



Sustainable  
Development  
Report

2010

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## About This Report

This year, we are taking a fresh and exciting approach to our Sustainable Development disclosure. We have produced a brand new web-based “living report”, meaning that it will be updated periodically and will develop over the year, rather than simply providing an annual one-off snapshot of our activities. The living document will allow readers to select and download the various components of the report, for those wishing to see information and data in print. This innovative new reporting format will allow us to provide the latest, up-to-date information to our stakeholders.

## Scope of Report

Our Sustainable Development Report details the economic, environmental and social performance of the assets and activities operated by Swire Properties in Hong Kong and Mainland China during 2010.

This report is designed for a wide range of our stakeholders and interested parties, including employees, shareholders, customers, local communities, government officials, non-governmental organisations, media, analysts, academics and suppliers.

We have reported on our environmental and health & safety performance since 2003, and on our corporate responsibility and sustainability practices annually since 2008. Swire Properties’ previous report, *Adding Value: Sustainable Development Report 2009*, was published in July 2010. There are no significant changes in the scope of this report compared with previous years, and there are no material limitations to its scope.

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 2010. Our assets and activities in the UK and the USA only represent a small proportion of our operations (less than 2% of total GFA), and data from these regions are therefore not included in the performance summaries.

The report has been compiled using the Global Reporting Initiative (GRI) Sustainability Reporting G3 Framework 2006. The content was also guided by the new international standard on Social Responsibility, the International Organization for Standardization’s ISO 26000.

We have also conducted an expert Stakeholder Review Panel to assess our sustainability reporting – the Panel’s independent assessment of this report is included in [Stakeholder Review Panel Statement](#).

## Report Assessment and Verification

Hong Kong Quality Assurance Agency (HKQAA) has provided independent assurance of the level to which the GRI Framework has been applied and has assessed this report as achieving A+ GRI grade according to the extent of coverage and information provided. The report was also sent to GRI to confirm our Application Level.

\* Our reporting boundary is set by the percentage of asset ownership

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# Chief Executive's Message





Sustainable development is a theme that is central to our company culture, brand and values. Our corporate responsibility programmes have earned us invaluable respect and trust from our community, our investors and our customers. Property development is a long-term business, and as such we must continue to demonstrate a clear commitment and vision for the future, consistent with sustainable development practices. Our report is now progressing to a new level, with the creation of this “living report”, which features regular updates as new information becomes available. Timely, accurate disclosure has long been the foundation of corporate financial reporting, and I am delighted to be encouraging the adoption of this practice in corporate sustainability reporting.

### Energy efficiency

Climate change is a challenge facing us all, and requires us to think about our own impact on the environment. According to the International Energy Agency (IEA), energy efficiency improvements in buildings represent the largest and least costly energy savings potential available to our planet\*.

Continuously improving our energy efficiency is therefore one of the greatest contributions we can make, in both economic and environmental terms, towards growing our business sustainably. Climate change is one important driver for these efforts, but we also recognise the inherent economic and environmental value in improving energy efficiency across the whole building supply chain.

We have worked hard with architects, the government, engineers and tenants towards creating and implementing a complete lifecycle approach to energy consumption in new developments, and have now conducted comprehensive energy audits for 15% of our office area under tenant control.

### Community engagement

Our business philosophy of “building integrated communities” aligns well with the concept of sustainable development. Our buildings make valuable contributions to local districts, as landmarks, facilities and community hubs. Designing in this connectivity is an essential part of the planning process for our new developments.

We consider our developments to be communities in themselves, and seek to meet our communities’ needs in an economically, environmentally and socially responsible manner. I am particularly proud of our passionate volunteers, the Community Ambassadors, who have worked with local organisations on arts, education and community projects throughout the year. They have shown considerable commitment in putting our sustainable development practices into action.

### Leadership

We recognise how important it is for businesses to help their communities adapt to our changing world. We are committed to taking a leadership position in our industry and will continue to maintain world-class standards in our new property developments, exceeding the ever-increasing demands being made by governments. We have already prepared for the new Building Energy Codes that will become mandatory in Hong Kong in 2012.

By publishing this report, we aim to provide our readers with an account of our activities and performance, as well as an indication of our plans for the future. We publish this report in the spirit of open accountability and transparency, and I welcome your feedback.



**Martin Cubbon**  
Chief Executive, Swire Properties

\* IEA World Energy Outlook 2009; and IEA Energy Policies Review, 2008



# Our Commitment

The sustainability performance of Swire Properties matters to me. It is better to work for a company that is doing something for the environment and society. It's about integrity.

Stephanie Wong, Management Trainee,  
Swire Properties

## We are dedicated to meeting the property needs of our communities and customers in a sustainable manner.

This commitment requires us to recognise fully our social, economic and environmental impacts. To operate and grow our business sustainably, whilst creating long-term value, we must incorporate these considerations into all aspects of our business decision-making and through all phases of a development project: from inception, design, procurement, construction and occupation to demolition or conversion.

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

We regularly review our approach to sustainable development, and we track the changing demands of our stakeholders as well as managing the opportunities and risks of a resource-constrained world. The following five areas were identified as key issues for 2010, and form the basis of our commitment going into 2011:

1. Lifecycle Management: adopting a holistic approach to integrating sustainability principles into the whole lifecycle of a building or development
2. Carbon Management: striving to achieve further reductions in energy consumption and greenhouse gas emissions
3. Tenant Engagement: broadening our dialogue with important tenants, in order to understand what they consider to be priorities for the sustainable development of Swire Properties
4. Becoming an "Employer of Choice": attracting and retaining talent through career development and providing an environment in which staff can realise their full potential
5. Communication: sharing our sustainable development vision and initiatives with our stakeholders and gathering their input

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 performance. The Committee is convened by the Head of Technical Services and Sustainability and also includes representatives from Human Resources & Administration, Marketing & Communications, Development & Valuations, Projects, Portfolio Management and Swire Hotels. The Head of Sustainable Development of John Swire & Sons (H.K.) Ltd. is also a member of the Committee, to aid the sharing of best practices across the Swire Group.

In 2010, we streamlined our sustainable development capabilities, combining the Technical Services Department and the Sustainable Development Department to create a new Technical Services and Sustainability Department (TSSD). TSSD will ensure new projects and existing buildings as well as general business processes are managed in a sustainable manner.

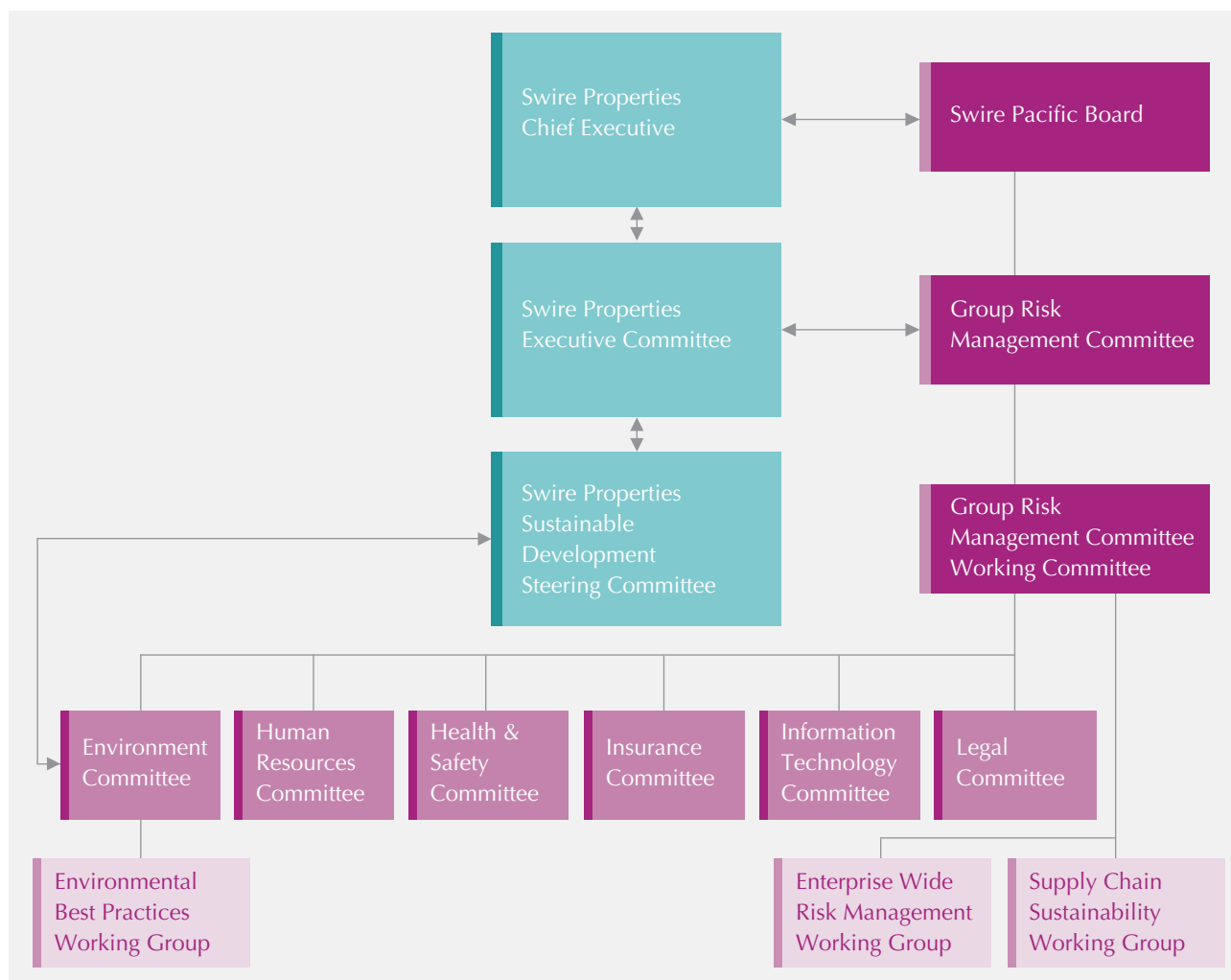
### Corporate Governance and Risk Management

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

As a wholly-owned subsidiary, our highest governance body is the Swire Pacific Board of Directors. In addition to administering our economic performance, the Board oversees broader sustainable development issues through the Group Risk Management Committee (GRMC). The highest governance body within Swire Properties is the Executive Committee, led by our Chief Executive and supported by seven Directors. The Executive Committee is responsible for our strategic direction and operational management.

The nature of our business means we make decisions that entail a degree of risk. Our core risks relate to the performance of real estate markets in Hong Kong and Mainland China, uncertainties in interest rates and construction costs, delays in project approval and construction, changes in government policy and regulation, and unplanned disruptions to our operations. We take a precautionary approach, recognising that effective risk management is central to continued growth and profitability. The GRMC and functional group committees assess and monitor the Group's risks, including setting risk management policies and strategies. At a divisional level, our decisions are guided by our risk management framework, which is managed by our Finance Department.

## Corporate Governance Structure: The Board, Risk Management Committee and the Sustainable Development Steering Committee



### Fair Operating Practices

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

Our Company Code of Conduct sets out the principles by which we interact with other organisations, including business partners, customers and suppliers, as well as with the wider communities in which we do business. We insist on integrity and fairness in our business relationships. We do not make political contributions, either in cash or in

kind, anywhere in the world. We require all staff members to declare the gifts they receive from vendors or clients. No corruption-related incidents were recorded in our operations in 2010.

We are open to scrutiny and we have channels for complaint open to all shareholders, customers, suppliers, contractors and employees. We maintain high standards of professionalism in our dealings with others; we respect property rights and ensure all personal data we process is protected according to the provisions of the relevant data privacy ordinances wherever we do business.



We participate in public policy development on sustainability through our responses to government consultation requests and public forums. In 2010, we responded to public consultation on Hong Kong's Climate Change Strategy and Action Agenda and the public consultation on Mandatory Implementation of Building Energy Codes.

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

As part of our preparation for this report, we conducted a stakeholder engagement exercise, meeting with 52 representatives through focus groups and direct interviews. Stakeholders included senior management, employees, community-based non-governmental organisations, local politicians, suppliers and tenants. Among employee stakeholders, we placed a particular emphasis on understanding the concerns and aspirations of our younger staff, to gain a better understanding of the views of our future leaders.

The key themes emerging from this stakeholder engagement exercise can be summarised as follows:

- Swire Properties is a leading property developer in Hong Kong, perceived as having strong performance in sustainable development. Stakeholders encourage us to use our leadership position to promote greater social responsibility within our wide sphere of influence
- Our construction activities are perceived as maintaining high standards of environmental performance, particularly in noise control. One Island East was built with minimal impact on the local neighbourhood
- Suppliers and tenants view us as a good business partner, while requesting we make available more timely sustainability-related information regarding our business activities
- Tenants appreciate our free energy audits
- Stakeholders approve of our high waste management standards in newer buildings, but would like to see a more consistent approach and improved standards in older buildings
- Employees expect a more consistent commitment to sustainable development across the whole organisation. Whilst sustainable policies and practices are well-integrated in some departments, they are less apparent in others
- The company's strong promotion of art and culture is valued by tenants. However, non-governmental organisations, tenants and employees feel that our community investment could be more strategic
- Our Supplier Code of Conduct is welcomed as a first step into sustainable development within the supply chain. However, suppliers and non-governmental organisations would like to see greater transparency and monitoring with regard to its implementation

### *Our Five-Year Stakeholder Engagement Plan*

In developing our stakeholder engagement programme, our aims are to align it even more closely with our strategic business goals and to bring greater accountability and transparency to it. Our new five-year strategy will help us identify which stakeholder groups we should approach and with what frequency. The strategy will take into account the scale and likelihood of any potential impact on those groups and/or on the environment.

## Stakeholder Review Panel Statement

Our stakeholders' comments are invaluable in helping us improve our report content and structure, as well as guiding us in our future reporting. We have invited four stakeholders to review the final draft of our report to check that it is balanced, relevant and transparent.



**Prof. Peter Hills, Director, The Kadoorie Institute, The University of Hong Kong**

This is a comprehensive and authoritative report. It is broad in scope yet provides detailed information regarding the company's sustainability initiatives and performance. The report addresses key concerns such as carbon emissions and climate change and demonstrates that the company is responding to these issues in an effective and timely manner. The concept of the web-based "living report" is innovative and reflects current thinking on enhancing access to corporate sustainability reports.



**Josephine Lee, Senior Manager (Partnership & Alliance), St. James' Settlement**

This report provides a complete summary of Swire Properties' commitment to incorporating sustainable practices in its business. The company strongly believes in the importance of corporate sustainability, and actively executes its strategic plan with the dedication of its staff. Our experience of working with Swire Properties in serving the needy and the community at large has demonstrated their level of commitment to their work.



**Simeon Cheng, Group Environmental Manager, CLP Holdings Limited**

I think Swire Properties has chosen their topics well to cover their various lines of work in the property sector, and I particularly like the case studies dotted across the report. It is useful to learn how Swire Properties puts its sustainable development ideas into action. Congratulations to Swire Properties for achieving an A+ reporting level. What is more encouraging though is that the report presents a balanced and interesting account of the material issues, without being restricted by the GRI indicators format. Perhaps further disclosure on financial and non-financial risk management could also be considered. Overall, a very enjoyable read.



**Kevin Edmunds, Executive Director, Hong Kong Green Building Council**

This Sustainable Development Report 2010 provides a thorough account of how Swire Properties is putting its sustainable development ideas into action across the whole lifecycle of its business. Coverage is well balanced, highlighting not just the successful initiatives but also where further progress can be made. Most encouraging though is Swire Properties' ongoing leadership in innovation and sharing experience. Sustainable development is a challenge (and an opportunity) not just for Swire Properties, but for the property sector as a whole. This Report therefore provides an excellent reference for others in the industry to put their own sustainable development imperatives into action.



# Our Business

We work closely with the regulatory authorities in China to make sure that our developments meet or exceed their evolving sustainability requirements.

Davy Ho, Executive Director,  
Swire Properties

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 are a wholly-owned subsidiary of Swire Pacific Limited. Our operations, with a total asset value of HK\$205,176 million, span Hong Kong, Mainland China, the UK and the USA.

Our business comprises three main areas:

- (i) Property investment – long-term investment in office, retail and residential real estate through property development, leasing and management
- (ii) Property trading – development and construction of properties, principally residential apartments, for sale
- (iii) 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 maintain the quality of our portfolio by providing high levels of service, maintenance and enhancements over the life of the buildings. This strategy enables us to maximise the occupancy and earnings potential of our properties, which in turn delivers economic value to our shareholders as well as social value to our communities.

We create mixed-use buildings that offer the best places to live, work and relax. Our key competitive strength lies in our ability to conceive, design, develop and manage truly transformational commercial and residential projects, often unmatched in terms of scale and impact. We have developed and refined our strengths and capabilities for nearly 40 years.

By respecting existing buildings and communities, our developments revitalise neighbourhoods and create lively, dynamic districts perfectly connected to world-class art, information and culture. With sensitivity to the past, we rejuvenate neglected city districts and redefine the significance of historical locations.

