INTEGRATED GOVERNANCE STRUCTURE

INTERNAL CONTROL FRAMEWORK

SUSTAINABILITY PERFORMANCE-LINKED APPRAISAL
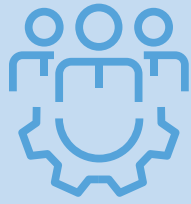
DIGITAL RESPONSIBILITY AND INFORMATION SECURITY

RESPONSIBLE USE OF ARTIFICIAL INTELLIGENCE

LABOUR AND HUMAN RIGHTS

SUPPLY CHAIN RESPONSIBILITY

SUSTAINABLE INVESTING

GOVERNANCE

Committed to responsible business conduct, the Group strives to adopt the best-in-class practices to guide and minimise adverse impacts from business activities, ensure effective operation that serves the best interests of stakeholders and supports long-term sustainable growth and operation. The Group's management regularly receives updates across divisions, provides guidance and update of its procedures and mechanisms to ensure alignment and compliance with evolving market and regulatory requirements.

This section outlines the governance approaches and sustainability topics identified by the Group as material. These topics, including Digital Responsibility and Information Security, Responsible Use of Artificial Intelligence, Labour and Human Rights, and Supply Chain Responsibility, are embedded within the Group's governance framework to ensure responsible and ethical operations across all business units. Furthermore, this section covers the Group's approach to sustainable investing, highlighting its importance to effective governance.

GROUP GOALS

- EMBED RIGOROUS AND EFFECTIVE GOVERNANCE
- OPERATE RESPONSIBLY WITH INTEGRITY

CONTENT IN THIS SECTION

- INTEGRATED GOVERNANCE STRUCTURE
- INTERNAL CONTROL FRAMEWORK
- SUSTAINABILITY PERFORMANCE-LINKED APPRAISAL
- DIGITAL RESPONSIBILITY AND INFORMATION SECURITY
- RESPONSIBLE USE OF ARTIFICIAL INTELLIGENCE
- LABOUR AND HUMAN RIGHTS
- SUPPLY CHAIN RESPONSIBILITY
- SUSTAINABLE INVESTING

Linked SDGs

INTEGRATED GOVERNANCE STRUCTURE

The Group has established a robust governance structure which oversees the sustainability strategy, management monitoring and assurance across divisions, and ensuring the integration of environmental and social governance into its corporate governance structure.

This section should be read in conjunction with the Corporate Governance Report of the 2024 Annual Report ⧉, which is the primary source of information on the Group's corporate governance framework and practices. For more information about governance roles and mechanisms specifically in relation to climate change, please refer to the Group's TCFD Report ⧉.

Figure 6   CKHH's integrated governance structure
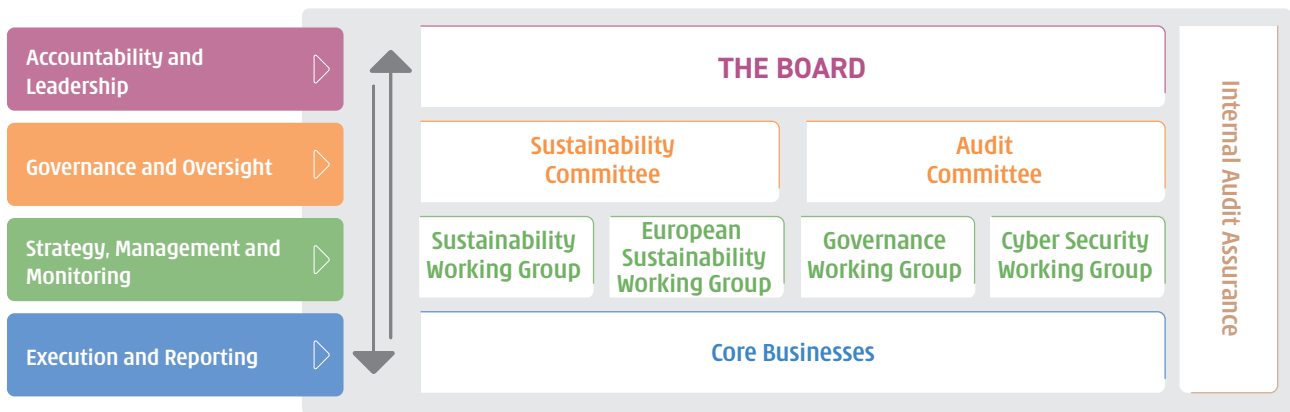
The Board

The Board oversees the Group's sustainability strategy, management, performance and reporting, supported by the Sustainability Committee and the Audit Committee. It reviews and approves sustainability goals, objectives, policies and frameworks, ensuring their alignment with the business strategy. The Board also monitors the implementation and performance of these initiatives. Directors are responsible for fostering the Group's long-term sustainable growth and making decisions with a strong focus on sustainability.

The Sustainability Committee and Audit Committee report to the Board on sustainability risks, opportunities and assurance, which are periodically reviewed to assess their impact on the business strategy and new investments.

Board diversity

Following several Board changes in 2024, including the retirement of a female Director and the appointment of three new Directors, one of whom is a female Director, the female representation on the Board decreased from 31.5% to 26.3% (five out of 19 Directors),

which remains at a relatively high level amongst companies listed on HKEX. Upon the retirement of a Director from the Board with effect from 21 March 2025, the female representation on the Board increased to 27.7% (five out of 18 Directors).

The Company is committed to gender diversity within its business and continues to review and assess the appropriate level of gender diversity and composition that aligns with the strategy of the Company.

The Company targets to have about 30% female Directors on its Board. This target will be reviewed on an annual basis and from time to time by the Nomination Committee, as warranted.

The Company will continue to seek to ensure that it has an appropriate mix of diversity and has a number of initiatives in place to meet its strategic imperative of ensuring it has a diverse Board. Structured recruitment, selection and training programmes at various levels within the Group will also continue to be conducted to develop a broader pool of skilled and experienced potential Board members.

Sustainability Committee

The Board-level Sustainability Committee is chaired by Mr Frank John Sixt (Group Co-Managing Director & Group Finance Director) with Ms Edith Shih (Executive Director & Company Secretary) and Ms Tsim Sin Ling, Ruth (Independent Non-Executive Director) as members. Ms Tsim Sin Ling, Ruth became a member following Dr Wong Yick Ming, Rosanna's cessation as a member of the Sustainability Committee upon her retirement from the Board with effect from 23 May 2024.

