

Reporting Methodology

Swire Pacific Annual Report 2015

Content	Page
About this report	1
Sustainable development at Swire Pacific	1
Assessing materiality	2
Additional information regarding our material aspects	6
Appendix 1 - Reporting scope	14
Appendix 2 - General standard disclosures	15
Appendix 3 - Specific standard disclosures	18
Appendix 4 - Memberships of associations and national/international advocacy organizations	21
Appendix 5 - List of external charters or principles to which the organisation subscribes	23

About this report

The sustainability material in the 2015 Swire Pacific Annual Report is produced in accordance with the Global Reporting Initiative's GRI G4 reporting guidelines at the core level. This document provides additional information required to satisfy the GRI G4 guidelines at the core level and should be read in conjunction with the 2015 Swire Pacific Annual Report. The GRI content index on pages 15 to 18 of this document can be used to find the relevant disclosures made in accordance with the GRI G4 reporting guidelines at the core level.

Sustainable development at Swire Pacific

Sustainable Development is a key strategic objective for Swire Pacific. We believe that safeguarding natural resources, reducing our environmental impact, supporting the communities in which we operate, concentrating on health and safety and on our staff and their wellbeing (and that of others with whom we engage) help to create long term value for our shareholders. Swire does not view sustainability as a cost, but as an opportunity for innovation, growth and improved efficiency.

The objective is consistent with our approach to long-term sustainable business development. We also aim to cause zero harm to those involved in our operations. In the short term, we are concentrating on increasing efficiency and reducing our environmental impact. In the medium to long term, we plan to achieve our goal through innovation and investment.

Our sustainability reporting has been based on Global Reporting Initiative (GRI) guidelines since 2007. GRI (www.globalreporting.org) provides a generally accepted framework for sustainability reporting. It sets out the principles and indicators that organisations can use to measure and report their economic, environmental and social performance. The latest GRI reporting standards were issued in 2013.

The GRI guidelines provide:

1. A consistent framework for reporting on sustainable development matters enabling all reporters to use the same definitions of data and terminology
2. Flexibility to report only on what is important or material to a business, so avoiding reporting for reporting's sake
3. A set of common definitions and processes designed to enable readers to understand the performance of the reporting company

Governance Structure

Through its sustainable development office, Swire Pacific sets policy and monitors its implementation by business units. Policies are set to reflect key sustainability trends, the risks to which the Group is subject and opportunities in sustainability available to the Group. The sustainable development office coordinates committees and working groups that enable operating companies to exchange information and best practices with a view to improving efficiency, reducing costs and engaging with staff. The Head of Sustainable Development reports directly to the Chairman.

Assessing materiality

We use the materiality assessment framework in the GRI G4 guidelines to prepare our report.

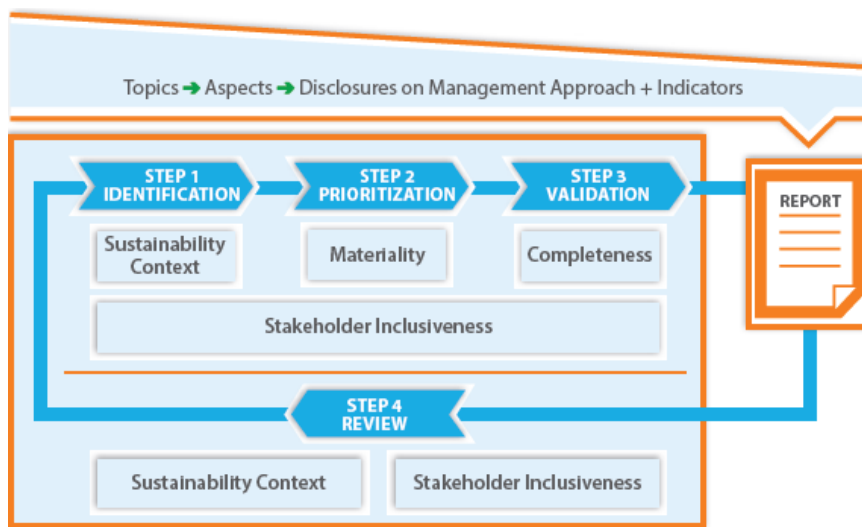


Figure 1: Defining material aspects and boundaries – a process overview

Identification

We identify topics that reflect the impact that our business has inside and outside our organisation. We include topics that are particularly important to those with whom we engage. We do this as follows.

Enterprise risk management

We use an enterprise risk management (ERM) framework. The ERM process enables the management of each operating company to identify and analyse the risks underlying the achievement of business objectives, and to determine how such risks should be managed and mitigated. These risks are assessed with respect to the likelihood of occurrence and severity of impact.

Engagement with others

We use the views of those with whom we engage in order to define what is material to us in terms of sustainability, to develop sustainability policies and to seek feedback. We seek to understand the priorities and expectations of those with whom we engage and their views on our sustainable development performance. We have been doing this since 2007.

We engage with those inside and outside our organisation who have an interest in or are significantly affected by what we do. We do so systematically in accordance with a 5-year plan developed in 2012.

We engage with directors, managers and employees in the Swire Pacific group, financial Institutions, regulators, non-governmental organisations, academics, communications professionals, other Hong Kong companies, the media and Hong Kong government departments and chambers of commerce.

Those with whom we engage are invited to tell us about things that may affect what we do in the industries and regions in which we operate and to give their views on sustainability trends. We meet and interview them. We have focus groups and conferences, including an annual sustainable development forum. We publish newsletters and give media interviews.

The views that we collect do not always directly contribute to our reporting. But they help us to focus on the right things and to validate our materiality assessment.

