

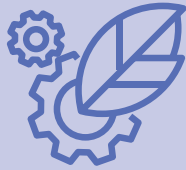
CLIMATE
TRANSITION

SERVICE
EXCELLENCE

CLIMATE-RESILIENT
BUSINESS

SOCIAL
INCLUSION

SUSTAINABLE
PRODUCT
CHOICES



SUSTAINABLE BUSINESS MODEL AND INNOVATION

The Group's core businesses interact and support the daily lives of tens of millions of people by operating some of the world's biggest ports, retailers, infrastructure companies, and mobile multimedia telecommunication networks. As innovation and technology continuously evolve and impact the market, the Group explores and invests in technology that provides essential support, while generating value for all stakeholders. This is achieved by incorporating social, environmental and market conditions into the investment process, ensuring both a sustainable and innovative business model.

The Group is dedicated to safeguarding and advancing customer interests through essential service delivery. Amidst numerous complex challenges, its core businesses leverage innovation and collaboration to tackle sustainable development issues, including resilience to climate change, reaching marginalised communities, and promoting sustainable living and sustainable product choices among customers.

This section, interconnected with the Environment and Social pillars, highlights how the Group uses sustainability as a guiding principle. By doing so, it adapts its current and future business models and turns them into value-creation engines, which is instrumental in building a more prosperous and resilient business in the long run.

GROUP GOALS

- TO OFFER CUSTOMERS SUSTAINABLE PRODUCTS AND INVEST IN AND EMBRACE INNOVATION TO ACHIEVE TRANSFORMATIONAL IMPACT

CONTENT IN THIS SECTION

- CLIMATE TRANSITION
- SERVICE EXCELLENCE
- CLIMATE-RESILIENT BUSINESS
- SOCIAL INCLUSION
- SUSTAINABLE PRODUCT CHOICES

Linked SDGs



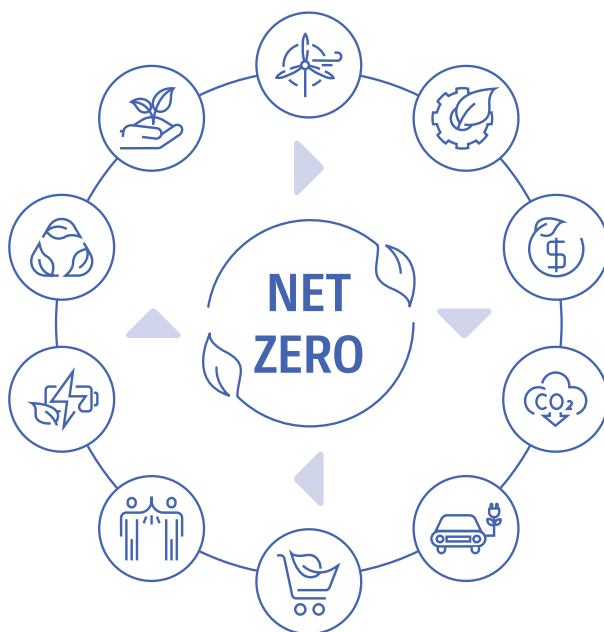
CLIMATE TRANSITION

The Group's business units operate across various industries and geographical locations, often facing different degrees of climate-related issues. In the face of the increasing global climate crisis and the risks that impact business resilience, the Group recognises the need for a consolidated strategy and approach to manage these risks and capture opportunities.

A Consolidated Approach to Climate Transition — Opportunities and Strategies

In pursuit of a sustainable business model, the Group has implemented a climate risk revision according to the TCFD guidelines. A standalone report was published in 2021, demonstrating the identified risks and opportunities from the revision. In parallel, the Group identified ten net-zero transition opportunities and committed to an emissions reduction target, providing guidance to core divisions implementing low-carbon operations.

This collective initiative forms the foundation of the climate transition strategy. Core divisions will continue to develop based on this strategy and contribute to the Group's decarbonisation goals.



Ten Net-Zero Transition Opportunities

Previously, the “ten net-zero transition opportunities” related to climate adaptation and mitigation were identified. The overarching goal is to achieve transformational change over the long term based on current business expectations and structure. Owing to the interconnected nature of the Group’s management approaches to climate change and related topics, links are provided in the following to relevant information located elsewhere in this report.



Renewable and other clean energy

- Invest in and grow the Group’s renewable energy portfolio.
- Transition gas to hydrogen network.
- Connect market-leading levels of renewable energy to the grid.
- Increase the procurement of renewable electricity.
- Adopt carbon capture and storage where relevant to waste-to-energy operations.



Finance and investment

- Continue to align capital expenditure towards a net-zero pathway.



Clean transportation

- Scale up electric and hybrid EVs and infrastructure.
- Lead the way in being first-adopters of hydrogen vehicles and equipment.
- Support the modal shift to sustainable rail transport.



Collaboration, partnerships and advocacy

- Partner with peers, customers, government and other relevant organisations to accelerate the transition.



Circular economy and design

- Reduce, reuse and recycle all forms of waste.
- Design products and systems with circular economy principles in mind.



