

# Environmental, Social and Governance Report



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1. Hundreds of shareholders gather at the CK Hutchison Annual General Meeting in May.
2. Hutchison Telecommunications Hong Kong Holdings ("HTHKH") collects reusable electronic devices for the Computer Recycling Programme run by the government's Environmental Protection Department.
3. A S Watson Group ("ASW") hosts its seventh Global Volunteer Day with over 23,000 volunteers participating.
4. Husky Energy's loyalty customer programme reaches 1,600,000 members in 2017.
5. Hutchison Ports Busan welcomes its dock school students for a port visit to the terminal.
6. The top three "Happy Green Community Ambassadors" shadow HK Electric's environmental engineers and work at the Lamma Power Station.
7. Park'n Fly employees prepare healthy snack bags to over 650 families supported by the Ronald McDonald House Charities.
8. Staff and families of Port of Felixstowe clean up a stretch of beach adjacent to the terminal.
9. CKHH Volunteers accompany the elderly to visit Tsz Shan Monastery.
10. PARKnSHOP Hong Kong's volunteer team serves meals to the elders at charity partner Food Angel's Community Centre.

## Environmental, Social and Governance Report

### About This Report

This Environmental, Social and Governance (“ESG”) Report provides an annual update on sustainability performance of CK Hutchison Holdings Limited (“CK Hutchison”, and together with its subsidiaries, the “Group”) for the year ended 31 December 2017.

This report aims to provide a balanced presentation on the Group’s ESG key issues and initiatives covering its five core businesses, namely Ports and Related Services, Retail, Infrastructure, Energy and Telecommunications.

The report incorporates the interest of various stakeholders as reflected to the Company during the year. Additional material quantitative data, detailed ESG requirements, as well as policies and programmes across the Group have been included to illustrate some of the many initiatives that are being implemented by Group companies making positive impact to the community and environment.

This report is prepared in accordance with the Appendix 27 of the Main Board Listing Rules, ESG Reporting Guide, issued by the Stock Exchange of Hong Kong Limited in 2015.

### Approach to ESG Strategy and Reporting

The Company’s ESG philosophy is in alignment with the strategic development of the Group to create long-term value for our stakeholders.

As a multinational conglomerate operating in over 50 countries and a workforce of over 300,000 employees, CK Hutchison is committed to integrating ESG considerations in its daily operations, both at the Group and business levels. The ESG Committee, chaired by an executive director, sets an overtone from a corporate perspective and upholds the Group’s ESG philosophy when key business decisions are made. ESG initiatives are driven by the Group’s businesses which are best in tune with their unique stakeholders. The businesses will regularly review their practices to identify opportunities for improving their performance and creating greater value for stakeholders.

### Stakeholder Engagement and Materiality Assessment

CK Hutchison maintains ongoing dialogues with its key stakeholders, including employees, shareholders, customers, suppliers, local communities, professional institutions, non-government organisations and authorities. We regularly collect views from our stakeholders through a variety of channels, such as meetings, liaison groups, panel discussions, workshops, surveys and feedback programmes.

ESG compliance and how it is leveraged with the Company’s businesses to benefit the community are among the key interests of the Company’s stakeholders. Given the diversity of the Group’s business operations, the ESG aspects that are considered important and relevant by stakeholder groups vary. Key ESG issues range from sourcing practices to environmental emissions to employment and operating practices, as well as community involvement. The material aspects identified are reviewed annually by the Group’s ESG Committee and Board and updated as appropriate.

The six sections set out in this report summarise the Group’s commitments to People, Customer, Supply Chain, Anti-corruption, Environment and Community. In each section, key initiatives and activities conducted by representative businesses have been included to demonstrate and highlight our efforts in creating long-term value for the Group’s stakeholders.

### Commitment to Our People

With over 300,000 employees in over 50 countries, the Group has continued to grow during 2017. Our people is key to delivering quality and reliable products and services to our customers consistently. Good talent management is integral to sustaining the long-term success of the Group. CK Hutchison aspires to be an employer of choice through effective talent acquisition, systematic training and provision of an inclusive working environment.

### Recruiting, Engaging and Retaining Talent

The Group’s success depends heavily on the ability to attract, retain and motivate suitable talent in the competitive labour markets. The Group works closely with educational institutions to recruit young talent that can support the Group’s growth.

Where possible, different businesses across the Group conduct workshops, site visits, and internships to introduce their industries or professions to the younger generation. At the Head Office, we periodically promote short term internships to legal, chartered secretary and accounting students. This year, the CKHH Volunteer Team initiated a career development programme in conjunction with the Hong Kong Education Bureau for high schoolers in the northern districts of Hong Kong. Hundreds of students were given interview training and evaluations as well as introductions to different industries to broaden their skillsets and perspective before they enter the workforce.

The power companies of CK Infrastructure, CitiPower and Powercor under the Victoria Power Networks in Australia, have trained hundreds of apprentices and trainees. They have also developed a three-month summer programme for university students to gain work experience as part of their university courses and make valuable contacts for their career development following graduation.

In the UK, Superdrug and Savers offer 12-month apprenticeship programmes in areas ranging from retail, healthcare and pharmacy to warehousing and distribution. Superdrug was recognised by *The Sunday Telegraph* as "Top 10 Employers" in the Retail sector for apprenticeships.

In Canada, Husky Energy offers Summer, Co-Op/Internships and New Graduate opportunities throughout the year. These programmes last from four to 16 months and give students and new graduates the opportunity to gain career-related experience, supported with mentorship programmes and guidance from experienced professionals.

## Diverse Culture

Respecting and being inclusive of colleagues of different cultures has been crucial to the sustained growth of the Company over the past several decades. Husky not only actively promotes the importance of an inclusive culture but also built the message into the design of its Newfoundland and Labrador offices. Accessibility was a priority when its 100,000 sq ft office space in downtown St John's was designed. Its space is accessible to everyone, regardless of ability, with attention paid to various needs, including colour coded floors for people with visual difficulties, adjustable workstations, automatic door openers, and angled panels undersinks to accommodate wheelchairs.

