

Swire Properties Limited – Driving Long-term Decarbonisation and Climate Resilience

Swire Properties Limited recognises climate change poses significant risks and also presents significant opportunities to its business. Our Chief Executive believes that companies with a strong commitment to improving their sustainable development (“SD”) performance will be better prepared to withstand systemic climatic, social and economic stresses and volatility. This will require bold decision making, investment, leverage on our experience and expertise and working closely with upstream and downstream partners.

In this [short video](#), our Chief Executive **Tim Blackburn** shares his net-zero vision and reveals what motivates him to drive our sustainability journey to new heights:

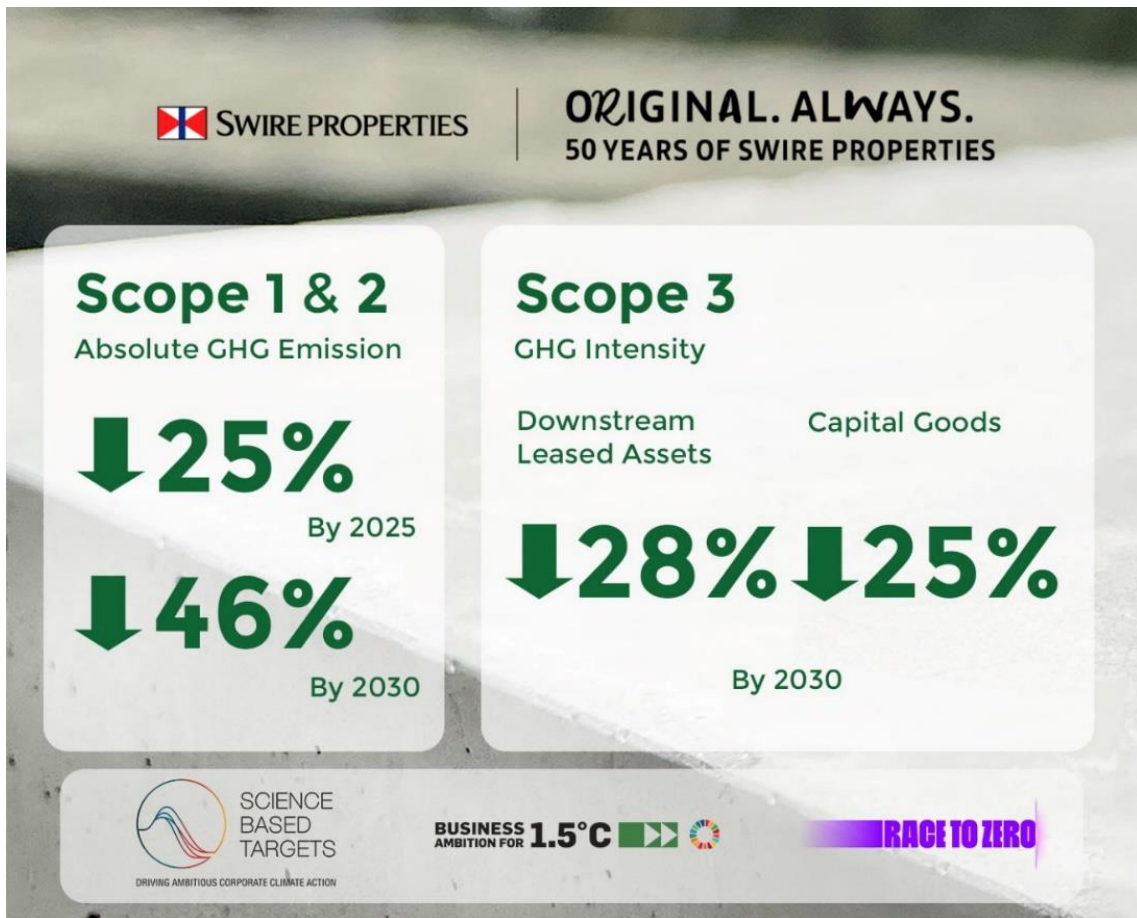


Link for the short video:

https://www.swireproperties.com/spl_ms/ms_index.html?sUrl=ca2f8178-d92d-4821-87ae-47fe3f5944b3/NetZero_CE_TC.ism/manifest

