



## What value do we get from the Carbon Disclosure Project?

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As a diversified group with decentralised management we have found the CDP useful in getting the management of different companies to consider the impact of global warming and restrictions on GHG emissions on their businesses. Specifically:

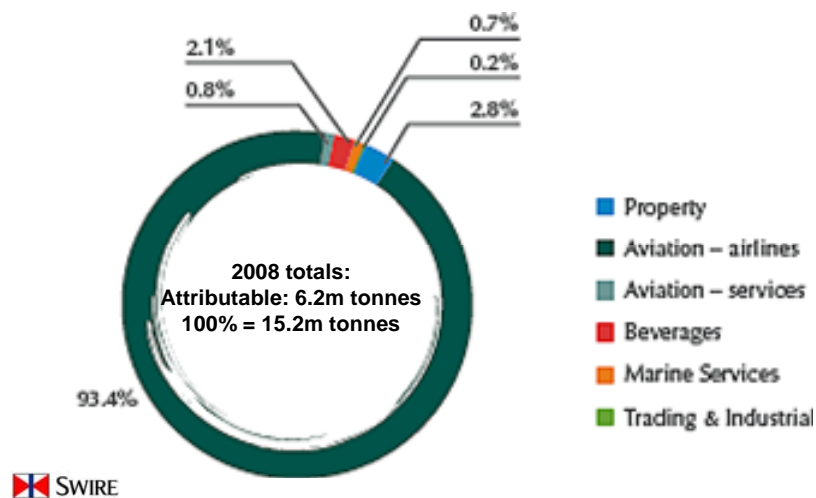
- To measure the carbon footprint of their business in a systematic, internationally accepted manner.
- To consider the physical and regulatory risks to which their business is exposed. In particular to develop metrics for the carbon-intensive their businesses.
- To consider the opportunities which may arise from the coming carbon constraint.
- To thinking to review the significances of the GHG emissions,

The Swire Group first completed the Carbon Disclosure Project for 2005 data as an internal exercise. Swire Pacific and Cathay Pacific have publically since 2006 and HAECO since 2007. In addition we use it as an internal excise for our companies and business units. Last year we had 21 companies complete the disclosure questionnaire for this purpose.

The Carbon Disclosure Project questionnaire as breaking down into three elements:

1. Reporting historical numbers. – This is the most useful service which CDP provides.
2. Encouraging Management Discussion and Analysis for the numbers. – The value of this will depend on the scale of the numbers and the imminence of regulation.
3. Making projections. This is an area which, as a publically quoted company, we have to be very careful about. Having the projections internally as part of our budgeting and planning process is important but disclosing them leads to the risk of some shareholders getting information ahead of others. Further the projections are dependant on many assumptions and can easily be misinterpreted. I'm therefore glad that CDP plan for next year reduce requirements in this area.

Reviewing our footprint and talking about some of our issues:  
**Greenhouse gas emissions  
 attributable to Swire Pacific**



We report both the 100% and the attributable footprint. We see the ‘attributable’ footprint as the one which should be used when comparing with our financial numbers. As this chart shows Aviation is by far our largest contributor.

Cathay Pacific Airways and Dragonair have the greatest footprint in our group. They have:

- Continued their work on improving fuel consumption
- Introduced the Fly Greener programme to give passengers the option of offsetting
- Worked with IATA and the ‘Aviation Global Deal’ group of other airlines to look for at what solution might come out of Copenhagen which would meet the need to reduce emissions and put the aviation industry on a sound basis. They need to take action which achieves three things:
  - Reductions on the ground as there will only be room in the atmosphere for mass aviation to continue if we reduce emissions on the ground.
  - All airlines treated equally – per the Chicago Convention
  - Common but differentiated responsibilities to be recognised in accordance with the United Nations Framework Convention on Climate Change.

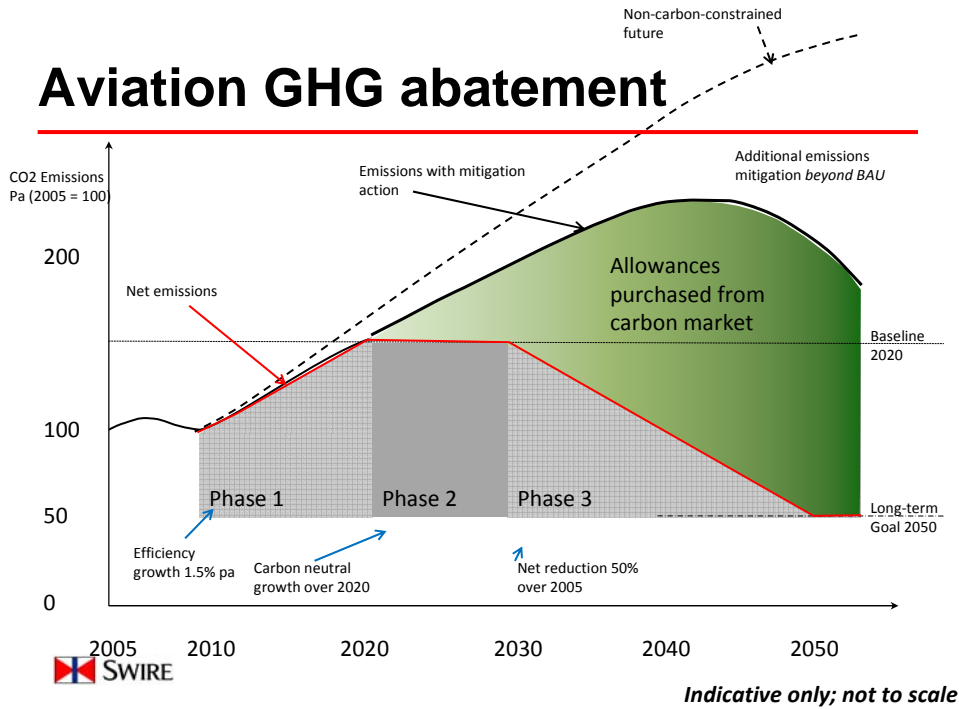
The answer is for all airlines pay for their emissions and a substantial portion of the proceeds go paying for mitigation in developing countries.

