



Performance (Economic)

We aim to deliver sustainable economic performance coupled with good corporate governance and high ethical standards.

Performance (Economic)

Progress

Green Financing

Corporate Governance

Investor Relations

Risk Management and Internal Controls



We aim to deliver a sustainable economic performance coupled with good corporate governance and high ethical standards.

Top Material Issues



Corporate governance



Long-term financial
performance/value



Risk management

Progress

After achieving all our 2020 KPIs, this year, our Performance (Economic) Working Group, made up of 13 representatives from different functions within the Company, began working towards achieving our new [2025 and 2030 KPIs](#) in the focus areas under this Pillar: Financial Performance, Green Financing, Corporate Governance, Risk Management, and Disclosure and Communications. As communication is crucial to success, we continue to engage with our investors at various events to keep them informed about our SD journey and our performance.

Our progress this year is summarised in the table below.

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Progress Summary Table



Financial Performance

Underlying Profit | Dividends | Gearing Ratio and Credit Rating

Progress Update in 2021

- Details of our financial performance for the year ended 31st December 2021 are available in the [Swire Properties Annual Report 2021](#)



Green Financing

Green Bonds

2025 KPI

- Achieve a minimum of 50% of bond and loan facilities³⁷ from green financing

Progress Updates in 2021

- As at the end of 2021, approximately 30% of our current bond and loan facilities came from green financing.
- For more details, see our [Green Finance Report](#), published in December 2021.



Corporate Governance

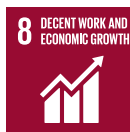
Anti-bribery and Anti-corruption

2025 KPI

- Annual bribery and corruption risk review by the Executive Committee ("EXCOM")

Progress Updates in 2021

- An anti-bribery questionnaire covering the 2021 reporting period has been reviewed and approved by EXCOM.



³⁷ Arranged by the Hong Kong head office.

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Executive Compensation

2025 KPI

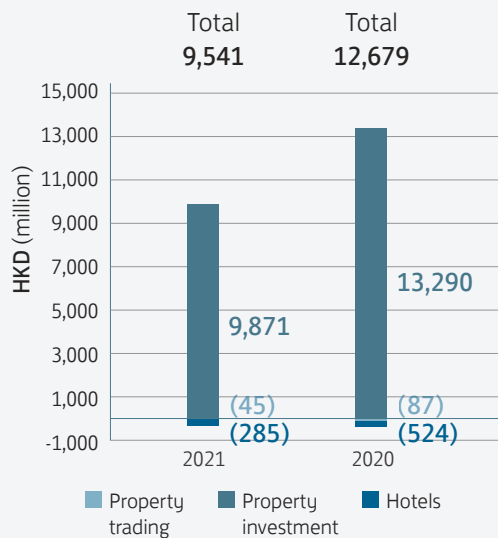
- Establish corporate SD performance metrics that are linked to the Chief Executive's variable compensation

Progress Updates in 2021

- The Chief Executive's variable compensation is linked to health and safety performance targets.

Financial Highlights for 2021

Underlying profit/(loss) by segment



Aggregate GFA attributable to the Group*

~30.7 million sq ft

Gearing ratio*

3.5%

Credit rating*

A
Fitch

A2
Moody's



Our focus area on Financial Performance aligns with:

SDG 8

Promote sustainable economic growth, employment and decent work for all.

*At 31st December 2021

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Corporate Governance

We are committed to conducting our affairs in accordance with high ethical standards. This reflects our belief that it is imperative to act with probity, transparency and accountability in order to achieve our long-term objectives of maximising shareholder value, while focusing on sustainable development to preserve the environment and promote the interests of our employees, those with whom we do business and the communities in which we operate.

The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- Satisfactory and sustainable returns to our shareholders.
- That the interests of those who deal with the Company are safeguarded.
- That we operate in an environmentally, socially and economically responsible manner across all aspects of our business.
- That overall business risks are understood and managed appropriately.
- The delivery of high-quality products and services to the satisfaction of our customers.
- That high standards of ethics are maintained.

Our Chairman is responsible for ensuring, through the Board, that good corporate governance practices and procedures are followed. Our Audit Committee, consisting of one Non-Executive Director and two Independent Non-Executive Directors, is responsible for assisting the Board in discharging its responsibilities for corporate governance.

