiny and we have channels for feedback open to all shareholders, customers, suppliers, contractors and employees.

We actively participate in public policy development on sustainability in a number of ways, including responding to government consultation requests and public forums and contributing to various institutions and membership organisations (see Membership and Awards).



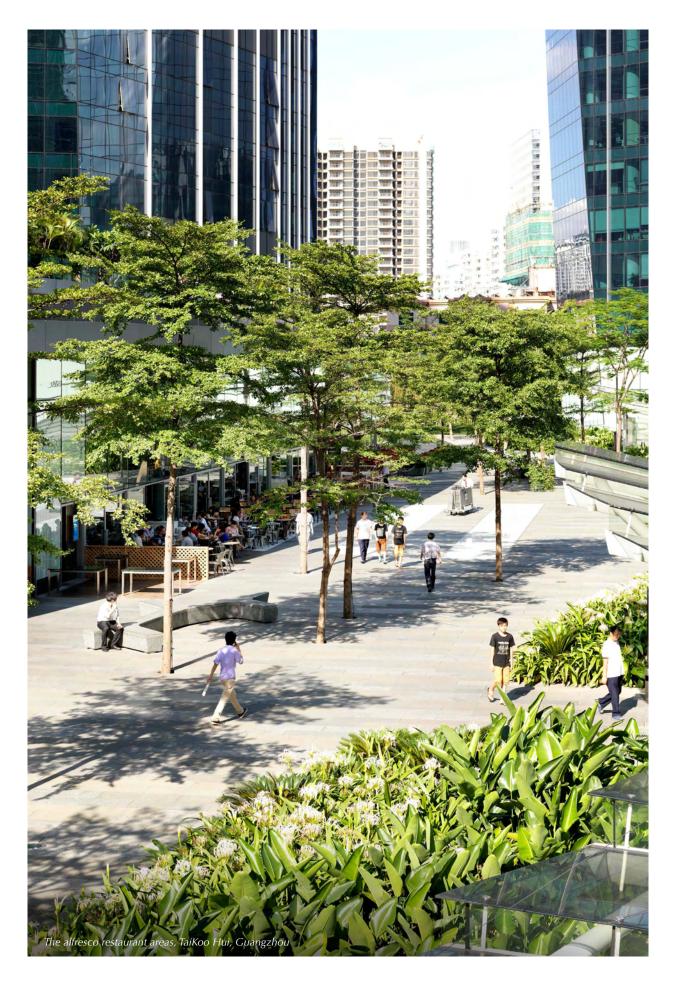
Stakeholder Engagement

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 better understand 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 plan targets different stakeholder constituencies each 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.

For this report, we convened a number of focus groups and surveyed all those who took part in the engagement exercise. Our objectives were to understand stakeholders' perceptions and expectations of sustainability, identify material issues and determine how to better align our sustainable development strategy with the interests of our stakeholders through improved internal and external communications and collaboration. Several important observations and insights emerged from this engagement exercise:

- While there are positive perceptions of Swire Properties' overall sustainable development performance, we need to communicate more regularly and proactively with staff, tenants and tenants' retail customers about our sustainable development activities
- Waste management, energy, air quality and noise are the top environmental issues among our stakeholders
- Tenants want to be able to provide input about our sustainable development practices so that they can consider whether they wish to adopt them
- External stakeholders are pleased with Swire Properties' services, crediting good service to great management
- Our stakeholders appreciate our efforts in sustainable development, but they expect us to formulate a more systematic approach to related issues, and they would welcome greater engagement and collaboration opportunities to find solutions to common challenges



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 this by minimising our use of natural resources, reducing or preventing pollution, managing waste effectively and integrating environmental considerations throughout the entire lifecycle of our facilities.

Environmental responsibility is a key element of our commitment to sustainable development, which is guided

Performance Overview

- Achieved a 5% decrease in energy consumption, despite a 17% portfolio size increase
- Led the way in completing mandatory government energy audits for all our wholly owned investment properties close to a year ahead of schedule
- Established the Recycling Zone in TaiKoo Place to streamline our waste management and significantly reduce waste sent to landfill
- Recycled 6,900 m³ of water at Three Pacific Place, and will implement a plan resulting in 160,000 m³ of water savings at TaiKoo Place
- ONE INDIGO was certified LEED Platinum and ONE INDIGO Mall was certified LEED Gold

Our Environmental Impacts

Property development and management is inherently associated with a range of environmental impacts, including:

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

In order to assess and mitigate our environmental impacts, we continually monitor them 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.

It is our goal to comply with or exceed environmental regulations and requirements related to our operations and developments, and we encourage our employees, contractors, suppliers and customers to take ownership of their environmental responsibilities.

by the Swire Pacific Sustainable Development Policy and

key environmental principles. We rely on these guidelines

to inform our decision-making and management

processes and to shape our company culture.

In 2012, despite taking extensive precautions, two construction sites experienced tree damage. At one site where we had successfully retained and protected over 400 trees, we were held responsible by the local District Lands Office for the death of four trees due to supposed "interference" from construction works, and at another site, a tree was inadvertently felled during ground investigation works by the contractor. Further protective measures to the cluster of preserved trees within this site were reinforced with enhanced fencing.



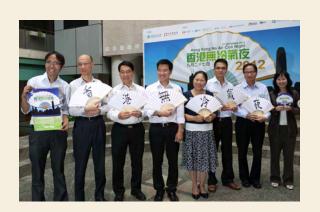
We strive to proactively reduce our greenhouse gas emissions, and we are continually refining our capabilities and expertise in the design and operation of our properties to help reduce greenhouse gas emissions by guiding the decisions and actions of our stakeholders.

The electricity we use in our Hong Kong operating portfolio is our most significant contribution to greenhouse gas emissions, accounting for 169,000 tonnes of carbon dioxide equivalent CO_2e in 2012². We are committed to improving our energy efficiency while encouraging our stakeholders to do the same. Since 2001 we have achieved an annual average saving of 35 million kWh of electricity, which is the equivalent of the annual electricity consumption of 10,000 Hong Kong households. Moreover, the greenhouse gas emissions from our portfolio in 2012

Hong Kong No Air-Con Night

Through our sponsorship of and participation in "Hong Kong No Air-Con Night", an energy saving campaign organised by local NGO Green Sense, we encouraged our employees to reduce carbon dioxide emissions by turning off their air-conditioners for a 12-hour period spanning 27 and 28 September. In this case, small changes can make a big difference: switching off a one horsepower air conditioner can save up to one kWh of electricity over eight hours, equivalent to 5.6 kg of carbon dioxide emissions. remained at 2001 levels despite our portfolio increasing by about 17% in terms of GFA over the same period. The electricity we use in our Mainland China operating portfolio accounted for 16,000 tonnes of carbon dioxide equivalent CO_2e in 2012² and we have achieved an annual average saving of 5 million kWh of electricity since 2011.

Through Swire Pacific, we provide the Carbon Disclosure Project, a UK-based NGO, with a detailed annual analysis of our climate change strategy, as well as risks and opportunities emerging from our greenhouse gas emissions. In addition, Swire Hotels has continued its support of Cathay Pacific's FLY *greener* programme, offsetting the carbon emissions from the inbound journeys of guests who travel on either Cathay Pacific or Dragonair and are members of the airline's loyalty programme.



Clean Air Drive

In December, we sponsored and provided one of our electric cars for Clean Air Drive, a parade featuring zero-emission modes of transportation. The event was part of a global initiative called " CO_2 Green Drive", which has taken place in over 20 cities since its inception in 2009 and sponsored by Clean Air Network, an independent NGO that encourages the public to speak out against the health impacts of air pollution. This year's Clean Air Drive was the first time an event of this kind has been held in Hong Kong or China.

The fleet of electric vehicles and bicycles travelled along a ten-kilometre route to spell out the word "AIR". The

aim of the parade was to demonstrate the viability of zero-emissions transportation modes and showcase them as a solution to the high levels of roadside air pollution that threaten public health.



² Calculation based on carbon emission factor derived from information in the 2012 Sustainability Report published by CLP Holdings and the Hongkong Electric carbon calculator



Hong Kong Energy Efficiency Strategy Milestone

2003	Began to adopt knowledge-based energy management, which has enabled us to enhance the energy efficiency of the central building services installations within our portfolio by 19% from the 2001 baseline, with a target of 27% by 2016.
2006	Spearheaded Best-in-Class energy efficiency study benchmarking with 21 peer companies globally in combatting climate change.
2008	Began offering free energy audit services to our office tenants. Established Research Funds with universities to explore best practices in building energy efficiency.
2009	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.
2010	Signed the World Business Council for Sustainable Development Manifesto for Energy Efficiency in Buildings.
2011	Reviewed our long-term energy management strategy and shortened our energy reduction target timeline from 10 to 5 years in order to accelerate our energy efficiency goal. Joint Research Centre for Building Energy Efficiency and Sustainability established with Tsinghua University.
2012	Despite a steady expansion of our portfolio, we reduced our annual energy consumption by 23 million kWh since 2008 and achieved total accumulated savings of HK\$174 million. We brought forward our energy reduction target to 40 million kWh per year by 2016. Joined 17 leading Hong Kong companies as well as the Business Environment Council in signing the Climate Change Business Forum Energy Pledge, which encompasses a commitment to reduce energy consumption and carbon emissions.
2013	New 2020 Energy Reduction Pledge - aim to reduce our annual energy consumption by 52 million kWh per year from the 2008 baseline by 2020 – equivalent to the amount of CO ₂ removed from the atmosphere by planting 1.7 million trees.

Over the longer term, as our portfolio continues to expand, our total energy consumption is anticipated to decrease by 2020, which is attributable to our ongoing energy savings efforts, including the retrofitting and optimisation we have done in eliminating energy waste.

In order to work towards these long-term energy efficiency goals, in 2012 we:

- Expanded our energy management coverage to include both hotels and commercial complexes, gas and electricity, air-conditioning and lighting systems, and our properties in Hong Kong as well as those in Mainland China
- Completed mandatory energy audits required under the Hong Kong Government's Building Energy Efficiency Ordinance – for all our wholly owned investment properties by October, which was close to a year ahead of the schedule stipulated by the ordinance
- Broadened our social commitment and extended our voluntary energy audits for tenants to include some non-profit making organisations (see Free Energy Audits for Tenants and Non-Profit Making Organisations)

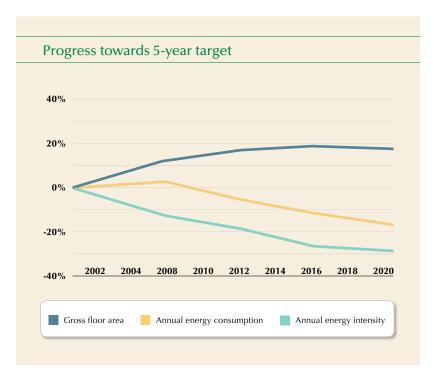
Energy Efficiency Across Our Portfolios

We are working to achieve our target to reduce energy consumption by 40 million kWh by 2016 through optimising the performance of the plant and equipment in our properties and by adopting various energy efficiency initiatives. By the end of 2012, we had reduced energy consumption by 23 million kWh from the 2008 baseline, equivalent to the annual electricity consumption of 6,500 Hong Kong households, which puts us halfway towards our 2016 target for our Hong Kong portfolios. Based on our energy savings achievements to date, we are in the process of extending our timeline to 2020 and formulating further goals and targets.

By focusing on energy efficiency, our energy consumption in 2012 was 5% lower than a baseline established in 2001 despite a 17% increase in the size of our total property portfolio during that period.

We also fund energy efficiency research to explore advanced and practical approaches for building energy efficiency and to identify opportunities for decreased current and future energy consumption in our developments. In 2012, in the second part of a three-year contribution, we provided US\$1 million to the Joint Research Centre for Building Energy Efficiency, a partnership with the Building Energy Research Centre of Tsinghua University.

This partnership encompasses our ongoing study of integrated design and management methodologies, allowing us to apply solutions and conduct energy efficiency studies at our new developments in Mainland China (see Sustainability in Action).



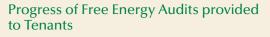
In Hong Kong, we won a Certificate of Merit in the highly competitive Green Innovations Awards organised by the Hong Kong Awards for Environmental Excellence (HKAEE). The award recognised our pioneering duct static pressure reset application, which helps regulate temperatures in commercial buildings while reducing power consumption. This innovative device has quickly become one of the most effective ways to improve energy efficiency in modern buildings, helping us reduce the total power consumption in Cityplaza by 23%, with a payback period of one year.

