

Environmental, Social and Governance Report



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1. The company has regular communications with the financial community and shareholders.
2. A S Watson launches its first-ever Global Smile Campaign across its 11,400-store network to provide service with a human touch in its businesses.



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Overview

Hutchison Whampoa (“HWL” or the “Group”) traces its history back to the 19th century. Over the years, the company has grown globally with businesses in over 50 countries. Around the world, 280,000 hard-working employees deliver quality products and services to customers while making substantial contributions to the community. In 2014, HWL’s companies garnered hundreds of industry awards and recognitions including those for business practices, environmental achievements and employment practices. To see the list of awards our companies have won over the past year, please visit our website: www.hutchison-whampoa.com.

Over the past several years, HWL’s Environmental, Social and Governance (“ESG”) Committee, chaired by an executive director with representatives from key departments of the Group including Human Resources, Corporate Affairs, Information Services, Management Services and Legal, has helped the Group reduce waste and encourage more efficient use of energy as well as enhance corporate governance. Over the past year, the Group has also conducted workshops to strengthen data privacy guidelines among the businesses.

Stakeholder Engagement

Shareholders

HWL has frequent communications with the financial community including analysts, fund managers and other investors. The Group also encourages shareholders to participate in shareholders’ meetings physically or appoint proxies to attend and vote at the meetings.

The Shareholder Communication Policy is available on the corporate website: www.hutchison-whampoa.com.



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- 3. Watsons Hong Kong has introduced Chinese medicine service, making it Hong Kong's only one-stop health and beauty chain with three health professionals under one roof: registered pharmacist, dietitian and traditional Chinese medicine practitioner.
- 4. A S Watson Group hosts its biennial Global Suppliers Conference 2014 in Hong Kong to exchange views on customer engagement and share the strategy for mutual success.



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Customers

Customer feedback is crucial to building a sustainable business, especially in the highly competitive industries and markets that the Group operates in. For our retail businesses, customers have a range of channels to engage the company such as customer service centres, focus groups, and where appropriate, social networking pages. By engaging customers through the latest technological advancements in e-commerce channels, smartphone apps and social networking tools, our retail businesses are engaging their customers through more channels than ever before. In addition, local retail businesses will offer new products and services to meet the needs of the local communities. For example, in Hong Kong, Watsons recently introduced Chinese medicine service, while in the UK, Superdrug opened a new concept store, the Beauty Studio, to offer a combination of beauty services and products.

Employees

The HWL family now numbers over 280,000 employees in over 50 countries worldwide. As technology advances by leaps and bounds, HWL is committed to providing staff training and development programmes designed to help our employees enhance their knowledge and skills to meet the challenges of a changing era. As the Group continues its expansion, opportunities abound worldwide for capable employees in numerous sectors and industries. Many of our businesses are recognised for their employee programmes such as "Asia's Best Employer Brand" for A S Watson Group ("A S Watson") and "National Champion - Employer of the Year" for 3 Sweden.

Suppliers and Creditors

Upholding international and local laws and regulations is a top priority for HWL and its subsidiaries. HWL Head Office has implemented a policy requiring its vendors and suppliers to abide by conditions stated in the United Nations Global Compact. These requirements include non-discriminatory hiring and employment practices, a safe and healthy workplace, compliance with environmental laws and prohibition of child labour.

Regular dialogue with suppliers is also important to both parties. A S Watson hosted its biennial Global Suppliers Conference 2014 in Hong Kong. With the theme Embracing Customer 360, A S Watson exchanged views on customer engagement and strategy with the world's top health and beauty product manufacturers.

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5. & 6. HPH's Dock School Programme supports local students in different parts of the world.



Government

The Group's portfolio includes ports, property, hotels, retail, infrastructure, energy, and telecommunications. Many of these industries are regulated by local and international bodies.

In addition to compliance with local and international laws, rules and regulations, each operating company makes tremendous effort to take into account relevant local laws and customs.

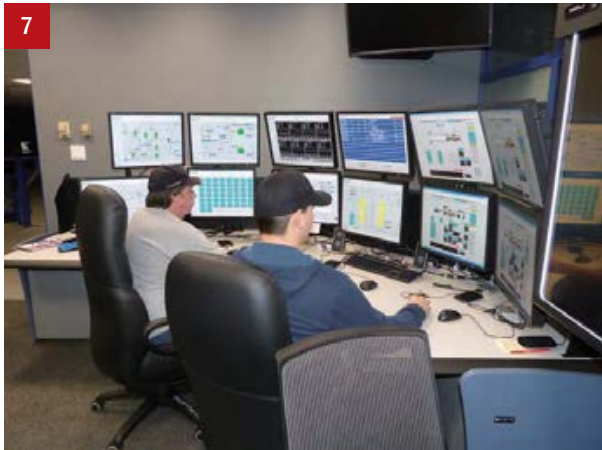
Workplace Quality

Working Conditions

HWL has grown both organically and through acquisitions in 2014. The new additions join a Group that is committed to nurturing its employees and rewards them according to their performance and productivity. HWL's team of highly motivated employees has enabled the Group to capitalise on developing trends. In order to ensure remuneration packages are fair and competitive, they are reviewed individually on an annual basis. The Group provides comprehensive medical, life and disability insurance coverage and retirement schemes. Employees also enjoy a wide range of product and service discounts offered by various Group companies.