The responsibilities of the Sustainability Committee are to propose and recommend to the Board on the Group's sustainability objectives, strategies, priorities, initiatives and goals. It oversees, reviews and evaluates actions taken by the Group in furtherance of sustainability priorities and goals, including coordinating with business divisions of the Group and ensuring that operations and practices adhere to the relevant priorities and goals. The Sustainability Committee also reviews and reports to the Board on sustainability risks and opportunities, and monitors and assesses emerging sustainability issues and trends that could impact the business operations and performance of the Group. Moreover, it considers the impact of the Company's sustainability programmes on its stakeholders, including employees, shareholders, investors, customers, business partners, suppliers, governments and regulators, local communities, non-government organisations, and the environment, and appraises and advises the Board on the Company's public communication, disclosure and publications with regards to its sustainability performance. It is authorised by the Board to obtain independent professional advice where necessary on matters within its terms of reference.

Audit Committee

The Audit Committee oversees the effectiveness and adequacy of the Group's risk management and internal control systems, covering all material controls, including financial, operational and compliance controls, as per the Audit Committee Terms of Reference.

The Audit Committee currently comprises five Independent Non-Executive Directors. It is chaired by Mr Wong Kwai Lam with Ms Chow Ching Yee, Cynthia, Mr Graeme Allan Jack (appointed on 13 December 2024), Mr Paul Joseph Tighe and Ms Tsim Sin Ling, Ruth (appointed on 2 January 2024) as members.

Sustainability Working Group

The Sustainability Working Group, which supports the Sustainability Committee, is co-chaired by two Executive Directors and includes senior executives from key departments that influence the Group's sustainability impact. The Working Group members receive regular updates on emerging material topics related to sustainability, including disclosure and regulatory requirements. They also provide guidance on the development, implementation and strategic direction of the Group's sustainability plans.

European Sustainability Working Group

In response to the rising and stringent European sustainability-related regulatory requirements, the Group has enhanced its preparedness by forming the European Sustainability Working Group to assist in monitoring the latest developments, providing common approaches, sharing best practices among sustainability champions, and supporting the head office with changes in the European region.

Governance Working Group

The Governance Working Group, chaired by the Executive Director & Company Secretary, supports both the Audit Committee and the Sustainability Committee in fulfilling their oversight duties. Comprising representatives from the Company's key departments, the Working Group monitors regulatory developments, identifies emerging compliance matters, and develops comprehensive compliance frameworks for implementation across the Group. This ensures robust governance and timely response to evolving sustainability challenges.

Cyber Security Working Group

The Cyber Security Working Group, led by the Group Co-Managing Director & Group Finance Director, brings together technical experts from the core businesses and specialists from Internal Audit and the Group Information Services Department to drive the Group's digital resilience strategy. The Working Group ensures that the cyber security measures remain robust and responsive to emerging cyber threats. Cyber security awareness is prioritised through employee education and regular training programmes, equipping staff with the essential knowledge to identify cyber threats and protect digital assets. The Working Group also provides strategic recommendations to the Audit Committee, ensuring strong governance over the Group's cyber security infrastructure.

Internal Audit Assurance

Internal Audit, reporting directly to the Audit Committee with administrative oversight from the Group Co-Managing Director & Group Finance Director, provides independent assurance as to the effectiveness of the Group's risk management activities and controls. During the year, Internal Audit carried out risk-based audits, covering various aspects of the Group's operations including those related to sustainability.

Risk Management

The Group's enterprise risk management framework facilitates the identification, assessment, management, and monitoring of significant risks (including sustainability related) that the Group faces. It adopts a "top-down and bottom-up" approach, involving regular inputs from relevant stakeholders (including Sustainability Working Group on sustainability-related risks and opportunities) as well as discussion and review by the Executive Directors and the Board, through the Audit Committee. Additionally, each core business conducts self-assessment biannually to identify significant risks and evaluate mitigations activities. The outcome of this "top-down and bottom-up" process is a composite risk register together with the risk heat map, which forms part of the risk management report for review and approval by the Board, through the Audit Committee.

Full information on how the Group identifies, assesses and manages climate-related risks is available in the TCFD Report ↗.

Sustainability in the Core Businesses

The Group's core businesses, operating across diverse sectors and geographical locations, maintain dedicated sustainability governance structures tailored to their specific operational contexts. Each core business has established a cross-departmental Sustainability Working Group under senior management chairmanship, ensuring comprehensive oversight at the operational level. Cross-divisional meetings are conducted periodically to align sustainability directives, targets and goals across the Group. Throughout the reporting year, focus was placed on Group-wide initiatives concerning decarbonisation and climate transition plans, with all divisions systematically reporting their progress. Detailed information regarding these initiatives is presented in the Environment ↗ section of this report.

INTERNAL CONTROL FRAMEWORK

The Group maintains robust operational integrity through a comprehensive internal control framework that encompasses governance policies, systematic communication and training, rigorous ongoing assessments, thorough due diligence processes, and continuous monitoring mechanisms. This framework ensures operational efficiency, reliable financial reporting and regulatory compliance across daily operations.

The Board, through the Audit Committee, oversees business ethics and compliance matters by regularly evaluating risk management effectiveness and internal control systems to uphold adherence to the highest standards of corporate governance.

Governance Policies

Guided by its governance policies, which are accessible on the internal portal and the Group's corporate website, the Group maintains high standards of business ethics. Core businesses may adopt and supplement with policies to address specific industry and regional requirements.

Figure 7   Internal control framework

○ **Governance Policies**

Sustainability

- Sustainability Policy ↗
- Biodiversity Policy ↗
- Environmental Policy ↗
- Health and Safety Policy ↗
- Human Rights Policy ↗
- Modern Slavery and Human Trafficking Statement ↗
- Supplier Code of Conduct ↗

Corporate Governance

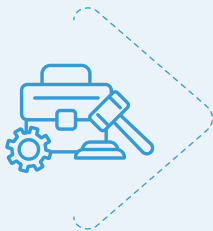- Anti-Fraud and Anti-Bribery Policy ↗
- Board Diversity Policy ↗
- Code of Conduct ↗
- Corporate Communications Policy ↗
- Director Nomination Policy ↗
- Information Security Policy ↗
- Policy on Appointment of Third-Party Representatives ↗
- Policy on Personal Data Governance ↗
- Policy on Securities Dealings and Handling of Confidential and Price-Sensitive Inside Information ↗
- Whistleblowing Policy ↗
- Shareholders Communication Policy ↗

A zero-tolerance approach to fraud and corruption

The Board sets a tone of zero tolerance towards fraud and corruption.

The Group's Code of Conduct ⬈ (the Code) outlines professional integrity, establishing comprehensive standards for business conduct across all subsidiaries and controlled affiliates. Directors and employees are mandated to strictly comply with both the Code and jurisdictional laws where the Group operates, with employees serving as directors of non-controlled affiliates actively promoting these standards to such affiliates.