Keeping track

We scan the media daily in order to identify things which may affect or interest us, including sustainability matters. We keep track of sustainability developments which may affect us, for example carbon market developments and climate negotiations.

External reporting

We report to the Carbon Disclosure Project, the Dow Jones Sustainability Index and the Hang Seng Corporate Sustainability Index. We respond to enquiries from investors. This helps us to identify specific issues that are most relevant to the industries in which we operate.

Prioritisation

In 2015 we held a workshop with our staff in order to ensure that we are prioritising the right issues if we are to achieve long-term sustainable growth. Senior representatives from operating companies, Swire Trust, Group Public Affairs, HR and Swire Management Trainees were asked to discuss the entire list of aspects prescribed by GRI. Issues were discussed based on the individuals understanding of Swire’s businesses, the direct financial implications of certain issues, significant risks to the organisation, the potential for gaining competitive advantage and their interests in and expectations of the organisation as employees. The workshop was held in conjunction with the annual Sustainable Development Forum, allowing participants based overseas to attend and share their views.

We engage with fund managers, investment analysts, regulators, academics, communications professionals and representatives from non-governmental organisations and other major companies in Hong Kong to identify the matters most important to them, based on their understanding of our organisational values, policies, strengths, strategies and targets, the impact of our activities on the planet and society, whether we live up to our reputation and their interest in and expectations as to the success of our organisation.

The following GRI G4 aspects are deemed the most material to Swire Pacific.

CATEGORY		ASPECTS
ENVIRONMENTAL		Energy
		Water
		Emissions
		Effluents & Waste
SOCIAL	LABOR PRACTICES & DECENT WORK	Occupational H&S
		Diversity & Equal Opportunity
	SOCIETY	Local Communities

		Anti-Competitive Behaviour
	PRODUCT RESPONSIBILITY	Customer H&S
	ECONOMIC	Economic Performance

Anti-competitive behaviour and Economic performance were newly identified as being material, or identified as being a future emerging issue.

When prioritizing the top 10 G4 aspects in aggregate, two clusters emerged – Cluster 1 indicates the “Most Important” aspects, while Cluster 2 indicates a second tier of important aspects relative to Cluster 1.



Although supply chain issues were not considered to be among the most material issues by the majority of participants, we will continue to monitor our supply chain management approach, as it is important to ensure suppliers adhere to high sustainability standards. Training and Education was also not identified as one of the most material issues this year. Training is monitored and reported on a company by company basis, but not by Swire Pacific, due to the vastly different definitions and nature of training between divisions.

As part of the workshop we also worked with stakeholder to identify issues that may become more material in the future. These included population and demographic changes, innovation, customer privacy issues, and a shortage of skilled labour for our businesses. Participants also wanted us to promote sustainability more widely and better articulate our group strategy. We will continue to work on these areas in 2016.

The matters raised were considered by with those with whom we engaged as a group and so cannot be attributed to specific sub-groups.

Boundaries and scoping

Appendix 1 contains (i) a list of companies and parts of companies which have provided information for this report, (ii) a list of companies and parts of companies which have not provided information for this report and (iii) changes in scope since 2013. Performance indicators are reported on a 100% basis and therefore do not make reference to Swire Pacific’s shareholdings in operating companies.

The table below indicates whether each GRI GR aspect in the right hand column of the table above has an impact inside our organisation, outside our organisation or both. There is a full description of the boundaries and impacts of each such aspect on pages 6-13.

GRI G4 Aspect	Impact inside the organisation	Impact outside the organisation
Emissions and Energy (EN3, EN15, EN16)	✓	✓
Water (EN8)	✓	✓
Effluents & Waste (EN23)	✓	✓
Occupational Health & Safety (LA6)	✓	✓
Diversity & equal opportunities (LA12)	✓	
Employment (LA1)	✓	
Supply chain		✓
Local Communities	✓	✓

Table 2: Aspects that have impacts inside and outside of the organisation

Validation

The materiality assessment was presented to the Swire group sustainability committee.

Review

We plan to continue to engage with both internal and external stakeholders throughout 2016, and by doing so, continually review and update our material issues. In 2015, the economic performance category was more fully discussed in the stakeholder engagement process, and it was deemed significant. Economic information can be found in the financial report.

Additional information regarding our material aspects

Emissions

G4-DMA	Explain whether the organization is subject to any country, regional, or industry regulations and policies for emissions, identify whether offsets are used to meet the target. Specify the type, amount, criteria or scheme of which they are part.
G4-EN15	<u>Direct Greenhouse Gas (GHG) Emissions (Scope 1)</u> : (a) gross direct (Scope 1) GHG emissions; (b) gases included in the calculation; (c) biogenic CO2 emissions; (d) the chosen base year; (e) standards, methodologies, and assumptions used; (f) the source of the emission factors used and the global warming potential (GWP) rates used or a reference to the GWP source; (g) the chosen consolidation approach for emissions
G4-EN16	<u>Energy indirect greenhouse gas (GHG) emissions (Scope 2)</u> : (a) gross energy indirect (Scope 2) GHG emissions ; (b) gases included in the calculation, if available; (c) the chosen base year; (d) standards, methodologies, and assumptions used; (e) the source of the emission factors used and the global warming potential (GWP) rates used or a reference to the GWP source, if available; (f) the chosen consolidation approach for emissions

Impact: Climate change poses a risk to our business. Reductions in greenhouse gases are needed to reduce the negative impact of climate change. Our aviation division accounts for 97% of our emissions, principally resulting from jet fuel consumption by the Cathay Pacific group. The aviation industry accounts for approximately 2% of global emissions. The Cathay Pacific group accounts for approximately 2% of the aviation industry’s emissions. Cathay Pacific aims to achieve an average of 2% per annum improvement in fuel efficiency up to 2020 and thereafter to achieve carbon neutral growth.

