

SUSTAINABILITY REPORT 2016

think differently

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We welcome your views on how to improve our reporting

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MESSAGE FROM THE CHAIRMAN AND CEO



2016 MARKED THE 200TH YEAR OF BUSINESS FOR THE SWIRE GLOBAL GROUP OF COMPANIES AND 162 YEARS OF DOING BUSINESS IN AUSTRALIA.

By any measure, these are significant lengths of time and are testament to Swire's commitment to operating sustainably for its people, the communities in which it operates and the environment. These milestones are also testament to the fact a company can only thrive if it is prepared to challenge itself and be prepared to think differently as circumstances necessitate.

Operating for such a long time has also imbued the Swire culture with a core value of continuity – operating for the long-term and utilising cyclical downturns to prepare for market growth. The Australian commodity and resource markets and retail supply chain continue to be highly cost-competitive. Our businesses operating in these industries are focused on improving their operating efficiencies and finding smarter ways to do more with less. The infrastructure construction industry, particularly in Victoria where it is being fuelled by high levels of government investment, has sharply ticked upwards over the past two years. Our construction materials recycling and asphaltting business, Alex Fraser, is well-placed for market growth, having focused on improving productivity, safety and customer service over the past few years. It is seeing excellent returns on investment. Its challenge is now to maintain its vigilance on safety, while maintaining high levels of production and providing high quality service for customers.

Against this backdrop of a varied, uncertain and complex work environment, in 2016 we challenged our leaders to 'think differently'; to find new ways of working, challenging norms with new ideas and detaching ourselves from the way we've done things in the past. We asked them to embrace change and find innovative

solutions to the challenges facing our customers and our businesses. Innovation does not, however, mean change for the sake of change. It means thinking deeply to grasp the real issue, seeking the best solution and executing the solution effectively. Only by doing this, can our businesses operate sustainably for the long term.

We continue to support and develop our people's capability to be able to meet this challenge, as well as drive a positive, engaged and aligned culture. Nearly 80 leaders received leadership development this year, while alignment and engagement surveys were held in two businesses to inform continuous improvement plans.

The health and wellbeing of our people and achieving safety excellence is our highest priority in our businesses and during the year we have continued to work tirelessly to become the safest operators in the industries in which we work and achieve our goal of zero harm. We reduced our TRIFR from 6.89 per 1,000,000 hours to 3.84, with notable improvements in HSE Mining (reducing from 4.55 to 0.64) and Swire Cold Storage (halving from 11.91 to 5.95). While this is an admirable achievement, there is no room for complacency and we will continue to strengthen our safety and wellbeing programs in 2017, with a focus on mental wellbeing and fatigue management as well as issues specific to each business.

The environmental issues which are material to our businesses are primarily the reduction of carbon through the mitigation of power and fuel usage, and the responsible use of water. Each of our businesses seeks to use water responsibly by reducing usage, harvesting rainwater where possible or recycling. HSE Mining

recently introduced water application control mechanisms on its water trucks (used for dust suppression on mine sites) which has both reduced water usage and vastly improved safety. A new cold store in Hanoi, which started construction this year, is being built to LEED gold standard and is estimated to reduce water consumption by 47 per cent and total emissions by 38.5 per cent.

Across each of our businesses with large heavy and ultra-class fleets, technological and design innovation in trucks is being implemented to reduce fuel burn, improve productivity and safety and better service our customers. We are seeing the benefits of the first full year of solar production at eight of our sites, as well as the installation of LED lights. In our cold stores, a focus on improving thermal efficiency is also reducing energy consumption. These initiatives are having a measurable effect on reducing our total energy consumption, with a 15 per cent reduction achieved across our businesses in 2016.

Throughout this report, you will find examples of sustainability in action across our businesses, particularly in the areas of developing our people's capability, safety excellence and environmental sustainability in carbon (solar and vehicle efficiency), water and waste. I hope you enjoy reading about our endeavours to continue to improve sustainably.

Geoff Cundle
Chairman and CEO
John Swire & Sons Pty Ltd

2016 SNAPSHOT OF OUR BUSINESS



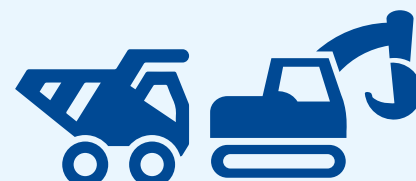
162 YEARS
OPERATING
IN AUSTRALIA



FOUR OPERATING
COMPANIES IN
AUSTRALIA, ONE
IN VIETNAM



APPROXIMATELY
2,000
PEOPLE EMPLOYED



40
SITES ACROSS
6 STATES

OPERATING
REVENUE OF
\$660
MILLION*

* EXCLUDING SALES FROM ASSETS
AND FINANCIAL INVESTMENTS

2016 SUSTAINABILITY HIGHLIGHTS



26,433
SAFETY CONTACTS
CONDUCTED



4,695
TOOLBOX TALKS



332,854 KWH
RENEWABLE ENERGY
GENERATED



15%
REDUCTION IN CARBON
EMITTED (TCO2-E)



4 **218**
SAFETY SUMMITS PEOPLE
ATTENDED



INJURY FREQUENCY
RATE REDUCED
47%



89
PEOPLE PARTICIPATED IN
GROUP LEADERSHIP TRAINING



AT LEAST
\$294,000
IN COMMUNITY
INVESTMENT

ORGANISATION OVERVIEW

ABOUT JOHN SWIRE & SONS PTY LTD

John Swire & Sons Pty Ltd is a private holding company headquartered in Sydney which has managed Swire's interests in Australia since 1952. Swire established its interests in Australia in 1855 and over 162 years has operated companies in diverse industries.

Operating for more 200 years, John Swire and Sons Ltd, whose holdings include the publicly listed companies Swire Pacific, Cathay Pacific Airways, Swire Properties, Hong Kong Aircraft Engineering Company (HAECO), and the Papua New Guinea based Steamships Trading Company in addition to a number of privately owned companies, wholly owns John Swire & Sons Pty Ltd.

