

Environmental, Social and Governance Report



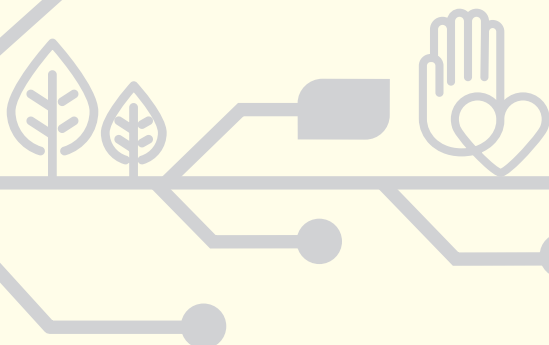




9



10



11



12



13



14

1. CK Hutchison Volunteers visit Sai Kung, a former fishing village in Hong Kong, with the elderly and enjoy a fun day to promote active lifestyle.
2. Hutchison Ports Dock School Programme supports basic facilities and equipment for neighbouring schools.
3. Hutchison Telecommunications Hong Kong Holdings collects reusable electronic equipment for the Computer Recycling Programme run by the Environmental Protection Department.
4. Husky Energy works with the Ministry of Environment to monitor biodiversity in the North Saskatchewan River Valley.
5. HK Electric has built one of Hong Kong's largest commercial solar power systems.
6. Environmental Performance Reporting System at Husky Energy's Sunrise project facilitates and makes available accurate environmental data.
7. A S Watson Group ("ASW") awards 943 student athletes on its 11th Hong Kong Student Sports Awards.
8. Wales & West Utilities' apprenticeship programme offers three-year training to nurture bright talents.
9. PARKnSHOP collects nearly 40,000 food items and makes a contribution of over HK\$1 million to Food Angel in the 2016 "City Food Drive" campaign.
10. CK Hutchison values and maintains ongoing dialogues with its key stakeholders. Over a thousand shareholders meet the Company's Board and Management at the Annual General Meeting.
11. Hongkong International Terminals and Hong Kong NGO jointly hold Graffiti Workshop programme for students.
12. 3 Indonesia celebrates its ninth year of operation by engaging in charitable activities across the country.
13. The 1,600 solar panels on the roof of the new ASW logistic centre in the Netherlands is expected to generate 420,000 kWh of power a year.
14. Northumbrian Water's Kielder Water & Forest Park is home to the largest man-made reservoir in north-west Europe.

About This Report

This Environmental, Social and Governance (“ESG”) Report provides an annual update on sustainability performance of CK Hutchison Holdings Limited (“CK Hutchison”), and together with its subsidiaries, the “Group”) for the year ended 31 December 2016.

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

It has been substantially updated from previous years to reflect the interest of various stakeholders. Additional material quantitative data, detailed ESG requirement as well as policies and programmes across the Group have been included to illustrate some of the many initiatives that are being implemented by Group companies making positive impact to the community and environment.

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

Approach to ESG Strategy and Reporting

The ESG philosophy of CK Hutchison aligns to strategic development which creates long-term value for the Group’s stakeholders.

As a conglomerate with businesses in over 50 countries and a workforce of over 290,000 employees, the Group is committed to integrating ESG considerations in its daily operations, both at the Group and business unit levels. The ESG Committee, chaired by the executive director and company secretary, sets an overtone from a corporate perspective and upholds the Group’s ESG philosophy when key business decisions are made. The businesses take ownership to drive ESG initiatives, create value for stakeholders and regularly review their practices to identify opportunities for performance improvement.

Stakeholder Engagement and Materiality Assessment

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

ESG compliance and how CK Hutchison leverages what it does in business to benefit the community are among the key interests of the stakeholders of the Group. Given the diversity of business operations, the ESG aspects that are considered important and relevant by the stakeholders of the Group vary. Key ESG issues range from environmental emissions and resources deployment to employment and operating practices, as well as community involvement. The material aspects identified are reviewed annually by the Group’s ESG Committee and Board and updated as where appropriate.

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

Commitment to Our People

With over 290,000 employees in over 50 countries, the Group has continued to grow during 2016. The Group’s people are key to the successful delivery of quality and reliable products and services to customers. Good talent management is integral to the CK Hutchison’s philosophy to sustain the long-term viability of the Group. The Group aspires to be an employer of choice through effective talent acquisition, systematic training and provision of an inclusive working environment.

Recruiting, Engaging and Retaining Talent

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

Where possible, different businesses across the Group conduct workshops, site visits, and internships to introduce their industries or professions to the younger generation.

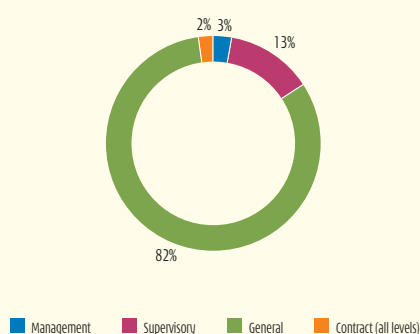
Cheung Kong Infrastructure's Victoria Power Networks, CitiPower and Powercor in Australia have trained more than 450 apprentices and trainees since 2001 and they are assigned to work from 11 locations around Victoria to develop into specialists in their respective areas.

Gas emergency and pipeline service Wales & West Utilities recruited 25 new apprentices to work across Wales and the southwest of England. The 2016 intake for the three-year apprenticeship programme is based across the company's operating areas and focuses on the companies' Build & Repair teams that maintain existing gas equipment and lay new gas supply pipes, as well as mechanical engineers and electrical and instrumentation engineers for network services teams who maintain the control systems of the gas network. The programme will help apprentices develop the skills to deliver a fast and efficient service that will keep customers safe and warm with a gas supply they can rely on for years to come.

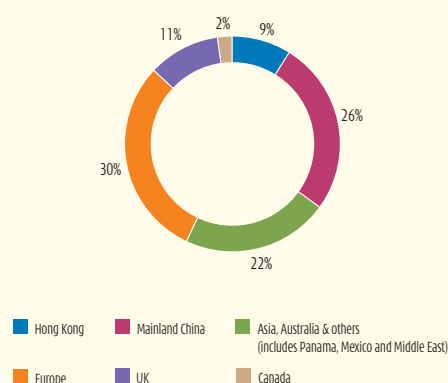
3 Indonesia of the Telecommunications division has collaborated with selected universities in Indonesia to set up an internship programme "TriInterns", which aims at providing internship opportunities to tertiary students and engaging them in projects that can contribute to 3 Indonesia's strategic development. The programme is underpinned by collaboration with the Business School of Binus University in Jakarta through a 2.5-month research project that focuses on international roaming, digital services, and customer experience. The programme has identified 24 highly qualified students since its launch in March 2016.