Climate adaptation

- Protect Group members and assets and be ready for a changing climate.
- Conduct periodic climate-risk assessments of high-risk assets.
- Protect biodiversity to restore healthy ecosystems and further strengthen adaptation.



Transitioning high-carbon assets

- Phase out coal-fired power generation globally by 2035.



Supply chain engagement

- Further develop supplier engagement policies.
- Develop Scope 3 emissions reductions targets.



Energy efficiency

- Exhaust all feasible options for energy efficiencies.
- Embrace digitalisation and innovation to transform distribution networks, increase grid flexibility and decrease distribution losses.
- Be a leader in innovation in 5G, IoT applications and smart city solutions.











Carbon offsets




- Reduce the Group’s direct carbon footprint as the first priority. Carbon offsets neutralise residual emissions attributable to the Group that are not possible to eliminate.

Table 4 A summary of the Group's Climate Transition Strategy


The ten net-zero transition opportunities are not only a response to regulatory requirements but also a demonstration of the Group's approach and strategy towards decarbonisation. The principles are integrated across the core divisions as part of the "Climate Transition Strategy", supporting initiatives implemented across divisions as below:

Renewable and Other Clean Energy Generation	
 Ports	<ul style="list-style-type: none"> Investing in on-site renewable energy generation such as solar and continuing to increase procurement of renewable power
 Retail	<ul style="list-style-type: none"> Identifying opportunities for on-site renewable energy generation Mandating the purchase of renewable electricity through Energy Attribute Certificates (EACs)
 Infrastructure	<ul style="list-style-type: none"> Expanding renewable energy portfolio Promoting reduction and recovery of methane and carbon dioxide (i.e. EDL to capture waste coal mine gas for power generation) Embracing hydrogen economy (i.e. Wales & West Utilities, Northern Gas Networks, Australian Energy Operations and Multinet Gas Networks to enable 100% green gas connection by 2050) Developing cleaner ways to produce products and deliver services (i.e. AVR to expand carbon capture and utilisation capacity at the waste-to-energy facilities)
 Telecommunications	<ul style="list-style-type: none"> Deploying on-site solar energy generation Continuing to increase procurement of renewable electricity
Energy Efficiency	
 Ports	<ul style="list-style-type: none"> Exploring and implementing cutting-edge technologies to improve efficiency and reduce emissions. This includes advancements in automation, data analytics, and alternative fuels.
 Retail	<ul style="list-style-type: none"> Strengthening energy efficiency measures across all business units and supporting energy retrofits in all operations, with better energy-saving equipment Switching from natural gas to electricity for heating energy efficiency measures across all business units
 Infrastructure	<ul style="list-style-type: none"> Modernising and digitalising electricity networks (i.e. UK Power Networks to reduce distribution line loss emissions by enabling an increased uptake of renewable energy into local electricity grids)
 Telecommunications	<ul style="list-style-type: none"> Upgrading to energy-efficient radio equipment Implementing smart features for more efficient use of energy according to data traffic Upgrading transmission networks including virtualising core networks and network services Decommissioning legacy networks and equipment Upgrading data centre cooling equipment Implementing AI-driven data centre energy optimisation tools




Clean Transportation

 Ports	<ul style="list-style-type: none"> Transitioning to electric equipment and vehicles, reducing reliance on fossil fuels
 Retail	<ul style="list-style-type: none"> Strengthening fleet efficiency measures. Switch to fleets with lower emission fuels such as plug-in hybrid electric vehicles (PHEVs) or battery electric vehicles (BEVs).
 Telecommunications	<ul style="list-style-type: none"> Transitioning company fleets to electric vehicles


Transitioning High-Carbon Assets

 Infrastructure	<ul style="list-style-type: none"> Decarbonising generation portfolio (i.e. HK Electric to phase out coal-fired generation by 2035 and explore the potential applications of new technologies in renewables, hydrogen fuel, battery storage and importing zero-carbon energy by 2050)
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Supply Chain Engagement

 Ports	<ul style="list-style-type: none"> Identifying and addressing emissions along the value chain from sources such as procurement of equipment and transportation
 Retail	<ul style="list-style-type: none"> Inviting top suppliers to join ClimatePartner's Network Platform (CP) encouraging suppliers to disclose annual GHG data and share GHG reduction strategy, and to set respective science-based reduction targets Identifying opportunities for on-site renewable energy generation Increasing the purchase of renewable energy (EACs for electricity, biomass, etc.) Strengthening transport route optimisation, reducing emissions from transport used to deliver goods to the businesses (road transport, railway transport, ocean freight, air freight), and increasing the use of fleets with lower emissions fuels such as PHEVs or BEVs Increasing the amount of operational waste diverted from landfills
 Telecommunications	<ul style="list-style-type: none"> Engaging with suppliers to enhance data quality and reduce value chain emissions

Circular Economy and Design

 Retail	<ul style="list-style-type: none"> Sourcing more sustainable raw materials for Exclusive Brands' products and packaging, as well as for the operations (e.g. tertiary packaging, printing paper) Developing (Exclusive Brands) or sourcing (suppliers' brands) more sustainable products across multiple categories (food and non-food) Improving the Exclusive Brands' packaging recyclability
 Telecommunications	<ul style="list-style-type: none"> Expanding use of circular business models such as product take-back arrangement, device leasing and sale of refurbished devices

Clean Technology Adoption

Clean technology, such as clean transportation, clean energy transition and energy efficiency, plays a significant role in the Group's decarbonisation journey and achieving long-term carbon emissions reduction targets. As the Group utilises these levers as part of the overall strategy, core divisions continue to integrate similar approaches into the business investment process, with impactful projects having been implemented in previous years.