Through its comprehensive Anti-Fraud and Anti-Bribery Policy ⬈, the Group provides clear guidance to employees on identifying and preventing unethical practices across all business activities, including procurement processes, gift and hospitality protocols, and charitable contributions. This commitment to ethical business practices extends to third-party relationships through the Policy on Appointment of Third-Party Representatives ⬈, ensuring proper control in hiring third-party representatives and consistency in anti-corruption standards throughout the Group.

Communication and Training

The Group implements structured governance training to ensure in-depth understanding and compliance across all levels. All employees are required to complete an annual self-declaration of Code of Conduct ↗ compliance, with dedicated onboarding training provided to new employees as part of their induction process. Role-specific governance training, including anti-fraud and anti-corruption modules, is conducted biennially, with content tailored to align with employees' responsibilities and potential risk exposure areas.

To support continuous professional development, the Group offers an extensive portfolio of operational and functional training programmes throughout the year. These programmes span various competencies, including data analytics, leadership development, and career enhancement skills, ensuring employees at all levels have access to resources that support their professional growth and the Group's commitment to ethical business practices.

Due Diligence

The Group extends its anti-fraud and anti-corruption standards throughout its value chain, encompassing business partners, suppliers and third-party representatives, including advisers, agents and consultants. Comprehensive due diligence evaluates multiple risk dimensions, including transaction size, the nature of products and services, financial and compliance standing, professional qualifications, potential conflicts of interest and jurisdiction-specific risks.

To maintain the highest standards of procurement integrity, the Group implements transparent and systematic tendering procedures. Major capital expenditure decisions (exceeding predefined thresholds) and the engagement of third-party representatives generally require Head Office approval, ensuring consistent application of control measures and reinforcing accountability across all business operations. The Group's core divisions also conduct supplier pre-screening based on sustainability performance and internal sustainability procurement policies. Details are further illustrated in the subsequent Supply Chain Responsibility ↗ section of this report.

Ongoing Assessment

Core businesses are required to self-assess the effectiveness of their internal control system at least biannually to drive improvement. When material control deficiencies are identified, dedicated action plans are developed with stringent progress monitoring. These self-assessment outcomes undergo comprehensive reviews, including management discussions, Internal Audit's independent evaluation, and reporting to the Executive Directors and the Audit Committee.

Monitoring and Review

A robust financial control system forms the foundation of the Group's internal control framework, incorporating key elements such as segregation of duties, structured authorisation protocols, systematic record-keeping, comprehensive documentation requirements and detailed audit trails. This financial control system undergoes continuous review and audit to ensure its effectiveness in preventing and detecting irregularities.

The Internal Audit function provides independent assurance of the effectiveness of the internal control system of the Group. By applying risk assessment methodology, Internal Audit devises its risk-based audit plan for review by the Audit Committee. The audit plan is subject to continuous reassessment, considering both external and internal factors. Depending on the nature of the business and the risk exposure of individual business units, the scope of audits includes assessments of ethical standards and policy compliance across critical areas including anti-corruption and fraud management protocols, supplier code of conduct and fair dealings, donation/sponsorships governance, information confidentiality and personal data management, anti-trust compliance, workplace safety standards and record-keeping accuracy. These audits run in a typical three-year cycle across the Group. Business units exposed to higher fraud and corruption risks are subject to more frequent and intensive audits, generally once a year.

Audit findings are reported to the Audit Committee, Executive Directors and senior management, while maintaining transparent communication with external auditors. In addition, the Internal Audit function maintains a close dialogue with the external auditors so that both parties are aware of the significant factors that may affect their respective scope of work.

Whistleblowing

The Group maintains an open reporting system for its employees and other stakeholders, including customers, suppliers, creditors, and debtors, to report, in confidence, any suspected improprieties, misconduct or malpractices within the Group. It operates in local languages via corporate websites.

In accordance with the Whistleblowing Policy ↗, all reported cases are handled with strict confidentiality, and whistleblowers receive appropriate protection against unfair dismissal, victimisation and unwarranted disciplinary action. Core businesses implement formal procedures for report management and must escalate material incidents to the Group Co-Managing Director & Group Finance Director and Head of Internal Audit within one working day.

Reported incidents of fraud and corruption are subject to appropriate investigation. Internal Audit is responsible for reviewing reported incidents, consulting relevant stakeholders, conducting in-depth investigation where necessary, and reporting findings to the Executive Directors and the Audit Committee. The Group Co-Managing Directors receive quarterly updates detailing material reported incidents, investigation outcomes and consequent actions. Substantiated complaints will result in disciplinary action following due management consideration, including verbal or written warnings and termination of employment. Violation of laws and regulations will be reported to relevant law enforcement authorities.

SUSTAINABILITY PERFORMANCE-LINKED APPRAISAL

The Group has adopted a strategic initiative to incorporate ESG performance metrics into its long-term remuneration framework, starting with a gradual rollout at management levels. This enhancement builds upon the Group's established division-wide performance appraisal system, which provides all employees with structured feedback on their achievements and development areas. Regular performance reviews continue to guide annual compensation decisions, which are now evolving to include sustainability-linked criteria.

The Ports division and Retail division have plans to establish sustainability-linked performance appraisal mechanisms tied to sustainability objectives such as GHG emissions reduction and health and safety targets.

The Infrastructure division's Remuneration Committee, in assessing remuneration proposals, has taken into account the progress of the division's performance towards achieving short and long term climate-related sustainability metrics and targets as adopted by the division and the division's progress towards other matters, such as climate and environment, and health and safety, against such applicable metrics and targets.

In alignment with these efforts (of investing in renewable energy sources, enhancing our energy efficiency, and developing new business models that prioritise sustainability), the division's performance towards achieving both short- and long-term climate-related metrics and targets is taken into account in its remuneration policy, reinforcing accountability and driving progress toward its climate-related commitments.

In 2024, business units of the Telecommunications division developed sustainability key performance indexes (KPIs) for inclusion within short-term incentives for 2025. These covered share priorities across the domains of "environment", "social" and "governance", such as targets for supplier ESG assessment implementation, female representation in leadership roles, number of employee training hours, Scope 1 and 2 GHG reduction targets, renewable electricity consumption goals, and more.

Wind Tre in Italy has an incentive structure with a GHG reduction target built as part of an ESG composite index. This ESG composite index impacts 15% of the short-term incentive. Additionally, for executives, a modified version of the ESG composite index (including the GHG reduction target) is also linked to the long-term incentive.

Furthermore, **3** Austria, **3** Sweden and **3** Denmark are also in the process of incorporating ESG performance metrics into their respective bonus schemes and details shall be disclosed once completed. The Group will continue to develop a sustainability performance-linked incentive scheme that is applicable across divisions, and further details will be disclosed in the next Sustainability Report.