Aspect boundary: We require all companies and parts of companies which have provided information for this report (as listed in appendix 1) to report their emissions. This helps operating companies to manage emissions more effectively and to identify opportunities for reduction. We use the operational control management approach.

DMA: Cathay Pacific is, because it flies to, from and within the European Union (EU), subject to the EU Emissions Trading Scheme, which requires airlines to surrender allowances for CO₂ emissions emitted. No trading of emission allowances was done in 2015.

The marine services industry is subject to emissions regulations relating to sulphur oxides, nitrous oxides and ozone depleting substances (in accordance with the International Maritime Organisations’ MARPOL regulations Annex VI). Swire Pacific Offshore does not trade emissions, as its direct emissions are very small.

EN15 & EN16

Reporting bases for these indicators: Emissions are calculated in accordance with the greenhouse gas protocol developed by World Resources Institute and World Business Council on Sustainable Development (Greenhouse Gas Protocol). Direct emissions for GRI reporting are the same as Scope 1 emissions under the Greenhouse Gas Protocol and are defined as follows:

‘Emissions that occur from sources that are owned or controlled by a company, such as combustion facilities (e.g.: boilers, furnaces, burners, turbines, heaters, incinerators, engines, flares etc.), combustion of fuels in transportation (e.g.: cars, buses, planes, ships, barges, trains etc.), and physical or chemical processes (e.g.: in cement manufacturing, catalytic cracking in petrochemical processing, aluminium smelting etc.).’

Indirect emissions for GRI reporting are the same as Scope 2 emissions under the *Greenhouse Gas Protocol* and are defined as follows:

‘Emissions that occur from the generation by another party of electricity that is purchased and consumed by the company’

Greenhouse gas (GHG) emissions are calculated using published emission factors and guidelines from the following sources:

- “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong” published by the Environmental Protection Department (EPD) of Hong Kong Government (all Hong Kong operations).
- “Guidelines to Defra’s Greenhouse Gas Conversion Factors for Company Reporting” by the Department for Environment, Food and Rural Affairs (Defra) in the UK (operations in Mainland China and Swire Pacific Offshore’s operations).

With the exception of:

- Aviation jet fuel: we include all flights in the calculation, including testing and training flights and flights by dry leased and wet leased aircraft. As fuel density varies according to a number of factors, we use the Joint Inspection Group’s¹ recommended specific gravity of 0.80 kg/L to calculate the weight of fuel. We use the IPCC’s emission factor of 3.15² to determine CO₂ emissions from the combustion of aircraft fuel.
- Electricity purchased in Hong Kong: we use conversion factors supplied by local power suppliers (China Light and Power and Hong Kong Electric).

The following gases are included in GHG calculations: carbon dioxide (CO₂), methane, sulphur dioxide and nitrous oxide. These are expressed in carbon dioxide equivalents (CO₂e). Swire Pacific does not have any biogenic sources of CO₂.

For aviation turbine fuel we only calculate CO₂ emissions as there is no scientific consensus on the global warming effect of other GHG emissions in the upper atmosphere. Our airlines continue to monitor developments in atmospheric science, including studies from the UK’s OMEGA aviation and environment project and the Institute of Atmospheric Physics at the German Aerospace Centre (DLR) and, most recently research published by the Goddard Institute of Space Science³. This latest research suggests that the warming impact of non CO₂ gases is less than the cooling impact of aerosols and other aircraft emissions. Until there is greater consensus among the scientific community on these gases, our primary focus remains on the reduction of CO₂ emissions.

The source of the GWP is “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for buildings (Commercial, Residential or Institutional Purpose) in Hong Kong” published by EPD. These guidelines cite the IPCC Second Assessment Report (1995), and World Resources Institute (2005), *Calculating HFC and PFC Emissions from the Manufacturing, Installation, Operation and Disposal of Refrigeration & Air-conditioning Equipment (Version 1.0) - Guide to calculation worksheets*, World Business Council for Sustainable Development.

Energy

G4-DMA	Describe whether the organization is subject to any country, regional, or industry regulations and policies for energy. Provide examples of such regulations and policies.
G4-EN3	<u>Energy consumption within the organization:</u> (a) total fuel consumption from non-renewable sources; (b) total fuel consumption from renewable fuel sources; (c) the total: electricity consumption, heating consumption, Cooling consumption, Steam consumption; (d) the total: Electricity sold, Heating sold, Cooling sold, Steam sold; (e) total energy consumption in joules or multiples; (f) standards, methodologies, and assumptions used; (g) source of the conversion factors used.

Impact: Electricity consumption is the largest source of GHG emissions in Hong Kong. All our business units use electricity. Electricity consumption is our second largest source of GHG emissions. Making our buildings and operations

¹ Formed by international oil companies, the Joint Inspection Group performs regular inspections of their airport facilities to ensure that they are operated in accordance with their procedures for handling aviation fuel at airports and upstream aviation fuel facilities.

² IPCC. (1999). *Aviation and the Global Atmosphere*. Cambridge: Cambridge University Press.

³ www.pnas.org/content/early/2010/02/02/0906548107.full.pdf+html

more energy efficient is a priority. Energy use provides opportunities to save costs. We try to reduce energy consumption by our tenants by offering free energy audits to them and by our beverage distributors by giving them free energy efficient coolers.

Aspect boundary: We require all companies and parts of companies which have provided information for this report (as listed in appendix 1) to report their energy consumption. We also encourage those with whom we work to reduce their own energy consumption.

DMA: Swire Pacific is not subject to any country, regional or industry regulations for energy.