Sustainable development, with particular respect to the environment and the community, is central to our corporate vision and strategy. We recognise that our work will have an impact on our communities for generations to come. As such, we strive to be a leader in bringing sustainability into our corporate activities, with economic, environmental and social considerations at the heart of our business decision-making.

### Fast Facts

**HK\$9,250 million**

revenue

**HK\$4,862 million**

underlying profit

**24.3 million** sq ft of GFA\*

**39 years** of history

**1,445** Tenants

**814** hotel rooms<sup>#</sup>

**2,600+** Suppliers

**4,047** employees

All figures at 31.12.2010

\* Includes projects completed, under and pending development on an attributable basis

<sup>#</sup> Wholly-owned hotels



## Our Portfolio



Island East, Hong Kong



Pacific Place, Hong Kong



The Opposite House at Sanlitun Village, Beijing

Swire Properties' property portfolio comprises office, retail and residential developments, supported in many cases by serviced apartments and hotels. On completion of current developments, our portfolio will amount to 15.3 million sq ft in Hong Kong and 8.6 million sq ft in Mainland China, in addition to our property interests in the USA and the UK.

### Office

In Hong Kong, our completed office portfolio comprises 10.5 million sq ft. In 2010, we added to our Hong Kong commercial portfolio by increasing our holding in TaiKoo Place's PCCW Tower. With a lettable area of 544,000 sq ft, the building is one of our 13 office towers in Island East. We also acquired full ownership of 8 Queen's Road East in Wan Chai, which totals 81,346 sq ft. It will undergo a full refurbishment programme, to be completed in 2012. Our site at 28 Hennessy Road is also being redeveloped as an office tower. In Mainland China, we are developing new office towers as part of larger mixed-use developments in Beijing, Guangzhou, Shanghai and Chengdu.

### Retail

We manage four retail malls in Hong Kong and one major retail centre in Beijing. Our malls, totalling around 4.6 million sq ft of gross floor area, range from premium luxury-focused retail malls to discount outlets. Each mall is suitably targeted at the demographics of its surrounding community.

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

### Hotels

Swire Hotels owns and operates hotels in Hong Kong, Mainland China and the UK. Our hotels are targeted at travellers seeking individuality, style and personalised service.

The Hong Kong portfolio includes The Upper House, a 117-room luxury hotel in Pacific Place, named in the Condé Nast Traveller Hot List – World's Best New Hotels in 2010. In January 2010, we opened EAST, a new 345-room lifestyle business hotel on Hong Kong Island, built to meet the growing needs of the Island East business hub. We also own a 20% interest in a number of high-profile hospitality properties in Hong Kong, including the JW Marriot, Conrad and Shangri-La Hotels at Pacific Place and the Novotel Citygate.

In Beijing, we own The Opposite House at Sanlitun Village. We plan to open our second EAST hotel as part of Beijing's INDIGO development in 2012.

In the UK, Swire Hotels has launched its new hotel brand "Chapter Hotels", which will be a collection of locally inspired hotels. The first Chapter Hotel, The Montpellier Chapter, was unveiled in November 2010 in Cheltenham. The second will open in Exeter in 2012. We wholly own the Avon Gorge Hotel in Bristol and Hotel Seattle in Brighton.

We also own a 75% interest in the Mandarin Oriental in Miami, Florida.

### Residential

Our completed residential portfolio comprises 270 serviced apartments in Pacific Place and a small number of luxury houses and apartments on Hong Kong Island. We also develop residential properties for trading, and in some cases provide professional property management services after sale. We have a number of residential

projects in development in Mid-Levels West, a major luxury development on Stubbs Road and a number of smaller developments elsewhere in Hong Kong. To date, we have sold nearly 25,000 homes on an attributable basis in Hong Kong.

In the USA, we have developed nine condominium blocks on Brickell Key in Miami.

## Operational Overview

In 2010, we celebrated a number of operational milestones, including:

- Moving our headquarters in Hong Kong from One Pacific Place to One Island East
- The opening of EAST, Hong Kong, the first in Swire Hotels' new portfolio of lifestyle business hotels
- Launching the sale of two new residential developments – 5 Star Street and AZURA in Hong Kong
- Increasing our holding in PCCW Tower from 20% to 50%, ensuring a stable future for this long-term asset
- Acquiring a 50% interest in 762,251 sq ft of land for commercial development in the Daci Temple Area in Chengdu, marking our fourth investment hub in China

Two new mixed-use developments are due to open in 2011 – the TaiKoo Hui development in Guangzhou and the INDIGO development in Beijing.

The opening of the Dazhongli development in Shanghai has been deferred until 2015. This is due primarily to the impending construction of a metro station close to the site. Further delays may occur if we are unable to obtain approval to begin works before the start of the station's construction. Completion of the redevelopment of the recently acquired site in the Daci Temple Area in Chengdu is expected in 2014.

In 2010, the planned Swire Properties listing on the Hong Kong Stock Exchange was cancelled because of adverse equity market conditions. Swire Group has no immediate plan to list Swire Properties independently as of 2010 but the strategic intent remains.

## Organisational Changes in 2010

In 2010, we reorganised the leasing and management portfolio in Hong Kong along functional lines (office, retail and residential), replacing the former business organisation which was based on a geographical split (Hong Kong Central and Island East).

Regarding personnel matters, veteran John Swire & Sons director Davy Ho joined Swire Properties as Executive Director responsible for government and joint venture relationships in China. In 2010, we also welcomed our new Human Resources Director Michelle Low; Jolyon Culbertson was appointed to the new role of Retail Strategy Director; Elizabeth Kok was promoted to General Manager, Retail; Alan Lee was promoted to General Manager, Chengdu and Western China; Adrian To became General Manager, Residential; and Stephen Spurr, retiring from his position as General Manager, Offices, was succeeded by Don Taylor.

## Economic Performance

Adding economic value means delivering competitive returns, providing rewarding jobs, creating valuable products and services, making tax payments and contributing to the community through participation, sponsorship and charitable donations.

During 2010, we created HK\$1,974 million of value for our stakeholders (excluding shareholders of Swire Pacific):

- HK\$898 million to our employees in salaries, retirement benefits and other employee-related costs
- HK\$1,034 million paid to governments in taxes
- HK\$42 million in community investments including programmes, sponsorship, cash donations and in-kind contributions. This includes HK\$17 million donated to the Swire Group Charitable Trust

Our sustainable economic performance is reflected in our continued earnings growth year on year. As the company expanded operations in Hong Kong and Mainland China, our business generated an underlying profit of HK\$4,862 million in 2010, a 23% increase on 2009, despite higher operating expenses and higher net finance charges on increased borrowings. Profit growth in 2010 was largely due to the disposal of two investment properties in Hong Kong, a rise in gross rental income, an increase in hotel business and improved performance from our trading portfolio.

For more information on our operational and economic performance, please refer to [Swire Pacific's 2010 Annual Report](#).





# Our Environment

Swire Properties places an emphasis on protecting the environment. They always make it the highest priority when making decisions, and take it seriously.

Bill Chan, Commercial Director, Paul Y.  
Construction & Engineering Co. Ltd.



As a leading property developer, we recognise the need to be a role model for the industry, and take the lead in reducing our environmental impacts and incorporating sustainable practices in our developments.

We work to reduce our impact on the environment by minimising our use of natural resources, reducing or preventing pollution, managing waste effectively and integrating environmental considerations into the planning, design, construction, operation and maintenance of all our facilities and services.

Environmental responsibility is a key element of our commitment to sustainable development. Our approach is guided by the Swire Pacific Sustainable Development Policy and key environmental principles that ensure environmental considerations are an integral part of our decision-making, management and culture.

## Performance Overview

Reached

**6%**

accumulated energy savings since 2008, in line with our 10-year energy reduction plan

Completed free energy audits for

**15%**

of tenanted office area

Established a

**HK\$2.5**

**million per year**

Integrated Design and Management research fund to help develop high efficiency buildings and to showcase best practice to the industry

**72,900 litres**

of cooking oil collected for conversion into biodiesel

**43%**

increase in the amount of potable water reused

Initiated a glass recycling programme for

**12 residential developments**

in Hong Kong, recycling over 35,000 kg of glass bottles

**Over 8,700 tonnes**

of waste separated for recycling from our operating buildings and new developments



## Our Environmental Impacts

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

- Greenhouse gas emissions arising from electricity used in buildings
- Greenhouse gas emissions associated with building construction and manufacture of building materials
- Use of natural resources in the construction and operation of buildings
- Waste generated in the construction and operation of buildings
- Water use in building operations
- Effluent discharge from buildings
- Microclimate of surrounding community (for large buildings)
- Noise pollution
- Air pollution
- Indoor air quality

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

We aim to comply at all times with environmental regulations and requirements related to our operations and development activities. We encourage all employees, contractors, suppliers and customers to take responsibility for their actions and comply with their environmental obligations. In 2010, we did not receive any fines or sanctions related to environmental laws and regulations.

In 2010, we invested nearly HK\$86.7 million in reducing our environmental impacts, including sustainable development studies, research and reporting, systems and features for new buildings, environmental initiatives for operating buildings, Building Environmental Assessment Method (BEAM) and Leadership in Energy and Environmental Design (LEED) assessments and stakeholder engagement.

## Climate Change

Climate change is recognised as a key business challenge, and we continue to improve our understanding and management of potential climate change risks. Over the longer term, changes in weather patterns and extreme weather events may place greater demands on the property sector to improve the resilience of buildings. However, our most immediate risks and opportunities relate to emerging policy and regulation designed to encourage businesses to reduce their greenhouse gas emissions.

We have an opportunity to differentiate ourselves by developing quality products and services that enable us, and our customers, to respond appropriately to these regulatory and physical risks and opportunities. We are developing internal capabilities and experience in the design and operation of green buildings, and influence our stakeholders by sharing our knowledge.

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

The electricity we use in our operating portfolio is our most significant contribution to greenhouse gas emissions, accounting for 171,669 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e)\* in 2010. We are committed to improving our energy efficiency, while encouraging our stakeholders to do the same.

(Carbon dioxide equivalent, or CO<sub>2</sub>e, is a measure used to compare the emissions from various greenhouse gases based upon their global warming potential)

After electricity, the materials that are used in our buildings account for our largest indirect greenhouse gas emissions. We have undertaken a lifecycle assessment to compare various building materials and finishes for new projects. Embodied carbon, toxicity and waste were some of the criteria used in the evaluations. The key challenge in carrying out the studies was lack of information, especially for locally sourced materials. As a result, only some environmental impacts could be quantified, and many assessment values were based on qualitative comparisons. Despite the challenges, we will keep abreast of market information and consider using the lifecycle assessment approach as a key decision factor for selecting materials as new information becomes available.

\* Calculation based on carbon emission factors derived from information in the *2010 Sustainability Report* published by CLP Holdings and the Hongkong Electric carbon calculator

## Electric Vehicles

We installed six electric vehicle charging facilities in our shopping mall car parks in Pacific Place, Cityplaza, Festival Walk and Citygate Outlets.



An electric vehicle charging facility in one of our office buildings

On top of the two hybrid cars, we purchased two new electric vehicles for our internal transport fleet in Hong Kong in 2010.



One of our new electric vehicles in Hong Kong

The measure will lead to a 70% reduction in greenhouse gas emissions per vehicle, and cleaner roadside air quality with zero tailpipe emissions.

Swire Hotels UK has also purchased its first electric car.



The Montpellier Chapter hotel in the UK has taken delivery of its first electric car

We endeavour to reduce our business travel through the use of video conferencing wherever possible. Where business travel is essential, we offset the indirect greenhouse gas emissions by implementing our carbon offsetting policy. During the year, we offset 384 tonnes of CO<sub>2</sub>e through the Cathay Pacific "FLY greener" carbon offset programme.

## Energy

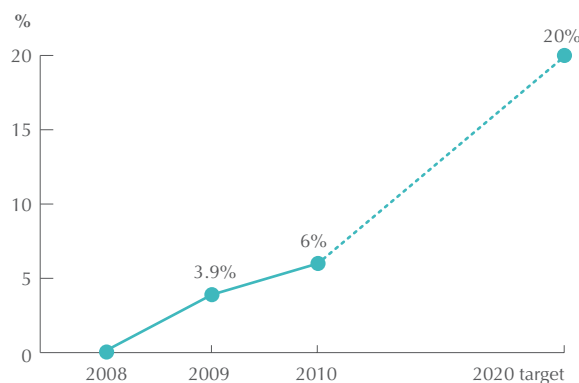
### Energy Efficiency in Operating Buildings

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

### Progress Towards Our Energy Reduction Target

We are progressing towards our goal, saving 13.81 million kWh of energy to date. This has been achieved through many initiatives across our whole portfolio. For example, significant energy reductions were achieved through the replacement of chillers in Cityplaza, installation of automatic tube cleaning system in One Island East of TaiKoo Place and a lighting replacement programme in various buildings.

#### Our 10-Year Energy Reduction Plan



Working towards our 20% energy reduction target, we have achieved 6% energy savings compared to the 2008 baseline level.

Swire Properties did an energy audit for tenants for free. They helped us with comments and opportunities for improvement of lighting.

Katherine Lau, General Manager, Corporate Quality & Sustainability, Fuji Xerox (Hong Kong) Limited

Our tenants consume a significant amount of energy in our buildings. Whilst we do not have direct control over their energy use, we have offered free energy audits to our office tenants since 2008, helping them understand their usage patterns and identify energy-saving opportunities. By the end of 2010, we had completed energy audits for 15% of the area covering 1.48 million sq ft, and identified an annual energy reduction potential of over 1.93 million kWh and 1,695 tonnes of CO<sub>2</sub>e\*. We have set a target to complete free energy audits for all of our Hong Kong office tenants by 2013.

### Energy-saving Initiatives in Residential Buildings – StarCrest

A number of energy-efficient practices are in place in our StarCrest residential development. The management team manually operates the air conditioning and timers are set for some common areas. Temperatures are maintained at an efficient level. In addition, excess lighting has been removed, and the remaining lighting replaced with energy-saving light bulbs. These efforts have resulted in a 5.2% decrease in electricity consumption in 2010, compared with the same period in 2009.

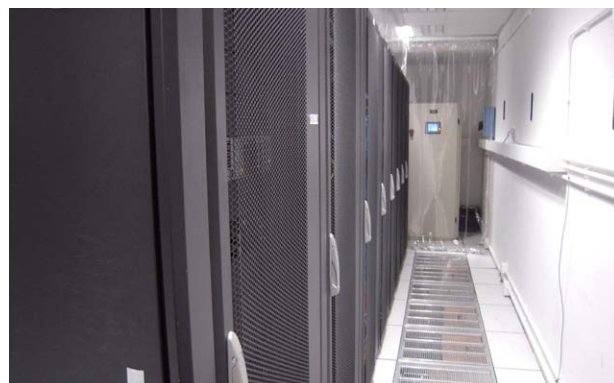


Various energy-saving initiatives are in place in StarCrest

### Moving Towards Low Carbon Information and Communication Technologies

Our Information and Communication Technologies (ICT) systems offer significant opportunities to reduce our energy consumption and carbon footprint.

Besides complying with the Climate Savers Computing Guidelines, we have also initiated energy audits of our computer room and switched to the use of high efficiency power supply units for servers and computers. We have reduced printer toner usage, introduced electronic forms and increased our use of video conferencing, with 30 video conference hubs installed in Hong Kong, Mainland China and the UK.



In our Main Computer Room in One Island East, air-conditioning is directed at the back of server devices where heat is released and cool air is trapped by plastic curtains to reduce energy use

Our Projects Department uses an Electronic Project Management System (ePM), enabling them to store eDocuments and avoid printing hard copies. 430GB of data are stored in ePM, thus avoiding the use of 28 tonnes, or 5.6 million pieces of A4 paper. The eDocument system has saved 134 tonnes of CO<sub>2</sub>e\*.

A server virtualisation project is in progress, which will lead to energy and cost savings of up to 76% upon completion. We also plan to replace over 800 desktop computers, reducing power consumption by 49% by 2012.

\* Calculated by using a carbon emission factor of 0.7 kg/kWh and taking into account the air-conditioning energy reduction by the landlord resulting from tenant's energy savings initiatives

# 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



### Energy Efficiency in New Buildings

To reduce energy use significantly over the longer term, it is essential that we integrate sustainable features into the design of our new developments. For each new project, we work closely with our consultants and contractors to ensure that their designs are energy-efficient.

It is more cost-effective to design and build in energy-efficient features at the start of a project, rather than retrofitting them later. We continue to undertake studies on selected new development projects to determine the environmental and cost effectiveness of sustainable design features and systems. We have evaluated a range of features, including enhanced glazing, energy-efficient air conditioning, the use of natural light in staircases and corridors and various renewable energy options.

Our studies show that sustainable features are not necessarily more expensive than their traditional counterparts. For example, the most significant energy savings on facades came from simply reducing the area of glazing. There are often simple low-technology solutions that can prove to be very effective. Adding a thermal blanket to cover a swimming pool can achieve a payback of four years, whilst adding a 0.25m<sup>2</sup> window to bring light into a stairwell can achieve a payback of eight years.