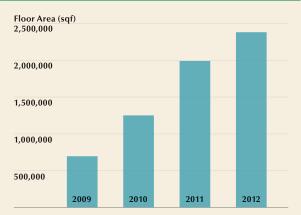
Additionally, our shopping malls were among the 80 shopping malls that participated in the Energy Saving Charter organised by the Hong Kong Government's Environment Bureau and Council for Sustainable Development. We pledged to maintain an average indoor temperature of between 24 and 26 degrees centigrade from June to September to promote energy saving, and we also invited tenants to take part in the initiative.

Free Energy Audits for Tenants and Non-Profit Making Organisations

Since 2008, we have offered free energy audits to our office tenants to help them better understand their usage patterns and identify energy-saving opportunities.

In addition to our own tenants, we decided in 2011 to extend free energy audits to non-profit making organisations. In 2012, we carried out an energy audit of Island House, located in Yuen Chau Tsai, Tai Po. The building, which was built in 1905, is a gazetted historical monument that is now used by WWF Hong Kong as a Conservation Studies Centre to promote environmental and cultural heritage education. Our audit revealed that while WWF has efficiently managed their energy usage, further reductions to electricity and water usage could be made. Accordingly, we made recommendations to WWF.







Our 2012 achievements

Free energy audits conducted for tenants occupying 2.38 million sq ft of office space, which identified annual potential energy savings equivalent to over 2.54 million kWh and 2,200 tonnes of CO₂e³

Our 2013 commitment

Provide free energy audits to office tenants covering 2.83 million sq ft of cumulative office space, which is more than one and half times the size of Victoria Park in Hong Kong

"I would like to convey my gratitude towards Swire Properties for the pro bono energy audit service to WWF's Island House Conservation Studies Centre... The report helped my education team to understand more about the centre's energy consumption pattern and possible ways to further reduce energy use." Adam Koo, CEO, WWF-Hong Kong

EAST, Hong Kong Rolls Out Innovative Energy-Saving Solutions

EAST, Hong Kong, the original incarnation of our EAST brand of lifestyle business hotels, incorporated a number of innovative energysaving solutions in 2012. To reduce total gas consumption, the hotel retrofitted a gas heat pump, and to save energy, the hotel reduced the maximum water temperature in guest room bathrooms by 3 degrees centigrade and adjusted the room temperature to a standard, optimal temperature during the winter months, with individual heaters provided upon request.

At Sugar — EAST, Hong Kong's rooftop bar, deck and lounge all gas heaters were changed to electric heaters, which lowered total energy consumption while maintaining the comfort of patrons.



³ Calculated by using a carbon emission factor of 0.7 kg/kWh and by taking into account the air conditioning energy reduction by the landlord resulting from tenants' energy saving initiatives.

Reduced Energy Use Though Energy Efficient Lighting

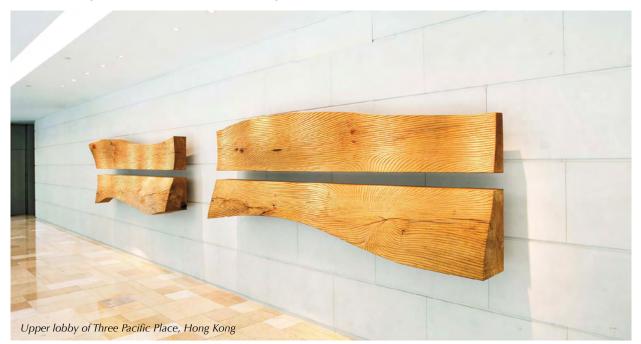
Lighting plays a major part in energy consumption across our properties, and updating and reconfiguring lighting systems helps us reduce energy use. To reduce lighting energy consumption, we explore various energy efficiency initiatives to enhance the lighting systems of existing buildings through retrofitting the lighting equipment and lighting controls.

At TaiKoo Place, we are installing occupancy sensors in the majority of restrooms and stairwells. In addition, we have replaced T8 fluorescent lamps with more energy efficient T5 lamps and LEDs. We changed all corridor and back-of-the-house lights at The Opposite House to LEDs with overall energy savings of more than 353,000 kWh per year, or the amount of carbon absorbed by almost 12,000 trees⁴.

At Three Pacific Place, we replaced the halogen lamps with LED lamps in office public areas, reducing the lighting power density by 50% with overall estimated energy savings of 64,000 kWh per year, which will offset over 50 tonnes of CO_2e and the burning of more than 200 tonnes of coal⁵. To ensure public safety and to save an estimated 4,000 kWh per year, we installed occupancy sensors on refuge floors that can be activated during daytime hours. We switched from T8 to T5 fluorescent lamps on car park floors and removed excess lighting along the driveway, resulting in estimated energy savings of more than 53,000 kWh, equivalent to the carbon sequestered by more than 1,820 trees in one year⁴.



Lower lobby of Three Pacific Place, Hong Kong



⁴ Calculation 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

⁵ Calculation based on information derived from the HK Electric Sustainability Report 2011 (pg.20)



Building Rating Scheme

Building rating schemes such as the Building Environment Assessment Method (BEAM) and the Leadership in Energy and Environmental Design (LEED) set a benchmark of comparison for commercial tenants, buyers, investors and employees. We support such schemes as positive reinforcements for sustainable development in the building industry, and we continually strive to achieve the highest LEED certification or BEAM Plus rating for each of our new projects.







Our 2012 achievements

Completed BEAM assessments for our Hong Kong portfolio

- EAST, Hong Kong (BEAM Version 4/04 for New Buildings, Gold rating)
- DUNBAR PLACE, our residential development project in Ho Man Tin, Kowloon (provisional BEAM Plus Version 1.1, Gold rating)
- 28 Hennessy Road, our 28-storey office tower in Wan Chai close to Pacific Place (BEAM Platinum rating under BEAM Version 4/04)

Completed LEED assessments for INDIGO in Beijing and TaiKoo Hui in Guangzhou

- ONE INDIGO office tower (LEED Core & Shell 2.0, Platinum rating)
- INDIGO shopping mall (LEED Core & Shell 2.0, Gold rating)
- TaiKoo Hui office Tower 1 and Tower 2 (LEED Core & Shell 2009, Gold rating)

Our 2013 commitments

Conduct BEAM assessments for our commercial and residential developments:

- OPUS HONG KONG and AZURA (BEAM Version 4/04 for New Buildings)
- Cheung Sha Residential Development Project, Tong Chong Street Development Project, and 33 Seymour Road (BEAM Plus Version 1.1 for New Buildings)

Complete LEED assessment for Sino-Ocean Taikoo Li Chengdu

LEED ND 2009: Gold (Stage 2), PRC Green Star: 2 Star (Design Stage)



) Sustainable Design

For our new and recently built developments and redevelopment projects, we have been able to integrate sustainable design from the initial planning stage and onwards. This means that these projects embody a total commitment to sustainability from the way they are designed and constructed to the way they fit into the fabric of the surrounding community.

Redevelopment Projects

As part of a broader commitment to redeveloping our existing properties to increase public accessibility and

New Projects



28 Hennessy Road

We performed a carbon audit of the construction works in order to pinpoint greenhouse gas emissions resulting from the construction activities and selection of materials. Using the results of the audit, we have strengthened our carbon footprint database, and we are better equipped to manage future construction projects in a low-carbon manner. In addition, we installed an oil-free chiller which uses magnetic bearing technology with high speed impellers, resulting in higher energy efficiency. Compared to a traditional chiller which uses oil as a lubricant, the oil-free chiller is expected to use approximately 10% less energy at a total cost savings of HK\$155,000 per year.

TaiKoo Hui

Our newly opened flagship property in the heart of Guangzhou integrates a shopping mall, two Grade A office towers, a cultural centre and a fivestar hotel with serviced apartments. The property's various sustainability features include an 86,000 sq ft rooftop garden that serves to also reduce the internal temperature of the retail podium below, as well as doubleglazed low-emissivity glass curtain walls, which draw in natural light while minimising energy loss, heat gain and noise.

During a visit to TaiKoo Hui this year, Sean Tomkins, CEO of the Royal Institute of Chartered Surveyors (RICS), said, "I see not only a beautifully crafted mixeduse property, but also a strong commitment to sustainability investment, from the top management all the way down to the frontline team and extended to the suppliers and clients."

INDIGO

INDIGO, our third project in Mainland China, was designed and built as an embodiment of sustainable practices, and we operate and maintain it accordingly (see Sustainability in Action).

open space, our planned TaiKoo Place Redevelopment project will incorporate a large landscaped and publicly accessible community space and a traffic improvement scheme, to create a pedestrian-friendly environment for the community.

This redevelopment project will centre around the transformation of three industrial buildings into two Grade A office towers. This is expected to be one of the company's biggest investments in a development project in a decade. We target to begin the redevelopment in the third quarter of 2013 and expect to complete it by 2017.



Brickell CityCentre

Situated in the heart of downtown Miami, Brickell CityCentre is poised to be a dynamic example of urban redevelopment where mixed-use buildings create a wellbalanced neighbourhood with opportunities to work, live, shop and socialise in an established community. The development will comprise a luxury shopping centre, two condominium residences, a 264-room hotel, 87 serviced apartments and two office towers in a single master-planned development.

In many ways, Brickell CityCentre, our first mixed-use development in Miami and largest single project in the city to date, is a signature Swire Properties project: it is easily accessible by mass transit, is fully integrated with the surrounding neighbourhood, has a diversity of uses and embodies sustainable design. It will be the largest urban mixed-use LEED neighbourhood project in the Southeast US.

The core of the project's design is the 150,000 sq ft Climate Ribbon, an elevated trellis system that physically connects various parts of the development for pedestrians and provides overhead shading, water collection and solar energy. This feature, combined with mass transit connectivity and the availability of facilities for cyclists, makes Brickell CityCentre one of the most pedestrian-friendly projects in the US.

In addition to its connectivity, the development's sustainable design incorporates a series of water management and conservation features, which will reduce potable water by 20%. We are also working towards optimising energy use within the development, with the aim of reducing energy consumption by 10% across all buildings.

Our commitment to sustainability spans the entire life of all our projects, beginning at the design phase and leading into construction. As we build Brickell CityCentre, we are working to minimise the amount of construction waste sent to landfills by at least 75%, and we are sourcing a range of recycled, sustainably sourced and low-emitting materials.

Brickell CityCentre's purview extends beyond its own borders by engaging the local community to ensure that their feedback is incorporated during the construction and development process. It is this type of innovation and diligent planning that establishes Brickell CityCentre as a model of sustainability.





Waste Management

Waste in Building Operations

To help our tenants and customers manage and reduce waste, we offer a variety of waste management programmes on our premises, including a comprehensive recycling scheme.

To more effectively reduce waste generation at source, we conduct public awareness campaigns and provide an adequate number of recycling bins on our premises. We work together with our tenants and our cleaning and waste management contractors to increase waste recovery and reduce disposal. For example, in 2012 the Recycling Zone at Warwick House in TaiKoo Place was renovated to allow more systematic and effective recycling by tenants and contractors so that recyclable materials can be easily sorted in tenants' offices and then quickly processed and recycled.

We have also been working on developing a comprehensive food waste programme that results in usable compost. At the end of 2012, a composter with a handling capacity of 100 kg of food per day was put into service at the Dorset House Refuse and Food Waste Handling Room in TaiKoo Place. The composter is in its trial period, with food waste provided by Butterfield's, our private club in TaiKoo Place, and the resulting compost provided to our subsidiary landscape company to be used as soil conditioner throughout our developments in Hong Kong.

One Island East, Pacific Place and TaiKoo Place are also part of a glass recycling programme organised by the Hong Chi Association, a social enterprise which collects glass from our premises and transports it to a recycling facility where it is crushed into glass granules as a substitute for natural river sand and then recycled into eco-bricks, which are eventually used as building blocks.

Our commercial properties in Hong Kong participate in the Hong Kong Environmental Department's Commendation Scheme on Source Separation of Commercial and Industrial Waste while our residential properties participate in the Commendation Scheme on Source Separation of Domestic Waste. These schemes recognise buildings that perform well in increasing the quantity of recyclables recovered and reducing the

Materials that can be recycled:

- metal, plastic, paper
- glass
- electronics
- fluorescent tubes
- batteries
- furniture, clothing, books
- cooking oil

amount of waste requiring disposal (see Membership and Awards).

food waste

seasonal items

(mooncake tins,

Christmas trees,

Chinese New Year

trees and flowers)

In addition, Swire Properties was one of 33 organisations to receive recognition from the Secretary for the Environment for its outstanding environmental performance, and was invited to participate in the Summit of Community Participation Programme in Collaboration with District Councils.