Reporting basis for this indicator: Direct energy sources used include diesel, petrol, LPG, Towngas, natural gas, fuel oil, marine gasoil, lubricant oil and jet kerosene. Direct energy is reported in Gigajoules. The quantity of direct energy consumed is calculated by multiplying the fuel in volume or mass by corresponding calorific values (or heating values) given in "Guidelines to Defra's Greenhouse Gas Conversion Factors for Company Reporting" by Defra in the UK. Towngas consumption in Hong Kong is calculated according to "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for buildings (Commercial, Residential or Institutional Purpose) in Hong Kong (2010)" published by EPD. Each unit registered by a gas meter represents a heat value of 48 Mega joules. Indirect energy sources used include electricity, steam and Towngas purchased from other organizations. Indirect energy is reported in Gigajoules. We consume indirect energy mainly by buying electricity. Some of our bottling plants in Mainland China buy small amounts of steam. The majority of our electricity consumed in Hong Kong and Mainland China is purchased from franchised monopoly suppliers. As a result, we cannot lower the carbon intensity of our electricity by switching suppliers. Each kilowatt hour (kWh) registered by electricity meters represents 3.6 Mega joules. The consumption of renewable energy is insignificant compared with the total energy consumed. We do not sell energy or purchase heating or cooling.

Water

G4-EN8	Total water withdrawal by source: (a) total volume of water withdrawn from the sources; (b) standards, methodologies, and assumptions used.
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Impact: We depend on clean and reliable sources of water. Shortages or contamination of water would adversely affect us, particularly our beverages division. Water is expected to get more scarce in some places where we operate. Our use of water affects others. All our waste water is required to be treated so that it meets or exceeds legal requirements and can be returned to the environment. We aim to give back to the community the same amount of water as we use in our operations. We develop new technologies for water treatment.

Aspect boundary: Our companies report consumption of potable water when it accounts for more than 2% of our total water use. All companies and parts of companies which have provided information for this report (as listed in appendix 1) (except Air Hong Kong and Swire Pacific Offshore) measure their water usage. The water consumption in Swire Beverages dormitories and HAECO Xiamen canteens is excluded.

EN8

Reporting basis for this indicator: Municipal water supplies account for 98% of our water consumption. We use sea water for some cooling and toilet flushing but do not report the quantity used as sea water is not a scarce resource. The municipal water consumption is the amount reported in water bills.

Effluent & waste

G4-EN23	Report a) the total weight of hazardous and non-hazardous waste by the following disposal methods: reuse, recycling, composting, recovery (including energy recovery), incineration (mass burn), Deep well injection, landfill, on-site storage, other (to be specified). b) How the waste disposal method has been determined: Disposed of directly by the organization or otherwise directly confirmed, information by the waste disposal contractor, organizational defaults of the waste disposal contractor.
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EN23

Impact: In 2013 the Hong Kong government published a ‘Blueprint for the Sustainable Use of Resources’. Increased public awareness of waste has also been reflected in the views of those with whom we engage. Landfills in Hong Kong are getting full. We take waste very seriously. Management and use of waste can be seen as an opportunity. Our investments in Fulcrum and Swire Waste Management are designed to take advantage of this.

Aspect boundary: Air Hong Kong, Hong Kong Airport Services, the HUD group, Swire Resources, Taikoo Motors and Taikoo Sugar do not provide information on hazardous and non-hazardous waste disposed of and recycled. Information from Swire Properties includes information on waste from tenants. Otherwise, all companies and parts of companies which have provided information for this report (as listed in appendix 1) provide information about waste.

Reporting basis for this indicator: We report the total weight of waste broken down into the following categories:

1. Total weight of hazardous waste disposed of
2. Total weight of hazardous waste recycled
3. Total weight of non-hazardous waste disposed of
4. Total weight of non-hazardous waste recycled of

In Hong Kong, there are limited options for waste disposal. We do not reuse waste within our own operations. Recyclable waste is separated at source in our operations and sent to specialised recycling facilities. Some food waste from Swire Properties is composted in our facilities in Taikoo Place, but the amount is negligible, so we do not report on it. All general waste goes to landfills. Hazardous waste is collected and disposed of by licenced contractors. Construction waste is sent to landfills or public fills (in which latter case it is used by the Hong Kong government for land reclamation). There are no deep well injections, incineration or waste to energy facilities available to the private sector in Hong Kong.

In Mainland China, waste is collected by government contractors and goes to landfills or to waste to energy or incineration facilities.

Occupational health & safety

G4-DMA	Describe Programs related to assisting workforce members, their families, or community members regarding serious diseases, including whether such programs involve education and training, counseling prevention and risk control measures or treatment.
G4-LA6	<u>Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender</u> : (a) Report types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities, for the total workforce (that is, total employees plus supervised workers), by Region, Gender; (b) Report types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities for independent contractors working on-site to whom the organization is liable for the general safety of the working environment, by: Region, Gender; (c) Report the system of rules applied in recording and reporting accident statistics

Impact: The health and safety of our staff and those with whom we engage is of critical importance. We aim continually to improve our management of health and safety with a view to causing zero harm. We concentrate on training, learning and transparent reporting.

Aspect boundary: We require all companies and parts of companies which have provided information for this report (as listed in appendix 1) to provide information about health and safety on a quarterly basis.

We recognise the importance of the health and safety of our contractors and visitors. Occupational health and safety is included in our supplier CSR code of conduct.

DMA: Information on infectious diseases is posted on our intranet and disseminated by email. This information includes updates, risk control measures and recommended actions. Vaccinations are offered to staff and their families against

influenza. Guidelines on the preparation of business continuity plans (BCP) for infectious diseases and pandemics (ID&P) are posted on our intranet. The objectives of BCP for ID&P are to:

- Ensure that critical business operations are maintained
- Safeguard the wellbeing of staff and customers
- Minimise financial loss
- Provide timely and up to date information to staff, customers and the media.