Our Executive Committee, which is chaired by the Chief Executive and comprises two other Executive Directors and nine members of senior management, is responsible for overseeing the day-to-day operations of the Company.

For more information on Corporate Governance, please refer to the [Swire Properties Annual Report 2021](#).

GRI

2-9, 2-11, 2-12,
2-13, 2-16, 2-19,
2-20, 2-23, 2-24

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Ethics Corporate Code of Conduct

Our [Corporate Code of Conduct](#) (“the Code”) applies to every employee, officer and director of the Company and its subsidiaries. It sets out the operating principles underpinning our management approaches to a range of issues, including:

- Business ethics
- Conflicts of interest
- Competition and antitrust
- Bribery
- Political contributions
- Gambling
- Procurement
- Record keeping
- Use of Company information and property
- Whistleblowing
- Health and safety
- Environment
- Equal opportunities and diversity
- Use of social media
- Privacy

Under the Code, all our employees have a responsibility to report concerns about any suspected or actual improprieties relating to the Company and/or its subsidiaries. Employees found to be in breach of the Code will be subject to disciplinary action. In 2021, there were no reported cases regarding breaches of the Code.

Whistleblowing Policy

Our [Whistleblowing Policy](#) sets out our policy on whistleblowing, including the protection of whistleblowers from reprisal or disadvantage.

If an employee wishes to report concerns, they contact either our human resources and administration department, their immediate supervisor, the Swire group internal audit department (“GIAD”) or make a report through our whistleblowing platform hosted by a third-party service provider, which includes a 24-hour hotline service. Third parties who deal with Swire Properties, such as customers and suppliers, are also encouraged to report their concerns either directly to GIAD or via the whistleblowing platform. Anonymous reports may be submitted.

We also ensure that our contractors are aware of our Whistleblowing Policy and the different reporting platforms that are available to them.

In 2021, we received a total of 18 whistleblowing reports. All cases were related to operational issues and they have been evaluated and fully resolved. There were no incidents of human rights violations in the reporting period.

We are committed to the fair treatment of any person who makes a genuine and appropriate report. In addition to making every effort to keep the identity of whistleblowers confidential, all reported information is treated in confidence, except where Swire Properties is required by law or regulation to disclose it, for legal or audit purposes, or where Swire Properties refers the matter to the relevant regulators or law enforcement authorities.

GRI
2-15, 406

HKEX
KPI B7.2

GRI
2-26

HKEX
KPI B7.2

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Anti-corruption Practices

We have a strict policy of compliance with anti-bribery laws in every applicable jurisdiction. Our employees are not permitted to offer or accept advantages for the purpose of influencing business decisions, to make any form of payment to officials, or to grant, guarantee or accept loans from any person or organisation with whom we have business dealings.

To avoid the perception of improper conduct, our employees are expected to exercise caution when making or soliciting contributions to charitable causes and when providing entertainment and corporate hospitality or reimbursing bona fide expenses for legitimate business purposes. In 2021, there were no concluded legal cases regarding corrupt practices brought against the Company or its employees.

Our employees in Hong Kong, the Chinese Mainland, Singapore and Jakarta are required to confirm on an annual basis that they have read and have agreed to be bound by the Code, which includes our anti-bribery practices. An anti-bribery refresher training was arranged for all our employees in Hong Kong (including those who have been seconded to other offices), the Chinese Mainland and Swire Hotels in the last two years, as per the requirements of our Company Code of Conduct. Going forwards, we will increase the frequency of anti-bribery refresher trainings to become a yearly practice.

In 2021, approximately 10,520 hours of anti-bribery-related training was conducted for employees across the Company. Additionally, 100% of our directors completed anti-bribery and anti-corruption training over the past two years.

GRI
205

HKEX
Aspect B7
KPI B7.1, B7.2, B7.3

Product Responsibility

We are committed to ensuring that our marketing and communications materials comply with relevant government regulations and industry guidelines, including the Residential Properties (First-hand Sales) Ordinance in Hong Kong and the Consent Scheme of the Hong Kong Lands Department.

