

# Environmental, Social and Governance Report

Hutchison Whampoa is firmly committed to the long-term sustainability of its global businesses and the local communities in which it operates. HWL has over 250,000 dedicated employees in over 50 countries worldwide, who work prudently and diligently to deliver quality products and services to our customers. In 2011, HWL garnered over 2,000 industry awards including the Best Managed Company Award from *Asiamoney* and Asia's Best Conglomerate from *FinanceAsia*. These awards recognise our effort to protect the environment, contribution to medical care and cultural festivities and our overall corporate governance.

Chaired by the Deputy Group Managing Director, Mrs Chow Woo Mo Fong, Susan, the Environmental, Social and Governance ("ESG") Committee at HWL consists of representatives from key departments of HWL including Human Resources, Corporate Affairs, Information Services, Management Services and Legal.

Key focus areas for 2011 included the environment, staff development and training, and community involvement. In particular, the ESG Committee conducted a series of campaigns to continue enhancing efficient use of energy and other resources through recycling and reduction in consumption. HWL's head office also introduced environmental awareness activities across the Group to encourage participation by employees at all levels. These initiatives were well received by employees across the Group. The ESG Committee will continue to formulate guidelines and spearhead initiatives that can be implemented on a company-wide level.

## I. Stakeholder Engagement

*"HWL is committed to enhancing long-term shareholder value through regular communication with its shareholders, both individual and institutional."*

- HWL Shareholder Communication Policy

With a diverse portfolio spanning over 50 countries, HWL understands the importance of forging and developing long-term relationships and meaningful dialogues with its various stakeholders including shareholders, customers, employees, suppliers, creditors, regulators, and the public. Since each country and locality has its unique priorities and faces different economic situations, HWL's operating business seeks to balance the views and interests of the various stakeholders. The economic prosperity and stability of a community are important to HWL as we plan our investments in those communities for the long term.

### Shareholders

In 2012, the Group has updated its Shareholder Communication Policy in order to further strengthen dialogue, and expand channels of communication with our shareholders.

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

The Shareholder Communication Policy is available on our corporate website: [www.hutchison-whampoa.com](http://www.hutchison-whampoa.com).

### Customers

The Group operates in extremely competitive markets and customer feedback is essential in helping our operating companies to provide products and services that meet the needs of our customers. Various operating companies of the Group have a number of systems in place to solicit customer comments and recommendations. In addition to gathering customer feedback, focus groups are also sometimes formed to review products and services. Where appropriate, HWL uses social networking tools to stay closely connected with our customers including providing the latest news and information of our services and products. Many of our retail chains have set up social media pages such as Facebook and Weibo while others have created webapps that customers can use to order products directly from their smartphones.



A S Watson Group introduces new mobile apps.

## Employees

HWL has over 250,000 employees in over 50 countries worldwide. It is committed to providing staff training and development programmes designed to help our employees to enhance their knowledge and skills. These dedicated employees are the heart and soul of the Group. As the Group continues its expansion, opportunities abound worldwide for industrious and hardworking employees in numerous sectors.

In 2011, A S Watson Group was awarded Asia's Best Employer Brand by the Employer Branding Institute and a Distinguished Family-Friendly Employer by the Family Council, Hong Kong. In Canada, Husky Energy was named as one of the World's Most Admired Companies by Fortune Magazine.

## Suppliers and Creditors

As a conglomerate operating in numerous jurisdictions, upholding international laws and regulations is of top priority for HWL. 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.

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



A S Watson Group updates its global strategy with discussions on future retail trends with suppliers in a conference.

## Government and the Public

The Group operates in a range of sectors and industries, including ports, property, hotels, retail, infrastructure, energy, and telecommunications.

Along with different government laws, rules and regulations, each operating company makes tremendous effort to ensure that it is compliant with the relevant local laws and customs.

The public, whether they are customers or suppliers, are important to the Group as a stable and a prospering community is important to the steady growth and prosperity of our businesses.

## II. Workplace Quality

*"The Group is committed to providing a work environment that is free from all forms of discrimination on the basis of race, ethnicity, gender, creed, religion, age, disability or sexual preference."*

- HWL Employment Policy

## Working Conditions

HWL has been growing amidst the turbulent global economic climate. In order to retain talent, the Group invests and rewards employees according to their performance and productivity. HWL is proud of its team of highly motivated employees, which has enabled the Group to take advantage of opportunities as they arise. Employees' remuneration is reviewed individually on an annual basis to ensure the packages are fair and competitive. HWL provides 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.

