

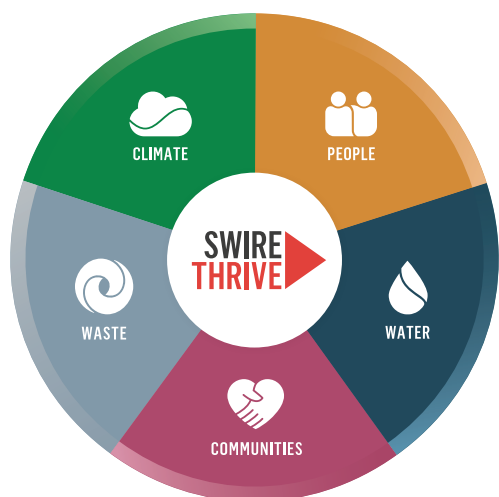
# SUSTAINABLE DEVELOPMENT REVIEW



## SUSTAINABLE DEVELOPMENT REVIEW

Sustainable development is integral to our approach to business and investment. Providing quality products and services that our customers can trust, investing in our people and communities, and protecting shared natural resources is not only the right thing to do, it is fundamental to our ability to create long-term value for our shareholders.

Through SwireTHRIVE 2.0, our sustainable development strategy, we aim for innovation and continuous improvement in five areas: Climate, Waste, Water, People and Communities.



We have stretching near-term targets to reduce carbon, water and waste. Our ambition is to achieve net-zero carbon emissions, water neutrality and zero waste to landfill by 2050.

Environmental, social and governance topics not covered by SwireTHRIVE are important to our investors, regulators and customers. We have policies on human rights, biodiversity and sustainable procurement.

### Governance of Sustainable Development

Our Board is ultimately accountable for sustainability matters. It is kept informed of sustainability risks and performance by the Group Risk Management Committee, which reports to the Board via the Audit Committee. The Group Head of Sustainability briefs the Board and division heads twice a year on sustainability matters.

There are group risk forums which are relevant to SwireTHRIVE. They deal with environment and sustainability, human resources and health and safety. For details, see the Risk Management sections of this report and of our 2022 Sustainable Development Report. Other group committees and working groups relevant to SwireTHRIVE are the Swire Group Environment Committee, the Health and Safety Committee and the Diversity & Inclusion Steering Committee.

The Sustainable Development Office is responsible for the environmental areas of SwireTHRIVE. Our Group Risk Management and Diversity & Inclusion departments and the Swire Trust have SwireTHRIVE responsibilities.

### Sustainable Development Fund

The Swire Pacific Sustainable Development Fund offers financial support to operating companies for projects which can deliver significant environmental benefits, but which cannot be justified by reference to our cost of capital targets. The fund has supported trials of innovative green technology projects. In 2022, funding of about HK\$21 million was approved for projects at three operating companies.

### Sustainable Finance

At the end of 2022, sustainable finance (where part of the cost is linked to the achievement of sustainability targets) represented more than 35% of our total financing.

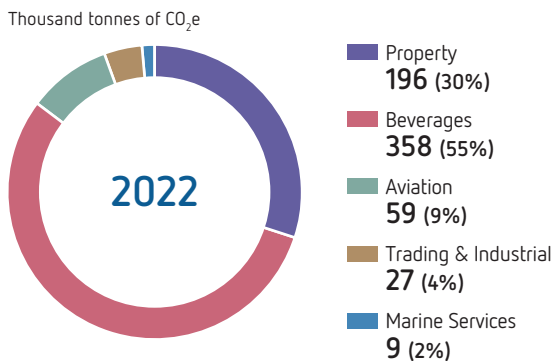
### Climate

The world must halve emissions by 2030 and reach net-zero emissions by 2050 to avoid the worst effects of climate change. Reducing our greenhouse gas (GHG) emissions is a business imperative. We must ensure that our assets and operations can withstand and adapt to climate-related risks.

#### Climate Risk

We consider the physical, regulatory and financial impact of climate change on our businesses. In 2018, we started to follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In 2022, we did a second climate risk assessment.

### Total Scope 1 and 2 GHG Emissions by Division



Notes:  
 1. Swire Pacific tracks its energy consumption and GHG emissions through utility bills and purchase or service records. When such records are not yet available, consumption is captured through direct measurements (e.g. readings of submeters). These figures are updated upon availability of records.  
 2. Totals may not be the exact sum of numbers shown due to rounding.

### Greenhouse Gas Emissions

Our target is to reduce by 50% our scope 1 and 2 GHG emissions by 2030 from their 2018 levels. We aim to reach net-zero GHG emissions by 2050.

In 2022, our scope 1 and 2 GHG emissions were 649 thousand tonnes of carbon dioxide equivalent (CO<sub>2</sub>e), a 11% decrease from 2021. Swire Properties and Swire Coca-Cola accounted for more than 80% of the Group's emissions in 2022. They have set science-based targets (SBTs) which have been approved by the Science Based Targets initiative (SBTi).