AS Watson operates 12 retail brands in its global portfolio, and 60% of them have started using electric vehicles for some of the warehouse-to-store and online order deliveries. More than 80% of Watsons China's warehouse-to-store deliveries in Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Chongqing and Xiamen are made by EVs.



Electrical Vehicle fleet, AS Watson



Ports

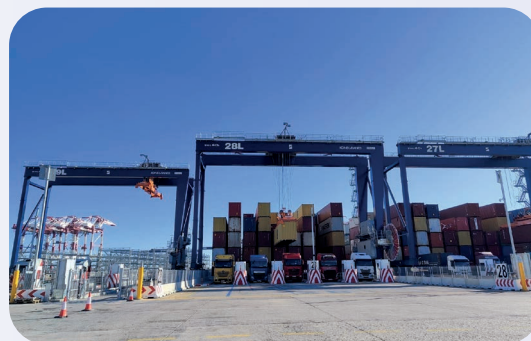


Infrastructure

CLEAN TRANSPORTATION

Since receiving its near-term and net-zero targets validation from the Science Based Targets initiative (SBTi), the Ports division mandated the Equipment Electrification Directive in 2024. All new purchases, either the replacements of terminal equipment or trucks, have to be electricity powered. Additionally, diesel consumption has been reduced by using lower-carbon intensive or renewable energy sources at facilities.

For instance, the Port of Barcelona has opened its first Onshore Power Supply System at Hutchison Ports BEST container terminal, making it possible to supply ships with 100% renewable-origin electricity. A summary of the Ports division's progress on electrification can be found below.



Hutchison Ports BEST

Table 5 Electrification progress of Hutchison Ports

Mobile and stationary equipment in operation globally in 2024			Investment in 2024 and 2025 (planned)	
Type	Total # units	Of which electric or hybrid	Locations	CAPEX
Rubber-tired gantry crane	884	609	Egypt, Thailand, Mexico, Oman, Pakistan, Poland, UK	US\$227M
Internal tractor	1,302	147	Egypt, Thailand, Mexico, Netherlands, Oman, Pakistan, South Korea, UK	US\$58M
Automatic guided vehicle	362	85	Netherlands	US\$26M
Reach-stacker	188	4	Egypt, Thailand, Mexico, Oman, Panama, Poland	US\$17M
Straddle carrier	215	35	Netherlands	US\$13M
Empty container handler	180	28	Mexico, Oman, Pakistan	US\$4M

Clean transportation was also a focus within the Infrastructure division in 2024. UK Power Networks actively supported local authorities in electrifying the public transport system. It involved a £4 million investment in Arriva's Thornton Heath bus fleet, funded by the Green Recovery Fund. The project included a fast-tracked 4.5 MW power connection at the Whitehall Road bus depot, supporting the introduction of 109 new electric buses and the installation of 5 km of high-voltage underground cabling and upgraded substation equipment. These efforts will reduce carbon emissions and improve air quality in London.

In addition, commitments and targets by business units were presented in 2024 as the Infrastructure division continues its clean fuel transition movement. For example, Phoenix Energy is committed to transitioning the commercial fleet to green fuels by 2035. HK Electric will increase the proportion of EVs in the corporate fleet to 55% by 2025. ista will convert the entire vehicle fleet to 100% electrically powered vehicles by 2028.



Ports



Retail



Infrastructure



Telecommunications

CLEAN ENERGY TRANSITION

In 2024, two businesses in the renewable energy sector were acquired.

- UK Renewables Energy comprises 32 wind farms located in England, Scotland and Wales, with a total installed capacity of 175 MW and a net attributable capacity of 137 MW.
- Powerlink Renewable Assets, formerly known as UU Solar, acquired through UK Power Networks, operates a 69 MW renewable energy portfolio with 65 solar photovoltaic assets, four onshore wind farms and one hydropower plant.

In parallel, HK Electric's L12 generation unit was commissioned in early 2024, completing the last phase of three new 380 MW gas-fired combined-cycle generating units under the 2019–2023 Development Plan. The unit will further augment gas-fired generation capacity and deliver cleaner electricity to the city.

