

# Environmental, Social and Governance Report



1. HWPG volunteers spread their care and compassion wherever they go.
2. A S Watson Group hosts a conference themed at "Think Customer" to formulate customer relations and digital strategies to boost sales.



## Overview

Hutchison Whampoa's history dates back to the 1800s and has a heritage of commitment to the local communities in which it conducts business. HWL has over 260,000 employees in over 50 countries around the globe committed to the long-term sustainability of the business. The Group delivers quality products and services to its customers while making substantial contributions to the community. In 2013, HWL garnered over 2,000 industry awards and recognitions including Best CSR by Corporate Governance Asia. To see the list of awards our companies have won over the past year, please visit our website: [www.hutchison-whampoa.com](http://www.hutchison-whampoa.com). These awards recognise the efforts of the Group to protect the environment, the work in the community, and overall corporate governance.

HWL's Environmental, Social and Governance ("ESG") Committee, chaired by an Executive Director with representatives from key departments of the Company including Human Resources, Corporate Affairs, Information Services, Management Services and Legal, focuses on staff development and training, community involvement and the environment in 2014. Several campaigns to reduce waste and encourage more efficient use of energy over the past few years have generated satisfactory results. Corporate governance workshops initiated by the Committee has also been well-received and found wide-support across the Group. The ESG Committee will continue to formulate guidelines and spearhead initiatives that can be implemented on a company-wide level.

## Stakeholder Engagement

### Shareholders

The Group continues to strengthen dialogue, and expand channels of communication with its shareholders.

To increase transparency to the market, the Group has periodic discussions with the financial community including analysts, fund managers and other investors. Shareholders are also encouraged 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 of the Group: [www.hutchison-whampoa.com](http://www.hutchison-whampoa.com).

## Environmental, Social and Governance Report



3. HWL volunteers visit the elderly in Mui Wo.

4. Husky Energy supports power engineering training and certification programmes for students.



### Customers

As the Group operates in extremely competitive markets, customer feedback is crucial to building a sustainable business. Various operating companies have a number of channels to solicit customer comments and recommendations such as customer service centres, focus groups, and where appropriate, social networking tools. Through the development of a number of smartphone apps and social pages, the retail businesses are kept abreast of the changing needs of their customers. For example, a smartphone app can help one find his/her car at an HWPG shopping mall while another app can help pick the right wine to go with one's dinner. Last year, A S Watson Group hosted a Customer Relationship Management (CRM) & Digital conference themed "Think Customer" and formulated a "Customer 360" Strategy to show how the retail brands can better interact with future customers. A S Watson's loyalty programme has a total of 95 million members as of last year, generating 352 million transactions.

### Employees

There are over 260,000 employees in the HWL family working in over 50 countries worldwide. HWL is committed to providing staff training and development programmes designed to help our employees to enhance their knowledge and skills as well as self-enrichment. As the Group continues its expansion, opportunities abound worldwide for capable employees in numerous sectors and industries.

Once again, A S Watson Group and HTHKH won Asia's Best Employer Brand Awards by CMO Asia and another by the Employer Branding Institute.

### Suppliers and Creditors

As a multinational operating in numerous jurisdictions, upholding laws and regulations that are relevant to the businesses is a top priority for HWL. HWL Head Office has mandated its vendors and suppliers with requirements that mirror 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.

The retail division, A S Watson fosters interaction with its business partners through biennial sharing of their global strategy in the A S Watson Global Suppliers Conference exploring retail trends, technologies and best practices to enhance the customer experience.

### Government

The Group operates in a range of sectors and industries, including 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 has taken steps to ensure that it takes into account relevant local concerns and customs.

- 5. SHPL has donated 21 SHPL libraries so far.
- 6. At the HIT Gallery, opened in 2013 at the Hong Kong Maritime Museum, visitors can track ship movements with a real-time radar.



**57%** of HWL Head Office management are women

## Workplace Quality

### Working Conditions

Despite the economic challenges in a number of markets in 2013, HWL has been growing organically and through acquisitions. The Group 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 take advantage of the growth opportunities. 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. To promote camaraderie across the Group, employees also enjoy a wide range of product and service discounts offered by various Group companies.