Our 2012 achievements

• Waste management taskforce created to develop 2013 action plan to tackle top waste types: paper, plastic, aluminium and food waste

Our 2013 commitments

- Waste management taskforce to develop 2013 action plan to tackle waste
- All commercial centres to join Hong Kong Awards for Environmental Excellence's Wastewi\$e Scheme with the aim to achieve Wastewi\$e Label of "Class of Excellence" within 12 months





Waste Management

Partnership with Food Angel

Every day in Hong Kong, approximately 3,200 tonnes of food is wasted. In an attempt to cut our contribution to this wastefulness, we began a partnership this year with Food Angel, a Hong Kong-based food rescue and assistance programme, to donate food items from our annual dinner to those in need.

Based on Food Angel's donation guidelines, selected surplus food items were prepared and made into individual meal boxes. The meal boxes were then delivered to Food Angel's recipient agencies to benefit people in need. This year's annual dinner resulted in the donation of 17 kilograms of food, which benefited 40 people.

Waste Management Taskforce

With Hong Kong's limited landfill space due to reach capacity by 2018, waste reduction has become a top priority for the community. As such, we want to do our part to meet the needs of our stakeholders as we collectively work to reduce waste.

In November, the first meeting of our newly formed Waste Management Taskforce took place to address the issue, come up with a set of best practices, develop a cooperative strategy and action plan and implement effective waste management strategies.



Across our Hong Kong commercial portfolios, we currently have varying types of recycling facilities, programmes and equipment, and we plan to develop uniform recycling practices to which our cleaning contractors can adhere.

The Taskforce has begun identifying gaps in our waste management practices so that we can adopt a waste management system that significantly reduces the waste generated within our properties.





Swire Hotels: Reducing food waste one guest at a time

The Upper House (Café Gray Deluxe)

Instead of throwing away shells, bones and vegetable skins, these leftover food products are used to make stocks and soups. In addition, orange skins are used to make petit fours, and fish trimmings are formed into new fillets.

EAST, Hong Kong

EAST, Hong Kong is the first hotel in the city to use a food waste decomposer. Distinct bins are used to collect waste in the kitchen and staff canteen. After the waste is collected, all organic waste is sent to the

TaiKoo Hui at Green Seminar 2012

The Ministry of Commerce of the People's Republic of China invited Swire Properties –the sole representative from Hong Kong – to give a presentation at the China International Green Innovative Products & Technologies Show 2012. Alongside government officials, business representatives and industry experts from China, Singapore, Japan and Korea, we presented our philosophy of and experience in waste management and sustainability, as demonstrated by our work on TaiKoo Hui.

We incorporated sustainability principles throughout the planning and design phase and the development of TaiKoo Hui, and we have since adopted an advanced waste management system that includes the use of a GOMIC refuse compactor, which offers

Waste in the Construction of New Buildings

Waste management considerations play a central 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 and adhere to waste management plans, and our contracts stipulate approved waste disposal sites and methods for different types of waste. Our contractors are also required to keep detailed records of what is disposed of and what is recycled during construction. decomposer, which turns food waste into water and carbon dioxide.

Additionally, to improve waste management performance, food order quantities are strictly monitored to avoid overstocking and food storage is closely monitored and tracked to avoid unnecessary spoilage. Relatedly, small portions are provided along the buffet line to discourage guests from wasting food, and uneaten food from the buffet table and takeaway counter is taken to the staff canteen.



a sanitary, odour-free way of storing garbage while saving space and labour.

At the green seminar, using TaiKoo Hui as an illustrative case study, we shared our sustainable development practices for commercial property and waste management, showcasing our emphasis on environmental protection as a key component of our sustainable philosophy across our portfolios.

Our residential project at 23 Tong Chong Street in TaiKoo Place required the demolition of an 8-storey building, which resulted in approximately 1,696 tonnes of demolition waste. In line with the project's waste management plan, 73% of the waste was recycled, with 78% of construction aggregate being reused in other projects. Other recycled waste materials included brick, bamboo, metal, paper, plastic and timber.



Since our land and properties are predominately situated within urban environments, we have not implemented a strategic biodiversity plan. We do, however, comply with government requirements related to biodiversity, including the Environmental Impact Assessment Ordinance and the Nature Conservation Policy.

Given 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 green and sustainably produced seafood. In August, Café Gray Deluxe, the celebrated restaurant at The Upper House, rolled out a new Ocean-Friendly Menu comprised exclusively of dishes made with sustainable seafood with the assistance of WWF-Hong Kong. This complements Café Gray Deluxe's efforts to minimise food waste and to serve sustainably sourced food, including local produce and meats.



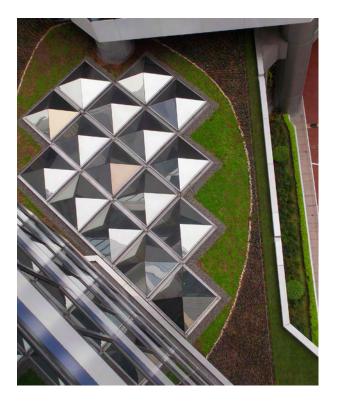




Urban Microclimate

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 through landscape planning and urban greenery in order to mitigate the urban heat island effect. Furthermore, we are continually seeking opportunities to further enhance greening in our existing buildings.

At our 33 Seymour Road project, we have included a single- and double-sided vertical green wall between the outside footpath and the building façade, and at TaiKoo Place, we have installed a green roof between Dorset House and Devon House.





Noise and Acoustics

We aim to comply with noise regulations at all times and take remedial action in the event of noncompliance. 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 our residential project located at 23 Tong Chong Street in TaiKoo Place, we have worked to minimise noise pollution during the demolition and building phases. The project site is located in an area with heavy pedestrian traffic and is adjacent to residential buildings, so to reduce the environmental impacts to the surrounding community, we used a breaker and a hydraulic crusher during demolition since these minimise the amount of dust and noise and can complete the process in a relatively short amount of time. During construction, we used a Giken Silent Piler for the sheet piling works. Using this hydraulic method was more efficient and produced significantly less noise, vibration and dust than the commonly used and cheaper percussive piling method, therefore minimising the impact on the neighbourhood.





Indoor Air Quality

We maintain high standards of indoor air quality (IAQ) in our buildings, and 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 2012, public areas in nine of our buildings received Excellent Class certifications as part of the Hong Kong Government's IAQ Certification Scheme for Offices and Public Places, which recognises good management practices.

"Apart from building good façade and creating a good atmosphere for tenants, Swire Properties does well in noise managment, and indoor air quality is never an issue." C.Y. Ngan, Controller, Customer Relationship Management Department, Chinese Arts & Crafts (H.K.) Ltd.





During construction, we work with our contractors to ensure that their activities do not negatively affect local air quality and we require that they submit an environmental management plan which contains air quality control measures to manage emissions, including regular collection and monitoring of air samples and reporting of any emission levels that exceed 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 in 2005, and we have continually taken appropriate measures to implement the Charter's statement of commitment.



Throughout our operations, we apply a number of watersaving measures. At several buildings at TaiKoo Place, we have completed works that enable us to reuse bleed-off water and rainwater as flush water and condensate drain water as cooling tower makeup water. In addition, we completed a study that explored the reuse of condensate water, rainwater and bleed-off water in several buildings at TaiKoo Place, which uncovered potential water savings of 160,000m³.

At Three Pacific Place, condensate is collected and delivered to the cooling towers as makeup water. Each year, 6,900m³ of water is collected for this purpose.



Our People

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

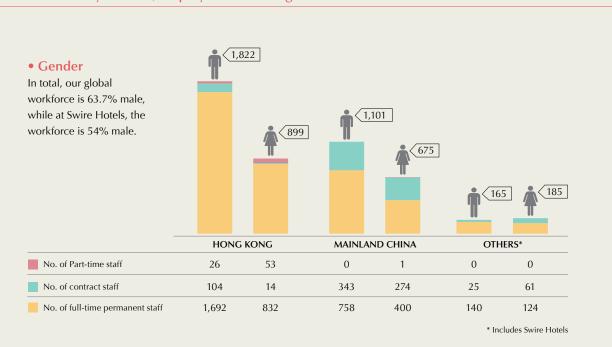
Attracting and nurturing talent is imperative to our continued leadership. Our approach is underpinned by various policies covering training and development, labour practices, human rights and workplace health & safety. These policies are outlined in our Company Code of Conduct and our Employee Handbook, 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.

Employee Profile

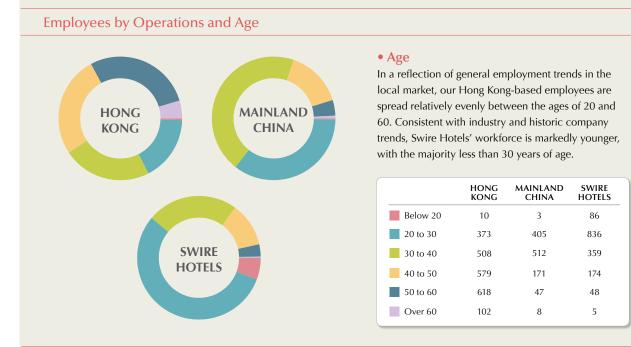
We employ more than 4,800 people across Hong Kong, Mainland China, the UK and the US. The majority of our employees are hired locally, with 52% based in Hong Kong on a full-time permanent basis. Our workforce grew by approximately 20% between 2011 and 2012 due primarily to our increasing workforce in Mainland China.

Performance Overview

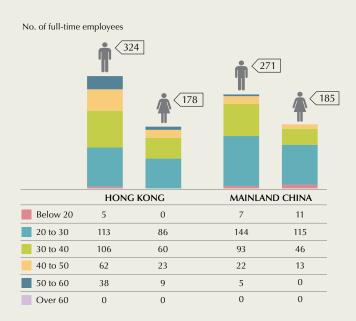
- Organised over 672 in-house professional development courses, totalling 95,580 training hours
- Completed 1,229 potential confined space risk assessments within two years
- Organised luncheon talks attended by 248 employees covering various topics such as parenting, stress management and environmental awareness
- Extended the Safety Management System to portfolios in Mainland China



Workforce by Gender, Employment and Region



Employee Turnover by Age, Gender and Region



• Turnover

The rate of turnover among all employees across our operations was 22.3% – slightly higher than in 2011. This increase is partly explained by the shortage of experienced and talented workers in the property development and management field as a result of the recent industry boom as well as the perennial and ongoing problem of retaining younger workers (who are prone to job-hopping).

To address turnover, we continually work to identify ways to recruit and retain talent (see Recruiting and Retaining Employees).

Note: Excludes UK Employees

Unplanned Absenteeism

	HONG	KONG	MAINLAN	ND CHINA
	Ť	Ť	Ť	Ť
Number of Actual Days Lost	9,026	4,441	1,921	2,410
Absenteeism Rate (%)	1.87	2.16	0.72	1.48

• Unplanned Absenteeism Unplanned absenteeism in 2012 was slightly higher than 2011, with 4.9 days per full-time employee across our operations.

Note: Excludes UK Employees

Developing Our People

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

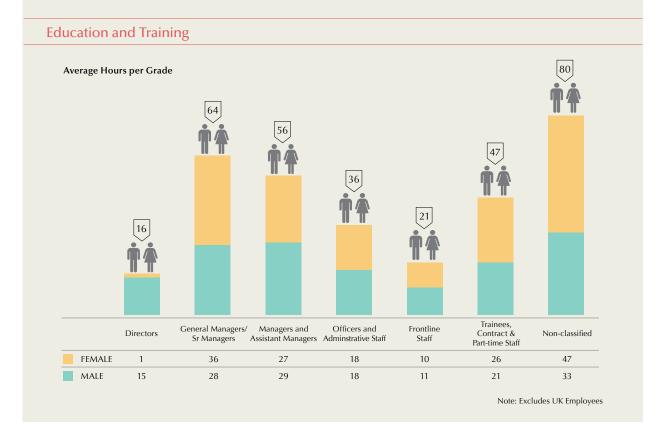
We organise training programmes for our trainees in building surveying, engineering and management, and Swire Hotels runs the Swire Hotels' International Management Trainee Programme. Depending on the scheme, our training programmes are either two or three years in duration, and upon completion, we provide our trainees with specially designed career paths. In 2012, 13 new trainees joined our training programmes.