Reporting basis for this indicator: Swire Pacific reports the number of lost time injuries (LTI), the Lost Time Injury Rate (LTIR), the number of lost days, the Lost Day Rate (LDR) and employee fatalities as defined below.

1. **Total injuries** are the number of injuries in a year which result in minimum lost time of one working day.
2. **Lost Time Injury Rate:** represents the number of injuries per 100 equivalent employees per year. It is calculated as the total Injuries multiplied by 200,000 and then divided by total hours worked. 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year.
3. **Lost Days:** A Lost Day occurs when, in the opinion of a physician, an employee cannot work. Lost Days are counted as calendar days where counting begins on the first day following the injury and ends on the day when the person returns to full duty, receives a permanent job transfer or leaves employment.
4. **Lost Day Rate** represents the number of lost work days per 100 equivalent employees per year. It is calculated as the total lost days multiplied by 200,000 and then divided by total hours worked. 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year.
5. **An employee fatality** is a loss of life of an employee as the result of a work-related incident.

Information about the number of hours worked, lost time injuries, fatalities and lost days due to injuries is collected from operating companies. Lost Day Rate and Lost Time Injury Rate are calculated using GRI definitions. Injuries occurring during travel to and from work in Mainland China are included having regard to relevant Mainland China legislation.

Omissions: Occupational health, absenteeism, types of injury and contractor management are monitored and managed by operating companies but not reported on at group level. The nature and locations of our operations mean that occupational health hazards are minimal. Due to the diversity of our businesses, types of injury will vary greatly between industries. Types of injury are therefore recorded at an operating company level. If a type of injury is common in several operating companies, the Swire Pacific health and safety committee may investigate further how these kinds of injuries can be reduced. For example, several incidences of road and transport related injuries resulted in a group transport safety policy being developed at head office level. Information on reducing injuries from manual handling has also been disseminated through the health and safety committee. Contractor management is done at operating company level and best practice is shared through the health and safety committee.

We do not report by region or gender.

Employment

G4-DMA	Describe actions taken to determine and address situations where work undertaken within the organization’s supply chain does not take place within appropriate institutional and legal frameworks, where persons working for suppliers are not provided the social and labor protection that they are entitled to receive by national labor law, where working conditions in the organization’s supply chain did not meet international labor standards or national labor law, where work undertaken within the organization’s supply chain is inadequately remunerated, where workers in the organization’s supply chain are falsely considered to be self-employed or where there is no legally recognized employer, where work undertaken within the organization’s supply chain performed at home is not performed subject to a legally recognized contract.
G4-LA1	<u>Total number and rates of new employee hires and employee turnover by age group, gender and region:</u> (a) the total number and rate of new employee hires during the reporting period, by age group, gender and region; (b) the total number and rate of employee turnover during the reporting period, by age group, gender and region.

Impact: We recognise that our success depends critically on our staff. We try to be an employer of choice by providing an environment in which all employees are treated fairly and with respect. We want talented individuals to want to work for us. We try to recruit the best people, to offer competitive remuneration and benefits and to provide training to enable staff to realise their potential.

Aspect boundary: We require all companies and parts of companies which have provided information for this report (as listed in appendix 1) to provide information about staff.

Reporting basis for this indicator: Swire Pacific reports the rate of voluntary employee turnover and new employees hired by age group, gender and region. The total number of new employees hired and voluntary employee turnover can be calculated from the total number of permanent employees and the percentage disclosed as defined in the formulas below.

$$\text{Voluntary Turnover Rate} = \frac{\text{Total number of Permanent Employees who resign from the service of the organization during the reporting year}}{\text{Average number of Permanent Employees as of 31 Dec of the previous year and the reporting year}}$$

$$\text{New Hire Rate} = \frac{\text{Total number of new hires Permanent Employees during the reporting year}}{\text{Total number of Permanent Employees as of 31 Dec of the reporting year}}$$

DMA: Swire Pacific companies are required to take adequate steps to ensure that their suppliers are legally compliant and achieve appropriate standards on environment, health and safety and labour issues. Our supplier CSR code of conduct includes provisions on legal and regulatory compliance, forced and child labour, health and safety, compensation and working hours, discrimination and human rights, guidance on subcontractors and service providers, and ethics. Should there be a breach of the code by a supplier, the relevant operating company will review it and either develop a plan for improvement or, if the breach is serious, cease to use the supplier.

Diversity and equal opportunities

G4-LA12	<p><u>Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.</u></p> <p>a) Report the percentage of individuals within the organisation’s governance bodies in each of the following diversity categories:</p> <ul style="list-style-type: none"> • Gender • Age group • Minority Group • Other indicators of diversity where relevant <p>b) Report the percentage of employees per employee category in each of the following diversity categories:</p> <ul style="list-style-type: none"> • Gender • Age Group • Minority group • Other indicators of diversity where relevant.
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Impact: We recognise the positive impact of a diverse workforce on our business and on those whom we would like to work for us. We try to be an employer of choice by providing an environment in which all employees are treated fairly and with respect.

Aspect boundary: The aspect boundary for governance bodies for this indicator is the Swire Pacific board of directors. The aspect boundary for employees is all employees of the companies and parts of companies which have provided information for this report (as listed in appendix 1).

Reporting basis for this indicator: Information on the age and gender of the board of directors is in the Directors and Executive Officers section of the 2015 Swire Pacific Annual Report. We discuss our management approach to diversity and equal opportunities under Staff in the Sustainable Development Overview section of the 2015 Swire Pacific Annual report. We also have a board diversity policy which can be found at <http://www.swirepacific.com/en/governance/diversity.pdf>. We use gender and age breakdowns as measures of diversity.