CK Hutchison embraces an equal and inclusive culture and incentivises talent through a performance-based remuneration system. The Group reviews the remuneration package annually to ensure that it stays competitive with the market and that its employees are rewarded fairly and equitably. CK Hutchison values diversity and strictly adheres to its anti-discrimination employment policy. Talent is hired solely based on their merits regardless of race, colour, gender or religious belief. The Group has adopted policies that provide equal employment opportunities to recruit, promote and assign employees based on their skills, abilities and how these fit with the job requirements.

Headcount by Grade as of 31 December 2016



Headcount by Geographic Region as of 31 December 2016



Note : Temp / part-time staff excluded.

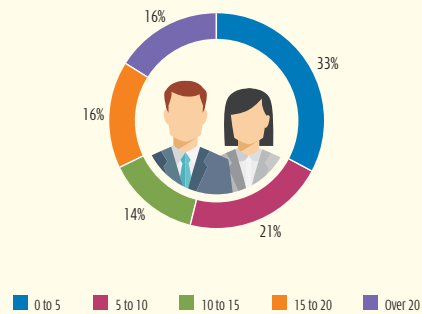
The Group respects the rights of employees in expressing their views and has established various effective channels to facilitate communications with them. The businesses conduct regular seminars and forums to share views and collect ideas from employees. Periodically, the Group solicits feedback from employees through surveys and follow up on improvement actions to enhance its talent management practices.

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

Many of the Group's businesses are lauded for their employee programmes. For example, the Retail division's A S Watson Group ("ASW") was recognised as a "Distinguished Family-friendly Employer" for the sixth consecutive year since 2011, Hutchison Telecommunications Hong Kong won the "7th Asia Best Employer Brand Awards-Asia's Best Employer Brand", and Infrastructure division's UK Rails was awarded "Britain's Healthiest Employer" for its employee-friendly culture and programme of well-being-related initiatives. These initiatives have demonstrated CK Hutchison's commitment to talent retention and motivated its employees to build their careers with the Group.

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

Years of Service of Head Office Employees



Investing in Training and Development

It is the priority of CK Hutchison to ensure that its employees at all levels are developed and motivated to deliver the Group's commitments to its stakeholders. Each division develops its training programmes to meet specific business needs. Trainings include orientation, sharing sessions, workshops and internal-external courses. Employees are also entitled to various subsidies and sponsorships for job-related training courses to encourage lifelong learning.

In order to equip employees in meeting increasing business demand, Group companies work with external parties to deliver pertinent and timely training. For example, Hongkong International Terminals ("HIT") of the Ports division operates a Craft Apprenticeship Programme in collaboration with the Vocational Training Council of Hong Kong. Participants learn a wide range of practical skills by rotating in different sections of the Engineering Department before choosing an area of specialisation. Since 2012, the programme has provided well-rounded technical skill training to HIT's next generation of qualified professional port technicians.

ASW attaches great importance to nurturing talents and takes a pioneering role in staff development. Opportunities are offered to its employees to learn and develop throughout their careers and they in turn bring better service to customers.

In January 2013, ASW became the first retail corporate in Hong Kong to offer its staff professional and comprehensive courses recognised by the Qualifications Framework ("QF"). Since then, ASW has launched 14 QF accredited programmes (Level 2 to Level 4) and trained 2,246 staff across Watsons, PARKnSHOP, Fortress and Watson's Wine. ASW also helped its 306 store specialists and management staff apply for "Recognition of Prior Learning" of QF to recognise the valuable experience that they have already acquired and to facilitate their pursuit of a lifelong career in the retail industry. In June 2016, ASW launched the "Professional Diploma in Retail Management", a Level 5 programme under QF and the first of its kind designed based on "QF Specification of Competency Standards of Retail". Under QF, qualifications recognised in a Level 5 programme are equivalent to that of a bachelor's degree. The 18-month "Professional Diploma in Retail Management" is jointly developed by the Learning and Development Team (Retail HK) of ASW and Institute for Entrepreneurship of The Hong Kong Polytechnic University. ASW fully subsidises potential employees to take the "Professional Diploma in Retail Management" course and offers them paid leave to study during work hours. The course covers sales and marketing, customer management, information technology, human resources, merchandising and supply chain, store operations, strategic management and business English and its application.

Promoting Well-being, Health and Safety

The Group cares about the well-being of its employees. It promotes work-life balance and provides a generous range of paid leave entitlements to its employees. For instance, the Rotterdam port implements the flexible duty roster which gives operation staff greater flexibility in managing their work and free time. A dedicated taskforce has been formed to explore other manning and roster options to further improve the workforce flexibility.

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

A safe workplace relies on the establishment of safety culture, policies and procedures and employee behaviour. The Infrastructure division's Northern Gas Networks in the UK has been working proactively with a behavioural psychologist to study how cognition affects behavior and how workplace safety could be more scientifically improved. Staff safety committees meet regularly at local level and twice a year at national level to discuss safety issues within the company. These committees are attended by trained employee safety representatives as well as senior

management. Safety awareness is also generated through management safety tours of buildings, sites and workplaces, as well as meetings and open forums on safety condition between line management and employees.

Since 2011, HK Electric has been operating its Work Safe Behaviour programme to eliminate risky behaviour, reduce the scope for human error and encourage safe working practices. In 2016, HK Electric won the Gold Award in the "Safety Promotion Award", Gold Award in the "Safety Culture Award" and the "Safety Performance Award" in the 15th Hong Kong Occupational Safety and Health Award Programme organised by Occupational Safety & Health Council, Labour Department, Development Bureau and other 13 organisations. Power Asset's Ratchaburi plant in Thailand has adopted a "Stop Work" programme in which frontline staff are given full autonomy to halt a work process if an unsafe situation is observed.

All CK Hutchison's businesses strive to minimise accidents and continually work to improve workplace safety and educate employees on proper procedures. In 2016, Hutchison Ports instituted a policy in which workplace safety incidents were to be reviewed and investigated by trained personnel from outside the affected business unit. The aim is to go as far as practicable in order to take effective steps to strengthen workplace safety and share the lessons learned across the business units of the Ports division.