### Health and Safety

Employees are more than just workers. They are part of the family and the most important asset of the Company. Thus, 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 internal guidelines and systems tied to their specific industries to ensure the safety and health of their employees. Where appropriate, teams dedicated to workplace safety and training to employees to discharge their duties. The work by these companies to enhance workplace safety has in many instances been recognised by third parties. For example, UK Power Networks was awarded "Best Health and Safety Communication-Bronze" by the International Visual Communication Association. Power Assets and Asia Container Terminals won accolades from the Occupational Safety and Health Council.

### Development and Training

The Group's commitment to its staff extends to the personal development of its employees as well as their professional growth. Well-motivated and dedicated individuals are provided with development and advancement opportunities as the Group expands its businesses worldwide.

As 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 trainings take numerous forms including internal and external training courses, e-learning modules and on-the-job training. Extensive training are given to staff to help them be more aware of the impact of recent regulatory changes. In Hong Kong, managers of HWL companies take, on average, four to five classes each year on subjects that span from new rules and regulations, corporate governance, and other industry issues. Other programmes such as IT skills, presentation techniques, sales and customer service are also available.



7. 3 UK colleagues raise funds for Charity Challenge.

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.

HWL believes that investment in its employees is essential to the future strength and success of its business.

### Recruitment and Promotion

The Group has an anti-discrimination policy and hires solely on merit. It believes in nurturing and developing top talents regardless of race, colour, gender, age, or religious belief. 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 values the input and contributions by people of all backgrounds. The management team at the Hutchison Whampoa Head Office comprises of talented individuals in their twenties to over 65 years old. Women slightly outnumber the men 4:3.

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

### Fellowship and Camaraderie

With the diverse background and heritage of the Group, a number of 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 camaraderie and serve the public. Individual operating companies also organise numerous activities and events to serve the local communities and to build team spirit among employees. Continuing an annual tradition, the Group's Hong Kong employees and their families had a Fun Day at a local amusement park where approximately 7,000 employees and their families joined a day of fun and fellowship with colleagues in other business sectors. The Company also organised outings for staff and their families to outlying islands of Hong Kong.

8. HPH Dock schools benefit children around the world.

8



**516**

flights saved with  
Telepresence

## Environmental Protection

HWL companies around the world are constantly looking to improve operational efficiencies and reduce their impact on the environment through various initiatives.

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 has undertaken an extensive IT initiative to help reduce paper usage. Year 2013 saw a reduction of over 10% of paper at the Head Office from the year before. The Company's energy saving programmes are also seeing results, with electricity consumption at the head office reduced several percentage points. We have also been gradually rolling out a video conference suite called "Telepresence" to strategic global offices to lower the need of airplane travel by management while maintaining the benefits of face-to-face meetings. Telepresence has helped save management from taking 516 flights last year.

Around the world, operating companies are 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 metrics to reduce pollution and emissions. Their ESG and Sustainability reports are available on their websites.

Some of the notable accomplishments are highlighted below:

- Many of the ports of the Group around the world won awards for their efforts to reduce their impact on the environment. Hongkong International Terminals was awarded the Silver Award by the Hong Kong Green Council for recycling wastewater and scrap materials such as making old crane tyres into an adhesive that extends the lifespan of the tyres by two years. LED replacements of traditional lighting equipment is estimated to have saved the company 55% energy.
- In the Netherlands, Europe Container Terminals received the Lean and Green Star for sustainable business practices that reduced more than 20% of its carbon emissions.

## Environmental, Social and Governance Report



9. A S Watson celebrates the third anniversary of its Global Volunteer Day, with 40 business units joining hands to show their passion in action to enhance the well-being of the community.

10. Superdrug puts the fun into fundraising with its fancy dress day for Marie Curie Cancer Care.



11. Staff from Watsons Turkey participates in the 35th Eurasia Marathon to raise funds for local children's education programmes.

# 10%

Paper saved by HWL Head Office over last year



- Husky Energy is minimising emissions and odours at its Cadotte facility in Northern Alberta by converting waste gas to power. Enough electricity is generated and sold into the grid for every home in the nearby town of Peace River.
- Cheung Kong Infrastructure led a consortium to acquire AVR, Netherlands' largest energy-from-waste company. The company takes garbage from other countries and large Dutch cities and turns it into energy for its clients. Earlier in the year, CKI acquired Enviro Waste in New Zealand that provides waste-related services, recycling and landfill gas-to-electric generation.