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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 the 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 our employees. Some companies have teams dedicated to workplace safety, sourcing and providing appropriate tools and training to employees to discharge their duties.

### Development and Training

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

Each division is responsible for developing their own training to meet specific business requirements. These trainings take numerous forms including internal and external training courses, as well as e-learning that is designed to challenge employees and broaden their skill sets. Tailor-made programmes help employees meet the ever changing needs of the marketplace in their specific business arena, and give them the tools to stay competitive. The Group's companies also provide educational subsidies and study leave for employees looking to deepen their knowledge on studies relevant to their jobs or functions.

In addition, HWL provides continuous professional development training to its directors and senior management to develop and refresh their knowledge and skills. These include workshops and seminars on leadership development, corporate governance practices as well as updates on regulatory developments and requirements.

Employees are important assets of the Group. HWL believes that investing in employees is essential to the future strength and success of its business.

### Recruitment and Promotion

With employees in over 50 countries, diversity is instrumental in making the Group stronger and even more prepared to tackle challenges. The Group attracts top talent of different races, colours, genders and religious beliefs and has a policy to ensure all employees and job applicants enjoy equal opportunities and fair treatment.

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

### Fellowship and Camaraderie

As part of our corporate culture and commitment to our employees, numerous activities are organised throughout the year to promote camaraderie and morale amongst staff.

In Hong Kong, the Head Office organises activities and volunteering opportunities that bring together employees from different divisions to promote team spirit as well as service to the public. Individual operating companies also organise numerous activities and events to serve the local communities.



Marionnaud in Spain organises professional training workshops to teach make-up techniques.

Last year, the Group held a fun day at a local amusement park for its Hong Kong employees and their families. Approximately 7,000 employees and their families joined a day of fun and fellowship with colleagues in other business sectors.

### III. Environmental Protection

*"HWL is committed to minimising the impact of existing business activities on the environment..."*

- HWL Group Policy

HWL and our operating companies continued to improve and implement environmental protection and energy efficiency programmes worldwide throughout 2011. Each operating company create their own unique programmes that minimise the impact of their activities on the environment in different ways.

Below is a snapshot of some of the activities that the businesses of the Group engaged in across the globe.

#### Energy Efficiency

For the past few years, HWL has implemented the "Green IT initiative" that helped eliminate printing waste by encouraging employees to delete unnecessary images, text or pages saving toner, paper and reducing greenhouse gases.

Throughout the Group, the operating companies continue to strive to make their operations and logistic chains as energy efficient as possible. The Infrastructure and Energy divisions, being the larger energy usage divisions of the Group, run energy efficiency programmes, including using higher-efficiency lighting solutions, the latest communication technology and support tools in place of transportation.

One of the most successful projects of the Group has been our telecommunications operation – Three's Hydrogen BTS project launched in 2009, where the Indonesian telecommunications operator 3 expanded its usage of hydrogen fuel to all of its base stations by using innovative green technology and hydrogen fuel in Indonesia to cut down emissions.

#### Pollution Prevention and Emissions Reduction

Various operating companies within the Group, like those within the infrastructure and energy portfolios, strived to reduce pollution and emissions throughout 2011. More detailed ESG and Sustainability reports are available on their individual websites.

Some of the notable accomplishments are highlighted below:

- Power Assets, a global investor in power and utility-related businesses with investments in electricity generation, transmission and distribution, renewable energy and gas distribution, reduced carbon emissions by 13% between 2005 and 2010.
- Power Assets is named one of the two carbon performance leaders out of 109 regional companies in the Carbon Disclosure Project 2011.



HIT is turning its RTGCs to electric or hybrid, making its operations more environmentally friendly.

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- In the UK, Northumbrian Water Group, which provides water and sewerage services to 4.5 million people, set a target to reduce operational emissions of 35% by 2020 with 2008 as a base.
- In Australia, ETSA Utilities Fleet Branch, which serves more than 820,000 customers, implemented a fuel use and greenhouse gas emissions strategy to reduce emissions. ETSA also invested in Carbon Neutral Programs to offset vehicle emissions.

