

SWIRE THRIVE



Mark Harper

Group Head of Sustainability
John Swire & Sons (HK) Ltd.



Agenda ▶

- About Swire
- Our Sustainability Journey
- SwireTHRIVE Sustainability Strategy
- Key Challenges
- Lessons Learnt



About Swire

ABOUT SWIRE

Swire Pacific is a Hong Kong-based international conglomerate with a diversified portfolio of market leading businesses.

The Company has a long history in Greater China, where the name Taikoo or 太古 has been established for over 150 years.

1816



JOHN SWIRE & SONS



SWIRE PACIFIC

太古

Our divisions and businesses *Included under sustainability strategy*

PROPERTY



Properties

BEVERAGES



Beverages



Manufacturing and Distribution

AVIATION



Airlines



Aircraft
Engineering and
Maintenance



Catering Services



Cargo Handling



Ground Services

HEALTHCARE

New investments

Columbia China Healthcare

Shenzhen New Frontier United Family Hospital

HEAL Medical Group

DeltaHealth

TRADING & INDUSTRIAL



Automotive Trading



Wholesale and Retail



Laundries





Our Sustainability Journey

Sustainable development is a **strategic imperative** for Swire Pacific.

'... if the environmentally "clean" way of doing something is more expensive..., we should always, regardless of mandatory legislation, have a close look at the overall feasibility of adopting such a practice, both from the point of view of general public good and enlightened self interest'



Sir Adrian Swire
July 1989

Adrian Swire

Sustainable development is a **strategic imperative** for Swire Pacific.

*“Thinking sustainably requires us to **look beyond short-term challenges**... Sustainable development must be **integral** to what we do if we are to create **long-term value** for our shareholders”.*



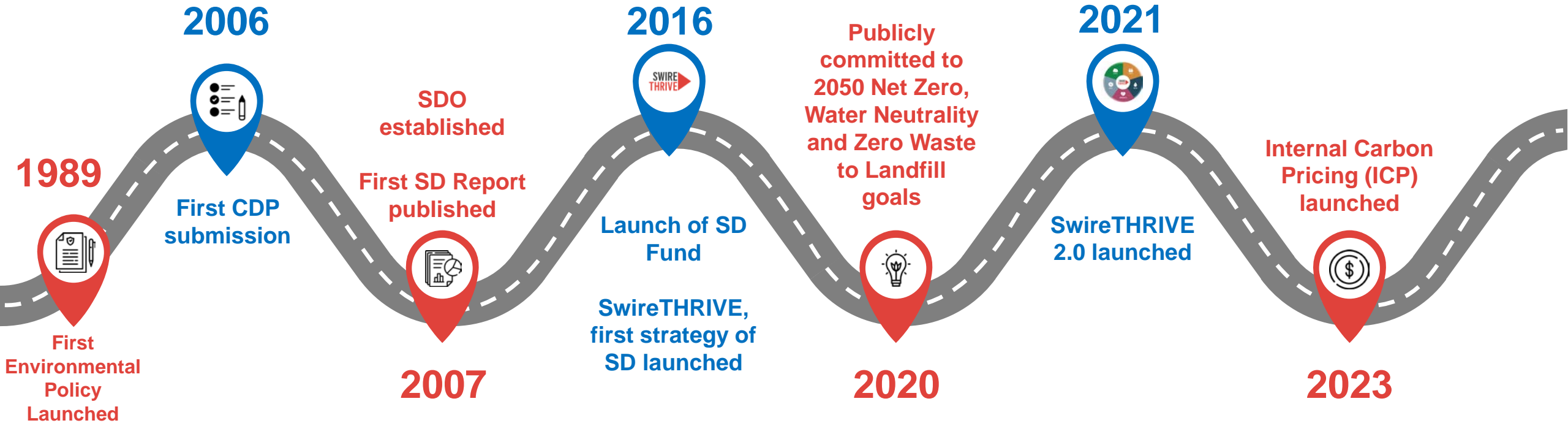
Merlin Swire
*Deputy Chairman and Chief Executive
John Swire & Sons Ltd*