We respect property rights, including intellectual property rights, and require our employees to comply with applicable legal requirements relating to the collection, holding, processing, disclosure and use of personal data, and to respect the privacy of others and the confidentiality of information received in the course of business.

Please refer to the [Partners](#) section of this report for information about our Data Management and Protection Policy (Customer Data).

HKEX
Aspect B6
KPI B6.3, B6.5

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Competition Law

GRI
206

We are committed to complying with all applicable competition and antitrust laws, including the Competition Ordinance in Hong Kong.

To help our employees understand the legal requirements of the Competition Ordinance in Hong Kong, we have guidelines in place on dealings with competitors and third parties, avoiding abuse of market power and participating in trade associations and industry bodies. We have also developed and implemented a Competition Law e-training programme for relevant Hong Kong and Chinese Mainland employees.

In 2021, there were no legal actions related to anti-competitive behaviour brought against Swire Properties.

Information and Cyber Security

GRI
418

Under our risk management framework, the Board and management are responsible for identifying and analysing the risks related to information and cyber security, and for determining how such risks should be managed and mitigated.

We are committed to conducting regular audits to ensure compliance with our Information and Cyber Security Policy and Privacy Policy. We have adopted a cyber security framework that is aligned with National Institute of Standards and Technology (NIST), and we regularly conduct independent information security governance assessments to identify opportunities for improvement.

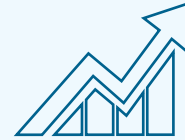
We also have a cyber incident response plan in place that outlines clear procedures and guidance for handling cyber security incidents and that addresses potential threats from cyber-attacks that may disrupt our business.

In 2021, upon completion of an independent verification, we obtained ISO 27001 certification for our IT infrastructure management, IT support operations and information security system of our Hong Kong portfolio. The system provides a comprehensive and robust framework for managing our IT infrastructure and operations. In turn, this provides protection for any personal data and sensitive information that we process, and ensures the deployment of appropriate processes and controls to minimise our risk exposure.

We regularly implement comprehensive information security and cyber security awareness training for our employees. In 2021, we offered 3,320 hours of such training.



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Continuously Reviewing our ERM System

Our Enterprise Risk Management (“ERM”) System helps us identify, analyse and manage business risks. Risk identification, analysis and management processes are completed on a regular basis throughout the year and the results help to guide our business decisions.

Our Corporate Risk Register (“CRR”) incorporates SD-related risks, such as climate-related risks. We have also integrated SD factors into our corporate risk analysis.

In 2021, we continued to partner with a risk management consultant to enhance our risk scoring model using a rating scale and risk dimensions that are easier to interpret and assess. This enhancement also facilitates benchmarking across the Swire Group through the alignment of risk scores. We continued to conduct regular review of risks and mitigation strategies and consulted with external risk advisors to share risk-related experiences and industry best practices.

Risk Profile

The following table provides an overview of our risk profile, including what we consider to be Swire Properties’ principal existing and emerging risks, possible associated impacts, and mitigation measures that are in place or under development. Many of these mitigation measures refer to activities discussed in more detail elsewhere in this report.

Existing Risks and Possible Impacts	Mitigation Measures
<p>Business Disruption</p> <p>Severe disruption to the business caused by acts of man or acts of nature may have adverse financial effects on the Company.</p>	<ul style="list-style-type: none"> • A business recovery plan for major incidents, and other business compliance measures for specific scenarios, operational emergencies and health and safety, are in place and are regularly updated and tested. • In response to pandemic, standard operating procedures and guidelines are in place, ensuring intensive cleaning and disinfection of our premises. Government’s requirements and guidelines on pandemic or social distancing are strictly observed. • Strategic plans are regularly reviewed to maintain business resilience and sustainability. • Conduct site surveys and consult professional advisors to ensure properties in earthquake and hurricane zones are built to meet the relevant building codes and safety standards. • Purchase insurance to the extent practicable to cover financial loss due to property damage, business interruption and third-party liabilities.

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Existing Risks and Possible Impacts

Political Risks

Changes in the global and local political landscape and priorities may have significant impact on the business environment.