DIGITAL RESPONSIBILITY AND INFORMATION SECURITY

As digital transformation reshapes the global business landscape, the Group has adapted digitalisation to drive sustainable growth through automation, seamless integration, advanced data analytics and innovative solutions across its diverse business activities. In parallel, the Group maintains its unwavering commitment to data protection and cyber security excellence through its robust governance framework and comprehensive security mechanisms, ensuring a safe and smooth transformation.

Figure 8 Cyber security governance and oversight
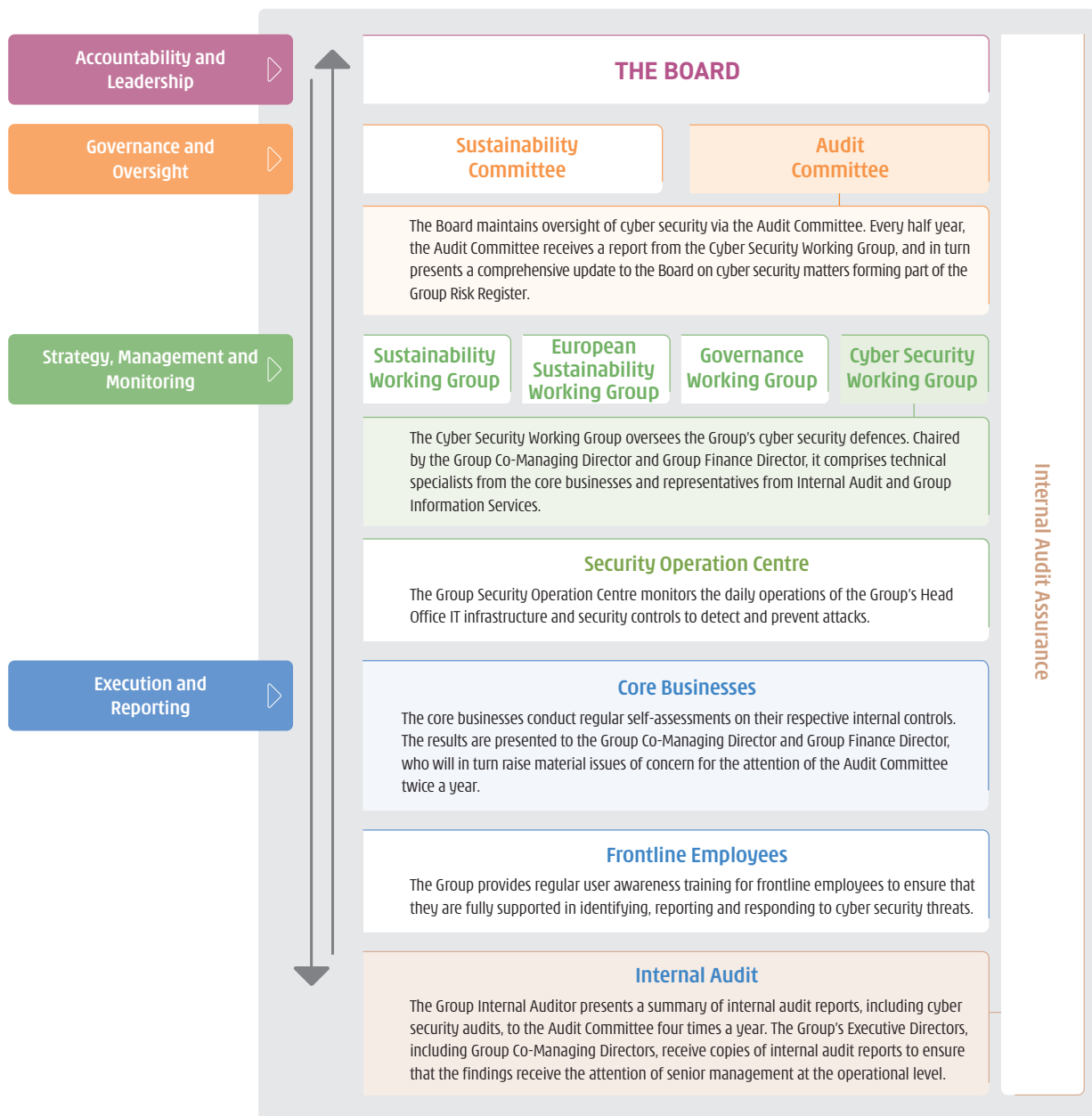
Personal Data Governance and Information Security

At the Group, the highest standards in protecting personal data and sensitive information are maintained through stringent policies as well as comprehensive technical and organisational safeguards, in line with data protection regulations in relevant jurisdictions.

The Personal Data Governance Policy ⧉ protects the rights of employees and consumers of business units through stringent principles governing procedural transparency, lawful processing, purposeful usage and retention, and information security. It contains provisions on legitimate purposes for data collection, data usage and retention, sharing and transferring personal data and safeguards for data processing by third parties. The Information Security Policy ⧉ sets forth Group-wide standards for maintaining data confidentiality, integrity and availability, complemented by efficient incident response protocols. This policy enables the core businesses to develop and implement tailored operational procedures that address specific security requirements.

In response to evolving cyber security threats such as phishing and vishing attacks, malware and inappropriate websites, the Group's businesses actively collaborate with customers, providing innovative solutions to protect their businesses and privacy interests. In the event of a Data Security Incident (DSI) involving personal data, business units will implement immediate mitigation measures to contain and minimise potential consequences, while securing personal data against unauthorised access, use or damage. Business units must execute rapid response protocols in accordance with established DSI procedures, maintaining strict adherence to regulatory requirements and the Group's standards.

Upon identification of a DSI involving personal data, immediate notification must be provided to the relevant Legal Department in the Group. The response protocol may necessitate formal notifications to privacy authorities and communications with affected individuals, as prescribed by applicable regulations. These actions will be undertaken in accordance with established DSI procedures and regulatory compliance requirements.

Ports

EMPOWERING BUSINESS RESILIENCE WITH CLOUD BACKUP SOLUTIONS

The Ports division has enhanced its data protection and cyber security controls through the implementation of cloud backup solutions across its terminal operations. Recognising the limitations of traditional backup methods in terms of scalability and cost-effectiveness, and understanding the critical nature of port operational data, the division adopted a comprehensive cloud backup strategy to protect its essential systems and configurations.