CK Hutchison hires and rewards staff for their performance and follows a stringent anti-discrimination employment policy by which staff is employed regardless of race, gender, physical ability or faith. The Group reviews the remuneration package annually to ensure that it stays competitive with the market and that employees are rewarded equitably. CK Hutchison values diversity and talent is hired solely based on the merits of employees. The Group has adopted policies that provide equal employment opportunities to recruit, promote and assign employees based on their skills, abilities and how these fit with the job requirements.

## Valuing Our Employees

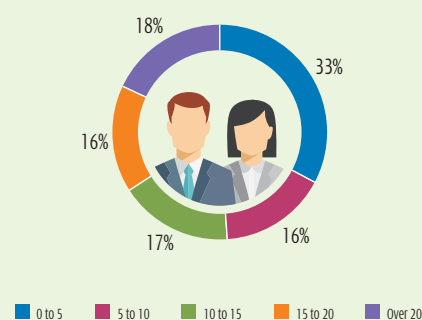
The Group respects the rights of employees in expressing their views and has established various channels to facilitate communication with them. Businesses conduct regular seminars and forums to share views and collect ideas from their colleagues. Feedback from employees through the many channels help improve and enhance talent management practices.

Recognising the benefits of healthy industrial relations, the Port division has continued to promote the sharing of good practices across the division. Staff and management from a wide range of business functions channel key learning to business unit management to proactively address issues, concerns, or process improvement recommendation.

Many of the Group's businesses are lauded for their employee programmes. For example, ASW was recognised as a "Distinguished Family-friendly Employer" in Hong Kong for the seventh consecutive year since 2011 as well as the "Top Employer" in the Netherlands and Belgium. Northumbrian Water was recognised by media agency Bloomberg as "one of the Best Employers to work for in the UK". In Australia, SA Power Networks was recognised for its apprenticeship programmes while Reliance in Canada was recognised as one of the "Best Places to work". In Sweden, 3 Sweden was ranked one of the "Top 5 Great Places to Work". These recognitions have demonstrated the commitment to talent retention and motivation to have employees build their careers with the Group.

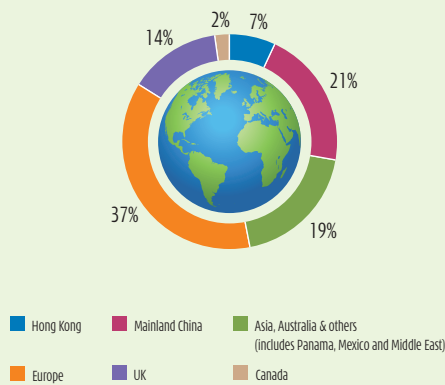
The Group upholds labour standards throughout its businesses. The Group's policies strictly prohibit the use of child labour and forced labour and rigorous measures and audits are taken to prevent such practices in the Group's operations.

## Years of Service of Head Office Employees

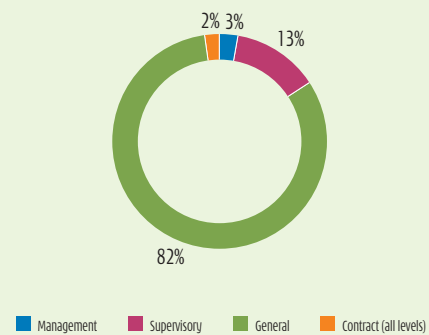


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**Headcount by Geographic Region  
as of 31 December 2017**



**Headcount by Grade  
as of 31 December 2017**



### Investing in Training and Development

It is a top priority of the Group to ensure that employees at all levels are developed and motivated to deliver our commitments to our stakeholders. Each division develops its training programmes to meet specific business needs. Trainings include orientation, sharing sessions, workshops and internal-external courses. Employees are also entitled to various subsidies and sponsorships for job-related training courses to encourage lifelong learning. For example, 3 Ireland launched the 2018 Graduate Programme, creating paid learning opportunities in various areas including IT and networks, finance, marketing, business, human resources and customer relations.

### Promoting Well-being, Health and Safety

The Group cares about the well-being of its employees. The Company promotes work-life balance and provides a range of paid leave entitlements to employees. Where operation needs allow, many businesses are exploring and offering staff greater flexibility in managing their work and free time.

The Group strives to create a safe workplace for all employees. Many businesses have implemented safety management systems in accordance with national or international standards, such as OHSAS 18001, to protect our employees from occupational hazards. Safety training programmes are provided to our employees based on work nature and safety standards are also applied consistently in the workplace.

A safe workplace relies on the establishment of safety culture, policies and procedures and employee behaviour. In addition to implementing industry best practices for safety, businesses are tasked with providing employees with periodic refresher courses to ensure the importance of following the guidelines are truly engrained into the operations' culture.

All of the Group's businesses strive to minimise accidents and continuously work to improve workplace safety and educate employees on proper procedures. In 2016, Hutchison Ports instituted a policy in which workplace safety incidents were to be reviewed and investigated by external trained personnel. The aim is to go as far as practicable in order to take effective measures to strengthen workplace safety and share the lessons learned across the business units of the Ports division. This system has helped several ports improve their processes over the course of the year.

To protect its workers, Husky changed its business practice to help prevent "gas-and-dash" incidents that put gas station staff and the public at risk. Husky introduced a pre-pay policy at its Alberta locations in September, to enhance the safety of attendants. By the end of December, all Husky fuel stations across Canada were only selling fuel by pre-payment.

In addition to work place safety, many businesses play a role in promoting health and well-being in their local communities. In the Middle East, Hutchison Ports Ajman donated medical devices to help children suffering from diabetes. In the UK, UK Power Networks provided emergency power packs for the vulnerable population who may be the most at risk in the event of a power emergency. In Denmark, 3 Denmark was awarded the "Health award 2017" for its "EasyMove" health initiative where employees work out during breaks at the office.

### Regulatory Compliance

During the reporting period, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to employment, occupational health and safety, or labour standards.

## Commitment to Our Customer

CK Hutchison's diverse products and services support the day-to-day lives of millions of people globally. The Group focuses on providing quality products and services to create an excellent customer experience.

### Building Trust through Reliability and Quality

By placing reliability, safety and quality at the heart of our businesses, we aim to create value for our customers that better their lives and provide sustainable solutions.