### Energy Efficiency Research

Our rapid development in Mainland China gives us significant opportunities to deploy energy-saving technologies. Together with the Building Energy Research Centre of Tsinghua University, we have established the Integrated Design and Management (IDM) Fund to help develop high efficiency buildings. Swire Properties will contribute HK\$2.5 million per annum for three years, starting from 2010, to support the research.

In Sanlitun Village, Beijing, we hope to save energy by experimenting with the use of solar-powered lights and introducing natural light to underground levels. Energy efficiency studies will also be undertaken at the INDIGO Project in Beijing and TaiKoo Hui in Guangzhou. Initiatives already implemented in INDIGO include the optimisation of the lighting system in the underground garage, and the calibration of the air-conditioning system for the atria of the buildings.

Festival Walk has undergone a series of studies and optimisation strategies through an energy study with Tsinghua University, funded by our Energy Efficiency Research Fund. It successfully converted its existing de-coupler system to a single-loop system in 2010, which will help it save over 440,000kWh of energy per year. During the period 2007 to 2010, the project resulted in a total reduction of 18 million kWh of electricity and 12,700 tonnes of CO<sub>2</sub>e\*.



We work closely with Tsinghua University to improve the energy efficiency of our buildings

We continue to share our research results through joint workshops and publications so that the wider property industry can benefit from our investments. In 2010, we conducted a two-day USA-Japan-China workshop which included the findings of our energy studies. The event was attended by 120 delegates from the property industry, non-governmental organisations, academia and government. Top scientists specialising in building energy efficiency shared their views during the event.

To promote international engagement and information-sharing on the subject of building energy efficiency, we participated in the Energy Conservation in Buildings & Community Systems Programme (Annex 53), run by the International Energy Agency.

\* Calculated by using a carbon emission factor of 0.7 kg/kWh



## Experimenting with Solar Power

### Solar-Powered Lights in Sanlitun Village



The Solar Photovoltaic project transforms exhaust pipe enclosures into light boxes

Sanlitun Village in Beijing has implemented a small-scale photovoltaic (PV) solar power project, transforming exhaust pipe enclosures on the podium into “light boxes”. The electricity produced by these PV panels is used to light the way for visitors, saving energy whilst also improving the aesthetics of the area. One module was installed in 2010, with more to follow in 2011. Complete installation of six modules will bring in annual savings of 6,000 kWh.

### Solar Hot Water Heating Study

In 2010, we finalised a feasibility study into the use of solar-heated water for a residential clubhouse in Hong Kong. The results indicated that the technology currently available is not viable for this application. The panels need to be close to the area of water consumption, typically near ground level in a clubhouse situation, which means they are usually in the shade due to the density of surrounding tall buildings. However, we have found that solar water heating is viable in low-rise residential developments and penthouses in high-rise buildings, with payback in as little as one year.

## Energy Efficiency Commitment and Success

### World Business Council for Sustainable Development Manifesto for Energy Efficiency in Buildings

In 2010, we signed the World Business Council for Sustainable Development’s Manifesto for Energy Efficiency in Buildings, signalling our commitment to improve our energy performance in commercial buildings and to report on our progress. The Manifesto supports our efforts to both reduce our energy consumption and maintain our leadership in carbon reduction. [More information on the Manifesto can be found here.](#)

### CIBSE Award for Leadership in Energy Efficiency

We received the “Client of the Year – Low Carbon Operation Award” from The Chartered Institution of Building Services Engineers (CIBSE) in the UK. Swire Properties was the only enterprise from Asia to win a CIBSE award in 2010.

The award demonstrates our efforts in energy reduction, research and stakeholder engagement. We were specifically praised for committing our own funds to make improvements for the benefit of others.



Fiona Shiu (Senior Portfolio Manager) and Cary Chan (Head of Technical Services and Sustainability) received the award at the CIBSE Awards ceremony in London

## Building Rating Schemes

Building rating schemes such as the BEAM provide a mark of quality that is easily recognised and compared by commercial tenants, buyers, investors and employees. We support such schemes as positive reinforcements for the adoption of sustainable development in the building industry. We aim to achieve BEAM Platinum Rating for our new investment projects in Hong Kong, and LEED Gold standard for our new key developments in Mainland China. In 2010, Citygate Outlets received a Platinum Rating under BEAM.

As part of our commitment to continuous improvement, we have taken the lead in the property industry to reassess our buildings. The first batch consisted of the eight office buildings in Cityplaza, TaiKoo Place and Pacific Place, and is expected to be complete in 2011.

### The Eight Office Buildings for BEAM Reassessment

|                      | BEAM Rating |
|----------------------|-------------|
| <b>Pacific Place</b> |             |
| One Pacific Place    | Excellent   |
| Two Pacific Place    | Excellent   |
| Three Pacific Place  | Excellent   |
| <b>TaiKoo Place</b>  |             |
| Devon House          | Excellent   |
| Dorset House         | Excellent   |
| <b>Cityplaza</b>     |             |
| Cityplaza One        | Excellent   |
| Cityplaza Three      | Excellent   |
| Cityplaza Four       | Excellent   |

## Waste Management

### Waste in Building Operations

Buildings generate a significant amount of waste in their day-to-day operations. By providing a variety of waste management programmes on our premises, we help our tenants and customers reduce and recycle waste. Building on our success in recycling a wide array of materials such as metal, electronics, plastics and furniture, we have now extended our recycling schemes to cover glass bottles, cooking oil and food waste.

We aim to reduce waste generation at source. We have conducted a waste management study with our Pacific Place tenants, and have now begun a re-engineering process in our commercial buildings. Our ultimate objective is to encourage source separation through

### Glass Bottle Recycling in Residential Buildings

We initiated a pilot glass recycling programme for our 12 residential developments in Hong Kong. The scheme, involving 20,300 households, has been widely promoted to our residents through briefings, workshops and recycling plant visits. In the first three months after implementation, over 35,000 kg of glass was collected. The recycled glass is transported to construction materials manufacturing plants for the production of eco-bricks.



Workers collect used glass bottles for recycling

### Food Waste Recycling in Commercial Buildings



Kitchen food waste in EAST, Hong Kong is separated into different bins for recycling

Food waste recycling programmes are currently in operation at Festival Walk and EAST, Hong Kong, and we plan to expand the food recycling programmes to other developments.

We run a successful cooking oil recycling programme at Festival Walk, Pacific Place and Citygate Outlets. In 2010, 72,900 litres of used cooking oil was collected for conversion into biodiesel, which is the equivalent of 152,000 tonnes of CO<sub>2</sub> reduction\*, or the annual CO<sub>2</sub> absorption of 6,600 trees\*.

\* 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

raising awareness, communications and the provision of recycling bins. We plan to adopt a holistic approach by working with our tenants and strengthening the engagement with our cleaning and waste collection contractors. We have set a target to reduce the amount of waste to landfill by 35% by 2012.

We hope our waste recycling programmes will promote greater environmental awareness among our stakeholders, including our tenants, residents, customers and contractors, and provide a platform for collective action towards effective waste management.

Amie Lai, Environmental Affairs Manager,  
Swire Properties

### Waste in the Construction of New Buildings

We consider waste issues during the design and material selection process and work closely with our contractors to reduce waste during construction. Contractors are required to complete a waste management plan and ensure that it is effectively implemented and maintained throughout the duration of construction works. In addition, approved sites and methods for the disposal of different types of waste are also clearly listed in contracts.

We keep detailed records of the waste disposed of and recycled in the construction phase.

On selected new projects, we use Building Information Modelling (BIM), which is a three-dimensional, dynamic design modelling software. By using BIM, we are able to detect design clashes better, which minimises the amount of waste produced during construction. We are using the software in the design of 53 Stubbs Road, Sai Wan Terrace residential developments, the Pacific Place Contemporisation Project and our TaiKoo Hui development in Guangzhou.

For our residential development on 53 Stubbs Road, we chose to use a precast facade. Utilising prefabricated construction modules leads to the reduction of materials used, as it requires less formwork and generates less waste. The fabrication of the facades is done off-site, which means that the construction site is less noisy and there is better quality control.

As a part of the Pacific Place Contemporisation Project, we have recycled over 45,000 kg of glass balustrades and around 600,000 kg of floor tilings. They are used as glass products and as an ingredient of paver blocks, respectively.

### Water

We make significant efforts to reuse waste potable water in our operations. Almost 5% of waste potable water was reused in 2010. We recorded a 43% increase in the amount of waste potable water reused for flushing compared to 2009, mainly due to the implementation of an air-conditioning condensate reuse system for flushing in Cityplaza One.

We are applying a range of water-saving measures in new developments. For example, rainwater recycling systems are planned for AZURA, our new residential project in Hong Kong. The rainwater will be treated and used for irrigation.

In TaiKoo Hui in Guangzhou, we aim to save over 140 million litres of water per year through conservation initiatives, which is equivalent to the volume of 56 swimming pools\*. We will use rainwater for the cooling tower water supply, as our rainwater collection system has a collection capacity of 100,000 litres. The flushing system in the shopping mall and floor washing of the loading bay will use treated greywater collected from office and hotel operations.

### Water Reuse in Our Managed Developments in Hong Kong



\* Calculated by measuring the capacity of a standard swimming pool as 2,500m³

## Microfibre Cleaning System in Swire Hotels

Using a microfibre cleaning system in our hotels reduces water use in general cleaning procedures, eliminates water pollution related to chemical disposal, reduces waste and improves indoor air quality. As a result of this, The Upper House has reduced the use of cleaning chemicals by 25% and achieved water savings of 43%, representing 250,000 litres of water savings a year.

This gives the project a payback time of approximately one year.



Microfibre is used for cleaning in The Upper House

## Urban Microclimate and Biodiversity

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

We recognise the problem of consumption of endangered marine species and have been using sustainable seafood for corporate dinners since 2008, following the release of WWF-Hong Kong's *Seafood Guide*.

We expect within the life of the buildings to face a warmer climate and a higher energy price. Swire Properties should bring these considerations into property development. Encourage better urban design in a changing climate.

Prof. William F. Barron, Division of Environment, The Hong Kong University of Science and Technology

We are aware of the potential effect the increasing number of buildings has on the urban microclimate. Every urban construction changes the microclimate around it, potentially contributing to the urban heat islands of our cities. We endeavour to design our buildings and outdoor spaces to minimise impacts on the surrounding area. In building design, we analyse the interaction between microclimate and each element of the urban landscape, in order to achieve efficiently-built structures and lower our operational impact on the environment. We put considerable effort into landscape planning to ensure that we preserve and expand urban greenery.

In our redevelopment project on Hennessy Road in Hong Kong, we undertook a wind tunnel test to analyse the development's impact on wind speed in open areas. The results revealed that our site layout and building design will not cause excessive wind speeds in pedestrian areas. We conducted another investigation on the impact on wind conditions for our residential development at 63 Seymour Road, using computer simulation. The results confirmed that wind speeds in the open spaces within the premises are suitable for recreational purposes.

## Green Wall in China



The Green Wall is a striking feature in Sanlitun Village

The Village North at Sanlitun Village in Beijing features a 110 sq ft green wall. Adding greenery to buildings has a cooling effect and helps mitigate urban heat islands. The greenery also has the potential to enhance biodiversity and creates an attractive aesthetic.



## Noise and Acoustics

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

During 2010, we implemented a series of initiatives to minimise impacts on surrounding communities. For example, during the rock-breaking phase of the Sai Wan Terrace excavation work, two acoustic covers were erected on site to cover the rock breaking area and minimise the noise generated.



Acoustic covers were erected at the Sai Wan Terrace development to minimise noise nuisance to neighbouring communities

## Indoor Air Quality

We maintain high standards of indoor air quality (IAQ) in the buildings we operate. We have implemented guidelines and a management plan to monitor the quality of indoor air and the quantity of fresh air delivered to tenanted areas. We renewed our Excellent Class rating under the IAQ Certification Scheme for all common areas and our own tenancies at One Island East, One Pacific Place and Festival Walk, as well as the whole of Citygate Outlets.



IAQ measurements being conducted in our own office area in One Island East

## Air Pollution

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

To support our efforts to develop air quality management systems, we signed the [Clean Air Charter](#) promoted by the Hong Kong-Guangdong Business Coalition on the Environment in 2005 and we are undertaking appropriate measures to implement the statement of commitment.

# Our People



I am interested in real estate, but I do not want to work for a developer that is just profit-oriented. I want to work for one that is actually doing something useful and considers the environment.

Karl Chan, Management Trainee, Swire Properties

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

Attracting and developing talented people is central to our success. Our approach is underpinned by various policies covering training and development, labour practices, human rights and workplace health & safety. These policies are outlined in our Code of Conduct and

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.

## Performance Overview

# 10.5%

increase in number of employees

Our employees attended

# 62,289 hours

of training

# 649.11

work hours per 200,000 lost to accidents, down by 21.8% from 2009

# 20 employees

gained BEAM Professionals certification

Turnover of all employees across our operations was

# 13%

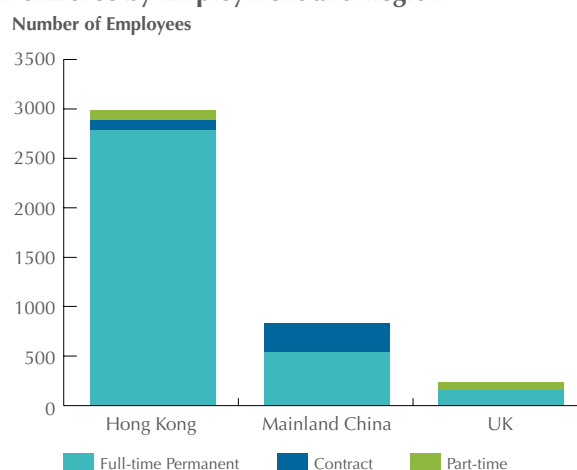
# A safety handbook

was developed for all frontline employees in Mainland China

## Employee Profile

We employ over 4,000 people across Hong Kong, Mainland China and the UK. The majority of our employees are hired locally, with 69% based in Hong Kong on a full-time permanent basis. The 10.5% increase in employees from last year is mainly due to the development of our business in Mainland China and our continued expansion of Swire Hotels with the opening of EAST, Hong Kong.

## Workforce by Employment and Region





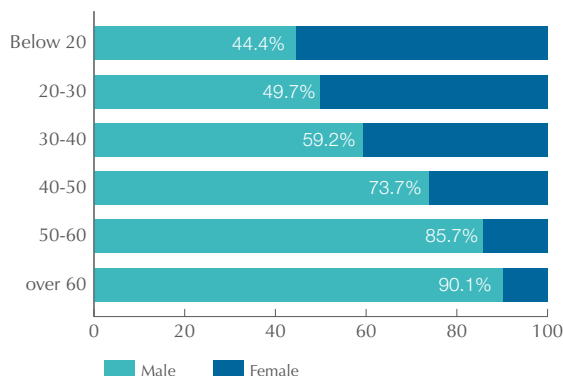
## Gender

Globally and across all age groups, our workforce is 64% male. In Mainland China, the gender of our workforce is more evenly split.

## Age

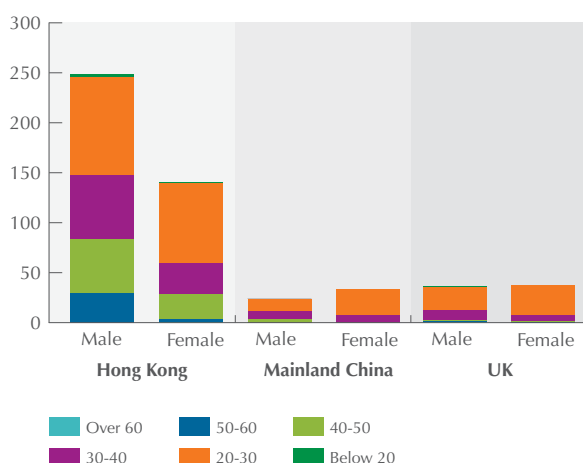
Our employees are fairly evenly spread across all age groups, with the exception of under 20 years and over 60 years, which combined make up only 3% of our workforce. Our hotels tend to have a higher component of younger workers, with 61% of hotel employees falling in the 20-30 age group.

### Employees by Gender and Age



### Employee Turnover by Age, Gender and Region

Number of Full-time Employees



## Turnover

Turnover rate of all employees across our operations was 13% – almost the same level as 2009. The hospitality industry experiences higher rates of employee turnover than the property industry. Excluding hotel and contract employees, our employee turnover rate was 10.4%.

In 2010, slightly over half of voluntary separations were in the 20-30 age group. The turnover of employees in the 30-40 and 40-50 age groups comprised 24% and 16%, respectively.

## Unplanned Absenteeism

Unplanned absenteeism in 2010 was low, with 4.7 days per full time employee in Hong Kong and Mainland China.