The implemented solutions demonstrate several key advantages that directly benefit ports' operations. Through robust encryption protocols, the division ensures the security of sensitive operational data during both transmission and storage. The scalability of the cloud backup system has proven particularly valuable for the division's diverse terminal network, allowing individual ports to flexibly adjust their backup capacity based on specific operational needs and data volumes. The automated backup features have significantly reduced the manual workload on IT teams across terminals while ensuring consistent data protection. The shift to cloud backup has also delivered notable cost efficiencies by eliminating the need for extensive on-premises hardware across multiple port locations. Importantly, the solution has strengthened the division's overall cyber resilience, providing a robust defence against potential data loss scenarios and cyber threats that are increasingly common in the maritime sector.
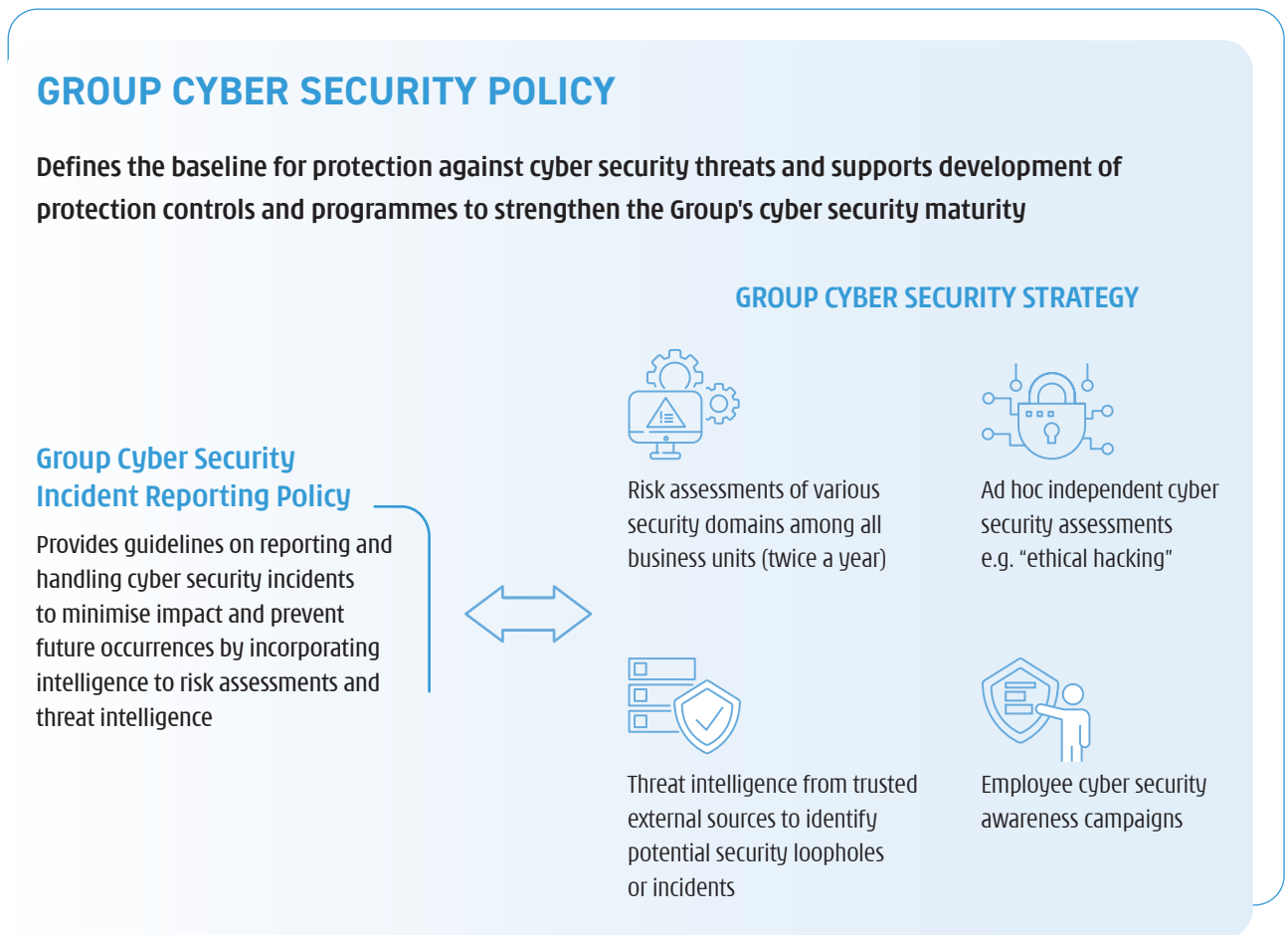
Cyber Security Strategy and Performance

The Group recognises the rise of digitalisation and the exposure to cyber risks. To address this challenge, the Cyber Security Working Group is dedicated to providing strategic oversight and supporting the Audit Committee in strengthening the Group's cyber resilience. The Working Group's mandate encompasses three core responsibilities: enhancing the cyber security infrastructure; conducting continuous threat intelligence monitoring; and providing strategic direction for the Group's digital security

initiatives. The Working Group ensures the coherence and effectiveness of the cyber defence mechanisms across all business units. It maintains comprehensive oversight of cyber security incidents, prioritising guidelines for reporting and responding to such incidents and evaluating the adequacy of protective measures.

The Group's cyber security experts remain vigilant, continuously safeguarding the digital assets and maintaining operational resilience against evolving cyber security threats.

Figure 9 Monitoring to inform: the continuous evolution of the Group's Cyber Security Strategy

GROUP CYBER SECURITY POLICY

Defines the baseline for protection against cyber security threats and supports development of protection controls and programmes to strengthen the Group's cyber security maturity

GROUP CYBER SECURITY STRATEGY

Group Cyber Security Incident Reporting Policy

Provides guidelines on reporting and handling cyber security incidents to minimise impact and prevent future occurrences by incorporating intelligence to risk assessments and threat intelligence

Risk assessments of various security domains among all business units (twice a year)

Ad hoc independent cyber security assessments e.g. "ethical hacking"

Threat intelligence from trusted external sources to identify potential security loopholes or incidents

Employee cyber security awareness campaigns

Ports

ENHANCING CYBER DEFENCE

The Ports division has implemented several key initiatives to enhance cyber defence. These initiatives include integrating advanced threat detection and response systems, and utilising machine learning algorithms for faster identification and mitigation of potential threats. Additionally, robust security protocols have been implemented, such as multi-factor authentication and cryptography, to safeguard data in both cloud computing and on-premises environments.

Recognising the importance of human factors in cyber security, the division has also launched comprehensive training programmes to raise awareness, enhance skills, and promote a culture of cyber security mindfulness among employees. To further bolster resilience, tailored security protocols have been deployed to protect critical infrastructure, enhance visibility, detect threats, and manage risks in operational technology environments. Collectively, these efforts have significantly strengthened the division's cyber defence capabilities, setting a benchmark for industry best practices in cyber security.

Group

PHISHING AWARENESS

Phishing remains a significant cyber security risk for organisations, with malicious emails being a favoured tactic for cyber criminals to infiltrate IT systems and networks. To address this, the Group Security Service conducted extensive phishing awareness campaigns throughout 2024. These campaigns were supplemented with regular digests and educational messages, ensuring that employees stay informed about emerging cyber security risks and the potential harm these threats could cause to the Group.

