

# Environmental, Social and Governance Report

HWL is committed to the long-term sustainability of its businesses and the communities in which it conducts business. Through managing our businesses prudently and diligently together with our team of hard working and dedicated employees, we deliver quality products and services to our customers throughout the world. Across the Group in 2010, HWL garnered over 2,000 awards, ranging from best in industry to best performing employees, as well as recognition for its efforts in protecting the environment, contributions to the community, and overall corporate governance.

Chaired by the Deputy Group Managing Director, Mrs Susan Chow, the Environmental, Social and Governance (“ESG”) Committee at HWL consists of representatives from each of the key departments including Group Human Resources Department, Group Corporate Affairs Department, Group Information Services Department, Group Management Services Department and Group Legal Department. During 2010, the ESG Committee launched a series of campaigns to enhance more efficient use of energy, stationery, office supplies and other resources as well as recycling and reducing consumption. These initiatives were widely supported by the employees across the Group. The ESG Committee will continue to formulate guidelines and spearhead initiatives that can be implemented Group-wide. Key focus areas for the year include, but not limited to, the environment, employee well-being and community involvement.

The ESG Committee continues to work with the Group's operating companies in identifying Key Performance Indicators that are applicable to their particular businesses and industries. With a portfolio as diverse as HWL's, it is important that each business gauges the impact of its business activities and the best ways to help and engage the local community.

## I. Stakeholder Engagement

Operating in over 50 countries in an array of businesses, HWL and its operating companies are always in dialogue with different stakeholders including shareholders, customers, employees, suppliers, creditors, regulators, and the public. As each country faces different economic conditions, HWL seeks to balance the views and interests of the various stakeholders through constructive dialogues with a view to charting a course for the long-term prosperity of the Company and the communities in which it conducts business.

### Shareholders

The Company is committed to enhancing long-term shareholder value. Our management is committed to effective and prudent allocation of the resources of the Group.

The Group carries on frequent discussions with the financial community including analysts, fund managers and other investors, to increase the Company's transparency.

### Customers

Amidst the uncertain economic climate and extremely competitive markets, customer feedback plays a very important role. The Group's operating companies deploy numerous mechanisms to gather customer comments and recommendations so as to improve their products and services. In certain instances, new technologies such as social networking tools are used to gather customer views.



HWL Annual General Meeting.



A S Watson Group presents its global strategy and initiatives to cope with its business spanning over 33 markets in a conference.

## Employees

Hardworking and dedicated employees are the backbone of a company. HWL treasures its loyal and industrious staff and as the Group expands, there are many career opportunities worldwide for employees across the Group.

## Suppliers / Creditors

As an international conglomerate, the Group emphasises the importance of upholding international laws and regulations. The Group has implemented a policy on vendors and suppliers based on the United Nations ("UN") Global Compact. These requirements on our partners include non-discriminatory hiring and employment practices, a safe and healthy workplace, compliance with environmental laws and prohibition of child labour.



Fortress actively engages staff in professional training to enhance quality customer service.

HWL continues to monitor international best practices and adopts those that are relevant to its businesses.

## Government/Public

The Group operates in a wide spectrum of industries around the world. Each operating company exerts tremendous efforts to ensure it is compliant with the laws and regulations in the countries in which it operates.

The public at large is also an important stakeholder of the Company. As a Group committed to its long-term future, a stable and prospering community is important to its steady growth and prosperity of the Company and the community.

## II. Workplace Quality

HWL is well positioned for growth and expansion after the economic downturn.

### Working Conditions

Investing in and rewarding employees according to their performance and productivity are crucial to retaining talent. With a highly motivated team of employees, HWL Group is well positioned to take advantage of opportunities it comes across. Employees' remuneration is reviewed individually each year to ensure the package is fair and competitive. Employees have comprehensive medical, life and disability insurance coverage and retirement schemes. To promote camaraderie across the Group, employees also enjoy a wide range of product and service discounts offered by various Group companies.



JICT employees plant seedlings and trees in Cilincing and Marunda Districts of North Jakarta.

In Europe, A S Watson Group joined the Business Social Compliance initiative that calls for strict compliance with all applicable laws, regulations, industry minimum standards and International Labour Organisation and UN Conventions.

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### Health and Safety

The Group is committed to providing a safe, effective and congenial work environment for all our staff. In addition to observing international labour standards and laws where each business operates, many operating companies also have internal guidelines and systems to protect and ensure the health and safety of their employees. Some companies have teams dedicated to workplace safety, sourcing and providing appropriate tools and training to employees to discharge their duties. For example, Husky Energy was recognised with the Telly Award for its online safety orientation programme for staff.



HWL Volunteer Team organises a fun party for the elderly.