## Developing Our People

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

Despite the economic downturn over the last two years, we believe that a sustainable future requires continuous investment in talent. We run a number of trainee programmes, including programmes for building management trainees, building surveyor trainees, engineer trainees and management trainees. Swire Hotels also runs the Swire Hotels' International Management Trainee Programme. Our trainees undertake a two to three-year training programme (depending on the scheme), with specially-designed career paths upon completion. Over the past five years, we have had a total of 40 trainees come to work with us after graduating from our programmes. In 2010, we had 14 new trainees join our training programmes.

In 2010, our Training and Development Team organised 110 in-house professional development courses covering customer service, individual professional skills, management development, operations, language and information technology.

Swire Hotels has a fantastic internship programme; they're keen to provide more placement opportunities for undergraduate students.

Jessica Cheung, Operations Manager (Café Gray Deluxe),  
The Upper House, Swire Hotels



Our colleagues having training sessions



We recognise that many external institutions and membership associations offer valuable opportunities for employees to improve their performance at work. We support employees who wish to take external courses or professional qualifications which are relevant to their roles by providing financial assistance and examination and study leave. Employees are eligible for reimbursement of membership fees when joining professional organisations recognised by Swire Properties. Our employees attended 62,289 recorded hours of training in 2010, with an average of 16 hours of training per employee.

The Swire Leadership and Management Development Curriculum allows our people to develop the capabilities they need to perform and progress. There are different levels within the leadership programme, with each level tailored to meet the needs of employees at different stages of their career development. The leadership programme nurtures future leaders at all levels, educating them about the latest management tools and helping them to develop a strong management style based on our values. Throughout

### BEAM Professionals

We encourage our staff to become trained green building professionals, in preparation for the increased activity in green building certification. By the end of 2010, 20 employees gained BEAM Professionals certification.

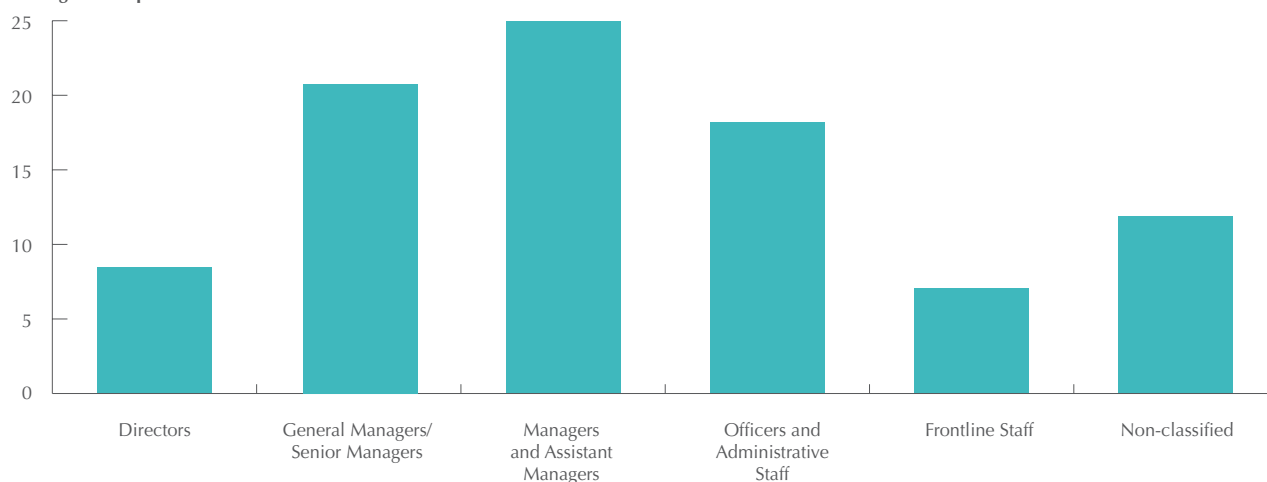
To achieve good coverage, we aim to have 50% of eligible staff qualified within five years, and at least two BEAM Professionals in every portfolio.

their careers, our employees also participate in business management programmes at international institutions such as INSEAD, Stanford University and The Richard Ivey School of Business.

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

### Education and Training

Average Hours per Grade

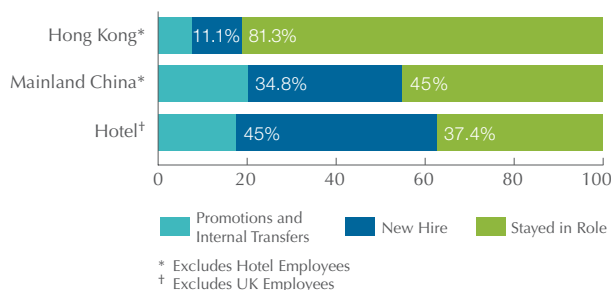


The system includes an annual formal appraisal, where employees undertake a self-assessment covering performance and behavioural elements, which they then discuss with their manager. This discussion between manager and employee is an open two-way dialogue, with a focus on motivation, coaching and developing potential. Performance appraisal training and refresher courses are provided annually so that managers and employees understand their roles in the evaluation process. In 2010, all full-time permanent employees were given a performance appraisal.

## Recruiting and Retaining Employees

We aim to expand our workforce of highly talented, motivated and experienced employees with our various opportunities for internal development and a rigorous external recruitment process. In 2010, 11% of our employees were promoted or transferred internally. New employees represented 22% of our workforce, with many recruited in our new hotels in Hong Kong and Mainland China. Staff remuneration is also reviewed on a timely basis, to maintain our competitiveness in the labour market.

### Employee Recruitment

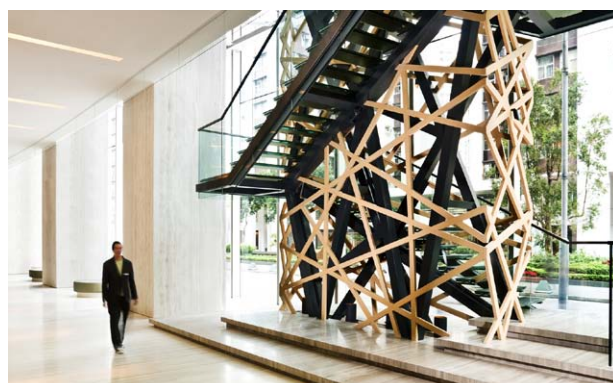


We offer summer internships to penultimate-year undergraduates interested in a career in property development. We encourage those who perform well to apply to our trainee programmes.

To further improve our recruitment process and working conditions, we obtain information from all out-going employees in an exit interview two weeks before they finish their contract. Comments and opinions collected in the interview are compiled and presented to Directors regularly.

## Recruitment at Our Hotels

EAST, Hong Kong and The Upper House share a similar service philosophy, which is rooted in an unpretentious, fun and down-to-earth approach to service. We recruit passionate and dedicated people who complement our hotel brands and offer quality service. In our efforts to find the best talents for our teams, we use creative recruitment methods that go beyond simply considering candidates' formal qualifications and experience. Instead, candidates are asked to take part in games and video sharing, group interviews and discussions with our executives.



EAST, Hong Kong and The Upper House recruit passionate and dedicated people aligning with its brand personality

## Equal Opportunities

As an equal opportunities employer, we seek to maintain a respectful, inspirational and safe workplace. We respect human rights and do not tolerate harassment or discrimination of any kind. We recruit and promote people based on their experience, skills and job performance. Our workplace agreements are determined on an individual basis, with the basic salary of each employee commensurate with their experience and the job, regardless of age, gender, race, national origin, disability, sexual orientation or family or marital status. Every staff member is required to observe the legislation on equal opportunities and may face disciplinary or legal action if they fail to comply.

The Human Resources & Administration Department organises equal opportunities training. New recruits must attend a mandatory induction training session which covers the equal opportunities policy, while existing employees are offered regular refresher sessions. We collaborate closely with the Equal Opportunities Commission to ensure that we are updated on the latest issues and training practices.





Employees enjoyed the “Back to School” theme at our Annual Dinner

## Code of Conduct

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

We have channels for complaints open to all shareholders, customers, suppliers, contractors and employees. Anyone who is in breach of the Code will be subject to disciplinary action, potentially including termination of employment. In cases of suspected corruption or other criminal offences, a report will be made to the appropriate authorities. All employees have a responsibility to raise concerns about potential violations of the Code, including possible improprieties in financial reporting and internal controls.

In 2010, we conducted training workshops internally in Hong Kong for over 230 employees, including both office and frontline staff. The workshops covered topics such as diversity in the workplace and anti-corruption.

## Employee Engagement

We are committed to fostering a sense of community and teamwork within our workforce, and take various actions to engage our employees.

Our newsletter *CornerStone* is published every two months, and is freely available on the intranet for employees. It contains articles about Swire Properties’ latest activities, achievements, news and sustainable development initiatives.

Employees’ grievances are dealt with in a timely and effective manner. The grievance system is clearly communicated in the Employee Handbook. If they wish to, staff can present their grievance directly to the Human Resources Director without discussing it with their supervisors first.

The Swire Hong Kong Staff Association is a social club for Swire Group employees. It offers a wide range of cultural, social, sporting and recreational activities throughout the

## Encouraging a Low Carbon Lifestyle

To encourage energy saving outside of the workplace, we initiated a “Power Save Competition” for employees. Employees submitted electricity bills to enter and those who showed at least a 2% reduction in their electricity usage over a set period were eligible for prizes. We also circulated electricity-saving tips for air conditioning, lighting and computers, to demonstrate how to reduce energy consumption at home.

As a result of the competition, a total of 8,600 kWh of electricity was saved – equivalent to a reduction of emission of 5.7 tonnes of CO<sub>2</sub>e\*, or the amount of carbon absorption by 261 trees in one year<sup>‡</sup>.

\* Calculation based on carbon emission factor derived from information in the 2010 Sustainability Report published by CLP Holdings and the Hongkong Electric carbon calculator

‡ 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



Our colleagues went on a boat trip with WWF-Hong Kong to learn about the Chinese White Dolphin



year, and arranges substantial discounts and sales for Swire employees. Our Swire Properties Community Ambassador Programme is a platform which encourages employees to work together as volunteers for community events.

Our company events are designed to encourage colleagues to get to know each other in a relaxed and informal environment. Our annual themed dinner and Christmas drinks are popular events for our staff, and we also encourage them to participate in sports activities. We organise an inter-departmental sports competition every year, and staff can form teams to compete in the annual Dragon Boat Festival.

We also aim to engage our staff in various activities that raise their awareness of environmental issues. We have partnered with organisations such as WWF-Hong Kong, arranging events such as a boat trip with WWF to see the endangered Chinese White Dolphin, and the Mangrove Boardwalk tour in Mai Po, where colleagues viewed the mangrove forest and went birdwatching. These events emphasise the importance of preserving biodiversity, and help colleagues better understand the contribution they can make at work and at home.

## Employee Benefits

We offer competitive remuneration, which includes medical care, retirement benefits and a discretionary performance bonus for all full-time permanent employees, commensurate with their job grade. We operate a retirement benefit scheme under the Occupational Retirement Schemes Ordinance (ORSO) in Hong Kong, which is exempt from the Mandatory Provident Fund (MPF) Scheme. New, full-time permanent employees based in Hong Kong have a one-off option to choose between the ORSO and the MPF Scheme when they commence employment. We also compensate employees with allowances for overtime hours worked, as defined in their employment contract. However, we ensure overtime work is kept to a minimum.

Given the pressures of everyday life, we recognise the importance of providing emotional support for our employees. In view of this, we have commissioned an external consulting firm to provide a full range of Employee Assistance Programme (EAP) services to assist frontline staff in resolving any concerns or problems relating to their personal or professional lives.

With this EAP service, our frontline employees can receive independent counselling provided by a team of qualified professionals through a 24-hour hotline. They also have the option of arranging a face-to-face interview at a mutually convenient time, during or after office hours. To protect the interests of our employees, all discussions are kept strictly confidential. In 2010, 366 employees accessed our Employee Assistance Programme, which includes Professional Personal Consultation and Counselling, Work-life Information and Resource Services, Staff Development Programmes and Staff & Management Orientation Sessions. Our staff engaged in 444.4 training and service hours in total.

## Health & Safety

The safety of our employees, tenants, contractors and of the communities who use our facilities is a high priority for our business. 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 have made substantial efforts in 2010 to prepare to roll it out to our properties in Mainland China.

### Safety Management System (SMS) Implementation in Mainland China

To ensure that our approach is consistent with our practices in Hong Kong, we will be implementing our SMS in our operations in Mainland China. Sanlitun Village in Beijing was selected as the first Mainland project to implement the SMS, with the first stages of preparing the SMS manual and an initial safety audit being completed in 2010.

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

Our Health & Safety Team provides training and technical support to our employees to ensure that they acquire the technical knowledge and judgement needed to meet their health & safety obligations.

### More Stringent SMS Auditing System

We have trialled a new SMS auditing system called the Continual Improvement Safety Programme Recognition of System (CISPROS). Compared with our previous auditing system, CISPROS contains more audit questions, and the questions are more detailed.



Our new SMS auditing system CISPROS was given a trial run

In 2010, we reported one critical injury and there was an increase in our accident rate, from 14 cases per 1,000 employees in 2009 to 18 cases per 1,000 employees in 2010. The overall severity of accidents involving our employees, measured by work hours lost to accidents, has however decreased by 21.8%, from 830.57 to 649.11 work hours per 200,000 work hours.

### Sharing Best Practice Among Peers

We share best practice with our peers and learn from each other. In December 2010, our SMS Steering Committee organised a site visit to the Swire Coca-Cola plant in Sha Tin. Our Committee members were introduced to Swire Coca-Cola's production line, where their health & safety experts shared with us their successes and challenges in risk management. Although our business operations differ, we share a commitment to ensuring that employees' health & safety is fully protected.



We visited the Swire Coca-Cola plant to share best practices

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

### Risk Assessment

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

### Corporate Confined Space Assessment

Our Technical Team is responsible for routine technical duties, many of which require working in confined spaces (such as sump pits, manholes and water tanks). To cope with the recent expansion of our portfolio and to comply with recent updates to the relevant legislation, we commissioned a confined space assessment in 2010. The assessment aimed to identify all potential confined spaces in our portfolio, assess hazards and risks when working in those spaces, and update the existing confined space working procedures.



## Manual Handling Operation Procedures

In line with our objectives and targets, we continued to conduct our risk assessment on manual handling procedures during major routine operations, including our ice rink operations at Cityplaza and Festival Walk. During the year, supervisors were appointed as Manual Handling Operation Assessors, and attended external training on manual handling assessment. We will roll out internal workshops for all staff in 2011.



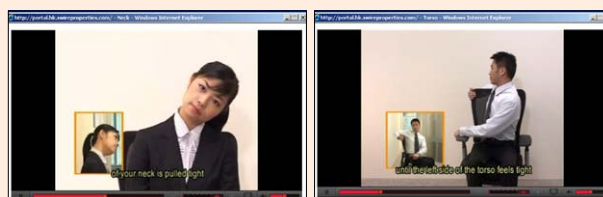
Our risk assessment also covered ice edger operations

## Award-Winning Initiative at Festival Walk

A routine risk assessment check at Festival Walk identified the need for an improved fall prevention system for the roof. Building engineer Eric Wong rose to the challenge, designing a Movable Fall Arresting System which was installed across the roof of Festival Walk. Besides improving fall protection, the new system also gives workers improved mobility on the roof. Wong's device was awarded the Merit Prize in the Best Occupational Safety and Health Employee Award 2010, an award bestowed by Hong Kong's Occupational Safety and Health Council in recognition of employees who contribute substantially to improving health & safety in their workplaces.

## "Healthy Workstation" Video

Most of our health & safety risks are associated with building construction and operation, yet office working environments can also cause long-term health problems for employees. Taking advantage of our major office relocation from Pacific Place to One Island East, our Technical Services and Sustainability Department produced a video highlighting ways to set up workstations more ergonomically. The video also featured various stretches and exercises designed to reduce strain in the shoulders and back for people working at their desks.



Employees can access our "Healthy Workstation" video on the company intranet

## Health & Safety Awareness

While the Fire & Safety Manager is accountable for the overall coordination and implementation of the Health & Safety Policy, it is the responsibility of all employees to take care of themselves and others by identifying and reporting hazards as and when they arise. Therefore, health & safety awareness is an important component of our induction training for our frontline employees. We require our safety awareness training to be delivered to new frontline employees within 30 days of their commencing employment.

Our approach to health & safety is communicated to all frontline employees through safety handbooks, the company portal and staff newsletters. In 2010, we developed a safety handbook for all frontline employees in Mainland China, which contains comprehensive information about our health & safety policies, legal and in-house requirements, and internal procedures.



# Our Community



Swire Properties takes part in public discussions and participates in events aimed at improving the urban environment.

Paul Zimmerman, CEO of Designing Hong Kong and Hong Kong District Councilor

Creating and sustaining vibrant communities is a key part of our business. Through our philosophy of building integrated communities, we seek to be a long-term and trusted partner, serving our local neighbourhoods effectively and capturing opportunities that benefit our business, our tenants and the general public.