### Environmental Sustainability

Across the Group and in every industry, safeguarding natural resources and reducing wastage are part of the culture. The colleagues of the Group 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:

- In the Netherlands, Kruidvat, with over 1,000 stores, is taking the lead in selling only LED light bulbs, using packaging with FSC paper and offering organic and eco-friendly personal care products.
- In Hong Kong, Hutchison Whampoa Properties Estate Management companies organised recycling and promoted green projects to support a green living lifestyle for its residents.
- Continuing a programme since 2006, HK Electric's Clean Energy Fund donates each year to finance the study and application of renewable energy by the schools in Hong Kong.
- In Canada, Husky Energy's Environmental Performance Reporting System enables them to track water usage trends and improve efficiency, accuracy and frequency. This information helps Husky Energy to identify and prioritise opportunities for water-use reduction and recycling in its operations.
- Yantian International Container Terminals was recognised by the Steering Committee of Water-Saving Programme of Shenzhen as a Role Model in Water-Saving.



- 12. 3 Ireland partners with the Down Syndrome Centre to make a child's dream come true.
- 13. HTHKH volunteer team is dedicated to serving the community, especially the elderly and low-income families.

## Protection of the Environment and Natural Habitats

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

Northumbrian Water was awarded the Waste and Recycling – Impact Winner award by The Guardian Sustainable Business Awards and named one of the World's Most Ethical Companies by the Ethisphere Institute.

Also in the UK, Wales & West Utilities was awarded a Wales Responsible Business Award for its efforts in environment protection.

## Operating Practices

### Supply Chain Management

The Group has stringent internal controls and holds laws and regulations of each country with the utmost regard. The Group implements international best practices and conduct fair and unbiased tender processes. The Group also takes steps to ensure that its partners and suppliers do not employ child labour or abuse human rights.

A S Watson, the largest health and beauty retailers in the world with over 10,500 stores, joined the Business Social Compliance Initiative ("BSCI") in 2008, a leading business-driven initiative for companies committed to improving working conditions in the global supply chain. A S Watson's Energy, Supply Chain and Packaging Sub-committees are also constantly on the look-out to make their operations more environmentally-friendly and reduce their carbon-footprint. For example, Kruidvat has optimised its route planning and truck loading for greater fuel efficiency with some trucks running on natural gas.

### Consumer Protection

Protecting consumers and to uphold their privacy are some of the top priorities of the Group. The Group implemented strict data protection mechanisms to protect the confidentiality of customer data. In addition to guidelines and handbooks, periodic reminders are issued and workshops are implemented for customer-facing staff to continuously emphasise and remind employees of the importance of protecting personal data.

## Environmental, Social and Governance Report

14. HK Electric promotes low carbon lifestyle with short movies.

15. HWL volunteers assist children to cook healthy and delicious cuisine in a four-day "Chef in the City" event.



670

students benefited from  
the Hutchison Chevening  
scholarship

### 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 the Group's policy on the subject, as well as operational procedures, where the virtues of integrity, fairness, transparency and accountability are evident.

Also, the Group's strong stand against corruption and fraud is communicated to all 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 the Group has established allow an informant to report anonymously any suspected or actual irregularities or misdeeds, and 10 cases have reached the Group via this route in 2013. Also, the Group co-operates fully with any investigations conducted by law enforcement agencies.

Furthermore, the Group is keenly alive to the ever-changing landscape of corruption and fraud, and relentlessly searches for more effective measures to combat them. Trend 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 to spread knowledge, skills and experience within the Group.

In all, the 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 its shareholders.

### Community Involvement

HWL takes pride in giving back to the community. As a part of the community, it is the responsibility of the Group to see to its well-being. Throughout 2013, the Group's companies and employees worked hand-in-hand with their local communities in many innovative programmes and initiatives that range from job creation to educating the next generation. Here below are some examples of community activities that the Group was involved in during the year.