#### Delivering Reliable and Quality Services

Service reliability and public safety are critical to the Group's businesses. Individual and corporate customers depend upon the Group's services in telecommunications, ports services, power, energy, water and waste management operations. These businesses have dedicated significant efforts and resources in improving their practices, infrastructure and technologies to prevent interruptions from occurring in the first place. Operational conditions and practices are monitored around the clock and asset maintenance and replacements are instituted to uphold the highest safety and reliability commitments. In addition, professional teams are committed to identifying, testing and introducing new products and procedures that implement good practices to maintain and improve service reliability. Should incidents occur, the best measures are taken to minimise interruption, investigate the cause and quickly resume service. HK Electric of our infrastructure division achieved over 99.999% supply reliability for 21 consecutive years since 1997.

The Telecommunications division embraces a service-oriented culture and is committed to delivering the highest possible levels of service quality and customer satisfaction. For example, to encourage continuous improvement, 3 Ireland published its first Connected Ireland Report, a four-part research project to identify how the Irish public wants mobile services to develop in the future.

In Israel, Star Pumped Storage will develop a 344MW pumped storage power plant that will pump water up to a reservoir when energy demand is low and produce electricity when demand is high.

#### Enabling Sustainable Options

To deliver sustainable value to stakeholders, the Group continues to invest strategically in research and development on technology. This allows the Group to provide innovative solutions and enable customers to make environmentally responsible choices in how they live and work. Many billing companies such as HK Electric have included e-billing options to reduce paper waste.

In the area of sustainable sourcing, PARKnSHOP, ASW's supermarket arm has increased the number of sustainable options for its consumers such as cage free and free range chicken and eggs, organic beef and pork selections and a range of organic vegetables.

### Improving Customer Experience

To continuously improve customer experience, the Group's companies implemented policies and procedures to regularly solicit customer feedback and make the effort to follow up and act on their advice.

At the Retail division, guidelines have been established to handle customer enquiries and complaints at the stores and staff are trained to professionally address customer concerns. Complaints received are acknowledged, investigated and duly followed up. Reviews and analysis of complaints received are conducted periodically. The lessons learned from these sessions are shared with quality assurance and procurement teams for continual improvement.

The Telecommunications division fosters a culture of continuous improvement by benchmarking and publishing its service performance statistics regularly. They have also received numerous awards and third party assessment that attest to their exemplary network performance and service excellence.

### Protecting Our Customers

CK Hutchison believes accurate and factual product information provides transparency and help customers make informed purchasing decisions. Products are labelled and advertised in compliance with the requirements of the destination countries.

The Group's commitment to protecting the personal information of customers is well supported by its corporate strategies and policies. A robust system is in place to control the collection, access, update, security and retention of data received. Sensitive customer information such as credit card payment details are not stored in ASW's own database where feasible and the processes are audited regularly. Additionally, awareness campaigns with periodic internal communications, workshops for customer-facing employees, dedicated education website for colleagues are used to reinforce the importance of customer data protection.

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## Regulatory Compliance

The Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group concerning product responsibility during the year.

## Supply Chain Management

The Group's diversified businesses are supported by a wide range of suppliers and contractors. Many of the aforementioned policies are implemented in close collaboration with the Group's business partners. Through regular dialogue and cooperation, the Group and its partners are able to deliver sustainable value to all our stakeholders.

### Sourcing Responsibly and Engaging Suppliers

The Group addresses supply chain challenges through risk management, responsible sourcing, supplier engagement and oversight.

### Approach to supply chain management

The Group's procurement activities follow a set of fair and transparent tendering process. Tenderers are required to declare any conflict of interest and take a firm stance against fraud and misconduct. Supplier relationships will be suspended or terminated if contravention is found.

The Group strives to bring a positive influence in the business community by setting expectations in environmental, social and governance related matters with key suppliers.

For example, ASW, the world's largest international health and beauty retailer, has been upholding the Business Social Compliance Initiative ("BSCI") Code of Conduct since 2008. With a goal to drive compliance, fair business practices and environmental performance, suppliers have been invited to acknowledge and endorse the BSCI Code of Conduct.



### Delivering Safe and Quality Products and Services

ASW builds trust with our customers from the get-go, starting with managing the reputation of own-brand ("OB") products. The five-step process guides the OB development cycle at the business unit level:



By providing guidance to suppliers of non-OB retail products and helping them meet the ASW's expectations on product safety and quality requirements, suppliers are steered towards developing more sustainable and responsible products.



## Anti-corruption

The Group values and upholds integrity, fairness, transparency and accountability. The Group has zero-tolerance for corruption and fraud. Anti-bribery and anti-corruption standards are important parts of the Group's policies and operating practices which are reinforced by our employees and communicated to relevant stakeholders with dealings with the Group. Whistle-blowing policies apply to all stakeholders including employees, shareholders, customers and suppliers. The whistle-blowing mechanisms allow stakeholders to report suspected misconduct, malpractices or fraudulent activities with confidence. Cases reported are followed up independently; all cases will be reported by the Group's Internal Audit function to the Audit Committee and executive management.

## Regulatory Compliance

During the year, the Group was not aware of any breach of laws and regulations that have a significant impact on the Group relating to anti-corruption.

## Commitment to Our Environment

CK Hutchison believes it is crucial for businesses to thrive in a sustainable environment. Without it, no business will survive in the long term. Therefore, the Group understands that without determination, any environmental protection plans would be futile. The message is not only sent across the boardroom, but it is also spread to employees across 50 countries. By engaging business units in minimising carbon emissions and planning creative strategies most efficient to their industries, they make sustainable development a reality.

## Managing Emissions

Below are some of the initiatives to reduce and control emissions of greenhouse gas and waste. The business units monitor the progress of existing environmental initiatives as well as explore new projects to further the initiatives.

### Air and Greenhouse Gas ("GHG") Emissions

Managing air and GHG emissions remains one of the top priorities.

It is challenging for a power utility to continue reducing carbon emissions, but environmental protection is a crucial long-term process with no shortcut. The Group's Infrastructure division is taking steps to integrate this priority in as many units as possible. Incorporating advanced technologies to cut pollutants, HK Electric's two gas-fired combined cycle generating units L10 and L11, being constructed at Lamma Power Station, will reduce carbon emissions by 50% compared with the existing coal-fired generating units. With commissioning of the two units targeted for 2020 and 2022, the electricity produced through gas-fired generation will increase to about 50% and 55% respectively. They will also be a key initiative to meet the government's tightened emission allowance.