In 2012, our Training and Development Team organised over 672 in-house professional development courses in Hong Kong, Mainland China and at Swire Hotels covering customer service, individual professional skills, management development, operations, language and leadership. We encourage our employees to develop their skills and abilities by:

- providing financial assistance
- granting examination and study leave to take relevant external courses or professional qualifications
- reimbursing membership fees for employees who join professional organisations recognised by Swire Properties

Our employees attended 95,580 recorded hours of training in 2012, an average of 28.65 hours per employee.





The Swire Leadership Programme advances the capabilities of our employees at each stage of their career. The programme nurtures future leaders, educating them about the latest management tools and helping them to develop a strong leadership 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 comprises an annual employee self-assessment and a dialogue with their manager that focuses on motivation, coaching and development. The system assists employees in setting development goals and monitoring their performance, and it guides the decisions of management staff with regard to succession planning and identifying further staff development opportunities. Performance appraisal training sessions are also provided to clarify the evaluation process.

Our 2012 achievements

- Revamped the Building Management Training Programme based on operational needs
- Strengthened leasing staff understanding on sustainability issues, such as Green Buildings Assessment Schemes, to facilitate ongoing communication with retail tenants

Our 2013 commitments

- Strengthen support to various departments by offering training solutions and retraining programmes to employees
- Co-operate with Employees Retraining Board for tailormade training programmes for younger employees
- Enrich the training and development curriculums for Swire Properties technical trainees to better equip them with team management and people development skills
- Build up the "Leading at SPL" training and development roadmap in order to address our business needs as well as employees' individual development needs

Newly Revamped Supervisory Skills Workshop

Managers and supervisors face a constant onslaught of challenges. Not only do they play a key role in motivating employees and increasing their work efficiency, but they also have to contend with customer and client expectations, competition within the industry and an increasingly diverse workforce with a higher number of younger recruits.

In recognition of these challenges, our Training and Development team revamped the Supervisory

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, and we nurture and develop our employees by offering career development opportunities and by promoting overall wellness both personally and professionally.

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

In 2012, we introduced a range of measures that respond to and address the needs and concerns of staff.

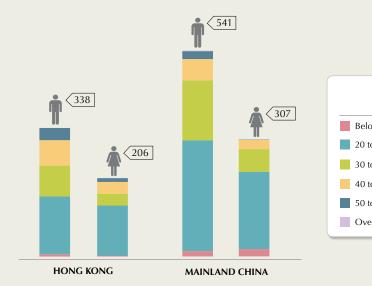
Skills Workshop this year to offer further training to managerial staff on developing their leadership and management skills. Notable changes include new training modules such as "Role of a Supervisor", "Effective Communication", "Positive Interpersonal Relationships", and "Motivate Others to Perform". This format encourages more interaction between participants, and focuses on the practical application of these skills in the workplace.

These included:

- Introducing a centralised recruitment process for the building management team to shorten the hiring process from 21 to 13 days
- Introducing an attendance allowance for staff members who join mid-month
- Engaging additional clinics where retirees can attend medical check-ups
- Conducting monthly employee compensation case updates for the benefit of the risk management team
- Conducting comprehensive annual salary reviews
- Participated in retraining programmes organized by NGOs to provide employment opportunities to the general public



New Hires by Age, Gender and Region



		NG NG	MAINLAND CHINA		
	MALE	FEMALE	MALE	FEMALE	
Below 20	6	1	14	19	
20 to 30	152	133	291	203	
30 to 40	81	31	158	60	
40 to 50	67	31	56	24	
50 to 60	32	10	21	1	
Over 60	0	0	1	0	

Note: Excludes UK Employees

Wellness Programme at Swire Hotels

In line with the caring atmosphere we provide to guests at Swire Hotels, we introduced a wellness programme in 2011 to help our employees enjoy enriched personal and professional lives. In 2012, we extended this initiative into a month-long programme in October.

During the month, Swire Hotels organised several after-work activities, including a cooking competition involving the International Management Trainees and the Executive Management Group as well as a Halloween-themed bowling night.



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 sessions. 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.

Code of Conduct

Our Company 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 feedback 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 2012, we conducted induction training workshops related to the Code for over 247 new employees, including both office and frontline staff. The workshops covered a range of topics, including equal opportunities in the workplace. In addition, we organised refresher sessions on proper grievance procedures and our Human Resources & Administration Department served as a neutral arbitrator for internal staff disputes.

Employee Engagement

We believe in the importance of fostering a sense of community and teamwork within our workforce, and we are committed to engaging our employees in a variety of ways.

Our 2012 achievements

Reviewed feedback from the findings of our stakeholder engagement, and established appropriate action plans including:

- Organised targeted briefing sessions for frontline and technical staff - topics included Communication/ grievance procedures, Equal Opportunities, Code of Conduct and MPF – employee choice arrangement
- Organised staff activities on both weekdays and weekends to enable more participation by frontline and technical staff
- Engaged an additional 300 employees in sustainability initiatives/activities, with over 600 employees engaged in total

Our 2013 commitments

- Continue to support employee wellness initiatives, including the Employee Assistance Programme and Luncheon Talks on a broad range of wellness topics
- Revamp internal intranet and enhance its use as a channel for more effective internal communication, including a monthly CE message to provide staff with improved access to corporate information



We encourage our staff to participate in social and environmental activities to strengthen their relationship with the community and with each other. Through our Community Ambassador Programme (see Partnering for Change), our employees volunteer at various community events and programmes. We also organised a "Family Day with Tree Planting" activity for our colleagues at TaiKoo Hui in Guangzhou and at INDIGO, Taikoo Li Sanlitun and Swire Properties' office in Beijing.

In Hong Kong, we hosted luncheon talks throughout the year led by various companies and organisations and attended by 248 employees. These included:

- "Grow Food at Home", presented by Kadoorie Farm and Botanic Garden
- Wine and cheese tasting presented by Swire Hotels
- Acupressure self-treatment workshop
- Antarctic expedition presentation by Swire Cola-Cola
- Personal financial planning workshop presented by the Securities and Futures Commission

In addition, we organised a day trip to the Flower World Organic Farm, which was established by local NGO The Hong Kong Helping People Association to benefit people in need. Participants learned about the methods and benefits of organic farming and participated in a range of related activities.

CornerStone, our bimonthly employee newsletter, highlights the personal and professional achievements of our employees as well as Swire Properties' latest activities and milestones, news and sustainable development initiatives. After 13 years of being circulated solely among internal staff, an interactive web version of *CornerStone* in English, Traditional Chinese and Simplified Chinese is now being distributed to external stakeholders in Hong Kong and Mainland China, offering updates on our latest news and activities.

Saving Energy at Home, One Watt at a Time

We have organised an annual Power-Save Competition since 2009 to encourage a low-carbon lifestyle and to recognise colleagues who do their part to contribute to energy savings. Entrants are asked to submit their electricity bills from July to August of successive years, with the person who saves the highest percentage of energy from one year to the next declared the winner.

This year, the winner saved an astounding 88% of energy year on year. Together, the participants in this year's Power-Save Competition saved 8,058 kWh — the equivalent of 5,420 kg of carbon dioxide emissions. To put that in perspective, 236 trees would have to be planted to offset those emissions.



Sustainable Development Quizzes

We work to actively educate our staff about our sustainable development activities and initiatives through a series of publications and activities. Among these is the *Sustainable Development Report Digest*, which is distributed to employees across our operations. In 2012, we organised a series of quiz games around the four digest issues, each of which focused on different aspects of our sustainable development approach. More than 300 employees joined the quizzes, with participation trebling between the first and fourth quiz games.

Environmental Training for New Employees

As part of our induction training for new employees, we offer various sessions that cover relevant disciplines. In 2000, we began offering an environmental induction training programme, which educates employees and makes them aware of the environmental factors that impact our business as well as the initiatives and measures that we have taken to mitigate our effect on the environment. This training programme also covers our broader sustainability approach so that new employees can immediately grasp the central role sustainability plays in our everyday operations. We believe that each of our employees is integral to the successful execution of our sustainability principles, and by training new hires, they can immediately embody our belief system and help us achieve our overarching objectives.

In 2012, 247 new employees took part in this training programme.

Employee Benefits

In addition to competitive remuneration, we offer our employees a comprehensive benefits package, including medical care, retirement benefits and a discretionary performance bonus for all full-time permanent employees, commensurate with their job grade. We compensate employees with overtime pay, as defined in their employment contract, although we try to minimise overtime work whenever possible.

In Hong Kong, we operate a retirement benefit scheme under the Occupational Retirement Schemes Ordinance (ORSO), which is exempt from the Mandatory Provident Fund (MPF) Scheme, and we allow all new full-time permanent employees in Hong Kong to choose between the two schemes. In November, the Hong Kong Government introduced MPF Employee Choice Arrangement, and we invited a representative to brief employees on its details.

We partner with an external consulting firm to provide Employee Assistance Programme (EAP) services to all staff in Hong Kong. These services include confidential support, advice and counselling from a team or experienced social work, counselling, management and clinical psychology professionals either through a 24-hour hotline or in person, during or outside of office hours.

Our 2012 achievements

- Reviewed benefits for frontline and technical staff and introduced hospitalisation benefits starting from 1 January 2013
- Increased maternity leave to 12 weeks for all staff starting from 1 January 2013

Our 2013 commitments

 Review existing compensation package and policy/benefits entitlement to enhance our competitiveness in the market (e.g. medical benefits for dependents of frontline and technical staff)

Employee Assistance Programme Staff Orientation

In order to familiarise our office staff with our Employee Assistance Programme (EAP), we held an orientation session that outlined the services available and the circumstances under which staff members might consider using them. Using a mixture of real-life examples and brief lectures, the orientation session reassured staff of the presence of this 24-hour confidential resource and answered lingering questions about how and when to access it.

Health & Safety

The safety of our employees, tenants, contractors and the communities that use our facilities is our highest priority. 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 and a Safety Working Group that oversees our Mainland China properties, ensuring that safety requirements and procedures are standardised across our portfolios.

Our 2012 achievements

• Launched Safety Management System at Taikoo Li Sanlitun and TaiKoo Hui in Mainland China

Our 2013 commitments

• Develop and launch web-based safety handbook

In 2012, to meet internal review requirements, we revised our Health & Safety Policy, which was originally established in 2003 to comply with our SMS regulations. This revised policy has been updated to reflect our increasingly global operations and to align with the Occupational Health & Safety Policy of Swire Pacific, with which it should be read in conjunction. Our Health & Safety Policy is available on the internet, on the company intranet and on bulletin boards in workshops and common rooms throughout our portfolios.

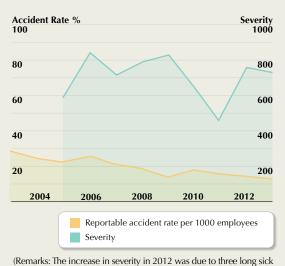
In 2012 we also initiated the establishment of OHSAS 18001, the leading occupational health & safety management systems standard. By aligning our SMS with OHSAS 18001 and by implementing an auditing process, we can more effectively oversee and control our health & safety performance measured against an existing, objective standard.

Our 2013 commitments

 Achieve OHSAS 18001 accreditation for operating portfolios in Hong Kong

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. 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

Staff Accident Statistics of Operating Portfolios (HK)



leave cases which happened in 2011 and extended into 2012.)

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 & safety obligations. In addition, when accidents or incidents occur, the health & safety team investigates the circumstances and issues a detailed report, including an examination of the root causes and recommendations for improvement.

Our 2013 commitments

 Strive for zero major injuries throughout Hong Kong and Mainland China portfolios, as we fell short of our 2012 target with two major injuries recorded

Our concern for safety is not limited to our employees. We are committed to applying sustainable practices throughout our entire value chain (see Our Value Chain), and this includes 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.

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.

Mount Parker Residences Safety Promotion Initiative

Maintaining safety at construction sites is an ongoing challenge in Hong Kong, with accident statistics over the past 10 years remaining unchanged. To address this, since 1999 Swire Properties has implemented the Pay For Safety Scheme to share the responsibility of construction site safety and to influence our contractors to take greater measures to protect workers, without regard to cost. The 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.

Along these lines, at our new residential project in Quarry Bay, Mount Parker Residences, we have established a safety promotion initiative that promotes investment in resources that contribute to site safety performance. We work with the construction contractor to identify critical safety risks, such as working at height — the leading cause of fatalities among construction workers in Hong Kong during the first three quarters of 2012 — and we develop a visible awareness campaign aimed specifically at workers who are most at risk, including those who work at height and on the exterior portions of the building. The initiative includes presentations and programmes with incentives for attending, and demonstrates our commitment to construction safety.