Our approach is two-fold. First, we develop the physical infrastructure to house people and businesses within the community. Second, we help to build and maintain a cohesive community identity and spirit through various community investment initiatives, including the promotion

of arts and culture, education, environmental programmes and volunteering activities. In 2010, we invested HK\$18 million in community initiatives in Hong Kong and RMB5.8 million in community activities in Mainland China.

## Performance Overview

**HK\$18 million**

invested in Hong Kong communities

**63** employees used their granted volunteer service leave to take

a total of **77** extra days of leave

**RMB5.8 million**

invested in communities in Mainland China

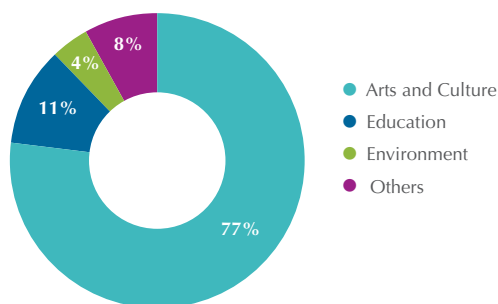
Volunteers dedicated

**6,475 hours**

to community service

Over **1,000** Community Ambassadors took part in **41** activities

### Community Investment by Focus Area



### Developing Our Communities

We recognise that our greatest impact on communities comes from our developments. Our long-term approach to community development is founded on the premise that the physical completion of a project simply marks the beginning of its social value. Our aim is to identify development opportunities which maximise the value of our investments while enhancing the communities in which our investments are located.



Swire Properties buildings are often connected to each other, making it easier for them to create a larger public area. At Island East, this benefits the neighbourhood.

Jonathan Lam, Senior Technical Supervisor,  
Swire Properties



The Pacific Place complex has set a new standard for retail-led, mixed-use properties

When planning the acquisition, design and development of our projects, we attend to the needs and wishes of our stakeholders through proactive outreach and regular engagement programmes with community representatives. In some cases, this has led to modifications in development proposals and development programmes, and the implementation of initiatives to mitigate localised impacts during construction.

At Island East, we transformed an industrial area into a fully integrated commercial and residential hub, and



Sanlitun Village features an innovative open-plan design in keeping with the surrounding area

created Hong Kong's largest privately-owned business district. The Pacific Place complex in Admiralty, built on the site of the colonial era Victoria Barracks, has set a new standard for retail-led mixed-use properties, and has redrawn and extended the boundaries of Hong Kong's central business district.

In Mainland China, we have adopted the same approach that has underpinned our success for nearly 40 years. We build value over the long term by developing and managing mixed-use projects that act as a catalyst for revitalising neighbourhoods. Sanlitun Village in Beijing redefines the area with its unique open-plan architecture, where buildings are interspersed with courtyards, gardens and winding alleys. Its use of open space and blend of diverse retail and cuisine has created a new shopping and dining experience for residents and visitors alike.

## Sustainable Urban Planning

Sustainable urban planning, particularly in Hong Kong, has emerged as a key issue in our engagement with our stakeholders. We take great measures to ensure that our developments help to improve the social and economic environments of our communities.

To ensure Hong Kong's competitive future as "Asia's World City", we continue to work in line with the Government's urban planning directions, as outlined in *Hong Kong 2030: Planning Vision and Strategy*. We are involved with the government's stakeholder engagement on how Hong Kong's spatial environment should respond to various social, economic and environmental needs in the next 20 to 30 years.





Exterior of the former Minli Middle School within the Dazhongli site

## Case Study: Relocation of an Historical Building in Shanghai

Our efforts to enhance the communities within our investment locations require that we first understand the unique cultural heritage of the area. Shanghai is a unique metropolis with a blend of the East and the West, the old and the new. The Shanghai Dazhongli project, jointly developed by Swire Properties and HKR International, involves construction of a shopping mall, offices and hotels. With the historical building from the 1920s standing at the centre of the planned development, the project team faced a considerable challenge in preserving this cultural edifice, which was identified as an Outstanding Historical Building in 1999 by the Shanghai Municipal Government.

After extensive research and consultation, the team decided to relocate the 3,300 tonne building from the centre to the southern end of the development, a distance of 57 metres. Preparation for the move took eight months. Floor tiles were removed piece by piece and labelled. Workers then cut off the building from the existing foundation and attached the building to a temporary base of concrete.



Tiles were removed and labelled during relocation work

The building was pushed along ten parallel tracks by a hydraulic jack, at a speed of two centimetres per minute. Computers were used to monitor the movements of the building at more than 100 different points, scanning for cracks or structural abnormalities that might occur. Overall, the move took two weeks.

The building now occupies the signature position on Weihai Road, welcoming visitors into the Dazhongli project. This incredible project demonstrates how heritage conservation and social progress can go hand in hand, and that local communities can enjoy a better quality of life whilst preserving important memories of the past.

## Arts and Culture

As a long-standing and committed patron of the arts, we believe that cultural development is an effective way to enrich a society and promote social progress. We take the opportunity to partner with exceptional artists in various media, and offer practical support wherever we can.

### After Hour Classics

Swire Island East hosted the encore series of After Hour Classics at ArtisTree. Led by Perry So, the Assistant Conductor of the Hong Kong Philharmonic Orchestra, some 65 musicians performed, including special appearances by harp soloist Christopher Sidenius and cor anglais soloist Christopher Chen. The After Hour Classics were the first concerts conducted by Perry So since he had completed his six-week Dudamel Fellowship Programme.

### WECYCLE MART

In December 2010, Island East hosted an outdoor bazaar, where local and overseas artists created saleable artworks from excess or recycled items such as aluminium scraps, plastic bottles, canvas banners, magazine paper and cork pieces. Over 600 people attended the event, and special workshops were held to demonstrate how to turn old scraps into pieces of art.



The handcraft booths at WECYCLE MART attracted a lively crowd during office lunch hours

### Film Screening at EAST, Hong Kong

EAST, Hong Kong promoted creativity in the community by commissioning School of Design students from the Hong Kong Polytechnic University to produce a short film themed “Fast Pace of Hong Kong”. The video was designed to capture the energy and spirit of the city, and was launched a special screening at the hotel’s rooftop bar Sugar. The video now runs on constant loop at the bar, and this creative partnership is set to continue, with students producing a new film on a bi-annual basis.

### Bringing Frank Gehry to China



An exhibition of Frank Gehry's works was held in Sanlitun Village, Beijing

We presented “Frank Gehry. Architect”, the first exhibition of the Pritzker Prize-winning architect in China. Held at Sanlitun Village, Beijing, the exhibition showcased a selection of Gehry’s projects through the use of models, drawings, photographs and video footage. Iconic buildings such as the Guggenheim Museum in Bilbao, Spain and the Walt Disney Concert Hall in Los Angeles were featured, and visitors had a chance to observe the development of Gehry’s creative concept for his first residential project in Asia – Swire Properties’ 53 Stubbs Road in Hong Kong, due for completion in 2012.



## Piano Masterclass at Sanlitun Village



Yundi Li coached promising piano students in Beijing

In collaboration with the Beijing Music Festival, a piano masterclass with classical pianist Yundi Li was hosted at Sanlitun Village. Li performed a selection of his favourite pieces, and then provided musical critiques and expert coaching to three budding young musicians.

## Educational Programmes

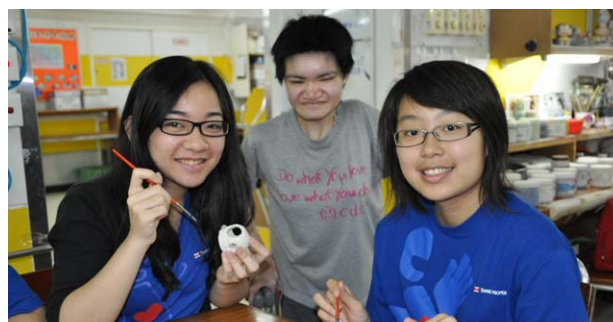
Our education programmes are designed to encourage today's youth to become creative and confident individuals. We engage in active partnerships with groups such as the Hong Kong Youth Arts Foundation, and allocate resources to our Swire Organisation for Youth Arts (SOYA). SOYA organises a variety of youth arts and cultural education campaigns, and established the unique arts education initiative, "Art Talents Pop Up! Poemography Exp.", which is supported by Dragonair and EAST, Hong Kong.



Roving exhibition of the award-winning artworks in Cityplaza, Hong Kong

## StARTist Series

To nurture art appreciation amongst young people in Hong Kong, we invited over 30 children from Chai Wan Baptist Church Social Service to our "Artwalk Tour in Island East". This artwalk tour features a series of local and international artworks, and shows how art can transform public areas and become a part of everyday life. We also collaborated with the SAHK in holding a ceramics workshop. Children from Chai Wan Baptist Church Social Service learned the art of making ceramics from trainers with disabilities.



A ceramics workshop was arranged for children from Chai Wan Baptist Church Social Service

This programme brings together hundreds of young people from Hong Kong, Beijing and Shanghai, and inspires them to create "poemography", an imaginative fusion of photography and poetry. With an emphasis on learning, art appreciation and cultural exchange, students are mentored by noted judges, poets and photographers and have the chance to interact with their peers from other parts of China.

In recognition of students' achievements, roving exhibitions were held in the three cities to showcase the winning entries. Guided tours were organised for schools to view the artworks, and the wider community was also invited to create their own poemography at the exhibition sites.

## Leveraging Our Resources

We believe that one of the most effective ways to invest in our communities is through the sharing of our business expertise.

Mr. Fix, one of the initiatives under our Community Ambassador Programme, leverages the professional expertise of our technical staff by offering free home maintenance service, repairs and minor home renovation works to those in need within the community. The Mr. Fix programme was awarded a certificate of merit in the 2009-10 Best Corporate Volunteer Service Project Competition, organised by the Social Welfare Department's Steering Committee on Promotion of Volunteer Service in Hong Kong.

### Energy Audit for Taikoo Primary School

Given the success of our free energy audits for tenants, we expanded our approach to include a local school. The Technical Services and Sustainability Department (TSSD) conducted an energy audit at Taikoo Primary School to identify opportunities for energy saving and to recommend the implementation of various energy management initiatives. The audit found that the school performed above the Hong Kong Electrical and Mechanical Services Department's (EMSD) benchmark for energy efficiency in schools but nonetheless identified a number of energy conservation opportunities. The audit will facilitate the school's application for a grant from the Government's Environmental and Conservation Fund for energy saving initiatives and for student education. If implemented, TSSD's recommendations could achieve an annual reduction in the school's carbon footprint of 73.5 tonnes\*, at the cost of around HK\$3.9 million.



A thorough study was conducted at Taikoo Primary School to investigate their energy consumption patterns

### Partnering for Change

We encourage our employees to volunteer some of their spare time to the various community service activities that we offer through our Community Ambassador Programme. In 2010, over 1,000 of our Community Ambassadors took part in 41 activities, dedicating a total of 6,475 hours to community service. Our activities are developed and coordinated by two dedicated staff members and our Community Ambassador Committee, with a special focus on environmental protection, education initiatives and the promotion of arts and culture. Our Community Ambassador Programme relies on the commitment of our staff as well as the expertise of our community partners. In order to ensure a sustainable positive impact, we work to create enduring partnerships with representative groups in the community.

Swire Properties supports programmes that are aligned with the need to promote arts and culture. They should find a way to provide social groups with more opportunities to reach out and show what they are doing.

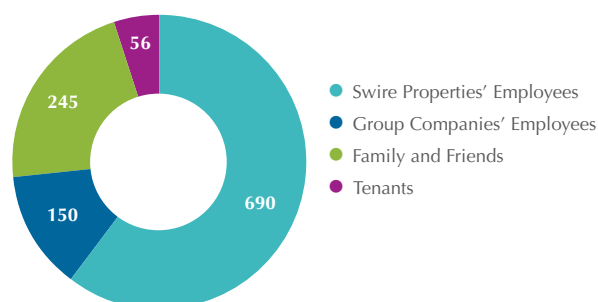
Venus Chan, Wellness Program Coordinator, Hong Kong Family Welfare Society

We recognise the efforts of our volunteers through our Social Responsibility Award, which is presented to those who have made outstanding contributions to the community. We also offer attractive incentives to encourage employees at all levels to get involved in serving the community. Under our Community Ambassador Service Leave Policy, employees can take an extra day of leave for every ten hours of volunteer service (up to a maximum of two days per year). In 2010, 63 employees used their granted volunteer service leave to take a total of 77 extra days of leave.

Our Community Ambassador Programme is open to an ever-growing network of our employees' family and friends, as well as the employees, family and friends of our Swire group peers, business partners, tenants and customers. In particular, this collaboration with our business partners and tenants allows us to maximise resources and ensure greater benefits for the community at large.

Over the years, we have worked to make a positive impact on the communities in which we operate. We believe that creativity, with its ability to break barriers of socioeconomic status, ethnicity and mental or physical ability, is an important factor in helping to promote social cohesion.

### Participants in 2010 Community Ambassador Activities



\* Calculation based on a carbon emission factor derived from Hongkong Electric carbon calculator



## Partnering with Tenants

### Green Ark Series

We partnered with our tenants in organising Green Ark, a series of green programmes aimed at raising children's awareness of the importance of environmental protection.



Children from the Hong Kong Family Welfare Society enjoyed a trip to the Swire Institute of Marine Science

**Swire Marine Day:** Together with volunteers from our Cityplaza tenants Fuji Xerox (Hong Kong) Limited, we organised a special outing for children from the Hong Kong Family Welfare Society. The group visited the Swire Institute of Marine Science, where they learnt about ocean conservation and spent a fun day exploring marine environments.

**Green Journey – Butterfly Fantasy:** We partnered with our TaiKoo Place tenant, The Hong Kong Mortgage Corporation Limited,

for an eco-tour around Tai Po Fung Yuen Butterfly Reserve. The tour was aimed at increasing participants' awareness and knowledge of ecological conservation.



Drop boxes were placed at various locations in TaiKoo Place for people to donate unused pens and pencils

### Do the WRITE Thing!!

Hundreds of thousands of children in rural China are unable to receive a basic education because their families cannot afford standard school supplies. In a partnership with the Boys' and Girls' Clubs Association of Hong Kong, we encouraged our tenants in TaiKoo Place to "Do the WRITE Thing!!" by donating unused pens and pencils to children in China. With the Boys' and Girls' Clubs Association of Hong Kong distributing the stationery, this initiative has the potential to reach over 10,000 children in rural China.

## Partnership with the Blind

In a partnership with the Hong Kong Blind Union, our Community Ambassadors worked with visually-impaired participants in an attempt to understand the skills needed for providing assistance to the visually-impaired, and for effective communication in general. This has given the Community Ambassadors a new set of skills and encouraged them to broaden the scope of the Community Ambassador Programme.

## Superlympics Sports Day

Together with Swire Resources, whose business includes many sports retail stores, and our office tenant, OTIS Elevator Company (HK) Limited, we organised the Superlympics in May 2010 for over 150 neurologically-disabled members from the SAHK. Our Community Ambassadors underwent three training sessions to prepare for the event, and did a great job in assisting participants on the day. The Superlympics was held at the Western Park Sports Centre, and both our Chief Executive and the Managing Director of OTIS Elevator participated in the event as guest judges.



The crowd was wreathed in smiles at the Superlympics Sports Day

## Partnership with HKYWCA Elderly Community Centre

We recognise that Hong Kong is an aging society. Since 2006, we have participated in an ongoing programme with the HKYWCA Ming Yue District Elderly Community Centre, in which our Community Ambassadors engage in creative and entertaining activities with the centre's members. In 2010, we also collaborated with students from TaiKoo Primary School on various activities, such as paying home visits to elderly residents living alone in Hong Tung Estate. These activities were designed to promote respect for the elderly and the value of community service.

### Long-term Community Ambassadors Activities

- **Since 1998**, we have supported the Sedan Chair Race. This is an annual event to raise funds for Matilda International Hospital
- **Since 2003**, we have supported the Oxfam Trailwalker event. We set up support stations and provide snacks and drinks to walkers and their support teams
- **Since 2006**, we have organised "Little Angel" with St James' Settlement, an annual Valentine's Day fundraiser where Community Ambassadors and their children sell roses in our shopping malls and office towers



# Our Value Chain

Cinema Foodcourt Hotel SPA  
戲院 美食廣場 酒店 水療

When problems occur, tenants can easily get in contact with Swire Properties staff members. Usually, most of the problems can be solved quickly. Swire Properties is willing to listen and take suggestions.

Ji Yong Jun, Shop Manager, Nature Living, Sanlitun Village

Our approach to sustainable development encompasses our entire “value chain”, which includes our suppliers and customers. This comprehensive approach requires us to manage a whole spectrum of issues, from ethical conduct of business partners, labour standards and human rights amongst suppliers to product responsibility and environmental impacts across suppliers and customers.