The infrastructure division continues to have a number of emission control measures to mitigate the impact of our operations on the environment. Outram's Jinwan Power plant outperformed the tightened regulatory requirements in its enforcement of emission control. It is among the first few coal-fired generation units in mainland China to achieve 'Close to Zero' emission levels for air pollutants including sulphur dioxide ("SO<sub>2</sub>"), nitrogen oxide ("NO<sub>x</sub>") and particulates. Its power plant's Unit 3 was listed as a national and provincial 'Environmental Demonstration Project'.

UK Power Networks also reduced its carbon emissions through a combination of measures including fleet refurbishment, site consolidation and the introduction of energy efficiency initiatives such as installation of LED lighting at some sites.

Husky has a Fugitive Emission Management Program to detect fugitive emissions and ensure the timely repair of leaking equipment. As part of its GHG emissions risk management approach, the company researches new ways to capture carbon dioxide. For instance, it has implemented a second pilot project at its Pikes Peak South thermal project testing carbon capture technology. The captured carbon dioxide ("CO<sub>2</sub>") is then used for enhanced oil recovery in nearby CHOPS wells.

### Renewable Energy

The Group's wind power systems are gaining traction locally and globally as well. HK Electric commissioned the first commercial-scale wind turbine, Lamma Winds in Tai Ling on Lamma Island to support the development and application of renewable energy in Hong Kong. It also harnesses renewable energy generated by its solar power system at Lamma Power Station. As in 2017, the Lamma Winds and solar power system generated 1,884 units of green electricity, offsetting 1,570 tonnes of CO<sub>2</sub> emissions.

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Globally, the Group is also able to harvest wind electricity from its wind farms generated with a know-how to best utilise technology maximising green electricity generation. One example is the Energy division in Portugal, wind farms operator Iberwind who optimises the control of wind farms by using the SCADA and CMS systems, an extensive and comprehensive wind database. As a result, Iberwind was able to achieve 98% availability in 2017, offsetting one million tonnes of CO<sub>2</sub> emissions.

### Waste and Pollutants

Cutting down waste and facilitating ways to encourage more reuse and recycling is in our agenda. For example, Superdrug, under ASW, has adopted a "zero waste to landfill" programme, where all waste generated in store is transported back to the distribution centres for recycling. The commitment to waste management was demonstrated by including waste and recycling compliance in their store audit programmes. Superdrug has successfully achieved zero waste to landfill since 2010.

ASW and its suppliers play active and critical roles in making the products consumers buy sustainable. Microplastics, commonly found in rinse-off products, pose a threat to the marine ecosystem and the food chain. In addition to implementing a ban on the use of microplastics in its own brand cosmetics/personal care rinse-off products in 2014, ASW is the first global retailer to extend this ban to all rinse-off cosmetics and personal care products. It has notified its suppliers in 2017 and is working with them so that the concerned products will be off-shelved by 2020.



Innovation on energy-from-waste management was taken further by our Infrastructure division, when last November, AVR of the Netherlands started building a separation plant that separates plastics and drinks cartons from residual waste. The plant is expected to be ready by mid-2018, which means its ambition to make residual waste 100% valuable can be further fulfilled, generating steam via the incineration of residual waste and this enormous quantity of heat, enough to warm 150,000 households and supplies electricity for 190,000 houses. Each year, our heating projects in the Netherlands alone prevent more than 324,000 tonnes of CO<sub>2</sub> emissions. Another example to show CK Hutchison is at the forefront of recycling, generating energy from waste, Northumbrian Water in the UK, for instance, is an expert in generating energy from sewage sludge. During the wastewater treatment process, sludge is produced and was originally dealt with as a waste but now it is processed through an Advanced Anaerobic Digestion process where bacteria feed on the solids and generate biogas. The biogas is collected and is used to either power up Combined Heat and Power engines to generate electricity or the gas is cleaned up and the carbon dioxide is removed prior to injection direct to the gas network.

But the pioneer to champion the landfill-gas-to-power initiative falls to EnviroNZ. By applying advanced technology, EnviroNZ is the first operator in New Zealand to generate electricity from methane produced by waste decomposition in landfills. The amount of electricity generated is sufficient to power 5,000 households.

### Optimising Resource Use

As a responsible global citizen, CK Hutchison is calling businesses to use resources cautiously. From energy, water to packaging materials, it is acknowledged that only an integrated and technological approach could make responsible consumption possible.

### Energy

With sprawling presence in 52 ports globally, CK Hutchison works on practical ways in the shipping industry to cut wastes. For instance, Port of Felixstowe in the UK, in the last 12 months, has converted 32 RTGs (Rubber Tyred Gantry) cranes from diesel to electricity as part of a three-year programme to convert 54 machines. In addition, the electricity that was generated from 2,000 solar panels on the port offset CO<sub>2</sub> that is equivalent to planting around 5,000 trees. Consequently, the port's carbon footprint has fallen significantly as part of a long-term programme resulting in a 34% reduction since 2009. In 2017, 70% of all waste generated or received was recycled and no port-generated waste was sent to landfill.

### Water

Husky recycles produced water at its Sunrise Energy Project and Tucker Thermal Project for use in steam generation. At Sunrise, Husky brings in process-affected water, which is industrial wastewater, from a neighbouring operator for use as a make-up water source, reducing the amount drawn from groundwater sources. At Tucker, Husky uses saline groundwater as a make-up water source.

Hutchison Water's Sorek desalination plant in Israel, is a 150 million cubic metres per year reverse osmosis sea water desalination plant, and is one of the world's largest plants of its kind. It continues minimising marine, shoreline and land impacts, thanks to pipe jacking of long and

large diameter pipelines, smart structural design, and the removal of suspended solids from the brine before it is returned to the sea. Its sludge treatment also reduces energy and chemical consumption. At HK Electric, rainwater and plant water at Lamma Power Station is collected and reused, significantly reducing both the consumption of fresh water and the quantity of effluent. The water collected for reuse in 2017 was about 112,000 cubic metres.

EnviroNZ in New Zealand recovers water and removes impurities and contaminants using the reverse osmosis leachate treatment, a type of purification technology which makes treated water fit for reuse or direct discharge to the environment.

