



Swire Properties' Sustainable Development (SD) 2030 Strategy and ESG Governance

11 April 2024

Joey Lau Manager, Sustainable Development
Seminar on Environmental, Social and Governance (ESG) and Sustainability – HKCTC & HKTIC



COMPANY PROFILE

2023 Underlying Profit: HK\$11,570M

2023 Investment Properties & Hotels: 24.4 million sq. ft.

- Hong Kong portfolio: 13.2 million sq. ft.
- Chinese Mainland portfolio: 10.6 million sq. ft.
- U.S.A. portfolio: 0.6 million sq. ft.



Hotel & Serviced Apartment



Residential



Restaurant



Taikoo Place



Pacific Place



INDIGO, Beijing



Taikoo Li Xi'an
(under development)



Taikoo Li Chengdu



Brickell City Centre,
Miami, U.S.A.



Citygate



Cityplaza



Taikoo Hui, Guangzhou



Taikoo Li Sanlitun,
Beijing



Taikoo Li Qiantan,
Shanghai



HKRI Taikoo Hui,
Shanghai

GLOBALLY LEADING SUSTAINABILITY PERFORMANCE

CONTINUAL ADVANCEMENT TOWARDS OUR SD VISION

Sustainability Indices, Benchmarks & Awards

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

No.2 Globally
Industry: Real Estate Management & Development
No.1 Globally
“Environmental Dimension” score
(As of 8 Dec 2023)
DJSI World constituent company since 2017
S&P Global ESG Score: 78/100
(As of 8 Dec 2023)



No.1 in Hong Kong
(6th Consecutive Year)
Highest “AAA” rating



Global Sector Leader
Mixed Use Sector (7th Consecutive Year)
Global Development Sector Leader
Mixed Use Sector (4th Consecutive Year)

Top 10%

S&P Global Corporate Sustainability Assessment (CSA) Score 2023

S&P Global

Sustainable1

Included in the **S&P Global Sustainability Yearbook 2024**

ESG score within 5% to 10% of the industry’s top-performing company.



Hong Kong Management Association

HKMA HK Sustainability Award 2023 – Grand Award



HKMA 2023 Best Annual Reports Awards: Excellence Award in the Environmental, Social and Governance Reporting

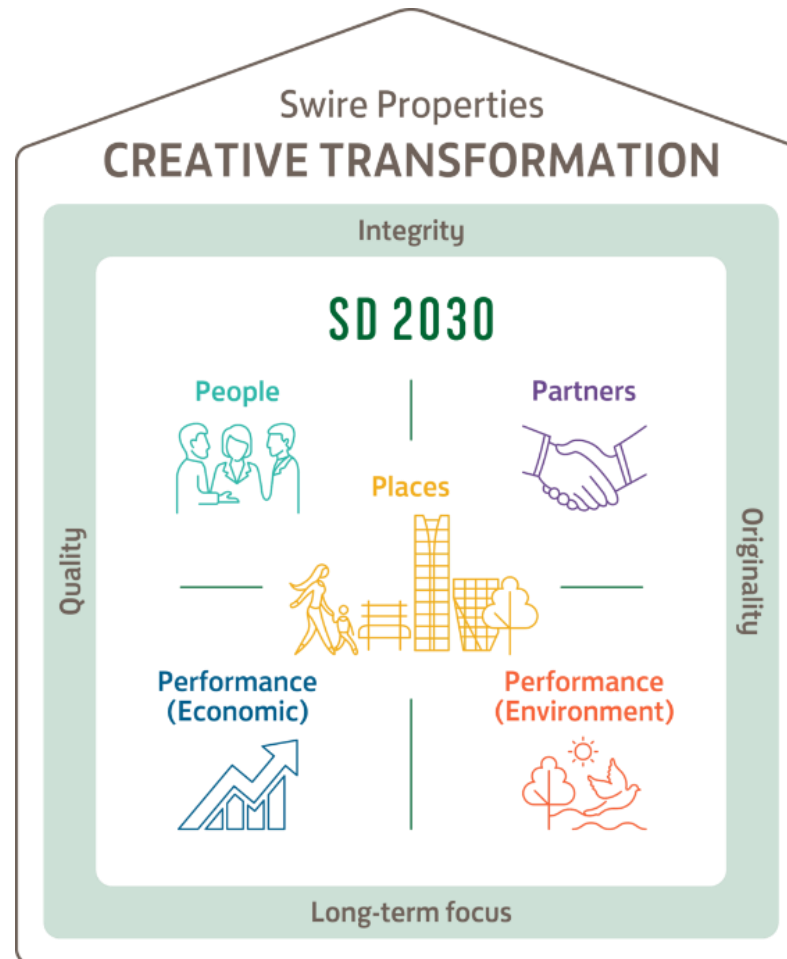
FinanceAsia Achievement Awards 2023

- Deal Awards (Asia) – Best Sustainable Finance Deal
- House Awards – Best Issuer – ESG