## 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 the HWL Head Office, arranged a range of activities for the community in conjunction with various social organisations such as the Tung Wah Group of Hospitals and Yan Oi Tong.
- A S Watson held the third A S Watson Global Volunteer Day with 30 business units participating. Activities included preparing meal boxes for the elderly in Hong Kong, teaching children to be more responsible to the environment in Germany, and planting trees in Thailand. HTHKH's volunteer team had been busy serving different sectors of the community including the elderly and low-income families.
- Hongkong Electric sponsored a project that provides subsidised meals to the underprivileged. In addition to the hot meals, a social service organisation is on hand to provide counselling and assistance for job hunting.
- Using its extensive social media platform, ESDlife helped raise funds for an array of charitable organisations such as Orbis World Sight Day.
- In the UK, 3 partnered with Southern Housing Group to provide mobile broadband for a "magic bus" that helped tenants in social housing discover the Internet and get online.
- The Port of Felixstowe donated a new Visitor Centre and Café to Suffolk Coastal District Council as part of the port's expansion programme. The centre will cater to local schools, interest groups and tourists and provides information on the port and the surrounding environment.

## Education

For over 10 years, the Hutchison Chevening Scholarships have provided opportunities for young postgraduates from Hong Kong and the Mainland to pursue their studies in UK universities. Over the past decade the Group has donated around £6 million, benefiting 670 students.

Through Hutchison Port Holdings' ("HPH") Dock School Programme, many schools around the world have extensive renovation work done. These include repairs to damaged roofs and floors as well as installing ceiling fans to combat the heat of tropical climates in places like Vietnam. For more information on the Dock School Programme, please visit [www.hph.com](http://www.hph.com).

In Canada, Husky Energy entered into a partnership with the Saskatchewan Institute of Applied Science and Technology to support power engineering training and certification. Harbour Grand Kowloon hosted a hotel visit for students to help them learn more about the hotel industry. Addressing the needs of the elderly, HongKong Electric promotes lifelong learning and volunteerism through the University of Third Age network and the Outstanding Third Age Citizens Awards, encouraging retirees to continue to challenge themselves.

## 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 the community. The following highlights activities that various companies within the Group have engaged in.

- In Ireland, 3 Ireland employees voted to partner with Down Syndrome Centre.
- In Netherlands, Kruidvat along with the Dutch Cancer Society, formed a special Sunwatch team to spread awareness of the dangers of inadequate sun protection.
- Metro Radio helped organise the 12th Parents' Journal 2013, where expectant mothers were provided with comprehensive health care information.

## Environmental, Social and Governance Report

### Arts and Culture

In 2013, the Group participated in a number of charitable activities in the arts and cultural arena, as highlighted by the following initiatives:

- In the Mainland, artwork from students are made into products sold in Watsons China to raise funds for those with learning disabilities.
- Shanghai Hutchison Pharmaceuticals Limited ("SHPL") continues their library donation project establishing three new libraries in Hunan and Jiangxi provinces. SHPL has donated 21 libraries to date.
- In Hong Kong, Hongkong International Terminals sponsored the HIT Gallery at the Hong Kong Maritime Museum, where people can view ship and port movements with a real-time radar. It also contains a carpet showing a map of Victoria harbour and areas that have since been reclaimed.
- Continuing a tradition since 2008, volunteers from Cosco-HIT Terminals visited an elderly home on the eve of mid-Autumn Festival bearing gifts, songs, and laughter.

### Sports

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

- In 2013, A S Watson Group celebrated the eighth anniversary of its Hong Kong Student Sports Awards, which involved at least 80% of the schools in Hong Kong. This year, 904 student athletes from 64 different sports were recognised.
- Watsons Hong Kong became the title sponsor of FIVB World Grand Prix championships in Hong Kong for the third year. The company also rolled out a series of "Love and Care Volleyball" campaign, teaching underprivileged children volleyball skills.
- Watsons Water provided high quality distilled water and isotonic drinks for 72,000 athletes at the Hong Kong Marathon.
- In the UK, 3 UK colleagues cycled 450 miles from Glasgow to Maidenhead to raise funds in the Charity Challenge.

### 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, Husky made a CAD1 million commitment to communities throughout central and southern Alberta devastated by flooding in the middle of the year.

---

HWL stands by its employees and the community in which we operate. In addition to some of the examples of programmes the company ran in 2013, 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 take this opportunity to applaud their efforts and passion.