As the holding company for the Swire Australia group of companies, John Swire & Sons Pty Ltd provides strategic oversight and governance to four local subsidiaries: Alex Fraser, HSE Mining, Kalari, and Swire Cold Storage. Alex Fraser recycles waste materials for aggregate and provides asphalt services in Victoria and Queensland, Kalari provides specialised bulk logistics to the mining and resources sector and other selected industries across Australia, Swire Cold Storage and Swire Cold Storage Vietnam provide temperature-controlled storage and logistics to the food and beverage industries in Australia and Vietnam, while HSE Mining provides large-scale contract mining services.

During 2016, a number of material changes within the subsidiary businesses took place. Alex Fraser operates recycling facilities on three sites as a network to the east, north and south east of Melbourne. During the year, the sale and leaseback of the land was completed to provide additional funds for capital investment in other areas of the group, while Swire Cold Storage closed two of its ageing sites, Homebush in Sydney and Clayton in Victoria.

MATERIALITY APPROACH AND STAKEHOLDER ENGAGEMENT

The 2016 report is the sixth annual sustainability report produced by John Swire & Sons Pty Ltd. It encompasses the operational activities for the 2016 calendar year of John Swire & Sons Pty Ltd and its subsidiary companies: Alex Fraser, Kalari, HSE Mining and Swire Cold Storage (including Vietnam).

John Swire & Sons Pty Ltd reports on its commitments towards sustainable business practices on a voluntary basis using the Global Reporting Initiative's G4 Sustainability Reporting Guidelines and contains standard disclosures.

The GRI G4 Framework categorises sustainability issues into a number of different 'Aspects' representing an organisation's economic, environmental and social performance.

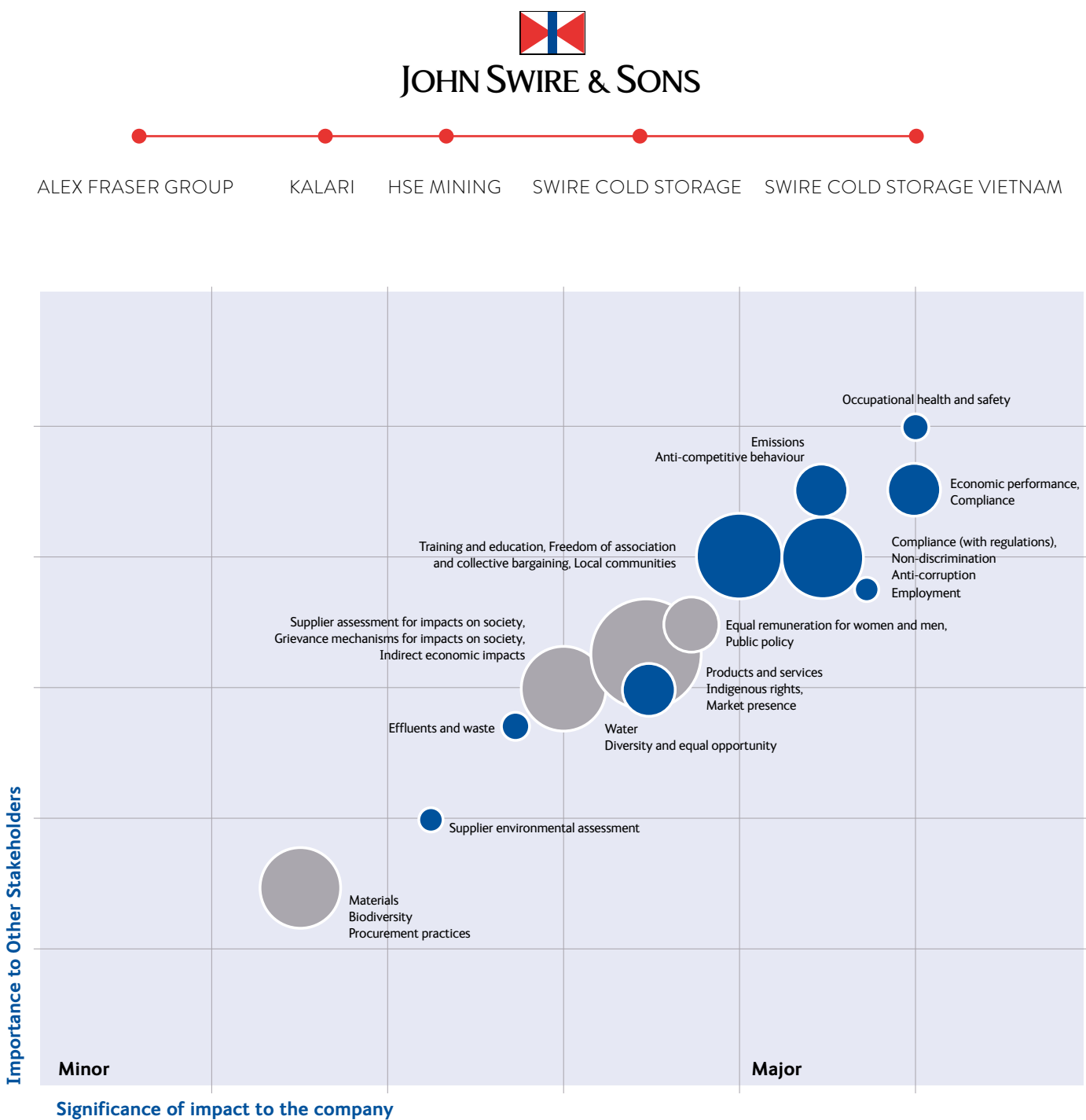
We report on indicators within those 'Aspects' (an issue or area of impact) that have been materially tested and deemed most relevant to our businesses, as well as a number of indicators, which have not been deemed material but on which we report to maintain long-term consistency. In 2015 we held a pre-survey and a full-day workshop with senior leaders from our businesses to gain their input into which issues were of most significance to their business and to rank the perceived importance of the issue for stakeholders including staff, community, regulators, customers and suppliers.

The perceived importance of issues for other stakeholders was based on feedback from existing engagement activities undertaken during the year. The 'Stakeholder Engagement' section provides an overview of these activities.

The potential consequences for our businesses were based on their individual corporate risk rating matrix that measures risk in a number of categories including financial, community, health and safety, environment, legal and compliance.

The chart opposite highlights the aspects we determined should be reported upon, based on their importance to the company and impact on stakeholders. The circles in blue classified as of minor significance are those we continue to report upon because they are relevant to our parent company and we have been collecting data for some time.