*“Sustainability issues faced by the world have become more challenging over the years. Through the Group sustainability strategy, SwireTHRIVE, we continued to **accelerate** our sustainability efforts in 2022, even though the ongoing impacts of the COVID-19 pandemic meant it was another challenging year. This **ongoing commitment** to sustainability reflects our **long-term** approach to business”.*



Guy Bradley
Group Chairman, Swire Pacific Ltd

Our Sustainability Journey: Sustainability Timeline





SwireTHRIVE
Sustainability Strategy

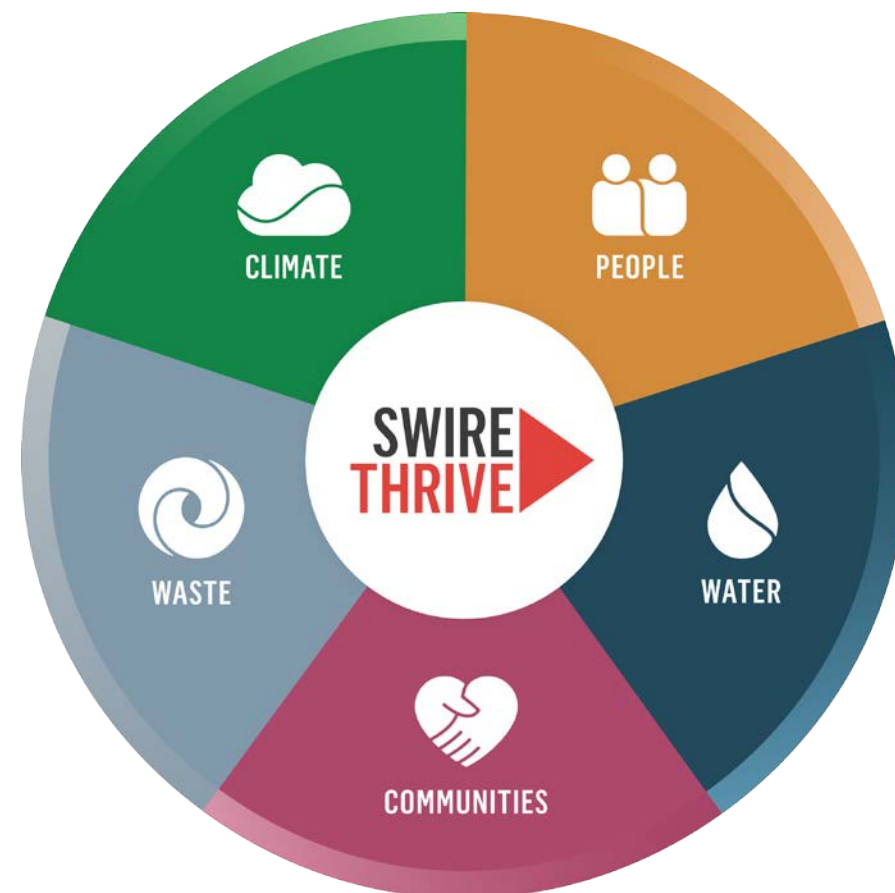
Sustainable Development Strategy – SwireTHRIVE

What is SwireTHRIVE?






- The Group strategy for sustainable development
- Applies to both the public and private sides of the group
- Five pillars: Climate, Water, Waste, People and Communities
- Ambitious goals and targets
- Endorsed by the Chairman of Swire Pacific and senior management at JS&S

How was it developed?

- First established in 2016 with input from all major opcos, focused on environmental topics
- Relunched in 2020 to include People and Communities, with input from SDO, D&I, Group Risk, Swire Trust and senior management