Risk Assessment

Rigorous health & safety protocols are integrated into our risk management system. As our portfolio continues to grow, 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 carries out routine duties, many of which require working in confined spaces, such as sump pits, manholes and water tanks. To cope with our continued portfolio expansion and to comply with updates to the relevant legislation, in 2010, we commissioned a two-year confined space assessment



project. This assessment identified all potential confined spaces in our Hong Kong portfolio, assessed hazards and risks from working in those spaces and provided updates to our confined space working procedures.

The project, which was completed in early 2012, included 1,229 locations within Cityplaza; EAST, Hong Kong; Pacific Place; The Upper House and TaiKoo Place.

In addition to the assessment, a confined spaces exercise and drill was conducted at Cityplaza for various members of our technical and building management teams. The session covered safety procedures, protocol, and rescue procedures in the event of an emergency.

Comprehensive Noise Assessment

In line with the Hong Kong Labour Department's Factories and Industrial Undertakings (Noise at Work) Regulation, we employed an external safety consultant to conduct a comprehensive noise assessment of 113 areas across our Hong Kong commercial and residential portfolios. The assessment included identifying contractor workers and technical staff who are exposed to noise hazards, gauging sound levels and making recommendations on mitigating any noise risks.

Health & Safety Awareness

To complement our existing health & safety mechanisms, we encourage all employees to identify and report perceived hazards. In order to provide the necessary guidance, we include a health & safety awareness component into our induction training for our frontline employees, and we require them to complete this safety

Drawing on Safety

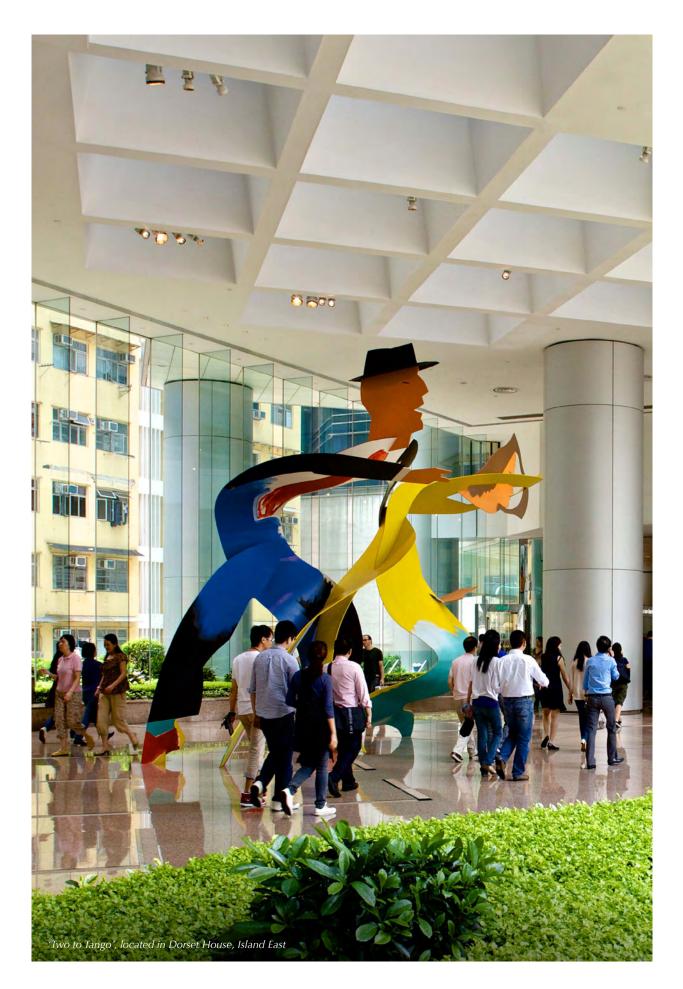
In June, to coincide with national safety month and to improve employee safety awareness, we organised a safety-themed drawing competition for all Mainland China staff and their children. Submissions covered a wide range of themes, including safety at home and in the workplace, road safety, fire safety and the dangers of smoking.

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 our staff newsletter.







Our Community

By creating and sustaining vibrant and integrated communities, we also create longterm value for our stakeholders.

Establishing and nurturing communities is a continuous process. First we plan and build the necessary physical structures to house the people and businesses that form the core of the community. Then we work, over years and even generations, to develop and maintain a sense of community identity and spirit by investing in arts and culture, educational and environmental programmes and volunteer opportunities.

Developing Our Communities

The physical completion of a project marks only the beginning of its social worth to the people who live, work and visit. We understand that the community within grows and develops over a long period of time, which is why we nurture and enhance the physical and social aspects of the communities in which our investments are located.

In the phases of our projects leading up to and including construction, we interact with representatives from the surrounding community to ensure that our proposals and activities are aligned with the needs and desires of the people within the community.

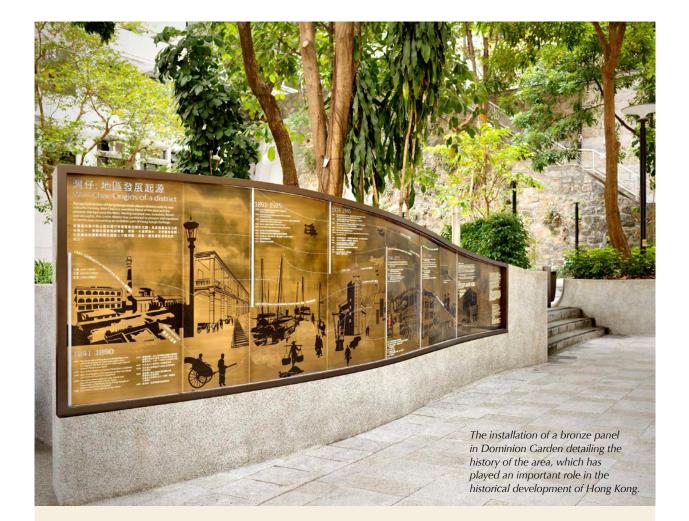


Our 2013 Commitments

- Identify community needs and strengthen collaboration with business partners for community programmes
- Leverage the company's retail and office space for charity projects
- Encourage more staff and stakeholders to participate in community activities

Performance Overview

- Old Wan Chai Revitalisation Initiatives, a public-private partnership, helped revitalise the historic neighbourhood around Star Street
- More than 1,200 of our Community Ambassadors dedicated over 6,000 hours to 39 community service projects in Hong Kong and Mainland China
- Hosted Island East Markets, a weekly farmers and crafts market, to promote sustainable living and local
 organic produce, artisans and small businesses to 25,000 visitors
- ArtisTree staged over 80 arts and cultural events for more than 400,000 visitors



Old Wan Chai Revitalisation Initiatives

Beginning in 1988, we began acquiring properties around historic Star Street in Wan Chai with the aim of transforming the area into a vibrant neighbourhood to complement our development at Pacific Place. In 2004 we completed Three Pacific Place, a modern office tower in the midst of this area, and the Starstreet Precinct began to take shape in earnest.

As part of this ongoing plan, in 2009, we embarked on the Old Wan Chai Revitalisation Initiatives, a public-private partnership that grew out of a response to a government proposal, to integrate a masterplan addressing both the area's rich heritage and the needs of the people who live and work there today. The project aimed to introduce a more modern and accessible environment that meets the needs of the Wan Chai community and facilitates greater awareness of the district's cultural legacy. In the early stages of the project, a 17-day public exhibition was held to share our redesign vision and collect feedback from the community. More than 700 community members attended, and their feedback was incorporated into our redesign, taking into account the community's desire to retain elements of the existing local culture, community and historic structures during the modernisation of the neighbourhood.

In addition to involving the community in a two-way communication process, our redesign plan, which was underscored by our desire to use modern design informed by the heritage of the surrounding area, consisted of two more parts. The first was to improve the physical environment by adding useful elements such as street furniture and planting that would directly benefit the daily lives of people within the We modernized the area with an overall design inspired by local heritage:

- Old paving technique inherited from Portuguese settlers when they first came to Hong Kong and lived in this district. We revived this specialist design technique as tribute to the area's history.
- Design of the sun's rays on Sun Street railing softening the overall aesthetic of the garden sites with wraparound seating area and fibre optic lighting inserted underneath benches and bronze panels which come on in the evenings.

community. The second was to empower and enable innovative small enterprises to take root, fuelling and adding substance to the regeneration effort and restoring the neighbourhood's relaxed, urban village-like atmosphere.

In November 2012, we completed work on the project, giving the community a rejuvenated and newly relevant neighbourhood encompassing two garden sites at Kwong Ming Street Children's Playground and Dominion Garden and the interconnecting pedestrian network of Star Street, Sun Street, Moon Street and St. Francis Street.

The area abuts the Starstreet Precinct, which today is a unique neighbourhood whose small lanes and alleys house a community of culture, creativity and art in a blend of old and new. The Old Wan Chai Revitalisation Initiatives is testament to our belief that the existing urban fabric and local community of Hong Kong is one of our greatest assets.

The HK\$25 million project was sponsored and managed by Swire Properties, with support from a special committee consisting of representatives from the Wanchai District Council, Development Bureau, Urban Renewal Authority and various professional individuals.



From top to bottom: Improvements to the equipment of Kwong Ming Street Children's Playground; enhancements to areas including lighting, aesthetics and accessibility of Dominion Garden; improvements to the overall streetscape for the benefit of pedestrians.

Nurturing a Good Relationship with the Community

Our project at 33 Seymour Road in Mid-Levels West is located in a relatively congested residential neighbourhood. We strive to be a good neighbour from the very beginning, and so we worked together with our contractor to appoint a full-time staff member to monitor concerns related to traffic, public safety, heritage preservation and the environment. This provides the community with a readily available communication channel so that questions and concerns can be quickly and easily addressed.

Partnering for Change

Our Community Ambassador Programme is an employeeled 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.

Our Community Ambassadors, drawn from our employees and Swire Group peers as well as a growing network of family members, friends, business partners, tenants and customers, have a diverse range of skills and ideas. Working together with existing NGOs and service organisations in the community, they design, organise and volunteer in various projects that serve people of different ages, abilities and ethnic groups.

The programme oversees projects that address grassroots needs while also forging friendships, teaching new skills and enriching the lives of individuals and the well-being of the greater community. The scope of the projects extends from one-time events to multi-year endeavours, reflecting our long-term outlook and philosophy.

To encourage the participation of our employees, 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 organise a programme which recognises employees who have made extraordinary contributions to the community.

In 2012, over 1,200 of our Community Ambassadors took part in 39 activities, dedicating a total of 6,000 hours to community service. Of those, 47 employees used their granted volunteer service leave to take a total of 71.5 extra days of leave.



1,200 Community Ambassadors took part in 39 activites Swire Properties Community Ambassador



A Snapshot of Community Ambassador Activities in 2012

Our team of Community Ambassadors were as busy as ever in Hong Kong and Mainland China, organising or taking part in the following initiatives:

Hong Kong



Mr. Fix

Mr. Fix, our long-running programme that leverages the know-how of our technical staff, provided those in need in the community with free home maintenance and repair (see Leveraging Our Resources).



The Be My Friend The Be My Friend programme paired our Ambassadors with students from Taikoo Primary School and volunteers from The Boys' and Girls' Clubs Association to visit elderly residents in the Island East neighbourhood.



Swire Jam Our Ambassadors banded together to produce 450 bottles of a special kumquat nectar, which were donated to the People's Food Bank of St James' Settlement.



AVS Charity Walk and 10km Run Some members of our Ambassador team laced up their shoes in October for a 10 km run, while others joined a 5 km walk. Altogether, they raised HK\$60,000 for the Agency for Volunteer Service, an active promoter of volunteerism.



We have supported this event since 2003, and our Ambassadors have established the tradition of setting up a support station which provides food and drinks to the 4,800 trailwalkers. This year, Swire Properties served as a logistics

sponsor for the event, and a record five teams from our company participated.



Love. Social Integration Together with SAHK, a non-profit making organisation that provides rehabilitation services and facilities for people with neurological impairments, we organised a series of arts activities.



Books For Love A charity book sale drew more than 3,000 book lovers and raised money for The Boys' and Girls' Clubs Association of Hong Kong.



Valentine's Rose Charity Sale The 7th annual Valentine's Rose Charity Sale benefited St James' Settlement.



A Snapshot of Community Ambassador Activities in 2012

Mainland China



Dr. Goodall In Shanghai

In October, Dr Jane Goodall met with Swire Properties representatives during a visit to Shanghai. Since 2010 our Shanghai Ambassadors have played an integral role in helping launch and organise various environmental programmes initiated by the Shanghai chapter of Roots & Shoots, an environmental and humanitarian education programme run by the Jane Goodall Institute.