The IATA plan which Cathay Pacific supports is for:

- Fuel efficiency improvement of 1.5% pa from 2010 – 2020
- Carbon Neutral Growth 2020 onwards
- Trajectory to 50% of 2005 by 2050

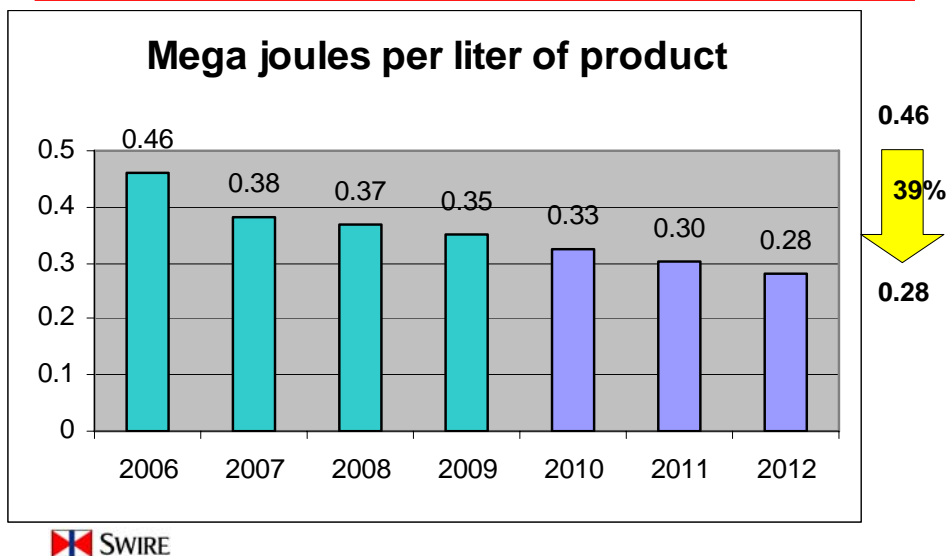
The graph on the next page illustrates the pathway this plan would provide including the need for aviation to purchase from the carbon market. It is these purchases which can fund adaptation and mitigation in developing countries.

# Aviation GHG abatement



Reviewing other divisions:

## Swire Beverages 131,000 tonnes



Beverages actions to achieve these reductions include:

1. High efficiency equipment e.g. motor, compressor & blower, VSD pumps
2. Heat pump & hot water centre
3. Infra red heat source detection to identify heat loss areas
4. Ammonia heat recovery
5. Cold sugar dissolution
6. Better insulation
7. Compressed gas leakage detection
8. LVD or energy efficient lighting
9. Vehicle fuel additive/economizer
10. Methane recovery
11. Ground source heat pumps
12. Green roof

# Swire Properties 174,000 tonnes

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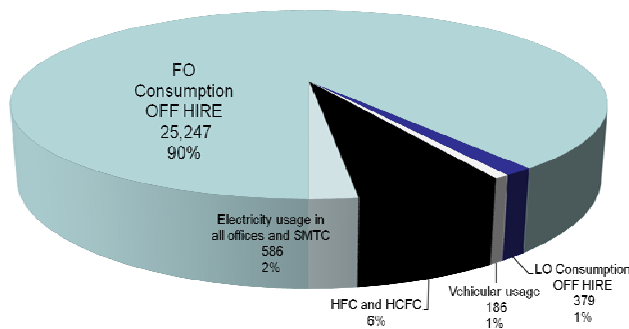
Improve energy efficiency through:

- Better building design
- Equipment upgrades
- BMS research with Tsinghua University
- Benchmarking against other property companies.



## Swire Pacific Offshore 27,000 tonnes scope 1 and 2 emissions

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In addition work to help customers reduce on-hire emissions of about 450,000 tonnes per annum. (Scope 3 for SPO.)



**To conclude, the value we get from the Carbon Disclosure Project includes:**

1. External: Consistent GHG information to our shareholders.
2. Internal: A consistent starting point for management thinking on the carbon constraint:
  - a. Risk assessment
  - b. Looking for opportunities
  - c. Reducing our footprint.
3. Global: knowing that others are also taking action.