Omission: We do not have a definition of minority status in our workforce. We do not report on our employees by age group, but will consider doing so in the future.

Local communities

G4-SO1	<p><u>Percentage of operations with implemented local community engagement, impact assessments, and development programmes.</u></p> <p>Report the percentage of operations with implemented local community engagement, impact assessments, and development programmes, including the use of:</p> <ul style="list-style-type: none"> • Social impact assessments, including gender impact assessments, based on participatory processes • Environmental impact assessments and ongoing monitoring • Public disclosure of results of environmental and social impact assessments • Local community development programmes based on local communities needs • Stakeholder engagement plans based on stakeholder mapping • Broad based local community consultation committees and processes that include vulnerable groups • Works councils, occupational health and safety committees and other employee representation bodies to deal with impacts • Formal local community grievance processes
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Impact: We believe that if the communities in which we operate prosper, so do our businesses. We support the communities in which we operate through the long-term projects of the Swire Group Charitable Trust and through the community programmes of our operating companies.

Aspect Boundary: All our operating divisions carry out community engagement activities. Details of these can be found under Community Involvement in the Sustainable Development Overview section of the 2015 Swire Pacific Annual report and in the sustainability reports and websites of individual operating companies.

Reporting basis for this indicator: Community engagement is carried out by operating companies but the principles on the basis of which we engage with the communities in which we operate are the same throughout the group. These principles can be found under Community Involvement in the Sustainable Development Overview section of the 2015 Swire Pacific Annual report.

Where they are required, environmental impact assessments are carried out and monitored in accordance with applicable local regulations. The use of community consultation committees, stakeholder mapping, formal processes to include vulnerable groups and formal local community grievance processes may differ significantly by operating company or location. Further information can be found in the sustainable development reports of individual operating companies where applicable.

Omission: Community engagement is managed by each operating company, and the way that this is done depends on the nature of the business and its location. It is therefore not applicable to report against the aspect specific DMA at group level.

Supply chain

Impact: We have identified our supply chain as a material aspect that has an impact outside our organisation. It is material to all our companies. We believe that by working with suppliers, customers and consumers, we can encourage and influence the adoption and improvement of sustainable practices in the industries and places in which we operate.

Reporting basis for this indicator: Individual operating companies are responsible for their own supply chain management and each has its own procurement procedures. We do not make or report on supplier environmental assessments, supplier human rights assessments, supplier labour practices assessments or assessments of suppliers' impact on society. We do not see value in doing this. Instead we identify high risk suppliers and focus on suppliers' compliance with our supply chain CSR code of conduct. This deals with regulatory compliance, forced labour, child labour, health and safety, environmental issues, compensation and working hours, human rights, subcontractor management, ethics and reporting. The disclosure of our management approach to the supply chain can be found under "Working with Others" in the Sustainable Development Overview section of the 2015 Swire Pacific Annual report.

Omission: For the reasons mentioned above, we do not report on the indicators set out in the GRI G4 guidelines. We are defining indicators to monitor our performance on supply chain related issues. We expect to start reporting on our supply chain performance in 2016.

Appendix 1 – Reporting Scope

The following companies and parts of companies have provided selected sustainability information for the 2015 Swire Pacific annual report:

- Swire Properties Limited
- Cathay Pacific Airways Limited
- Hong Kong Dragon Airlines Limited
- AHK Air Hong Kong Limited
- Cathay Pacific Catering Services Limited
- Vogue Laundry Services Limited
- Hong Kong Airport Services Limited
- Cathay Pacific Services Limited
- Hong Kong Aircraft Engineering Company Limited
- Hong Kong Aero Engine Services Limited
- Taikoo (Xiamen) Aircraft Engineering Company Limited
- Taikoo (Xiamen) Landing Gear Services Company Limited
- Taikoo Engine Services (Xiamen) Company Limited
- Taikoo Spirit AeroSystems (Jinjiang) Composite Company Limited
- HAECO Americas
- Swire Beverages companies
- Swire Pacific Offshore companies
- Hongkong United Dockyards group
- Swire Resources group
- Taikoo Motors group
- Taikoo Sugar Limited
- Taikoo Sugar (China) Limited
- Swire Waste Management Limited
- Swire Pacific Cold Storage group

The following companies and parts of companies have not provided selected sustainability information for the 2015 Swire Pacific annual report:

- Property Division - USA and UK
- Aviation Division Air China, Air China Cargo, catering and laundry service companies outside Hong Kong
- Beverages Division - Coca-Cola Bottlers Manufacturing Holdings Limited and Xiamen Luquan Industries Company Limited
- Trading & Industrial Division - Campbell Swire, Akzo Nobel Swire Paints, the Swire Sustainability Fund, Swire Foods Chongqing New Qinyuan Bakery.