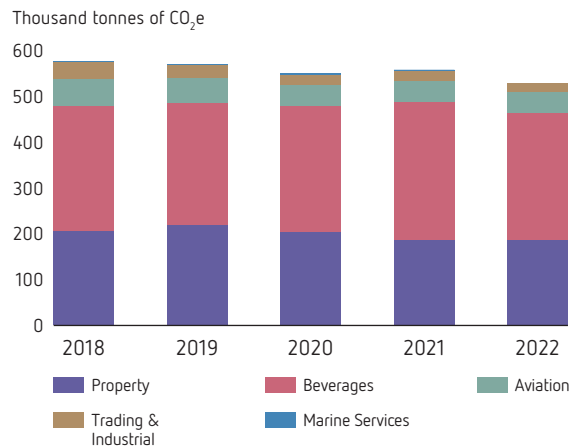
In 2022, our scope 3 GHG emissions were 7,381 thousand tonnes of CO<sub>2</sub>e. Swire Coca Cola accounted for 50% of them. Swire Properties and Taikoo Motors accounted for 6% and 12% respectively of them.

In 2022, Cathay Pacific's GHG emissions were 5,390 thousand tonnes of CO<sub>2</sub>e. We report 45% (our percentage ordinary shareholding interest in Cathay Pacific) of them. Cathay Pacific has committed to achieving net-zero carbon emissions by 2050 and that sustainable aviation fuel will represent 10% of its fuel consumption by 2030.

In 2022, Cathay Pacific's fuel efficiency was affected by changes in the type of aircraft flown and capacity reductions. Its carbon intensity, measured in tonnes of CO<sub>2</sub> per available tonne kilometre (ATK), increased by 2% in 2022 compared with 2021.

Internal carbon pricing will be piloted in 2023. There will be carbon fees and shadow pricing. The carbon fee for each operating company will be based on the most recent financial year's GHG emissions. It will fund decarbonisation projects.

### Scope 2 GHG Emissions by Division



Note:  
 Swire Pacific tracks its energy consumption and GHG emissions through utility bills and purchase or service records. When such records are not yet available, consumption is captured through direct measurements (e.g. readings of submeters). These figures are updated upon availability of records. The figures for 2021 have been updated to reflect such availability.

Shadow pricing will apply to projects exceeding a threshold value. Swire Coca-Cola, Swire Properties and HAECO (which account for more than 90% of our GHG emissions) will participate in the pilot.

### Energy

Electricity consumption is our largest source of GHG emissions. In 2022, our GHG emissions (primarily derived from purchased electricity) were 529 thousand tonnes of CO<sub>2</sub>e, a 5% decrease from 2021. We retrofitted buildings and improved operational procedures. Energy saving and increased use of renewable electricity helped.

Our new and substantially renovated buildings must obtain the highest or second highest international or local building environmental certification.

Swire Properties designs, constructs and operates properties with a view to reducing energy use. At the end of 2022, buildings accounting for 95% of Swire Properties' wholly-owned existing buildings were certified green buildings under BEAM, BEAM Plus, LEED, WELL, China Three Star or Green Mark independent rating systems, with 98% achieving the highest ratings. All of its wholly-owned projects under development have achieved the highest ratings.

In 2022, Swire Properties' absolute scope 1 and 2 GHG emissions decreased by 28% compared with a 2019 baseline year. This year, a green performance pledge was made by 52 tenants representing over 30% of lettable floor area. Tenants are supported in identifying ways in which they can reduce energy, waste and water consumption.

22 million kWh of electricity was generated from renewable sources at Swire Properties, Swire Coca-Cola and HAECO Xiamen in 2022. Swire Properties' Taikoo Hui development in Guangzhou and Swire Coca-Cola's plants in Yunnan, Hubei and Shanghai Jinqiao are powered by 100% renewable electricity.

## Waste

We aim to minimise the total amount of waste we generate and seek to divert as much as possible from landfill, through recycling, reuse and reducing waste at source.

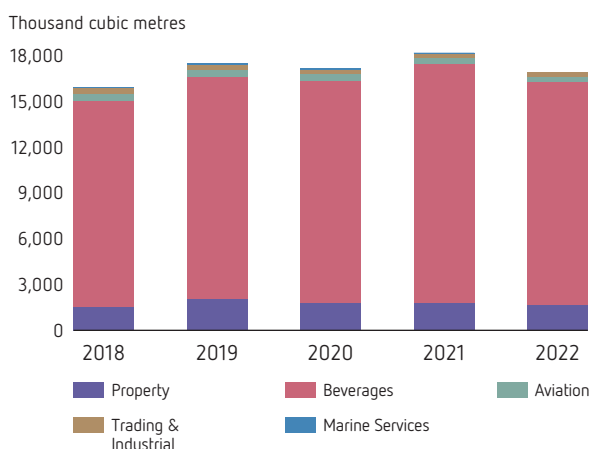
In 2022, the Group generated 66,645 tonnes of waste, a 25% increase from 2021. Swire Properties and Swire Coca-Cola account for 90% of the Group's waste. Our targets are to divert 65% and 100% of our non-hazardous waste from landfill by 2030 and 2050 respectively.

