



# PERFORMANCE (ENVIRONMENT)

Swire Properties aims to continue to design, construct and manage high-quality developments that contribute positively to the environment and the communities in which we operate.





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Swire Properties aims to continue to design, construct and manage high-quality developments that contribute positively to the environment and the communities in which we operate. Swire Properties is committed to strengthening our environment-related [policies](#) and management approaches to environmental protection by expanding the focus of our initiatives beyond the direct impacts of our business.

We seek to address environmental concerns that are crucial to the communities in which we operate, including climate change, energy management, resource and circularity, water conservation and biodiversity. We also provide [thought leadership](#) on environmental and other sustainability issues to stakeholders in our industry – locally, regionally and globally.

### Policies

Our policies clearly set out our environmental principles, approaches and commitments. In 2023, we updated both our Environmental Policy and our Energy Policy to comply with the latest requirements of the ISO 14001 and ISO 50001 management systems, reflect new initiatives such as the whole building lifecycle environmental management approach, fulfil new requirements to various ESG and SD initiatives, and showcase our best practices in environmental and energy management aspects of our tenant engagement and procurement processes.

**GRI**  
301-3, 305-7

**HKEX**  
Aspect A1, A2, A3, A4  
KPI A3.1

#### Environmental Policy

In 2023, we updated our Environmental Policy with objectives that reflect the latest ISO 14001 management system requirements and the latest environmental management focus areas. The updated policy continues to set out our principles and underpins our approach to managing and reducing the environmental impacts of our operations. The revised policy includes adopting a whole building lifecycle approach to identifying the environmental risks and impacts of our activities. We also strengthened the language of the “minimising potential environmental impacts” section of our management approach to specifically mention pollution prevention.

The policy continues to encourage environmentally responsible action among our stakeholders, but it also states that we will indicate our preferences by considering the environmental performance of our suppliers and contractors during the procurement process.

Our Performance (Environment) Working Group is responsible for implementing the Environmental Policy.



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### Climate Change Policy

Climate change poses significant risks to our business. This policy outlines our commitment to managing climate change risks across our operations and developing mitigation, adaptation and resilience strategies to address these risks.

### Energy Policy

In 2023 we updated our Energy Policy with objectives that reflect the latest ISO 50001 management system requirements and the latest energy management focus areas. The updated policy sets out a new part of our energy management approach – the adoption of an energy management hierarchy in our operations to prioritise demand reduction. In terms of residual energy demand, we will increase the use of renewable energy, where applicable, through on-site renewable energy generation, purchasing off-site renewable energy that is supplied externally and other methods.

We also strengthened our commitment to influencing the behaviour of our tenants, employees and others with whom we work.

### Resource and Circularity Policy

This policy guides our approaches to reducing waste, from the design and construction phases of our projects to the daily operation and management of our buildings.

### Water Policy

Last year, we conducted a review of our Water Policy to ensure alignment with regulations and to better reflect water-related issues that are material to Swire Properties.

The policy was updated to strengthen our commitments around the responsible use of water. These include understanding the water risks where our developments are located, reducing water-consumption intensity through improved design, implementing efficient water management measures during operation; ensuring that water is discharged into the environment safely; and engaging our stakeholders to encourage the responsible consumption of water.



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### Biodiversity Policy

We conducted a review of our Biodiversity Policy last year to ensure that it reflects biodiversity-related issues that are material to Swire Properties. During the review, no new material biodiversity issues were identified and as such, no amendments were made to the policy.

This policy sets out how we incorporate biodiversity considerations into our operations by minimising the adverse impacts of our developments on biodiversity and ecosystems, supporting appropriate biodiversity and conservation initiatives, promoting awareness of biodiversity and conservation issues, and other measures.

### Environmental and Energy Management Systems

Environmental considerations are integrated into different areas of our business through environmental and energy management systems that conform to international standards such as the ISO 14001 Environmental Management System and the ISO 50001 Energy Management System. In 2023, approximately 99%<sup>11</sup> of our assets in Hong Kong and the Chinese Mainland conformed to the ISO 14001 and ISO 50001 systems. All our portfolios regularly conduct internal environmental and energy audits performed by the Company’s technical professionals.

The ISO system adopts a Plan-Do-Check-Act cycle, steering companies to drive continuous improvements in their operations. Carbon, energy, waste and water targets are in place to drive continuous improvements and we conduct energy and waste audits, as well as water use assessments to understand our consumption and impact, identifying opportunities to further enhance efficiency. The targets are supported by robust management systems which involves integration of technology and innovations to drive efficiency over the lifecycle of our developments, engaging our stakeholders to encourage responsible consumption, and adoption of sustainable sourcing practices.

<sup>11</sup> By gross floor area (GFA).



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Thought Leadership

We strive to provide guidance and leadership for the real estate sector in Hong Kong, throughout Asia Pacific and on a global level by sharing our experience and expertise. We also promote the importance of and demonstrate our commitment to sustainability at numerous conferences and seminars in Hong Kong and beyond – sharing our vision in the hope of inspiring other businesses to achieve common sustainability goals.

Championing the Sustainability Agenda – Built Environment Pathway Board of WBCSD

The Pathway Boards of the World Business Council for Sustainable Development (“WBCSD”) was established with the intent to drive meaningful changes towards climate action, nature action, equity action and value chain engagement. In 2023, our Chief Executive, Tim Blackburn, was invited to participate in the Built Environment Pathway Board, to provide strategic guidance and direction for the work priorities and advancing the workplans in areas relating to decarbonisation, circularity, nature positive, equity and finance and end-user engagement. The opportunity will allow the company to contribute to the initiatives undertaken by WBCSD, showcasing our leadership in the industry, and inspiring positive transformation in the global built environment.

Steering Industry Decarbonisation through SBTi

We recognise that the building sector is a major contributor of the emissions worldwide, accounting for over one-third of global emissions. We firmly commit to reaching Net-zero by 2050, with our SBTs were validated by SBTi in 2019.

In 2021, the SBTi launched the Buildings Project to provide a route for all players in this sector to align their climate mitigation plans with the latest science, taking into account the specific challenges facing this industry. The Project aims to develop a guidance for the building sector to account for carbon emissions and establish carbon reduction targets such that the sector can play their part in reaching the 1.5°C trajectory. An [Expert Advisory Group \(“EAG”\)](#) was formed, to ensure the guidance and resources developed are robust, clear and practical.

Swire Properties sits as one of the members of the EAG, contributing to the SBTi Buildings Guidance development by providing inputs to guidance execution and sharing regional insights. We were also one of the 15 companies to participate in the Pilot testing the SBTi Buildings Guidance and Tool, providing feedback on the practicality of the target setting tool, criteria and guidance and recommendations on improvements to ensure applicability across regions and businesses.



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Sharing Our Knowledge through Public Engagement



Swire Properties believes that by sharing our experience and practices, we can inspire other companies and organisations to join us on our sustainability journey. We believe this sharing helps reinforce our commitment to sustainability and demonstrates our continuous efforts to transition to a net-zero economy. In 2023, we continued our active participation in industry discussions and delivering presentations at various conferences and seminars including:

- The BEC EnviroSeries Conference 2023: Accelerating Net-zero Action through Carbon Pricing, Digitalisation and Closing the Resource Loop, organised by the Business Environmental Council
- Innovation and Technology Symposium 2023: Innovating Zero, organised by The Hong Kong Research Institute of Textiles and Apparel
- ReThink HK 2023, organised by Rethink Hong Kong
- “HKGBC Retrofitting Guidebook” Launching Ceremony, organised by Hong Kong Green Building Council
- 2023 (the Nineteenth) International Conference on Green and Energy-Efficient Building & New Technologies and Products Expo: The 17th theme Forum – Building Commissioning & Digital Operation and Maintenance, organised by China Professional Committee of Building Commissioning and Operations
- 2023 ULI GBA Annual Conference, organised by ULI China Mainland
- The 2nd CSO Forum and Sustainability Excellence Awards, organised by Ernst & Young



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### 2023 Progress

Our Performance (Environment) Working Group, which comprises 30 members from different functions within the Company, has developed key performance indicators for seven environmental and resource management focus areas. This year, we continued to work towards our 2025 and 2030 KPIs, with our approved 1.5°C science-based targets (“SBTs”) guiding our efforts. Our 2023 progress is summarised in the table below.

### Progress Summary Table



#### Climate Change



#### Decarbonisation

##### 2025 KPI

- Operational Carbon Emissions (Scope 1 and 2 SBT): Reduce absolute greenhouse gas (“GHG”) emissions by **25%**<sup>12</sup>

##### Progress Updates in 2023

- Reduction in Scope 1 and 2 absolute GHG emissions:  
**↓ 29%**

##### 2030 KPI

- Value Chain GHG Emissions (Scope 3 SBT – Downstream Leased Assets): Reduce carbon intensity from the tenant-controlled portion of downstream leased assets by **28%** per square metre<sup>13</sup>
- Value Chain GHG Emissions (Scope 3 SBT – Capital Goods): Reduce embodied carbon intensity from new development projects by **25%** per square metre (construction floor area)<sup>14</sup>

##### Progress Updates in 2023

- Reduction in carbon intensity from the tenant-controlled portion of downstream leased assets:  
**↓ 40%**
- Reduction in embodied carbon intensity from new major developments: To be reported upon completion of Six Pacific Place

<sup>12</sup> Compared to the 2019 baseline.

<sup>13</sup> Compared to the 2018 baseline.

<sup>14</sup> Compared to the 2016-2018 baseline.



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### Energy



#### Energy Reduction

##### 2025 KPI

- Reduction of electricity use intensity (kWh/m<sup>2</sup>)<sup>15</sup>:  
**Hong Kong portfolio**<sup>16</sup>  
 ↓ **20%**<sup>17</sup>  
**Chinese Mainland portfolio**<sup>18</sup>  
 ↓ **13%**<sup>17</sup>

##### Progress Updates in 2023

- Reduction of electricity use intensity (kWh/m<sup>2</sup>):  
**Hong Kong portfolio**  
 ↓ **15%**  
**Chinese Mainland portfolio**  
 ↓ **7%**

#### Renewable Energy

##### 2025 KPI

- Generate **4-6%** of landlord’s building energy from on-site renewable or clean energy sources for selected newly completed office projects

##### Progress Updates in 2023

- Expected to be equivalent to approximately **6%** of landlord’s building energy was supplied by renewable energy sources at Two Taikoo Place.
- In 2023, INDIGO joined Taikoo Li Sanlitun, Taikoo Hui Guangzhou and Taikoo Li Chengdu in procuring renewable electricity. In particular Taikoo Hui Guangzhou procured **100%** of renewable electricity for both tenant and landlord operations.

<sup>15</sup> The 2025 KPIs under Energy have been updated per our approved 1.5°C-aligned SBT. Energy Use Intensity has been renamed to “Electricity Use Intensity” in 2022 to reflect the use of electricity for the provision of shared services for and in the common parts of our buildings. The actual scope of this KPI remains unchanged.

<sup>16</sup> Our Hong Kong portfolio refers to our office and retail portfolio and hotels in Hong Kong.

<sup>17</sup> Compared to the 2019 baseline.

<sup>18</sup> Our Chinese Mainland portfolio refers to our office and retail portfolio and hotels in the Chinese Mainland.



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Resource and Circularity



Resource Recycling and Waste Diversion

2025 KPI

Waste diversion rates from landfills:

- Hong Kong portfolio (including hotels) **30%** of commercial waste
- Hong Kong (projects under development) **85%** of demolition waste **70%** of construction waste
- Chinese Mainland (projects under development) **50%** of total waste<sup>19</sup>

Waste recycling rate:

- Chinese Mainland portfolio (including hotels) **40%** of commercial waste

Progress Updates in 2023

Waste diversion rates from landfills:

- Hong Kong portfolio (including hotels) **26.1%** of commercial waste
- Hong Kong (projects under development) **99.7%** of demolition waste for 269 Queen’s Road East
- Chinese Mainland (projects under development) To be reported after the completion of new projects under development in the Chinese Mainland

Waste recycling rate:

- Chinese Mainland portfolio (including hotels) **45.7%** of commercial waste

<sup>19</sup> The waste diversion rate from landfill for Chinese Mainland projects under development is calculated in accordance with LEED requirements. Flexibility will be allowed for projects not wholly-owned by the Company, and for projects with major contractor(s) already on board.



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### Water



#### Water Reduction

##### 2025 KPI

- Reduction of water intensity:

Hong Kong portfolio<sup>20</sup> (m<sup>3</sup>/m<sup>2</sup>)

↓ 10%

Chinese Mainland portfolio<sup>20</sup> (m<sup>3</sup>/m<sup>2</sup>)

↓ 20%

Hotels<sup>21</sup> (m<sup>3</sup>/guest night)

↓ 8%

##### Progress Updates in 2023

- Reduction of water intensity:

Hong Kong portfolio (m<sup>3</sup>/m<sup>2</sup>)

↓ 9.4%

Chinese Mainland portfolio (m<sup>3</sup>/m<sup>2</sup>)

↓ 26.8%

Hotels (m<sup>3</sup>/guest night)

↓ 3.5%

<sup>20</sup> Our Hong Kong portfolio refers to our office and retail portfolios in Hong Kong, excluding hotels; our Chinese Mainland portfolio refers to our office and retail portfolios in the Chinese Mainland, excluding hotels. For our Hong Kong portfolio and Chinese Mainland portfolio, the water intensity reduction targets are compared to a 2016 BAU baseline year.

<sup>21</sup> For Hotels, the water intensity reduction targets set is compared to a 2018/2019 baseline year.



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### Biodiversity

#### Integration

##### 2025 KPI

- Conduct biodiversity surveys in **50%** of new development projects
- Implement guidelines to integrate biodiversity considerations into new developments

##### Progress Updates in 2023

- In partnership with the University of Hong Kong, completed the development of the biodiversity guidelines for Hong Kong. The guideline aims to define the importance of biodiversity and the Company’s approach to protecting it across our developments. It includes examples and checklists that will help project teams and management offices with ways to enhance biodiversity in our properties and new projects.



### Occupant Wellbeing

#### Indoor Air Quality (“IAQ”) Management

##### 2025 KPI

- For common areas, **90%** of buildings achieve IAQ Excellent Class in our Hong Kong portfolio<sup>22</sup> or fulfil the local IAQ standard in our Chinese Mainland portfolio<sup>23</sup>

##### Progress Updates in 2023

- For common areas, approximately **90%** of buildings in our Hong Kong portfolio achieved IAQ Excellent Class.
- Approximately **80%** of buildings in our Chinese Mainland portfolio fulfilled the local IAQ standard.

<sup>22</sup> Our Hong Kong portfolio refers to our office and retail portfolio and hotels in Hong Kong.

<sup>23</sup> Our Chinese Mainland portfolio refers to our office and retail portfolio and hotels in the Chinese Mainland.



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### Building/Asset Investments



#### Environmental Building Assessment Schemes<sup>24</sup>

##### 2025 KPI

- **100%** of wholly-owned new development projects<sup>25</sup> to achieve the highest environmental building assessment scheme rating
- **90%** of all wholly-owned existing developments<sup>25</sup> to achieve the highest environmental building assessment scheme rating

##### Progress Updates in 2023

- **100%** of projects under development achieved the highest ratings.
- **92%** of wholly-owned existing developments achieved the highest ratings.