SUSTAINABLE DEVELOPMENT (SD) 2030 STRATEGY

ESG STRATEGY ALIGNED WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

SD Vision: “To be the leading SD performer in our industry globally by 2030”



BUSINESS AMBITION FOR 1.5°C  

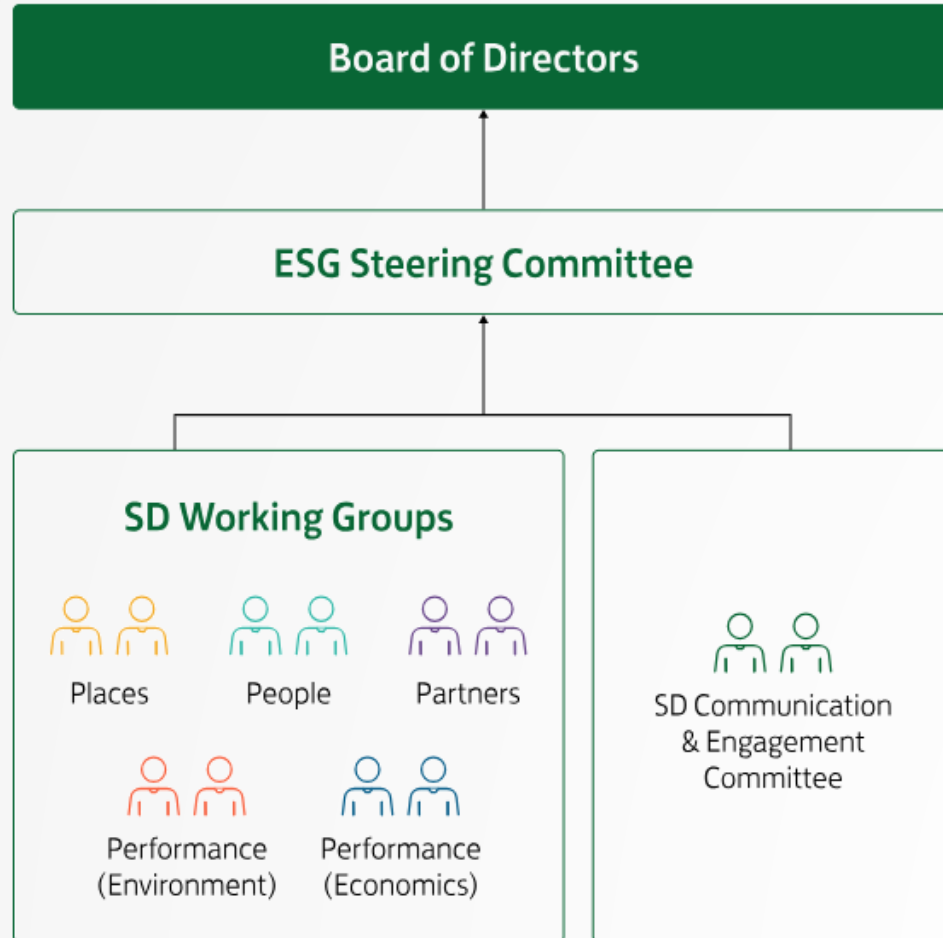
RACE TO ZERO

 **SCIENCE BASED TARGETS**

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SD GOVERNANCE

ROBUST AND INCLUSIVE GOVERNANCE STRUCTURE



5

SD Working Groups report to the SD Steering Committee on a quarterly basis

100+

Working Group members that are cross functional and cross geographical

Achieved

80+

measurable KPIs for our 2020 milestone

Established

40+

new KPIs

For 2025 and 2030

SUSTAINABLE DEVELOPMENT (SD) 2030 STRATEGY

FACILITATE BUSINESS INTEGRATION AND EMPLOYEE ENGAGEMENT



GREEN FINANCING & INTERNAL CARBON PRICING (ICP)

~60% of our current bond and loan facilities, came from green financing as at Dec 2023.