In 2024, a total of 3,406 phishing drill emails were sent to Head Office staff, resulting in proactive instances of staff spotting and reporting 1,293 potentially dangerous emails. The substantial improvement in the reporting rate reflects a high level of awareness and vigilance among staff members towards phishing threats. This proactive approach not only enhances the Group's overall cyber defence but also fosters a culture of cyber security mindfulness across the organisation. By continually educating and training employees, the Group demonstrates its commitment to maintaining robust cyber security measures and protecting critical data and systems from cyber threats.

Cyber security risks

The Group's cyber security risk governance structure collects, consolidates, verifies and escalates information from the operational level with additional assurance provided by Internal Audit. Both the Ports and Retail divisions have implemented strategic initiatives to strengthen their respective cyber security defence through various preventive measures. The Ports division's Cyber Threat Intelligence service enables early threat detection and vulnerability identification through deep and dark web monitoring. Threat analysis and timely updates on emerging security challenges are provided to support a proactive strategy. The Retail division focuses on multiple technical security enhancements to protect against various cyber threats. The strategy includes implementing advanced vulnerability management tools with integrated patch management capabilities. To combat potential security incidents, the division deployed session management tools to prevent account elevation through session hijacking. The division also prioritised email security by implementing Mail Transfer Agent Strict Transport Security protocols, which reinforces secure email transmission and protects against spoofing and man-in-the-middle attacks. Additionally, defence against unauthorised access is managed through rigorous password policy assessments and remediation procedures.

The Telecommunications division demonstrates a comprehensive approach to cyber security risk prevention across its global operation, implementing both region-specific and unified protective measures. In Wind Tre, a structured assurance process is introduced, utilising KPIs to monitor policy implementation and maintaining an operational risk register for technical risk documentation. **3** Denmark and **3** Sweden also implement data breach and cyber-attack protection strategies, including regular recovery tests, phishing assessments and vulnerability scans.

Cyber security collaboration

To strengthen the Group's cyber resilience, the Cyber Security Working Group has established a sub-working group, which leverages diverse expertise across the Group's business divisions, fostering cross-functional collaboration and knowledge sharing among specialists.

The Global Cyber Security Collaboration Platform is also in place to foster Group-wide engagement, enabling exchange of insights, best practices and emerging threat intelligence among cyber security professionals across the Group's operations.

RESPONSIBLE USE OF ARTIFICIAL INTELLIGENCE

The Group embraces the transformative potential of AI technologies, which offer substantial operational efficiencies and productivity gains across all business functions. While recognising these opportunities, the Group prioritises responsible implementation and ethical considerations in AI adoption.

The Group Cyber Security Acceptable Use Policy provides comprehensive guidelines for management and employees, ensuring AI tools are deployed responsibly and in compliance with regulatory requirements, while safeguarding sensitive information. Building on this foundation, the Policy on Reasonable and Ethical Procurement, Implementation and Use of AI was introduced in September 2024. This policy articulates clear principles and protocols for AI system usage — whether internal, external or commercial — ensuring alignment with the Group's core principles, corporate disciplines and regulatory obligations.

As AI technology continues to evolve, the Group maintains vigilant oversight of emerging developments. The Group regularly updates its governance frameworks to ensure their effectiveness and alignment with global best practices.

Telecommunications

IMPLEMENTING AI-SPECIFIC DATA PROTECTION IMPACT ASSESSMENTS FOR COMPLIANCE WITH THE EU AI ACT

As a major telecommunications provider serving millions of users across Ireland, 3 Ireland recognises the critical need to evolve its compliance framework to address the growing integration of AI systems in its operations, particularly in areas such as network optimisation, predictive maintenance, customer service automation and fraud detection. Reviewing the company's AI landscape and existing Data Protection Impact Assessments (DPIA) process, new data protection measures have been incorporated and extended beyond conventional privacy concerns to encompass critical areas such as bias and discrimination prevention, system transparency and explainability, robustness and security, and the protection of fundamental rights.

Stakeholder engagement is crucial in collecting diverse perspectives on risk identification and mitigation. To address these challenges, 3 Ireland has developed an expanded DPIA framework with mitigation strategies through collaboration between internal departments, including the legal, compliance, data science, product management and ethics teams. 3 Ireland is implementing an extensive training programme for key stakeholders to ensure successful adoption. The training covers the EU AI Act's requirements, the new DPIA process, and practical examples of risk mitigation strategies. AI ethics guidelines were introduced to complement the compliance framework and promote responsible AI usage throughout the organisation.

The enhanced framework has improved the ability to identify and address information security risks related to bias, transparency and system robustness, leading to fairer and more reliable AI deployments.

LABOUR AND HUMAN RIGHTS

The Group upholds human rights as a fundamental principle in its corporate values, guiding engagement with stakeholders. The Group actively promotes equal opportunities across all levels of its business activities. The workplace culture is built on respect, and is free from discrimination and harassment.

The Group Human Rights Policy ⬀ provides a comprehensive framework aligned with global standards, including the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. The policy guides the Group's approach to human rights protection throughout its value chain, encompassing both direct operations and supply chain partnerships, with the following principles:

Treat people with dignity and respect, free from discrimination, and fear from harm or abuse	Prohibit unlawful child labour or any kind of forced or bonded labour (see also the Group's Modern Slavery and Human Trafficking Statement ⬀)	Adhere to local laws and regulations governing working hours, equal and fair compensation, and rights to freedom of association and collective bargaining	Prevent and limit redundancies and include respect for human rights considerations in transition planning such as re-deployment and outplacement services for impacted workers	Engage with communities on human rights, including indigenous people and other vulnerable or disadvantaged groups

This topic of Labour and Human Rights is closely linked with other material topics in the Group Sustainability Framework, including:
- Social Inclusion ⬀
- Inclusion and Diversity ⬀

Employees align tasks in accordance with operational procedures, Hutchison Ports TIMSA, Mexico

SUPPLY CHAIN RESPONSIBILITY

The Group's efforts and governing policies seek to establish a rigorous and effective governance procedure that encompasses active supply chain engagement and a thorough assessment of sustainability performance.

Supplier Code of Conduct

The Group's commitment to ethical business practices extends to its supply chain through the Supplier Code of Conduct ⤢. This foundational framework ensures that business partners maintain the same ethical standards as the Group, demonstrate a full compliance with local laws and regulations, and operate with integrity while protecting employee rights.