Regulatory Compliance

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

Commitment to Our Customer

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

Building Trust through Reliability and Quality

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

Delivering Reliable and Quality Services

Service reliability and public safety are critical to CK Hutchison's businesses. Individual and corporate customers depend upon the Group's services in telecommunications, ports services, power, energy, water and waste management operations. The Group's businesses have dedicated significant efforts and resources in improving its practices, infrastructure and technologies to prevent interruptions from occurring in the first place. The Group closely monitors operational conditions and practices around the clock and conducts asset maintenance and replacement to uphold its safety and reliability commitments. In addition, professional teams are committed to identifying, testing and introducing new products and procedures that implement good practices to maintain and improve service reliability. Should incidents occur, the best measures are taken to minimise interruption, investigate the cause and quickly resume service. HK Electric of the Infrastructure division achieved the 99.999% supply reliability rating for 19 consecutive years since 1997.

The Telecommunications division embraces a service-oriented culture and is committed to delivering the highest possible levels of service quality and customer satisfaction. For example, to encourage continuous improvement, 3 Hong Kong has its key performance indicators of its service benchmarked to its performance targets and publishes this data regularly.

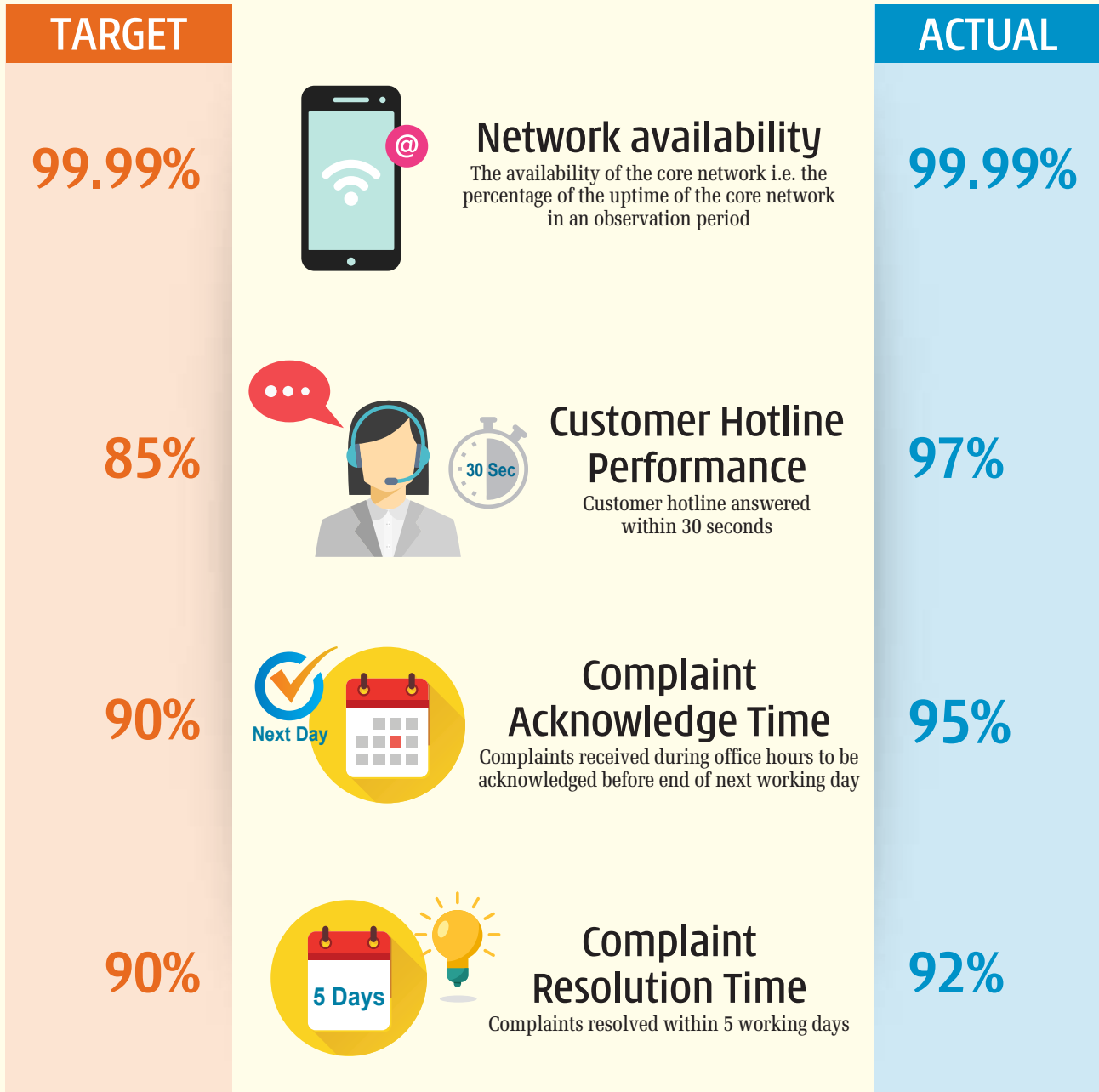
In the Infrastructure divisions, for example, UK Power Networks has been exploring innovative solutions to respond to the increasing electricity demand. The Smarter Network Storage programme provides flexibility to accommodate peak demand while maintaining electricity service reliability. Drones have also been used to help with monitoring and maintenance in difficult-to-reach places. Similarly, Northern Gas Networks leverages technology to ensure service reliability. Adopting the "SMART" technology, data on the quality of the pipe joints are captured and analysed before installation to avoid joint failures.

Enabling Sustainable Options

To deliver sustainable value to its stakeholders, CK Hutchison continues to invest strategically in research and development of technology. This allows the Group to provide innovative solutions and enable its customers to make environmentally responsible choices in how they live and work.

IT infrastructure is one of the main sources of energy consumption, greenhouse gas ("GHG") emissions and hazardous wastes. The cloud services, provided by Hutchison Global Communications Hong Kong of the Telecommunications division, optimise IT equipment usage and hence energy consumption. As compared to on-premise IT infrastructures, cloud services help reduce electronic wastes and enable the Group's individual and corporate customers to minimise their environmental footprint.