##### Hong Kong portfolio

- Fourteen commercial buildings achieved Final Platinum rating under BEAM Plus Existing Building Version 2.0.
- Taikoo Place received a final Gold rating under LEED v4.1 for Cities and Communities: Existing.
- Two Taikoo Place achieved Platinum under WELL Version 1 Core.
- One Taikoo Place achieved Platinum under WELL Version 2 Core.
- One, Two and Three Pacific Place achieved Platinum under LEED v4.1 for Building Operations and Maintenance: Existing Buildings.

##### Chinese Mainland portfolio

- HKRI Taikoo Hui, INDIGO and Taikoo Li Chengdu achieved Platinum under LEED v4.1 for Building Operations and Maintenance: Existing Buildings.

<sup>24</sup> BEAM Plus/LEED/China Green Building Label/WELL Certification; the most suitable environmental building assessment scheme is selected based on the project location.

<sup>25</sup> Exclude trading properties.



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### Profile of Environmental Impacts

#### Carbon Emissions

In 2023, our total carbon emissions decreased by 1.5% compared to 2022. The carbon intensity of our Hong Kong portfolio, Chinese Mainland portfolio and U.S.A. portfolio decreased compared to 2022.

The Company’s largest source of carbon emissions under our direct operations is Scope 2 emissions arising from purchased electricity. This category of emissions decreased by 1.3% compared to 2022. This is attributed to various initiatives including the adoption of innovative low-carbon technologies and better energy management practices across our portfolios. Our Chinese Mainland portfolios’ saw a 4% increase in carbon emissions associated with purchased electricity mainly due to the reduced supply of offsite renewable electricity in the power purchase agreement at Taikoo Li Chengdu.

For further information about our progress against SBTs and our efforts to reduce our carbon emissions, please click [here](#).

HKEX  
KPI A3.1

GRI  
305

HKEX  
KPI A1.2, A1.5

#### Carbon Emissions of Portfolios 2019-2023

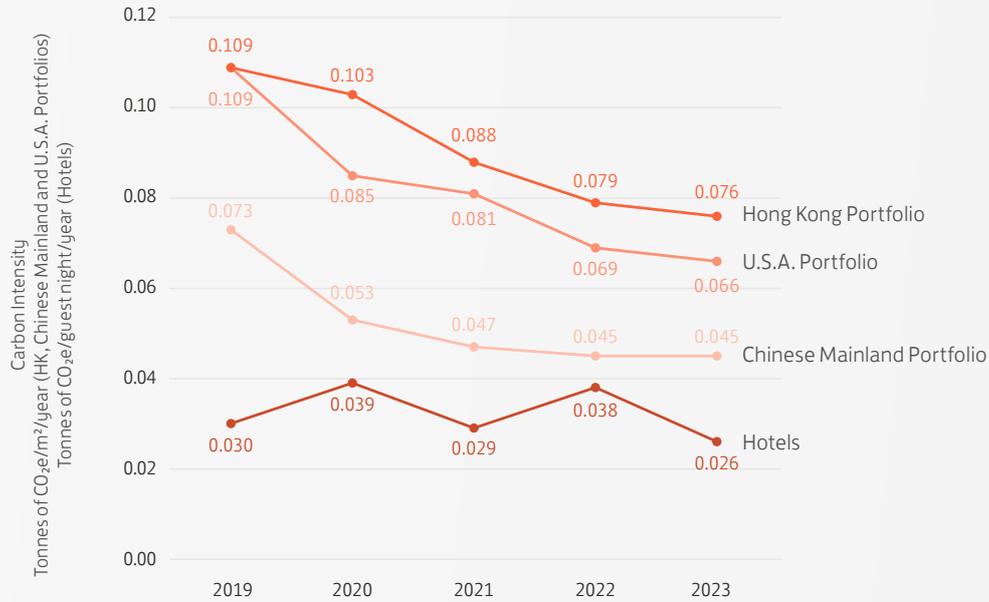




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### Carbon Intensity of Portfolios 2019-2023



### Carbon Emissions – Scope 3

Swire Properties is conscious of our direct and indirect emissions at various stages along the value chain. Besides measuring Scope 1 (direct carbon emissions from energy combustion on-site) and Scope 2 carbon emissions (indirect carbon emissions which mainly come from electricity purchased and used), we also conduct comprehensive reviews of our Scope 3 emissions (indirect emissions that occur along the value chain) to understand our emission sources along our value chain and identify the associated material categories for management and reporting.

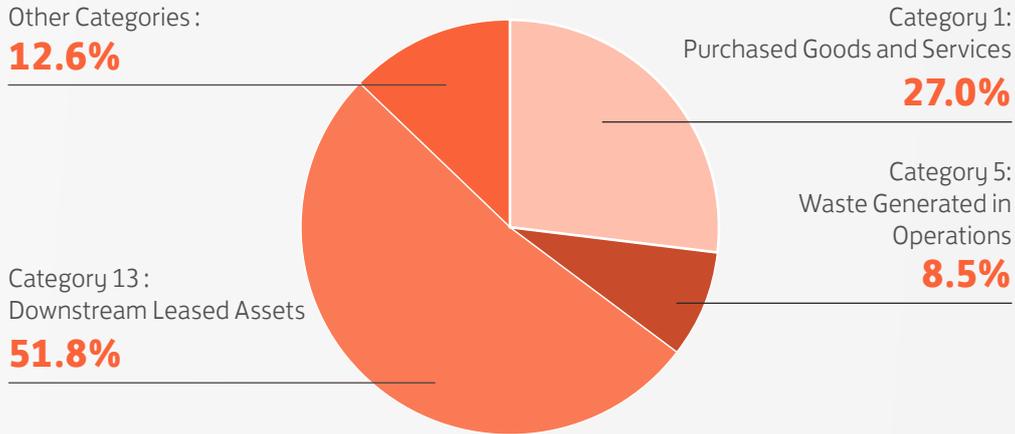
2023 review identified that the most significant sources of our Scope 3 emissions comes from our Category 1 – Purchased goods and services, and Category 13 – Downstream Leased Assets, as categorised by the Greenhouse Gas Protocol. Since there were no new developments completed in 2023, the emissions for Category 2 – Capital Goods will be reported upon the completion of Six Pacific Place.



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Scope 3 Emissions by Category, in 2023



To address our Scope 3 emissions, we have established [SBTs](#) to reduce the emissions generated by capital goods and downstream leased assets by 25% (compared to the 2016-2018 baseline years) and 28% (compared to a 2018 baseline) per square metre respectively by 2030.

The disclosure of our Scope 3 emissions is included in the [Performance Data Summary](#) in this report and presents a more holistic view of the Company's carbon footprint along the value chain. While Swire Properties may have limited influence or control over some of our Scope 3 emissions categories, we will continuously monitor these emissions and seek opportunities to influence them in a positive direction, particularly if they begin to represent an increasing portion of our total carbon footprint.



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### Electricity Use Intensity

In 2023, our electricity use intensity<sup>26</sup> decreased by 40%, from 194 kWh/m<sup>2</sup> per year to 116 kWh/m<sup>2</sup> per year across our global portfolio compared to our 2008 baseline year.

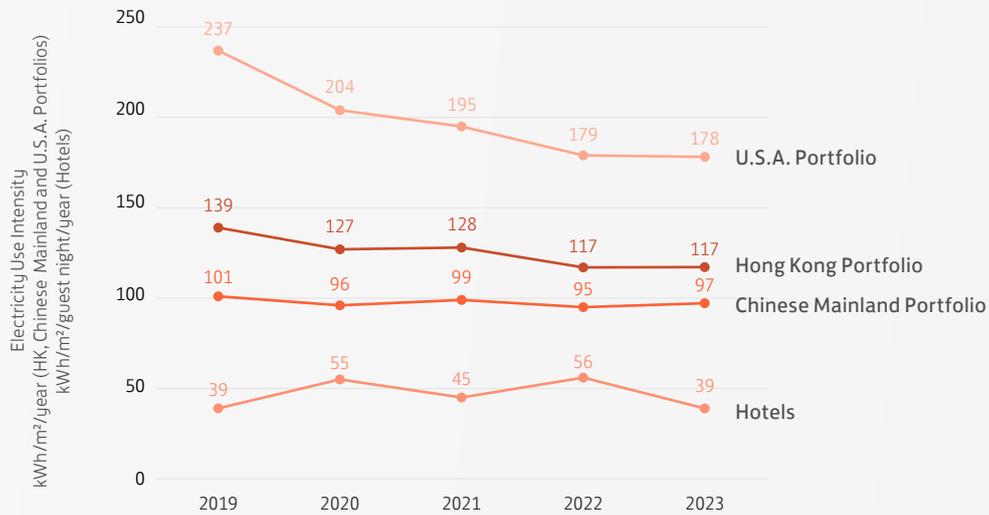
GRI  
302

HKEX  
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#### Electricity Use Intensity

	2025 Target <sup>27</sup>	2023 Progress
Hong Kong Portfolio (including hotels)	↓ 20%	↓ 15%
Chinese Mainland Portfolio (including hotels)	↓ 13%	↓ 7%

#### Electricity Use Intensity of Portfolios 2019-2023



For further information about our energy-reduction initiatives, please click [here](#).

<sup>26</sup> Electricity use intensity refers to electricity consumption (per square metre) for the provision of shared services for and in the common parts of our buildings.

<sup>27</sup> Compared to the 2019 baseline.



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### Water Usage

When measured against our 2025 KPI, the water intensity of our Hong Kong portfolio decreased by 9.4% in 2023 compared to the 2016 baseline. We continued to roll-out various water conservation efforts, such as the installation of water-efficient flow regulators and the conversion to seawater for flushing at Cityplaza and Citygate. To help us better monitor and track progress against our targets, we have set up smart digital water meters, enabling better monitoring and management of water usage of our office tenants and across different areas, including cleaning, irrigation, air conditioning, and fire services.

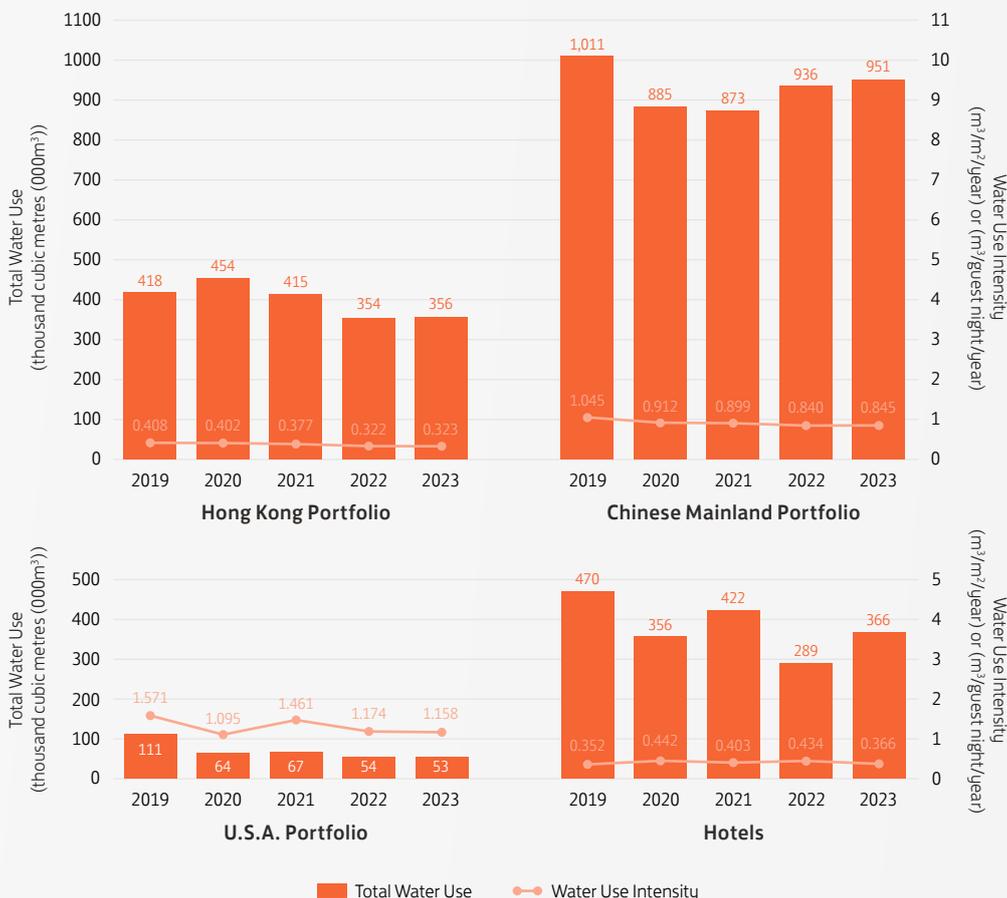
The water intensity in our Chinese Mainland portfolio decreased by 26.8% compared to the 2016 baseline. This reflects the efforts of our water saving initiatives, including the implementation of blackwater and rainwater recycling at INDIGO, improvements on greywater treatment systems at Taikoo Li Chengdu, and toilet renovations Taikoo Hui Guangzhou.

In our hotels, the water intensity in 2023 decreased by 3.5% compared to the 2018/2019 baseline used for our 2025 KPI. We have adopted various water saving initiatives at our hotels, such as the installation of flow controllers for our guest room water taps and showers. We continued to identify further water saving opportunities through the installation of water meters in guest room areas, restaurants, and public areas. Monthly analysis of water consumption in these area has helped in reducing overall water usage.

GRI 303

HKEX KPI A2.2, A2.4

#### Water Use and Water Intensity of Portfolios 2019-2023





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### Water Intensity

	2025 Target	2023 Progress
Hong Kong Portfolio	↓ <b>10%</b>	↓ <b>9.4%</b>
Chinese Mainland Portfolio	↓ <b>20%</b>	↓ <b>26.8%</b>
Hotels	↓ <b>8%</b>	↓ <b>3.5%</b>

**Remarks:**

- Our Hong Kong portfolio refers to our office and retail portfolios in Hong Kong, excluding hotels; our Chinese Mainland portfolio refers to our office and retail portfolios in the Chinese Mainland, excluding hotels.
- For our Hong Kong portfolio and Chinese Mainland portfolio, the water intensity reduction targets are compared to a 2016 BAU baseline year.
- For Hotels, the water intensity reduction targets set is compared to a 2018/2019 baseline year.

### Materials Used By Projects Under Development in 2023

GRI  
301-1

 <b>184,352 m<sup>3</sup></b> Concrete	 <b>35,622 tonnes</b> Reinforcement bar	 <b>4,675 m<sup>3</sup></b> Timber (100% sourced from certified sustainable timber in Hong Kong projects new development)
 <b>5,310,642 MWh</b> Electricity consumption	 <b>430,169 litres</b> Diesel consumption	 <b>136,448 m<sup>3</sup></b> Water consumption

**Remarks:**

- Projects under development refers to projects that are under construction or in the pre-certification stage.
- Includes investment properties under development in all portfolios, including joint venture and non-joint venture projects.
- “Diesel consumption” includes biodiesel consumption.



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## Climate Change

Swire Properties recognises that climate change poses significant risks and presents significant opportunities to our business. We are committed to reducing climate impacts and optimising resource efficiency throughout our operations.

We are responding to the Climate Change focus area through initiatives on mitigation, adaptation and resilience.

The relevant SDG is:



### SDG 13

Taking urgent action to combat climate change and its impacts.

Our Climate Change Policy outlines our commitment to managing climate risks across our operations and to developing mitigation, adaptation and resilience strategies that address those risks in line with global best practices.