The Group's core businesses implement tailored versions of the code, adapting it to their specific operational contexts while maintaining consistent ethical standards within the Group. For instance, the Retail division has enhanced its Supplier Code of Conduct with a due diligence screening process for new suppliers. The assessment evaluates 23 risk indicators across five key categories: reputation and sanctions, financial, environmental, social, and governance. Over 23 suppliers have completed this process as of 2024. Similarly, the Ports division has developed an Environmental Policy along with the Supplier Code of Conduct, which outlines the commitment to incorporate suppliers' environmental performance into the procurement decision-making process, including enhanced pre-screening protocols for business partners. The Telecommunications division has adopted a similar approach including clauses in the Code of Conduct for business partners, encouraging them to maintain and improve sustainability performance during the qualification phase and project execution.

The Group maintains rigorous systems and controls to prevent slavery and human trafficking within its supply chains. Procurement contracts incorporate mandatory anti-corruption policies and compliance programmes, requiring third-party partners to implement and maintain these standards in their operations.

Supplier Screening and Assessments

The Group's operational footprint across extensive industries and jurisdictions necessitates a robust approach to sustainable sourcing. A Supplier Code of Conduct is available to guide supplier performance, with particular emphasis on product safety and quality standards. Business divisions have implemented additional measures and utilised external platforms for thorough supply chain screening. In advancing supply chain sustainability, the Telecommunications division has made significant progress. Wind Tre's suppliers undergo continuous evaluation in a structured and transparent manner, focusing on sustainability objectives during both the qualification phase and contract execution. The overall ESG score, along with the Environmental Score, is integrated into the vendor rating. This rating determines the suitability of suppliers in Wind Tre's supplier registry and serves as a key evaluation factor in awarding tenders. Both **3** UK and **3** Ireland have partnered with EcoVadis, a global leader in independent supply chain sustainability ratings, since 2022, enabling transparency and the monitoring of ethical and sustainable business performance within the supply chain. In addition, **3** UK launched and integrated Dun & Bradstreet ESG insights into the supplier assessment process in 2024 and increased ESG coverage on the existing supply base to cover 97% of spend, exceeding the 95% target.

The Retail division continues to lead the Group's most comprehensive supplier assessment programme through multiple initiatives and engagement with independent organisations, ensuring that the sustainability performance of its supply chain is well managed. Since 2023, the division has been conducting supplier screenings with the Refinitiv tool (now known as LSEG Data & Analytics). More than 67,500 screenings of suppliers have already been completed. Additionally, the division remains a member of amfori, which is dedicated to improving working conditions and environmental management in the global supply chain. The division has conducted 346 social and environmental audits on manufacturers located in medium and high-risk countries, based on amfori's requirements. These assessments are complemented by other leading frameworks, including Sedex Members Ethical Trade Audits and the Initiative for Compliance and Sustainability.

PROMOTING SUSTAINABILITY AND RESPONSIBILITY IN THE SUPPLY CHAIN

The Infrastructure division acknowledges the potential environmental and social impacts within its supply chain and works closely with suppliers to mitigate these risks. By embedding environment, social and governance factors into its supplier evaluation process, the division promotes responsible practices and supports sustainable development across the supply chain.

Recognising the diverse operating environment in which the business units operate, the Infrastructure division tailors its monitoring systems to the local operating context of each business unit. This ensures robust and effective oversight of supplier practices, enhanced transparency and accountability, and opportunities for continuous improvement across the supply chain.

Wales & West Utilities has made significant strides in promoting a responsible and sustainable supply chain, with the Supplier Assessment process playing a key role. Central to this effort is the Supplier Charter, which outlines Wales & West Utilities' expectations for supply partners. It aims to have acknowledgement from 100% of contracted suppliers, promoting Wales & West Utilities' standards and expectations during onboarding and contract renewal. The process of sharing initiatives while tracking engagement has progressively increased knowledge and understanding across the supply base.

Over the past three years, engagement with the Supplier Charter has grown. The latest version of the Supplier Charter reinforces the company's commitment to leading environmental innovation and protection, aligning with its recently published Sustainability Strategy. Additionally, Wales & West Utilities has reaffirmed its dedication to building resilience against modern slavery, upholding the ongoing commitment to the Real Living Wage.

Table 1 Summary of supplier engaged with the Supplier Charter

	Number of responses	Number of suppliers acknowledging the Supplier Charter
2022	132	70
2023	319	236
2024	442	278

Sourcing Guidelines

The Group's significant purchasing power serves as a catalyst for promoting sustainable consumption and production across its operations. By prioritising environmentally and socially responsible options, the Group actively promotes sustainable market practices and encourages sustainable development throughout its supply chain.

The Telecommunications division has started integrating sustainability criteria into its supplier evaluation and tender processes. Wind Tre has introduced a structured programme that combines evaluation, communication and active supplier development. The programme operates through multiple channels, including standardised communications based on SynESGy Platform

certifications, periodic updates and targeted analysis of ESG questionnaire responses. Wind Tre prioritises suppliers based on both ESG scores and business value, meeting with critical suppliers to develop improvement plans based on questionnaire results.

Hutchison Ports is currently expanding its sustainable procurement practices across its ports to assist with evaluating business partners across a wide range of sustainability issues, including environmental, social and governance. To achieve the vision of being "the preferred partner for a sustainable supply chain", a division-wide initiative continues to be rolled out to business units. Suppliers and business partners are requested to complete a "Supplier Sustainability Self-Assessment Questionnaire" for the Ports division's management review.

Ports

ADVANCING SUSTAINABLE PROCUREMENT PRACTICES ACROSS GLOBAL OPERATIONS

Hutchison Ports has implemented comprehensive sustainable procurement initiatives across its global network, demonstrating its commitment to responsible business practices and supply chain management.

Hutchison Ports Busan in Korea has enhanced its supplier evaluation framework by implementing a nature-based assessment system, ensuring vendors are evaluated according to specific service categories. Similarly, Hutchison Ports Thailand has integrated environmental considerations into its procurement evaluation practices through the introduction of a scoring system that allocates a higher score to suppliers with environmental certifications and sustainable practices. In Australia, Hutchison Ports Brisbane and Hutchison Ports Sydney have made substantial updates to their supplier management systems in 2024, including a comprehensive supplier registration process that evaluates health and safety, environmental practices, ethical standards and employee rights. The two business units have also introduced sustainability KPIs and updated contract templates to reflect stronger sustainability commitments.

Hutchison Ports Ajman in the United Arab Emirates has strengthened its supplier engagement by requiring mandatory acknowledgement of corporate social responsibility principles, the Supplier Code of Conduct, and all relevant sustainability and anti-corruption policies. Hutchison Ports Sohar in Oman is advancing its procurement capabilities through the planned implementation of Oracle Cloud's e-procurement modules, which will enhance supply chain transparency and efficiency.