3 Hong Kong Performance Pledge



Improving Customer Experience

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

At the Retail division, guidelines in handling customer enquiries and complaints at the ASW's stores and operations have been established and staff are trained to professionally address customer concerns. Complaints received are acknowledged, investigated and duly followed up. Periodic reviews and analyses of complaints received are conducted as well. Lessons learned are shared with the quality assurance teams for continual improvement.

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

Protecting Our Customers

CK Hutchison believes accurate and factual product information provide transparency and help customers make informed purchasing decisions. The Group's products are labelled and advertised in compliance with the requirements of the destination countries.

The Group's commitment to protecting the personal information of its customers is well supported by its corporate strategies and policies. A robust system has been developed to control the collection, access, update, security and retention of data received. Sensitive customer information such as credit card payment details would not be stored in the Group's databases where feasible. In addition, the Group provides regular internal communications and organise workshops for its customer-facing employees to reinforce the importance of customer data protection.

Regulatory Compliance

In 2016, the Group is not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group concerning product responsibility.

Supply Chain Management

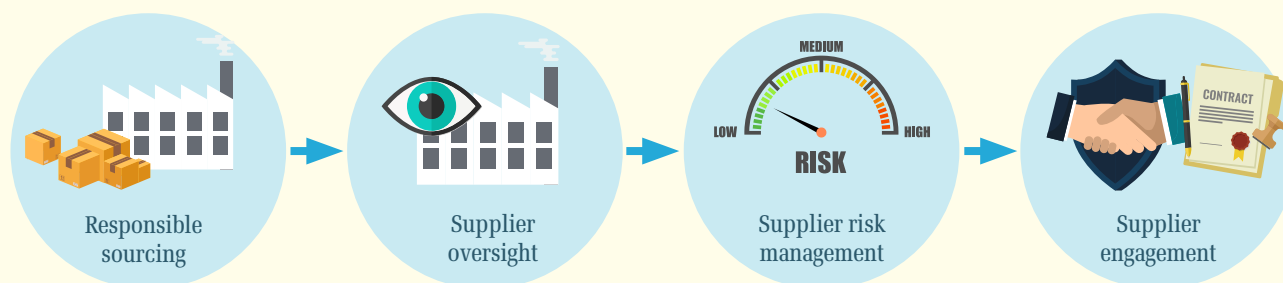
CK Hutchison's diversified businesses are supported by a wide range of suppliers and contractors. The Group understands the importance of collaboration with its business partners in delivering sustainable value to its stakeholders.

Sourcing Responsibly and Engaging Suppliers

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

Approach to supply chain management

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



CK Hutchison aspires to bring positive influence in the business community by setting expectations in ESG related matters with its key suppliers.

Taking the Retail division as an example, ASW has been upholding the Business Social Compliance Initiative ("BSCI") Code of Conduct since 2008. With a goal to drive compliance, fair business practices and environmental performance, suppliers have been invited to acknowledge and endorse the BSCI Code of Conduct. Over 800 factories across the world have participated in the regular compliance audit programme also since its launch in 2008.

Delivering Safe and Quality Products and Services

ASW builds trust with its customers from the get-go, starting with managing the reputation of own-brand products. Its five-step process guides the own-brand development cycle at the business unit level.

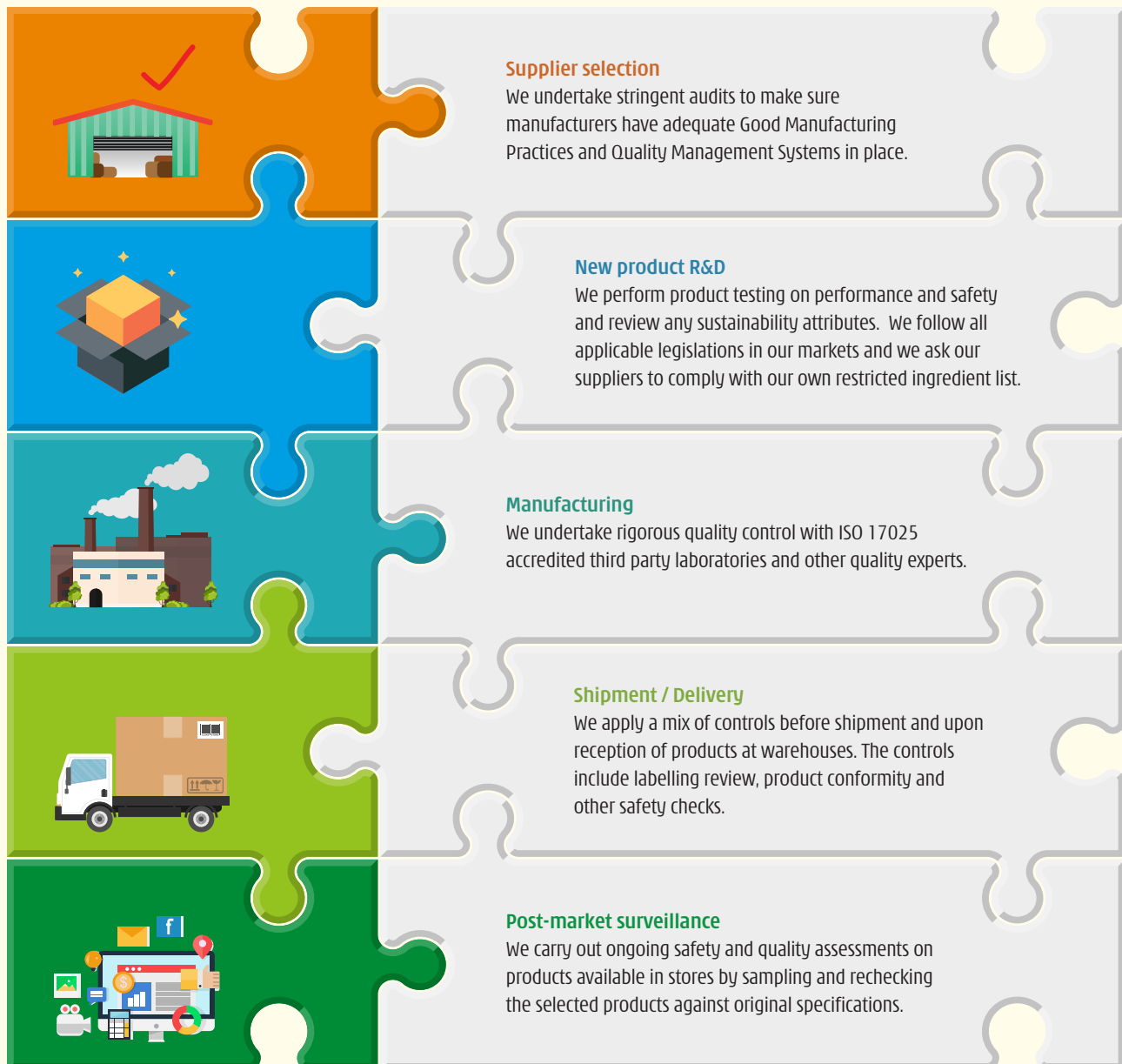
ASW provides guidance to suppliers of non-own-brand retail products to help them meet its expectations on product safety and quality requirements. Additionally, ASW works with its suppliers towards more sustainable and responsible products; for details please refer to the Section "Commitment to Our Environment".