GRI REPORTING COMPANIES



GOVERNANCE AND ENGAGEMENT

John Swire & Sons Pty Ltd has a unitary board structure. During 2016 one non-executive officer was appointed and as of 31 December 2016 the board comprised a chair who is also the chief executive officer, one executive officer, two non-executive officers and four independent non-executive officers. The board’s composition is 25 per cent aged 30-50 years old, 75 per cent over 51 years old and 12.5 per cent female.

The board provides strategic oversight and leadership and focuses on enhancement of shareholder value and the long-term sustainability of the company as well as setting the strategic goals for subsidiary companies.

STAKEHOLDER ENGAGEMENT

Each of our operating entities maintains a stakeholder map which is reviewed yearly by its leadership team and approved by its board of directors. Stakeholders identified either have the ability to affect how each entity does business or are affected by our operations and commonly include customers, employees, suppliers, investors, government and regulators, local communities, non-government organisations and other business partners.

Below is a summary of major stakeholder groups and the way in which we worked together in 2016.

Further details on stakeholder engagement have been detailed in this Sustainability Report and on our companies’ websites.

GROUPS	STAKEHOLDERS	CONSULTATION METHODS
Government & Industry	Government and regulatory bodies	Consultation and proposals for new products and services Ongoing compliance with state and federal legislation
	Industry associations	Consultation and contribution to governance committees
Suppliers	Suppliers	Ongoing supplier agreements and Code of Conduct compliance
Employees	Employees	Health, wellbeing and safety initiatives Employee engagement surveys and initiatives Internal communication via intranets, toolbox talks, announcements, bulletins, newsletters, videos, roadshows and committees
		Contractors
		Ongoing Code of Conduct and contractual agreements
Customers		Ongoing consultation to meet and exceed contractual obligations Partnerships to ameliorate potential community impacts
Community	Local communities	Community consultation and engagement in remote and/or affected communities
	Charities and community organisations	Community donations Employee involvement and company support for activities such as Oxfam Trailwalker events and Ride to Conquer Cancer Major partnership with the Australian Indigenous Education Foundation (AIEF) Training assistance for Search and Rescue Dogs Association (SARDA)
	Environmental groups	Five-year partnership with Australian Wildlife Conservancy (AWC)

CHARTERS AND MEMBERSHIPS

John Swire & Sons Pty Ltd is a member of the Business Council of Australia. As a member of the Infrastructure and Sustainable Growth Committee and the Global Engagement Task Force, Chairman Geoff Cundle actively helps support the Australian business community’s perspective on sustainable, responsible development for Australia. Our subsidiary businesses are also members of a number of industry, business and safety forums. The Swire Australia group of businesses does not provide substantive funding to any other national or international advocacy groups.

ETHICS AND INTEGRITY

At Swire our values – Integrity, Excellence, Humility, Endeavour and Continuity – guide the way we do business and how we interact with each other. It is a strong adherence to our values that have guided Swire through nearly 200 years of business activity and which will help ensure the continued success of the business. During 2016, training and materials on the context and behaviours which underpin our values was rolled out to leaders across the companies, further embedding the values roll out undertaken in 2015.

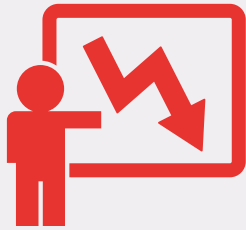
In addition to our values, the Swire Australia group of businesses also adheres to the Swire global Code of Conduct, which all employees are required to abide by. More information on the way we do business is included under the ‘Develop’ section in this report.

	JSS Pty Ltd	Alex Fraser	HSE Mining	Kalari	Swire Cold Storage
Memberships	Business Council of Australia – Chairman Geoff Cundle is a member of the Infrastructure and Sustainable Growth Committee and the Global Engagement Task Force	Australian Asphalt Pavement Association – subcommittee involvement in Sustainability, Safety and Technical Civil Contractors Federation Construction Material Processors Association	Committee for Economic Development of Australia – Queensland and Western Australia state memberships	Mining & Energy Services Council of Australia Queensland Trucking Association South Australian Road Transport Association SACOME Victorian Transport Association – Managing Director Peter O’Shannessy is a Board member	National Safety Council of Australia Refrigerated Warehouse & Transport Association of Australia
	Australian Logistics Council British-Australian Chamber of Commerce	Demolition Contractors Association Victoria Municipal Works Officers Association Waste Management Association of Australia			