Other initiatives within the Infrastructure division include the following:

Green gas initiatives:

- Northern Gas Networks: aiming to transport 100% green gas in the network by 2050
- Phoenix Energy: introducing 20% green gas (hydrogen/biogas blended) into the Phoenix Distribution Network by 2030*
- AGIG: targeting 10% renewable and carbon-neutral gas production connected to its distribution networks by 2030, and 100% renewable and carbon-neutral gas in distribution networks by 2050 at the latest, with a stretch goal of 2040
- Wales & West Utilities: preparing for 100% hydrogen across the areas of network no later than 2040

Renewable energy transition:

- Enviro NZ: transitioning high-emission vehicle fleets to hybrid alternatives; transitioning to 100% renewable energy
- HK Electric: increasing aggregate electricity generated from the renewable energy sources of HK Electric and its customers to over 15 Gwh/year by 2028
- United Energy: enabling total installed capacity of renewable energy generation on its network of 800 MW by 2026
- Victoria Power Networks: enabling total installed capacity of renewable energy generation on its network of 4 GW by 2026
- SA Power Networks: increasing total installed capacity of renewable energy generation on its networks to 4 GW by the end of 2026

In 2024, the Ports division progressed towards cleaner energy sources with continued on-site solar system installations. Hutchison Ports Pakistan and Hutchison Ports KICT have installed a 1 MW solar system and a 235 kW solar system respectively to harness clean energy. Hutchison Ports Ajman in the United Arab Emirates also installed 52 solar-powered streetlights to support its operation.

The Retail division purchased over 720 GWh of renewable energy through EACs in selected markets (Mainland China, Hong Kong, Philippines, Malaysia, Thailand, Türkiye, Indonesia, Taiwan, the UK, and the Netherlands). This total acquired energy represents almost 100% coverage FY2024 consumption in these markets. The division continues its fleet electrification and launched the Greener Store Global Framework, implementing initiatives such as LED upgrades and other energy efficiency equipment for stores and warehouses.

Despite challenges in the energy mix in European markets, emissions have been successfully maintained at the same level on a year on year basis, representing an approximately 26% reduction from the 2020 baseline. CKHGT has increased its use of purchased renewable electricity to over 64%.



47%

of onsite and
purchased electricity
came from
renewable sources

* The introduction of a hydrogen blended mix of gas into the Phoenix Distribution Network is likely to be dependent on government policy and on the introduction of hydrogen blended gas into the UK gas distribution network.

Table 6 Electricity generated by renewable energy in 2024 under the Infrastructure division

Renewable and clean energy source	Installed capacity (MW)	Generation in 2024 (GWh)	Emissions avoided p.a (tCO ₂ e)
Wind	369	532	2,901,791
Solar	84	71	
Biomass	301	1,630	
Total	754	2,233	2,901,791

Notes: 2024 calculation was updated to include only data from EDL, AVR, Dali, Laoting, Canadian Power (Okanagan Wind), UK Renewables Energy Group and UK Power Networks



On-site solar panels, Powerlink Renewable Assets



Infrastructure

HYDROGEN TRANSITION

Blending biogenic gas into gas distribution networks

Northern Gas Networks is actively blending biogenic gas, derived from the microbial decomposition of organic matter (of which biomethane is a type), into its gas networks. In 2023/24, Northern Gas Networks added a new biomethane production site, bringing its total connected capacity to 18,257 standard cubic meters per hour. The annual biomethane injection remained stable at 0.71 TWh, enough to supply approximately 59,000 UK homes. In 2023/24, biomethane comprised 1.2% of the network's gas throughput.

Wales & West Utilities is leading the "Powering Wales Renewably" project in collaboration with government and energy stakeholders to enhance renewable generation connections across Wales. The initiative will provide critical information on the gas distribution network, including locations, capacity and large connections, along with insights into future low-carbon gases for the network. Additionally, Wales & West Utilities is conducting Smart Pressure Control trials, which could enable the heating of over 10,000 more homes with biomethane if fully implemented in the future.



Smart Pressure Control system, Wales & West Utilities

Exploring hydrogen as alternative fuels for trains

UK Rails has partnered with organisations on the H2Steam Project to evaluate green steam technology to eliminate freight train emissions. While electrification remains the most efficient option for railways, many rail networks are still unelectrified. The project will use Steamology's patented technology to generate high pressure steam from hydrogen and oxygen with zero carbon emissions. UK Rails continues to work with its partners to explore options to help its freight customers meet their carbon reduction targets.



Infrastructure

GREEN HYDROGEN ELECTROLYSER DEVELOPMENTS IN THE PIPELINE

Wales & West Utilities has invested in developing an electrolyser that produces green hydrogen from contaminated industrial wastewater. In partnership with HydroStar and Cardiff University, the project aims to overcome the high costs of traditional hydrogen production, which relies on purified water.

By using polluted water sources, the process integrates pollutant removal with hydrogen generation, capturing hydrogen and oxygen as valuable byproducts to offset energy costs. This innovation builds on the NextGen electrolyser, which uses wastewater like rainwater to produce hydrogen, supported by Ofgem's Strategic Innovation Fund.

Supported by Innovate UK's Launchpad: NetZero Industry, the project will deliver a prototype by Q1 2025, helping to advance the hydrogen transition while offering a sustainable energy solution.





Infrastructure



Telecommunications

ENERGY EFFICIENCY

The Telecommunications division has continued to invest in 5G transition in 2024, including network equipment upgrades and implementing energy-efficient network features, virtualised core networks, smart sleeping modes within the radio access network, and AI-based tools to drive network optimisation and energy efficiency. It also upgraded equipment, and decommissioned 3G capacity to improve network energy efficiency. Additionally, both **3** Hong Kong and **3** UK have deployed AI-powered energy saving solutions, and **3** UK in particular has saved up to 70% of its energy usage at selected UK sites.