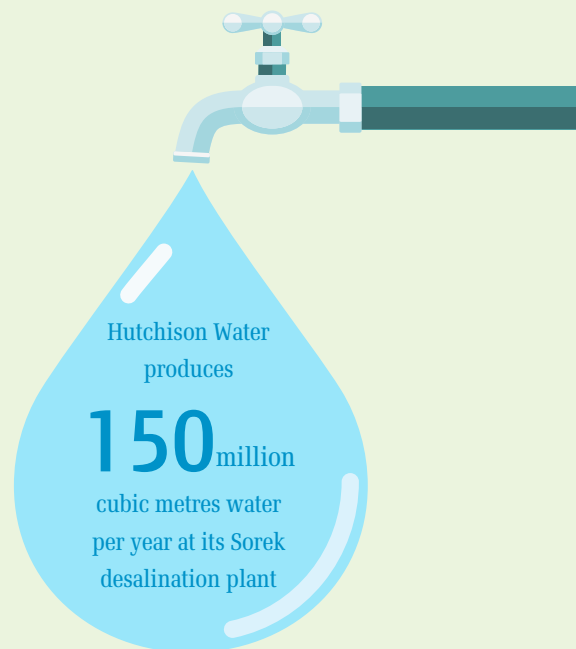
Green Island Cement Hong Kong collects, stores and recycles rainwater for evaporation cooling at the conditioning tower to improve the performance of electrostatic precipitators. To date, its water consumption has been reduced from 1,800 to 800 tonnes per day.

### Packaging Materials

To meet UN Sustainable Development Goal No.12, which advocates sustainable consumption and production patterns, CK Hutchison has a set of sustainable guidelines established for employees and suppliers of the Retail division. The guidelines are set out to minimise material use, from greener packaging design in terms of size, thickness, and use of space to the application of recycled materials.

### Electronic Products

Exponential digital growth comes with leftover old digital products, the Group's telecommunications business, 3 UK, however, focused on a new way of recycling old mobiles that were long forgotten in drawers. Last year, 3 UK invited customers to 'Give their phone to a new home' through donating their old smartphones. HTHKH also collected over 2,000 reusable electronic equipment for the Computer Recycling Programme run by the Environmental Protection Department.



## Safeguarding Environmental and Natural Resources

As a multinational corporation, CK Hutchison aspires to take the lead and be a positive role model for our stakeholders in protecting the environment and the ecosystems. Group policies ensure caution is applied and discipline in actions that may impact natural resources.

Northumbrian Water in the UK, for example, has been managing its land holdings for water storage responsibly. Its Abberton Reservoir is designated as a wetland site of international importance, both as a Site of Special Scientific Interest ("SSSI")<sup>(1)</sup> and a Ramsar site<sup>(2)</sup>.

With timely and effective management, the Group's various divisions mitigate the environmental impacts from across operations to protect the values we create for our stakeholders. Northern Gas Networks in the UK takes ownership of the quality of land on which it operates. Under its land contamination management programme, the company assesses and controls quality of the land and evaluates risks from land conditions both caused by its own operations and from historical, pre-existing conditions. Land quality is measured and reported annually to the UK regulator.

## Taking Timely Actions to Manage Environmental Impacts

After a pipeline release in July 2016 in Saskatchewan, Canada, Husky conducted robust assessment, monitoring and cleanup programmes, including working with a number of First Nations communities to mitigate the impact to the environment. A full and thorough investigation determined that the pipeline buckled because of ground movement. The company is applying lessons learned from this incident to further improve its operations and ability to respond. For example, it is using fibre optic monitoring on the repaired pipeline, which will provide acoustic, thermal and strain monitoring and assist in detecting leaks, ground movement and other events in real time. Fibre optic sensing technology, with increased capacity and capability for long distance distributed monitoring for pipelines, will be used in all new large diameter and high consequence area projects owned by Husky Midstream and operated by Husky.

## Regulatory Compliance

The Group was not aware of any non-compliance of laws and regulations that has a significant impact on the Group relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste during the reporting period.

Note 1: A Site of Special Scientific Interest in Great Britain is a conservation designation denoting a protected area in the United Kingdom.

Note 2: A Ramsar site is a wetland site designated of international importance under the Ramsar Convention. The Convention on Wetlands (i.e. the Ramsar Convention) is an intergovernmental environmental treaty established in 1971 by UNESCO, which came into force in 1975.

### Commitment to Our Community

With dedication and commitment, CK Hutchison has the responsibility to make the community a better place for everyone which will also provide long-lasting benefits to our stakeholders. In 2017 the Group's approach in community activities focus in youth empowerment, relief for the needy and environmental conservation. The Group is proud to report that the community activities arranged by the CK Hutchison Volunteer Team has contributed 11,800 service hours and positively impacted over 99,200 service recipients.



### Empowering the Youth

Hutchison Ports of the Ports business supports education through its "Hutchison Ports Dock School Programme". This programme aims to provide more opportunities for younger generations by supporting the improvement of education facilities.

In May, 3 Ireland employees fully funded a six-week online community development programme for young adults who are interested in gaining skills in digital literacy, social action and youth leadership. Being aware of how many young people feel marginalised, 3 Demark lent its support to Turning Tables, an NGO that works to empower marginalised youth by providing them with the means to express their grievances, hopes and dreams in music and film. Turning Tables built a creative environment for the youth to learn new skills and share experience, and hoping to give them an opportunity to pursue a better future.

ASW contributes to the growth and development of young athletes in Hong Kong. It organises annual challenges for junior athletes at the Watsons Athletic Club ("WAC"). The WAC Annual Challenge had over 2,300 outstanding junior athletes participating.

### Supporting those in Need

#### Disaster Relief

The U.S. and the Caribbean have been hit by large scale storms and hurricane in 2017, CK Hutchison strives to provide timely relief for those who were embroiled in disasters. For superstorm Hurricane Irma in particular, in just a few hours, 3 Group had updated all our channels, opened more networks to provide better coverage and sent SMS to customers roaming in the Caribbean assuring that all the costs associated with contacting loved ones would be reimbursed. 3 UK has also been exploring the support it could offer to communities in the UK during similar large scale disasters, including providing donated handsets, chargers and loaning charging stations to key community groups and emergency services.