These initiatives reflect a coordinated effort across the division to enhance sustainable procurement practices while maintaining strong supplier relationships and operational efficiency. The division's approach combines technological solutions, policy implementation and supplier engagement to create a more sustainable and responsible supply chain network.

SUSTAINABLE INVESTING

Creating long-term value while generating positive societal and environmental impacts is critical to sustainable development. Integrating environmental, social and governance considerations into strategic capital allocation decisions can enhance financial returns and generate positive social impacts. The Group has thus identified "Focusing on Sustainability" as one of the key corporate strategic pillars, incorporating sustainability into the investment process and demonstrating a sustainable investment strategy to support the Group-wide decarbonisation goals.

This strategic approach is embedded across all aspects of financial decision-making. Capital and operating expenditure decisions are similarly guided by sustainability considerations, directing resources towards initiatives that support the Group's sustainability and decarbonisation objectives while maintaining strong financial performance. The Group's commitment to sustainable investment extends to its debt financing strategy, where sustainability-linked instruments are increasingly utilised to align financial and environmental goals.

New Investments

Clean technology investment has been included as part of the Group's investment strategy that enable the transition to a low-carbon operation. This approach has been widely adopted by core divisions. For instance, the Ports division has established a clear pathway towards its target of becoming a net-zero port operator by 2050. Its investment strategy prioritised the Equipment Electrification Directive at the start of 2024, mandating that all new purchases or replacements of equipment and trucks be electricity powered. This commitment is evidenced by 29% of Hutchison Ports' equipment and trucks being operated on electric or hybrid power sources at the end of 2024. The Infrastructure division has also positioned sustainability as one of its four strategic pillars for long-term development. This is reflected in its investment approach, which combines organic growth with acquisitions of companies and assets that support the energy transition. In 2024, the division expanded its renewable energy portfolio with the acquisition of solar energy and wind energy assets. Through clean technology investment, the Group further demonstrates the commitment to pursuing sustainable and net-zero operations.

Infrastructure

INNOVATIVE ELECTRIC VEHICLE CHARGING INITIATIVE

UK Power Networks initiated the "Shift 2.0", an innovative trial aimed at understanding how dynamic pricing models influence electric vehicle (EV) charging behaviours. As a UK-first initiative, the project seeks to determine if real-time tariff adjustments can incentivise EV owners to charge during off-peak hours, helping to reduce grid pressure and energy costs for consumers.

The trial leverages advanced data analytics and dynamic pricing to develop smart grid solutions that enhance sustainability and customer satisfaction. By integrating these technologies, the project showcases the potential for efficient energy distribution and smarter EV infrastructure.

"Shift 2.0" also highlights the transformative role of digitalisation in energy innovation. Through the use of dynamic pricing algorithms and advanced metering infrastructure, the trial provides a scalable blueprint for modernising energy systems.

Electric-powered remote-control cranes, Hutchison Ports Thailand

Ports

GREEN INVESTMENT IN PORTS' EQUIPMENT AND INFRASTRUCTURE

Hutchison Ports is making significant strides in its commitment to sustainability through various green investments across its global operations. At Hutchison Ports Thailand's Terminal D, four Super Post Panamax Quay Cranes and eight rubber-tyred gantry cranes were deployed, all remote-controlled and electrically powered. These quay cranes can handle containers that are stacked up to 10 high above the vessel deck, ensuring smooth operation and enhanced productivity.

Similarly, Hutchison Ports BEST in Spain commissioned the first of seven new automated blocks and acquired two Super Post Panamax cranes. These upgrades will boost yard-storage capacity by 25% by early 2025 and reinforce its operational excellence. The Port of Barcelona opened its first Onshore Power Supply System at Hutchison Ports BEST container terminal, making it possible to supply ships with 100% renewable-origin electricity. Hutchison Ports Pakistan acquired a 5 MW connection from Karachi Electric to reduce diesel consumption inside the terminal.

For comprehensive information about the Group's climate resilience initiatives, please refer to Climate-Resilient Business ⬈ in the Sustainable Business Model and Innovation ⬈ section of this report.

Capital and Operating Expenditure

The Group's governance of sustainability expenditure is reflected in the upgraded tracking and monitoring systems, encompassing both capital and operating expenditure allocations. The oversight of senior management is supported by regular analytical reports, ensuring alignment with the sustainability objectives.

Green Spending Summary

The Group channelled US$2.5 billion into green initiatives during 2024, distributed across seven key sustainability categories: energy efficiency, renewable and other clean energy, sustainable transport, sustainable water management, the circular economy and design, biodiversity protection, and sustainable supply chain development. To enhance stakeholders' understanding of climate-related business impacts, the Group is implementing a comprehensive disclosure approach that will detail material climate risks and opportunities, projected financial implications, and resource requirements for its net-zero transition strategy. Future sustainability reports will feature more quantitative metrics and detailed performance indicators.

Table 2   Summary of green spending by core divisions

Division	2022 (US$, million)	2023 (US$, million)	2024 (US$, million)
Ports	102.58	114.23	152.84
Retail	85.91	85.04	74.08
Infrastructure	1,051.74	1,191.84	1,932.30
Telecommunications	384.32	450.12	349.70
Total	**1,624.55**	**1,841.23**	**2,508.92**

Table 3   Summary of green spending by category

Project category	2022 (US$, million)	2023 (US$, million)	2024 (US$, million)
Renewable and other clean energy	837.48	546.92	1,072.22
Energy efficiency	573.71	920.52	864.69
Sustainable water management	46.81	113.77	265.67
Sustainable transport	107.91	156.90	174.69
Circular economy and design	53.21	56.47	67.48
Biodiversity protection	5.37	46.58	63.92
Sustainable supply chain	0.06	0.07	0.25
Total	**1,624.55**	**1,841.23**	**2,508.92**

Debt Financing

Guided by the CKHH Sustainable Finance Framework ↗, the Group may raise bonds, loans or similar financing to support specific assets, projects and investments with positive environmental and social impacts. This framework, developed with stakeholder input and referencing leading standards such as the Climate Bonds Standard, EU Taxonomy and the ICMA Principles, received a Second Party Opinion from Sustainalytics in May 2023.

The Group continuously reviews its green financing strategies against market conditions and remains vigilant in monitoring market developments for future activities. In 2024, the Group issued a debut US Dollar Green note of US$1 billion due in 2029 under the Group Sustainable Finance Framework, which included eligible projects in the Renewable Energy, Clean Transportation, Energy Efficiency, and Circular Economy and Design categories. A Green Bond report will be available on the Group's website, providing stakeholders with transparency on the Group's plans for low-carbon asset investment and contribution towards the decarbonisation process. The report will include the bond's capital allocation, project sustainability impacts and project highlights.

Port of Felixstowe, Hutchison Ports UK