HK Electric from the Infrastructure division is advancing energy efficiency and affordability through its Smart Power Services (SPS) programme. A prime example is its support for Everest Residence, Hong Kong Island's first Modular Integrated Construction transitional housing project. By providing grid-electricity supply during construction and subsidising energy-efficient electrical appliances, HK Electric has significantly reduced the project's carbon footprint and enabled low-carbon, all-electric living, lowering energy costs for underprivileged families. Beyond Everest Residence, the SPS programme has supported eight transitional housing projects on Hong Kong Island, benefitting over 260 units and approximately 800 residents. These initiatives underscore HK Electric's commitment to eco-friendly housing, carbon emission reductions, and accessible energy solutions aligned with Hong Kong's broader sustainability goals.



Introducing the energy efficiency concept into transitional housing through the Smart Power Services Programme, HK Electric

Further energy efficiency initiatives implemented by the Infrastructure division are summarised below:

Table 7 Energy efficiency project targets and progress under the Infrastructure division

Business units	Details of target
HK Electric	Conduct 1,000 energy audits and provide subsidies for 500 buildings between 2024 and 2028.
	Help 500 businesses switch to energy-efficient electrical equipment for their operations between 2024 and 2028.
	Complete at least 200 audits under the Smart Power Energy Audit in 2024, particularly for non-governmental Organisations (NGOs), schools, and small and medium-sized enterprises.
	Support 100 construction sites to use grid-electricity supply, replacing diesel generators during the period from 2024 to 2028.
	Support 20,000 parking spaces to install EV charging-enabling infrastructure during the period from 2024 to 2028.
UK Power Networks	Support all medically dependent Priority Services Register (PSR) customers in understanding the benefits of having a smart meter by providing tailored advice every two years throughout 2023 to 2028.
	Share information on low-carbon technologies and energy efficiency with 1.4 million customers in areas designated for electrified heating by 2028.
	Ensure that 71% of off-gas grid homes in the serving regions have the suitable capacity to decarbonise their heating and transport by the end of 2028.
Wellington Electricity	Offer commercial EV-managed charging service by 2024.
United Energy	1,000 customers per annum to participate in energy literacy programmes by 2026.
Victoria Power Networks	2,000 customers per annum to participate in energy literacy programmes by 2026.
Northern Gas Networks	Provide over £1 million of regulatory and shareholder funding annually to support vulnerable customers and communities by 2026.

SERVICE EXCELLENCE

The Group's core businesses are committed to providing world-class service to customers and meeting their daily needs. Business units regularly engage with customers to understand their concerns, helping the Group adapt to market changes and maintain high-quality products and services. As safety is one of the Group's top priorities, a strong and flexible management system is enforced to periodically monitor, assess and reduce environment, safety, and security-related risks. These efforts are important for the Group's sustainability work, demonstrating its commitment to achieving service excellence.

Service Excellence is closely linked with other material topics in the Group Sustainability Framework, including the following:

- [Supplier Screening and Assessments](#)
- [Digital Responsibility and Information Security](#)
- [Health, Safety and Well-Being](#)

ISO Management Systems

The Group has a diversified business scope spanning a broad range of industries and regions. In daily operations, product and service quality, safety and employee well-being remain key priorities. Guided by international management standards, Quality Management Systems, Environmental Management Systems, Safety Management Systems and Information Security Management Systems, the Group's business units operate consistently and reliably through established processes, including reviews, data analysis, corrective actions and compliance audits.

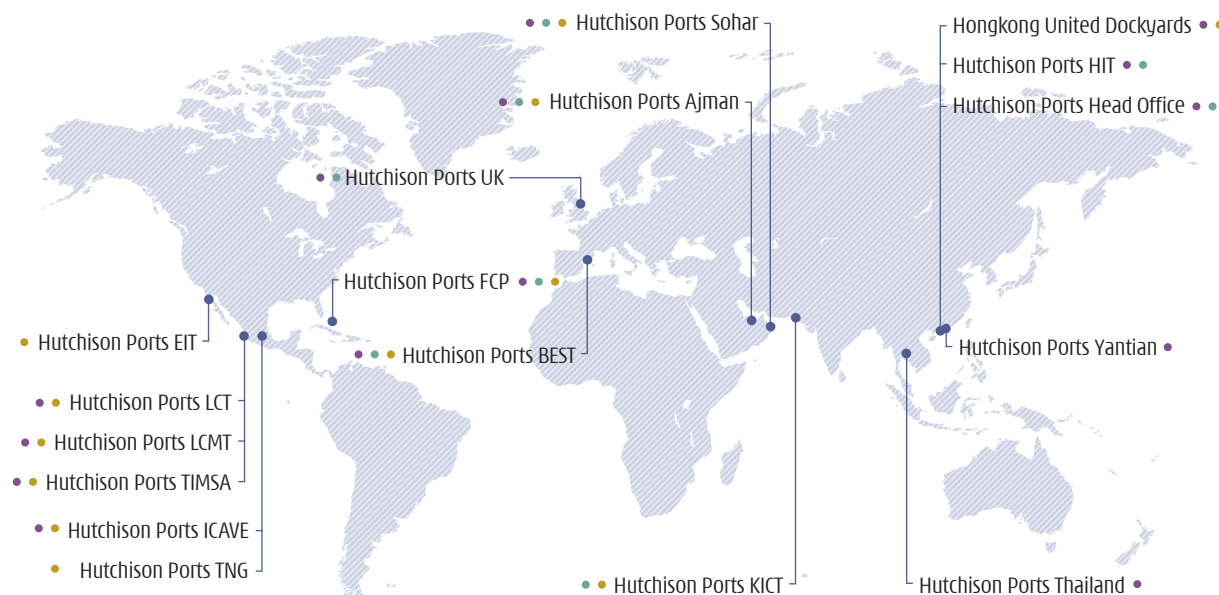
To provide further reassurance to customers and ensure the compliance of regulatory requirements, many business units obtain certifications such as ISO 14001 (Environmental Management),