PROTECT

THINK DIFFERENTLY



OVERALL INJURY
RATES DECREASED BY
47%



HSE DECREASED
TRIFR BY
86%



KALARI RECORDED
ZERO LTIFR FOR THE
**2ND
YEAR**
IN A ROW



ALL AUSTRALIAN
BUSINESSES
DECREASED
LTIFR



EXCEEDED TRIFR
TARGET OF 5.5,
ACHIEVING
3.84



EXCEEDED ALL LEAD
INDICATOR ACTIVITY
TARGETS EXCEPT
SAFETY COMMITTEE
MEETINGS



26,433
SAFETY CONTACTS
CONDUCTED

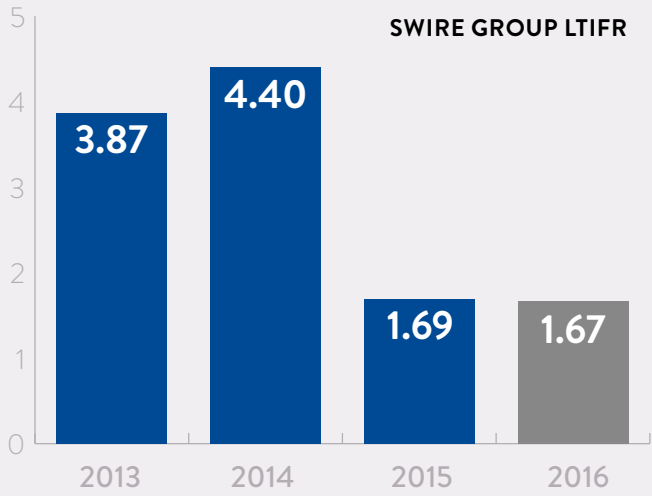
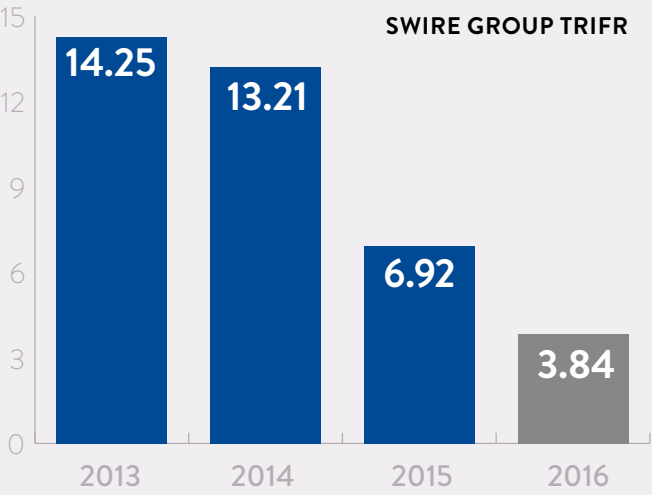


8,977
WORKPLACE
INSPECTIONS
UNDERTAKEN



4,695
TOOLBOX TALKS

PROTECT



GUARDIAN TECHNOLOGY + SAFETY AWARD

The industries in which we operate are hazardous and as such the safety of our people, our contractors, our customers and members of the public is our fundamental concern. We believe all injuries are preventable and zero harm is achievable and the only acceptable goal. Our businesses have clear targets to meet this goal, and actively work to communicate, engage, train and learn from those with whom we work, and to continuously improve the safety of our workplaces and the wellbeing of our people.

2016 OVERVIEW

- Swire Industrial Services achieved 16 years LTI free – an outstanding achievement!
- HSE Mining Saraji site achieved 410 days TRI free
- Kalari was awarded the Best Practice Safety Award at the annual Australian Freight Industry Awards for its implementation of Guardian Technology
- Swire Cold Storage implemented a new Safety Recognition Program in June 2016
- Four Safety Summits were held across the country, with a total of 218 people attending from all businesses
- HSE Mining recognised nine individuals as Safety Champions throughout 2016, for proactively identifying unsafe behaviours and intervening when others could be at risk
- Every Alex Fraser employee participated in MATES Safety Leadership Training

Kalari recognises that fatigue is an important area of focus in providing a safe and incident-free workplace; believing it is the responsibility of the team to recognise signs of fatigue and take action in order to mitigate the risks.

Safety days took place throughout 2016 where employees around the country met with Ethos Health CEO and Fatigue Consultant Dr Trent Watson. These sessions helped to equip teams with the tools to carry out a personal fatigue risk assessment, to recognise and manage the early signs of fatigue of colleagues and ensure appropriate steps are taken where someone reports, or is observed to be, fatigued at work through an agreed Fatigue Charter.

Kalari has also made a significant investment in the fatigue management of heavy vehicle operators, installing Guardian technology across the fleet. This proactive technology uses driver facing sensors inside the vehicle that measure eyelid closure and head position of the driver to detect micro-sleeps and driver inattention. A fatigue or distraction event triggers an audio

tone and vibrates the seat to alert the driver, and the event is transmitted to the Guardian 24-hour monitoring centre and onto Kalari supervision.

General Manager Safety Damian Bassett said: “Guardian technology is a proactive line of defence against distraction and fatigue. It alerts the driver immediately if their attention is away from the task of monitoring road conditions ahead, and they appreciate that extra protection. Between this, the education they receive from Dr Trent Watson and the documented steps in the Fatigue Charter we have multiple and coordinated fatigue controls in place.”

Kalari is proud to have been recognised at the annual Australian Freight Industry Awards, hosted by the Victorian Transport Association (VTA) on 3 September 2016, being presented with the Best Practice Safety Award. Kalari Managing Director Peter O’Shannessy said: “Combined with a culture of shared action and fatigue awareness at all levels, the Guardian technology gives us the opportunity to eliminate heavy vehicle incidents as a result of driver fatigue.”

EPPING SITE UPGRADE

Achieving zero harm and zero high potential incidents are key components of the strategy of Alex Fraser.

In the event of heavy rain or periods of frequent wet weather, large amounts of water were pooling around the crushing plant at the site in Epping. The water posed a potential risk for staff trying to access the plant, as well as risks associated with stagnant water, and floating debris, such as plastics and timber, which are a by-product of the crushing process.

Site Manager Simon Hoy and Site Supervisor Cathal Clerkin-Parr were proactive in carrying out the project themselves, calling on specialist tradespeople as required. Cathal and Simon coordinated the trenchwork and laid pipes, and Cathal undertook a labour of love to complete the concreting and pitwork on the weekends. A spare pump located at the Laverton site was relocated to Epping.

The Epping site now has a new drain, sump pump and pipework and the area around the crushing plant has been re-graded to direct water to the drain and pump. Since the works were completed, the incidence of pooling water has greatly reduced. The result of Simon and Cathal's hard work has greatly improved the safety of the site.



2017 GOALS

- TRIFR of less than 4.00
- LTIRF of 0.0
- Meet lead indicator targets



DEVELOP

THINK DIFFERENTLY



39

KALARI EMPLOYEES
WERE RECOGNISED
THROUGH THE EXTRA
MILE PROGRAM



89

PEOPLE PARTICIPATED
IN GROUP LEADERSHIP
TRAINING



17.2%

FEMALE WORKFORCE
AT HSE MINING
AT END OF 2016

Our people are our fundamental to our success. Investing in their development and building their capability is essential to our long term sustainability.

2016 OVERVIEW

- Group-wide campaign undertaken to further embed Swire values
- Swire Cold Storage and Kalari conducted Employee Alignment and Engagement surveys to better understand their people, achieving participation rates of 77% and 90% respectively
- Alex Fraser put plans into action as a result of feedback from their Employee Alignment and Engagement survey in 2015, including significant IT upgrades
- HSE Mining continued its 'Be Heard' action plans as a result of feedback from their Employee Alignment and Engagement survey in 2015
- Work commenced on developing two group-wide digital solutions: a Human Resources Information System and intranet
- Significant work undertaken to clarify senior role profiles to define accountabilities and guide succession planning
- Updated performance framework – 'Achievement Review Process' finalised for 2017 implementation

SENIOR LEADERS' DAY

On June 7, 56 senior leaders from across the Australia group of companies were brought together to reset our expectations, to reflect on our past and reshape our future.