#### Serving the Community

About one in three senior citizens in Hong Kong is living in poverty and one in four deprived children does not have three meals a day. To help alleviate hunger among the needy, and as part of the Retail division's efforts to achieve UN Sustainable Development Goal No. 12, PARKnSHOP donates edible surplus food to the local social enterprise Food Angel. In addition, PARKnSHOP Hong Kong has been organising the City Food Drive programme which helps Food Angel collect grocery food items and funds from the public. Its partnership with Food Angel was awarded the Certificate of Merit in the "Outstanding Partnership Project Award 2016/17" organised by the Hong Kong Council of Social Service.

As of 2017, the programme helped raise more than 182,000 food items for Food Angel. When food items and cash donations combined, it has, to date, raised more than HK\$4.7 million to help Food Angel prepare hundreds of thousands of hot meal boxes for needy Hong Kong residents.

## PARKnSHOP's food donation programme



And such empathy was echoed by CK Hutchison's employees in Korea. For two days in May, 20 employees from Hutchison Ports Busan volunteered as canteen staff at Dong-gu Elderly Welfare Center and Jaseong-dae Elderly Welfare Center to offer meals for the 830 residents there, as part of "2017 Hutchison Ports Busan Volunteering Days Programme" organised by the company's Community Caring Group.

The volunteer group has been supporting the needy citizens with rice donations and house maintenance service for more than 13 years on a monthly basis. The Volunteering Days Programme was initiated in 2014 to carry out more community activities.

Park'N Fly of CK Infrastructure visited and gave away snack bags to 650 families with children suffering from serious illness.

Globally, the Retail division ASW has multiplied its CSR activities up to 400 in 2017, counting 27,000 volunteers serving over 180,000 people in more than 97,000 hours. In 2017 alone, the Retail group donated 278 tonnes of edible surplus food which helped produce 832,000 meals to the needy.

### Bridging the Digital Divide

Continuing the mission to narrow the digital divide not just for the crisis-affected refugees or displaced people, last year, CK Hutchison extended efforts to the underprivileged and those who feel they have been left out by the society.

The Telecommunications division thought of many creative ways to bridge this gap and serve the community. Following an internal pilot at 3 UK in 2016, at the beginning of 2017, the campaign, Reconnected, was launched externally as part of its #makeitright campaign. The initiative works with a number of charities to donate the old handsets from customers to the less advantaged people all over the UK, and offering them three months of free network use.

### CK Hutchison Family

CK Hutchison takes pride in serving the community through its businesses and other initiatives. Providing the local communities with products and services they trust and can rely on is part of building sustainable businesses. In addition to ESG teams within individual Group companies and business units, the Group has different avenues to share these developments amongst the businesses. The Group's magazine, *Sphere*, periodically shares stories, trends and ESG activities by businesses with other group companies and staff. The latest issue of the magazine can be viewed on the CK Hutchison website at <http://www.ckh.com.hk/en/about/journal.php>.

## Environmental, Social and Governance Report

Environmental KPIs	Unit	Ports and Related Services	Retail
NO <sub>x</sub> emissions	tonne	2,023	–
SO <sub>x</sub> emissions	tonne	269	–
Particulate matter emissions	tonne	88	–
Total greenhouse gas ("GHG") emissions	tonne CO <sub>2</sub> e	492,790	751,843
Total GHG emissions intensity	tonne CO <sub>2</sub> e/ revenue HK\$'000	0.019	0.006
GHG Scope 1 emissions	tonne CO <sub>2</sub> e	286,456	329,402
GHG Scope 1 emissions and intensities	tonne CO <sub>2</sub> e/ revenue HK\$'000	0.011	0.003
GHG Scope 2 emissions	tonne CO <sub>2</sub> e	206,334	422,441
GHG Scope 2 emissions and intensities	tonne CO <sub>2</sub> e/ revenue HK\$'000	0.008	0.003
Total hazardous waste produced	tonne	10,391	–
Total non-hazardous waste produced	tonne	57,916	46,794
Total energy consumption	kWh	1,529,197,199	1,690,310,638
Total energy consumption intensity	kWh/ revenue HK\$'000	59.807	13.661
Total direct energy consumption	kWh	1,112,680,501	869,477,565
Total direct energy consumption intensity	kWh/ revenue HK\$'000	43.517	7.027
Gasoline/ Petrol	kWh	7,659,571	8,957,551
Diesel	kWh	1,072,927,881	274,494,210
Gas (exclude town gas/gas works gas and natural gas)	kWh	3,076,702	506,724,636
Natural gas	kWh	8,084,016	79,301,168
Other fuels	kWh	20,932,331	–
Total indirect energy consumption	kWh	416,516,698	820,833,073
Total indirect energy consumption intensity	kWh/ revenue HK\$'000	16.290	6.634
Electricity	kWh	397,904,098	814,088,101
Town gas/Gas works gas consumption	kWh	18,612,600	6,744,972
Water consumption	m <sup>3</sup>	2,603,889	2,605,878
Water consumption intensity	m <sup>3</sup> / revenue HK\$'000	0.102	0.021
Total packaging material used for finished products	tonne	1	42,749
Plastic	tonne	–	21,339
Paper	tonne	1	15,851
Metal	tonne	–	2,694
Glass	tonne	–	2,361
Other packaging material	tonne	–	504

Note 1: Environmental KPIs in this data table reflect the data of the Company and its subsidiaries for the year ended 31 December 2017, excluding those from acquisitions and disposals, unless otherwise specified.

Note 2: Husky Energy is a material associated company of the Group and we have included in this data table the Group's proportionate share of its environmental KPIs for the year ended 31 December 2016. The environmental data for the year ended 31 December 2017 will be published at Husky Energy's corporate website at [www.huskyenergy.ca](http://www.huskyenergy.ca) in a later date.