### Development and Training

The Group invests in the personal development of its employees as well as their professional growth. Dedicated and motivated employees across the Group are provided with development and advancement opportunities as the Group expands its businesses worldwide.

HWL and its operating companies organise a wide range of internal and external training courses, e-learning and other career development opportunities for employees to expand their business expertise and skill sets. Tailor-made programmes help employees meet the ever-changing challenges of the marketplace in their specific business arena. The Group also provides education subsidies and study leave for employees looking to deepen their knowledge on studies relevant to their jobs or functions. The Group believes that investing in its employees will pay dividend in enhancing the Company's success in the long term.

In addition to training for front line staff, HWL takes an active role in the continuous professional education of its senior management. In 2010, the Group continued to promote good corporate governance by holding a series of seminars and forums for senior management and executives of each of the business units of HWL on the most current corporate governance best practices, including securities trading policies, handling of confidential information, internal controls and risk management relevant to their specific businesses. The same information and message were then imparted from these senior executives to their subordinates within their business units.

### Recruitment and Promotion

Diversity is an integral element of the Group. Spanning over 50 countries, the Group attracts top talents of different race, colour, gender and religious belief. It also indicates a policy of ensuring all employees and job applicants enjoy equal opportunities and fair treatment.

The Group has stringent recruitment procedures to prevent child or forced labour.

### Fellowship/Camaraderie

Numerous activities are organised throughout the year to generate a sense of belonging and fellowship in employees. A series of programmes of different genres was organised ranging from opportunities to improve relationships with colleagues and their families across the Group to activities that serve the local communities.



"CAREnival for the Elderly" programme of HK Electric appoints 300 elderly volunteers as ambassadors to help identify "hidden" senior citizens in their community and reintegrate them into society.

### III. Environmental Protection

HWL and the Group companies continued to run numerous environmental protection and energy efficiency programmes worldwide throughout 2010. These programmes are as diverse as the different environmental issues they address. Below is a snapshot of some of the activities that the businesses of the Group engaged in across the globe.



#### Energy Efficiency

In 2010, HWL implemented the second phase of its "Green IT initiative". This worldwide programme was implemented to help eliminate printing waste by allowing employees to delete unnecessary images, text or pages saving toner, paper and reduce greenhouse gases. Once fully implemented, the programme will be benchmarked and compared across the Group.

Now in its fifth year, the HK Electric Clean Energy Fund has provided more than HK\$5 million for 60 renewable energy projects.

Twelve schools in Hong Kong implemented projects on renewable energy and its applications through a HK\$1.1 million sponsorship by HK Electric. In addition to financial assistance, the engineering staff of HK Electric provided the students with technical advice and guidance.

#### Pollution Prevention/Emissions Reduction

During 2010, the ESG Committee implemented energy savings measures at the Head Office generating about 9% savings in the initial period. The Group will issue and implement these energy savings initiatives across the Group in the coming year.

In July, Power Assets commissioned the largest solar power system in Hong Kong that is expected to generate 620,000 units of electricity annually. The system, with investments totalling HK\$23 million, will help reduce 520 tonnes of carbon dioxide emission, 2.9 tonnes of sulphur dioxide and 1.4 tonnes of nitrogen oxides every year, further improving Hong Kong's air quality.

HIT continues its crane electrification programme with 52 rubber-tyred gantry cranes converted to electric from diesel oil by the end of the year. The conversion has helped eliminate sulphur dioxide and nitrogen oxide emissions and reduced carbon dioxide emissions of the cranes.

Yantian International Container Terminals ("YICT") has also helped reduce its pollution by purchasing a fleet of 27 liquefied natural gas container trucks in 2010. The tractors emit 80% less air pollution than diesel tractors, virtually no carbon monoxide, no inhalable particulates and over 30% less nitrogen oxide.

In the UK, Hutchison Ports (UK) received the Carbon Trust Standard Certificate for demonstrating robust carbon management system in London Thamesport, Harwich International Port and Port of Felixstowe.

#### Sustainable Use of Resources

YICT reduced 400,000 gallons of water use in 2009 through water filtration and energy saving systems. YICT technicians further improved such savings by installing electronic flow-metres and water-saving devices throughout the terminal. These measures won a Water Saving Enterprise award from the local government.

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### Protection of the Environment and Natural Habitats

In 2010, JICT employees planted 425 seedlings in Cilincing District and 1,000 trees in the Marunda District of North Jakarta.

Meanwhile, half way across the world, Panama employees and the Smithsonian Tropical Research Institute helped in beach and coastal clean-ups. Panama Port scuba divers, using their expertise, helped clean underwater debris.



3 UK helps the local community to overcome the digital divides.

## IV. Operating Practices

### Supply Chain Management

As discussed previously, the Group holds international laws and regulations in utmost regard. We implement international best practices and conduct fair and unbiased tender processes in dealing with vendors. Partners and suppliers are vetted to ensure they do not employ child labour nor abuse human rights.