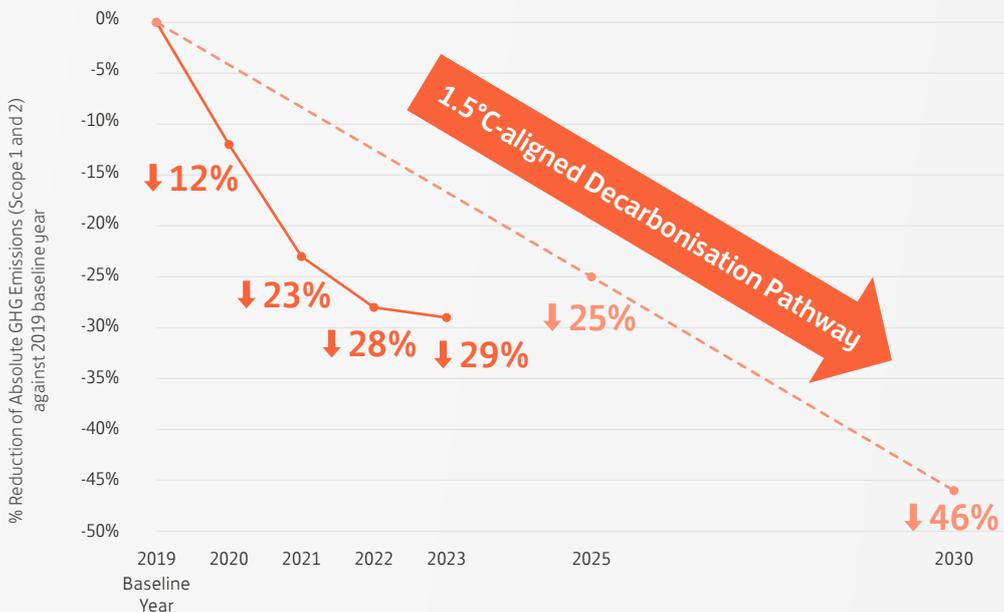
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## Continuously Progressing Towards our Science-based Targets

### Scope 1 and 2 Emissions

2023 progress against SBT Scope 1 and 2 targets for 2025 and 2030

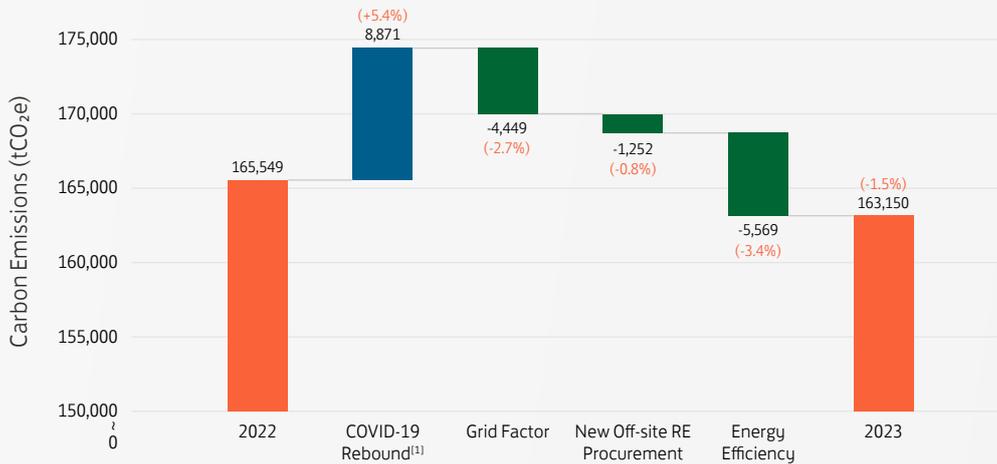




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### Attributing factors to year-on-year changes in Scope 1 and 2 carbon emissions



[1] Carbon emissions rebound associated with increased economic activity upon the post-pandemic recovery.

In 2023, Swire Properties achieved a 29% absolute carbon reduction compared to the 2019 baseline for our global portfolio. Throughout the year, we continued to adopt innovative [low-carbon technologies](#) and management practices and invest in energy efficiency research and development. An increase in energy demand was observed at some of our portfolios due to increase in cooling load and footfall in malls and office towers as the COVID-19 pandemic situation was generally improved.

On top of our continuous rollout of energy saving strategies across our portfolios, Swire Properties explored innovative and efficient ways to utilise the energy produced to further reduce our electricity demand. We piloted an integrated Photovoltaics, Energy Storage, Direct Current and Flexible Power System (PEDF) solution at Building No.15 and the RED at Taikoo Li Sanlitun in Beijing. The installation works was completed in 2023 and the solution is estimated to reduce energy consumption by 5-10%. Furthermore, we refined our machine learning algorithm that predicts cooling load requirements for our buildings 24 hours in advance. By combining this algorithm with a machine learning model, it can provide optimised chiller plant control suggestions for the next 24 hours to save energy and maintain stable operations.

We continued to explore opportunities to increase our on-site renewable energy generation across our portfolio and source for off-site renewable electricity, where feasible. This year, we completed the installation of PV panel systems at Dorset House at Taikoo Place. INDIGO joined Taikoo Li Sanlitun, Taikoo Hui Guangzhou and Taikoo Li Chengdu and became our fourth portfolio in the Chinese Mainland to enter into an off-site renewable electricity purchase agreement. Taikoo Hui Guangzhou continues to be powered by 100% off-site renewable electricity, achieving net-zero carbon in its annual electricity consumption for both landlord and tenant operations.



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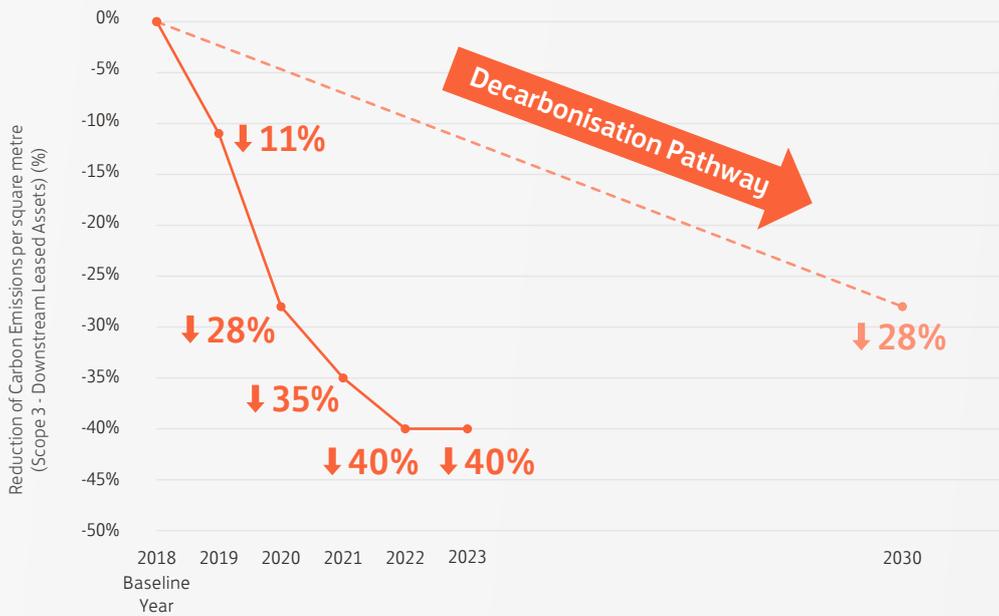
Biodiversity

Occupant Wellbeing

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Scope 3 Emissions – Downstream Leased Assets

2023 progress against SBT Scope 3 – Downstream Leased Assets target for 2030



A 40% reduction was recorded in 2023. In 2023, the carbon intensity associated with the electricity consumption of our downstream leased assets remained stable compared to last year. This is mainly reflective of the increased in electricity demand from our office and retail tenants as the COVID-19 pandemic situation continued to improve. This year, we continued to work closely with commercial tenants to reduce their carbon footprints through a variety of tenant-engagement activities, including:

- The Green Performance Pledge, a performance-based agreement that acts as a blueprint for our [landlord-tenant partnerships](#). So far, the programme has achieved a 20% completion rate for energy audits – over 700,000 sq ft of GPP tenanted area – with premises identifying possible energy savings of 10% or more. The “GPP Academy” was launched this year, with the aim of enhancing tenants’ abilities to improve their energy, water and waste reduction performance.
- The Green Kitchen Initiative, a platform that allows our portfolio management teams and our tenants to collaborate on sustainability-enhancing measures before [fit-out and renovation projects](#). The guidelines are regularly reviewed to consider the latest industry technology and best practices.
- Green energy audits that help tenants identify energy-saving opportunities which have been ongoing since 2008. The findings will be distilled into actionable items to help tenants drive energy efficiency in their office premises.



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**Scope 3 Emissions – Capital Goods**

Swire Properties is the first real estate developer in Hong Kong to contractually require low-carbon building materials for new projects. We have extended this practice to our Chinese Mainland developments.

To reduce embodied carbon emissions throughout the lifecycle of our developments, we have established performance-based targets on embodied carbon for concrete, rebar and structural steel for future projects in Hong Kong. These targets were informed by comprehensive market research and communications with industry associations such as the Construction Industry Council. Leveraging our experience of upfront carbon emissions calculations from projects in our Hong Kong portfolio, in 2022 we partnered with Tsinghua University to develop a carbon emissions calculation tool for projects in the Chinese Mainland covering the whole lifecycle stage from cradle-to-grave, including raw materials acquisition, manufacturing, transportation, construction, building operations, demolition and disposal. Since 2022, we began working with our main contractors using this tool to collect data at our Chinese Mainland new development projects.

Since 2020, we have included low-carbon procurement specifications – developed in accordance with international standards such as ISO 14067 – for construction materials such as concrete with pulverised fuel ash (“PFA”) or ground granulated blast furnace slag (“GGBS”), rebar and structural steel with recycled content. This year, we continued to work closely with our contractors and suppliers to procure these low-carbon building materials and foster better energy management at our new development sites – including Six Pacific Place, Taikoo Li Xi’an, and the residential development at Chai Wan.

Our progress against the SBT Scope 3 – Capital Goods target will be reported upon the completion of Six Pacific Place.

**Future Steps**

Our SBTs serve as a roadmap for our journey towards reducing greenhouse gas emissions and mitigating climate change. As we continue to make steady progress towards our 1.5°C-aligned targets, we are solidifying our dedication to sustainability. We are actively working towards having our net-zero commitment validated by the Science-Based Targets initiative (SBTi) in 2024. This verification will provide third-party validation of our efforts and ensure that our commitments align with the most rigorous scientific standards.



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### Increasing our Climate Resilience in New Projects

Swire Properties has significant investment plans for new projects in the Chinese Mainland and Hong Kong. It is therefore of the utmost importance to expand our climate risk assessment work to cover new project sites. This will allow us to critically evaluate the potential climate exposure of these developments and take early strategic action to incorporate climate resilience into the projects' design and planning stages.

#### Climate Resilience Strategy in our Xi'an and Sanya Projects



In response to increased climate-related physical risks from flooding and other extreme weather events, we conducted two pre-assessments of our projects in Xi'an and Sanya, Hainan Island to ensure that climate adaptations and resilience are designed into these developments. This year, we performed deep-dive climate risk hazard modelling associated with the five Shared Socio-economic Pathways (SSPs) scenarios (SSP1-1.9, SSP1-2.6, SSP2-4.5,

SSP3-7.0, and SSP5-8.5) used by the Intergovernmental Panel on Climate Change's ("IPCC") Sixth Assessment Report, also known as "AR6". These scenarios range from the immediate term to the distant future, namely, 2030, 2050, 2080, and 2100. We then integrated resilience design for these projects based on projected climate variables, including extreme heat, extreme precipitation, sea level rises, flood depth, and extreme wind speeds.

The types of hazard modelling included urban drainage modelling, riverine modelling, coastal hydrodynamic modelling, and intensified typhoon assessments. Our climate design approach is intended to be flexible and adaptive enough so that the designs can be changed or upgraded according to fluctuating future climate conditions or impacts that differ from projections.

Design solutions for two of the major variables include:

Heat stress:

- Incorporating passive design strategies.
- Designing air-conditioning systems based on projected outdoor design temperatures under various climate scenarios.
- Selecting construction materials that cater to extreme heat and cold.



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### Flooding:

- Determining design flood elevation based on projected flood depths.
- Incorporating sponge city strategies, nature-based solutions and designing blue-green infrastructure and water-detention facilities such as appropriate landscaping, rain gardens, rainwater collection tanks and sump pump systems.

For Taikoo Li Xi'an, we held a design meeting with architects, the Mechanical, Electrical and Plumbing ("MEP") consultant and the project team to discuss future climate projections and modelling for identified climate hazards including flooding and heat stress. We also reviewed the Master Layout Plan and MEP design such as heating, ventilation and air conditioning ("HVAC") and drainage systems. Furthermore, we identified climate risks and opportunities for adaptive design based on climate modelling results. We updated the project's extreme heat and relative humidity design criteria, design cooling load and flood resilience design based on climate change scenario SSP2-4.5 and SSP5-8.5, while reserving capacity to upgrade the resilience level to cope with future climate impacts.

In Sanya, we conducted a joint site inspection with our consultant to identify climate risks and opportunities for adaptive design. The preliminary results of this inspection are now being considered. One unique proposed design feature is a passive cooling tower for Phase III of the development. This 60m high tower will use a ventilation shaft to capture wind from all directions and direct it downwards, creating passive cooling for the project's outdoor square. The tower will provide relief from the humid tropical heat, reducing apparent temperatures by 2-3°C on warmer days.

### Typhoon Precautions

Whenever tropical storms or typhoons approach the general vicinity of our properties in Hong Kong and the Chinese Mainland, we conduct stringent checks and take precautionary measures recommended by the authorities. These include ensuring the stability of scaffolding and temporary outdoor structures, securing all equipment and machinery, stabilising trees using anchors, preparing sandbags, and many other items on our comprehensive checklists.

The efforts were put to the test during Typhoon Saola, which directly hit Hong Kong in early September 2023. Despite widespread flooding, along with damage across the city, operations at our properties remained normal. No severe damage was recorded and no significant insurance claims were made.



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### 2023 Climate Risk Assessment and Transition Risks Updates

Our comprehensive climate risk assessment process identifies the key risks posed by climate change to our business operations, and the business opportunities that may arise from new climatic conditions.

#### Physical Risk Assessment

We conduct asset-level modelling of both the acute and chronic physical risks associated with various climate scenarios. These are presented in selected timeframes from the immediate term to the distant future – 2030 (short term), 2050 (medium term) and 2100 (long term). The process also includes detailed asset-level assessments that evaluate individual buildings’ sensitivity and adaptive capacity to the potential effects of the identified climate risks.

The most recent assessment identified that, overall, there are low to moderate levels of risk for flooding, heat stress, water stress, and extreme wind for our global portfolio in all assessed climate scenarios. These risk levels are attributed to the relatively robust adaptive capacity and mitigation measures we have integrated into our buildings.

It also identified short- and mid-term measures for individual buildings to mitigate risks and build resilience across our portfolios. Examples include:

- Upgrading flood protection measures and alert systems
- Improving chiller efficiency
- Regularly inspecting glass façades
- Installing smart monitoring systems

The relevant resilience measures will also be incorporated into the planning and design stages of new developments to ensure our assets will continue to be resilient under different future climate scenarios.

After the release of AR6 in 2022, we immediately began to update our climate models to incorporate the latest available climate science. We also perform deep-dive hazard modelling for our projects in Xi’an and Sanya. The results will be analysed to generate climate-related parameters and design concepts for projects to help design teams communicate and channel climate-related considerations into their designs.