ISO 9000 (Quality Management), and ISO 45001/OHSAS 18001 (Occupational Health and Safety).

In addition, the Ports division and Telecommunications division have significantly aligned their operations with international sustainability standards. For example, Wind Tre of the Telecommunications division has recently received certifications including ISO 27001 (Information Technology Security), ISO 50001 (Energy Management), ISO 14064 (Greenhouse Gas Measurement), SA8000 (Social Audit), and ISO 20000-1 (Service Management). These certifications support effective, sustainable operations integrated into daily business practices.

Figure 10 ISO certification at Hutchison Ports (business units with ISO certificates contribute to 66% of the total throughput of Ports in 2024)

• ISO 14001 Environmental Management Systems • ISO 9001 Quality Management Systems • ISO 45001 Occupational Health and Safety Systems



Quality and Safety Standards

Across all core businesses, the Group has established comprehensive quality and safety management systems. These systems are characterised by senior management's active oversight, ensuring clear responsibility demarcations. Dedicated personnel handle specific tasks, ensuring that Emergency Response Planning is seamlessly coordinated and carried out. Well-defined processes for record-keeping and documentation are also crucial for maintaining transparency and accountability.

Central to these management systems is the focus on hazard identification, followed by in-depth safety risk assessment and effective mitigation strategies. Moreover, many of the Group's business units have developed customised performance standards that not only meet but exceed regulatory requirements. These standards are inspired by market-leading practices, further demonstrating the Group's commitment to excellence in quality and safety management.

In the Retail division, all Exclusive Brand products are tested at external laboratories, and regular in-house testing on selected products is also conducted in PARKnSHOP Hong Kong, Watsons Water China and Watsons Hong Kong. Exclusive Brand manufacturers are continuously screened for social and environmental risks if located in medium and high-risk countries. Other business units, such as Wind Tre from the Telecommunications division, have checks in place for product conformity once products are delivered, including legal certifications, firmware correspondence, and information security assessments during the modem or Customer Premises Equipment testing phases.

The Ports division has implemented stringent safety measures, with Hutchison Ports Corporate Centre certified and receiving annual surveillance visits by external auditors in accordance with ISO 45001. Additionally, several business units from the Infrastructure division (including AVR, SA Power Networks, UK Power Networks) also operate in accordance with standards, such as OHSAS 18001/ISO 45001, ensuring that employee safety is well protected.

Business Continuity Planning

As the likelihood of regional incidents such as extreme weather events and even potential conflicts escalates, business units are actively developing Business Continuity Plans. The overarching goal is to ensure that operations remain as stable as possible and with minimal disruption.

Throughout the Group, the business continuity planning framework has several shared components. These are primarily focused on building resilience, enabling swift recovery and establishing contingency measures. Each plan is meticulously tailored to address the unique industry-specific needs of every core business, ensuring effective responses to various scenarios and safeguarding business operations. For example, the Infrastructure division continues to implement robust climate risk and adaptation actions to prepare for extreme weather events. These initiatives include monitoring short- and long-term weather patterns, leveraging climate projections, executing crisis management and Business Continuity Plans, and investing in infrastructure resilience. Business units have also developed resilience strategies, integrating climate adaptation measures to enhance their overall preparedness.

All business units in the Ports division are required to develop and implement Business Continuity Plans under the Business Continuity Management Policy. The Business Continuity Plans include setting up an incident response team, carrying out business impact analysis, coordinating resources and personnel for different emergencies, and conducting drills to ensure operations are efficiently restored after an incident.



Telecommunications

BUSINESS CONTINUITY PLANS IN THE TELECOMMUNICATIONS DIVISION

In view of the different upcoming risks and challenges, operations across the Telecommunications division have established Business Continuity Plans to minimise disruption. For example, 3 Austria performed an extensive business impact analysis exercise in 2024 which is the most crucial element of a business continuation plan, acting as the key priority requirements blueprint, determining the effectiveness and efficiency of the entire business continuity plan. To ensure that business impact analysis is comprehensive, 3 Austria underwent multiple workshops involving key stakeholders of the organisation.