English Fun Class

Together with the Daci Temple Community Centre, Ambassadors in Chengdu conducted English classes for neighbourhood children. Initial feedback was overwhelmingly positive, and we look forward to the future success of this programme.



Beijing Shijiang Social Welfare Institute Ambassadors in Beijing visited senior residents of the Beijing Shijiang Social Welfare Institute, involving them in a floral photography project.



A Bridge for Children International Our Ambassador team in Beijing organised an art project to benefit orphans and migrant children.



Opera and the Museum in Beijing

In October, our Ambassadors invited a group of migrant children from Yanjing Little Swan Public Welfare School to the Beijing Music Festival to attend a performance of the children's opera *Noye's Fludde*. The children were given a briefing session about opera before the show, and they were invited to join a colourful lantern parade in Taikoo Li Sanlitun led by the cast members after the performance. In December, our Ambassadors organised a printing workshop for migrant children at the Today Art Museum, where they were able to sketch, carve and print their own greeting cards.

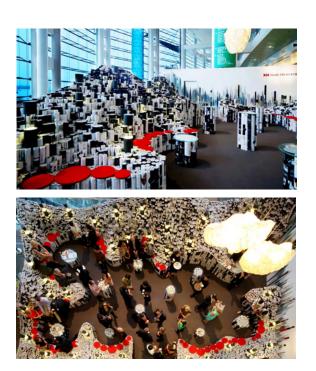
Arts and Culture

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

Art HK

Since its founding in 2007, the Hong Kong International Art Fair (ART HK) has played an important role in catapulting Hong Kong onto the international art stage. In 2012 we elevated our support of ART HK sponsorship and acted as an official fair partner, hosting a lounge at the Hong Kong Convention and Exhibition Centre for our guests.

Inspired by the Fair's "Urbanisation" theme, we took a sustainable approach to the design of our lounge, constructing it entirely from recycled paper materials which were tightly rolled and then used to build a striking landscape with a silhouette resembling Hong Kong's harbourfront. After the fair, 80% of the materials used to construct our lounge were recycled once again, making our lounge a truly low-impact creation.



Beijing Music Festival

This year, Swire Properties and Taikoo Li Sanlitun entered into a new venue partnership with the Beijing Music Festival (BMF) in its 15th year to present half of the total 26 concerts in the Festival at The Orange, our multi-functional space in Taikoo Li Sanlitun (see Leveraging Our Resources).

The BMF, widely recognised as the most prestigious musical event in Beijing, spanned the month of October with concerts that included "Swire Night", a selection of Beethoven's piano sonatas, and the second "Urban Series" concert, which brought together legendary musicians who shared stories and anecdotes from their musical careers.



We began collaborating with the BMF in 2010 to enrich cultural life in the Beijing community. The following year, we jointly launched the well-received "Urban Series" concerts, from which this year's venue partnership emerged.

Educational Programmes

We develop, organise and sponsor educational programmes which foster the creativity, knowledge and confidence of the children and teens who live in our communities. We have a number of active partnerships with a range of organisations which provide services to young people, and we fund and organise 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.

Teaching the Importance of Living Sustainably

In Hong Kong, we organised "Greenwalker" tours in cooperation with The Boys' and Girls' Clubs Association of Hong Kong to raise new immigrant students' awareness of the importance of living sustainably. The event included nature walks, an interactive talk and gardening to provide a hands-on educational experience.

Fostering Well-rounded Students

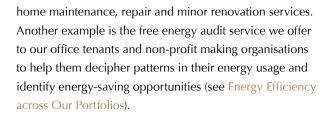
Our colleagues at TaiKoo Hui in Guangzhou organised a book drive for students at Ti Mian Middle School in order to foster in them a love of reading and learning. TaiKoo Hui also hosted the "TaiKoo Hui 11th Guangdong University and High School Spoken English Competition", serving as the title sponsor

Sport For All in Shanghai

In Shanghai, Swire Properties sponsors Sport For All, a community sports initiative providing structured sports coaching to children. It creates and sustains a charitable sporting foundation promoting a healthy and active lifestyle through organised sports like rugby, soccer, Gaelic football, cricket and baseball. Through our sponsorship of the foundation, we support the participation of 250 students from the ages of eight to 15 from Shanghai Minli High School and Shanghai Jing'an Primary School in training sessions that teach camaraderie, teamwork and sportsmanship.

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. One prominent example of this is Mr. Fix, an initiative of our Community Ambassador Programme, which taps into the professional expertise of our technical staff to provide those in need within the community with free for the competition for the third time. In Shanghai, our Ambassadors accompanied a group of Grade 4 students from Shanghai Wan Hang Du Road Primary School on an educational trip to the Shanghai Science and Technology Museum.







We also leverage our resources by providing physical venues to community organisations for a nominal charge or for free. 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.

In September 2012, we began hosting Island East Markets, a weekly farmers and crafts market coordinated by the Hong Kong Markets Organisation. As the main sponsor of Island East Markets, we offer a significant amount of space on Tong Chong Street at TaiKoo Place to house stalls and a live music venue each Sunday during selected weeks throughout the year (see Island East Markets: A Sustainable Market in the Heart of the City).

Another way we leverage our resources is through sponsoring endeavours and activities that align with our

corporate mission. An example of this is our sponsorship of a project spearheaded by Wu Zhi Qiao (Bridge to China) Charitable Foundation, a Hong Kong-based charitable organisation. The project, titled "Modern Earth House Rebuild and Sustainable Development research Demonstration Porject in Macha Village of Huning County, Gansu" was endorsed by the Ministry of Housing and Urban-Rural Development of the People's Republic of China (MoHURD) and supported the research, documentation and advancement of traditional earthbased construction technology and architecture in rural areas in Western China. The research findings will assist MoHURD in establishing construction regulations, which will be integrated into policy making. It is expected that at least 100 million people currently living in earth dwellings in poor and underdeveloped areas could potentially benefit from these new policies.

ArtisTree, TaiKoo Place, Island East

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. Since its opening, we have used it to stage more than 80 events for the benefit of over 400,000 visitors.

In 2012, ArtisTree played host to a variety of cultural events, including a series of performances by the Hong Kong Sinfonietta and the Hong Kong Philharmonic Orchestra as well as several visual art exhibits featuring notable Asian artists.

The Orange, Taikoo Li Sanlitun

The Orange, our multi-function event space located in Taikoo Li Sanlitun in Beijing, has a 500-person capacity and an open layout, making it a unique venue in the heart of the city where a range of events can be organised.

We strive to make The Orange available to community organisations for public events as often as possible and since opening in 2008, it has regularly hosted a number of art and cultural events, including film premieres, art shows and concerts. This year, as part of our new venue partnership with the Beijing Music Festival, The Orange was used to present 13 of the 26 total concerts that comprised the Festival (see Arts and Culture).





Island East Markets: A Sustainable Market in the Heart of the City

In 2012, the Hong Kong Markets Organisation, an independent social enterprise, approached Swire Properties with the idea of staging a farmers market in one of Hong Kong's urban areas to promote local organic produce, local small businesses and artisans, and local musicians. In addition, the market would educate local consumers regarding organic farming and sustainable living.

Since the project coincides with our own sustainable vision, we readily agreed to make Tong Chong Street at TaiKoo Place available on Sundays for a trial period at no cost. We also agreed to provide in-kind logistics and publicity support as well as event management consultancy advice.

The first Island East Markets was held on 30 September and was so successful that we extended the trial to include a total of 10 Sundays through the end of the year and renewed our sponsorship for 2013 as well.

In 2012, Island East Markets featured a total of 125 participating stalls from 25 farm vendors and 43 local artisans and retailers, and attracted almost 25,000 visitors, or an average of around 2,500 visitors every Sunday.

The markets enabled local farmers to introduce local seasonal produce to shoppers and to educate them about the benefits of organic farming and the importance of "eating local". Hong Kong has a relative dearth of farmers markets, and Island East Markets fills an important niche for the community.

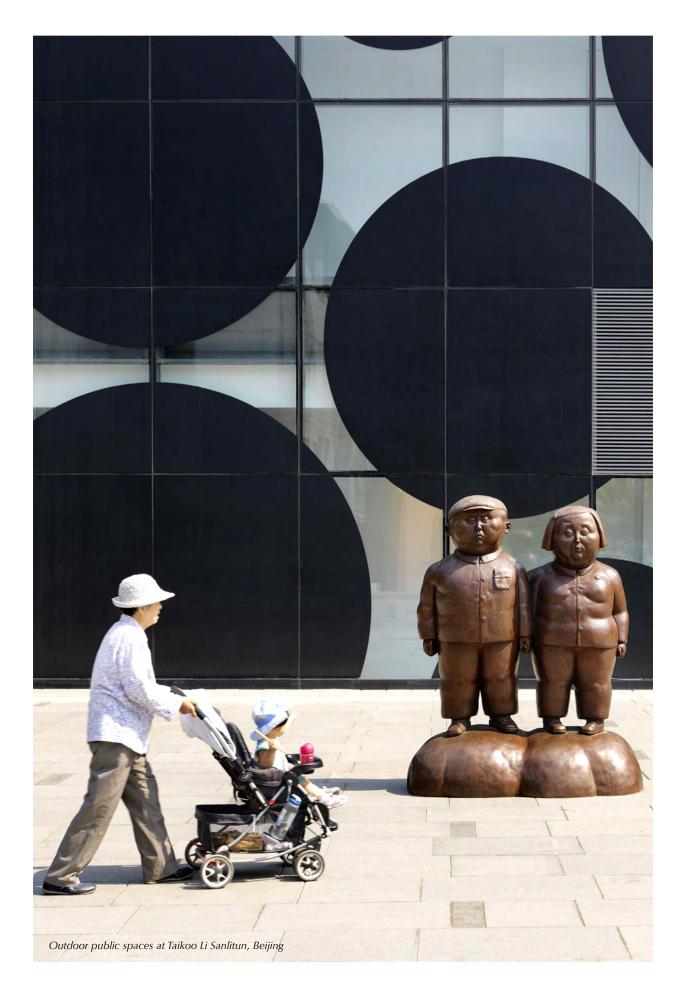


In addition to empowering these farm vendors, Island East Markets also gave local small businesses a platform from which to reach new customers and to showcase their products and craftsmanship. The markets also provided a live music venue for local musicians to busk in a structured atmosphere and to provide the markets with a relaxed, familyfriendly vibe.

As Island East Markets continues to grow in popularity and stature in the local community, we are proud to continue serving as the main sponsor to help make it a permanent fixture on Hong Kong's weekend calendar.







Our Value Chain

As the overseer of an extensive value chain, we work to integrate our sustainable practices into the behaviour of our suppliers and customers.

We achieve this by managing a comprehensive set of issues, including the ethical conduct of business partners, labour standards and human rights amongst suppliers, product responsibility and environmental impacts.



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 General Manager 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.

Our 2013 Commitments

- Integrate Environmental Procurement Guidelines into Environmental Management System
- Review and rewrite our Sustainability Procurement Guidelines, tools, information and monitoring mechanism
- Pursue membership in Hong Kong Green Purchasing Charter to explore green label scheme and promote green procurement

Performance Overview

- Conducted free energy audits for 2.38 million sq ft of tenanted office space, identifying annual potential energy savings of 2.54 million kWh, equivalent to over 2,200 tonnes of CO₂e
- Engaged tenants in sustainable initiatives, such as Earth Hour, Christmas Tree recycling and charitable donations
- Used sustainable materials in the construction of INDIGO, including reconstituted timber in the Winter Garden, a 26,000 sq ft naturally lit interior space, and bamboo, a rapidly renewable resource, for wall finishes throughout the mall and within ONE INDIGO

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 selfassessment, 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.

Sustainable Procurement Initiatives

We have extended our Forest Stewardship Council (FSC) certified paper procurement to include all printing paper, letterheads and business cards, and since 2010, we have switched all our paper to that of a lighter weight, measuring 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 INDIGO, for instance, we use reconstituted timber as well as bamboo, a renewable resource (see Sustainability in Action).

We are currently reviewing and rewriting our sustainability procurement guidelines and developing a preferred product list, with criteria for setting environmental specifications, to define green products. We also plan to develop a comprehensive monitoring mechanism for the procurement of green products, with a targeted completion date of 2013.