In 2015 we expanded the scope of reporting to include the following operations:

Property Division Swire Restaurants in Hong Kong

Appendix 2 – General Standard Disclosures

GENERAL STANDARD DISCLOSURES				
General Standard Disclosures	Description	Annual Report Page number	Information in the Reporting Methodology	Section in the 2015 Annual Report/Comment
<i>Strategy and Analysis</i>				
G4-1	Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	2		Our Strategy
<i>Organizational Profile</i>				
G4-3	Name of the organization	1-2		Front Cover Corporate statement
G4-4	Primary brands, products, and services	1-2 12-71		Corporate Statement 2015 Performance Review and Outlook
G4-5	Location of the organization's headquarters	1-2		Corporate Statement
G4-6	Number of countries where the organization operates	1-2		Corporate Statement
G4-7	Nature of ownership and legal form	132		Notes to the Financial Statements - General Information
G4-8	Markets served (including geographic breakdown, sectors served, types of customers, and beneficiaries)	12-71		2015 Performance Review and Outlook
G4-9	Scale of organisation	3-5 12-71		2015 Performance Highlights 2015 Performance Review and Outlook
G4-10	The total number of employees by employment contract, gender and region	80-81 216		Sustainable Development Review - Staff Sustainable Development Statistics The 'Others' category in the regional breakdowns of staff includes airline and shipping staff who operate internationally. We do not report employment variation due to seasonal changes as this is not material.
G4-11	Percentage of total employees covered by collective bargaining agreements	81		2015 Sustainable Development Review - Equal Opportunities and Diversity
G4-12	Describe the organisation's supply chain	82		Sustainable Development Review - Working with Others

GENERAL STANDARD DISCLOSURES				
General Standard Disclosures	Description	Annual Report Page number	Information in the Reporting Methodology	Section in the 2015 Annual Report/Comment
G4-13	Significant changes during the reporting period in size, structure, ownership or supply chain.	9 12-71		Chairman's Statement 2015 Performance Review and Outlook
G4-14	Whether and how precautionary approach/ principle is addressed	74 107-109		Sustainable Development Review - Overview Risk Management
G4-15	Externally developed economic, environmental, social charters, principles which the organization subscribes or which it endorses	74-77		Sustainable Development Review - Environment
G4-16	List memberships in associations, national/international advocacy organizations that has positions in governance bodies; participates in projects or committees; provides substantive funding; or views membership as strategic		●	
Identified Material Aspects and Boundaries				
G4-17	Entities included in the organisation's consolidated financial statements or equivalent documents	107-210 211	●	Principal Subsidiary, Joint Venture and Associated Companies and Investments. Sustainable Development Statistics
G4-18	Process of defining report content and aspect boundaries, and how the organization has implemented the Reporting Principles for Defining Report Content		●	
G4-19	Material Aspects defined in the process of defining report content		●	
G4-20	For each material aspect, report the aspect boundary inside the organisation		●	
G4-21	For each material aspect, report the aspect boundary outside the organisation		●	
G4-22	Effect of any restatements of info provided by previous reports, and reasons for restatements	N/A		
G4-23	Significant changes from previous reporting period in Scope and Aspect Boundaries	211	●	Sustainable Development Statistics

GENERAL STANDARD DISCLOSURES				
General Standard Disclosures	Description	Annual Report Page number	Information in the Reporting Methodology	Section in the 2015 Annual Report/Comment
Stakeholder Engagement				
G4-24	List of stakeholder groups engaged by organization	74	●	Sustainable Development Review - Overview
G4-25	Basis for identification and selection of stakeholders with whom to engage	74	●	Sustainable Development Review - Overview
G4-26	Organisation's approach to stakeholder engagement		●	
G4-27	Key topics and concerns that have been raised through stakeholder engagements, how the organization responded		●	
Report Profile				
G4-28	Reporting period for info provided	211	●	Sustainable Development Statistics
G4-29	Date of most recent previous report		●	
G4-30	Reporting cycle		●	
G4-31	Contact point for questions regarding the report or its contents	232		Financial Calendar and Information for Investors
G4-32	The GRI G4 'in accordance' option the organization has chosen	74 211	●	Sustainable Development Review - Overview Sustainable Development Statistics
G4-33	Organisation's policy and current practice with regard to seeking external assurance for the report	211-213		Sustainable Development Assurance Statement
Governance				
G4-34	The governance structure of the organisation, including committees of the highest governance body.	97-106 107-109 74		Corporate Governance Report Risk Management Sustainable Development Overview
Ethics and Integrity				
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	1-2 97-106		Corporate Statement Corporate Governance Report

Appendix 3 - Specific Standard Disclosures

 Sustainable Development
 Overview 2015

Specific Standard Disclosure	Description	Environment pages 74-77	Health & Safety page 78	Community pages 78-80	Staff pages 80-81	Working with Others page 82	Sustainable Development Statistics pages 214-216	Directors and Executive Officers pages 110-111	Information in the Reporting Methodology	Omissions 2015	External Assurance
Energy											
G4-DMA	Management approach to energy	●							●		
G4-EN3	Energy consumption within the organisation	●					●		●		Total energy consumption pages 212-213
Emissions											
G4-DMA	Management approach to emissions	●							●		
G4-EN15	Direct greenhouse gas emissions (Scope 1)	●					●		●		Total greenhouse gas emissions by weight pages 212-213
G4-EN16	Indirect greenhouse gas emissions (Scope 2)	●					●		●		
Water											
G4-DMA	Management approach to water	●							●		
G4-EN8	Total water withdrawal by source	●					●		●		Total water used pages 212-213
Effluents and waste											
G4-DMA	Management approach to effluents and waste	●							●		

Specific Standard Disclosure	Description	Environment pages 74-77	Health & Safety page 78	Community pages 78-80	Staff pages 80-81	Working with Others page 82	Sustainable Development Statistics pages 214-216	Directors and Executive Officers pages 110-111	Information in the Reporting Methodology	Omissions 2015	External Assurance
G4-EN23	Total weight of waste by type and disposal method	●					●		●		
Occupational health and safety											
G4-DMA	Management approach to occupational health and safety		●						●		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender		●				●		●	Occupational health, absenteeism, types of injury and contractor management are monitored and managed by operating companies but not reported on at group level. We report by business division as this is most applicable. We do not report by region or gender	Total employee fatalities and Total employee lost time injuries pages 212-213
Local communities											
G4-DMA	Management approach to community			●					●	The specific disclosures required are not considered applicable to Swire Pacific as a group.	