Single use plastic damages the environment. We have to use it, but must address its impact. In line with The Coca-Cola Company's World Without Waste initiative, Swire Coca-Cola has the following aims:

- By 2025, primary packaging will be 100% recyclable
- By 2030, primary packaging will comprise 50% recycled content
- By 2030, for every bottle placed in the environment, one will be removed

New Life Plastics, a joint venture in Hong Kong in which we have a 33.33% equity interest, can process 35,000 tonnes of PET and HDPE per annum.

## Water Withdrawal by Division



Note:  
Swire Pacific tracks its water consumption through utility bills and purchase or service records. When such records are not yet available, consumption is captured through direct measurements (e.g. readings of submeters). These figures are updated upon availability of records. The figures for 2021 have been updated to reflect such availability.

## Water

Our businesses depend on water. Some of them use it extensively. Water stress can affect our suppliers, the communities in which we operate and the biodiversity of the areas in which we operate. We aim to use water responsibly and sustainably, and to protect our water sources.

We comply with wastewater treatment laws. By doing this, we protect our own resources and help the communities in which we operate to have access to safe, good quality water.

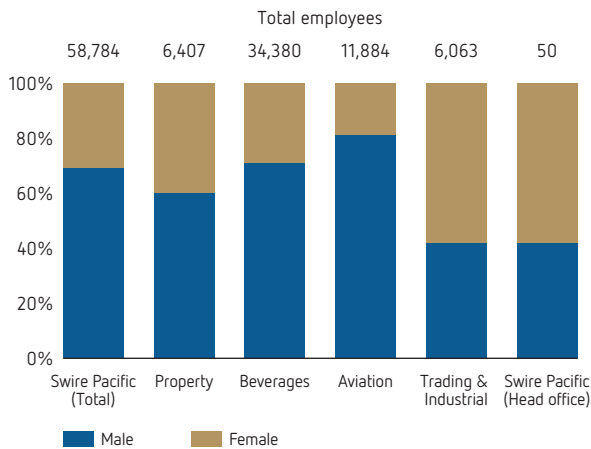
Our target is to reduce our water usage (except in Coca-Cola beverages) by 30% from a 2018 frozen efficiency baseline. We aim to achieve water neutrality by 2050.

In 2022, we used 16.9 million cubic metres of water, 7% less than in 2021.

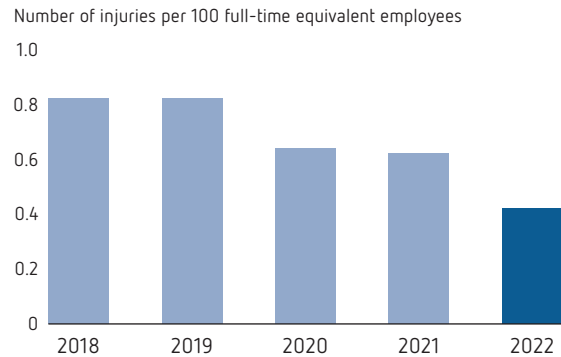
In 2022, Swire Coca-Cola accounted for 86% of our water use. Its water intensity (the amount of water needed to produce a litre of beverage), decreased by 3% in 2022 to 1.75 from 1.81 in 2021. Swire Coca-Cola's water usage in 2022 was affected by testing and commissioning new production lines and by producing more beverage varieties.

Swire Coca-Cola aims to return to the environment water in amounts equivalent to those which it uses in its products.

### Employee Breakdown by Gender and Division



### Lost Time Injury Rate (LTIR)



### People

We aim to be an employer of choice that attracts and retains the most talented people. We do this by creating safe, healthy and inclusive workplaces where everyone is treated with respect and has equal opportunities to succeed.

At the end of 2022, the Swire Pacific Group (excluding the Cathay Pacific group and HAESL) employed over 58,000 people. The majority of our people are based in Hong Kong and the Chinese Mainland.

Staff turnover is monitored with a view to identifying and managing problems as they arise. In 2022, the turnover rate was 22%, compared with 20% in 2021.

### Health and Safety

We aim to conduct our operations in a manner which safeguards the health and safety of our people, contractors, suppliers, customers, the visitors to our business premises and the communities in which we operate. We aim to improve our management of health and safety continuously with a view to causing zero harm.