2017

2016

Infrastructure	Telecommunications	Total	Husky Energy
2,118	1	4,142	3,927
146	–	415	3,555
332	–	420	–
1,753,074	571,814	3,569,521	5,372,066
0.105	0.009	0.016	0.176
1,378,727	74,516	2,069,101	4,517,036
0.083	0.001	0.009	0.148
374,347	497,298	1,500,420	855,030
0.022	0.008	0.007	0.028
18,556	1,294	30,241	–
40,670	110,556	255,936	–
4,646,480,001	1,134,761,701	9,000,749,539	16,889,439,778
278.613	17.746	39.147	554.356
3,924,554,749	171,409,356	6,078,122,171	15,940,410,500
235.325	2.681	26.436	523.206
12,843,859	1,404,984	30,865,965	–
255,208,542	63,329,107	1,665,959,740	–
10,335,936	–	520,137,274	–
19,593,234	–	106,978,418	15,164,824,889
3,626,573,178	106,675,265	3,754,180,774	775,585,611
721,925,252	963,352,345	2,922,627,368	949,029,278
43.288	15.066	12.712	31.150
721,925,252	958,929,769	2,892,847,220	949,029,278
0	4,422,576	29,780,148	–
78,487,767	100,516	83,798,050	13,018,320
4.706	0.002	0.364	0.427
4,480	688	47,918	–
–	425	21,764	–
4,480	263	20,595	–
–	–	2,694	–
–	–	2,361	–
–	–	504	–

## Li Ka Shing Foundation – Changing Times, Unchanging Promise

Mr Li Ka-shing, the Chairman of the Group, recognises the importance of education and healthcare to societal development. Established in 1980, the Li Ka Shing Foundation (“LKSF”) has invested over HK\$20 billion to develop education, medical services and research initiatives in 27 countries and regions, with over 80% of the projects located within the Greater China region. Mr Li describes his philanthropic effort as akin to having another son in the family. He called for a paradigm shift in our Asian culture of giving, assigning equal importance to societal development and the continuation of future generations, and apportioning more of our wealth and means towards social capital so that we could bring forth great hope and promises for generations to come.

Below are some of LKSF’s major and special projects in 2017:

### Love Ideas, Love HK

Funded with contributions of over HK\$300 million, Love HK Your Way! continues to create a positive social impact:

#### Compassionate Guardians

For ten years, the “Heart of Gold” Hong Kong Hospice Care Service Programme, a collaboration with the Hong Kong Hospital Authority, has been supporting hospice centres in ten public hospitals. This innovative programme has served 38,000 terminally ill cancer patients and their family members with a host of integrated palliative care services. LKSF’s contributions to this programme now total HK\$126 million.

### Community Care

#### “Decide Well, Spend Wisely”

In its second year, “Decide Well, Spend Wisely” issued HK\$5,000 gift cheques with no conditions attached to each of the 9,320 students in Yuen Long (including Tin Shui Wai), Islands, and Tuen Mun Districts sitting for the 2018 Hong Kong Diploma of Secondary Education Examination. Through two phases, the programme has distributed over HK\$75 million to more than 15,000 students to encourage wise financial decisions and to help alleviate exam pressures.



The second phase of “Decide Well, Spend Wisely” is expanded beyond Islands, Tin Shui Wai and Yuen Long Districts to include DSE students in Tuen Mun. A survey among teachers and parents revealed positive consensus.

#### Listening Angels

As at the end of December 2017, the Caritas Family Crisis Hotline and Education Centre has received over HK\$45.2 million from LKSF and handled more than 440,000 cases. The Centre supports individuals and families in distress with a 24-hour hotline, and also hosts crisis prevention workshops to promote greater social harmony.

#### Innovative Education

In June 2017, LKSF invited 300 young people to participate in HKXP, an e-sports event aimed at piquing their interest in advanced technology. In July, LKSF made a donation of HK\$10 million to set up scholarships and develop “Cornerstone Maths” at the Education University of Hong Kong.



## Paradigm Shift in Human Capital Development and Leadership Training

### Shantou University

Founded in 1981 with the approval of the State Council, Shantou University (“STU”) is co-developed by the Ministry of Education, the Guangdong Provincial Government and LKSF. As the only privately funded public university in Mainland China, STU strives to become a top-tier university with a firm commitment to internationalisation. LKSF has earmarked over HK\$10 billion to support the University, which has cultivated over 120,000 graduates to date.

STU continued to enhance its competitiveness across the board in 2017. Newly approved PhD programmes in biological sciences and mathematics have been added to its curriculum. Not only has the University made the “Times Higher Education World University Rankings” for the third consecutive year, for the first time STU was also included in THE’s “Young University Rankings 2017”, and placed on three other globally recognised world university rankings – the Center for World University Rankings 2017, the QS University Rankings Asia 2018, and the US News Best Global Universities Ranking 2018. STU has developed an Advanced Undergraduate Education model, adopting the integrated, Outcome-Based Education model that combines ability, knowledge and skills learning. LKSF also contributed US\$3 million to the University of Michigan to foster a joint venture by STU and SUMC that would create the first-ever programme in biomedical engineering in the eastern Guangdong region.

Student quality has continued to improve for a fifth consecutive year. The 2017 admission scores for incoming freshmen from 13 provinces/regions and the number of undergraduates who selected STU as their first choice set new highs. The first-time employment rate also hit a record high of 98.04%, topping all tertiary institutions in Guangdong Province. The employment rate stood firmly above 99% for the sixth year running. The average salary for graduates after five years in the workforce exceeds that of 88% of graduates from all universities nationwide. STU continued to build on its record of outstanding performance in research and innovation. According to the “Best University Ranking” website, STU ranks No. 49 in the nation for research quality.



Kung Fu Cha Cha, the rowing team of four young women from Shantou University, conquers the Talisker Whisky Atlantic Challenge and sets four world records.

In December 2017, four female rowers in their early 20’s formed Kung Fu Cha Cha to participate in the annual Talisker Whisky Atlantic Challenge, the “world’s toughest ocean rowing race”. Embodying the school spirit, the team departed from Canary Islands on 14 December, and arrived at their destination in Antigua on 17 January 2018. In conquering the Atlantic, they set four world records: First team from Asia to row across the Atlantic Ocean; first team from China to row across the Atlantic Ocean; youngest team ever to row across the Atlantic; and fastest time in the Challenge for a four-woman crew.