- Closely monitor social media and government policies and respond in a timely manner.
- Senior management engagement with government authorities to anticipate political developments in order to plan appropriate responses and to ensure compliance with applicable laws and regulations.
- Maintain robust corporate governance practice through oversight functions (internal audit, risk management, the company secretary, legal counsel and independent non-executive directors).

Business Risks

The lack of compelling development projects and business disruption may lead to a slowdown in business and so affect financial performance.

- Obtain suitable reserves of land, reinforce existing assets and actively explore investment opportunities.
- Monitor and evaluate disruptive business models, with a view to making our operations more robust.
- Enhance competitiveness by increasing efficiency, using appropriate technology and operational procedures.

Brand and Image

The failure to maintain brand position and perception may make us less competitive.

- Crisis communication and social media policies are in place and are updated and tested regularly to ensure consistent, responsible and responsive communication (including when handling major incidents) in order to safeguard the Company's reputation.
- Closely monitor social media in order to evaluate and provide responses to negative social media content.
- Engagement with third parties to understand their perceptions of the Company and to anticipate current and potential economic, political, social or environmental issues that may adversely affect our reputation.

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Existing Risks and Possible Impacts

Development Risks

Delay in the completion of developments may have an adverse financial effect by delaying the timing of property sales and leasing.

- Closely work with contractors to monitor and manage construction progress in order to avoid delays.
- Stringent contractor prequalification requirements and stringent requirements for approving design changes.
- Build in contingencies for statutory approvals and communicate with government authorities on a timely basis.

Emerging Risks and Possible Impacts

Climate Change

Extreme weather conditions and climate change may increase the risks of physical damage to properties and adversely affect their valuation.

- A [Climate Change Policy](#) is in place and is updated regularly.
- Conduct [climate risk assessments](#) at all portfolios.
- Science-based targets have been established to achieve long-term decarbonisation.
- [Monitor and reduce carbon emissions](#) from construction activities and embodied carbon from major building and construction materials.

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Green Financing

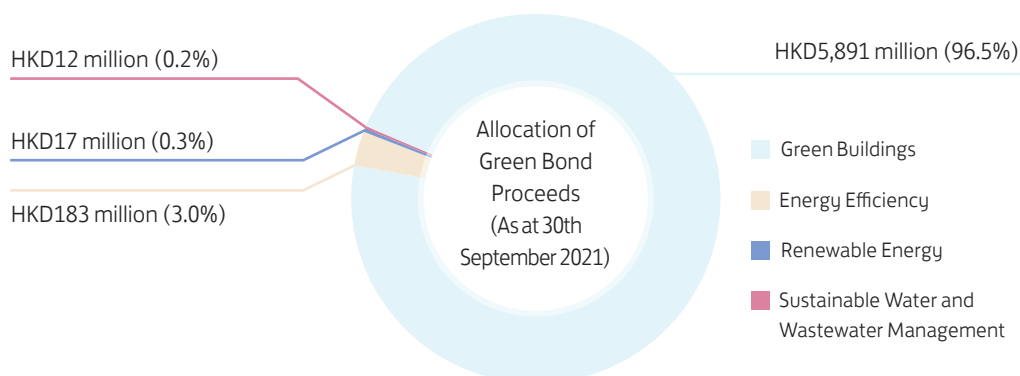
We are committed to integrating sustainability considerations into our financing mechanisms. By obtaining green financing through green bonds, green loans and sustainability-linked loans, we not only support the transition to a low-carbon, more resource-efficient and sustainable economy, we also reaffirm our commitment to SD, and to designing and developing sustainable projects that improve the wellbeing of building occupants and local communities.

We have targeted achieving a minimum of 50% of bond and loan facilities from green financing by 2025 and 80% by 2030.

Proceeds from Green Bonds Fully Utilised

The issuance of our first green bond in January 2018 symbolised our deep and ongoing commitment to SD. The bond raised USD500 million at a coupon rate of 3.5% and is due in 2028. In 2020, our commitment deepened further, with the issuance of four more green bonds totalling HKD1,934 million.

As at 30th September 2021, 100% of the net proceeds from these green bonds have been fully utilised. Together with the green loan, the proceeds have been allocated to the following green projects:



We issued our [Green Finance Report 2021](#) which provides information on the green projects funded by our green bonds and green loan and the estimated quantitative environmental impact, including energy and water saving, renewable energy generations and wastewater management practices, among others.