DEPARTMENTAL BUDGETING

HK\$3,084M (3-yr forecast expenditure for climate-related projects)



SUSTAINABLE PROCUREMENT

- *HK\$559M spent in 2023*
- *ESG Assessment and Capacity Building for Critical Suppliers*



CORPORATE RISK MANAGEMENT

- *Corporate risk register includes climate & ESG risks*
- *Integrate ESG factors into risk analysis*



CHIEF EXECUTIVE COMPENSATION & EMPLOYEE GOAL SETTING

- *CE's compensation linked to H&S and decarbonisation targets*
- *Employee PDR linked to 5 Pillars of SD 2030 Strategy*

CORPORATE SUSTAINABILITY ACTION CYCLE



Climate Policy
 • Mitigation, Adaptation, Resilience
 Corporate Risk Register

HKEX Appendix C2 Environmental, Social and Governance Reporting Guide
 香港交易所 Guidance on Climate Disclosures

GRI STANDARDS **TCFD** TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TNFD Taskforce on Nature-related Financial Disclosures

Member of **Dow Jones Sustainability Indices**
 Powered by the S&P Global CSA

ICMA International Capital Market Association

ISSB
CDP DISCLOSURE INSIGHT ACTION
GRESB

The Green Bond Principles

HKGBC BEAM Plus 綠建環評

LEED

RCx

NEW VENTURES
UrbanLab 城研

清华大学建筑学院
 School of Architecture, Tsinghua University

Joint Research Centre for Building Energy Efficiency and Sustainability

Governance, Strategy & Risk Management

Disclosures

SWIRE PROPERTIES

Targets

Actions

BUSINESS AMBITION FOR 1.5°C

RACE TO ZERO

SCIENCE BASED TARGETS
 DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Green Financing (Green Bonds, Green Loan and Sustainability-linked Loans)

Swire Pacific SD Fund and Internal Carbon Pricing (new in 2023)

Performance (Environment)

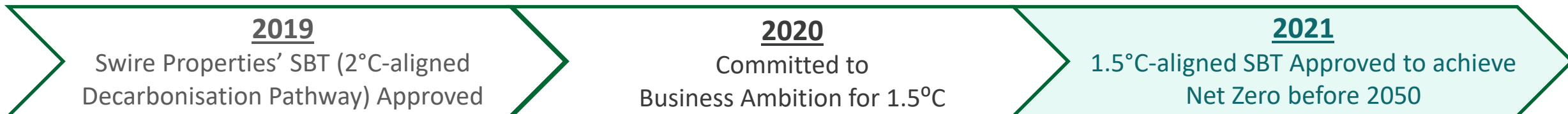


1.5°C-ALIGNED SCIENCE-BASED TARGETS (SBT)

AMBITIOUS DECARBONISATION ALIGNED WITH PARIS AGREEMENT



1st real estate developer in HK and the Chinese Mainland to have an **approved 1.5°C SBT** to achieve net-zero emissions by 2050



<p>Scope 1</p>	<p>DIRECT GHG Emissions resulting from energy combustion on-site</p>	<p>Scope 1 + Scope 2</p> <p>Operational GHG emissions</p> <p>By 2025: -25% By 2030: -46%</p> <p>Absolute GHG emissions</p>	<p>Operational GHG emissions</p> <p>2023 progress</p> <p>-29%</p>		
<p>Scope 2</p>	<p>INDIRECT GHG Emissions resulting from the generation of purchased electricity</p>		<table border="1"> <tr> <td data-bbox="848 961 1454 1402"> <p>Upstream Capital Goods Embodied carbon emissions from new developments</p> <p>By 2030: -25% per m²</p> </td> <td data-bbox="1454 961 2015 1402"> <p>Downstream Leased Assets Carbon emissions from tenants' operations</p> <p>By 2030: -28% per m²</p> </td> </tr> </table>	<p>Upstream Capital Goods Embodied carbon emissions from new developments</p> <p>By 2030: -25% per m²</p>	<p>Downstream Leased Assets Carbon emissions from tenants' operations</p> <p>By 2030: -28% per m²</p>
<p>Upstream Capital Goods Embodied carbon emissions from new developments</p> <p>By 2030: -25% per m²</p>	<p>Downstream Leased Assets Carbon emissions from tenants' operations</p> <p>By 2030: -28% per m²</p>				

TOWARDS NET ZERO



GPP for Office tenants
Green Kitchen for F&B tenants

RE Investment
(clean energy)

Tenant Engagement
(demand reduction)

Innovative Technologies
(advancing net zero)

Digitalization
(smart control & monitoring)

