

Swire Pacific Supplier Corporate Social Responsibility
Code of Conduct

POLICY

The executive management of each company in which Swire Pacific has a controlling interest and its associated companies and jointly controlled companies will take adequate steps to ensure their suppliers are legally compliant and achieve appropriate standards on environmental, health and safety and labour issues.

EXPLANATORY NOTE

Companies are judged not only on their own performance but also on the performance of their suppliers. Operating companies should therefore ensure that their need to purchase goods on competitive terms is not met at the expense of labour standards, health and safety or the environment. It is recommended that they do this by establishing a 'supplier Corporate Social Responsibility ("CSR") Code of Conduct ("Code") and, where appropriate, making compliance with the Code a requirement in contracts for the supply of goods and services. Pages 2 to 4 of this document outline the minimum recommended requirements of the Code, together with additional clauses that companies may adopt if they deem appropriate. Which contracts it is appropriate to make subject to the Code will depend on the following factors:

- Risk factors: For example:
 - some industries are more vulnerable to risks such as pollution and child labour than others.
 - Contracts which cover a high volume of purchases have a greater impact than ones which cover occasional minor purchases.
- The nature of the supplier: Where suppliers are in a monopoly supplying position or are Government owned it may only be practical to have the Code as a discussion document rather than part of purchase contracts.

The Swire Supply Chain Sustainability Working Group exists to assist companies share best practice in this area. It shares codes of conduct, examples of contract clauses and other material via SwireLIVE.

The large number of continually changing supplier relationships makes achieving complete compliance very difficult. Rather, each company should ensure all practicable actions are taken and should seek to continuously improve supplier compliance with the code of conduct.

Supplier Corporate Social Responsibility Code of Conduct¹

[Company name]'s sustainable development policy commits it to high standards on environmental, health & safety, human rights & labour policies, business ethics and community issues. It also commits it to favouring suppliers who share the same standards and promote sustainable development.

We actively seek to select and work with suppliers who not only comply with laws and regulations, but go beyond by setting standards that are expected of an industry leader. We also have a strong preference to work with suppliers who share our commitment to honesty and integrity and who seek to integrate principles of sustainable development into all areas of their business. Our suppliers should proactively provide clear, accurate and appropriate reporting of their progress toward achieving their sustainable development objectives.

We are committed to select and retain qualified suppliers that meet the following standards:

Legal and Regulatory Compliance

Suppliers shall ensure their operations and the products and services supplied comply with all national and other applicable laws and regulations.

Forced Labour

Suppliers must not use forced, coerced, bonded, or indentured labour or involuntary prison labour.

Additional clause for use where appropriate:

[All work, including overtime work, shall be voluntary. Employees should be free to leave employment upon giving reasonable notice. Suppliers should not require employees to hand-over government-issued identification; passports or work permits as a condition of employment.]

Child Labour

Suppliers must not:

- employ any person under the local legal minimum employment age, or
- employ any person in a manner which conflicts with completion of their compulsory schooling, or
- employ any person below the age of 14* years on a full time basis.

Additionally, all young employees must be protected from performing any work that is likely to be hazardous or likely to interfere with their education or that may be harmful to their health, or their physical, mental, social, spiritual or moral development.

Suppliers should also adhere to legitimate workplace apprenticeship programmes and comply with all laws and regulations governing child labour and apprenticeship programmes.

Health and Safety

Suppliers must have in place, or agree to adopt in a reasonable timeframe, health and safety management systems and standards designed to reduce work-related injury and illness, and promote the general health of employees. Suppliers must ensure information regarding health and safety systems and standards are made readily available to employees.

Additional clause for use where appropriate:

[Suppliers will ensure that employees are aware, through newsletters, training or other effective and frequent means of communication, of the suppliers' obligations]

¹ **Code title:** companies to choose whether to use the title: 'Supplier CSR Code of Conduct' or 'Supplier Code of Conduct'.

* **Child Labour:** Alternative: Use 16 years old as the minimum

with regard to site safety and their own obligations of ensuring the safety of themselves and other employees.]

[Suppliers' systems should ensure at a minimum, reasonable access to potable water and sanitary facilities; fire safety; emergency preparedness and response; industrial hygiene; adequate lighting and ventilation; occupational injury and illness and machine safeguarding. Suppliers will also ensure these same standards apply to any dormitory or canteen facilities.]

Environment

Suppliers should (a) have in place an effective system for managing environmental issues including measuring and reporting on their environmental impact; (b) seek to improve the impact of their operations upon the environment; and, (c) where appropriate take a precautionary approach to environmental matters. We will have a strong preference for Suppliers whose goods or services can make a significant difference to reducing their environmental impact.

Additional clauses for use where appropriate:

[Chemical and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, recycling or reuse and disposal.

Wastewater and solid waste generated from operations, industrial processes and sanitation facilities are to be monitored, controlled and treated as required prior to discharge or disposal.

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, monitored, controlled and treated as required prior to discharge.

All types of waste, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.]

Compensation and Working Hours

Suppliers must provide each employee at least the local legal minimum wage and benefits. Suppliers must pay their employees promptly, providing each with clear, written accounting for every pay period. Wages should be paid regularly, on time and be fair in respect of work performance. Payment should not be made more than one month in arrears and deduction should not be made from employee pay for disciplinary reasons. Employees should be compensated for overtime according to the law and within legal working hour limits.

Employees should be granted their stipulated annual leave and sick leave without any repercussions, and should be permitted to take their stipulated maternity or paternity leave in accordance with national laws.

Discrimination / Rights

All conditions of employment must be based on an individual's ability to do the job, not on the basis of personal characteristics or beliefs. Suppliers must not discriminate on the basis of race, colour, national origin, age, gender, sexual orientation, religion, disability or other similar factors.

Employees shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse, nor is there to be the threat of such treatment.

Suppliers shall have in place communications mechanisms and grievance procedures that allow employees to raise concerns and complaints with management.

Suppliers shall respect employees' rights to choose whether to be represented by third parties and to bargain collectively in accordance with local law. Harassment, intimidation, penalties, interference or reprisal should not be used to interfere with such legitimate activities.

Subcontractors and other Service Providers

Suppliers should work with their own service providers and subcontractors to ensure that they also strive to meet the principles of this Code. This should be integrated within the supplier's business processes to select and manage the performance of subcontractors and other service providers.

Suppliers and subcontractors should be paid accurately and on time.

Ethics

Suppliers must commit to attain the highest standards of moral and ethical conduct in their business. All forms of corruption, extortion, fraud and bribery should be prohibited, including those for the suppliers' own benefit or for the benefit of their relations, friends or associates.

Suppliers should disclose to Swire any situation that may appear as a material conflict of interest. They are also expected to disclose to Swire if any of Swire's officials or professional under contract with it have a material interest of any kind in the supplier's business or any kind of economic ties with the supplier.

Communication, documentation and Inspection

Suppliers are responsible for communicating the requirements of this Code to their employees. The Code should be made freely available to employees in their local language and in a readily accessible place.

Suppliers must maintain records of all relevant documentation necessary to demonstrate compliance with this Code and related laws, and where requested should agree to make these documents available for us or our designated auditor as evidence of compliance. Where appropriate, suppliers may be asked to permit inspections of suppliers' sites and facilities for verification purposes in line with this Code.