## Performance Overview

**326** of our most significant suppliers responded to the Supplier Code of Conduct Self-Assessment Questionnaire

**83%** of survey respondents stated that they complied fully with our Supplier Code of Conduct

We organised **11** community events for tenants covering key sustainability and cultural issues

In 2010, we continued our supply chain assessment and began to include our Supplier Code of Conduct in tender documents and contracts. We believe this is a significant move towards improving sustainability in our value chain.

### Supply Chain

The long-term sustainability of our business is built on a sustainable supply chain. We believe that through our influence, we can reduce environmental and social impacts across the industry by aligning common goals and making more informed decisions.

We have established a Supply Chain Sustainability Committee, chaired by the Head of Technical Services and Sustainability, and including representatives from a variety of departments across Hong Kong and Mainland China. These representatives head a number of subcommittees, which are responsible for various supplier relationships.

#### Supply Chain Sustainability Programme

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

Our supply chain includes over 2,600 suppliers. In 2009 and 2010, we initiated a Supplier Code of Conduct Self-Assessment Questionnaire exercise. The assessment covered key supply chain risk areas, including environmental impacts, human rights violations, under-aged and forced labour, corruption, discrimination and law enforcement. Our aims were to:

- Assess suppliers' readiness to incorporate our Supplier Code of Conduct into their business
- Collect suppliers' feedback on their sustainability status
- Formulate our future action plan

Three hundred and forty-six of the most significant suppliers from Hong Kong and Mainland China were requested to respond to our questionnaire and we were pleased to see a high response rate of 94%, with 83% of the respondents stating that they complied fully with the Supplier Code of Conduct.

Based on the positive feedback from respondents, it is evident that most of our suppliers are ready to incorporate our Supplier Code of Conduct into their business practices. Therefore, from April 2010 onwards, we have included the Supply Chain Code of Conduct when tendering documents and contracts for our most significant suppliers in Hong Kong and Mainland China. In any case of non-compliance, the supplier must submit a corrective action plan and implement it within an agreed period, or risk losing our contract.



We plan to enhance our engagement with suppliers through workshops and other partnering approaches. We also plan to introduce specific performance requirements for procurement. For high-risk suppliers, we will implement formal compliance checking and audit processes.

### *Sustainable Procurement Initiatives*

We have extended our Forest Stewardship Council (FSC)-certified paper procurement to include all printing paper, letterheads and business cards. For selected offices, we have initiated the procurement of organic Fair Trade coffee, grown in southern Laos to support poor farmers in that region. We are hoping to extend this Fair Trade coffee to all of our offices.

### **Sustainable Procurement in Hotels**

Various initiatives are in place in Swire Hotels to procure organic and locally-sourced food and beverage products. We strongly prefer local seasonal foods over imported produce.

Swire Hotels has also increased its efforts to reduce our landfill burden by purchasing biodegradable products where possible. This includes:

- Biodegradable garbage bags for The Upper House and EAST, Hong Kong
- Biodegradable and compostable cutlery and utensils used for room service and takeout meals in EAST, Hong Kong



When making procurement decisions, we favour local seasonal produce

For our ongoing development projects in Mainland China, we try to source materials from suppliers within a radius of 800km, as they have a lower embodied energy and create more local employment opportunities. In the Village North at Sanlitun Village, key materials such as the glass, claddings, reconstituted timber and stone flooring were all sourced locally.

### **Customer Focus**

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

### *Communicating Responsibly*

We pride ourselves on the high quality of our marketing and communications. We adhere to local regulations and industry guidelines, including the Hong Kong Lands Department's Consent Scheme and the Real Estate Developers Association of Hong Kong (REDAs) self-regulatory regime. Development floor plans, technical specifications and facilities communicated through our marketing channels are reviewed and checked for accuracy internally and, if required, by external parties, to ensure 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, with 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 only 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.



## Transparency in Residential Sales: AZURA

To increase transparency in the Hong Kong property market and prevent unfair sales practices, the Real Estate Developers Association of Hong Kong (REDH) issued a new set of guidelines for sales of uncompleted residential properties in June 2010. Although our property AZURA has an unrestricted land lease and pre-sale consent is therefore not required, we have voluntarily followed the guidelines in the spirit of supporting improvements to Hong Kong's residential sales process. In particular, we have:

- Provided an unfurnished show flat to demonstrate the handover condition of the units upon completion
- Provided a certificate prepared by the architect, confirming that the external parameters of the show flats are identical to those of the units upon completion
- Released detailed sales brochures seven days before the start of sales
- Released price lists three days before the start of sales
- Published the price list and sales record on the Internet

## Providing Excellent Service

We appreciate that clients' expectations continue to rise, and we see it as our responsibility to offer superior standards and services, in order to 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.

Our customer service mission is to deliver exceptional service with dignity, empathy, accountability and respect, in order to create outstanding value and to surpass the expectations of our customers, employees and shareholders. To achieve this, we empower and train our staff to deliver the highest standards of customer service.

There is a feedback function for our guests to use in the hotel's iPod Touch. We receive their feedback instantly, and can therefore offer them our help immediately.

Stephanie Lin, Guest Experience Manager, EAST Hong Kong, Swire Hotels

## Partnering with Our Customers

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

In 2010, we involved our tenants in 11 community activities, which covered issues such as the environment, health, education, disadvantaged community groups and the arts.

We encourage our tenants to engage in sustainable practices during their occupancy. In support of our free energy audits outlined in Our Environment, we plan to release an updated version of our *Environmental Guidelines for Tenants* handbook in 2011. These guidelines will ensure that the fit-out, management and operations of tenanted premises are carried out in accordance with good environmental practice.

## Public Health

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

Our Pandemic Disease Action Plan (PDAP) outlines the appropriate level of response and course of action, depending on the severity of the outbreak. The PDAP contains procedures to monitor disease outbreaks, communications systems for tenants and residents, contingency measures for operating our properties and business continuity planning. The PDAP is maintained by our Pandemic Disease Action Team (PDAT), which is jointly led by the Head of Technical Services and Sustainability, the Head of Public Affairs and the Human Resources Director.

# Sustainability in Action



## The Upper House

The Upper House is a 117-room luxury hotel located in our flagship mixed-use development Pacific Place, Hong Kong. In its second year of operation, The Upper House continues to demonstrate its commitment to developing sustainable hotel practices.



### Environment

We make an effort to minimise our impact on the environment by sourcing responsibly. Our chefs have established partnerships with local farms and local producers of organic fruit and vegetables, based on their seasonal availability. We support sustainable fishing practices when sourcing seafood, and ensure that we do not offer threatened species to our guests. Check “Our Value Chain” section for information on [Sustainable Procurement in Hotels](#).

We use microfibre cloths instead of traditional chemical cleaners in housekeeping operations. We have found microfibre cloths to be a viable alternative to chemical cleaning, as using them not only reduces waste, water use and stress on water treatment facilities, but also improves the safety of the work environment. Check the “Water” section for more information on [Microfibre Cleaning System in Swire Hotels](#).

Our check-in and check-out process is completely paperless, and we have launched a pilot scheme to make all records digital. If successful, we hope this will act as a catalyst for creating a new paperless protocol across The Upper House and other hotels in our group.

We also have a fleet of hybrid cars to encourage guests to use more environmentally-friendly transport while staying at the hotel.

## Social

The hospitality industry has a high staff turnover, creating a considerable challenge in human resource management. At The Upper House, a strong staff attraction, engagement and retention strategy has led to some innovative and popular labour practices.

In addition to best-in-class remuneration and benefits, we are one of only two hotels in Hong Kong offering a five-day working week (compared to the traditional six-day working week in Hong Kong). Our management style is based on a coaching approach, while our training philosophy focuses on mentorship. Our employee engagement strategy also

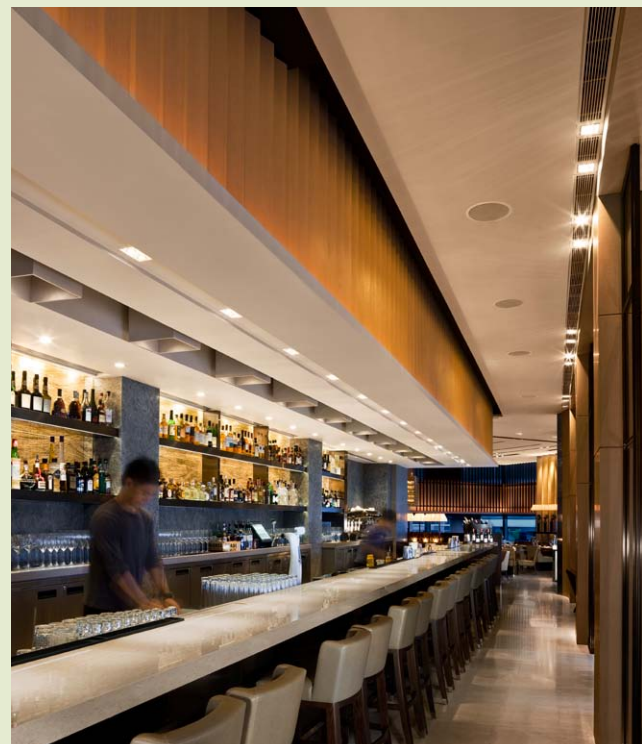
covers employee diversity issues, and gives us valuable insights into the needs and concerns of our staff members.

We offer our employees a work environment where they are free to express themselves. Personality, emotional intelligence, conversational skills, humour and thinking 'outside the box' are highly-valued traits in potential recruits.

Our policy is also to promote from within the company, which helps us to retain staff and makes our investments in employee development more sustainable.

## Economic

The Upper House's service philosophy and service innovations have proven to have a lasting appeal for our target customers, as we enjoy a high level of repeat business. In our first year of operation, The Upper House placed third amongst local competitors in terms of revenue per available room. Taking into account the quality and longevity of our competitors, this is a creditable achievement.

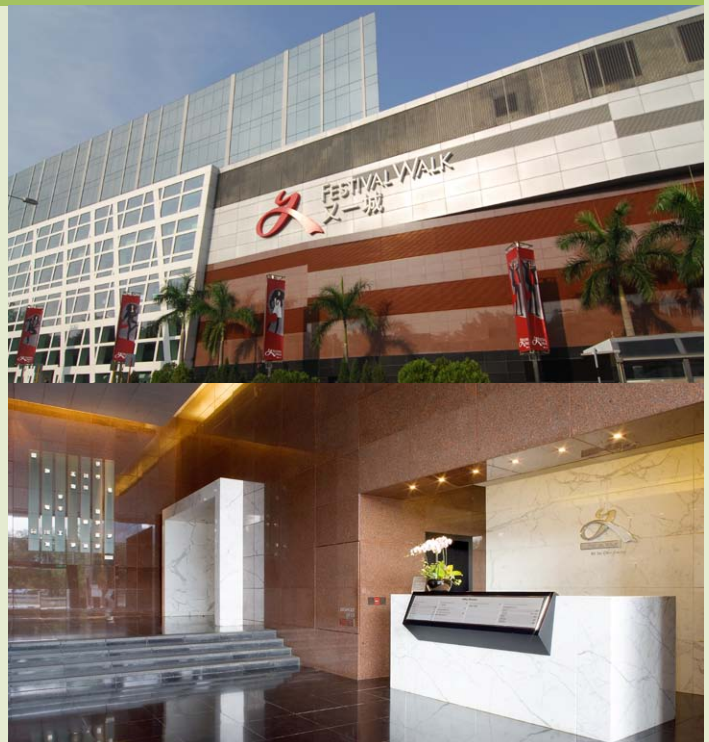






## Festival Walk – Our Low Carbon Journey

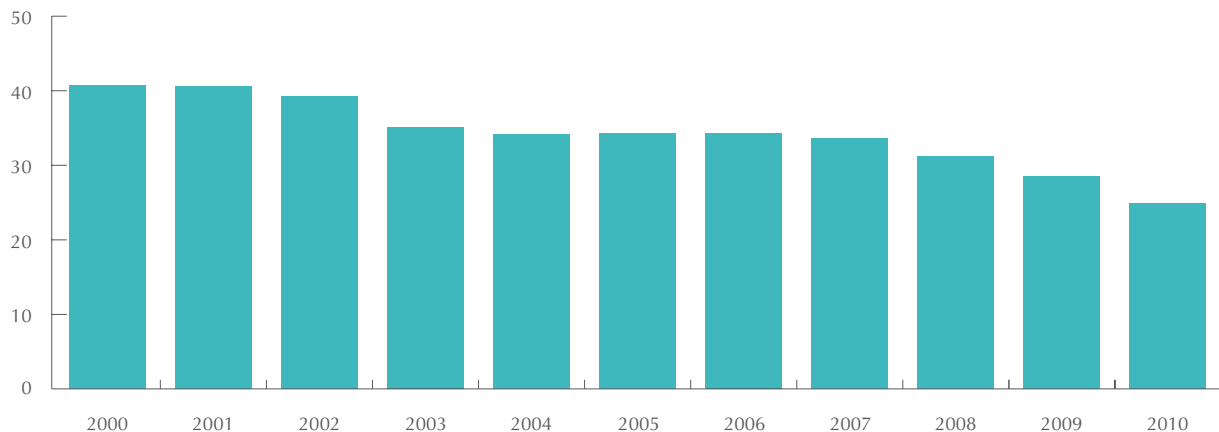
Festival Walk is a 1.2 million sq ft, seven-storey shopping mall, featuring nearly 220 shops and restaurants, a multi-screen cinema and Festival Walk Glacier ice rink. The development includes a 229,000 sq ft low-rise Grade-A office building. After a decade of operations, Festival Walk stands as a symbol of our continuing efforts to implement sustainable practices in our developments.



## Green Building: Festival Walk's Environmental Excellence

**Festival Walk Annual Energy Consumption (2000 – 2010)**

Annual Electricity Consumption  
(Million kWh)



### Energy Efficiency

#### Energy Saving Initiatives Implemented

1. Modulating valve installation in chilled water system for tenants
2. Cooling tower conversion
3. Innovative chiller plant control logic
4. Energy-efficient light fittings
5. Variable speed drives in air-handling units
6. Joint energy efficiency study with Tsinghua University
7. Chiller plant replacement and conversion to primary variable flow system
8. Reuse of waste ice from ice rink as cooling source for air-conditioning

Investment

**HK\$40M**

Annual Saving

**15.9M kWh**

Carbon Reduction

**↓11,000 Tonnes**  
**↓39%**

Over the past 10 years, we have invested HK\$40 million in implementing a comprehensive energy reduction plan, which covers lighting, heating, ventilation and air conditioning systems in the building. Between 2000 and 2010, we reduced Festival Walk's annual energy consumption by 15.9 million kWh. The resulting annual savings achieved a payback of less than four years.

### Innovation: Simple Solutions for Energy Saving

A simple but innovative change at Festival Walk Glacier has led to a saving of 44,000 kWh per year. Previously, we used electric heating to melt waste ice. Now, we use waste ice as the cooling source for the air-conditioning system of the ice rink's management offices.

We have achieved a 39% reduction in our carbon emissions from the 2000 level, equivalent to 11,000 tonnes of CO<sub>2</sub>e\*.

As a result of the free energy audits conducted by Swire Properties, over 160,000 kWh of energy saving potential has been identified in Festival Walk tenants' premises.

To understand the energy consumption patterns at Festival Walk better, we have installed a smart metering system with 169 intelligent meters for measuring and communicating energy consumption, allowing us to spot further energy reduction opportunities. The metering system, together with key performance indicators, will help us work towards our company-wide energy reduction target of 20% by 2020.

## Waste Management

We work closely with our tenants to improve waste management. Festival Walk was the first shopping mall in Hong Kong to install a food waste digester designed to convert food waste into carbon dioxide and water. Besides paper, metal and plastics, we also recycle fluorescent tubes and cooking oil, and we organise recycling schemes for tenants to recycle their electronic waste. In order to increase waste recycling efficiency, we use an automatic baler for compacting recyclable waste.

## Gold Award for Waste Separation

In 2010, Festival Walk received the Gold Award for the "Programme on Source Separation of Commercial and Industrial Waste" by Hong Kong's Environmental Protection Department. The award recognises outstanding performance in waste separation and recovery.

## Building Rating and Recognition

Festival Walk was the first office and retail complex to attain the BEAM Platinum Rating in 2006 in the Existing Buildings category. The BEAM assessment methodology defines criteria to prevent pollution and reduce resource consumption across the complete building lifecycle, whilst providing a healthy environment inside and around the development.

## Green Building Award

Festival Walk received further recognition in the Green Building Award 2010, receiving a Grand Award, which was awarded by the Hong Kong Green Building Council and the Professional Green Building Council. This recognition is granted to buildings with excellence in sustainable planning, design, construction and management. Festival Walk was applauded for its overall sustainability strategy, which has set it as a pioneer and innovator of sustainability in facility management.

## Bringing Together Communities

Since its opening in 1998, Festival Walk has transformed a residential area into a popular leisure destination for both residents and tourists. It has various venue spaces at different levels to host large-scale exhibitions and commercial, cultural and charity events.

Swire Properties provides a space for community groups and non-governmental organisations to raise awareness and educate the public on their specific issues. In 2010, our in-kind investment in providing free venue hire in Festival Walk totalled over HK\$1.7 million.