Customer Focus

We are committed to our customers, and we understand our responsibilities as a product and service provider. On a basic level, these responsibilities include minimising risks from the use of our buildings and protecting our customers' health & 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 Responsibility

We take pride in the high quality of our marketing and communications. We adhere to government regulations and industry guidelines, including the Consent Scheme of the Hong Kong Lands Department and the selfregulatory 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 educate 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.

"Choosing the right developer is very important to us, and we choose Swire because they build good buildings and also provide one of the best services in town, which is a direct reflection of great management"

> Michael E. Nardozza, Director and Chief Executive Officer, Windy City International Ltd.

Partnering With Customers

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

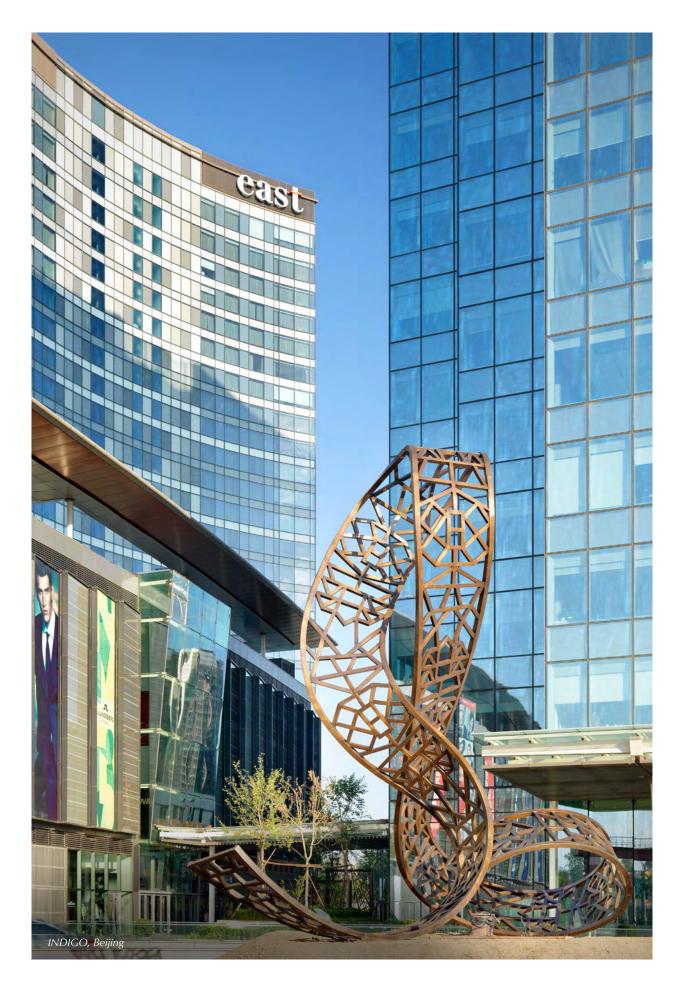
We involve our tenants in our community activities, which cover issues such as the environment, health, education, disadvantaged community groups and the arts, and we encourage them to engage in sustainable practices during their occupancy. In addition to offering them free energy audits (see Energy Efficiency across Our Portfolios), we also invite them to participate in our specially timed sustainable initiatives, such as Earth Hour, Christmas tree recycling and providing charitable donations for events and initiatives.



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-today 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, communications systems for tenants and residents, contingency measures for operating our properties and business continuity planning.



Sustainability in Action

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

INDIGO

In September, we celebrated the opening of INDIGO, our second venture in Beijing's property market and our first joint venture with Sino-Ocean Land. Located in the city's affluent Chaoyang District, INDIGO is a retail-led mixed-use development with a total gross floor area of 1.89 million sq ft, encompassing a 935,000-sq-ft shopping mall, a 25-storey Grade A office tower, and EAST Beijing, a lifestyle business hotel with 369 rooms and suites. INDIGO Park, spanning more than 17 hectares around the development, is currently under construction and will open in phases.

As with our other new developments in Mainland China, we have leveraged our Joint Research Centre for Building Energy Efficiency partnership with the Building Energy Research Centre of Tsinghua University to apply cuttingedge energy efficiency research and integrated design and management solutions to our buildings. In light of this, INDIGO has incorporated sustainability considerations into every aspect of its design and operations.

Environment

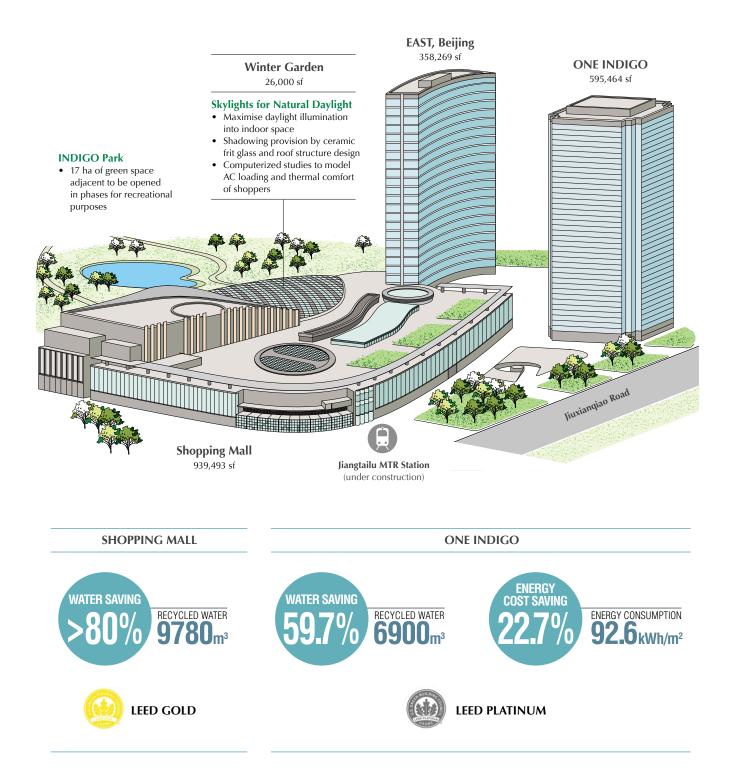
During the design and construction stage, an integrated design and management approach was adopted to guide our decision-making process, enabling us to increase construction efficiency and take steps to reduce waste over the duration of the development's lifecycle. Various modelling techniques were employed to optimise design elements that maximise energy saving, including wind tunnelling, computational fluid dynamics and daylight modelling to optimise the thermal comfort of users. Notably, this approach played a central role during the design of the Winter Garden, INDIGO's unique 26,000-sq-ft airy interior space with a sweeping glass rooftop which floods the entire interior with natural light.

INDIGO embodies our strategy of creating vibrant and connected places within an urban environment by enhancing accessibility to public transport and other environmentally friendly transport options.

In recognition of our comprehensive application of sustainable practices, the INDIGO shopping mall has achieved LEED Gold certification and ONE INDIGO has achieved LEED Platinum certification.









Energy Efficient Building Services

- Lighting system comparison studies
- Use of T5 light fixtures
- Use of Dual speed escalator
- Use of M10 Passenger lift systems

💓 Façade Selection

- Promote thermal insulation
- Impact study on orienting low-E coating surface on solar heat gain and AC costs reduction
- Use of low-emissivity IGU façade

(异) Green Transportation

- Connectivity to local public transport including MTR and buses
- · Priority parking for carpoolers & green vehicles
- 1,000 bicycle parking spaces

🕞 Heat, Ventilation & AC system

- Thermal energy storage using ice with capacity of 30,000 hours
- Energy reduction studies including fresh air intake sensors & controls, temperature set points refinement, Air-handling Unit (AHU) with Variable Frequency Drive (VFD), Car park ventilation controls, etc.

Microclimate Considerations

- Wind-tunnel modeling
- · Enhance local microclimate using wind-barriers and tree at locations to minimize windy effect to pedestrians



Neighbourhood Amenities

 Transformed the neighborhood with convenient accessibility to over 170 shops, restaurants and a 7-screen cinema.



- Use of reconstituted timber & bamboo for wall finishes
- Use of low- and no-VOC paints

Water Conservation

- · Rainwater harvesting & greywater recycling of over 16,690 m³ combined on-site for irrigation and flushing purpose
- Use of dual flush system for WC



Socioeconomic

In order to address the community's growing needs for recreation, leisure, retail and entertainment facilities, INDIGO was strategically developed to include a shopping mall with over 170 shopsrepresenting an array of globally renowned brands, a selection of fine dining options and a seven-screen cinema.

INDIGO also includes the 26,000-sq-ft Winter Garden, and its enclosed 8,000-sq-ft event area which is equipped to host a multitude of public events, including fashion shows, car exhibitions, artistic performances and weekend markets. In addition, INDIGO Park provides 17 hectares of green space to the Chaoyang District, offers visitors the opportunity to relax in a landscaped, serene environment while taking advantage of the park's abundant art and activity space. With multiple points of connectivity that ensure universal access, INDIGO is expected to increase the flow of visitors to the surrounding area, provide a boost to the local business community and improve the quality of life of neighbourhood residents.

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

WWF Gold Member

Harbour Business Forum Patron Member

Climate Change Business Forum Signatory to Building Energy Pledge

ASHRAE

Honourable Mention — ASHRAE Technology Award Competition

The Boys' and Girls' Clubs Association of Hong Kong – Jockey Club Sheung Wan Children & Youth Integrated Service Centre Outstanding Corporate Volunteer Award (Swire Properties Community Ambassador Programme)

China Effie Awards

Gold Effie — Real Estate Category (Sanlitun Village, "Let's Play XXL" advertising campaign)

Environmental Protection Department (Hong Kong SAR Government)

Gold Award — Commendation Scheme on Source Separation of Commercial and Industrial Waste, Pure Office category (One Island East) Silver Award — Commendation Scheme on Source Separation of Commercial and Industrial Waste, Mixed Office category (TaiKoo Place) Silver Award — Commendation Scheme on Source Separation of Domestic Waste (Robinson Place) Bronze Award — Commendation Scheme on Source Separation of Commercial and Industrial Waste, Mixed Office category (Pacific Place) Bronze Award — Commendation Scheme on Source Separation of Domestic Waste (The Floridian) Bronze Award — Commendation Scheme on Source Separation of Domestic Waste (Taikoo Shing) Merit Award — Commendation Scheme on Source Separation of Commercial and Industrial Waste, Mixed Office category (Cityplaza)

Friends of the Earth

Gold Tier Fuel Efficiency Improvement & Gold Tier Fuel Consumption Saver – Corporate Green Driving Award Scheme 2012

Hong Kong Awards for Environmental Excellence (HKAEE)

Certificate of Merit — Green Innovations Awards Class of Excellence – Wastewi\$e Label (Harbour Heights) Class of Excellence – Wastewi\$e Label (Robinson Place) Class of Good – Wastewi\$e Label (Island Lodge) The Hong Kong Council of Social Service Caring Company 2012 (10 Consecutive Years)

The Hong Kong Green Building Council (HKGBC) and Professional Green Building Council (PGBC) Finalist – Green Building Awards 2012

Hong Kong Management Association

Best New Entry — Best Annual Reports Awards Outstanding New Trainer — Award for Excellence in Training and Development

Hong Kong Police Force, Hong Kong Island Region Winner — Hong Kong Island Best Security Services Awards

The Hong Kong and Shanghai Banking Corporation (HSBC) Certificate of Merit – HSBC Living Business Community Engagement Award (Les Saisons)

Indoor Air Quality Information Centre

Excellent Class - Indoor Air Quality Certification Scheme (One Pacific Place, Two Pacific Place, Three Pacific Place, One Island East, Citygate Outlets, Cityplaza Four, Cityplaza One, Cityplaza Three)

Le Marché International des Professionnels de l'immobilier (MIPIM) Asia Awards Silver Award — Best Mixed-Use Development (TaiKoo Hui) Silver Award — Best Urban Regeneration (Chengdu Daci Temple Cultural and Commercial Complex)