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### Assessment of Transition Risks and Opportunities

In 2022, we performed a comprehensive review of global, national and local government policies, including Hong Kong’s Climate Action Plan 2050 and regulatory, market and technological trends based on different climate scenarios involved in the global transition to a low-carbon economy.

We identified a number of risk and opportunity drivers that may have a financial impact on our business under three different climate scenarios: the “Net-Zero Scenario” (1.5°C); the “Paris Consistent Scenario” (2°C); and the “Hot House World Scenario” (3°C). The drivers include tightened building energy codes and guidelines, increased market demand for green and energy-efficient properties, and climate-resilient properties.

Based on the analysis, our current business and sustainability strategies will allow us to effectively manage the identified transition risks and capture the identified opportunities during the transition to a low-carbon economy. These strategies include:

- 1.5°C-aligned science-based targets to drive long-term carbon reduction.
- Investment in, and development of, certified green buildings with best-in-class energy efficiency and climate resilience.
- Investment in renewable energy measures throughout our portfolio.
- Wide application of innovative green technologies.
- Commitment to green financing.
- Engaging our supply chain, tenants and other relevant stakeholders in climate resilience and sustainability initiatives.

We also conducted a quantitative assessment of the potential financial impacts of key identified transition risks and opportunities that will inform our risk management and strategic planning.



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Heat Map Showing the Estimated Annual Impact of Climate-related Risks and Opportunities under Different Climate Scenarios in 2030

Risk / Opportunity Driver	Risks			Opportunities		
	1.5°C Scenario	2°C Scenario	3°C Scenario	1.5°C Scenario	2°C Scenario	3°C Scenario
Tightened building energy codes and guidelines	Moderate risk	Moderate risk	Not applicable	Not applicable	Not applicable	Not applicable
Introduction of carbon pricing in operating markets	Higher risk	Moderate risk	Moderate risk	Not applicable	Not applicable	Not applicable
More stringent public disclosure requirements	Moderate risk	Moderate risk	Not applicable	Not applicable	Not applicable	Not applicable
Increased market demand for climate resilient properties	Not applicable	Not applicable	Not applicable	Higher opportunity	Higher opportunity	Higher opportunity
Increased market demand for green and energy efficient properties	Not applicable	Not applicable	Not applicable	Higher opportunity	Higher opportunity	Higher opportunity
Increased tenant demand for energy efficiency and data transparency	Not applicable	Not applicable	Not applicable	Moderate opportunity	Moderate opportunity	Moderate opportunity
Growing investor demand for green and low-carbon finance and investment	Moderate risk	Moderate risk	Not applicable	Moderate opportunity	Moderate opportunity	Moderate opportunity
Potential increase in insurance premiums	Moderate risk	Moderate risk	Moderate risk	Not applicable	Not applicable	Not applicable
Increased exposure to reputation and litigation risks	Moderate risk	Moderate risk	Moderate risk	Not applicable	Not applicable	Not applicable
Greater adoption of low-carbon construction materials	Moderate risk	Moderate risk	Moderate risk	Not applicable	Not applicable	Not applicable
Utility supply and cost	Higher risk	Higher risk	Higher risk	Not applicable	Not applicable	Not applicable
Increased adoption of green and low-carbon technology	Moderate risk	Moderate risk	Moderate risk	Higher opportunity	Higher opportunity	Higher opportunity
Increased adoption of renewable energy	Moderate risk	Moderate risk	Moderate risk	Moderate opportunity	Moderate opportunity	Moderate opportunity

**Risk Level**  
 Lower Risk   Moderate risk   Higher risk   Lower opportunity   Moderate opportunity   Higher opportunity   Not applicable

With the support of a risk management consultant, in 2023, we undertook a pioneering study to quantify the financial impact of climate-related transition risks and the opportunities associated with a transition to a low-carbon economy. Twelve facilitated workshops were held, involving over 50 colleagues across different business units. These workshops evaluated the risks and opportunities related to policies and regulations, markets, reputation and liability, supply chains, and technologies under three future climate scenarios (1.5°C, 2°C and 3°C). The findings included:



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- Our energy-efficient green buildings may significantly impact tenant retention, with an estimated value of up to HKD421 million<sup>28</sup>. In order to determine the financial impact, we utilised the rental premium as suggested in JLL’s “The Value of Sustainability” report published in November 2022. By considering our Hong Kong office gross rental income for that year, we estimated the potential value derived from the rental premium associated with our sustainable buildings. This underscores the tangible benefits and value proposition of our sustainable properties, further strengthening our market position and enhancing tenant satisfaction and retention.
- By 2030, HKD105 million in projected savings on potential carbon taxes may be realised by achieving the Company’s 2030 SBT-aligned emission targets.<sup>29</sup>
- By 2030, projected annual savings of up to HKD12 million may be realised through green financing instruments such as sustainability-linked loans.<sup>30</sup>

For more information, please refer to our [Climate-related Financial Disclosures](#).

<sup>28</sup> The JLL report entitled “The Value of Sustainability” (published in November 2022) suggests a 7% rental premium on green building-certified Grade A office space. The estimated revenue is calculated based on 2022 Hong Kong office gross rental income on an attributable basis.

<sup>29</sup> Compared to the business-as-usual carbon emissions level. A carbon tax of USD103/tCO<sub>2</sub> is expected to be introduced in Greater China, as suggested by the Network for Greening the Financial System’s Scenario Explorer.

<sup>30</sup> It is estimated that for every HKD10 billion of sustainability-linked loans, interest cost savings of up to five basis points (i.e. HKD5 million) can be anticipated, based on a figure of HKD30 billion in borrowings in 2030, 80% of which is from green financing (SD 2030 KPI).



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### Energy

Swire Properties strives to continually reduce the consumption of energy in our Hong Kong and Chinese Mainland portfolios and in our hotel operations. In 2023, we continued using a broad range of technologies and strategies to achieve this objective.

Some of our properties generate renewable energy on site, using it for operations and in some cases feeding power back into the electricity grid.

The relevant SDG is:



#### SDG 7

Ensuring access to reliable and sustainable energy.

GRI  
302

HKEX  
Aspect A4  
KPI A1.5, A2.3,  
A3.1

### Participating in the Zero-Carbon-Ready Building Certification Scheme



Launched in the third quarter of 2023, the Hong Kong Green Building Council's Zero-Carbon-Ready Building Certification Scheme aims to foster a greener and more sustainable built environment through energy performance and green financing. Swire Properties has been heavily involved in the development of the scheme and is also a proud supporter, with 17 of our buildings receiving "Low" to "Super Low" ratings.

The scheme's objectives are to provide tools and guidelines such that building owners can:

- Benchmark and report the energy performance of their buildings.
- Set targets for carbon neutrality and progress tracking.
- Justify their improvement projects for green financing.
- Enhance their disclosure of building energy performance.

Six of our buildings received "Super Low" ratings on the landlord side, with two of them, One Taikoo Place and Two Pacific Place, receiving "Super Low" ratings for both landlord and whole building. One Island East received a "Low" rating for the whole building and has committed to improving its energy performance by one rating, to "Extra Low", and to achieving a minimum of 10% energy savings by 2030. By doing so, One Island East is one of three buildings in Hong Kong to receive a Target Setting Certificate from the scheme.



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### Integrated PEDF System at Taikoo Li Sanlitun



As our capacity to generate renewable energy at our properties increases, there is a growing need to explore more efficient ways to utilise the energy produced. Most of our on-site renewable energy comes from photovoltaic systems, which supply direct current (“DC”). By increasing on-site DC equipment and using a power distribution system which runs on DC instead of alternating current (“AC”), it is

possible to reduce the energy losses incurred when converting between AC and DC.

A DC-operated battery storage system also adds flexibility to a building’s power demand control and maximises the capture of variable grid-provided solar and wind power supply. An integrated Photovoltaics, Energy Storage, Direct Current and Flexible Power System (PEDF) can reduce energy consumption by 5-10%. PEDFs are also being promoted by the Chinese government to accelerate the optimisation of building energy consumption.

Funded by the Swire Pacific SD Fund, Swire Properties is piloting a PEDF solution at Building N15 and the RED at Taikoo Li Sanlitun in Beijing. On-site implementation work was completed in mid-2023 and the system performance is now being evaluated. A PEDF connection hub and two bi-directional electric vehicle chargers will be installed in the development’s basement car park in early 2024. Significant energy savings are anticipated, which will eventually result in cost savings to tenants and lower carbon emissions, providing further support to the SD initiatives of both the Company and the government.

The pilot required extensive negotiations and liaisons with our piloting tenants, as well as a detailed study to persuade and convince them of the reliability, stability and sustainability benefits of the technology. This project was the only commercial PEDF application to receive a “Top 10 Building PEDF Best Practices” award from the Committee of Photovoltaic Energy Storage Direct Current and Flexibility, part of the China Association of Building Energy Efficiency. This was given at the First China PEDF Conference held in Chifeng, Inner Mongolia in July 2023. After the conference, Hong Kong government representatives visited Taikoo Li Sanlitun to learn more about our PEDF application.

Another PEDF pilot project that aims to broaden commercial PEDF applications is being implemented at Taikoo Hui Guangzhou. This small-scale pilot involves examining DC applications in a shopping mall and office floor setting and is scheduled for completion in early 2024.



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### Incorporating Energy Considerations into the Building Lifecycle



We have set low-carbon design targets for Taikoo Li Xi'an that aim to reduce landlord energy use intensity by 40% as compared to our existing Chinese Mainland properties. This will be achieved through net-zero designs and the integration of lifecycle energy efficiency and low carbon strategies into the project design. These include:

- Electrification of the space heating system and using a low-carbon ground source heat pump system that can provide up to 60% of the project's annual heating demand using deep pile (2.5km depth) and shallow pile (150m depth) systems.
- Microclimate design that enhances the outdoor environment.
- Active design features including HVAC fan sequencing and advanced air purification systems.
- Natural ventilation.
- Passive façade design.
- PV solar panels with a PEDF system.
- Low-carbon construction materials.
- Using Swire Properties and Tsinghua University's jointly-developed embodied carbon calculator to determine embodied carbon emissions.



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Celebrating 15 Years with Tsinghua University



Over the past decade and a half, Swire Properties has partnered with Tsinghua University in running the Joint Research Centre for Building Energy Efficiency and Sustainability. Together, we have conducted pioneering research into SD methods and technologies, developing and testing new methods to increase energy efficiency and improve environmental performance in our

projects – work that is changing our industry and the perception of sustainability.

In 2023, we renewed our collaboration for the third time, with Swire Properties committing to investing RMB15 million into the Centre. This continued partnership will generate substantial energy savings and allow us to share innovative ideas and practices with our employees, business partners, industry peers and other researchers.

Currently, the Centre is working to push the boundaries of traditional building management by developing new AI technologies, improving indoor air quality control measures, increasing the generation and use of renewable energy, and other measures to make our portfolios even more energy efficient and sustainable.

We celebrated this renewal at an event in April 2023, attended by more than 100 people in person and over 5,900 online. Swire Properties' Chief Executive Tim Blackburn gave a keynote speech on developing new AI technologies for SD, improving indoor air quality control measures and optimising the energy management of our properties.



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**Multiple Energy Saving Strategies Across our Portfolio**

In pursuit of continuous improvements to our energy performance, Swire Properties performed technical upgrades at all our properties this year.

**Variable Speed Drive Installation for Condenser Water Pumps at Citygate Outlets**

We installed variable speed drives in three condenser water pumps at the mall to make the pumps more energy efficient. These drives convert the constant condenser water flow system to a variable flow system, reducing pump energy consumption by more than 30% and saving approximately 140,000kWh of electricity annually.

**Oil-free Chiller Installation at Taikoo Hui Guangzhou and HKRI Taikoo Hui**

This year, we replaced a chiller at Taikoo Hui Guangzhou with a 700TR oil-free chiller and replaced another chiller at HKRI Taikoo Hui with a 300TR oil-free chiller. These cater to part load conditions and improve operational efficiency. Estimated annual electricity savings are about 150,000kWh at Taikoo Hui Guangzhou and about 340,000kWh at HKRI Taikoo Hui.

**Lighting Improvement Work at Taikoo Li Qiantan and HKRI Taikoo Hui**

In 2023, Taikoo Li Qiantan installed photo sensors and new optimisation system for outdoor lighting control that is based on daylight and sunset times. This is expected to save about 86,000kWh per year. Meanwhile, HKRI Taikoo Hui replaced over 3,000 fluorescent lamps with LED bulbs with a lifespan of about 50,000 hours, saving repair costs and creating energy savings of about 150,000kWh per year.

**Variable Speed Drive Modifications for Chinese Mainland HVAC Systems**

Several HVAC system upgrades were carried out across our Chinese Mainland properties this year.

- A variable-frequency motor was installed in a 2,000TR chiller at Taikoo Li Chengdu. This is expected to achieve annual energy savings of over 237,000kWh.
- Taikoo Li Qiantan installed variable speed drives on six chilled water pumps to control the chilled water flow rate based on demand. This is estimated to create an annual reduction in pumping energy of 20,000kWh per year.



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- Taikoo Li Qiantan is also installing variable speed drives for primary air handling units (“PAUs”) and installing CO<sub>2</sub> sensors at retail shops to optimise fresh air supply based on interior CO<sub>2</sub> concentrations. This year, 19 PAUs were renovated, which will reduce energy consumption by about 547,000kWh per year.
- Variable speed drives were installed in the fans of two cooling towers in Taikoo Hui Guangzhou. This will optimise the towers’ operations and save about 50,000kWh per year. Two more cooling towers are under renovation and are scheduled for completion in mid-2024.

### EC Plug Fan Installation at Taikoo Hui Guangzhou

Electrically commutated (“EC”) plug fans were installed in five PAUs and 16 AHUs in Tower 1 at Taikoo Hui Guangzhou, creating estimated energy savings of 100,000kWh per year.

### EC Plug Retrofits for Air Handling Units at Cityplaza

Beginning in early 2024, 15 traditional air handling unit (“AHU”) centrifugal fans will be replaced with advanced EC plug fans, improving their efficiency by 20% to 30%.

### Energy Valve Pilot at Cityplaza and Citygate

Energy valves were installed at specific shops in the malls along with risers to enhance flow control and temperature control in chilled water. The valves will also gather performance data on the chilled water system for analysis and verification, ultimately improving the system’s energy performance.

### Variable Speed Drives in Chilled Water Pumps at Three Pacific Place

Variable speed drives were installed in two chilled water pumps in the low chilled water zone, creating a new type of differential pressure control that will optimise the pumping system’s energy consumption. The estimated energy savings are 52,000kWh per year.

### Kitchen Exhaust Fan Optimisation at Pacific Place Mall

We replaced older timer controls with variable frequency drives in kitchen exhaust fans, allowing the fans to be operated at lower speeds during restaurants’ non-peak hours. This will reduce energy consumption by an estimated 157,000kWh per year.



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**Upgrading Two Mall Escalators in Pacific Place**

Two mall escalators were modernised after being in service for 30 years. Both now have efficient drives and dual speed operation, whereby the escalators run slower when no passengers are present.

**Air Duct Sealing at Cityplaza**

A water-based aerosolised sealant made from vinyl acetate polymer was used to seal AHU supply air ducts at Cityplaza, reducing air leakage and energy usage and leading to estimated energy savings of 16% in associated fan energy.