\* Calculated by using a carbon emission factor of 0.7 kg/kWh



# Performance Data Summary

We collect a wide range of data to help us monitor our sustainable development performance and identify areas for improvement. This data covers developments under Swire Properties' operational control in Hong Kong only (Our hotels are not yet included in the data for 2010), except where indicated.

|   | Unit                | 2010                         | 2009                   | 2008    | 2007    | 2006    | 2005    | 2004    | 2003    |
|---|---------------------|------------------------------|------------------------|---------|---------|---------|---------|---------|---------|
| <b>Energy use and CO<sub>2</sub>e emission</b>        |                     |                              |                        |         |         |         |         |         |         |
| Purchased electricity                                 | MWh                 | <b>229,593</b>               | 237,306                | 221,309 | 223,434 | 225,564 | 219,512 | 209,781 | 210,770 |
|   | GJ                  | <b>826,535</b>               | 854,302                | 796,712 | 804,362 | 812,030 | 790,243 | 755,212 | 758,772 |
| Indirect CO <sub>2</sub> e emissions                  | Tonnes              | <b>171,669</b>               | 187,317                | 171,809 | 177,294 | 190,939 | 155,590 | 148,693 | 149,394 |
| Direct CO <sub>2</sub> e emissions <sup>(1)</sup>     | Tonnes              | <b>5,126</b>                 | 2,179                  | –       | –       | –       | –       | –       | –       |
| Industrial diesel                                     | Litres              | <b>16,093</b>                | 15,810                 | 21,670  | 21,560  | 26,284  | 12,797  | 18,668  | 13,178  |
| Petrol  | Litres              | <b>22,055<sup>(2)</sup></b>  | 16,424                 | 17,970  | 16,467  | 15,958  | 16,892  | –       | –       |
| Ultra-low sulphur diesel (ULSD)                       | Litres              | <b>50,996</b>                | 61,722                 | 61,699  | 38,512  | 35,625  | 21,920  | –       | –       |
| Direct energy use (Industrial diesel + Petrol + ULSD) | GJ                  | <b>3,172</b>                 | 3,367                  | 3,630   | 2,732   | 2,782   | 1,822   | 680     | 480     |
| <b>Materials used</b>                                 |                     |                              |                        |         |         |         |         |         |         |
| Refrigerants containing HCFCs refilled                | Kilograms           | <b>4,111</b>                 | 3,979                  | 2,266   | 2,409   | 4,779   | 3,320   | –       | –       |
| Refrigerants containing HFCs refilled                 | Kilograms           | <b>3,756<sup>(3)</sup></b>   | 1,478                  | 1,615   | 2,265   | 5,395   | 3,808   | –       | –       |
| Paper and paper products                              | Kilograms           | <b>39,274</b>                | 37,887 <sup>(4)</sup>  | 35,570  | 36,906  | 33,334  | 29,859  | –       | –       |
| <b>Water use</b>                                      |                     |                              |                        |         |         |         |         |         |         |
| Potable water used for cooling                        | '000 m <sup>3</sup> | <b>168</b>                   | 168                    | 138     | 154     | 135     | 108     | 90      | –       |
| Potable water used for properties and landscaping     | '000 m <sup>3</sup> | <b>301</b>                   | 342 <sup>(5)</sup>     | 316     | 344     | 332     | 251     | 246     | 230     |
| <b>Wastewater reuse and discharge</b>                 |                     |                              |                        |         |         |         |         |         |         |
| Wastewater discharged                                 | '000 m <sup>3</sup> | <b>48,686</b>                | 50,746 <sup>(6)</sup>  | 45,914  | 47,287  | 49,252  | 46,900  | 67,342  | 69,888  |
| Seawater reused for flushing                          | m <sup>3</sup>      | <b>278,509</b>               | 302,764 <sup>(7)</sup> | 213,444 | 183,130 | 247,874 | 144,543 | 360     | 1,546   |
| Waste potable water reused for flushing               | m <sup>3</sup>      | <b>22,349<sup>(8)</sup></b>  | 15,646 <sup>(9)</sup>  | 12,376  | 11,536  | 7,153   | 9,836   | 12,086  | 767     |
| <b>Waste disposal</b>                                 |                     |                              |                        |         |         |         |         |         |         |
| Construction and demolition waste                     | Tonnes              | <b>14,743<sup>(10)</sup></b> | 10,749                 | 8,747   | 11,547  | 5,637   | 1,023   | 18,710  | 30,685  |
| Commercial/industrial waste                           | Tonnes              | <b>19,061</b>                | 18,776 <sup>(11)</sup> | 19,143  | 19,555  | 19,004  | 18,695  | 15,644  | 18,626  |
| Residential/domestic waste                            | Tonnes              | <b>148</b>                   | 145                    | 168     | 266     | 457     | 454     | 363     | 360     |
| Grease trap waste                                     | Tonnes              | <b>6,599</b>                 | 5,914                  | 5,654   | 5,515   | 5,521   | 5,166   | 5,800   | 5,452   |
| Garden waste  | Tonnes              | <b>287<sup>(12)</sup></b>    | 353                    | 408     | 460     | 268     | 140     | 52      | 76      |
| <b>Waste recycling</b>                                |                     |                              |                        |         |         |         |         |         |         |
| Concrete waste  | Tonnes              | <b>41<sup>(13)</sup></b>     | –                      | –       | –       | 210     | 1,458   | 1,814   | 5,202   |
| Steel   | Tonnes              | <b>3,098<sup>(14)</sup></b>  | 1,184                  | 285     | 300     | 440     | 412     | 6,162   | 4,950   |
| Paper <sup>(15)</sup>                                 | Tonnes              | <b>3,202</b>                 | 3,378 <sup>(16)</sup>  | 3,302   | 3,463   | 3,373   | 3,691   | 3,602   | 2,835   |
| Aluminium   | Tonnes              | <b>9</b>                     | 10                     | 10      | 12      | 12      | 14      | 13      | 14      |
| Plastics  | Tonnes              | <b>69</b>                    | 58                     | 74      | 86      | 91      | 80      | 28      | 30      |
| Waste lubrication oil                                 | Litres              | <b>2,088</b>                 | 3,255                  | 2,843   | 2,238   | 3,501   | 4,122   | 3,173   | 2,564   |
| <b>Health &amp; safety</b>                            |                     |                              |                        |         |         |         |         |         |         |
| No. of employees                                      |                     | <b>2,495</b>                 | 2,507                  | 1,992   | 1,892   | 1,843   | 1,801   | 1,758   | 1,803   |
| No. of reportable accidents (sick leave >3 days)      |                     | <b>44</b>                    | 34                     | 38      | 40      | 47      | 40      | 41      | 46      |
| No. of hours lost to accidents (sick leave >3 days)   |                     | <b>18,694</b>                | 23,441                 | 16,936  | 14,820  | 17,130  | 11,631  | 14,766  | 11,859  |
| No. of fatalities                                     |                     | <b>–<sup>(17)</sup></b>      | –                      | –       | –       | –       | –       | –       | –       |
| Accident rate   |                     | <b>18</b>                    | 14                     | 19      | 21      | 25      | 22      | 23      | 26      |
| Severity rate   |                     | <b>649</b>                   | 831                    | 760     | 695     | 822     | 567     | 738     | 580     |

Notes:

- (1) Measurements for mobile emissions from corporate vehicle fleets, stationary emissions from industrial diesel used in on-site generators and refrigerant refilled are included in the calculation starting from 2010. Figure for 2009 is also realigned
- (2) Increase due to longer travel distance from headquarters to Hong Kong Central area after the relocation of our headquarters from Pacific Place to One Island East
- (3) Increase due to consumption from One Island East, Cityplaza shopping mall and Festival Walk
- (4), (5), (6), (7), (9), (11), (16) Updated figure due to a data realignment in 2009
- (8) Increase due to the implementation of potable water reuse in Cityplaza One
- (10) Increase due to greater number of projects under construction (especially INDIGO development in Beijing)
- (12) Decrease due to a reduced number of projects involving tree and shrub pruning/felling
- (13) Waste generated due to INDIGO development in Beijing
- (14) Increase due to a number of projects under construction (esp. INDIGO development in Beijing, Pacific Place Contemporisation and 28 Hennessy Road in Hong Kong)
- (15) The naming is changed from "paper cardboard" to "paper" in 2010 to reflect all paper products being recycled
- (17) Zero fatalities of employees; however, two subcontractors died and a third was seriously injured when they fell from a height at a joint venture company's construction site in Beijing

# Membership and Awards

## CORPORATE MEMBERSHIP

[Energy Advisory Committee \(Hong Kong SAR Government\)](#)  
Member

[BEAM Society](#)  
Founding Member, Executive Committee Member  
Chairman of Technical Review Committee

[The Real Estate Developers Association of Hong Kong](#)  
Member of Executive Committee

[Hong Kong General Chamber of Commerce](#)  
Chairman of Real Estate and Infrastructure Committee  
Vice Chairman of Environment and Sustainability Committee

[Hong Kong Green Building Council](#)  
Patron Sponsor and Corporate Member

[Judging Panel for Environmental Education & Community Action Projects Vetting Sub-committee](#)  
Chairman

[Environmental Campaign Committee](#)  
Member

[Environmental Protection Department \(Hong Kong SAR Government\)](#)  
Signatory to Carbon Reduction Charter

[Business Environment Council](#)  
Director and Council Member (through The Swire Group)

[WWF](#)  
Gold Member

[The Climate Group](#)  
Member (through our parent company, Swire Pacific)

[Harbour Business Forum](#)  
Member (through The Swire Group)

## AWARDS

[The Chartered Institution of Building Services Engineers \(CIBSE\)](#)  
Client of the Year – Low Carbon Operation Award

[Hong Kong Green Building Council and the Professional Green Building Council](#)  
Grand Award in the Green Building Award [Existing Buildings – HK & Asia Pacific Category] (Festival Walk)

[Environmental Protection Department](#)  
Gold Award – Commendation Scheme on Source Separation of Commercial and Industrial Waste (Festival Walk)

[Social Welfare Department](#)  
Merit – 2009-10 Best Corporate Volunteer Service Project Competition, General Corporate Group (Mr. Fix)

# Objectives and Targets

## Objectives and Targets 2010

| Objectives and Targets  | Performance | Remarks   |
|---|-------------|---|
| <b>Our Commitment</b>   |             |   |
| <ul style="list-style-type: none"> <li>Revise our sustainable development strategy and action plan</li> </ul>   | ■           | Developed "Sustainability Business Strategies – Directions from 2010 and Beyond"  |
| <b>Stakeholder Engagement</b>   |             |   |
| <ul style="list-style-type: none"> <li>Develop a five-year stakeholder engagement plan</li> </ul>   | ■           | Engaged a consultant to develop our stakeholder engagement plan   |
| <b>Our Environment</b>  |             |   |
| <ul style="list-style-type: none"> <li>Reduce energy consumption by 7% in 2010 from 2008 levels</li> </ul>  | ■           | Achieved a 6% energy reduction in our 10-year energy reduction plan   |
| <ul style="list-style-type: none"> <li>Provide free energy audits to office tenants covering 20% of office spaces</li> </ul>  | ■           | Completed energy audits for 15% of our tenanted office area   |
| <ul style="list-style-type: none"> <li>Develop a corporate waste reduction strategy and action plan for all Hong Kong properties</li> </ul>                                       | ■           | Developed a waste management strategy for our managed commercial properties for 2010-2012   |
| <b>Our People</b>   |             |   |
| <ul style="list-style-type: none"> <li>Benchmark levels of employee turnover by gender, length of service and occupation</li> </ul>   | ■           | Swire Hotels has begun the benchmarking task  |
| <ul style="list-style-type: none"> <li>Improve leadership capability by implementing leadership development programmes and training</li> </ul>                                    | ■           | Please refer to 'Our People – Developing Our People'  |
| <b>Health &amp; Safety</b>  |             |   |
| <ul style="list-style-type: none"> <li>Implement the Safety Management System in our Mainland China developments</li> </ul>   | ■           | Conducted the Initial Safety Management System (SMS) Audit in 2010. SMS will first be implemented in Sanlitun Village, Beijing in 2011  |
| <ul style="list-style-type: none"> <li>Undertake a complete review of SPL's Health &amp; Safety Policy</li> </ul>   | ■           | Health & Safety Policy is still under review  |
| <ul style="list-style-type: none"> <li>Lower our record accident rate to a maximum 13 reportable accidents per 1,000 employees</li> </ul>   | ■           | We will strengthen our SMS and develop a completed risk assessment to enhance accident prevention in 2011   |
| <ul style="list-style-type: none"> <li>Maintain a record of zero fatalities</li> </ul>  | ■           | Achieved in 2010  |
| <ul style="list-style-type: none"> <li>Produce a promotional video demonstrating proper use of display screen equipment and stretching exercises in the office</li> </ul>         | ■           | The video was produced and uploaded on our company intranet   |
| <b>Our Community</b>  |             |   |
| <ul style="list-style-type: none"> <li>Continue to develop the scope and breadth of our Community Ambassador Programme with our partners and tenants</li> </ul>                   | ■           | Please refer to 'Our Community – Partnering for Change'   |
| <ul style="list-style-type: none"> <li>Contribute to industry groups in the development of policies and initiatives that advance sustainability in the property sector</li> </ul> | ■           | Please refer to 'Our Community'   |
| <b>Our Supply Chain</b>   |             |   |
| <ul style="list-style-type: none"> <li>Incorporate the Supplier Code of Conduct into all new and renewed material contracts</li> </ul>  | ■           | Began incorporating the Supplier Code of Conduct in all significant contracts in Apr 2010   |
| <ul style="list-style-type: none"> <li>Evaluate compliance with Supplier Code of Conduct. Assess key risks and develop mitigation plan</li> </ul>                                 | ■           | Collected and evaluated feedback from our Supplier Code of Conduct Self-Assessment Questionnaire in 2010<br><br>We will formulate a compliance monitoring mechanism and mitigation plan in 2011 |

■ achieved   ■ ongoing   ■ not achieved or not yet started



## Objectives and Targets 2011

| Our Environment         |  |
|-------------------------|--|
| Lifecycle Management    | <ul style="list-style-type: none"> <li>Adopt integrated design process in new developments from inception through to testing and commissioning and operation</li> </ul>  |
| Carbon                  | <ul style="list-style-type: none"> <li>Reduce energy consumption by 9% in 2011 from 2008 levels en route to our 10-year energy reduction target</li> <li>Work towards Building Energy Codes compliance</li> </ul>  |
| Operational Improvement | <ul style="list-style-type: none"> <li>Reduce waste from our operational buildings to landfill by 35% by 2012</li> <li>Start BEAM reassessment for another four operating buildings in addition to the eight buildings that started in 2010</li> <li>Extend EHS data gathering to operating Mainland China properties</li> <li>Establish Environmental Management System for operating Hong Kong properties</li> <li>Achieve 5% reduction in paper usage for in-house photocopying and printing</li> </ul>               |
| Our People              |  |
| Employer of Choice      | <ul style="list-style-type: none"> <li>Organise three eco-related awareness events/campaigns for staff</li> <li>Familiarise staff with sustainable development report via briefings/games</li> </ul>   |
| Health & Safety         | <ul style="list-style-type: none"> <li>Lower our recorded accident rate to a maximum 13 reportable accidents per 1,000 employees</li> <li>Implement Safety Management System in operating Mainland China properties</li> <li>Launch Office Safety Handbook on company portal</li> <li>Conduct corporate Confined Space Assessment (Phase 2)</li> <li>Launch Workstation Safety Video in company portal/Internet for Mainland China staff</li> <li>Conduct corporate Noise Assessment in operational buildings</li> </ul> |
| Our Community           |  |
| Tenant Engagement       | <ul style="list-style-type: none"> <li>Develop a community project with active involvement of at least one new tenant that has not participated before</li> <li>Provide free energy audits to office tenants covering 25% of office spaces</li> </ul>  |
| Our Value Chain         |  |
| Supply Chain            | <ul style="list-style-type: none"> <li>Formulate a supply chain monitoring mechanism for tracking supplier compliance with the Supplier Code of Conduct</li> </ul>   |

# Verification Statement



## Scope and Objective

Hong Kong Quality Assurance Agency (HKQAA) was commissioned by Swire Properties Limited (hereinafter called “SPL”) to undertake an independent verification of the Sustainable Development Report 2010 (hereinafter called “the Report”). The Report stated the economic, social and environmental performance of the assets and activities operated by SPL in Hong Kong and Mainland China for the period between 1<sup>st</sup> January and 31<sup>st</sup> December 2010. The purpose of the verification exercise was to independently review the materiality, accuracy and responsiveness of the information presented in the Report. It also assessed the Report’s coverage of indicators defined in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 3.0 (G3) to confirm if it has achieved application level A+. This statement represents our independent opinion of the content of the Report.

## Methodology

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

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

## Conclusion

In our opinion, the Report meets the content and quality requirements of the GRI Sustainability Reporting Guidelines Version 3.0 (G3). The verification team confirmed that the “A+ Application level” has been achieved. The Report provides a material, accurate and responsive representation of SPL performance in the context of social, environmental and economic aspects.

