

MESSAGE FROM THE CHAIRMAN

I am pleased to provide this year's progress report on CK Hutchison's sustainability efforts. Of course, this year's update comes in the midst of increasing global challenges - from ongoing pandemic recovery, to monetary, fiscal and once in a generation geopolitical uncertainties.

Despite these ongoing challenges, 2022 was a defining year in the Group's approach to action on climate change. Its core businesses have completed two years of significant efforts to set science-based targets and develop net-zero transition plans. While this work continues, I am pleased to announce that the Group is sufficiently satisfied that plans are in place to underpin a Group-wide commitment of reducing scope 1 and 2 emissions by 50% by 2035 versus a 2020 baseline, as well as a commitment to the pursuit of net-zero greenhouse gas emissions across its value chain by 2050.

Among a great many division-level achievements in target setting and low carbon transition planning, during the year I would note the following:

- Hutchison Ports significantly increased its previously reported level of ambition as to stated targets to now targeting a 46.2% reduction in emissions by 2032 versus a 2021 baseline. Hutchison Ports has also publicly committed to submitting its near-term and net-zero targets for validation by the Science Based Targets initiative (SBTi). To achieve these targets, the Ports division launched an updated decarbonisation strategy which mandates that all new investments in mobile and stationary machinery will be fully electric or supplemented with other forms of clean energy.
- The Retail division received validation of its near-term targets from the SBTi in November 2022. Among other levers to achieve these targets, A.S. Watson has implemented a major supplier engagement programme including training and tools to report more accurate data through a dedicated scope 3 emissions platform.
- The Infrastructure division developed its first division-wide emissions reduction targets including halving emissions by 2035 versus 2020, and committing to the continuing pursuit of net-zero by 2050.
- CK Hutchison Group Telecom has developed its science-based targets and during 2022 these were validated by the SBTi, including: reducing scope 1 and 2 emissions by 50% by 2030 and reducing scope 3 emissions by 42% by 2030 versus a 2020 baseline. It has also formally committed to setting a long-term net-zero target to be validated by the SBTi.

We are cognisant that our actions are part of a much bigger picture, far beyond the impact of our own operations. To illustrate: the Group is at the centre of the hydrogen transition in both the UK and Australia. Three of our Infrastructure businesses - Northern Gas Networks, Wales & West Utilities and Australian Gas Infrastructure Group - continue to invest in R&D, real world trials and the supporting infrastructure that will help to chart the course of progress in hydrogen developments in gas networks for their respective markets. In October 2022, Northern Gas Networks achieved a world-first when it completed a seven-month trial of supplying 100% hydrogen through existing natural gas infrastructure in Middlesbrough, the UK. The Ports division is also exploring its role in widescale clean energy generation. In 2022, Hutchison Ports Port of Felixstowe completed a government funded feasibility study with a consortium of partners to explore how the port can become a centre of excellence for green hydrogen and other clean power generation, decarbonising not only its own activities, but those also of the surrounding local area.

More broadly, the opportunity to help our customers achieve their sustainability goals is seen as a key strategic area for the Group, with customers increasingly signalling their preferences for more sustainable products and services. In April 2022, A.S. Watson launched its Greener Stores Global Framework to enable higher levels of sustainability integration in the way its business units design, construct, operate and maintain stores. This is alongside other efforts to offer more sustainable products through dedicated sustainability brands.

In a world of economic turmoil and uncertainty, our employees, customers and communities, face many challenges. Our businesses therefore sought to redirect time and resources to providing support through these difficult times. Superdrug and Savers made available various financial wellbeing platforms for employees to gain visibility over their income and expenditure, exercise flexibility over how and when they receive salary payments, and set up automated micro-savings. To support customers experiencing financial hardship, the Group's energy and water distribution businesses ramped up their customer vulnerability support strategies to provide more practical support to customers such as through energy efficiency interventions and benefits checks in partnership with local community organisations. 3 UK also donated 1 million GB of data to the National Databank with the aim of enabling 40,000 digitally excluded individuals to get connected via the Good Things Foundation. The Ports division also continued its rollout of its newly developed BEWELL strategy.

As we navigate our businesses through today's and tomorrow's challenges, serving the best interests of society and the environment must always be at the heart of our efforts. We know that this is not only the right thing to do, but also that our stakeholders are expecting more of the companies they work for, buy products and services from and invest in.

Finally, I would like to say thank you to all our team members globally for the hard work and dedication they have shown to our customers and each other over the past year. Their tremendous efforts have, above everything else, made us what we are today.

Victor T K Li

Chairman, CK Hutchison

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