SwireTHRIVE Sustainability Strategy: Our commitments and progress

Our priority areas	Our commitments	Our progress
 <p>CLIMATE</p> <p>Decarbonise our business and build climate resilience</p>	<p>50%</p> <p>reduction in scope 1 and 2 emissions by 2030, and Net Zero by 2050</p>	<p>30%</p> <p>compared with our baseline</p>
 <p>WASTE</p> <p>Turn today's waste into tomorrow's resource</p>	<p>65%</p> <p>waste diverted from landfill by 2030, and a Zero Waste to Landfill by 2050</p>	<p>61%</p> <p>waste diverted from landfill in 2022</p>
 <p>WATER</p> <p>Use and manage water responsibly</p>	<p>30%</p> <p>reduction in water withdrawal from a 2018 frozen efficiency baseline by 2030, and Water Neutrality by 2050</p>	<p>8%</p> <p>compared with our baseline</p>
 <p>PEOPLE</p> <p>Foster a corporate culture that is accessible, inclusive and safe</p>	<p>30%</p> <p>women in senior leadership roles by 2024</p> <p>30%</p> <p>women on Board by 2024</p>	<p>28%</p> <p>women in senior leadership roles</p> <p>31%</p> <p>women on Board</p>
 <p>COMMUNITIES</p> <p>Position our community initiative as part of our core business value</p>	<p>TrustTomorrow</p> <p>to partner with local organisations and drive lasting positive change</p>	<p>HK\$150 million</p> <p>disbursed since launch</p>

Example: **Climate Action**

Cathay Pacific Group



We pledge to use Sustainable Aviation Fuel (SAF) for

10%

of jet fuel consumption by Cathay Pacific by 2030.

Fleet modernisation

- Adding modern, more **fuel-efficient aircraft** to the fleet, enabling up to **25% more fuel efficient** compared with previous generation aircraft
- Took delivery of 5 aircrafts in 2022, and have scheduled the delivery of another 48 from 2023 onwards

Sustainable Aviation Fuel (SAF)

- Launched the **Cathay Pacific Corporate Sustainable Aviation Fuel (SAF) Programme**, providing corporate customers the opportunity to reduce their carbon footprint from business travel or airfreight
- Established the **Hong Kong Sustainable Aviation Fuel Coalition**
- Introduced the use of SAF at **Hong Kong International Airport for the first time**
- Pledged to **use SAF for 10% of fuel consumption** by Cathay Pacific operating flights by 2030

Swire Properties

Green Buildings

2025 KPI

- **100%** of wholly-owned new development projects to achieve the highest environmental building assessment scheme rating

2023 Progress

- **100%** of wholly owned projects under development have achieved green building certification ratings
- **Over 90%** of wholly-owned existing developments achieved the highest rating



Joint Venture - New Life Plastics

- Swire Coca-Cola has formed a joint venture with local waste management firms to build and operate a plastics recycling facility - New Life Plastics (NLP), with Swire Coca-Cola holding a 56.67% equity stake in the venture.
- Used plastics will be remanufactured as valuable raw materials to support the local circular economy for beverage packaging. NLP provides a substantial solution to landfill waste, savings on waste charges, and progress toward carbon neutrality.

NLP is Hong Kong's first food-grade ready plastics recycling facility. It can process 35,000 tonnes of PET and HDPE per annum.