**Replacement of Neon Window Lighting with LED Lighting in Guest Rooms at The Upper House**

A total of 602m of existing hotel guest room window neon lighting was replaced by LED lighting this year. LED lights consume far less energy than neon lighting, resulting in an annual savings of 44,300kWh in Phase 1 of the project.

**The Upper House Electric House Car**

In mid-July, the hotel acquired a new electric car for airport transfers, car hire and drop-off services. The new car will reduce transportation expenses and carbon emissions and will help promote our SD strategy among high-profile guests.

**Cloud-based Smart Energy Management Platforms**



Swire Properties' cloud-based Smart Energy Management Platform ("CBSEMP") was launched in 2019 and is being rolled out in phases. Utilising IoT, big data analysis, AI, and cloud computing, the platform leverages building operations data to generate energy management and energy-saving insights.

Currently implemented at Taikoo Place, Pacific Place, Cityplaza, Citygate, Taikoo Hui Guangzhou, INDIGO, and Taikoo Li Chengdu, CBSEMPs will ultimately be used at all our Hong Kong and Chinese Mainland portfolios. Our pioneering work with these systems continued in 2023.



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### AI Chiller Plant Optimisation Trial at Cityplaza

This year, we refined our machine learning algorithm that predicts cooling load requirements for our buildings 24 hours in advance. We are combining this algorithm with a machine learning model which can provide optimised chiller plant control suggestions for the next 24 hours to save energy and maintain stable operations. The chiller plant optimisation model is currently being trialled at Cityplaza.

### Increase in Renewable Energy Adoption

#### Increasing our On-site Renewable Energy Production



One of our 2025 KPIs is to generate 4-6% of the landlord's building energy from renewable or clean energy sources in selected new office developments. At Two Taikoo Place, we have installed solar PV panels, a wind turbine and a waste-to-energy tri-generation system. The renewable energy generation at Two Taikoo Place is expected to be equivalent to approximately 6% of the landlord's building energy use.

We continue to explore other ways of increasing on-site renewable energy generation across our portfolio, such as installing solar PV panels on the roofs of existing developments such as Taikoo Place, INDIGO, Taikoo Hui Guangzhou and Taikoo Li Sanlitun.

100% of our commercial projects under development are designed to generate renewable energy on-site.

#### On-site Renewable Energy Generation\*

**214,217 kWh**  
INDIGO

**18,573 kWh**  
Taikoo Hui Guangzhou

**1,204 kWh**  
Taikoo Li Sanlitun

**161,043 kWh**  
One Taikoo Place

**51,386 kWh**  
Dorset House

**16,810 kWh**  
Devon House

\*Include solar PV panel and waste-to-energy trigeneration system.



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Off-site Renewable Electricity Procurement

We are committed to exploring new procurement options for off-site renewable electricity for our portfolio, where feasible. In 2023, INDIGO joined Taikoo Li Sanlitun, Taikoo Hui Guangzhou and Taikoo Li Chengdu in procuring renewable electricity. In particular Taikoo Hui Guangzhou procured 100% of renewable electricity for both tenant and landlord operations.

Off-site Renewable Electricity Procurement

5,330,177 kWh

Taikoo Li Sanlitun

3,472,458 kWh

INDIGO

6,912,352 kWh

Taikoo Li Chengdu

27,074,975 kWh

Taikoo Hui Guangzhou

1,542,595 kWh

EAST Beijing

1,444,520 kWh

The Opposite House

3,032,507 kWh

The Temple House

Ramping up Renewable Energy in the Chinese Mainland

Renewable energy is an integral part of Swire Properties' decarbonisation journey. As we strive to meet our SD 2030 Strategy targets in a changing world, we are encountering new challenges, such as changing government regulations and limited renewable energy sources that are coming under increased demand from other companies trying to meet their own decarbonisation targets.

To stay on track, we are devising innovative solutions and mitigation measures. These include starting renewable energy procurement processes earlier, and exploring investing in our own off-site renewable energy facilities in partnership with utility companies.

We are also continuing to explore and expand on the adoption of renewable energy in our existing portfolios. In 2024, we secured 100% renewable electricity for INDIGO joining Taikoo Li Sanlitun, Taikoo Hui Guangzhou and Taikoo Li Chengdu in achieving net-zero carbon in its annual electricity consumption for both landlord and tenant operations.



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Swire Pacific SD Fund Updates



Swire Properties continues to receive financing from the Swire Pacific SD Fund (“SD Fund”), which was established to support and accelerate SD projects to improve sustainability performance through innovative technologies. Several projects applied for the SD Fund in 2023, these included:

- EAST Hong Kong ORCA Food Digester
- EAST Hong Kong Solar PV Installation
- Low Carbon Heating System - Deep Pile Ground Source Heat Pump
- Radiant Cooling Pilot at One Island East
- Digitalisation of Tenant Waste Data Management of Retail Portfolio



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Resource and Circularity

Swire Properties is committed to supporting the transition to a circular economy by reducing and managing waste effectively and promoting circularity across our operations. We aim to identify the impacts of waste disposal from our business activities, set targets to continually improve our waste management performance and incorporate waste prevention considerations into our procurement processes.

GRI  
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HKEX  
Aspect A1,  
A2, A3  
KPI A1.6, A3.1

Focusing on Resource Management and Circularity

In 2017, we developed our Waste Management Policy to guide our approaches to reducing waste, from the design and construction phases of our projects to the daily operation and management of our buildings. In 2020, Swire Properties began to review this policy to highlight the value of rethinking resource use and promoting circularity and, in 2021, we announced our [Resource and Circularity Policy](#), putting greater emphasis on “designing out” waste and keeping products in use while continuing to enhance resource recovery and recycling across our operations.

Reframing waste in the context of resource use and management encourages our employees, tenants, suppliers, and others with whom we do business to engage with the topic with greater positivity and creativity before resources are consumed. This approach supports our transition to a circular economy and our goal to achieve zero waste to landfill by 2050. The emphasis on circularity will also help prepare the Company and our tenants for upcoming waste-related legislation, including compulsory garbage sorting legislation that has been introduced in major Chinese Mainland cities, municipal solid waste (“MSW”) charging in Hong Kong which will be implemented on 1 August 2024, and regulation of single-use plastics in Hong Kong which will commence on 22 April 2024.

Our Resource and Circularity Taskforces in Hong Kong and the Chinese Mainland – made up of representatives from our TSSD department, Portfolio Management and Hotels teams – meet regularly to evaluate our resource management strategies, analyse waste data, review progress towards our 2025 and 2030 KPIs, and facilitate new circularity initiatives.



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**Waste Diversion Rates**

We track and collect data on more than 20 types of waste produced by our office and retail tenants, hotel guests and occupants of our residences. We strive to manage the downstream processes of each waste stream and work closely with our recycling partners to provide secure outlets for the recyclables we collect.

**Commercial Waste Diversion Rate**

**26.1%**

Hong Kong portfolio

**Commercial Waste Recycling Rate**

**45.7%**

Chinese Mainland portfolio

**Total Amount of Waste Recycled**

**3,859 tonnes**

Hong Kong portfolio

**10,771 tonnes**

Chinese Mainland portfolio

**Preparing for Municipal Solid Waste (MSW) Charging in Hong Kong**

**Preparatory Study on MSW Charging Implementation**



During the year, Swire Properties engaged the Hong Kong Productivity Council to prepare our commercial and residential portfolios for the implementation of MSW charging. The organisation conducted a study that reviewed the waste management facilities, workflow and practices at Pacific Place and Taikoo Shing, and conducted extensive stakeholder interviews with cleaning contractors, tenants, residents' representatives and our Management Office teams.



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This in-depth study derived insights to help:

- Confirm the applicable charging mode for general and oversized waste;
- Evaluate options to handle oversized waste and non-compliant waste;
- Propose procurement options of designated garbage bags for tenants and residents;
- Identify measures needed to enhance surveillance and combat abusive dumping of waste; and
- Clarify the roles and responsibilities of all relevant stakeholders to ensure compliance.

While the launch of MSW Charging is postponed to 1 August 2024, we will continue our preparation efforts through developing implementation guidelines for key stakeholders and arranging dissemination sessions for key stakeholders.

**Waste Audit at Cityplaza and Citygate Outlets**



Waste reduction and recycling are crucial ways to help tenants reduce future waste charges. In 2023, we engaged the Business Environment Council to conduct comprehensive waste audits at Cityplaza and Citygate Outlets to help tenants identify waste reduction and recycling opportunities. The 20 participating F&B tenants included a wide array of operators – including supermarkets, food courts, Chinese and Western cuisines, fast food outlets and coffee shops.

Auditors reviewed each tenant’s waste generation quantity, general waste composition and waste contamination conditions, and then provided insights into their actual and potential waste diversion performance, identifying waste management opportunities through reduction, reuse and recycling.

This audit revealed that about 80% of general waste currently sent to landfills consisted of recyclables such as food waste, polyfoam boxes, coffee grounds, and plastic containers. These valuable insights will strengthen our communication with tenants regarding waste reduction and help guide tenants on their waste reduction journey.



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### Supporting a Circular Economy for Takeaway Packaging

Single-use plastic products are a major contributor to terrestrial and oceanic pollution. The first phase of the Hong Kong government's ban on single-use plastic tableware comes into force on 22 April 2024. In preparation, we continue to expand initiatives to promote reuse throughout 2023.

### Extending the Successful Smart Reusable Cup Initiative



In 2020, Swire Properties piloted Hong Kong's first smart reusable cup network at Taikoo Place. In 2023, the initiative expanded to 8 F&B outlets across the complex. We also began washing and sanitising the cups at one of our F&B tenant's kitchens, "closing the loop" within Taikoo Place.

Building upon the successful implementation at Taikoo Place, we expanded the project to Pacific Place in October, and launched a pilot with seven participating cafés and restaurants in Pacific Place and the Starstreet Precinct. We will also expand the project to Cityplaza in 2024. We anticipate that the expansion will drive further reductions in single-use plastics and help cultivate a reuse culture in our portfolios and across the city.

The system operates by customers asking for the reusable cup when placing an order, then returning the cup and lid to any of the return stations at Taikoo Place or Pacific Place. In November and December, we launched an offer in partnership with a participating tenant at Taikoo Place – customers could enjoy a complimentary coffee on borrowing a reusable cup or bringing their own cup. The event spurred more customers to join our reuse journey and provided valuable data to gauge customers' willingness to use reusable cups. More than 2,300 beverages were served in reusable cups or the customers' own cups during the period.

Since the programme's launch, we have prevented the disposal of over 23,000 single-use cups at Taikoo Place and Pacific Place.



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### Completion of Smart Reusable Food Box Trial



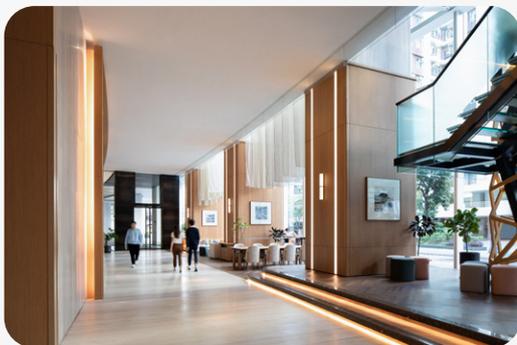
Building on the success of the smart reusable cup concept, we piloted a smart reusable food box with one of our F&B tenants at Taikoo Place in January 2023, receiving positive feedback on the food box design and functionality as well as the borrow and return process. The programme is planned for full rollout at Taikoo Place in 2024.

In parallel, we have noticed growing interest among our office tenants to minimise the use of single-use takeaway packaging from catering services. In collaboration with our training team and one F&B tenant at Taikoo Place, we successfully piloted the Green Corporate Catering Programme in March 2023 and offered catered lunches in reusable cups and containers at internal events. We plan to roll out the programme in full to office tenants at Taikoo Place in 2024.

### Fitting Out and Renovating New Spaces with Circularity in Mind

We continue to promote the use of sustainable materials in our major renovation and fit-out projects, and also expand our green furniture management services for tenants.

#### EAST Hong Kong's "Ground Domain" Built with Sustainable Materials



Domain, EAST Hong Kong's part café, part co-working space was expanded into the hotel's lobby in 2023 to serve as an alternative space for events and a networking hub for the community. In cooperation with another company, we explored ways to incorporate eco-friendly and upcycled materials to minimise waste and promote circularity.

These materials included:

- Tabletops and display cabinets made from recycled existing wooden strips from the FEAST restaurant in EAST Hong Kong.



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- Wooden ceiling panel curtains created with post-consumer recycled polyester with Greenguard certification.
- Internal façade walls made with sound-absorbing seamless acoustical spray, certified and recognised by HKGBC Green Product Accreditation.
- Upcycled plastic stands on all tables made from recycled plastic bottles.
- Stools made from 100% recycled wood.
- Coffee tables and high tables built with recycled bricks and glass.

### Recycled Materials in New Developments

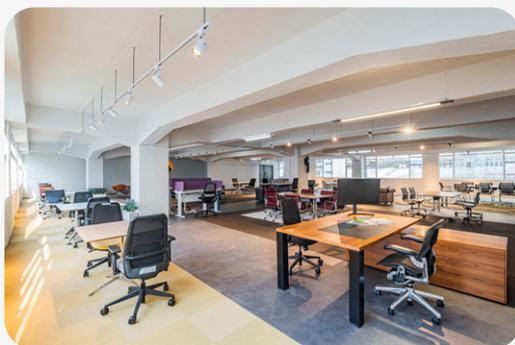


Last year, Taikoo Li Sanlitun West, an expansion of the existing Taikoo Li Sanlitun retail development that includes the renovated Yashow Market, was named one of the best examples of urban regeneration in Beijing. The project incorporated circular practices, including:

- Concrete recycled from the original Yashow Market.
- Concrete ash used to paint the walls.
- Reused concrete blocks from the east side of the development.

Meanwhile, Quarryside, a new community space on the Victoria Harbour waterfront in Hong Kong, used salvaged and reused timber from the Two Taikoo Place construction site.

### Updates to Green Furniture Management Services



We began partnering with a provider of sustainable office fit-out and reinstatement services to offer green furniture management services for tenants in Taikoo Place and Pacific Place since 2021. The initiative aims to support the circular economy by significantly reducing the volume of office furniture that goes to landfill.

Since its launch, the initiative has supported 19 office fit-out and renovation projects in our portfolios, resulting in an overall impact of:

- Over 7,600 unwanted office assets diverted from landfills, equivalent to 227 tonnes of office furniture and appliances.
- Over 600 items donated to 31 local NGOs.



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During the year, we also piloted our first fit-out project for an office floor at Two Taikoo Place, using entirely circular furniture items. The space rehomed 143 premium quality reused chairs, workstations and storage cabinets for a new tenant.

### Recycled Materials for the Taikoo Li Xi'an Office



The project site office at our new Taikoo Li Xi'an project was completed this year with circularity top-of-mind. The office incorporated recycled materials in its design and construction stages, including terrazzo tiles recycled and repurposed from discarded oyster shells, ceramics and construction waste, as well as adobe bricks recycled from adobe, discarded ceramics, mineral slag and plant fibre.

### Ramping Up Waste Recycling Efforts

#### Food Waste Reduction and Recycling



Food waste is a significant component of the waste sent to landfill in Hong Kong. Since 2005, when Swire Properties installed our first food decomposer at one of our Hong Kong shopping malls, we have been working with our hotels, restaurants and tenants to deepen our food waste reduction and recycling efforts. In 2023, we collected more than 10,300 tonnes of food waste from our Hong Kong and Chinese Mainland portfolios and our hotels.