Health and Safety

A safe, effective and congenial work environment is crucial to the long-term sustainability of the company. In addition to observing the international labour standards and laws where each business operates, many operating companies also have expanded internal guidelines and systems to ensure the safety and health of their employees. Where appropriate, teams dedicated to workplace safety and training to help employees discharge their duties. The work by these companies to enhance workplace safety is recognised by third parties. For example, CitiPower and Powercor won the Victorian Government Minister's Award, 2014 Victorian Public Healthcare Award while Hong Kong Electric Company ("HK Electric") was given the Work Safe Behaviour Award - Gold Award by the Hong Kong Labour Department and Development Bureau.



- 7. Husky Energy donates a specialised simulator and software to Lloydminster's Lakeland College to help energy programming students better understand the heavy oil upgrading process.
- 8. A S Watson Global Volunteer Day has been held for the fourth consecutive year, with the theme of "We Bring More SMILES to Life".

Development and Training

The Group is committed to the personal development and professional growth of its employees. Well-motivated and dedicated individuals are provided with development and advancement opportunities as the Group expands its businesses worldwide.

Each business has its own unique challenges. Individual divisions are responsible for developing their own training to meet the requirements of their respective markets. These training programmes include internal and external training courses, e-learning modules and on-the-job training.

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

Investing in the Group's most important asset, the employees, is essential to future success.

Recruitment and Promotion

Operating in over 50 countries, HWL aims to attract the top talents from around the world regardless of race, colour, gender, age, or religious belief. The Group has an anti-discrimination policy and hires solely on merit. All employees and job applicants enjoy equal opportunities and fair treatment. The Group is stronger with a diverse workforce, bringing different talents and skillsets and we value the input and contributions by people of all backgrounds. The management team at the Hutchison Whampoa Head Office comprises of talented individuals in their thirties to those in their sixties. Women slightly outnumber men by a ratio of 4:3.

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

Fellowship and Camaraderie

The Group organises a number of activities throughout the year to promote camaraderie and morale amongst staff.

In Hong Kong, the Head Office brings employees from different divisions together through a series of activities and volunteering opportunities. Individual operating companies also have numerous activities and events to serve the local communities and to build team spirit among employees. As an annual tradition, about 8,000 of the Group's employees and their families in Hong Kong had a Fun Day at a local amusement park and had the chance to interact with colleagues in different business sectors. The Company also organised outings for staff and their families to outlying islands of Hong Kong.

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9. Husky Energy contributes C\$750,000 to support the creation of an employment training centre in St. John's Newfoundland and Labrador.
10. Hutchison Telecom Hong Kong raises fund for charities to celebrate its 30th anniversary.

Environmental Protection

HWL companies around the world look to minimise the impact of existing businesses on the environment through enhancing operational efficiencies and implementing eco-friendly measures.

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 several years, HWL rolled out a worldwide IT initiative to help reduce paper usage. HWL's Head Office continues its energy saving improvements and has once again reduced electricity consumption by several per cent. A video conference suite called "Telepresence" implemented in strategic global offices lowered the need of airplane travel by management and the corresponding carbon emissions, while maintaining the benefits of face-to-face meetings. Telepresence has helped save management from taking 779 flights last year.

Around the world, operating companies are continuously making their operations and logistic chains as energy efficient as possible. The infrastructure and energy divisions have comprehensive energy efficiency programmes to monitor and improve their performance.

Pollution Prevention and Emissions Reduction

Many of the Group's operating companies, especially those in the infrastructure and energy portfolios, have detailed plans and metrics to reduce pollution and emissions. Their ESG and Sustainability reports are available on their websites.

Environmental Sustainability

Across the Group and in every industry, safeguarding natural resources and reducing wastage are part of our culture. Our colleagues have participated in different programmes with partners as well as initiated some internally to best save resources for future generations. We highlight some of the programmes taking place around the world:

- Hutchison Port Holdings Limited ("HPH") and leading port operators joined hands in a global environmental initiative, "Recycling Begins & Ends with You". It is the first such high level cooperation amongst the global port operators on an environmental initiative.
- In Hong Kong, HK Electric launched the "Smart Power Fund" to subsidise owners of residential buildings on energy efficiency enhancement works.



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11. SHPL provides books and stationeries to set up libraries in the rural communities in China.