Swire Pacific ESG Ratings & Recognitions

Member of

**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA



Hang Seng Corporate
Sustainability Index
Series Member 2023-2024



**Sustainability
Yearbook Member 2024**
S&P Global ESG Score

**Sustainability
Yearbook (China) Member 2023**
S&P Global ESG Score





Key Challenges

Major challenges experienced in operationalising sustainability

1. Operating as a Conglomerate

2. Rapidly Changing Regulatory Landscape

3. Complex Supply Chains

4. Investing for a Changing Future

► Being a diversified business adds extra complexity to our approach

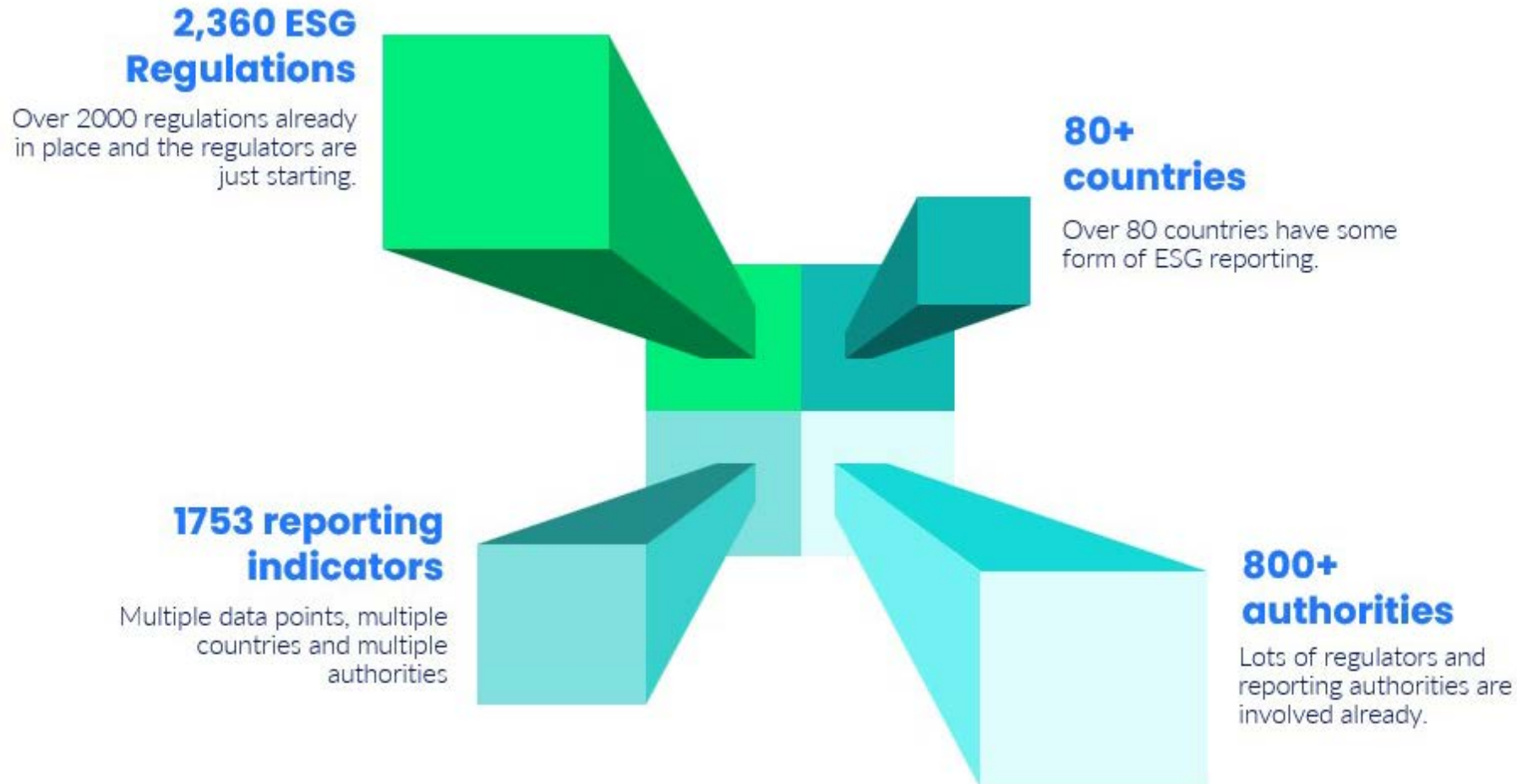


- No one size fits all model – Freedom within a framework, but consistent policy regime, and standard data protocol
- Decentralised approach to management - Strong governance structures, Internal audit
- Risk of working in silos – Working groups and business partnering
- Different levels of ambition and maturity – Target setting framework