In Hong Kong, Swire Properties continues to promote food waste recycling among tenants. In 2023, over 80% of our F&B tenants and 97 tenanted office floors in Citygate Outlets, Cityplaza, Island Place Mall, Pacific Place, South Island Place, and Taikoo Place participated in our food waste recycling programme. Most of the food waste collected in our Hong Kong portfolio and hotels was sent to the government's O.PARK 1 facility for conversion into biogas and compost.



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In June, EAST Beijing participated in the “Pride on Our Plates” campaign which aimed to promote sustainable practices and reduce food waste at restaurants in the Chinese Mainland.

During the campaign, a six-week food waste audit was conducted at the hotel focusing on pre-consumer food waste, customer plate waste and unconsumed cooked dishes. The data revealed that customer plate waste was found to be the primary contributor to food waste. The hotel then implemented food waste reduction measures such as adjusting food portion sizes and repurposing pre-consumer food waste into new dishes, which led to a 12% reduction in food waste by the final week of the campaign.

### Coffee Grounds Recycling



In late 2023, we began engaging with a new coffee grounds recycling partner, a local green enterprise committed to promoting eco-farming, sustainable organic stewardship of land and food, and healthy lifestyles. Coffee grounds collected from our F&B and office tenants will be transformed into high-quality organic compost. In parallel, we are exploring opportunities to “close the loop”

by applying this compost in landscaping projects across our portfolios.

### Beverage Carton Recycling



In 2022, we partnered with a Hong Kong facility to begin recycling beverage cartons from our internal offices and a few F&B outlets and office tenants at One Island East. This collaboration has allowed us to support the local recycling industry and convert beverage cartons into valuable resources such as paper pulp, recycled paper tissue and other paper products.

This year, due to a growing interest among our tenants, we made the programme available to all office tenants in our Hong Kong portfolio. To ensure clean recycling, we designed posters to clearly explain the proper recycling steps, such as removing plastic caps and straws, cutting and flattening the boxes, as well as rinsing, cleaning and drying the boxes before placing them into dedicated recycling bins. In total, 25 tenant companies have actively participated in the programme.



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Embedding Circularity into Events and Festive Celebrations

Events are an important part of Swire Properties’ placemaking and community-building efforts. Since launching our Green Guidelines for Event Management and Production of Collaterals in 2018, our marketing and promotions, event management and administration teams have worked diligently to incorporate the guidelines into their event planning, production and execution efforts.

White Christmas Street Fair



In 2023, our White Christmas Street Fair continued to work towards being a zero-waste event. From the earliest stages, we incorporated circularity principles into the planning and execution processes to ensure that the materials used were reduced, reused and recycled. Through careful planning of the design and structure of event installations, 95% of event setup and consumer waste was diverted from landfills, up from 91% in 2022.

Circularity measures adopted included:

- Serving all food and drinks in reusable cups and containers through “bring your own” or onsite borrow and return booth, preventing the disposal of over 15,000 single-use cups and containers.
- Digitalising F&B coupons to redeem food and drinks, minimizing paper waste.
- Utilising 3D printing quartz sand to create Christmas decorations that can be broken down and reused, replacing the use of non-recyclable fiberglass.
- Using fully recyclable D-Board for most signage instead of foam board.
- Setting up recycling bins to ensure proper disposal and recycling of paper, plastics, metal cans, and food waste.
- Conducting a comprehensive carbon audit and circularity assessment to understand environmental impacts and identify hot spots in carbon emissions.



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All these measures resulted in the fair’s waste diversion rate improving again – the rate has consistently improved over the past three years, rising from 90% in 2021 to 95% in 2023. We also conducted a comprehensive carbon audit and circularity assessment for the event for the third consecutive year to understand its environmental impact and identify areas of high carbon emissions, such as electricity consumption (three electricity meters were installed for more accurate monitoring and management) and transportation of event set-up materials. Further carbon reduction opportunities were identified which will continue to drive improvement in future events.

### Annual Dinner 2023



This year, the Swire Properties Annual Dinner returned with an enhanced focus on sustainability.

Sustainability features incorporated into the 2023 Annual Dinner included:

- Introduced the “Most Sustainable Costume Award”, encouraging colleagues to incorporate innovative and creative sustainability elements into their costumes.
- A costume collection box set up at the venue that let participants donate their costumes to charity after the event.
- Use of set-up materials that could be reused or recycled, such as FSC-certified D-board, and reusable arcade machines and LED wristbands.
- A ban on decorative materials made using Styrofoam.
- Adopting recommendations from the WWF-Hong Kong Seafood Guide and following the Swire Pacific Sustainable Food Policy to ensure that only sustainable seafood items were included in the buffet menu.
- Donating surplus food from the buffet to a local food charity.

With support from our event agency, venue partner and recycling partners, we conducted a thorough event circularity assessment to record the respective weight of materials that were reused, recycled or sent to landfill after the event. Overall, the Annual Dinner achieved a 79% waste diversion rate, setting an example and benchmark for future internal events.



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Supporting Circular Fashion and Women’s Empowerment



In January 2023, Taikoo Place supported Métier Minus, a used luxury fashion charity pop-up organised by an office tenant. The event, held at Blueprint, offered 600 pieces of post-loved luxury women’s fashion collection pieces, accessories and shoes from some of the world’s most prestigious design houses. Advocating a “buy less, buy quality” concept, all items displayed at the pop-up were collected through generous donations from private collections.

This two-day event raised over HKD410,000 for a local social enterprise that aims to promote reuse culture while empowering women with job opportunities and training. The event also helped extend the useful life of high-quality fashion items. Building on the success of this event, the event had a come-back in early 2024 at an even larger scale at ArtisTree.

Citygate Outlets “Beyond Glass” Sustainability Campaign



In November 2023, Citygate Outlets launched a sustainability campaign named “Beyond Glass” to raise awareness about resource circularity, nature conservation and sustainable living. Partnering with three young green architects, the campaign combined architecture with ecology to promote the sustainable development of Lantau Island. The initiative had four parts:

- The “Shadow of the Butterflies” art installation. Over 800kg of used glass bottles were collected from more than 60 Citygate Outlets F&B tenants and two in-mall recycling bins. These were upcycled by the three green architects who created a permanent installation of 600 iridescent glass butterflies.
- “Go Green” upcycling workshops, which engaged shoppers in ways to combine sustainability with their daily lives. These included a soap-making workshop using old coffee grounds, a workshop on making natural soap, and creating tote bags using natural dyes obtained from food scraps and plants.
- Organising a “nature bathing healing journey”, where shoppers explored the rich biodiversity of Lantau Island, focusing on butterflies.



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- Promoting a plastic-free dining culture by providing “Green Up” rewards to shoppers when they brought their own containers for takeaway orders, and offering shoppers a chance to win HKD100 F&B e-vouchers by logging their sustainable behaviours through the TAIKOO+ app.

### Cityplaza Green Christmas Campaign



Cityplaza incorporated sustainability elements into the mall’s Christmas decorations and souvenirs this year. These included:

- Upcycling used plastics into eye-catching eco-cartoon character ornaments using 3D-printing technology.
- Collaborating with a local green technology company to transplant

whole spruce trees from their original habitat to our Christmas garden. After the event, the trees were replanted, preserving them and adhering to the principles of circularity.

- Establishing the “GROW with LOVE” pop-up store, selling eco-friendly products such as moss balls, coffee cups with nature-themed designs and eco-friendly bags.

### 10K Challenge 2023



This year’s 10K Challenge fun run for Swire Properties’ colleagues and family members introduced a number of waste reduction measures:

- Since 2018, we have encouraged runners to reuse their uniforms from the 10K Challenge to avoid producing textile waste.
- To reduce plastic waste, no bottled beverages or single-use cups were

provided. Instead, water for runners along the route was dispensed in reusable cups. Participants were also encouraged to bring their own bottles and refill them at water stations.

- E-certificates were given out to participants to reduce paper use.
- Recycling bins were set up for paper, plastic bottles, general plastics, metals and food waste to reduce the volume of waste sent to landfill.



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Digitalising and Gamifying the Waste Reduction Journey

Smart Waste Reduction Challenge 2023



Over 90% of the waste generated at our buildings comes from building users, primarily our tenants. While waste measurement conventionally involves manual weighing and recording, we are embracing technologies that digitalise the waste data collection process in pursuit of continuous improvements.

In 2021, we launched Hong Kong’s first Smart Waste Reduction Challenge, using smart scales and a digital engagement platform to gamify our employees’ and tenants’ collective sustainability journey. This year, 21 office tenants across Taikoo Place, Pacific Place, Citygate Outlets, and Swire Properties’ offices joined in, engaging more than 3,900 employees in this workplace waste-reduction challenge.

The participants:

- Received recommendations about how to optimise the design and layout of their office waste bins.
- Replaced individual desk-side rubbish bins with centralised collection and sorting stations.
- Fitted smart scales under each bin to collect live waste disposal and recycling data.
- Set up display screens to showcase their waste-reduction progress in real time and benchmark this progress against other teams.
- Set and tracked customised performance goals and participated in regular meetings to review waste performance.
- Monitored the waste contamination level of their office bins using a waste assessment form.
- Participated in engagement activities such as sustainability workshops and tenant project forums, with tenants’ green teams sharing best practices.

Smart Waste Reduction Challenge 2023 Achievements

1.97 kg

average waste to landfill per employee

41%

overall waste diversion rate



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### Smart Mobile Scale Programme for Office Tenants



In 2022, Swire Properties began a smart mobile scale pilot project, in which cleaning contractors were provided with a designated smart scale to weigh and record office tenants' waste in their back-of-house area. The trial involved 18 office tenants from three buildings in Taikoo Place and Pacific Place, with each receiving monthly summary reports to help them understand their waste performance and identify improvement

opportunities. Building on the pilot's success, the project will be rolled out to all our office buildings in Hong Kong from 2024.

### Exploring Waste Data Digitalisation for Retail Tenants



In December 2022, we began a nine-month project to test the workflow and solution needed to capture more comprehensive, tenant-level waste data in our retail malls. The project collected insights into the waste generation profile and waste recycling opportunities of five Pacific Place F&B tenants. In 2024, we will use the data gathered in this project to explore new smart waste technologies with support from the Swire Pacific SD Fund.



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Water

Swire Properties monitors water consumption in our buildings and utilises various water-saving mechanisms such as water meters, water flow regulators, automatic taps and automatic flush toilets and urinals. In 2021, we participated in the Enterprises Cherish Water (“ECh<sub>2</sub>O”) campaign, organised by an environmental NGO and the Hong Kong government’s Water Supplies Department, to promote better water management in our buildings.

We consistently encourage our employees and tenants to save water. We also urge our tenants to have in place internal guidelines on fresh and flushing water, as these help us comply with enhancements to the Hong Kong government’s voluntary “Quality Water Supply Scheme for Buildings” which safeguards drinking water quality in buildings. We conduct regular water quality assessment across our Hong Kong and Chinese Mainland portfolio to ensure our occupants have safe and quality access to freshwater.

We aim to manage water risk and reduce overall water consumption under the Water focus area.

The relevant SDGs are:



SDG 6

Ensuring availability and sustainable water management.



SDG 12

Ensuring sustainable consumption and production patterns.

Water Policy

Swire Properties’ [Water Policy](#) has been updated to focus on our responsible use of water. Pursuant to this policy, we aim to design and implement efficient water management measures across our operations, ensure that water is discharged into the environment safely, and encourage our employees and tenants to consume water responsibly, among other action items. In 2022, we conducted a review of our Water Policy to ensure alignment with global best practices and the latest regulations, and to better reflect water-related issues that are material to Swire Properties.

The policy update strengthens our commitments around the responsible use of water. These include understanding water risks in the locations of our developments, reducing water consumption intensity through improved design, implementing efficient water management measures during operations, ensuring that water is discharged into the environment safely, and engaging our stakeholders to encourage the responsible consumption of water.

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HKEX  
Aspect A2  
KPI A2.4, A3.1



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## Water Recycling

Several of our properties have greywater treatment and recycling systems in place. The system at Oxford House at Taikoo Place collects, treats and reuses pantry wastewater from office tenants for cleaning purposes, annually recycling about 300m<sup>3</sup>. Several Chinese Mainland properties including Taikoo Hui, INDIGO, Taikoo Li Chengdu, and HKRI Taikoo Hui have installed systems to collect and treat wastewater and rainwater for toilet flushing and plant irrigation.

One Taikoo Place also has a system that collects rainwater which is then recycled and used to irrigate the gardens and green spaces at Taikoo Square and around the buildings. Recycled rainwater and greywater are used to irrigate the gardens and green landscaped areas at Two Taikoo Place, yielding an irrigation-related water savings of 100%. Processed water from the cooling tower is also recycled through a reverse osmosis system and reused in the make-up water tank. Together, these three systems have reduced fresh-water demand in the office tower, estimated to be over 52%.

This year, we continued to explore opportunities to save water, whether by upgrading or changing maintenance procedures for our equipment, or through new practices in our daily operations. We also continued our trial programme of adjusting the cleaning schedule for cooling towers, and continued our work with Tsinghua University to study how cooling tower water consumption can be reduced. Using simulations, the study analyses water-use patterns and generates suggestions for optimal practices at different portfolios.



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### Water Neutrality Study

We completed a survey of past and current water replenishment projects in Hong Kong and six of our Chinese Mainland locations: Beijing, Chengdu, Guangzhou, Sanya, Shanghai, and Xi'an. The survey included several case studies such as land cover restoration, Water, Health and Sanitation (WASH), helping us to identify potential project types and partners for the pilot water replenishment projects. We plan to initiate a water replenishment pilot project in 2024.

#### INDIGO Wastewater Treatment and Reuse System



This year, INDIGO continued its ambitious plan to achieve water neutrality in its direct water use. With extensive modifications to the wastewater treatment system completed in December 2022, we conducted trial operations of the system throughout 2023.

Between January and December, the system produced:

- 88,015 tonnes of water recycled in total, equivalent to 39.2% of total sewage discharged.
- 64,008 tonnes of recycled grey water, fulfilling 93.5% of the flushing, irrigation and cleaning demand.
- 24,007 tonnes of recycled pure water, fulfilling 74.6% of the cooling tower demand.

Wastewater is treated with membrane biological reaction, ozone-activated carbon and reverse osmosis technology, bringing the pure and grey water quality to GB/T 29044-2012 (Water quality for heating and air condition systems) and GB/T 18920-2020 (The reuse of urban recycling water – Water quality standard for urban miscellaneous use) standards.



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**Smart Water Meters Across our Portfolio**

This year, we continued to reduce our freshwater consumption across our portfolio to align with our 2050 water neutrality commitment. In addition to hardware upgrades and system enhancements on the landlord’s side, we also sought to create behavioural change by engaging our office tenants in water-use reduction strategies. We continued installing water-efficient flow regulators, smart digital water meters for office tenants, and digital water meters for utilities covering cleaning, irrigation, kitchens, air conditioning, and fire services.

The digital water meters allow us to understand the real-time water use of our portfolios, and engage in discussions with our technical engineers and portfolio managers to further improve water efficiency and monitor progress against our water targets.

We also began setting up a smart water meter monitoring platform which uses data captured from smart water meters to create a water use profile for tenants. An interactive dashboard provides water use insights and allows us to develop joint strategic water-saving plans with our tenants.