### Shantou University Medical College

Shantou University Medical College (“SUMC”) is pioneering reforms in medical education in Mainland China based on student-centred education and internationalisation initiatives. For 20 consecutive years, all incoming students selected SUMC as their first choice. The passing rate of SUMC graduates in the National Medical Licensing Examinations has been ranked in the top eight out of 170+ medical schools in China for the 11th consecutive year. SUMC also adopted the United States Medical Licensing Examination (“USMLE”) to evaluate students in the English-stream medical programme. Over the past six years, the average passing rate of 93.04% for SUMC students in the USMLE Step 1 is similar to those of accredited medical schools in the U.S. In 2017, the employment rate of new graduates reached 97.20%, first among universities in Guangdong Province for 17 consecutive years. An STU team comprising three nursing and medical students beat 207 teams from universities across China to win a Nursing-related Innovation Challenge organised by Enactus China.



Shantou University Medical College students hone their surgical skills in the clinical simulation and learning centre.

The research team from the Joint Influenza Research centre of SUMC and Hong Kong University led by Prof Guan Yi, was nominated as a key participant in “Critical Innovation and Technological Breakthroughs in the Systematic Prevention and Treatment of Emerging Infectious Diseases - H7N9 Avian Influenza”. This research won the Grand Prize of the 2017 National Science and Technology Progress Award, and has significantly enhanced China’s international impact in the field of infectious disease prevention. Cancer researchers at SUMC published their findings in two prestigious journals *Gastroenterology* and *Gut*, detailing the mutational events and corresponding alterations of tissues and cells in esophageal cancers and contrasting systematically the genomic and epigenomic differences between squamous cell carcinomas and adenocarcinomas of the esophagus. These studies allow further understanding of esophageal cancer progression and better diagnostic designs for early detection. The 16 members of the East-West Alliance, including STU, Oxford, Cambridge and UC Berkeley, continue to build research synergies across borders.

SUMC has five affiliated hospitals with a total of 4,500 beds serving 70% of the population in Shantou city. After the newly completed medical education centre, an international research centre under construction will provide an additional 55,000 sq m of research space, setting a firm foundation for advancements in knowledge discovery and transfer.

### Cheung Kong Graduate School of Business

Since its founding on 23 November 2002, the Cheung Kong Graduate School of Business (“CKGSB”) has strived to cultivate business leaders with a global vision, a humanistic spirit, a strong sense of social responsibility and an innovative mind-set. Over the past 15 years, CKGSB has continuously innovated to pioneer new efforts in business management education and become a leading business school from China with global influence. Today, more than half of CKGSB’s 10,000+ alumni are at the CEO or Chairman level and collectively, they lead one-fifth of China’s most valuable brands.

### Guangdong Technion-Israel Institute of Technology (“GTIIT”)

LKSF donated US\$ 130 million to establish GTIIT, a joint venture between Technion and Shantou University. GTIIT aims to become a cutting-edge international education and research institute, dedicated to innovative research, environmental protection, and societal advancement. The Institute will promote an environment for entrepreneurial innovation and knowledge-based competitiveness in Guangdong, contributing to the betterment of China, Israel and all humankind. Officially approved by the Chinese Ministry of Education in December 2016, GTIIT enrolled the first cohort of 216 students last year, and held its inauguration ceremony on 18 December 2017.



Mr Li Ka-shing and guests at the inauguration ceremony of the Guangdong Technion Israel Institute of Technology.

### Healthcare Projects in Mainland China

#### Free Healthcare Services

Over the years, LKSF has contributed over RMB1 billion to support free medical services in Mainland China, including programmes such as

“Heart of Gold” Nationwide Hospice Care Services, China Disabled Persons Federation’s “Cheung Kong New Milestone” (three phases) to install prosthetics and provide rehabilitation support and training, Nationwide Medical Welfare for the Poor, and the Kumbum Tibetan Medical Hospital Aid Programme, with the total number of beneficiaries exceeding 17 million.

## Sports Education

A donation of RMB10 million was made to support Yao Foundation's sports education programmes in Guangdong and Guangxi provinces.

## Sustainable Development

LKSF supports technology-assisted agricultural development and has made a contribution of RMB12 million to initiate the Xinjiang Castor Seed Project. Results of plantation trials since 2015 have been very positive, and the programme will be expanded in 2018 to cover 40,000 mu. LKSF has also contributed RMB3.5 million to support 100 social development programmes in Guangdong. The training provided for 1,500 women cadets and social workers indirectly benefits 500,000 elderly, women, children, and disabled persons.

## Overseas Medical Education and Research

Developed with the support of a £20 million gift from LKSF, the Centre for Health Information and Discovery at Oxford University incorporates two related research institutes, the Target Discovery Institute ("TDI") and the Big Data Institute ("BDI"), the latter of which opened in May 2017. Together the institutes will host 600 interdisciplinary scientists and researchers.

LKSF's new commitments to overseas projects reached nearly HK\$100 million in 2017. Initiatives supported include a biomedical engineering venture between Shantou University and the University of Michigan; a scholarship established in honour of the late Lord Michael Sandberg to support local students pursuing undergraduate education in the UK; a research programme at the Melbourne University Victorian Comprehensive Cancer Centre; and programmes that support Stanford University's research into the body's healing mechanism and the development of young surgeons.

## Boundless Compassion

To date, LKSF has made grants of over HK\$2.6 billion to cover the development cost and daily operating expenses of Tsz Shan Monastery, which received 259,242 visitors in 2017, and over 700,000 visitors since its opening in 2015. The monastery strives to nurture positive energy and cultivate "Boundless Compassion" through development in three key areas including education, care and art for the harmony of society. "Sala Loving-Care Project" is initiated to enhance public awareness on life and death education and hospice care while nurturing positive energy. Tsz Shan Institute collaborates with internationally recognised institutes of higher learning and universities to offer comprehensive experience in education and research on Buddhist teaching. The integration of art and the Dharma facilitates the expression of self or awareness of life and enhances the well-being of others.



Mr Li Ka-shing attends the opening of the Big Data Institute, phase two of the Centre for Health Information and Discovery at Oxford University.



Tsz Shan Monastery's bell ringing ceremony on New Year's Day denotes peace and harmony to all.

Since its establishment in 2015, the Buddhist Spiritual Counselling Centre of Tsz Shan Monastery has provided counselling services for over 4,000 residents, and over 32,000 people have participated in spiritual wellness activities. In collaboration with social welfare agencies, the Centre has newly established a "Buddhist Counselling Professional Training Centre" for social workers to award continuing professional development approved by the Social Workers Registration Board.

LKSF will continue to cultivate a culture of giving as its unchanging promise.