

# MESSAGE FROM THE CHAIRMAN

I am pleased to provide the progress report for this year on the sustainability journey and achievement of CK Hutchison. As a global operator with a portfolio of businesses operating in different regions, our Group recognises the importance of addressing potential climate-related risks to our businesses, staying resilient and driving towards our overall objective of being a sustainable business.

The year 2023 had many uncertainties and challenges for businesses including increased operations and financing costs. Despite this, we remained focused on investing in sustainable development initiatives and were continuously progressing towards our set goals and targets. In the 2022 Sustainability Report, the Group introduced its overall emissions reduction target, underpinning a group-wide commitment of reducing scope 1 and 2 emissions by 50% versus a 2020 baseline. As we continued to pursue net-zero greenhouse gas (GHG) emissions in operations, I am pleased to advise that we are making good progress collectively and are on track to achieve these targets. During the year, there were many division-level achievements in emissions reduction and low-carbon transition planning:

- Hutchison Ports received Science Based Targets initiatives (SBTi) validation of its near-term, long-term and net-zero targets in December 2023, including to reduce scope 1 and 2 GHG emissions 54.6% by 2033 from a 2021 base year; reduce absolute scope 3 GHG emissions 32.5% within the same time frame, and achieve net-zero across the value chain by 2050. Underpinned by the Hutchison Ports decarbonisation strategy, the Ports division continued the electrification of machines and equipment and procurement of renewable energy. As a result, approximately 93,000tCO<sub>2</sub> of emissions reduction on scope 1 and 2 emissions have been achieved in 2023, representing a reduction of around 19% versus the 2021 baseline emissions.
- The Retail division reduced approximately 167,000tCO<sub>2</sub> of emissions in 2023, well on its way to meet its SBTi validated emissions reduction target. This represents an approximately 26% reduction as compared to its set target. To further reduce its emissions, AS Watson increased the use of electric vehicles in its fleet and continued the procurement of renewable energy across Asia, Europe and the UK. The division also implemented supplier and industry engagement projects to improve its scope 3 data accuracy.

- The Infrastructure division developed its first division-wide emissions reduction targets in 2022, including halving emissions by 2035 versus 2020, and committing to the continued pursuit of net-zero by 2050. In 2023, the division achieved approximately 740,000tCO<sub>2</sub> reduction in emissions against its target, and reached around 18% of its reduction targets. To achieve these objectives, the division focuses on decarbonising energy generation, modernising infrastructure and embracing cleaner energy use.
- CK Hutchison Group Telecom (CKHGT) has SBTi validated targets to reduce scope 1 and 2 emissions by 50% by 2030 and reduce scope 3 emissions by 42% by 2030 versus a 2020 baseline. In 2023, a reduction of approximately 194,000tCO<sub>2</sub> in emissions of scope 1 and 2 has been achieved, around 80% of its targets. CKHGT is also committed to setting a long-term net-zero target, to be validated by the SBTi. It has developed a Climate Action Plan with focuses on increasing use of renewable energy and energy efficiency through networks and data centres and transitioning to an electric vehicle fleet. **3** UK, partnering with Ekkosense, won the "Digital Innovation of the Year" award at the EMAP 2023 Energy Awards, which is in recognition of its 12.5% reduction in data centre cooling energy consumption. In addition, CKHGT has been recognised the Sustainability Top-Rated ESG Companies List.

In response to heightened government regulatory requirements and expectation in sustainability, the Group regularly holds sustainability committee and workgroup meetings. These meetings aim to keep our management informed of the latest market intelligence and the Group's performance, while updating the Group's strategy as well. A prime example of the Group's strong commitment to sustainability and nature-friendly operations is our newly adopted Biodiversity Policy, which outlines the Group's vision in natural resource protection, biodiversity impact minimisation of our business activities, and overall environmental protection awareness.

As a multinational Group, we are conscious about the impact of our operations and our future investments. Our 10 net-zero transition opportunities have already identified risks and opportunities and guided our business divisions to implement new investment

sustainably. For instance, the Group's Infrastructure division in electricity distribution networks, including UK Power Networks, SA Power Networks, Victoria Power Networks, United Energy and Wellington Electricity, is leading the way in adopting low-carbon technologies such as network digitalisation, use of electric vehicles, heat pumps and renewable energy generation. The gas distribution companies, Northern Gas Networks, Wales & West Utilities and Australian Gas Networks, are at the forefront of the hydrogen transition, demonstrating the potential of hydrogen as an alternative energy source to reduce the carbon footprint in powering households. The Ports division is committed to investing in fully electric machines or machines supplemented with other forms of clean energy. In 2023, Hutchison Ports KICT in Pakistan and Hutchison Ports MITT in Myanmar developed their own clean energy support with 80kW and 100kW of on-site solar PV installation, powering operation sustainably with renewable energy sources. The Telecommunication division is also taking impactful reduction measures by investing in the transition to 5G including network equipment upgrades, implementing energy-efficient network features and virtualisation networks, all of which are leading to more efficient processing of data traffic and energy savings.

From our regular engagement with customers around the world, we appreciate their shared concerns about the environmental impact of the products they use. In response, our Retail division continued to review the products we offer, as well as improve the existing supplier screening process and expand the sustainable products list, offering more choices of environmentally friendly products. In 2023, AS Watson became a member of the EcoBeautyScore Consortium, an alliance that includes over 70 cosmetics industry stakeholders; it also supports using a harmonised scoring system to enable our consumers to better compare and evaluate the environmental impact of our products.

Of course, employees are our greatest assets, so developing safe workplaces where employees with different backgrounds feel supported, recognised and included continued to be one of the core priorities. We are proud to be able to maintain a diversified and talented workforce and to offer our employees many opportunities for success. Our work in this area is well recognised by our stakeholders. For example, AS Watson and Wind Tre are recognised by awards schemes as being among the best national employers, while 3 UK is recognised as one of the Top 50 Employers for Gender Equality. Equality at work is also one of our core values, and we are proud to see Wind Tre recognised by the Equal Salary Foundation with "Equal Salary" Certification since 2022. Safety-wise, we are operating with the highest standards across the Group. Our Ports division regularly organises safety workshops and sets craft-customised guidelines according to international standards, such as ISO 45001.

Looking forward, we strive to meet the expectations of our stakeholders as well as all applicable regulatory requirements and standards.

Finally, I would like to express my appreciation to our sustainability team members across the world for their hard work and dedication.

### Victor T K Li

Chairman, CK Hutchison

19 April 2024