Opening with video to set the scene of 'Thinking Differently' and messages from Barnaby and Sam Swire celebrating 200 years of Swire in business, Chairman Geoff Cundle addressed the leaders on the need for change. He articulated key messages that we are part of one team, with joint accountability, responsible for empowering our teams and role modelling leadership behaviours underpinned by the Swire values.

The day was designed to generate ideas among the senior leadership group how we, as a group of businesses, can 'Think Differently', finding new ways of working to make a large step change to urgently improve business performance and meet the challenges and opportunities of a rapidly changing marketplace. Sir Rod Eddington, a John Swire & Sons Pty Ltd board member and highly respected Australian businessman, spoke about his experience initiating major cultural change and business performance. In the final session of the day, each subsidiary committed to specific actions they would undertake to improve performance. Following the day, participants' feedback was used to identify the priority areas for improvement and establish new, or improve existing, processes and frameworks to ensure a sustained focus on achieving our desired culture and the urgently required business performance.

This day also launched the context for the Swire values and the behaviours which embody the values for leaders and their teams, which was cascaded throughout the businesses over the subsequent months using a variety of face to face, print, and audiovisual tools.



2017 GOALS

- Develop a Diversity & Inclusion strategy and action plan, with a focus on increasing female participation
- Develop a group-wide approach to mental health
- Leverage synergies across businesses
- Implement updated Performance Framework
- Launch Human Resource Information System and intranet



SWIRE COLD STORAGE

Swire Cold Storage is a leading Australian provider of cold-chain logistics services and supply chain solutions, operating a network of temperature-controlled facilities, leased facilities, refrigerated transport and distribution services to a broad range of businesses. Swire Cold Storage utilises integrated warehouse and transport technologies to maintain a total of 75 million cubic feet, or 320,000 pallet spaces of refrigerated storage and supports these facilities with an outsourced fleet of refrigerated vehicles and trailers operating under the Frigmobile brand.



KALARI

Kalari is Australia's most innovative and prominent specialist bulk logistics provider to the mining and resources sector and other selected industries, with a visually recognisable fleet comprising nearly 200 prime movers and 1,000 trailers. Offering customised, best-fit, contracted solutions for high-volume logistics challenges to many of Australia's leading corporations, Kalari places particular emphasis on safety, compliance assurance, people and leadership, operational excellence, customer engagement and sustainability. The vast majority of its operations are located in regional or remote locations in close proximity to its customers' operations.



HSE Mining is a leading specialist provider of large-scale complex contract mining operations to Australia's major mining companies. Established in 1992, HSE Mining works with a variety of mining methods and commodities and has gained a reputation for providing innovative and flexible mining services that meet clients' needs. Safety is HSE Mining's number one priority, having established a strong behaviour-based safety culture through a relentless pursuit of safety excellence.



Alex Fraser provides an environmentally sustainable alternative range of products to the infrastructure market, helping to reduce waste, landfill and the carbon footprint of infrastructure projects. It is Australia's leading producer of high-quality, sustainable materials for the civil construction industry; operating five recycling facilities across Melbourne and Brisbane and produces a range of high performance, recycled products for use as aggregate, road base, recycled sand and associated products. Alex Fraser asphalt manufactures innovative asphalt products for the Melbourne market and Swire Industrial Services is a specialist provider of recycled steel and scrap steel handling to BlueScope Steel in New South Wales.





ENRICH

THINK DIFFERENTLY



AT LEAST
\$294,000
IN COMMUNITY
INVESTMENT



24
ORGANISATIONS
BENEFITTED FROM
MONETARY OR IN KIND
DONATIONS

25 
SARDA DOG TRAINING
SESSIONS

For 200 years Swire has recognised that the long-term prosperity of its companies depends on enriching and protecting the communities in which it operates. Our businesses share this philosophy. We seek to add value to our communities by maintaining integrity in the way we operate our businesses, excelling in the service we provide and building meaningful partnerships with organisations who share our passion and commitment for positive change.

Achieving this requires a deep understanding of community needs, which we gain by nurturing relationships through ongoing engagement and conversation.

2016 OVERVIEW

- Due to the positive response at HSE Mining, Swire Cold Storage implemented a Safety Recognition Program
- HSE Mining continued their Safety Recognition Program, donating a total of \$37,500 to charity by the end of 2016

- Alex Fraser increased support for Search and Rescue Dogs Association through financial assistance for equipment and for two Search And Rescue specialists from the USA to train local teams at Alex Fraser facilities
- The team at John Swire & Sons Pty visited AWC in October, to understand Swire's contribution to the organisation in practice



DONATION TO FIRE BRIGADE + MODEL TRUCK

Avid model car builder and engineer Phil Spencer was commissioned by Kalari to build a scale model of a Kalari road train. Taking approximately 200 hours over six months to build the model up from kit based, resin aftermarket parts and scratch building, it is a 1:24 scale Kenworth T909 and measures 1.5 metres in length.

In return for his hard work and many man hours, Kalari donated \$1,500 to a charity of Phil's choice: the Macclesfield Fire Brigade where he is a second Lieutenant volunteer firefighter. Macclesfield Fire Brigade, located near the Dandenong Ranges in Victoria, has 40 operational members that respond to grass and scrub fires, car accidents and structure fires. Phil said: "In the last few years we have started responding to large animal rescues of both horses and cows and this donation will greatly benefit us setting up the equipment that we desperately need."

Managing Director Peter O'Shannessy presented the donation to Phil at the handover of the model, which took place on the Kenworth factory floor in Bayswater, Victoria, in front of the entire production line which shut down for the occasion.



AIEF MENTOR – JARROD



In 2014, Swire announced a \$1 million, six year partnership with the Australian Indigenous Education Foundation (AIEF).

AIEF provides scholarships that enable Indigenous students to attend leading Australian schools and universities, as well as mentoring and career support to ensure AIEF scholarship students make a successful transition from school to careers.