12. HWL Volunteers work with local families through different activities to promote the value of 3H – Health, Happiness and Harmony.



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- In Hong Kong, Hutchison Whampoa Properties Estate Management companies organised recycling and promoted green lifestyle programmes to their residents.
- UK Power Networks conducted a range of cutting-edge trials in London to help cut the city's carbon emissions. The results will help millions of people across the UK if the energy industry introduces them widely.
- In Rotterdam, the Netherlands, AVR-Afvalverwerking B V is helping reduce an estimated 70 to 80 kilotons of carbon dioxide annually by providing heat to the city from their waste-to-energy plant.

Protection of the Environment and Natural Habitats

Protecting natural habitats for future generations is also an important part of many Group companies' initiatives.

Some of these programmes are detailed below:

- In 2014, Northumbrian Water Group's nature focus is helping protect and conserve the environment on a landscape scale. Northumbrian Water supported many landscape scale projects through the Branchout fund and show what can be done to protect and enhance habitats and wildlife.
- In Canada, Husky Energy Inc ("Husky Energy") partnered with Earth Rangers and the Calgary Zoo to help children better understand the ecology and biodiversity of Canada's wild animals and support endangered species.
- In China, Yantian International Container Terminals ("YICT"), with Yantian Port Group, released over 570,000 fingerlings into the neighbouring Mirs Bay.

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13. HWPG collaborates with a television station in the mainland to produce a local dancing contest to give local performers a chance to shine.

14. YICT, together with Yantian Port Group, releases fingerlings into its surrounding waters at Mirs Bay.



Operating Practices

Supply Chain Management

The Group has comprehensive internal controls and holds laws and regulations of each country with the utmost regard. The Group implements international best practices and conducts fair and unbiased tender processes. Steps are also taken to ensure that our partners and suppliers do not employ child labour or abuse human rights.

As one of the largest health and beauty retailers in the world with over 11,400 stores, A S Watson joined the Business Social Compliance Initiative in 2008, a leading business-driven initiative for companies committed to improving working conditions in the global supply chain.

Consumer Protection

Protecting our consumers and safe-guarding their privacy are some of the top priorities of our employees. In addition to guidelines and handbooks, the Group issues periodic reminders and run workshops to customer-facing employees to continuously remind them of the importance of protecting personal data.

Anti-Corruption

The Group has established a strong internal control framework, put in place a set of stringent policies, and has instituted a vigorous enforcement regime against corruption and fraud.

In particular, the Audit Committee and executive management set a tone of zero-tolerance on corruption and fraud. This is reflected in our policy on the subject, as well as many of our operational procedures, where we emphasise our values of integrity, fairness, transparency and accountability are evident.



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15. Husky Energy helps youth from across Canada to better understand the ecology of Canada's wild animals.

16. A S Watson's ninth Hong Kong Student Sports Awards recognises over 900 students athletes this year.



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Also, our Group's strong stand against corruption and fraud is communicated to all our employees, and suitable clauses have been incorporated into our contracts with third party suppliers to make them fully aware of our position. These measures are further bolstered by independent audits conducted by the Group's internal audit function.

Moreover, incidents or suspected incidents are immediately looked into by the business units concerned, and those that fall within certain criteria are also reported to the Audit Committee and executive management, and investigated by the Group's internal audit function. On top of this, the whistle blower channels that our Group has established allow an informant to report anonymously any suspected or actual irregularities or misdeeds, and 12 cases have reached us via this route in 2014. Also, we co-operate fully with any investigations conducted by law enforcement agencies.

Furthermore, our Group is keenly alive to the ever-changing landscape of corruption and fraud, and relentlessly searches for more effective measures to combat them. Trend and transaction analyses are carried out and incidents are dissected to find the cause, course and cure of the underlying ills, and periodic sharing sessions are held within the Group to spread knowledge, skills and experience.

In all, our Group believes that a strong anti-corruption and anti-fraud stance forms a vital part of the overall governance framework, and is prepared to mobilise adequate resources so as to safeguard the assets and the hard-earned profits of our shareholders.

Community Involvement

We are proud of our efforts in giving back to the community. As members of the community that we cherish, the Group takes responsibility of seeing to its well-being seriously. Throughout 2014, the Group's companies and employees worked hand-in-hand with their local communities in a variety of initiatives that range from job creation to educating the next generation. Below are some examples of community activities that the Group was involved in during the year.