### Consumer Interest Protection

Our customers are the reason we are in business. As such, it is our priority that our customers have a satisfying experience using our products and services. We have implemented strict data protection mechanisms to protect the confidentiality of our customers' data and continually stress the importance of safety and protection of our customers to all our employees. In addition to guidelines and handbooks, the Group issues periodic reminders to customer-facing employees on protecting the personal data of customers.

### Anti-Corruption

The Group takes its anti-corruption responsibilities very seriously. Throughout 2010, senior management of all major business units attended high level Corporate Governance seminars to review good business practices, corruption-preventing practices and guidelines, operating practices and Employees' Code of Conduct.

All senior management of the Group are expected to inculcate a culture of good corporate governance to their staff.

As a result of these seminars and forums, several Group policies including securities trading have been updated to reflect the needs of today.

## V. Community Involvement

### Giving Back to Society

HWL takes pride in giving back to the communities it operates in. In 2010, HWL Group's operating companies and employees worked hand in hand with their local communities in an array of initiatives that ranges from cleaning the environment to educating the next generation. The Group is engaged in numerous community activities. The following are some examples of activities the Group was involved in during the year.

### Community

As different economies took different measures to adapt to the global economic downturn, it is more important than ever for those who are able to contribute back to their communities to do so. Volunteerism is encouraged and promoted throughout the Group and our employees serve their communities with their myriad of talents.

Under the motto of the 3Hs - Harmony, Health and Happiness, HWL Volunteers put on a range of activities for the community in conjunction with various social organisations such as the Education Bureau, the Li Ka Shing Hospice Centre, Tung Wah Group of Hospitals and the Yan Oi Tong.

In Korea, staff at Hutchison Korea Terminals have been collecting unused staff meal coupons to exchange for rice that they donate to underprivileged members of the Busan community.

3 Hong Kong supported an innovative contest organised by the Hong Kong Tourism Board, "Visa go Hong Kong Super Shopper 2010" in which, through smartphones provided by 3, participants received shopping instructions and viewed shopping tips.

HK Electric worked with 30 elderly service agencies under the U3A network of Hong Kong to promote life-long learning and volunteerism among Hong Kong's retirees. The programme has benefited over 2,000 senior citizens. Over 100 HK Electric volunteers also helped inspect the electrical installations of elderly persons living alone to make sure their homes are safe.

The Hutchison Whampoa Property Group helped the Green Ladies Shop of St James' Settlement, a social enterprise in Hong Kong that trains and employs marginalised women, to donate ladies' clothes, accessories and handbags. Estate management companies also co-organised education exhibitions, seminars and game booths with numerous institutions such as the Independent Commission Against Corruption and the Department of Health to promote useful information for residents.

During the Expo 2010 Shanghai China, Shanghai Hutchison Whitecat provided thousands of soap dispensers and air fresheners for the toilets on the exhibition site to ensure a hygienic environment for the 70 million Expo visitors.

## Education

Young postgraduates from Hong Kong and the Mainland who wish to pursue their studies in the UK universities once again benefitted from the Hutchison Chevening Scholarships. Over the past eight years the Group has donated around £4.2 million, benefiting over 500 scholars.

In the Mainland, Watsons China helped provide education assistance to children in underdeveloped regions to support school reconstruction since 2008. Staff and volunteers also formed the "Sunshine Smileys" team to bring stationery supplies to students in remote mountainous regions in Yunnan. Shanghai Hutchison Pharmaceuticals started a nationwide plan to help build libraries in elementary and middle schools in the Mainland's impoverished areas. TOM Group and the Oriental Daily News Charitable Fund co-organised book donations to provide books services to seven community centres of all age groups.



Watsons China brings stationery supplies to school kids in remote mountainous regions in Yunnan.

Hutchison Port Holdings continued to support local schools in need of financial and educational assistance through its Dock School Programme. Established in 1992, the Ports Group has supported more than 20 Dock Schools around the world. HIT provided scholarships to children of South Asian immigrants in Hong Kong for their schooling.

In Indonesia, Hutchison CP Telecommunications granted scholarships to students of less fortunate families to study Electrical Engineering in Satya Wacana University in Indonesia.

In Sweden, employees from Hi3G, our telecommunications operation, mentored students at Rinkeyby Academy to help talented students enter the job market.

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With over 9.2 million people in the UK never using the Internet before, 3 UK signed a pledge and provided time, expertise and marketing products to Race Online 2012, a nationwide call to inspire people to tackle the UK's digital divide.

To spur a positive influence in secondary school students' lives, Metro Info organised more than 150 school tours with local pop stars and singers over the past several years, inspiring youngsters and broadening their horizons.