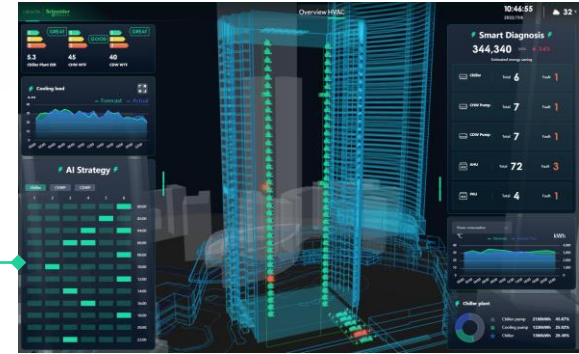
Active Strategies
(operational efficiency)

Passive Strategies
(environmental responsive)

Embodied Carbon
(circularity)

Climate Resilient Design
(future proof)

Cloud-Based Smart
Energy Management
Platform



High Performance Façade



Progressive Adaptive
Approach



Nature-based solutions

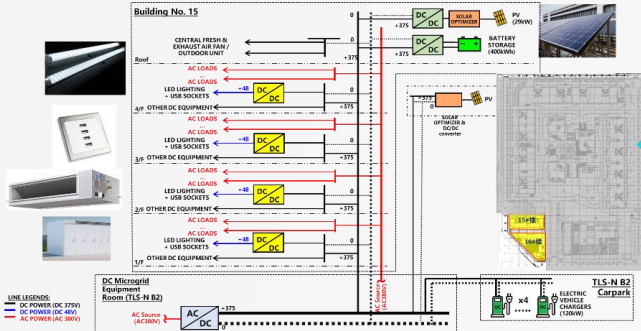


On-site RE &
Off-site RE



PDF 光儲直柔

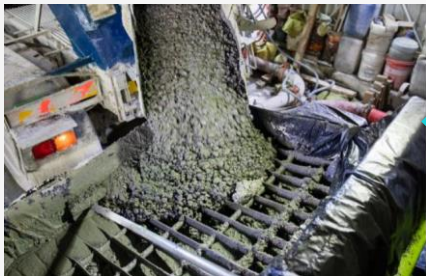
Photovoltaic, Energy
Storage, DC Distribution,
Flexible Power



Chiller, EC Plug
Fan, VSD, etc.



Low-carbon building
materials



Partners



SUSTAINABLE MONITORING AND PROCUREMENT STRATEGY

COLLABORATING WITH SUPPLIERS TO IMPROVE SUSTAINABILITY

Supplier Code of Conduct

- Sets out the minimum standards and practices for our suppliers relating to legal and regulatory compliance, environmental protection, health and safety, labour practices, and other areas.
- Strong preference for suppliers whose goods and services can contribute to reducing our own climate and environmental impacts

2025 Target

25%

of total procurement spent



Six Pacific Place



Two Taikoo Place

Utilising Low-carbon Development Strategies for New Projects

- Introduce **low-carbon specification** for building materials and design process. Examples include:
 - Concrete with PFA or GGBS
 - Reinforcement bar and structural steel with recycled content
 - Structural optimisation
- We have also specified **performance-based targets** on embodied carbon for concrete, rebar and structural steel, informed by market research

SUSTAINABLE MONITORING AND PROCUREMENT STRATEGY

COLLABORATING WITH SUPPLIERS TO IMPROVE SUSTAINABILITY

Swire Properties deployed EcoVadis' ESG Assessment Platform in 2023

First Hong Kong & Chinese Mainland developer to deploy this platform to help suppliers understand and track sustainability and carbon performance



WHOLE-LIFE CYCLE CARBON MANAGEMENT

TENANT ENGAGEMENT

Green Performance Pledge (GPP)

Market-Leading Landlord-Tenant Partnership towards shared Net-zero Goals building on the basic premise of a green lease



41% of office tenants in HK and Chinese Mainland* signed the GPP (by LFA) (June 2023) **(2025 KPI: 50%)**

**Measured by occupied lettable floor area ("LFA") of wholly-owned office portfolios, which are Taikoo Place and Pacific Place in Hong Kong, and Taikoo Hui Guangzhou in the Chinese Mainland.*

GPP Academy (launched in Jul 2023)

A three-year partnership with the Business Environment Council ("BEC") which offers office tenants quarterly learning experiences to tap extensive industry knowledge; encourages the sharing of best practices; and inspires impactful actions – all with the aim of enhancing tenants' abilities to improve their energy, water and waste reduction performance.