Social Welfare Department, Volunteer Movement Gold Award – Volunteer Service

HONG KONG

		UNIT	2012	2011	2010	2009	2008	2007	2006	2005	2004
E	NERGY USE AND CO ₂ E EMISSION										
	Purchased electricity	MWh	189413 ⁽¹⁾	209,483	229,593	237,306	221,309	223,434	225,564	219,512	209,781
		GJ	681,887	754,139	826,535	854,302	796,712	804,362	812,030	790,243	755,212
	Indirect CO ₂ e emissions	Tonnes	146,731	159,827	171,669	187,317	171,809	177,294	190,939	155,590	148,693
	Direct CO ₂ e emissions	Tonnes	943 ⁽²⁾	2675	5,126	2,179	-	-	-	-	-
	Industrial diesel	Litres	19,218	12,097	16,093	15,810	21,670	21,560	26,284	12,797	18,668
	Petrol	Litres	22,672	22,084	22,055	16,424	17,970	16,467	15,958	16,892	-
	Ultra-low sulphur diesel (ULSD)	Litres	55,453	57,069	50,996	61,722	61,699	38,512	35,625	21,920	-
	Direct energy use	GJ	3,469	3,249	3,172	3,367	3,630	2,732	2,782	1,822	680
	(Industrial diesel + Petrol + ULSD)										
Ν	NATERIALS USED										
	Refrigerants containing HCFCs refilled	Kilograms		2257	4,111	3,979	2,266	2,409	4,779	3,320	-
	Refrigerants containing HFCs refilled	Kilograms		1866	3,756	1,478	1,615	2,265	5,395	3,808	-
	Paper and paper products	Kilograms	30,238	33,315	39,274	37,887	35,570	36,906	33,334	29,859	-
V	VATER USE										
	Potable water used for cooling	'000m ³	64 ⁽³⁾	127	168	168	138	154	135	108	90
	Potable water used for properties and	'000m ³	305	297	301	342	316	344	332	251	246
	landscaping										
V	VASTEWATER REUSE AND DISCHARGE										
	Wastewater discharged	'000m ³	48,682	46,387	48,686	50,746	45,914	47,287	49,252	46,900	67,342
	Seawater reused for flushing	m ³	385,584 ⁽⁴⁾	250,230	278,509	302,764	213,444	183,130	247,874	144,543	360
	Waste potable water reused for flushing	m ³	11,530 ⁽³⁾	19,932	22,349	15,646	12,376	11,536	7,153	9,836	12,086
V	VASTE DISPOSAL										
	Construction and demolition waste	Tonnes	8208	5924	14,743	10,749	8,747	11,547	5,637	1,023	18,710
	Commercial / industrial waste	Tonnes	12,995 ⁽⁵⁾	15,646	19,061	18,776	19,143	19,555	19,004	18,695	15,644
	Residential / domestic waste	Tonnes	140	149	148	145	168	266	457	454	363
	Grease trap waste	Tonnes	5,264	5,736	6,599	5,914	5,654	5,515	5,521	5,166	5,800
	Garden waste	Tonnes	468	555	287	353	408	460	268	140	52
V	VASTE RECYCLING										
	Concrete waste	Tonnes	-	1830	41	-	-	-	210	1,458	1,814
	Steel	Tonnes	301	532	3,098	1,184	285	300	440	412	6,162
	Paper	Tonnes	3,043	3,615	3,202	3,378	3,302	3,463	3,373	3,691	3,602
	Aluminium	Tonnes	17	9	9	10	10	12	12	14	13
	Plastics	Tonnes	21	54	69	58	74	86	91	80	28
	Waste lubrication oil	Litres	730	1,403	2,088	3,255	2,843	2,238	3,501	4,122	3,173
H	IEALTH & SAFETY										
	No. of employees		2,210	2,211	2,495	2,507	1,992	1,892	1,843	1,801	1,758
	No. of reportable accidents		34	37	44	34	38	40	47	40	41
	(sick leave >3 days)										
	No. of hours lost to accidents		18,759.90	12,482	18,694	23,441	16,936	14,820	17,130	11,631	14,766
	(sick leave >3 days)										
	No. of fatalities		-	-	-	-	-	-	-	-	-
	Accident rate		15.4	16	18	14	19	21	25	22	23
	Severity rate		749.7	445	649	831	760	695	822	567	738

Notes of 2012:

(1) Festival Walk was sold on 2011. As the EHS database system stopped retaining data for Festival Walk from July 2011 onwards, no data was available for Festival Walk in 2012.

(2) Decrease due to the reduced amount of refrigerant use in Citygate, Island Place and One Island East.

(3) A decrease due to the amount of potable water used for cooling in Festival Walk has not been measured since August 2011.

(4) A malfunctioned water meter used to measure the amount of flushing water was replaced with a new one in Pacific Place, and more offices were leased out in Citygate.

(5) Decrease due to less commercial/industrial waste generated from tenants.

		MAINLAN	ND CHINA	SWIRE HO	TELS
	UNIT	2012	2011	2012	2011
ENERGY USE AND CO ₂ E EMISSION Purchased electricity	MWh GJ	13,847 49,849	13,908 50,069	16,803 60,491	20,739 74,660
Indirect CO ₂ e emissions Direct CO ₂ e emissions Industrial diesel Petrol Town gas Natural gas Direct energy use (Industrial diesel + Petrol + Town gas / Natural gas)	Tonnes Tonnes Litres Litres Unit MJ GJ	10,807 52 1610 ⁽¹⁾ 17660.56 - - 641	10,957 43 1220.00 14640.00 - - 528	13,229 1715 874.6 ⁽¹⁾ 43085.18 230,547 17,023,652 29544	16,373 1462 126.00 41,173.00 239,771 12,946,524 26,604
MATERIALS USED Refrigerants containing HCFCs refilled Refrigerants containing HFCs refilled Paper and paper products	Kilograms Kilograms Kilograms	0 0 5,145 ⁽²⁾	66 0 10,964	20 32 26,338	0 3 26,563
WATER USE Potable water used for cooling Potable water used for properties and landscaping	'000m ³ '000m ³	36 107 ⁽³⁾	41 57	0 145	0 126
WASTEWATER REUSE AND DISCHARGE Wastewater discharged Seawater reused for flushing Waste potable water reused for flushing	'000m ³ m ³ m ³	83 0 0	44 0 0	138 0 0	117 6339 0
WASTE DISPOSAL Construction and demolition waste Commercial / industrial waste Residential / domestic waste Grease trap waste Garden waste	Tonnes Tonnes Tonnes Tonnes Tonnes	327 ⁽⁴⁾ 4606 - 8,239.44	18548 5237 - 13173	0 1637 - 642.26	0 1,075.00 - 2,108.00
WASTE RECYCLING Concrete waste Steel Paper Aluminium Plastics	Tonnes Tonnes Tonnes Tonnes Tonnes Tonnes	- 139 4.4 0.05 0.08	11.3 138 7.3 0.05 0.09	0 0 53 2 6	0 0 50 1 4
Waste lubrication oil HEALTH & SAFETY No. of employees No. of reportable accidents (sick leave >3 days)	Litres	0 852 7	0 654 1	0 755 14	0 857 3
No. of hours lost to accidents (sick leave >3 days) No. of fatalities Accident rate Severity rate		1431 0 8.2 164.5	160 0 7 106.67	990 0 18.5 119.37	656 0 7 158.48

Notes of 2012:

(1) Increase due to the operation of a power generator in 75 Tianhe Road East Road in Guangzhou.

(2) Decrease due to reduced paper and paper product consumption in our offices in Mainland China.

(3) Increase due to the amount of potable water used for landscaping in Taikoo Li Sanlitun. Our developments in Beijing began measuring the potable water used for landscaping from April 2012 onwards.

(4) Decrease due to the completion of some of our developments in Mainland China, including TaiKoo Hui in Guangzhou and INDIGO in Beijing.



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 2012 (hereinafter called "the Report"). The Report stated SPL's sustainability performance and efforts made for the period from 1 January 2012 to 31 December 2012. 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 July 2013

1. STRATEGY AND ANALYSIS

1. STRATEC	GY 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
2. ORGAN	SATIONAL PROFILE	
2.1	Name of the organisation	Contact Us
2.2	Primary brands, products, and/or services	2012 Annual Report - Company Profile (P.2)
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	Our Business 2012 Annual Report - Company Profile (P.2)
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 Business - Our Portfolio Our Business - Economic Performance 2012 Annual Report - Company Profile (P.2)
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Our Business - 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	2012 Annual Report - Portíolio 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. GOVERN	JANCE, 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	Our Commitment - Sustainable Development Structure Corporate Governance and Risk Management 2012 Annual Report - The Board of Directors (P.67)
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	2012 Annual Report - Chairman and Chief Executive (P.67)
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	2012 Annual Report - Independent Non-executive Directors (P.78)

4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Our Commitment - Fair Operating Practices Our People - Employee Engagement 2012 Annual Report - Culture (P.72) Shareholders (P. 75)
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)	2012 Annual Report - Remuneration Committee (P.70)
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Our People - Code of Conduct 2012 Annual Report - Conflicts of Interest (P.70)
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	2012 Annual Report - Board Composition; Appointment and Re-election; Responsibilities of Directors (P.67-68)
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 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	Our Commitment - Sustainable Development Structure; Corporate Governance and Risk Management 2012 Annual Report - Risk Assessment; Management Structure; Controls and Review; Internal Audit (P.72-73)
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	2012 Annual Report - Delegation by the Board (P.70); Management Structure; Controls and Review (P.72-73)
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Our Commitment - 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	Our Environment - Building Rating Schemes Our Environment - Biodiversity Our Environment - Urban Microclimate
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	Our Commitment - Stakeholder Engagement
4.15	Basis for identification and selection of stakeholders with whom to engage	Our Commitment - Stakeholder Engagement
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Our Commitment - 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	Our Commitment - Stakeholder Engagement
ECONOMI		
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	Our Business - Economic Performance
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Our Environment - Climate Change
EC3	Coverage of the organisation's defined benefit plan obligations	Our People - 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	Our Value Chain - Supply Chain
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Our People - Employee Profile 2012 Annual Report - Directors and Officer (P.77-78)
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Our Environment - Energy Our Community - Leveraging our Resources Our Community - Partnering for Change
environn	IENTAL	
DMAE N	Disclosure on Management Approach EN	Our Environment Environmental Policy
	Materials used by weight or volume	Performance Data Summary

EN2	Percentage of materials used that are recycled input materials	Office operation: Sustainable Procurement Initiatives More than 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	Our Environment - Energy
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Our Environment - Energy
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Our Environment - 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	Our Environment - 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	Our Environment - 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 2012
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Our Environment - Climate Change Our Environment - Energy Our Environment - Waste Management Our Environment - Noise and Acoustics Our Environment - Water
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 1. Unauthorized tree felling – 4 trees died during construction and DLO imposed a fine and administrative fee of HKD1,142,000 2. A HKD1,543,000 fine and administrative fee imposed by DLO for accidental tree felling by the GI contractor at Cheung Sha, Lantau There were a few cases of fines levied on our operations but they were of minor monetary value and are therefore not included in this table
	ABOR 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	Our People - Employee Profile
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	Our People - Employee Profile
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Our People - Employee Benefits

Global Reporting Initiative Index

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
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 ensure employees are aware of them
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Our People - Health & Safety
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender	Our People - Health & Safety Our People - Employee Profile
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Our People - Health & Safety Our Value Chain - Customer Focus
LA10	Average hours of training per year per employee by gender, and by employee category	Our People - Developing Our People
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Our People - Developing Our People
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	Our People - Developing Our People
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	Our People - Employee Profile 2012 Annual Report - Directors and Officer (P.77-78)
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Our People - 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)
Social: H	UMAN RIGHTS	
DMA HR	Disclosure on Management Approach HR	Our People/Supply Chain/Supplier Code of Conduct/ Our Value Chain
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 All frontline new joiners in Hong Kong, and 100% of Hong Kong staff and Mainland office secondees underwent trainings on human rights in 2012.
HR4	Total number of incidents of discrimination and corrective actions taken	We received no complaints of discrimination in 2012
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: Our People - 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: Our People - 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 2012. 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	We did not receive any in 2012

SOCIAL: SOCIETY

DMA SO	Disclosure on Management Approach SO	Our Community
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Our Community
SO2	Percentage and total number of business units analyzed for risks related to corruption	Our Commitment - Fair Operating Practices
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	Our People - Code of Conduct
SO4	Actions taken in response to incidents of corruption	No such incidents were reported in 2012
SO5	Public policy positions and participation in public policy development and lobbying	Our Commitment - Fair Operating Practices Membership and Awards
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Our Commitment - Fair Operating Practices
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non- compliance with laws and regulations	No non-compliance cases were recorded
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: P	RODUCT RESPONSIBILITY	
DMA PR	Disclosure on Management Approach PR	Our People - Health & Safety Our Value Chain - 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	Our People - Health & Safety Our Value Chain - Customer Focus
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Our Value Chain - Customer Focus
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Our Value Chain - Customer Focus
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Our Value Chain - Customer Focus
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Our Value Chain - Customer Focus
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	We did not receive any in 2012