1.5°C-aligned SBT to Drive Decarbonisation

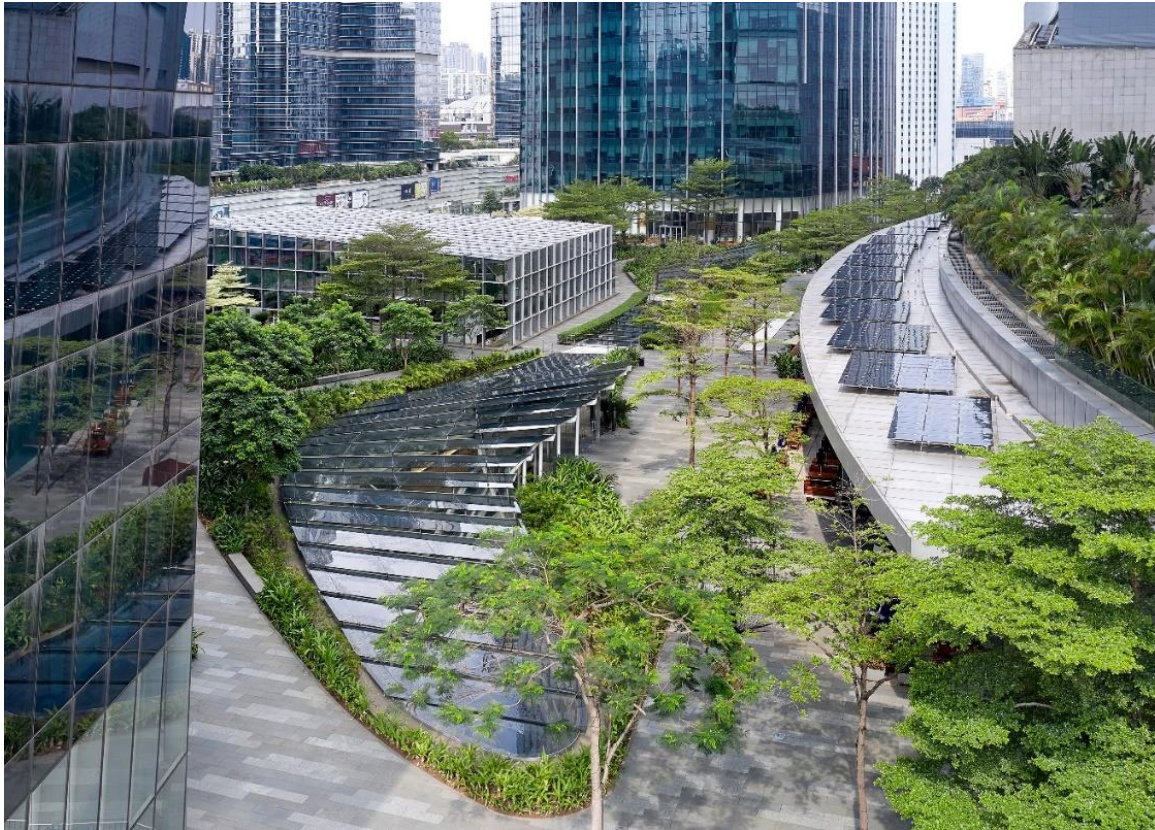
In December 2020, Swire Properties signed the Business Ambition for 1.5°C, the first real estate company in Hong Kong and the Chinese Mainland to pledge support to the commitment. To achieve the ambitious vision, Swire Properties has ramped up its science-based targets to the more stringent 1.5°C pathway, which were approved by Science Based Targets initiative (“SBTi”) in October 2021. The 1.5°C -aligned SBT will ensure achievement of its near-term deep decarbonisation targets that align with the Paris Agreement goals and sets the Company to advance to net-zero emissions by 2050.