ASW compliance audit programme

- _____
- _____
- _____
- _____
- _____

800+
factories have participated since 2008

ASW Own-Brand Development Cycle



Anti-corruption

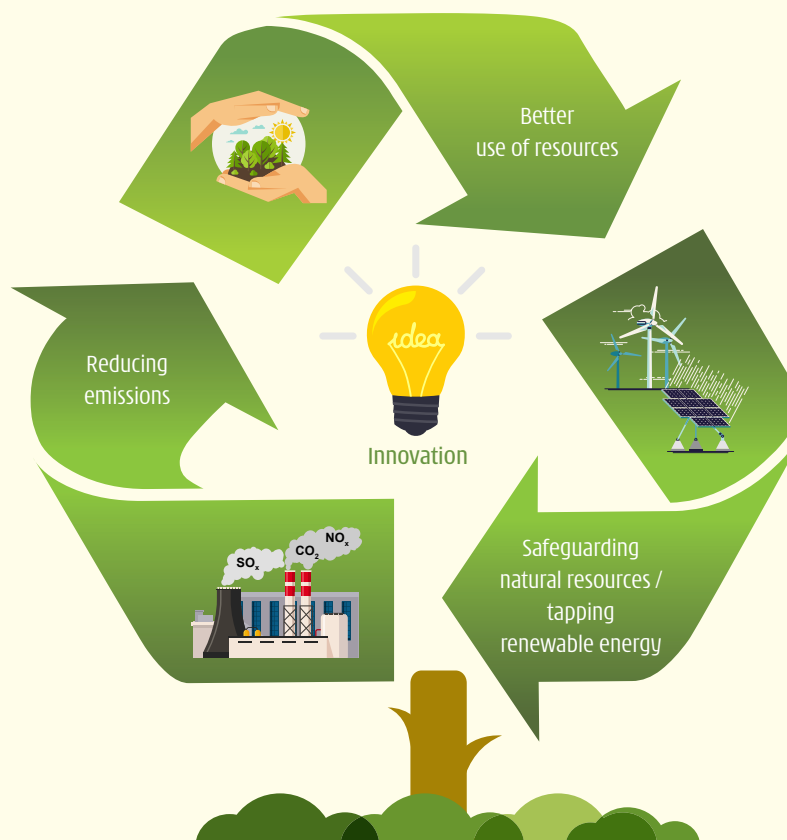
CK Hutchison values and upholds integrity, fairness, transparency and accountability. The Group has zero-tolerance of corruption and fraud. Anti-bribery and anti-corruption standards are important parts of the Group's policies and operating practices which are reinforced by the employees and communicated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

Regulatory Compliance

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

Commitment to Our Environment

CK Hutchison is committed to minimising its environmental footprint in its day-to-day operations. The Group encourages its businesses to adopt the best industry practices and explore ways to reduce emissions, improve resource efficiency and become a greener global citizen.



Managing Emissions

CK Hutchison summarises its efforts in managing emissions of air and GHG as well as waste below.

Air and GHG Emissions

The Group has taken steps to manage its air and GHG emissions, among other environmental priorities.

At its Infrastructure division, innovative technologies are applied to reduce pollutants such as nitrogen oxides ("NOx") from power generation to meet or exceed industry emission standards. For example, this year HK Electric installed a gas-fired generating unit which is equipped with

an improved selective catalytic reduction ("SCR") system. The new SCR system enables a 90% reduction in NOx removal, as compared to a conventional one. HK Electric also built one of the city's largest commercial-scale solar and wind power systems. The solar power system has a generating capacity of one MW and is expected to generate 1,100,000 units of electricity annually. The use of solar energy in lieu of coal-fired generation will help reduce 915 tonnes of carbon dioxide ("CO₂") emission every year. The Lamma wind power station generates electricity when wind speed is in the range of three to 25m/s. It has been producing about one million units of green electricity and offsetting 800 tonnes of CO₂ emission every year on average.

Outram's Jinwan Power Plant is among the first few coal-fired generation units in Mainland China to achieve 'Close to Zero' emission levels for air pollutants including sulphur dioxide ("SO₂"), NOx and particulates. An extra tariff subsidy from the government has subsequently been granted to this plant in recognition to its outstanding performance in air emission management.

The day to day operations of the Energy division may involve unintentional releases of hydrocarbon emissions from facility equipment and components. To curb these fugitive emissions, Husky Energy utilises specialised infrared cameras, ultrasonic devices and vapour analysers to detect, identify and quantify leaks so that effective repairs and corrective actions can be taken on a timely basis.

The GHG emission reduction measures include minimising fugitive emissions, managing flaring and venting activities and capturing carbon for enhanced oil recovery. For example, Husky Energy captures CO₂ at its Lloydminster Ethanol Plant and Pikes Peak South Thermal Plant with more than 300,000 tonnes injected for enhanced oil recovery in heavy oil fields since 2012. Additional technologies for carbon capture and injection are being evaluated.

Waste and Pollutants

The Group endeavours to reduce waste by encouraging reuse and recycling. For example, Superdrug, under ASW, has adopted a "zero waste to landfill" programme, where all waste generated in store is transported back to the distribution centres for recycling. ASW's commitment to waste management is demonstrated by including waste and recycling compliance in its store audit programmes. CK Hutchison is proud to report that Superdrug has achieved zero waste to landfill since 2010.