In Hong Kong, by the end of 2023 we had installed smart water meters for all office tenants in Taikoo Place and Citygate Outlets and had begun extending the footprint to Pacific Place office tenants, with installation expected to be completed by 2024. In the Chinese Mainland, we are installing smart water meters in Taikoo Li Sanlitun, Taikoo Hui Guangzhou, Taikoo Li Chengdu, HKRI Taikoo Hui, and INDIGO.

**An Effective Biological Drain System for Swire Hotels**

This system organically decomposes restaurant kitchen grease on-site. Using a device installed in a restaurant’s grease trap, the system contains bacteria that secrete enzymes to break down fat, oil and grease waste, allowing a restaurant to improve the quality of their effluent and reduce the load on public utilities.



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Biodiversity

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Anchored by our [Biodiversity Policy](#), Swire Properties integrates biodiversity considerations into our new developments and operations and, where relevant, works to minimise any adverse impacts of our operations on biodiversity and ecosystems.

Although most of our portfolio is located in urban areas where biodiversity issues are usually not material, we have conducted assessments at all our projects under development to determine the status of biodiversity and its importance to the places that we develop and the surrounding natural environment. These assessments have shown that none of our projects contain or are located adjacent to areas of globally or nationally important biodiversity.

Biodiversity Guidelines

In 2022, we began developing Swire Properties Biodiversity Guidelines for Hong Kong and the Chinese Mainland. These guidelines aim to define the importance of biodiversity and the Company’s approach to protecting it across our developments. The guidelines explain the importance of biodiversity, list various laws and regulations, and recommend actions Swire Properties can take to protect and enhance biodiversity across all stages of our current and future properties.

This year, we completed the development of biodiversity guidelines for Hong Kong. These include examples and checklists that will help project teams and management offices with ways to enhance biodiversity in our properties and new projects.

Reef Rebuilding Volunteering



Oyster reefs are crucial to coastal protection and marine ecosystems – they are also among the most endangered marine habitats on the planet. Two of our Hong Kong restaurants, FEAST and Salisterra, continued their long-standing partnership with the Nature Conservancy this year, donating oyster shells for reef

restoration in Hong Kong and the Greater Bay Area.

Meanwhile, in mid-September, a team of volunteers from our Central Support Office and EAST Hong Kong took part in a reef rebuilding volunteering event at Ha Pak Nai in Yuen Long. The volunteers helped rebuild an abandoned oyster farm into a more natural reef, restoring the habitat to make it more conducive to foraging by species such as the endangered Horseshoe crab and helping to increase biodiversity on the mudflat.



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**Taskforce on Nature-related Financial Disclosures**



The Taskforce on Nature-related Financial Disclosures (“TNFD”) was established in 2021 in response to the growing need to factor nature into financial and business decisions. The TNFD is a global market-led initiative with a mission to develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature-related risks and opportunities, with the ultimate aim of supporting a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes.

Swire Properties is one of 40 TNFD Global Taskforce Members. We are also involved in the initiative’s Infrastructure and Real

Estate Working Group and the Supply Chain Working Group, helping to formulate the overall framework and contribute to collective nature-positive goals. We recognise biodiversity and nature loss as an emerging risk to our businesses. The health of the ecosystem affects the availability of natural resources and land conditions, and thereby our ability to generate value for our stakeholders.

To help guide business action in relation to nature, the World Business Council for Sustainable Development (“WBCSD”), the Science Based Targets Network (“SBTN”), TNFD, the World Economic Forum, and The Capitals Coalition have collaborated to provide businesses with a consistent approach and high-level business actions on nature to Assess, Commit, Transform and Disclose (“ACT-D”). The WBCSD has also published “[Roadmaps to Nature Positive: Foundations for the Built Environment System](#)”, an industry report that offers companies step-by-step guidance to fast-track credible nature-positive initiatives, actions and accountability. Swire Properties was featured as a [WBCSD TNFD pilot use case](#), sharing our approach to driving positive impacts by incorporating nature-inclusive designs in our buildings.



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In September 2023, the TNFD framework was published, in response to the growing need to factor nature into financial and business decisions. To demonstrate our strong support to TNFD, Swire Properties became one of the 320 companies of the inaugural Early Adopter programme, committing to disclose our nature-related impacts, dependencies, risks and opportunities in Sustainability Report 2023, and will publish its fully TNFD-aligned disclosures in Sustainability Report 2024. In 2023, we conducted a screening of our global portfolio using biodiversity indicators, to define a priority list and nature profile, and explore our business impact and dependencies on nature. We then began to develop a list of associated nature-related risks and opportunities in accordance with the “LEAP” (Locate, Evaluate, Assess, Prepare) approach – an integrated assessment process for nature-related risks and opportunities management. The process and findings are outlined in the following sections.

**Nature-related Disclosures**

<p><b>Locate</b></p>	<ul style="list-style-type: none"> <li>• Conducted asset-level mapping to understand our global portfolios’ interface with nature.</li> <li>• Identified the ecoregions and biomes with which our assets interface using international and local databases to assess the current integrity and resilience of these areas and our assets’ proximity to critical habitats and protected areas.</li> <li>• Identified priority sites of ecological sensitivity based on their ecosystem integrity, biodiversity importance and water stress level.</li> </ul>
<p><b>Evaluate</b></p>	<ul style="list-style-type: none"> <li>• Mapped out the business activities of the priority sites and identified the corresponding environmental assets and ecosystem services of which we depend on or have an impact on using the ENCORE tool.</li> <li>• Evaluated the level of materiality of the identified impacts and dependencies to the environmental assets and ecosystem services on a site-level basis.</li> </ul>
<p><b>Assess</b></p>	<ul style="list-style-type: none"> <li>• Identified and prioritised the nature-related risks and opportunities originating from the dependencies and impacts on nature identified in the “Locate” and “Evaluate” phase.</li> <li>• Assessed nature-related risks and opportunities based on their magnitude of impact, likelihood of occurrences, and potential effects to the business, projected on a near-term scale.</li> </ul>
<p><b>Prepare</b></p>	<p>Ongoing:</p> <ul style="list-style-type: none"> <li>• Review the Company’s current approach on managing nature-related issues.</li> <li>• Integrate findings in the Company’s Corporate Risk Register to ensure the issues are effectively managed.</li> <li>• Incorporate nature-inclusive design into our portfolio.</li> </ul>



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### Locate

- Following TNFD recommendations, we conducted an asset-level mapping to understand our portfolios' interface with nature. We identified the ecoregions and biomes with which our assets interface, and used international and local databases such as Resolve, WWF-TNC, Aqueduct, Global Biodiversity Information Facility, The UN Environment Programme World Conservation Monitoring Centre ("UNEP-WCMC") and Hong Kong Biodiversity Information Hub ("HKBIH") to assess the current integrity and resilience of these areas and our assets' proximity to critical habitats. We found that our portfolios interface diversely with nature, as they are spread across five distinct ecoregions and three terrestrial biomes that support multiple land and freshwater ecosystems.
- Swire Properties predominantly interacts with urban ecosystems. As such, we have developed a set of indicators to prioritise assets with high biodiversity integrity and importance within these ecosystems.

Criteria	Indicator
<b>Ecosystem integrity</b>	Biodiversity Intactness Index (BII) <ul style="list-style-type: none"> <li>• Assess the overall state of biodiversity of the site and its surrounding area with respect to a pristine state.</li> </ul>
<b>Biodiversity importance</b>	Identified Biodiversity Issues (IBIs) <ol style="list-style-type: none"> <li>1. Proximity to protected areas                             <ul style="list-style-type: none"> <li>• Assess the site's distance from protected areas and the percentage of protected area within a specified radius around the site.</li> </ul> </li> <li>2. Proximity to critical habitats                             <ul style="list-style-type: none"> <li>• Assess the site's distance from critical habitat, whether it is located within and the percentage of critical habitat within a specified radius around the site.</li> </ul> </li> <li>3. Threatened species                             <ul style="list-style-type: none"> <li>• Examine the number of threatened species within a specified radius around the site and the relative abundance of threatened species at the site compared to hundreds of randomly selected locations in a specified radius around the site.</li> </ul> </li> <li>4. Species richness                             <ul style="list-style-type: none"> <li>• Consider the number of distinct species observed within a specified radius around the site and benchmarked against hundreds of randomly selected locations in a specified radius around the site.</li> </ul> </li> </ol>
<b>Water stress</b>	Water Stress Indicator (WS) <ul style="list-style-type: none"> <li>• Ratio of water demand to water supply.</li> </ul>

- Priority sites were identified consisting of our new developments and existing developments in our Hong Kong, Chinese Mainland and U.S.A. portfolios.
- A list of high impact commodities (e.g. cement, sand, timber, steel, livestock and seafood) for our business activities was identified based on SBTN's High Impact Commodities List and UNEP-WCMC sectorial materiality tool.



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### Evaluate

- Our business success depends on the provision of ecosystem services and nature loss can undermine our delivery of value to our stakeholders. Our operations also create impacts on nature, which can be either positive or negative. Negative impacts on nature erode the health and resilience of nature and its ability to provide ecosystem services. Conversely, contributing positively to the health and resilience of nature can secure and enhance the flow of ecosystem services on which the organisation and its value chain partners depend.
- In the “Evaluate” phase, we mapped out the business activities of the priority sites and identified the corresponding environmental assets and ecosystem services of which we depend on or have an impact on using the ENCORE tool. The level of materiality of the identified impacts and dependencies to the environmental assets and ecosystem services were then determined.

### Business footprint mapping along value chain

New Development & Maintenance	Management of Properties	Tenants Operations	Demolition of Properties
<ul style="list-style-type: none"> <li>• Materials extraction and manufacturing – high impact commodities, e.g.:                             <ul style="list-style-type: none"> <li>• Concrete</li> <li>• Steel and rebar</li> <li>• Timber</li> </ul> </li> <li>• Construction and retrofitting</li> <li>• Water consumption</li> <li>• Construction waste</li> <li>• Land use change and impact to ecosystem</li> <li>• Air, noise and light pollution</li> </ul>	<p><b>Potential impacts</b></p> <ul style="list-style-type: none"> <li>• GHG emissions</li> <li>• Waste</li> <li>• Sewage discharge</li> <li>• Noise and light pollution</li> <li>• Urban biodiversity</li> </ul> <p><b>Potential dependencies</b></p> <ul style="list-style-type: none"> <li>• Water consumption</li> <li>• Food provision (e.g. seafood)</li> </ul>	<p><b>Potential impacts</b></p> <ul style="list-style-type: none"> <li>• GHG emissions</li> <li>• Waste</li> <li>• Sewage discharge</li> </ul> <p><b>Potential dependencies</b></p> <ul style="list-style-type: none"> <li>• Water consumption</li> </ul>	<p><b>Potential impacts</b></p> <ul style="list-style-type: none"> <li>• Demolition waste</li> <li>• Noise pollution</li> </ul>

### Evaluate – Dependencies

- The construction of our new developments and the operation of our existing portfolios are both dependent on ground water and surface water, consumed as part of the construction process, facility management and meeting the needs of our building occupants. On the other hand, the ecosystem’s capacity to regulate the extent of climate change will have a significant impact on our building designs and operations, and the health and safety of the occupants within our portfolio.
- Where our new developments are located in proximity to coastal areas and rivers, the ecosystem will also provide protection against storm/flooding resulting from increased extreme weather events.



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### Evaluate – Dependencies

Dependencies \ Business Activities	Property Management	Construction Activities	Hotel Management
<b>Direct Physical Input</b>			
Water provisioning (ground and surface water)	High	High	High
Fibres and other materials			Medium
<b>Mitigate Direct Impacts</b>			
Bio-remediation	Low	Low	
Mediation of sensory impact	Low	Medium	
<b>Protection from Disruption</b>			
Climate regulation	Medium	Medium	Medium
Flood and storm protection	Medium	Medium	Medium
Mass stabilisation and erosion control	Low	Medium	Low
Pest control	Low	Very low	
<b>Enables Production Process</b>			
Water quality	Medium		Medium
Soil quality		Low	
Water flow maintenance		Medium	

**Materiality Level Legend**  
■ High    ■ Medium    ■ Low    ■ Very low

### Evaluate – Impact

Impact \ Business Activities	Property Management	Construction Activities	Hotel Management
<b>Land/water/sea use change</b>			
Terrestrial ecosystem use	Low	High	Low
Freshwater ecosystem use		High	
<b>Resources exploitation</b>			
Water use	Medium	High	High
<b>Climate change</b>			
GHG emissions	High	High	High
<b>Pollutants</b>			
Non-GHG air pollutants	Medium	Medium	Medium
Water pollutants	Medium	Medium	Medium
Soil pollutants	Low	Medium	Low
Solid waste	High	High	High
<b>Invasives and other</b>			
Disturbances	Medium	High	

**Materiality Level Legend**  
■ High    ■ Medium    ■ Low



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### Assess

- To allow better integration of nature-related issues into businesses, the LEAP approach recommends a company to identify and prioritise the nature-related risks and opportunities associated to the highly material impacts and dependencies identified during the “Locate” and “Evaluate” stage.
- TNFD defines nature-related risks as potential threats (effects of uncertainty) posed to an organisation that arise from its and the wider society’s dependencies and impacts on nature. Swire Properties has identified the nature-related risks and opportunities that could affect its business, and they are outlined in the table below:

	Risk and Opportunity Drivers	Potential Financial Impacts
Physical risk	1. Collapse or degradation of ecosystems providing freshwater, flood mitigation, air and temperature regulation	Increased capital and operating expenditures for mitigating extreme weather events
Policy and Regulations	1. More stringent building code and planning requirements aimed at achieving nature-positive results	Increased capital investment and expenditures to meet these requirements
	2. More stringent nature-related public disclosure requirements	Increased expenditures to meet these new requirements  Need to attract green investment and diversify financing sources
Market, Reputation and Liability	1. Increased market demand on properties that have positive impacts on nature and mitigate negative impacts on nature	Increased revenue due to shift in market preference and potentially higher rental premiums
	2. Volatility/changes to costs of building materials with positive impact on nature	Increased material procurement expenditures
	3. Growing investor demand for nature-related finance and investment	Attract nature-related investment and diversify financing sources
	4. Increased exposure to nature-related reputation and litigation risks	Decreased revenue due to shifts in market preferences
Technology	1. Increased adoption of nature technology or other green technology that improve our monitoring and reduction of dependencies and impacts on nature	Increased capital investments in technology  Decreased operating costs due to improved resource efficiency and circularity
	2. Increased adoption of site-based nature-based solutions	Increased capital investments in nature-based solutions



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### Prepare

- Our goal is to create positive impacts on nature and biodiversity through our development design and operation practices, which revolve around the wellbeing of people, animals, plants and microorganisms.
- We consider the potential impacts and dependencies on nature at each stage of the value chain. Biodiversity considerations are embedded into our targets, policies and procurement processes to ensure that nature-related factors are integrated in our business decisions.