Comprehensive Decarbonisation Strategies

Swire Properties has adopted a variety of cutting-edge technologies and management strategies at building and portfolio levels to achieve carbon and energy reduction:

- A smart energy management platform has been introduced, which enables better energy data tracking and optimisation for the Company's global portfolio through the use of Internet of Things, big data analytics, artificial intelligence and cloud computing.
- An emerging technology under development is an integrated photovoltaics ("PV"), fuel cell and direct current ("DC") microgrid solution at Taikoo Li Sanlitun in Beijing, which can generate and store solar energy, as well as distribute it more efficiently.
- Continues to explore ways of increasing renewable energy adoption across its portfolio: Sino-Ocean Taikoo Li Chengdu and Taikoo Hui in Guangzhou have achieved 100% renewable electricity since 2020 and 2021 respectively via off-site power purchase agreement ("PPA"). On-site renewable energy generation facilities, such as solar PV panels, wind turbine and waste-to-energy tri-generation system have been adopted in selected buildings.
- Since 2011, Swire Properties has worked with Tsinghua University through its Joint Research Centre for Building Energy Efficiency and Sustainability to develop and test new methods for increasing energy efficiency and improving environmental performance in their projects.



Reducing Upstream and Downstream Scope 3 Emissions

To address the Scope 3 emissions from its downstream leased assets, Swire Properties has taken various measures to help its commercial tenants to decarbonise. Electricity consumption by tenants accounts for approximately 50 to 60% of the total building energy consumption. Therefore, free energy audits have been provided to tenants to help them identify energy-saving opportunities. As of end of 2021, over 9.1 million kWh potential annual energy savings from tenants' premises have been identified.

In August 2021, Swire Properties launched the Green Performance Pledge (“GPP”) to drive deeper landlord-tenant partnerships on sustainable development. Building on the basic premise of a green lease, the GPP covers the entire tenancy cycle from fit-out, and operation, which focuses on creating significant impact in terms of energy, water, and waste reduction. This performance-based programme gives users access to a multitude of ‘green’ tools and technologies while enhancing tenant-landlord collaboration. It aims to achieve 50% sign up to its GPP amongst their office tenants by 2025¹.

¹ Across Swire Properties’ Hong Kong and Chinese Mainland portfolio, measured by occupied lettable floor area (“LFA”) of office portfolio at 100% basis comprising of Taikoo Place and Pacific Place in Hong Kong and Taikoo Hui in Guangzhou.

On top of that, Swire Properties has initiated works along its supply chain to reduce the upfront embodied carbon emissions generated from its new property development projects through procuring building materials with lower embodied carbon, optimisation of building structural design and better site management. At one of its new developments, Two Taikoo Place, nearly 100% low-carbon concrete certified at “Platinum” level and high recycled content structural steel have been adopted. The Company is also the first Hong Kong developer to include low-carbon procurement specifications for building materials in main contracts for new development projects.



To reduce emissions from purchased goods and services, another Scope 3 emissions source, a sustainable procurement strategy has been formulated, including guidelines on environmental procurement in accordance with the ISO 14001 Environmental Management System. Swire Properties aims to procure 25% of its products and services from sustainable sources by 2025².

Green Financing as Catalyst

Swire Properties is committed to integrating sustainability considerations into its financing mechanisms, to support its transition to a sustainable low-carbon business. It aims to achieve a minimum of 50% of bond and loan facilities from green financing by 2025. As at the end of May 2022, around 40% of bond and loan facilities were from green financing.

² Target include wholly-owned investment portfolios. Sustainable products are regarded as items that meet specific sustainability criteria such as green certification or accreditation by reputable, independent third parties.