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Community

Our employees across the Group serve their communities in a number of ways. Some of these initiatives are highlighted below:

- HWL Volunteer Team, organised by HWL Head Office, arranged a range of activities for the community in conjunction with various social organisations such as Tung Wah Group of Hospitals and Yan Oi Tong.
- A S Watson held the fourth A S Watson Global Volunteer Day with 33 business units participating. With a theme of “We Bring More SMILES to Life”, A S Watson employees participated in a wide array of activities including helping underprivileged children, giving an elderly home garden a makeover, and cleaning beaches.
- Hutchison Telecommunications Hong Kong Holdings (“HTHKH”) celebrated its 30th anniversary with the Donation Matching Programme. Donations from staff were matched dollar-for-dollar by the company to help eight non-profit organisations. These organisations are involved with education, alleviation of poverty, medical and rehabilitation services, and environmental protection.
- In Hong Kong, HK Electric pledged to freeze its tariffs for the second year. The company also reached out to care for local retirees and the elderly.
- In Canada, Husky Energy provided CAD250,000 to the Mikisew Cree First Nation’s Kahkiyow Keykanow elderly centre to provide care for elders requiring assisted living or end-of-life care.
- Staff from Hutchison Korea Terminals participated in the “2014 HKT Volunteer Community Service Day” by giving their time to serve as canteen staff at a school for underprivileged children.
- In the UK, 3 UK created the Community Fund where employees can nominate charities or causes they support. Teams across the business are also encouraged on a “Charity Challenge” on behalf of a charity of their choice with money they raised being match-funded by the Community Fund.

Education

- Since 2002, the Hutchison Chevening Scholarships has provided opportunities for young postgraduates from Hong Kong and the Mainland to pursue their studies in the UK universities. Over the past decade, the Group has donated over £6.5 million, benefiting over 710 students.
- HPH Dock School Programme took many schools from around the world under their wings, meeting their individual needs such as musical instruments, school visits or improving their classroom facilities. For more information on the Dock School Programme, go to www.hph.com.
- In Shanghai, China, colleagues of the property unit formed the Hutchison Whampoa Property Group (“HWPG”) Shanghai Volunteer Team and volunteered two months at the Shanghai Library. Also in China, the HWPG Qingdao Volunteer Team helped raise public awareness and support for children with Autism through working with local schools and foundations. Shanghai Hutchison Pharmaceuticals continue to contribute to rural communities, setting up two new libraries in Shandong and Gansu provinces.
- In Hong Kong, chefs at Harbour Plaza Hotel Management helped raise funds for children with special needs and their families.
- In Canada, Husky Energy supported the creation of an employment training centre in St John’s Newfoundland and Labrador, and donated a specialised simulator and software to Lloydminster’s Lakeland College to help students get hands-on learning.

Medical and Healthcare

Healthcare initiatives can be in many forms. From medical technologies to preventive exercises, all these are important to the well-being of our community. The following highlights activities that various companies within the Group have engaged in.

- In Ireland, 3 Ireland employees and their children held a special Halloween party to raise funds for The Down Syndrome Centre.
- In Hong Kong, the A S Watson Lifestyle Club held a “Step Up for Health” campaign, drawing 600 employees to walk up 299 steps together in the morning.
- Hutchison Telecom Lanka in Sri Lanka, is supporting the roll out of an advanced Patient Management System that will help revolutionise patient data collection and management. The system will provide an electronic backup of patient records within the hospital as well as ensure patients receive reminders via SMS on important follow-up and vaccination appointments.

Arts and Culture

In 2014, the Group participated in a number of charitable activities in the arts and cultural arena, as highlighted by the following initiatives:

- In China, HWPB brings art and entertainment into their business. For example, a project launch included hosting a dancing competition that gave local performers the chance to shine and go on a dancing tour around the world.
- In Hong Kong, Metro Radio and their talented hosts organise philanthropic activities, mixing art with community work.

Sports

A healthy lifestyle is important to our employees and the well-being of those in our communities. Around the Group, some of our group companies may participate in sporting events or encourage local communities to improve their overall health. Some examples of our involvements are listed below:

- In 2014, A S Watson held the ninth Hong Kong Student Sports Awards, which involved 80% of primary, secondary and special schools in Hong Kong. This year, 913 student athletes were recognised with a certificate and a scholarship.
- Watsons Water provided high quality distilled water and isotonic drinks for 73,000 athletes at the Hong Kong Marathon.
- HTHKH staff raised money for the Hong Kong Paralympic Committee and Sports Association for the Physically Disabled.
- Colleagues at 3 Denmark cycled over 18,000 kilometers in the course of a month to raise funds for Children with Cancer.

Disaster Relief

The impact of natural disasters and accidents are not only confined to its victims but also to their communities. As active participants in the well-being of their local communities, HWL Group companies are quick to respond to such disasters. For example, in Taiwan, TOM Group's Sharp Point Publishing organised charity auctions on signed edition of light novels to raise funds for the victims of 2014 Kaohsiung gas explosions.

HWL is proud to be a part of the many communities we operate in. In addition to some of the examples of programmes the company ran in 2014, many of our employees spent their own time and resources in different projects to better the community and give to those in need. We would like to applaud their efforts and passion.