94 per cent of scholarship students stay at school and complete Year 12 and 94 per cent of scholarship graduates are productively engaged in career pathways including university study and full time employment.

Through the partnership, Swire aims to provide more than just financial support to AIEF and in 2016, the AIEF Mentor Program welcomed volunteer mentors from Swire in Sydney and Brisbane.

The Mentor Program pairs students with volunteers from corporate partners and aims to create structured, trusting relationships that will support students through school and beyond. One of AIEF's scholars is Paddy, a young man who grew up in Lockhart River, a small community on the east coast of Cape York Peninsula.

Paddy is a boarder at St Joseph's Nudgee College in Brisbane. Now in Year 12, Paddy's favourite thing about Nudgee is the connections he has made: "I love Nudgee because you make good friendships – you're introduced to all kinds of people, which is so great."

Paddy's mentor, Jarrod, a Warehouse Manager at Swire Cold Storage, knew nothing about AIEF before he was approached to join the Mentor Program. "I was really humbled and surprised by the request," he says. "I started to think about how I could add value to someone's life."

Jarrod and Paddy were both nervous at the beginning, but soon found they shared an interest in sports and a similar sense of humour. "We keep finding more and more in common," says Jarrod. For Paddy, "Speaking to Jarrod is just like I'm speaking to my best friend." Paddy has learnt many things from his mentor, but he considers perseverance to be the most important: "He taught me that no matter how hard the job is, you just have to keep going. You never know, you could end up being one of the most successful people if you just stick to it."

Jarrod says it's important to realise everyone has something to contribute: "Simply by having worked for a number of years, there's so much experience we have that can help others. To be honest, I think I'm getting more out of the program than Paddy is! You learn so much and get so much satisfaction."

THINK DIFFERENTLY



Credit: Alex Carlyle



2017 GOALS

- ➔ Implement Safety Recognition Program in Kalari
- ➔ Continue to increase support of AIEF



REDUCE

THINK DIFFERENTLY



7 MAJOR PROJECTS

IN VICTORIA AND QUEENSLAND
USED ALEX FRASER RECYCLED
MATERIALS



15%

REDUCTION IN CARBON
EMITTED (TCO2-E)

2016	2015
181,054	213,180



332,854 KWH

RENEWABLE ENERGY
GENERATED



40,000,000

TONNES OF INDUSTRIAL
WASTE RECYCLED

At Swire, our commitment to improving efficiency, consuming less resources, reducing and transforming waste into quality products and ultimately minimising our impact on the environment is integral to the way we do business; indeed it is the way we uphold our value of continuity.

As a large consumer of fuel, energy and water, we recognise we have a responsibility to be at the forefront of using efficient technologies and engineering design to do more with less. Wherever possible we aim to generate our own resources to minimise the use of state and municipal resources through the capture of rain and storm water and solar energy generation. We also practice reducing the amount of waste we generate as well as aim to divert waste from landfill back into high quality products wherever possible, either directly or through other suppliers.

2016 OVERVIEW

- Swire Cold Storage Vietnam began build of industry-leading LEED gold-rated cold store near Hanoi, Vietnam
- Kalari added three new twin-steer prime movers to their Ceduna fleet, reducing product movements by 100 trips per year
- LED lighting was installed at Kalari Port Augusta depot – completing LED installation across all depots – and Swire Cold Storage retrofitted LEDs at Cannon Hill
- Swire Cold Storage embarked on an energy efficiency project to reduce energy consumed and reduce carbon emissions across its sites
- By auditing current inventory levels, HSE Mining reduced waste and saved \$770,000 in new stock orders
- HSE Mining fitted water tankers with electronically controlled spray systems to measure water output, reduce the amount of water used and decrease uncontrolled truck movements
- Swire Cold Storage's team at Dry Creek 2 installed bailing machines for cardboard and collection stands for pallet wrap, which are collected by a third party and recycled
- All new Kalari trucks to have automatic transmissions with latest fuel efficient engines, reducing fuel consumption



RESEARCH BY ALEX FRASER, SWINBURNE UNIVERSITY AND RMIT FUNDED BY THE VICTORIAN GOVERNMENT

In Victoria, nearly 260,000 tonnes of glass waste is generated each year – much of it collected from Melbourne residents' wheelie bins. Only 48 per cent is recycled back into traditional glass usage, while the remaining 52 per cent would otherwise be stockpiled or go to landfill.

Meanwhile, as sand and stone deposits close to Melbourne are exhausted, material to maintain and build infrastructure has to be transported from further afield. A report released by the Victorian Government highlighted this problem, and without innovative solutions there will be an increased number of trucks on the already congested roads.

Twelve years ago, Alex Fraser pioneered a process to recycle some of the growing stockpiles of glass back into sand for use in the construction industry, helping to address these two issues at the same time.

In October 2016, the Victorian Government announced funding for several research projects between Victorian universities and industry partners designed to find further innovative uses for waste products. Alex Fraser has partnered with Swinburne University and RMIT in two separate projects which will receive funding under the Victorian Government's announcement.

Managing Director Peter Murphy said: "We've always had an ongoing research and development program to identify what can be recycled, and how it can be used to build and maintain infrastructure. One of these research projects is focused on how glass can be blended with recycled concrete to enhance its use in road construction. The other project investigates more innovative uses for recycled glass. Both projects aim to prevent landfilling glass and quarrying new materials."



AWC SUPPORT FOR ONE OF AUSTRALIA'S LEAST KNOWN BIRD SPECIES

Early in the 2016 dry season, Australian Wildlife Conservancy (AWC) undertook fire management on Brooklyn Wildlife Sanctuary, delivering cool (low intensity) prescribed burns in accordance with a carefully developed strategy to “break up” the country. As a result, no major wildfires occurred on Brooklyn in 2016 - a stunning outcome! Indeed, under AWC's stewardship the extent of wildfires on Brooklyn and the surrounding region has been reduced by up to 65 per cent. Combined with feral animal control, the habitats on Brooklyn are being effectively protected by practical, science based land management. This highlights the value of the Swire-AWC partnership, delivering an exciting new model for conservation across the most biodiverse private property in Australia.