The Retail division and its suppliers play an active and critical role in making its products sustainable. Microplastics, commonly found in rinse-off scrub products, pose a threat to the marine ecosystem and the food chain. In addition to implementing a ban on the use of microplastic in its own-brand rinse-off scrub products in 2014, ASW has completely removed all of its microplastic-containing own-brand rinse-off scrub products from the shelves worldwide in early 2017.

Technology plays a key role in driving sustainability development in the Group's businesses, in particular in the Infrastructure division. Northumbrian Water in the UK, for example, generates energy from the sewage sludge created from its water treatment processes. It is the first and only wastewater company in the UK that has achieved 100% sewage recycling.

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

AVR of the Netherlands generates steam via the incineration of residual waste and this enormous quantity of heat, enough to warm 160,000 households, find its way to many houses, offices, hospitals and swimming pools. By using this heat, AVR each year prevents the emission of more than 324,000 tonnes of CO₂ due to gas consumption in households. If one solar panel saves around 100 kg of CO₂ per year, the amount AVR is saving by supplying heat is equivalent to three million solar panels.

Optimising Resource Use

The Group recognises the importance of using resources responsibly. From energy, water to packaging materials, it adopts resource-efficient technologies and measures in its key operations.

Energy

HIT of the Ports division is the first Hong Kong terminal operator that has reconfigured its diesel-powered Rubber-Tyred Gantry Cranes (RTGCs) to run on electric or hybrid power. Not only did it result in a 50% saving in fuel consumption, the new RTGCs emit significantly less noise and exhaust fumes than their diesel-powered counterparts.

Water

Husky Energy's Sunrise Energy Project recycles produced water at the facility for reuse in steam generation. Additionally, Husky brings in process-affected water, which is industrial wastewater, from a neighbouring operator for use as a make-up water source, reducing the amount drawn from groundwater sources.

Hutchison Water invests and incubates water technologies. Its Sorek desalination plant in Israel minimises marine, shoreline and land impacts as a result of pipe jacking of long and large diameter pipelines, smart structural design, and the removal of suspended solids from the brine before it is returned to the sea. Its sludge treatment also reduces energy and chemical consumption.

At HK Electric, rainwater and run-off water from the coal pile is collected and used in the computerised water spraying system for the coal yard, significantly reducing both the consumption of fresh water and the quantity of effluent. The rainwater and waste water collected for reuse was about 102,000 cubic metres.

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

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

Packaging Materials

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

Safeguarding Environmental and Natural Resources

As a global citizen, the Group strives to play a positive role in safeguarding the environment and the ecosystems. Group policies help and ensure colleagues apply caution and discipline in actions that will impact natural resources across the Group's businesses.

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

Timely management of the environmental impacts from the Group's operations is key to protecting the values it creates for its stakeholders. Northern Gas Networks takes ownership of the quality of land on which it operates. Under its land contamination management programme, the company assesses and controls quality of the land and evaluates risks from land conditions both caused by its own operations and from historical, pre-existing conditions. Land quality is measured and reported annually to the UK regulator.

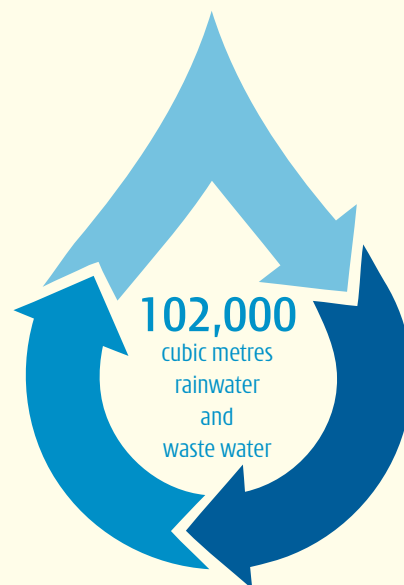
Taking Timely Actions to Manage Environmental Impacts

In July 2016, Husky Energy responded to a pipeline release in Saskatchewan in western Canada. It took full responsibility and worked closely with the communities, First Nations and regulatory authorities to complete the cleanup. A full and thorough investigation was undertaken and Husky Energy will apply lessons learned from this to further improve its operations and response.

Regulatory Compliance

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

HK Electric collects and reuses



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

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

Commitment to Our Community

CK Hutchison is committed to making the community a better place for everyone and it strives to provide long-lasting benefits to its stakeholders. In 2016, its approach in community activities focuses on youth empowerment, relief for the needy and environmental conservation. The Group is proud to report that the community activities arranged by the CK Hutchison Group volunteers in Hong Kong have contributed 12,994 service hours and positively impacted 109,061 service recipients.



Empowering the Youth

The Port's division supports education through its Hutchison Ports Dock School Programme and other related activities. These efforts aim to provide opportunities for younger generations by supporting the improvement of education facilities. In 2016, Hutchison Ports contributed HK\$1.5 million in donations and over 20,000 volunteer hours to schools worldwide.

The Retail division contributes to the growth and development of young athletes in Hong Kong. ASW organises an annual challenge for junior athletes, between the ages of eight and 19, at the Watsons Athletic Club. The Club initiated the Watsons Junior Elite Training Programme in 2001 and has nurtured over 400 outstanding junior athletes.

Supporting those in Need

About one in three senior citizens in Hong Kong is living in poverty and one in four deprived children does not have three meals a day. To help alleviate hunger among the needy, and as part of the Group's efforts in achieving UN Sustainable Development Goal No 12, PARKnSHOP of the Retail division, has been donating edible surplus food to the local social enterprise Food Angel. In addition, in order to raise funds and encourage customers to participate in the programme, PARKnSHOP also launched citywide food drive campaigns to collect basic groceries for Food Angel to prepare hot meals to aid the underprivileged meet their basic nutritional needs. Since its partnership with Food Angel in 2012, it has contributed over 900 tonnes of edible surplus food to the preparation of over seven million meal boxes and 290,000 food packs to those in need; over HK\$3.35 million of cash and in-kind donations have been made in total.

PARKnSHOP's food donation programme



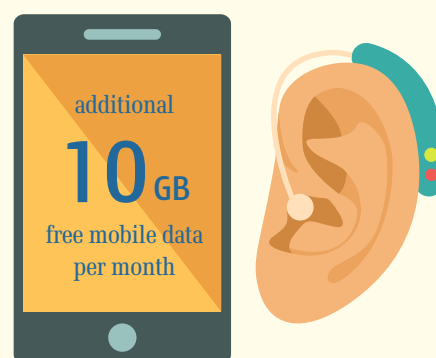
In response to the earthquake in central Italy in August 2016, 3 Italy of the Telecommunications division contributed a total of €1.1 million (over HK\$9 million) in employee hours and other means of contributions. Various charity campaigns and donations were organised to support disaster victims.