Nature-related and Biodiversity Policies and targets	Measures
<ul style="list-style-type: none"> <li>• Conduct biodiversity surveys in all new development projects.</li> <li>• Implement guidance to integrate biodiversity considerations into new developments.</li> <li>• 25% of products and services purchased shall be from sustainable sources.</li> </ul>	<p>We strive to introduce nature-inclusive designs, nature-based solutions and promoting circularity (construction &amp; operations) through:</p> <ul style="list-style-type: none"> <li>• Minimising our impact on nature through sustainable operations, such as water and energy efficiency, minimising waste generation and promoting circular practices.</li> <li>• Sustainable procurement, for example: Forest Stewardship Council (FSC)-certified timber, building materials with Construction Industry Council (CIC) Green Product Certification and sustainable seafood that meets guidelines set out by the WWF Seafood Guide or the Aquaculture Stewardship Council.</li> <li>• Development of a biodiversity checklist for our existing properties and new projects.</li> <li>• Introduced a large-sized continuous tall fung shui woodland canopy with careful selection of over 100 native species of trees in Taikoo Square and Taikoo Garden. Use of animal-waste based organic compost due to its nutrient-rich content, reduced nature impacts over conventional fertilisers.</li> </ul>

### Metrics and Targets

Category	Indicator	Metric	Unit of Measure	2023
Driver of nature change: Climate Change	GHG emissions	Scope 1	Tonnes of CO <sub>2</sub> e	10,369
		Scope 2	Tonnes of CO <sub>2</sub> e	152,781
		Scope 3	Tonnes of CO <sub>2</sub> e	257,874



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Category	Indicator	Metric	Unit of Measure	2023
Driver of nature change: Land/freshwater/ocean-use change	Total spatial footprint	Total surface area owned and managed by the company	Square feet	11 million
	Extent of land/freshwater/ocean-use change	Extent of land/freshwater/ocean ecosystem use change	Square feet	2.2 million
Driver of nature change: Pollution/pollution removal	Pollutants released to soil split by type	Volume of pesticides used by toxicity hazard level	Tonnes	6.4
		Chemical nitrogen fertilisers input by source	Tonnes	1.6
		Mineral phosphorus fertilisers input by source	Tonnes	1.9
		Total manure and compost input	Tonnes	0.6
Wastewater discharged	Wastewater discharged	Total wastewater discharged	000 m <sup>3</sup>	35,707
		Concentrations of key pollutants in the wastewater discharged	/	Greywater discharged from our operations was transported to municipal wastewater systems in the cities where we operate. The seawater discharged from our properties is regulated by the local regulations and parameters such as temperature, amine, biochemical oxygen demand, oil and grease levels are monitored regularly.
		Temperature of water discharged	/	



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Category	Indicator	Metric	Unit of Measure	2023
Driver of nature change: Pollution/pollution removal	Waste generation and disposal	Waste directed to disposal		
		<ul style="list-style-type: none"> <li>Hazardous waste</li> </ul>	Tonnes	1
	<ul style="list-style-type: none"> <li>Non-hazardous waste</li> </ul>	Tonnes	41,390	
	Waste diverted from disposal - reuse, recycling, recovery			
		<ul style="list-style-type: none"> <li>Hazardous waste</li> </ul>	Tonnes	2
	<ul style="list-style-type: none"> <li>Non-hazardous waste</li> </ul>	Tonnes	25,564	
Plastic pollution	Total weight of plastic packaging material used	Tonnes	0.5	The amount of plastic packaging material used by Swire Properties are mainly used by Swire Hotels as food packaging.
Non-GHG air pollutants	Non-GHG air pollutants (tonnes) by type: <ul style="list-style-type: none"> <li>Particulate matter</li> <li>Nitrogen oxides</li> <li>Volatile organic compounds</li> <li>Sulphur oxides</li> <li>Ammonia</li> </ul>	/		Emissions of NOx, SOx, and other pollutants are considered not significant in our operations.
Spills of pollutions	Volume of spills of diesel, paints, solvents, and toxic chemicals (m <sup>3</sup> ), by national or company spill classification scheme and by type of ecosystem affected	Number		In 2023, there were no confirmed incidents of significant spills that resulted in non-compliance with related laws or regulations, which could have had a significant impact on Swire Properties.



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Category	Indicator	Metric	Unit of Measure	2023
Driver of nature change: Resource use/ replenishment	Water withdrawal and consumption from areas of water scarcity	Water withdrawal and consumption from areas of water scarcity, including identification of water source	000 m <sup>3</sup>	The majority of water consumed by our operations is from municipal water supplies provided by local water supply authorities. We do not directly extract surface and ground water.
	Quantity of high-risk natural commodities sourced from land/ocean/ freshwater	Quantity of high-risk natural commodities sourced from land/ ocean/freshwater, split into types	Tonnes/m <sup>3</sup>	4,675 m <sup>3</sup> Timber 184,352 m <sup>3</sup> Concrete 35,622 tonnes Reinforcement bar
		Quantity of high-risk natural commodities sourced under a sustainable management plan or certification programme	%	100% sourced from certified sustainable timber in Hong Kong projects under development
		Percentage of timber procured that is from threatened species	%	
Driver of nature change: State of nature	Ecosystem extent and condition	Total soft landscape area in our portfolio	Square feet	0.84 million
Opportunity	Amount of capital expenditure, financing or investment deployed towards nature-related opportunities	Three-year budget/ forecast expenditure for climate-related projects	HKD	3,084 million
	Amount of capital expenditure, financing or investment deployed towards nature-related opportunities	Expenditures for climate change adaptation projects supported by green bond and green loan proceeds	HKD	6 million



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Occupant Wellbeing

We aim to operate and maintain our buildings and workspaces in ways that promote occupant health and wellbeing.

The relevant SDG is:



SDG 3

Ensuring healthy lives and promoting wellbeing.

On top of numerous physical and mental health and wellbeing considerations, we also design and construct our buildings to enhance visual comfort using natural daylight, glare indices and diverse types of lighting, at the same time minimising the adverse impacts of external lighting, such as sky glow, source intensity and building luminance. We also consider acoustic impacts throughout the design, construction and operational phases of our buildings.

We are also gradually installing UVC lamps in air-handling units across our portfolios. By the end of December 2023, this upgrade had been completed for the entire Taikoo Place portfolio to help with sterilisation and improve indoor air quality (“IAQ”).

This year, we piloted a smart personalised air conditioning control system on selected floors in our office. The cloud-based software aims to provide our employees with personalised control, striking a win-win situation of energy savings and increased occupant thermal comfort.

We conduct regular water quality assessments across our Hong Kong and Chinese Mainland portfolios to ensure our occupants access to safe and quality freshwater. We have also installed water overflow sensors and water-flood gates. These measures prevent mould growth, and allow us to detect abnormal water levels in order to protect our tenant's assets.

For our existing portfolio, we continuously monitor occupant wellbeing in our buildings and conduct assessments to identify risks and opportunities for improving tenant health and wellbeing, while we seek to incorporate wellness features and initiatives in all our new development projects.

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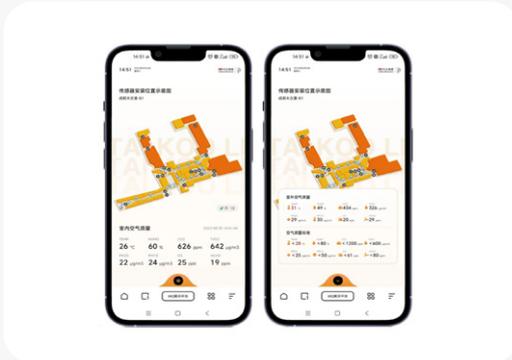
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**Smart IAQ Monitoring System**



This year, we continued to roll out our Smart IAQ Monitoring System across properties in Hong Kong and the Chinese Mainland. The system is installed in all lift lobbies and the main office lobbies on typical floors of our office buildings, in the lift lobbies and common areas of our malls, and will be installed in all new office buildings. At our Chinese Mainland malls we have also installed Smart IAQ Display

Platforms – public dashboards that allow tenants and visitors to view IAQ measurements at a glance.

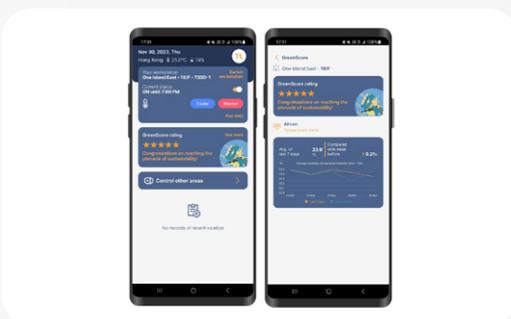
All IAQ data in Hong Kong and the Chinese Mainland are fed into our technical cloud. This information is used in our IAQ dashboards, providing an effective, interactive tool for IAQ analysis that is also contributing to the development of a broader HVAC strategy.

The system measures several indoor air quality variables, including

- Indoor air temperature
- PM2.5
- Humidity
- PM10
- CO<sub>2</sub>
- Ozone
- Total Volatile Organic Compounds
- Formaldehyde

Nearby outdoor air quality sensors also measure the same variables, providing a comparison between indoor and outdoor air quality.

**Pilot of a Personal Thermal Comfort Digital Solution**



In October 2023, we launched a pilot trial of a personal thermal comfort system in our internal offices. In partnership with a selected vendor, the system allows individual staff to control individual variable air volume (“VAV”) boxes, and hence air-conditioning and temperature, via a dedicated app. We expect the trial to be a success – showcasing we continuously

look to improve our portfolio occupants’ wellbeing, while also delivering meaningful energy savings through automation and tailored solutions.



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**Building/Asset Investments**

As part of our management approach to identify and manage the significant impacts of our buildings on the environment and natural resources, we aim to obtain certification for our buildings under environmental building assessment schemes that provide benchmarks and objective standards against which we can measure our performance.

As part of our Building/Asset Investments focus area, we support green building development.

The relevant SDGs are:



**SDG 11**

Making cities and human settlements inclusive, safe, resilient and sustainable.



**SDG 12**

Ensuring sustainable consumption and production patterns.

**Demonstrating and Sustaining Green Building Leadership**

Our projects employ an integrated design approach in accordance with the requirements of several internationally recognised green building standards and rating schemes. This requires members of our Project and Operations teams to work together in areas ranging from building design to construction and operation.

In 2021, Swire Properties became the first developer in Hong Kong and the Chinese Mainland to join the World Green Building Council’s (“WorldGBC”) Corporate Advisory Board. As part of a select group of global leaders in sustainability, companies that sit on the Corporate Advisory Board guide WorldGBC strategy and activities to accelerate the sustainable building movement.

We also encourage our tenants to participate in environmental building assessment schemes and work closely with them to implement sustainability strategies that will help them achieve the relevant certifications.

These include local and international green building certification schemes such as:

- BEAM Plus, a set of standards recognised and certified by the Hong Kong Green Building Council.
- LEED, a rating system devised by the United States Green Building Council.
- The China Green Building Label, issued by the Ministry of Construction in the Chinese Mainland.
- WELL, a certification scheme developed by the International WELL Building Institute.
- SmartScore – certification that recognises and promotes technologically advanced smart buildings globally.
- WiredScore – certification for offices that assesses digital connectivity in commercial real estate.

GRI  
417

HKEX  
Aspect A3, B6  
KPI A3.1, B6.4



## PERFORMANCE (ENVIRONMENT)

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 Resource and Circularity      Water      Biodiversity      Occupant Wellbeing      **Building/Asset Investments**

We also have an SD fit-out programme, part of our Green Performance Pledge, which offers a set of SD fit-out technical guidelines for new tenants and existing tenants planning a renovation. These guidelines feature user-friendly templates, office design tips and a validation and recognition system to improve energy and water efficiency, reduce waste and enhance employee wellness.

### Green Buildings as a Percentage of our Portfolio

- **94%** of wholly-owned existing buildings<sup>31</sup> are certified green buildings, of which **98%** have achieved the highest ratings.
- **100%** of wholly-owned projects under development<sup>32</sup> have achieved green building certification ratings.

### Green Buildings Certified in 2023

In 2023, 14 commercial buildings in our Hong Kong portfolio had completed recertification for the BEAM Plus Existing Buildings (“EB”) V2.0 (Comprehensive Scheme).

This is Swire Properties’ second time obtaining the highest Platinum ratings of BEAM Plus EB for the buildings below, both in 2018 and for the recent renewal:

- **Pacific Place:** One Pacific Place, Two Pacific Place, Three Pacific Place, Five Pacific Place, and Pacific Place Mall
- **Taikoo Place:** Cambridge House, Devon House, Lincoln House, One Island East, Oxford House, PCCW Tower, and Dorset House
- **Citygate:** Citygate Mall, One Citygate

<sup>31</sup> “Wholly-owned existing buildings” do not include joint venture projects and trading properties and are measured as the percentage of total GFA.

<sup>32</sup> “Projects under development” refers to projects that are under construction or in the precertification stage and does not include joint venture projects and trading properties.



**PERFORMANCE (ENVIRONMENT)**

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  - Occupant Wellbeing
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**Green Building Award 2023 and RICS Award 2023**

**Green Building Award 2023**



Citygate Outlets received the Grand Award in the Existing Buildings – Facilities Management category at the 2023 HKGBC Green Building Award 2023 ceremony. Citygate Outlets was awarded for its sustainable design and operational excellence in terms of energy, waste, water and IAQ, its active engagement with tenants and the community, and its comprehensive climate risk assessment.

**RICS Awards Hong Kong 2023**



Swire Properties was honoured to once again receive the Sustainability Award at the RICS Hong Kong Awards 2023, officially recognising our pioneering sustainability efforts and achievements. Named in particular were our Green Performance Pledge, our Green Kitchen Initiative and The Loop, which achieved excellence in driving sustainability through tenant engagement and digitalisation in the areas of decarbonisation and biodiversity.



## PERFORMANCE (ENVIRONMENT)

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Profile of Environmental Impacts

Climate Change

Energy

Resource and Circularity

Water

Biodiversity

Occupant Wellbeing

**Building/Asset Investments**

### Taikoo Li Qiantan Wins Multiple Awards



Taikoo Li Qiantan was named Commercial Property Project of the Year at the RICS Awards China 2023, which recognises inspirational initiatives and leading developments in the built and natural environments. The complex also won the Grand Award in the Building Outside Hong Kong category at the Quality Building Award 2022. These top awards reflect Taikoo Li Qiantan’s high standards of professionalism in design, operation and management.

### Taikoo Place Obtains LEED for Cities and Communities Certification



Taikoo Place received a final Gold rating under LEED v4.1 for Cities and Communities: Existing, making the complex the first project in Hong Kong to receive LEED for Communities Certification. This includes the 10 commercial buildings that are well-connected by footbridge, EAST Residences and the extensive open landscape at Taikoo Square, Taikoo Garden and Taikoo Park. LEED for Communities

evaluates a development’s performance across several topics including community infrastructure, services, sustainability, and quality of life.

We have put considerable effort into making this redevelopment project into a leading example of a planned resilient, green, inclusive, and smart community.



**PERFORMANCE (ENVIRONMENT)**

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**HKRI Taikoo Hui Receives LEED Platinum Certification**



In May 2023, HKRI Taikoo Hui was awarded Platinum certification in LEED v4.1 for Operations & Maintenance: Existing Buildings. The highest LEED certification, this covers the development’s shopping mall and two Grade A office towers and represents a new milestone in health and sustainability standards for the complex since it opened in 2017. Among the comprehensive measures taken to receive this certification were improved energy-,

water- and natural gas-use efficiency, sustainable supply chain initiatives, eco-friendly irrigation systems, and participation in our Green Performance Pledge and Green Kitchen Initiative schemes.

**Pacific Place Received LEED Platinum Certification for Existing Building Operation and Maintenance**



This year, we obtained LEED Existing Building Operation and Maintenance Platinum accreditation for our Pacific Place office portfolio – One Pacific Place, Two Pacific Place and Three Pacific Place. The accreditation reflects our continuous improvement in terms of building sustainability, energy performance, and lower operations and maintenance costs.