2. Changing regulations

► ESG regulations are growing worldwide

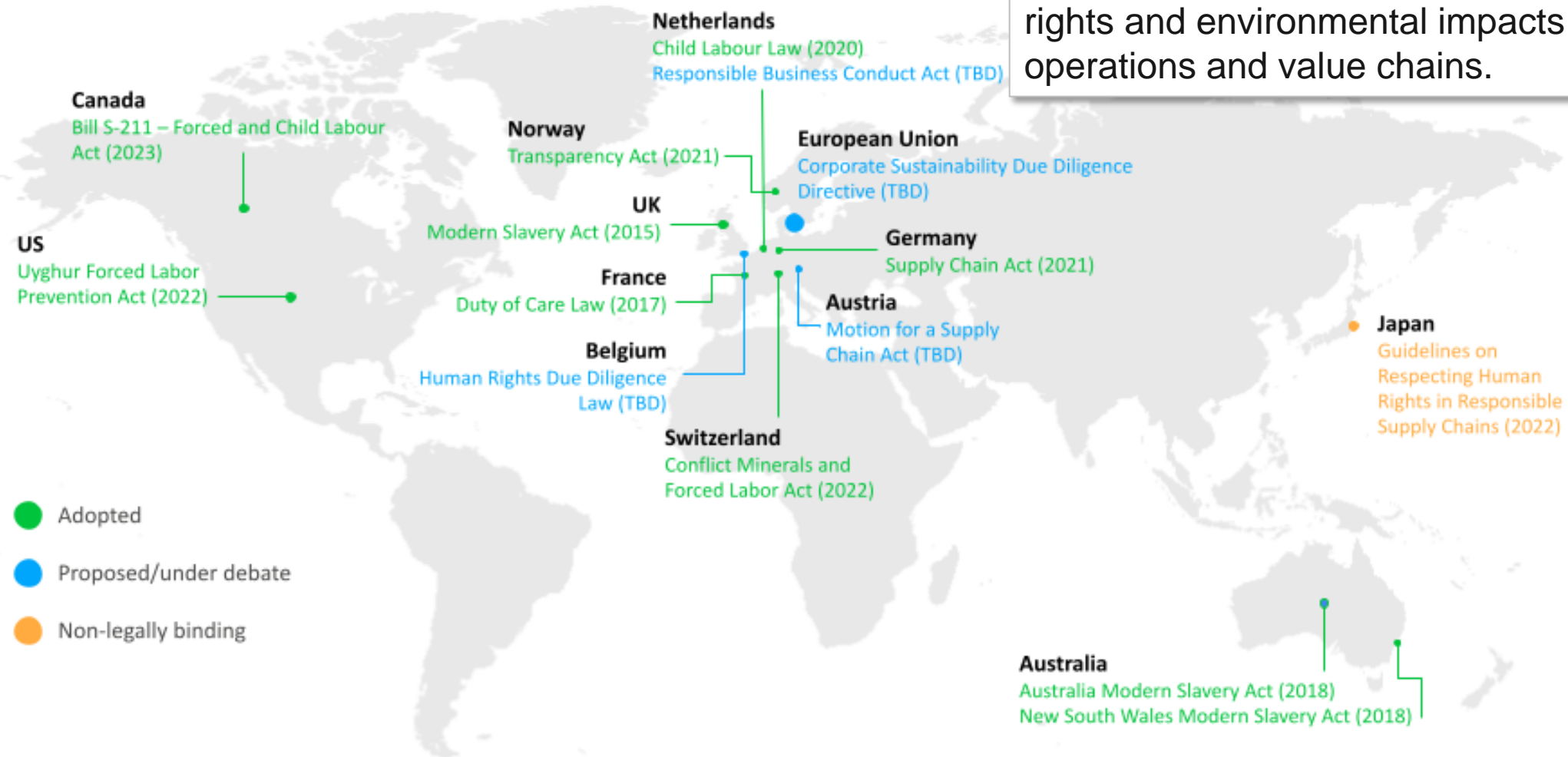
Mandatory and voluntary reporting requirements are now in place across more than 80 jurisdictions.