The following accomplishments, though smaller in scale, are equally as significant in HWL's commitment to environmental protection. In 2011, Hutchison International Terminals ("HIT") changed more than two thirds of their Rubber-Tyred Gantry Cranes ("RTGC") to electric or hybrid. Hybrid cranes consume less fuel and reduce carbon emissions by 50%. HIT plans to convert its entire fleet of RTGC to electric or hybrid models by 2012. Europe Container Terminals ("ECT") looked at a more efficient way to transport their employees. By providing company shuttle buses to transport almost half of its 2,200 employees between their homes in Rotterdam and the workplace, employees at ECT are able to save a combined 17.5 million kilometres in transportation, and approximately three million kilograms of CO<sub>2</sub> emissions.

### Environmental Sustainability

Jakarta International Container Terminal launched "Waste Bank," a programme that encourages people to sort organic and non-organic waste from their homes. Once a week, the trash is sorted by a waste officer and non-organic waste is weighed, and residents are paid according to how much trash the waste officer has collected for disposal.

In Mexico, Internacional de Contenedores Asociados de Veracruz, one of the busiest terminals at the Port of Veracruz, collected cardboard, paper and plastic for recycling. The collection raised US\$15,367 that went to medicine and medical supplies for children with cancer.

In Italy, 3's offices in Milan and Rome expanded their waste separation programme from paper to glass, plastics and metal.

In Hong Kong, the Group's estate management companies organised numerous recycling activities to help residents conserve natural resources as well as to give usable items to the needy. For example, South Horizons Management Limited, which manages a residential estate in southern Hong Kong, organised food, ladies clothes, toys and mooncake donation programmes to benefit underprivileged families and help these families through rough times.

### Protection of the Environment and Natural Habitats

In 2011, the Group's companies conducted several successful initiatives related to the environmental protection of natural habitats. Some of these initiatives are as follows:

Husky Energy, one of Canada's largest petroleum companies, has been a consistent contributor to the local species conservation efforts. The company committed C\$1.25 million to support the Husky Energy Endangered Species Program at the Centre for Conservation Research at the Calgary Zoo over the next five years.

Northumbrian Water took great care to conserve and enhance their natural environment by actively managing their Sites of Special Scientific Interest ("SSSI"). SSSIs are the UK's noted wildlife and geological sites. In addition, the company runs a Biodiversity Action Plan that maps and surveys protected species in their natural habitats.

On similar lines, CitiPower and Powercor, electricity distributors, provided bird diverters to the Werribee Zoo in Australia to prevent birds from coming into contact with overhead electricity lines.



Husky Energy reinvests in its flagship Endangered Species Program at Calgary Zoo.

## IV. Operating Practices

*"The Group's reputation, integrity and honesty are of the highest priority."*

- HWL Group Policy

### Supply Chain Management

The Group holds laws and regulations in utmost regard. We implement international best practices and conduct fair and unbiased tender processes in dealing with vendors. We also take steps to ensure that our partners and suppliers do not employ child labour or abuse human rights.

AS Watson joined the Business Social Compliance Initiative ("BSCI") in 2008, a major Brussels-based organisation that promotes SA8000 accreditation and International Labour Organisation Core Conventions. In addition to BSCI audits, AS Watson also conducts internal workshops to raise awareness of BSCI in different business units.

### Consumer Protection

Protecting our consumers and their privacy is one of the top priorities of our employees. To this end, we have implemented strict data protection mechanisms to protect the confidentiality of our customers' data. In addition to guidelines and handbooks, the Group issues periodic reminders to customer-facing employees to continuously stress and remind them of the importance of personal data protection.

### Anti-Corruption

The Group takes its anti-corruption responsibilities very seriously. In addition to the ongoing review of the effectiveness of the internal control systems across the Group, HWL has also updated its Anti-Bribery and Anti-Corruption Policy.

## V. Community Involvement

*"We encourage our employees to play an active role in the communities where they live and work."*

- HWL Group Policy

### Giving Back to Society

HWL takes pride in giving back to the communities it operates in, and views giving back to communities as part of its responsibility. In 2011, the Group's operating companies and employees worked hand-in-hand with their local communities in a variety of initiatives ranging from environment clean-ups to educating the next generation. In particular, 38 companies of the Group were named Caring Companies by the Hong Kong Council of Social Services, recognising their contributions to the community. The following are some examples of community activities that the Group was involved in during the year.



HWL Volunteer Team and Tung Wah Group of Hospitals visit Disneyland with the elderly.