WHOLE-LIFE CYCLE CARBON MANAGEMENT

TENANT ENGAGEMENT

Green Kitchen Initiative

Bespoke platform to keep sustainability top-of-mind in fit-out & renovations in F&B outlets

- Energy Efficiency
- Water Efficiency
- Resource Recycling
- Operations Management
- Kitchen Environment

107 F&Bs in HK & Chinese Mainland received Green Kitchen Awards (Dec 2023)



35 Recognised with Three-Leaf rating



Tenant Energy Audit



11.2M kWh

potential savings from 7M sq ft tenanted area (since 2008)

Smart Waste Reduction Pilot



Since its launch in 2021

3,900+

Swire & tenant employees involved

10+

Participating Offices (SPROPS & Tenant)

41%
Waste Diversion Rate Achieved

People



FOCUS ON OUR PEOPLE

INCREASING DIVERSITY AND CREATING AN INCLUSIVE WORKPLACE

Established **Respect in the Workplace Policy**, **Staff Grievance Policy** and **Parental Leave Policy and Guidelines**, which reaffirm our commitment to creating an inclusive and supportive working environment in 2021.

2025 Target

Maintain a female representation of no less than 40% in the workforce

Maintain a gender balance in senior management

Maintain gender pay ratio at 1:1

2023 Progress

41.9%

of the **workforce** are female

42.9%

of **senior management** positions are held by female

1 : 0.92

Gender Pay Ratio
(female to male)

Support LGBTQ+ community & Women Empowerment



Performance (Economic)



GREEN FINANCING

INCREASING USE OF SUSTAINABILITY-LINKED LOANS

~60% of our current bond and loan facilities come from green financing

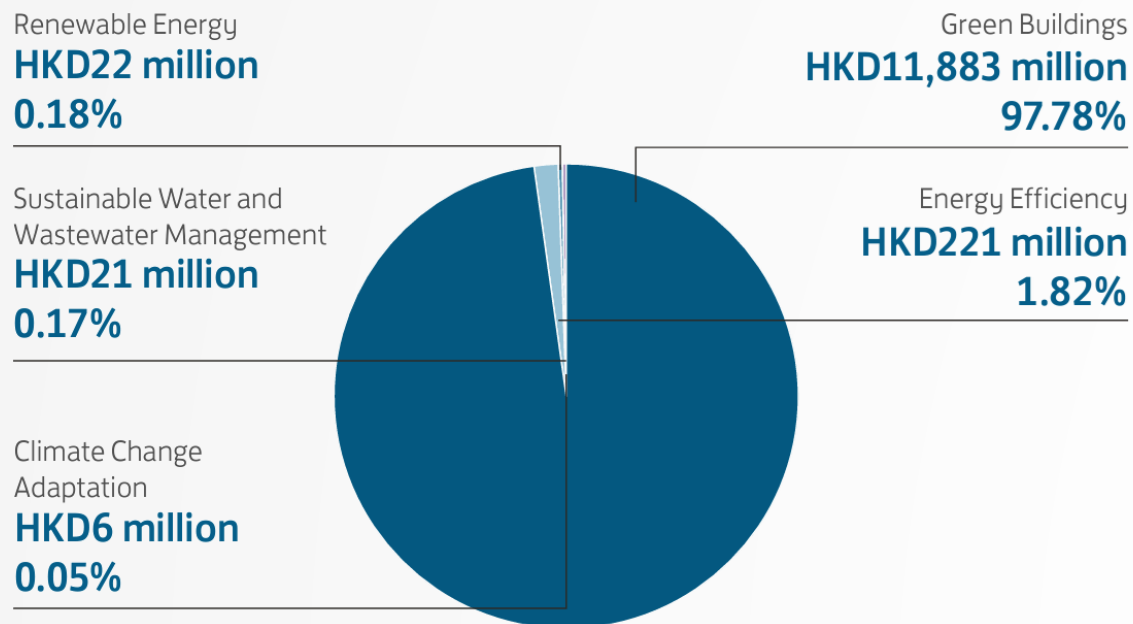
Published
Green Finance Report
2023



In 2023

Allocation of Green Bonds and Green Loan Proceeds

(As at 31st December 2023)



100% of Green Bond Proceeds Utilised

secured sustainability-linked loan facilities totalling
HK\$7.2 billion

secured green bonds of approximately
HK\$6.0 billion

Green dim sum bonds

Issued on 25th July 2023

- The first Hong Kong corporate to issues a RMB-denominated public green bond
- The transaction represents the largest-ever corporate green dim sum bonds issuance in Hong Kong

NEW

**SUSTAINABILITY
REPORT
2023**



sd.swireproperties.com 

**FOR
OUR
FUTURE**