### Materiality

The Report includes all major material aspects concerning SPL’s sustainability performance. The information provided is balanced and fact-based.

### Accuracy

All selected data examined during our verification were accurate and consistent with the supporting information reviewed.

### Responsiveness

SPL undertook a consultation process with a range of stakeholders prior to the development of the Report. It also initiated a new Five-Year Stakeholder Engagement Strategy to facilitate stakeholder identification and engagement. It demonstrates that SPL holds a high level of commitment in engaging its stakeholders.

### Recommendation

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

- Report to a greater extent the five year stakeholder engagement strategy and how it influences SPL’s strategy on sustainable development
- Elaborate the savings achieved by the tenants who followed through the recommendations made in the free energy audits to encourage more tenants putting the recommendations into practice

Signed for and on behalf of HKQAA

**Winniss Kong**

Lead Verifier

July 2011



## Statement GRI Application Level Check

GRI hereby states that **Swire Properties Limited** has presented its report "Sustainable Development Report 2010" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

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

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

Amsterdam, 27 June 2011

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large watermark of the GRI logo in the background.

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



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

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

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 9 June 2011. GRI explicitly excludes the statement being applied to any later changes to such material.



# Global Reporting Initiative Index

| GRI Indicators                   |  | References  |
|----------------------------------|--|---|
| <b>1. Strategy and Analysis</b>  |  |   |
| 1.1                              | Statement from the most senior decision-maker of the organisation  | <a href="#">CE's Message</a> (P.3)  |
| 1.2                              | Description of key impacts, risks, and opportunities   | <a href="#">Our commitment</a> (P.5)<br><a href="#">Corporate Governance and Risk Management</a> (P.5)<br><a href="#">Objectives and Targets</a> (P.52)   |
| <b>2. Organisational Profile</b> |  |   |
| 2.1                              | Name of the organisation   | <a href="#">Contact us</a>  |
| 2.2                              | Primary brands, products, and/or services  | <a href="#">Our Portfolio</a> (P.11)  |
| 2.3                              | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures   | <a href="#">Our Business</a> (P.10)<br><a href="#">Our Portfolio</a> (P.11)   |
| 2.4                              | Location of organisation's headquarters  | <a href="#">Contact us</a>  |
| 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  | <a href="#">Our Business</a> (P.10)<br><a href="#">Our Portfolio</a> (P.11)   |
| 2.6                              | Nature of ownership and legal form   | <a href="#">Our Business</a> (P.10)   |
| 2.7                              | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)  | <a href="#">Our Business</a> (P.10)<br><a href="#">Our Portfolio</a> (P.11)   |
| 2.8                              | Scale of the reporting organisation  | <a href="#">Our Portfolio</a> (P.10)<br><a href="#">Economic Performance</a> (P.12)<br><a href="#">Employee Profile</a> (P.25)<br><a href="#">Swire Pacific 2010 Annual Report – Ten-Year Financial Summary</a> (P.3) |
| 2.9                              | Significant changes during the reporting period regarding size, structure, or ownership  | <a href="#">About This Report</a> (P.1)<br><a href="#">Operational Overview</a> (P.12)  |
| 2.10                             | Awards received in the reporting period  | <a href="#">Membership and Awards</a> (P.51)  |
| <b>3. Report Parameters</b>      |  |   |
| 3.1                              | Reporting period (e.g., fiscal/calendar year) for information provided   | <a href="#">About This Report</a> (P.1)   |
| 3.2                              | Date of most recent previous report (if any)   | <a href="#">About This Report</a> (P.1)   |
| 3.3                              | Reporting cycle (annual, biennial, etc.)   | <a href="#">About This Report</a> (P.1)   |
| 3.4                              | Contact point for questions regarding the report or its contents   | <a href="#">Contact us</a>  |
| 3.5                              | Process for defining report content  | <a href="#">About This Report</a> (P.1)<br><a href="#">Stakeholder Engagement</a> (P.7)   |
| 3.6                              | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance  | <a href="#">About This Report</a> (P.1)   |
| 3.7                              | State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)  | <a href="#">About This Report</a> (P.1)   |
| 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   | <a href="#">Operational Overview</a> (P.12)   |
| 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 | <a href="#">Performance Data Summary</a> (P.50)   |
| 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)  | <a href="#">About This Report</a> (P.1)<br><a href="#">Performance Data Summary</a> (P.50)  |
| 3.11                             | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report   | <a href="#">About This Report</a> (P.1)   |
| 3.12                             | Table identifying the location of the Standard Disclosures in the report   | <a href="#">GRI Index</a> (P.56)  |
| 3.13                             | Policy and current practice with regard to seeking external assurance for the report   | <a href="#">About This Report</a> (P.1)<br><a href="#">Verification Statement</a> (P.54)  |

| GRI Indicators  | References  |
|---|---|
| <b>4. Governance, Commitments, and Engagement</b>   |   |
| <b>4.1</b> Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight  | Sustainable Development Structure (P.5)<br>Corporate Governance and Risk Management (P.5)<br>Swire Pacific 2010 Annual Report – Corporate Governance (P.80-82)  |
| <b>4.2</b> Indicate whether the Chair of the highest governance body is also an executive officer   | Corporate Governance and Risk Management (P.5)<br>Swire Pacific 2010 Annual Report – Chairman and Chief Executive (P.81)  |
| <b>4.3</b> For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members  | Corporate Governance and Risk Management (P.5)<br>Swire Pacific 2010 Annual Report – Board Composition (P.81-82)  |
| <b>4.4</b> Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body   | Fair Operating Practices (P.6)<br>Employee Engagement (P.29)<br>Swire Pacific 2010 Annual Report – Shareholders (P.88)  |
| <b>4.5</b> 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)   | Swire Pacific 2010 Annual Report – Remuneration Committee (P.84)  |
| <b>4.6</b> Processes in place for the highest governance body to ensure conflicts of interest are avoided   | Code of Conduct (P.29)<br>Swire Pacific 2010 Annual Report – Conflict of Interests (P.83)   |
| <b>4.7</b> Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics   | Swire Pacific 2010 Annual Report – Board Composition; Appointment and Re-election; Responsibilities of Directors (P.81-82)  |
| <b>4.8</b> 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  | Fair Operating Practices (P.6)<br>Our People (P.25)<br><a href="http://www.swireproperties.com/en/about-us/our-values-vision/Pages/index.aspx">http://www.swireproperties.com/en/about-us/our-values-vision/Pages/index.aspx</a><br><a href="http://www.swireproperties.com/en/sustainability/commitments/Pages/sustainable-development-policy.aspx">http://www.swireproperties.com/en/sustainability/commitments/Pages/sustainable-development-policy.aspx</a> |
| <b>4.9</b> Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles                  | Sustainable Development Structure (P.5)<br>Swire Pacific 2010 Annual Report – Risk Management (P.89)  |
| <b>4.10</b> Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance  | Swire Pacific 2010 Annual Report – Delegation by the Board (P.83);<br>Management Structure, Controls and Review (P.86)  |
| <b>4.11</b> Explanation of whether and how the precautionary approach or principle is addressed by the organisation   | Corporate Governance and Risk Management (P.5)  |
| <b>4.12</b> Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses  | Energy (P.16, 19)<br>Building Rating Schemes (P.20)<br>Air Pollution (P.23)   |
| <b>4.13</b> 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 (P.51)<br>Energy (P.18)   |
| <b>4.14</b> List of stakeholder groups engaged by the organisation  | Stakeholder Engagement (P.7)  |
| <b>4.15</b> Basis for identification and selection of stakeholders with whom to engage  | Stakeholder Engagement (P.7)  |
| <b>4.16</b> Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group  | Stakeholder Engagement (P.7)  |
| <b>4.17</b> Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting  | Stakeholder Engagement (P.7)  |

| GRI Indicators       |  | References   |
|----------------------|--|--|
| <b>Economic</b>      |  |  |
| <b>DMA EC</b>        | Disclosure on Management Approach EC   | <a href="#">Our Business</a> (P.10)  |
| <b>EC1</b>           | 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 | <a href="#">Economic Performance</a> (P.12)  |
| <b>EC2</b>           | Financial implications and other risks and opportunities for the organisation's activities due to climate change   | <a href="#">Climate Change</a> (P.15)  |
| <b>EC3</b>           | Coverage of the organisation's defined benefit plan obligations  | <a href="#">Employee Benefits</a> (P.30)   |
| <b>EC4</b>           | Significant financial assistance received from government  | We did not receive significant financial assistance from the government  |
| <b>EC6</b>           | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation   | <a href="#">Supply Chain</a> (P.42)  |
| <b>EC7</b>           | Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation   | <a href="#">Employee Profile</a> (P.25)  |
| <b>EC8</b>           | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement  | <a href="#">Energy</a> (P.17)<br><a href="#">Leveraging our Resources</a> (P.38)   |
| <b>Environmental</b> |  |  |
| <b>DMA EN</b>        | Disclosure on Management Approach EN   | <a href="#">Our Environment</a> (P.14)   |
| <b>EN1</b>           | Materials used by weight or volume   | <a href="#">Performance Data Summary</a> (P.50)  |
| <b>EN2</b>           | Percentage of materials used that are recycled input materials   | We are unable to provide the percentage of recycled materials used as inputs (or a reasonable estimate) as our contractors are responsible for purchasing building materials on our behalf   |
| <b>EN3</b>           | Direct energy consumption by primary energy source   | <a href="#">Performance Data Summary</a> (P.50)  |
| <b>EN4</b>           | Indirect energy consumption by primary source  | <a href="#">Performance Data Summary</a> (P.50)  |
| <b>EN5</b>           | Energy saved due to conservation and efficiency improvements   | <a href="#">Energy Efficiency in Operating Buildings</a> (P.16)  |
| <b>EN6</b>           | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives  | <a href="#">Energy</a> (P.16)  |
| <b>EN7</b>           | Initiatives to reduce indirect energy consumption and reductions achieved  | <a href="#">Energy</a> (P.16)  |
| <b>EN8</b>           | Total water withdrawal by source   | <a href="#">Performance Data Summary</a> (P.50)  |
| <b>EN10</b>          | Percentage and total volume of water recycled and reused   | <a href="#">Performance Data Summary</a> (P.50)  |
| <b>EN11</b>          | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas  | Although our activities rarely touch upon protected habitats or areas of high biodiversity value, we do have an interest in some land in Tai Ho Valley, located in the northern part of Lantau Island. The site is identified as a potential area for enhanced conservation and considered high in ecological value. We have been working with the government, environmental NGOs and villagers of Tai Ho to design our development in a manner that preserves the existing ecology in Tai Ho, while also complying with government regulations and strategy for Tai Ho Valley |
| <b>EN12</b>          | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas   |  |
| <b>EN16</b>          | Total direct and indirect greenhouse gas emissions by weight   | <a href="#">Performance Data Summary</a> (P.50)  |
| <b>EN17</b>          | Other relevant indirect greenhouse gas emissions by weight   | <a href="#">Performance Data Summary</a> (P.50)  |
| <b>EN18</b>          | Initiatives to reduce greenhouse gas emissions and reductions achieved   | <a href="#">Climate Change</a> (P.15)  |
| <b>EN19</b>          | Emissions of ozone-depleting substances by weight  | <a href="#">Performance Data Summary</a> (P.50)  |
| <b>EN20</b>          | NOx, SOx, and other significant air emissions by type and weight   | We do not emit a material amount of NOx, SOx, persistent organic pollutants, VOCs, HAP, stack and fugitive emissions, particulate matter, etc. in our business   |



| GRI Indicators                                 |   | References   |
|--|---|--|
| EN21   | Total water discharge by quality and destination  | <a href="#">Performance Data Summary</a> (P.50)  |
| EN22   | Total weight of waste by type and disposal method   | <a href="#">Performance Data Summary</a> (P.50)<br>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 2010  |
| EN26   | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation   | <a href="#">Energy</a> (P.16)<br><a href="#">Waste Management</a> (P.20)   |
| EN27   | Percentage of products sold and their packaging materials that are reclaimed by category  | We do not produce or sell a significant amount of products with packaging  |
| EN28   | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations                                       | <a href="#">Our Environmental Impacts</a> (P.15)   |
| EN30   | Total environmental protection expenditures and investments by type   | <a href="#">Our Environmental Impacts</a> (P.15)   |
| <b>Social: Labor Practices and Decent Work</b> |   |  |
| DMA LA   | Disclosure on Management Approach LA  | <a href="#">Our People</a> (P.25)  |
| LA1  | Total workforce by employment type, employment contract, and region   | <a href="#">Employee Profile</a> (P.25)  |
| LA2  | Total number and rate of employee turnover by age group, gender, and region   | <a href="#">Employee Profile</a> (P.25)  |
| 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 with 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 up circulars to inform our employees of the changes and make sure employees are aware of them   |
| LA7  | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region   | <a href="#">Health and Safety</a> (P.31)<br><a href="#">Performance Data Summary</a> (P.50)  |
| LA8  | Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases | <a href="#">Customer Focus</a> (P.43)<br><a href="#">Health and Safety</a> (P.30, 32)  |
| LA10   | Average hours of training per year per employee by employee category  | <a href="#">Developing Our People</a> (P.27)   |
| LA11   | Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings                         | <a href="#">Developing Our People</a> (P.27)   |
| LA12   | Percentage of employees receiving regular performance and career development reviews  | <a href="#">Developing Our People</a> (P.27)   |
| LA13   | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity           | <a href="#">Employee Profile</a> (P.25)<br><a href="http://www.swirepacific.com/eng/governance/directors.php">http://www.swirepacific.com/eng/governance/directors.php</a>   |
| LA14   | Ratio of basic salary of men to women by employee category  | <a href="#">Equal Opportunities</a> (P.28)   |
| <b>Social: Human Rights</b>                    |   |  |
| DMA HR   | Disclosure on Management Approach HR  | <a href="#">Our People</a> (P.25)<br><a href="#">Supply Chain</a> (P.42)   |
| HR1  | Percentage and total number of significant investment agreements that include human rights clauses 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 |
| HR2  | Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken   | <a href="#">Supply Chain</a> (P.42)  |

| GRI Indicators                        |   | References   |
|---------------------------------------|---|--|
| <b>HR4</b>                            | Total number of incidents of discrimination and actions taken   | We received no complaints of discrimination in 2010  |
| <b>HR5</b>                            | Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights                           | No significant risk was identified in any of our operations related to the right to exercise freedom of association and collective bargaining. There are no formal collective bargaining agreements in place in our operations |
| <b>HR6</b>                            | Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour   | No operation was identified as having significant risk of child labour<br>Measures taken to contribute to eliminate the risk:<br><a href="#">Code of Conduct</a> (P.29)<br><a href="#">Supply Chain</a> (P.42)                 |
| <b>HR7</b>                            | Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour                           | No operation was identified as having significant risk of forced or compulsory labour.<br>Measures taken to contribute to eliminate the risk:<br><a href="#">Code of Conduct</a> (P.29)<br><a href="#">Supply Chain</a> (P.42) |
| <b>Social: Society</b>                |   |  |
| <b>DMA SO</b>                         | Disclosure on Management Approach SO  | <a href="#">Fair Operating Practices</a> (P.6)<br><a href="#">Our Community</a> (P.34)   |
| <b>SO1</b>                            | Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting                          | <a href="#">Our Community</a> (P.34)<br><a href="#">Developing our Communities</a> (P.34)  |
| <b>SO2</b>                            | Percentage and total number of business units analysed for risks related to corruption  | <a href="#">Fair Operating Practices</a> (P.6)   |
| <b>SO3</b>                            | Percentage of employees trained in organisation's anti-corruption policies and procedures   | <a href="#">Code of Conduct</a> (P.29)   |
| <b>SO4</b>                            | Actions taken in response to incidents of corruption  | <a href="#">Fair Operating Practices</a> (P.6)   |
| <b>SO5</b>                            | Public policy positions and participation in public policy development and lobbying   | <a href="#">Fair Operating Practices</a> (P.6)<br><a href="#">Membership and Awards</a> (P.51)   |
| <b>SO8</b>                            | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations   | An administrative fine of RMB130,000 was levied on the joint venture company for an accident at a construction site in Beijing. Two subcontractors died and a third was seriously injured when they fell from a height         |
| <b>Social: Product Responsibility</b> |   |  |
| <b>DMA PR</b>                         | Disclosure on Management Approach PR  | <a href="#">Customer Focus</a> (P.43)  |
| <b>PR1</b>                            | 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 | <a href="#">Health and Safety</a> (P.31)<br><a href="#">Customer Focus</a> (P.43)  |
| <b>PR3</b>                            | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements  | <a href="#">Customer Focus</a> (P.43)  |
| <b>PR6</b>                            | Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship   | <a href="#">Customer Focus</a> (P.43)  |
| <b>PR9</b>                            | 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 2010   |

Note: Core indicators are marked in bold



SWIRE PROPERTIES