AWC's research demonstrates that preventing wildfires and removing feral herbivores hinders the hunting behaviour of feral cats: the number one threat to the region's wildlife. In addition, the shift in pattern to early cool fires is reducing greenhouse gas emissions – which are higher under a wildfire regime – meaning that AWC's land management is contributing to meeting the climate change challenge.

With Swire's support, AWC is continuing to develop *The Brooklyn Ecohealth Scorecard* – an objective mechanism for measuring the ecological 'return' that our land management interventions

are having on the recovery of native wildlife. In particular, AWC's scientific survey efforts at Brooklyn in 2016 delivered some exceptional results, including:

- Confirmation of the continued presence of three priority endangered species: the Black-footed Tree Rat, Northern Quoll and Yakka Skink;
- 17 records of the endangered Buff-breasted Button Quail – one of Australia's most elusive birds!

The survival of these species on Brooklyn demonstrates the effectiveness of AWC's partnership with Swire. By controlling key threats to wildlife (fire, feral animals, weeds) and implementing an extensive scientific research and monitoring program we are successfully protecting Australia's natural capital.

AWC is grateful for Swire's support to transform Brooklyn into a showcase for conservation and was delighted to host an enthusiastic team from Swire on a guided field day at North Head Sanctuary in October, where they learned 'first hand' about AWC's strategic role in protecting the headland's endangered fauna and flora.

THE SURVIVAL OF THESE SPECIES ON BROOKLYN DEMONSTRATES THE EFFECTIVENESS OF AWC'S PARTNERSHIP WITH SWIRE



THINK DIFFERENTLY

AWC's scientific survey efforts at Brooklyn are unparalleled in the region and in 2016 involved:

4,400
trap nights



316km
of aerial surveys



77
vegetation surveys

In 2016 Brooklyn AWC's fire management program involved:

600
incendiaries
dropped

Flying
205km
by helicopter



Ground-based
burning involving
>100
ground ignitions

2,036ha
of low intensity
prescribed burning



2017 GOALS

- Continue energy efficiency project at Swire Cold Storage
- Reduce electricity consumption by 20 per cent at Swire Cold Storage Dry Creek
- Extend LED lighting roll out at SCS Dry Creek and Cannon Hill
- Implement Fleet Management System MT Data in Kalari fleet, improving fuel economy and replacing paper-based processes
- Continue support of AWC

2016 GRI DATA – SWIRE AUSTRALIA GROUP OF COMPANIES

Economic value generated and distributed group (EC1)

AU\$	2016	2015	2014	2013*
Revenues	749,105,967	715,414,579	811,302,070	461,416,205
Operating costs	482,422,259	598,409,389	587,875,446	273,825,403
Employee wages and benefits	178,191,374	174,861,936	215,621,403	119,614,945
Payments to providers of capital	10,850,970	28,148,355	105,061,847	189,538,653
Payments to government - gross taxes	24,858,908	9,899,486	28,696,265	32,996,102
Community investments including charitable donations	294,000	273,848	360,664	387,769

*Excludes HSE and Clyde Agriculture

Workforce data for group (LA2)

Total Number of Employees	2016	2015	2014	2013
AFG	235	222	229	225
HSE	436	312	550	N/A
Kalari	463	486	415	510
SCS	461	603	626	611
Vietnam	370	326	342	314
Group*	1,987	1,971	2,182	1,682

*Group total also includes Head Office

Total Number of new Employees	2016	2015	2014	2013
AFG	40	29	32	54
HSE*	214	23	25	N/A
Kalari	146	228	158	123
SCS	68	96	100	132
Vietnam	103	33	77	177
Group**	576	413	395	491

**Group total also includes Head Office

*HSE April to December inclusive

New hires leaving the business	2016	2015	2014	2013
AFG	8	7	1	18
HSE*	47	7	29	N/A
Kalari	88	50	93	33
SCS	17	25	18	16
Vietnam	19	1	22	n/a
Group**	179	90	164	67

**Group total also includes Head Office

*HSE April to December inclusive

New hires by gender (% females)	2016	2015	2014	2013
AFG	10%	7%	16%	7%
HSE	20%	17%	28%	N/A
Kalari	8%	9%	17%	15%
SCS*	13%	11%	22%	20%
Vietnam	11%	12%	4%	10%
Group**	14%	10%	17%	14%

** Group total also includes Head Office

Safety Performance Data

Lost time Injuries												
	TRIFR (1,000,000 hours)				LTIFR (1,000,000 hours)				Days Lost			
	2016	2015	2014	2013	2016	2015	2014	2013	2016	2015	2014	2013
AFG	4.06	9.89	4.96	20.15	0.00	0.00	0.00	3.10	0	0	41	20
HSE	0.64	4.55	10.38	7.86	0.64	1.30	2.79	N/A	80	17	26	N/A
Kalari	4.51	4.14	6.94	5.18	0.00	0.00	1.39	0.74	79	260	80	35
SCS	5.95	11.98	29.72	26.43	3.30	3.57	10.75	8.81	158	599	624	386
Vietnam	5.07	2.6	4.07	6.93	5.07	2.60	4.07	2.77	210	10	13	20
Group*	3.84	6.89	13.21	14.25	1.67	1.68	4.40	3.87	527	886	802	807

*Group total also includes Head Office, HSE from Sept 2013 and Clyde Agriculture 2013 and 2014 only

Environmental Performance Data

Total Consumption												
	tCO2-e				GJ				Water			
	2016	2015	2014	2013	2016	2015	2014	2013	2016	2015	2014	2013
AFG*	15,135	21,222	18,015	17,573	267,139	250,676	214,910	207,780	31,130	31,162	50,664	47,626
HSE*	10,371	137,394	110,205	N/A	148,490	1,968,027	1,578,639	N/A	N/A	N/A	N/A	N/A
Kalari	66,358	52,853	67,265	53,192	1,253,283	746,902	953,189	744,753	24,304	12,914	27,966	11,416
SCS	76,830	78,390	76,046	76,213	544,262	503,484	453,338	422,399	181,843	200,675	173,489	190,683
Vietnam	4,969	4,866	5,199	4,939	32,028	31,051	32,960	32,524	46,108	43,840	38,971	44,576
Group**	181,054	294,776	277,868	151,917	1,933,886	3,500,356	3,237,878	1,407,456	283,385	288,591	291,090	294,301