3. Managing complex supply chains

► Supply Chain Due Diligence

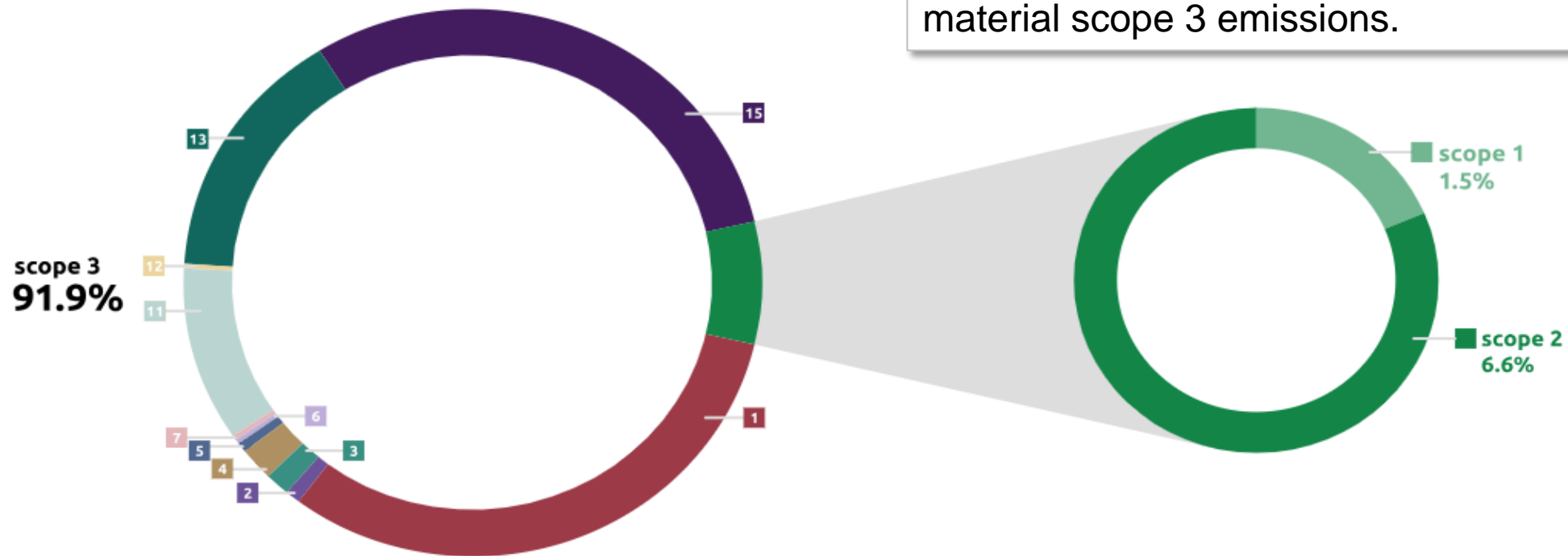
The Corporate Sustainability Due Diligence Directive (CSDDD) would require organisations to identify, prevent and end adverse human rights and environmental impacts in their operations and value chains.



► Swire Pacific Emissions

More than 90% of our GHG emissions occur outside our direct operations. We do not control these assets and activities, but through our decisions and relationships we can work to reduce material scope 3 emissions.

Our emissions by scope



Breakdown of value chain emissions by category

- | | | |
|---|-------------------------------|---|
| 1 Purchased goods and services 34.1% | 5 Waste generation 0.4% | 12 End-of-life treatment of sold products <0.1% |
| 2 Capital goods 1.1% | 6 Business travel 0.1% | 13 Downstream leased assets 16.3% |
| 3 Fuel- and energy-related activities (not included in scope 1 or 2) 1.5% | 7 Employee commuting 0.2% | 14 |
| 4 Upstream transportation 2.3% | 8 | 15 Investments 33.0% |
| | 9 | |
| | 10 | |
| | 11 Use of sold products 11.0% | |

4. Investing for a changing future

▶ Accelerating Sustainability Performance

- Many Sustainability projects don't make the internal hurdle rate set for CAPEX projects
- Established an internal SD Fund: Offering up to HK\$100 million every year to support our companies in reducing their carbon, water and waste footprints, in line with, or ahead of, their respective reduction targets.



1. Solution Roll-out Funding Channel

- Bridge funding to pre-identified solutions that don't meet internal capital requirements.

2. Innovation Seed Trial Funding Channel

- Provides 100% funding for a small-scale pilot to test the technology.

► Internal Carbon Pricing



- ICP is the value a company voluntarily sets to factor the economic cost of its GHG emissions into business decisions
- Carbon Fee: US\$22 (HK\$170) per tonne; Shadow Price: US\$50 (HK\$390) per tonne
- Trialing ICP at Swire Coca-Cola, Swire Properties and HAECO this year (~94% of Group emissions)



Lessons Learnt

Key takeaways – lessons we've learnt



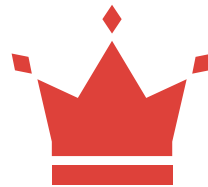
Learn through doing



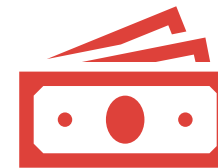
Importance of partnership



Engage key stakeholders



Set the tone from the top



Money talks



Q&A

Scan to read our **Sustainable Development Report 2022**



Sustainable Development Office

Swire Pacific Limited, 2203, Oxford House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
T: (852) 2840 8881 www.swirepacific.com