Bridging the Digital Divide

The Telecommunications division helps bridge the digital divide by providing everyone with equal opportunity to access information. For example, the “#datadonate” programme ran by 3 Sweden since February 2016 allows the conversion of unused mobile data into monetary donations towards a United Nations High Commissioner for Refugees initiative that provides aid to Syrian refugees. 3 Sweden also made programme-related information public to encourage others to adopt similar schemes to spread the positive message.

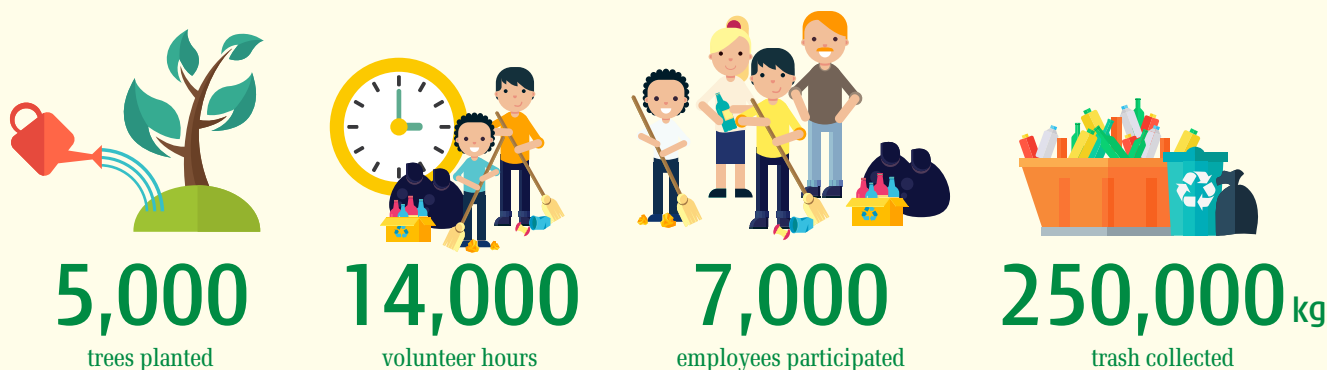
Furthermore, 3 Austria set up a new tariff offer in 2016 to provide an additional 10 GB free mobile data per month to hearing-impaired customers who rely on text messages and mobile data for communication.

3 Austria supports hearing-impaired customers



Conserving the Environment

Hutchison Ports joined forces with four other major international ports operators through the “Go Green” initiative. Under this initiative, the participating ports carry out a series of environmental conservation activities advocating greener environment and better waste handling. In 2016, a total of 5,000 trees was planted and 250,000 kilogrammes of trash were collected, credited to 14,000 volunteer hours from 7,000 employees.



CK Hutchison Family

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

Li Ka Shing Foundation – Changing Times, Unchanging Promise

Mr. Li Ka-shing, the Chairman of the Group, recognises the importance of education and healthcare to societal development. He established the Li Ka Shing Foundation (LKSF) in 1980 with his personal funding to: 1) foster change, 2) empower people, 3) develop a better society, and 4) inspire societal improvement. To date, over HK\$20 billion has been put to work to support all its initiatives across 27 countries and regions. Over 80% of LKSF's donations benefit projects in the Greater China Region.

Major or special projects of the Foundation in 2016 are as follows:

Love Ideas, Love HK

Funded with contributions of over HK\$300 million, *Love HK Your Way!* continues to support new and ongoing programmes, including:

Philosophy of Care

The *Heart of Gold Hong Kong Hospice Service Programme* was established in collaboration with matching funds from the Hospital Authority. Since its launch in 2007, the Programme has provided 430,000 sessions and benefited over 38,000 patients. The website www.Hospicehome.hk has received 720,000 views. Total contributions amount to HK\$126 million. Hospice centres in ten public hospitals offer one-stop services for terminally ill cancer patients and their family members. The HA has received Government support to integrate the hospice centres into their standard development under recurrent expenses, enabling more underprivileged patients to benefit.



The community offers support and encouragement for cancer patients and healthcare professionals through the HospiceHome website.

Sounds Great

In July 2016, LKSF contributed HK\$2.5 million to distribute 10,000 high quality audio books to nearly 100 organizations allowing the elderly, visually impaired, and people with disabilities to enjoy celebrity autobiographies, Chinese literary classics, and stories of old Hong Kong.

Community Care

Decide Well, Spend Wisely

Following the successful launch of *Love Ideas Love HK!* in 2010, LKSF teamed up with social welfare organizations to establish the "*Decide Well, Spend Wisely*" project in July 2016. In phase 1, over 5,700 HKDSE students in 51 secondary schools in Yuen Long, Tin Shui Wai and Outlying Islands received HK\$5,000 bank gift cheques to help alleviate stress and encourage them to spend wisely.



"Decide Well, Spend Wisely" supports good decision-making and helps relieve stress for 2016 DSE students.

Listening Angels

Through 2016, the Caritas Family Crisis Hotline and Education Centre has received contributions of HK\$39 million from LKSF to handle over 49,700 cases. In July 2016, with additional support from LKSF, Caritas moved to new premises with enhanced facilities, and continued to provide a 24-hour hotline for individuals and families in crisis.

Paradigm Shift in Human Capital Development and Leadership

Shantou University

Founded in 1981, Shantou University (STU) is a key comprehensive university in Guangdong Province and the only privately funded public university on the Mainland. Based on the guiding philosophy of "governance for academic freedom", STU has been engineering reforms in the country's higher education sector. LKSF considers STU to be a long-term keystone project, and has earmarked over HK\$8 billion through 2018 to support the University, which has cultivated over 100,000 graduates to date.

In 2016, STU continued to build on its record of outstanding performance in teaching and research. STU played a leading role in China's CDIO engineering educational reform, and founded the CDIO Engineering Education Alliance; 100% of undergraduates selected STU as their first preference; first-time employment rate reached 98.34%, first in Guangdong Province; salary of graduates after five years in the workforce exceeds



Mr. Li welcomes the members of the Shantou University Ocean Rowing Expedition teams "Hannah" and "Jasmine".