In 2022, the number of injuries per 100 full-time equivalent employees (lost time injury rate or LTIR) decreased by 32% to 0.42 from 0.62 in 2021.

We expect our contractors to observe high safety standards. We monitor contractor safety data. Regrettably, there was one work-related fatality in 2022. The individual was employed by a Swire Coca-Cola contractor in the Chinese Mainland.

We care about the mental and physical health and wellbeing of our people. We provide health checks and 24-hour confidential hotlines. We have flexible working and parental leave policies.

### Diversity and Inclusion

We believe in creating an environment where people feel comfortable at work and able to realise their full potential. We are committed to creating an inclusive and supportive working environment for our people regardless of their age, gender, gender identity, sexual orientation, relationships, family status, disability, race, ethnicity, nationality and religious or political beliefs.

## Board Breakdown by Gender



■ Male ■ Female

We have set diversity targets including to have 30% women on Board by 2024. Women represent 28.6% of our Board.

We have given unconscious bias training to those responsible for recruitment and promotion. Employees are required to comply with applicable employment and other laws. We provide training in order to assist our people to understand their rights and obligations under Hong Kong anti-discrimination legislation.

### Training and Development

We need an agile and well-trained workforce in order to respond to competitive and changing business conditions. We provide on-the-job training, mentoring and coaching, classroom training and online learning. All new joiners take part in induction programmes that include anti-discrimination and anti-corruption training and visits to our businesses.

Our in-house leadership development company, Ethos International, designs and provides learning and development programmes for management staff. Managers attend business management and executive programmes at INSEAD and Stanford. Ethos' training programmes emphasise sustainability and contribute to the development of a strong corporate culture and a style of leadership that is consistent with our values.

We recruit high-calibre individuals with a view to developing them into future leaders within the Group. They are trained in management, finance and human resources. They have access to coaching and mentoring.

Our summer internship programme gives exceptional students the opportunity to gain experience of working at Swire. Interns learn about our values and what we do, and then work on business projects at our operating companies.

We communicate with our people on a regular basis via our intranet, newsletters, surveys and staff forums.

## Communities

We believe that when the communities in which we operate prosper, so do we. We concentrate on doing things where we believe we can make a difference. We support our communities with monetary donations, with products and services and with the time and energy of our staff, and through the Swire Group Charitable Trust (the Trust).

The Trust focuses on education, marine conservation and the arts in Hong Kong. In 2022, it supported over 80 Hong Kong-based organisations and distributed over HK\$55 million. Through TrustTomorrow, it supports vulnerable groups and builds social capital. It encourages employees to volunteer their time. Employees contributed 1,748 hours to 54 activities in 2022.

During the year, the Group also made donations (including cash contributions and in-kind contributions) of HK\$76 million.

## Engaging with Suppliers

Operating companies are committed where possible to purchasing products which do not adversely affect the environment. Our guidelines on doing so are in accordance with international standards.

Our Supplier Corporate Social Responsibility Code of Conduct deals with regulatory compliance, forced labour, child labour, health and safety, environmental issues, compensation and working hours, human rights, subcontractor management, ethics and reporting.

Our businesses engage with thousands of suppliers. They supply goods and services which include aircraft parts, fuel, sugar, auditing, office supplies and uniforms. We prefer to work with suppliers that share our high standards and values. We share information and best practices with suppliers and encourage them to adopt appropriate sustainability and other standards.

## Reporting and Recognition

Our sustainability performance is disclosed in detail in a separate sustainable development report, which is available on our website. It has been prepared with reference to the Global Reporting Initiative (GRI) Standards and the ESG Reporting Guide for listed companies issued by The Stock Exchange of Hong Kong Limited. Deloitte Touche Tohmatsu have provided a limited assurance report in respect of selected sustainability information of Swire Pacific for the year ended 31st December 2022. Further information on the scope and boundaries of our sustainability data and the full limited assurance report can be found at [http://www.swirepacific.com/en/sd/sd\\_reports.php](http://www.swirepacific.com/en/sd/sd_reports.php).

Swire Pacific is included in the Dow Jones Sustainability Asia Pacific Index, the Hang Seng Corporate Sustainability Index, the Hang Seng Corporate Sustainability Benchmark Index, the Hang Seng (Mainland and HK) Corporate Sustainability Index, the S&P Global Sustainability Yearbook 2023 and the MSCI ACWI ESG Leaders, Hong Kong ESG Leaders, ACWI ESG Universal and ACWI SRI Indices. We received a AAA rating from MSCI. Swire Pacific is included in the 2023 Bloomberg Gender-Equality Index.

Swire Properties is included in the FTSE4Good Index and is a Member of the Dow Jones Sustainability World Index, ranking fourth globally in 2022.

In 2022, Swire Pacific achieved scores of A- for CDP Climate Change and CDP Water Security. Swire Coca-Cola achieved a score of A- for CDP Water Security.