Specific Standard Disclosure	Description	Environment pages 74-77	Health & Safety page 78	Community pages 78-80	Staff pages 80-81	Working with Others page 82	Sustainable Development Statistics pages 214-216	Directors and Executive Officers pages 110-111	Information in the Reporting Methodology	Omissions 2015	External Assurance
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programmes.			•					•		
Employment											
G4-DMA	Management approach to employment				•				•		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region						•		•		
Diversity and equal opportunities											
G4-DMA	Management approach to diversity and equal opportunities				•				•		
G4-LA12	Composition of governance bodies and breakdown of employees by employee category according to gender, age group, minority group and other indicators of diversity							•	•	We use gender and age breakdowns as measures of diversity. We do not have a definition of minority status in our workforce. We do not report on our employees by age group, but will consider doing so in the future.	

<i>Supply chain</i>											
G4-DMA	Management approach to supply chain										We are defining indicators to monitor our performance on supply chain and expect to start reporting by reference to them in 2016.

Appendix 4 - Memberships of associations and national/international advocacy organizations

Swire Pacific

WWF HK – Member of the Conservation Advisory Committee
Hong Kong Business Environment Council – Board member
Member of the Energy Advisory Group
Member of the ESG Advisory Group
Member of CCBF Advisory Group
Hong Kong Management Association Sustainability Committee
City University Advisory Committee of the School of Energy and Environment

Property

BEAM Society - Founding Member and Director, and Taskforce Member for BEAM plus EB Revamp
Business Environment Council - Director and Council Member, and Chairman of the Energy Advisory Group
Climate Change Advisory Group - Signatory to Building Energy Pledge
Development Bureau (Hong Kong SAR Government) - Signatory to Greening Partner Charter
Green Cross - Occupational Safety & Health Council - Group Member
Harbour Business Forum - Patron Member
Hong Kong Association for Customer Service Excellence – Member
Hong Kong General Chamber of Commerce and Hong Kong Business Coalition on the Environment - Endorser of Clean Air Charter
Hong Kong Green Building Council - Director
Chairman of Policy and Research Committee
Chairman of Taskforce for the establishment of energy benchmarking tool for office space and commercial buildings for Hong Kong
Co-opted of Member of Organization Committee of the World Sustainable Built Environment Conference 2017 Hong Kong
Co-opted of Scientific Committee of World Sustainable Built Environment Conference 2017 Hong Kong
Platinum Patron Member
Hong Kong Green Purchasing Charter – Member
Hong Kong Science and Technology Parks Corporation - Taskforce member for Green Technology
International Energy Agency - Subtask E Co-leader for IEA-EBC Annex 66 Definition and Simulation of Occupant Behavior in Buildings
Taskforce for External Lighting (Hong Kong SAR Government) – Member
The Hong Kong Management Association - Charter Member
The Real Estate Developers Association of Hong Kong - Corporate Member and Executive Committee Member
Urban Land Institute (ULI) - Regional Corporate Sustaining Member
Working Group on External Lighting (Hong Kong SAR Government) - Member
WWF- Gold Member

Aviation

IATA – International Air Transport Authority
SAFUG - Sustainable Aviation Fuel Users Group
RSB – Roundtable on Sustainable Biomaterials
CAAFI - The Commercial Aviation Alternative Fuels Initiative
AAPA - Association of Asia Pacific Airlines
ASRC - HAECO Group provides support to Hong Kong's first aviation service research centre ("ASRC"), co-founded by Hong Kong Polytechnic University and The Boeing Company, as part of its support for the local community to develop future aviation professionals in Hong Kong.
IATP: HAECO Hong Kong, HAECO Xiamen and HAECO Americas
ARSA: HAECO Americas
North Carolina Chamber of Commerce
Columbia County Chamber of Commerce

Greensboro Partnership

Marine Services

AMMA – Australian Mines & Metals Association
American Chamber of Commerce (Singapore)
British Chamber of Commerce (Denmark)
British Chamber of Commerce (Singapore)
Danish Wind Energy Association
EWEA – European Wind Energy Association
IFAP (Perth, WA) – Industrial Foundation for Accident Prevention
IMCA – International Marine Contractor Association
IMEC – International Maritime Employers' Council (Director)
IMSF – International Marine Simulator Forum
ISCO – International Spill Control Organisation
ISOA – International Support Vessel Owners' Association
ISU – International Salvage Union
MarineSafe (Western Australia)
MIAL – Maritime Industry Australia Limited
NPF – Norwegian Petroleum Association
NRF – Norwegian Shipowners Association
Renewable UK
RTP Asia - Nautical Institute Regional Training Providers' forum
Singapore Compact for CSR
SSA – Singapore Shipping Association

Appendix 5 - Externally developed economic, environmental, social charters and principles which the organisation subscribes to or which it endorses

Swire Pacific

The Trillion Tonne Communiqué - signatory

Property

Signatory to Carbon Reduction Charter

Signatory to Energy Saving Charter – No Incandescent Lightbulbs

Signatory to Energy Saving Charter – Indoor Temperature

Signatory to Food Wise Charter

Signatory to Waste Check Charter

Signatory to Dim It Charter

Aviation

CX GROUP

EMSD's Energy Saving Charter - 2013 and 2015

HAECO GROUP

Caring Company 5years +

Hong Kong Green Organisation

North Carolina Stewardship Initiative

Safety Management System (SMS) for line services

Guilford Education Alliance

National Child Safety

Marine Services

Singapore TAFEP Fair Employment Practices Pledge

MPA Green Initiative Pledge