Wind Tre has been building its Business Continuity Management Framework since 2019. The effort initially involved developing its Business Continuity framework, objectives, policies, organisational model, methodology and process mapping. A thorough Business Impact Analysis was performed to rank critical processes. Based on the analysis, Business Continuity Plan were activated for critical processes, from economic, legal, reputational, strategic and operational perspectives. These plans focus on processes with a Recovery Time Objective of up to seven days. In parallel, a remediation plan is managed to enhance the organisation's capability to respond to any incidents, ensuring the continuous provision of services in compliance with the Minimum Business Continuity Objectives.

In 2024, Wind Tre engaged an external advisor to assess its Business Continuity Management Framework, aiming to obtain an external opinion on its maturity, particularly with respect to the ISO 22301 standard. Additionally, a monitoring dashboard was built to support and strengthen Business Continuity Management activities, from both executive and operational standpoints. The Dashboard provides executive inputs to support management decisions related to the Framework while optimising the monitoring of daily operational activities. Moreover, Wind Tre's Disaster Recovery Programme, aimed at increasing the resilience of telecommunications network and of IT applications in order to guarantee an optimal service continuity, was further structured in 2024, with the following main achievements:

1. Completion of Disaster Recovery (DR) assessment: focused on evaluating the resilience and recovery capabilities of the organisation's IT systems and telecommunications elements.
2. Integration of the DR Programme in technology business as usual activities, providing:
 - a) A standard for developing DR technical playbooks and performing DR testing;
 - b) Implementation of remediation actions to follow up on DR assessment and tests, thus increasing resilience.

Customer Relationship Management

The Group's core businesses have implemented various mechanisms to measure customer satisfaction and monitor feedback. These mechanisms are also used to follow up on complaints and take corrective actions. In the Retail division, customer surveys are regularly conducted in each market. This allows for the dynamic integration of feedback on multiple aspects of customer satisfaction, such as the store environment, product variety, prices, loyalty programme benefits and staff behaviour. These items are assessed based on the scoring schemes of the "Customer Love Score".

Business units in the Telecommunications division use a similar approach by utilising the Net Promoter Score to evaluate brand reputation and customer satisfaction. The Ports division and Infrastructure business units track customer satisfaction via Customer Relationship Management tools, Customer Satisfaction Scores and periodic stakeholder meetings.



Telecommunications

KEEPING TRACK OF REPUTATION AND BRAND

In 2024, Wind Tre measured its reputation with customers through RepTrak, one of the leading reputation measurement companies. The RepTrak model is based on a consumer survey that evaluates companies through emotional, rational and ESG drivers that impact reputation. The synthesis of these perceived factors determines an evaluation on a 0 - 100 scale.

Wind Tre's reputation in 2024 (cumulated result from January to September) is 61.4, reflecting an increase of 1.5 points compared to 2023. This makes Wind Tre the only Italy-based company enjoying such growth within the industry. The rise in Wind Tre's reputation has been driven by improvements in production and innovation, where the quality of services meets customer needs. Wind Tre's brand power also grew by 14.7% in 2024, based on the October survey. This growth in aspects

related to citizenship and conduct can also be linked to Wind Tre's activity in sustainability, as the company engaged its customers with both general and specific initiatives aligned with its ESG Plan.





Infrastructure

ASSURE SERVICE QUALITY WITHIN THE INFRASTRUCTURE DIVISION

The Infrastructure division is proactively engaging its customers, ensuring services are meeting or exceeding expectations. Business units set different targets and impactful progress was made in 2024. Details of targets of the business units can be found below:

Table 8 Business units' customer service targets

Business unit	Target
HK Electric	Maintain better than 99.999% supply reliability rating
UK Power Networks	Expand the scope and reach of its PSR, aiming for an overall 30% increase in registrations from 2023 in the categories most impacted by its service by 2028, targeting 3 million households and 600,000 businesses registered.
	Improve satisfaction of its PSR registered customers over its 2023 baseline. UK Power Networks will aim to be the first Distribution Network Operator Group as measured by PSR customer satisfaction or at least delivering 93% scores on average across its networks in each year of 2023 - 2028 (vs. 91.5 per cent average achieved in 2015 - 2023), whichever is higher.
Wales & West Utilities	Target to achieve score of 9.2 in average customer satisfaction score.
Northern Gas Networks	5,000 customers referred to PSR.
Victoria Power Networks	Outperform System Average Interruption Duration Index target of 124 minutes by 2026 for Powercor.
	Outperform System Average Interruption Duration Index target of 24.47 minutes by 2026 for CitiPower.
United Energy	Outperform System Average Interruption Duration Index target of 50.7 minutes by 2026.



CLIMATE-RESILIENT BUSINESS

In comparison to the past decade, climate change and associated extreme weather events are occurring at a startling pace. In 2024, there was flooding in Central and Eastern Europe, causing significant impact and damage, and endangering the lives of thousands. Acknowledging the risks posed by climate change, the Group has adopted a proactive stance. It has pinpointed climate-related issues and alternative opportunities as adaptive solutions, which have then been integrated into the Group's transition and decarbonisation strategy.

Based on the current business expectations and structure, the Group has identified ten net-zero transition opportunities. These opportunities are crucial for achieving long-term transformational change in its businesses. For more details about the Group's management approaches to reducing or eradicating GHG emissions in its direct operations and across the broader value chain, please refer to the [Climate Transition](#) section of this report.