### Medical / Healthcare

Europe Container Terminals donated €2.25 million to a three-year study on children's development by Erasmus Medical Centre. The comprehensive study will contribute to better care of infants around the world.

In the Czech Republic, Rossman raised CZK5.6 million for two foundations looking after children in need and children who suffered from leukemia.

Kruidvat hosted a charity breakfast that helped raise €100,000 for a foundation that helps pregnant women with HIV and their babies in Africa.



Tanzania International Terminals donated TZS15.3 million to the Comprehensive Community Based Rehabilitation Centre in Tanzania to provide financially disadvantaged children with cleft lips the means to correct their birth defect.

3 Ireland raised €40,000 for Make-A-Wish Foundation to bring hope, strength and joy to children with life threatening medical conditions.

3 Austria supported the CliniClowns programme that brought laughter and smiles to the faces of seriously ill children in hospitals.

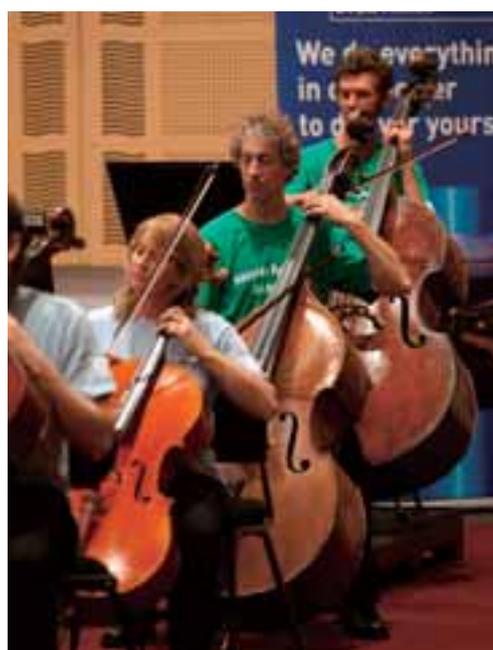
Tanzania International Container Terminal Services donates to the Comprehensive Community Based Rehabilitation Centre, enabling local children to receive cleft lip surgery.

### Arts and Culture

Husky Energy contributed C\$2.5 million to The Rooms, a provincial museum in Newfoundland and Labrador. The funding will be used to develop the Husky Energy Gallery, a 5,600-foot exhibit to showcase the history and culture of Newfoundland and Labrador along with ethnological and historical artifacts. The gallery is scheduled to open in 2013. Husky Energy also raised C\$754,000 for scholarships and creative arts programmes for accomplished and promising artists across Canada during the 2010 Midsummer Ball in the Husky Great Hall in the Banff Centre.

In Australia, Powercor is a major partner of the Regional Touring Programme of the Melbourne Symphony Orchestra while ETSA Utilities is a major partner of the Adelaide Symphony Orchestra.

Metro Info organised the first indoor farm in Hong Kong with Asia World Expo, bringing 120 animals into close contact with city dwellers. Metro Finance also organised seminars for people planning their retirements and for expectant mothers on baby health care, among others.



ETSA Utilities is a major partner of the Adelaide Symphony Orchestra.

## Sports

The A S Watson Group Hong Kong Student Sports Awards honoured over 800 primary, secondary and special school student athletes. Watsons Water supported the Hong Kong Marathon.

A S Watsons Hong Kong supported the "2010 FIVB World Grand Prix-Hong Kong" as its title sponsor and invited more than 1,200 youths and underprivileged children and their families to watch world-class volleyball.

Vodafone Hutchison Australia raised A\$160,000 through the Cricket season to support Breast Care Nurses in hospitals throughout rural and regional Australia.

## Disaster Relief

After Pakistan was devastated by the worst floods in the country's history during the summer, Hutchison Port Holdings donated to a non-profit organisation to deliver food, water and medications to Sindh, Punjab and Khyber-Paktoonkhwa provinces within 48 hours. In addition, Karachi International Container Terminal organised fund raisers and established shelters for victims of the natural disasters.

Hutchison CP Telecommunications ("HCPT") set up free public phone services following the Merapi volcano eruption and the Sinabung earthquake in Indonesia. Many employees also raised funds for the Mentawai Students Association to work at ground zero as volunteers.

ESDlife participated in various fund-raising activities for charity organisations raising financial aid for victims of the Haiti and Qinghai earthquakes.



HCPT sets up free public phone booths following the Sinabung earthquake and Merapi eruption.

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The motto of the HWL Volunteer: 3Hs, "Harmony, Health, and Happiness", is part of the corporate culture of HWL. In our experience of developing businesses around the world, we understand the importance of exchanging ideas and communicating frequently with our stakeholders. It is through working together that we can all build a better future not just for the next generation, but also for the generations after them.