### Community

An important lesson to take away from the uncertainty in the global economy is that care and compassion for those people around us is essential as global citizens. The Group encourages and promotes volunteerism and encourages our employees to serve their communities in numerous ways. Some of these initiatives are highlighted below:

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- HWL Volunteers, organised by the HWL Head Office, flies under the banner 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 Yan Oi Tong.
- A S Watson Group launched its inaugural Global Volunteer Day in October where 28 business units across 33 markets spread their love and care to their local communities. For example in Taiwan, Watsons' employees participated in the Hand In Hand with Love Charity Fun Race. In the UK, Superdrug colleagues took part in the "Cycle to the Moon" charity bike race while A S Watson employees in Hong Kong encouraged underprivileged children through storytelling.
- In Indonesia, 3 was a partner in the "3 Never Give Up Heroes" to recognise three amazing visionaries who made it their mission to give back to their community. Those recognised included an everyday citizen who strived to care for street children, a teacher who gave up his dream to be a judge to teach marginal students and a mother who championed the fight against violence on women.
- In Austria, 3 sponsored a comedy festival at the Vienna town hall to bring smiles and laughter to the public.
- In Canada, a number of Husky Energy employees swapped their business attire for hammers and nails to help Habitat for Humanity build townhouses for five underprivileged families. Husky Energy also participated the 2011 Help the Hungry food drive where employees volunteered for the annual food drive.



3 Indonesia presents to the heroes who hold the mission to contribute to the society against all odds.

### 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 nine years the Group has donated over £4.7 million, benefiting close to 600 students.

Shanghai Hutchison Pharmaceuticals ("SHPL") established two reading rooms in elementary schools in Yunnan and Shanxi provinces, the Mainland. The SHPL reading room project provides books to elementary and middle schools in impoverished and underdeveloped areas.

In Indonesia, 3 donated RP52,128,500 to Kristen Satya Wacana University for a scholarship programme to award technical and electronics majors. 3 also awards monthly scholarships to local students from elementary to high school in a programme called Kampung Three that promotes ecological awareness.



Underprivileged children in Yunnan and Shanxi provinces enjoy the benefits of two reading rooms established by SHPL.

### Medical and Healthcare

Healthcare and the well-being of citizens is a high priority for the Group when it comes to giving back to the community. The following highlights activities that various companies within the Group have engaged in.

- With the goal of bringing a smile to seriously ill children, 3 Austria continued their support of CliniClowns that bring laughter to 37 Austrian hospitals. In the UK, 3 helped raise funds to support those affected by cancer.
- In Ireland, 3 employees held a "Cake Break" in its canteen on the national Alzheimer's Tea Day 2011. While each employee made a small contribution to the Alzheimer Society of Ireland, it also provided a platform for colleagues to share cakes and their experiences with those with the disease.
- In Singapore, Watsons raised funds for breast cancer research in the Pink Ribbon Walk.

## Arts and Culture

In 2011 the Group held a variety of charitable activities in the arts and cultural arena, as highlighted by the following initiatives:

- Hutchison Whampoa Properties held a series of cultural activities for local citizens including organising a magic trick lesson for 300 children and a vintage car exhibition for the community.
- In Australia, ETSA Utilities assisted in installing lights and banners in the main street of Lobethal, where the town's Christmas lights have become a major tourist attraction.
- TOM Group's Cite Publishing Group organised a number of charitable activities in Taiwan's rural regions, including collecting second-hand books to donate along with a book reading event to encourage children to read.



An array of vintage cars is on show at Wonderful Worlds of Whampoa.

## Sports

In 2011, A S Watson Group celebrated the sixth anniversary of its Hong Kong Student Sports Awards, which involved at least 70 % of the schools in Hong Kong. To date, 4,718 students in Hong Kong have benefited from the programme.

At the Metro Charity Soccer King Cup, teams sponsored by Hong Kong businesses participated in the soccer tournament promoting the importance of sports and health and raised money for charity.

## Disaster Relief

- In Italy, 3 employees rose to the occasion by donating a portion of their salaries to support Genova, a city and major port in northern Italy that was struck by serious flooding.
- In Denmark, 3 helped create a mobile solution to help refugees find friends and relatives who have fled their countries because of war and famine.
- ESD*life*, a premier web portal in Hong Kong, participated in numerous fundraising activities to help victims of the Japan earthquake and tsunami.

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## A Brighter Tomorrow

HWL Volunteer's motto is based on the 3HS "Harmony, Health, and Happiness", which forms an essential part of our corporate culture. We understand the importance of exchanging ideas and communicating frequently with our stakeholders. Only by working together we can build a better future, not just for the next generation but also for the generations to come.