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Swire Properties' Green Finance Reporting Ranks in Global Green Bond Study's Top 10

Climate Bonds INITIATIVE

conducted by the Climate Bonds Initiative (CBI), an international organisation focusing on green financing.

The study reviewed close to 700 green bonds from more than 400 issuers around the world. Swire Properties' [Green Finance Report 2020](#) achieved the maximum score and was cited as a best-practice case study for the clarity, comprehensiveness and transparency of its reporting. The CBI also praised us for our efforts to go beyond green building certification in projects supported by green financing. This included our disclosure of qualitative and quantitative indicators, such as the estimated carbon emissions avoided as well as energy and water savings.

Swire Properties has been named one of the top 10 organisations globally in the "Post-Issuance Reporting in the Green Bond Market 2021" study

Our Broad Green Financing Profile



In 2019, Swire Properties became the first company in Hong Kong to launch a financing mechanism with an interest rate indexed against improvements in our year-on-year environmental, social and governance ("ESG") performance.

The agreement converted an existing five-year revolving credit facility of HKD500 million into a sustainability-linked loan, with the interest rate being indexed against improvements in our year-on-year ESG performance. A reduction in the facility's interest rate will be granted each year, as long as we:

- Retain our listing on DJSI World; and
- Achieve a target reduction in energy use intensity, measured in kWh/m² each year, for our Hong Kong portfolio.

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In 2020, we converted a further HKD2 billion in conventional loans into sustainability-linked loans and secured another HKD1 billion sustainability-linked loan, using the same criteria. These loans are being used to finance such projects as green buildings and the adoption of advanced energy- and water-saving technologies.

Our Two Taikoo Place project exemplifies how we put these loans to use. Set to open in 2022, the project is being built to the highest green building and wellness standards and has already earned triple Platinum pre-certifications in WELL, BEAM Plus and LEED.

Swire Pacific SD Fund Accelerates SD Projects



Swire Properties continues to receive financing from the Swire Pacific SD Fund, which was established to support and accelerate SD projects to improve sustainability performance through innovative technologies. We are currently implementing three pilot projects under this scheme that will be executed at a larger scale if they are successful:

1. Sub-Micron Heat Transfer Fluid Technology – aluminium oxide nanoparticles that can be added in a fluid to a closed-loop chilled water system to increase the water's thermal energy transfer capability. In turn this increases chiller efficiency and reduces energy consumption. Initial research shows this fluid increases performance by about 15% and decreases electricity consumption by around 12%.
2. Smart Waste Reduction and Engagement Solution – monitors tenant level waste disposal and recycling behaviours using smart scales and data-driven insights and engagement activities to gamify tenants' waste reduction journey and drive behavioural change. Read more about the [Smart Waste Reduction Challenge](#).
3. Integrated Direct Current ("DC") Microgrid Solution – involves the adoption of a DC microgrid infrastructure that can reduce electricity conversion loss between systems and will support PV panels and low-carbon fuel cell applications. Read more about the [energy-saving strategies](#) we adopted in 2021.

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We believe in keeping our investors properly informed of our operations and our plans, and in being transparent and proactively communicating with them about all matters, both financial and those related to sustainability.

Keeping our Investors Updated and Informed

Since 2019, we have held ESG Investor Days for investors and analysts. Due to pandemic-related restrictions, instead of an in-person event, we held a webinar for our debt and equity investors in mid-2020, attended by over 60 investors and analysts. Senior management provided updates on the company's latest developments and sustainability-related achievements.

A similar situation prevailed in 2021. In June, we again held an ESG-focused webinar to keep investors up to date with our sustainability efforts and ambitions, and continuing dialogue with investors and ESG analysts.

We also shared our insights on key ESG issues of real estate industry and the opportunities for sustainable real estate investing in several ESG-related conferences and investor meetings in 2021, including:

- Bloomberg Green Real Estate Investment Events: Panel Discussion
- BNP Paribas Sustainable Future Forum 2021 – The Race Plan for Net-Zero
- Morgan Stanley Virtual Asia ESG Conference