*AFG 2011 includes SIS ^HSE commenced recording diesel usage and emissions from April 2014

** Group Total also includes Head Office from 2014 inclusive

GRI CONTENT INDEX

GENERAL STANDARD DISCLOSURES			
Aspect	GRI Reference	Report location	Page No.
Strategy and analysis	G4-1	Message from the Chairman and CEO	4 - 5
Organisational profile	G4-3, G4-4, G4-5, G4-6, G4-7, G4-8, G4-13, G4-16	Mandatory Disclosures and Organisation Overview	8 - 11
	G4-9, G4-10, G4-11	Data table	38 - 39
	G4-12, G4-14	not relevant	–
	G4-15	Sustainable Development Policy	42
Identified material aspects and boundaries	G4-17, G4-18, G4-19, G4-20, G4-21, G4-23	Mandatory Disclosures and Organisation Overview	8 - 11
	G4-22	not relevant	–
Stakeholder engagement	G4-24, G4-25, G4-26, G4-27	Mandatory Disclosures and Organisation Overview	8 - 11
Report profile	G4-28, G4-29, G4-30, G4-31, G4-32	Mandatory Disclosures and Organisation Overview Content	8 - 11
	G4-33	not relevant	–
Governance	G4-34	Mandatory Disclosures and Organisation Overview	8 - 11
Ethics and integrity	G4-56	Mandatory Disclosures and Organisation Overview	8 - 11
ECONOMIC: SPECIFIC STANDARD DISCLOSURES			
GRI Material Aspect	GRI Reference	Report location	Page No.
Economic Performance	G4-DMA	Message from Chairman and CEO	4 - 5
	G4-EC1	Data table	38 - 39
ENVIRONMENT: SPECIFIC STANDARD DISCLOSURES			
GRI Material Aspect	GRI Reference	Report location	Page No.
Energy	G4-DMA	Reduce	33 - 35
	G4-EN3, G4-EN5	Data table	38 - 39
Water	G4-DMA	Reduce	33 - 35
	G4-EN8	Data table	38 - 39
Emissions	G4-DMA	Reduce	33 - 35
	G4-EN15, G4-EN18	Data table	38 - 39
Effluents and waste	G4-DMA	Reduce	33 - 35
	G4-EN24	Data table	38 - 39
Products and services	G4-DMA, G4-EN28	Not included in this report – only material to Alex Fraser and not reported as a group wide measurement	–
Compliance	G4-DMA	Reduce	33 - 35
	G4-EN29	Not included in this report as measurements vary across the operating entities	–
Supplier environmental assessment	G4-DMA	Reduce	33 - 35
	G4-EN32	Not included in this report as measurements vary across the operating entities	–

SOCIAL: LABOR PRACTICES AND DECENT WORK			
GRI Material Aspect	GRI Reference	Report location	Page No.
Employment	G4-DMA	Develop	19 - 21
	G4-LA1	Data table	38 - 39
Occupational health and safety	G4-DMA	Protect	13 - 17
	G4-LA5, G4-LA6	Data table	38 - 39
Training and education	G4-DMA	Develop	19 - 21
	G4-LA9, G4-LA11	Not available at group level	–
Diversity and equal opportunity	G4-DMA	Develop	19 - 21
	G4-LA12	Gender: data table. Other measures of diversity are not captured at group level	38 - 39
Equal remuneration for women and men	G4-DMA	Develop	19 - 21
	G4-LA13	Not available at group level	–
SOCIETY: SPECIFIC STANDARD DISCLOSURES			
GRI Material Aspect	GRI Reference	Report location	Page No.
Local communities	G4-DMA, G4-S01	Enrich	27 - 31
Anti-corruption	G4-DMA	Mandatory Disclosures and Organisation Overview	8 - 11
	G4-S03	All operations assessed for corruption	
	G4-S04	All employees received anti-corruption communication and training	11
	G4-S05	Nil incidents of corruption identified	
Anti-competitive behaviour	G4-DMA	Mandatory Disclosures and Organisation Overview	8 - 11
	G4-S07	Nil legal actions	
Compliance	G4-DMA	Mandatory Disclosures and Organisation Overview	8 - 11
	G4-S08	Nil non-compliance	

SUSTAINABLE DEVELOPMENT

Our aims:

- We aim to create long term value for our shareholders. Achieving this depends on the sustainable development of our businesses and the communities in which we operate.
- To achieve sustainable development, we aim:
 - » To achieve net zero impact on the environment
 - » To cause zero harm
 - » To excel as corporate citizens.

Our policy:

- Industry leadership: We aim to be leaders in sustainable development in the industries in which we operate.
- In our operations: We will:
 - » Be a good steward of the natural resources and biodiversity under our influence and ensure that all potential adverse impacts of our operations on the environment are identified and appropriately managed.
 - » Safeguard the health and safety of all our stakeholders in an environment of zero harm.
 - » Provide an environment in which all employees are treated fairly and with respect and can realise their full potential.
 - » Encourage suppliers and contractors to promote sustainable development.
 - » Encourage the responsible use of our products and services by our customers and consumers.
 - » Bring value to the communities of which we are a part and enhance their capabilities while respecting people's culture and heritage.

Making it happen:

- All companies in which John Swire & Sons has a controlling interest will have action plans for applying this policy in a way which is relevant to their business. We will encourage other companies in which we have an interest as a shareholder or through our supply chain to implement similar policies.
- We will encourage and empower our staff to be proactive on sustainable development matters both at work and in the community.
- We will monitor our performance and report regularly.
- We will review this policy periodically, having regards in particular to stakeholder dialogues.

*Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. – “Our Common Future”, 1987 – World Commission on Environment and Development.

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**INTEGRITY****At Swire, we**

are ethical and honest, we deliver on commitments and we create trusting relationships.

EXCELLENCE

are dedicated to innovation and excellence in everything we do.

HUMILITY

respect others and learn from them, we are aware of our own limitations and we listen to others with an open mind.

ENDEAVOUR

relish challenge, we are resilient, and we know lasting success is hard won and nurtured with solid, responsible, hard work.

CONTINUITY

take the long-term view, and have the privilege and responsibility of growing our businesses along sustainable lines.