88% of graduates from other universities, according to data compiled by iPIN.com; listed as a Guangdong Province high-level university; the only Mainland university founded after 1980 to be ranked in the top 800 in the Times Higher Education World Universities Ranking. A new medical college building, a multi-purpose Sports Park, and three new residential colleges have been completed. The total floor space completed on campus is 568,000 sq. m..

In February 2017, the Foundation sponsored STU in the world's first university ocean rowing expedition to foster team spirit and perseverance. 10 male and 10 female students embarked on their eight-day, 640 km maritime journey from Shantou to Hong Kong to raise funds for conservation causes.

Shantou University Medical College

With the new Medical College Building and its cutting-edge facilities now in use, Shantou University Medical College (SUMC) is dedicated to promoting a culture of "active learning" and to becoming a model of medical education reform in Mainland China. For the 19th consecutive year, undergraduates chose SUMC as their first preference. The passing rate of SUMC graduates in the National Medical Licensing Examination ranks among the best in the nation. The passing rate of SUMC students from the English-based medical programme in United States Medical Licensing Examination Step-1 exceeded 93% for five years in a row. First-time employment rate for SUMC graduates reached 97.46%, the highest in the Province for the 16th year. The International Institute of Infection and Immunity and the Second Affiliated Hospital made a breakthrough discovery on the possible human-to-human transmission of the H7N9 influenza virus, and their paper titled "Probable Hospital Cluster of H7N9 Influenza Infection" was published in the New England Journal of Medicine. The International Joint Laboratory on Virology and Emerging Infectious Diseases became the first joint international laboratory to be commissioned by the Ministry of Education.



The newly completed Clinical Simulation and Learning Centre at the Shantou University Medical College features state-of-the-art facilities for aspiring doctors.

Cheung Kong Graduate School of Business

Since its founding in 2002, Cheung Kong Graduate School of Business has established itself as Mainland China's globalized business school, cultivating over 10,000 business leaders in a wide range of industries.

Guangdong Technion-Israel Institute of Technology

LKSF made a US\$130 million contribution to establish the Guangdong Technion-Israel Institute of Technology, a joint venture between STU and Technion, to promote development of tertiary education in Guangdong, and build capacity in STU's healthcare research. GTIIT received formal approval for establishment from the Ministry of Education in December 2016. The first phase will be inaugurated in 2017 with an initial batch of 300 students.

Project Define

Project Define, launched jointly with the Ministry of Civil Affairs through a RMB20 million LKSF contribution, has enabled 4,600 Chinese women cadets and civil affairs officers to realize their power to serve the community through the use of technology in boosting their knowledge base. The Project has garnered further support from the Government and other community resources. The Project continues to support programmes in the Chaoshan region, exploring new models in women's employment and service, and promoting vocational education for girls in rural areas.

Healthcare Services — Hope and Dignity

Mainland Projects

LKSF has supported a number of major healthcare initiatives in Mainland China, including the Heart of Gold Nationwide Hospice Service Programme, phases 1-3 of the Cheung Kong New Milestone Programme in collaboration with the China Disabled Persons' Federation to install prosthetics and provide rehabilitation support and training, and Nationwide Medical Aid for the Poor. Aggregate donations of over RMB1 billion have benefited over 17 million patients. Another RMB16 million have been donated to support the Kumbum Tibetan Medical Hospital Aid Programme to provide free medical services for ethnic minorities, serving over 160,000 to date.

LKSF has also contributed RMB8 million to the China Organ Transplantation Development Foundation (COTDF) to instigate reforms and support voluntary civilian organ donation as the only legitimate source for organ transplants. As of 2016, there have been over four thousand cases of civilian organ donations, with over 11,000 major organs (heart, lung, liver, kidney), and more than 13,200 transplantation operations performed.

International Medical Education and Research

LKSF's contributions to overseas projects in 2016 exceeded HKD110 million. Among the key projects is the Li Ka Shing Centre for Health Information and Discovery at Oxford University, which was granted a total of GBP20 million. Phase two of the project, the 5,000-sq. m. Big Data Institute which can accommodate 350 researchers will be inaugurated in May 2017. A donation of NZD5 million was made to the University of Auckland to promote innovation and philanthropy. The University of British Columbia received a contribution of CAD1 million for its MBA Global Immersion Programme, and a donation was made to Hospitality and Hope to provide temporary shelter and food for the homeless in Northumbria, UK.

Innovation and Technology

China Charity Museum

In September 2016, LKSF was invited to install an exhibition at the new China Charity Museum in Nantong. The exhibition was created using advanced multi-media technology to articulate the Foundation's mission and its philanthropic work worldwide. The China Charity Museum is the first themed museum developed jointly by the Ministry of Civil Affairs and the Jiangsu Provincial Government, and is the first national museum on charity.

Exponential Technologies

Singularity University, founded by innovation experts from Google, NASA, and tech entrepreneurs, held a two-day Exponential Learning Program in April 2016. 300 students from Hong Kong institutions got a first-hand look at the latest technologies and trends including AI, Robotics, 3D Printing.

Technology-assisted Agricultural Development

LKSF made a contribution of RMB12 million to support the Xinjiang Castor Seed Project to promote industrialization of castor oil production and technology-assisted agricultural development. Oil extracted from the seed of the castor oil plant is a promising source of renewable energy. LKSF hopes the introduction of castor seeds by Kaiima Israel and world-leading planting management technology will help develop a highly efficient agricultural optimization structure. Results from the first trial planting were positive and the target is to build up to 90,000 mu plantation of castor plants within five years.



Singularity University hosts an exclusive two-day programme for 300 local students on AI, robotics, 3D printing and other leading-edge technologies.

Guan Yin: Bodhisattava of Compassion and Wisdom

From its opening in 2015 to the end of 2016, Tsz Shan Monastery received nearly 350,000 visitors, and continues to organize religious, educational, cultural and spiritual experiential activities to provide a serene place for spiritual contemplation. Tsz Shan is also collaborating with tertiary institutions to develop programmes and utilize multi-media technology to explore new ways to connect people in the age of globalization. Since its inception, the Tsz Shan Monastery Buddhist Spiritual Counselling Centre has offered support to over 1,100 Hong Kong residents in need of spiritual guidance. The Centre has also organized 69 spiritual health activities with over 2,400 total participants.

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