Climate Adaptation

The physical impacts from climate change present substantial risks to the Group's operations. The Group acknowledges these potential operational risks and is dedicated to enhancing resilience through proactive adaptation strategies. Under the guidance of its Sustainability Policy and recommendations from the TCFD report, the core divisions conduct scenario analysis, identify potential risks and management actions, and continue to invest in enhancements to protect assets, operations and human capital from extreme weather impacts. These efforts include formulating strategies to boost resilience and ensure operational continuity.

In 2024, business units across divisions implemented comprehensive climate risks and adaptation measures in preparation for extreme weather events. These efforts involved utilising climate projections, executing crisis management and Business Continuity Plans, and investing in infrastructure resilience. Resilience strategies and climate adaptation measures have been incorporated to enhance overall preparedness.



Onshore wind farms, Dunbar, Scotland



Infrastructure

CLIMATE RISK AND MITIGATION STRATEGIES

The Infrastructure division completed a climate scenario aligning with TCFD recommendations. This assessment identified the climate-related risks and opportunities, which aided in evaluating the potential financial implications of these factors on operations. Business units across the division conducted similar evaluations to assess climate-related risks impacting respective operations and develop corresponding action plans.

UK Power Networks uses the UK Climate Projections high-emissions scenario RCP8.5 (Representative Concentration Pathways), projecting a 4.3°C rise by 2081 - 2100, to assess climate risks. Initiatives include addressing eight prioritised hazards, installing flood protections at 78 sites from April 2015 to March 2023, and planning further measures from April 2023 to March 2028.

With more frequent extreme weather events due to climate change, HK Electric has implemented robust measures to strengthen its power network, ensuring a stable electricity supply until 2100. These enhancements include fortified Lamma Power Station (LPS) infrastructure and advanced anti-flooding measures at substations. By referencing the reports of the Intergovernmental Panel on Climate Change and the city's hydrological and astronomical data and forecasts, HK Electric has also implemented key upgrades such as raising the flood walls to +6.0 metres Principal Datum (PD) at coastal substations and applying new design standards for post-2022 substations to withstand +7.0 metres PD floods. Protective features such as automatic water pumps, flood barriers and multi-stage alarm systems have also been installed across over 280 facilities in vulnerable locations.



Staying climate resilient: an upscaled flood wall, Lamma Power Station, Hong Kong



Telecommunications

CLIMATE RISK MITIGATION

The Telecommunications division has implemented various measures to adapt to rising climate-related risks and potential operational disruptions. For example, in 2024, Wind Tre and 3 Austria included extreme weather events due to climate change into the enterprise risk management register, making it part of the business continuity and disaster recovery risk assessment. In 3 UK, climate-related events, such as flooding, extreme temperatures, lightning, typhoons and wildfires are managed at the operational level by subject matter

experts who have developed relevant response action plans. These plans ensure organisational resilience and have been communicated with operational-level employees. Similarly, 3 Ireland has incorporated climate as a risk. To mitigate this it now plans to develop climate adaptation strategies to address environmental risks, such as extreme weather events and disruptions to operations, by integrating climate-related data into risk monitoring processes and assessing potential impacts on infrastructure and service delivery.



Ports

MITIGATING AND ASSESSING CLIMATE RISK

The Ports division has adopted a general approach to climate risk assessment throughout its operations. The register of risk factors and mitigations is reviewed biannually by senior management. In response to extreme weather incidents, the Ports division safety guidelines in place, with emergency response procedures, crisis management, regular drills and exercises and equipment infrastructure in order to be ready for any severe weather developments.

Hutchison Ports UK also evaluates climate change risks periodically in accordance with national government requirements, with significant findings reported to the business unit's Sustainability Committee. Major construction projects undergo project-specific flood risk assessments in accordance with regulatory requirements.

Climate-Related Financial Disclosures

In 2024, the core divisions and their respective business units continued to follow in the Group's footsteps by issuing separate reports and aligning with TCFD procedures and recommendations to conduct climate-related risk assessments. Since its initial assessment, the Infrastructure division has managed identified climate-related risks with mitigation measures. Superdrug and Savers from the Retail division have also conducted climate risk assessments, while Watsons Water China and Hong Kong have

developed a water risk assessment framework referencing the TCFD and enterprise risk management frameworks. This framework involves assessing the likelihood and impact of physical, regulatory and reputational risks. CKHGT issued its separate TCFD report in 2023, and 3 UK issued its first TCFD report in 2024. During 2024, CKHGT refreshed its analysis of climate-related impacts, risks and opportunities as part of its double materiality analysis. It plans to extend the analysis to cover the financial effects in future reportings. Further details will be shared in subsequent reports.

SOCIAL INCLUSION

Sustainable businesses understand the importance of improving the prospects of marginalised groups and take the initiative to cultivate diversity and inclusivity. In the current digital age, where digitalisation supports daily lives, the full benefits may not be equally enjoyed by the community, especially disadvantaged groups.

As a responsible company, the Group promotes social integration and actively cooperates with local partners to support disadvantaged groups. These groups often struggle to keep up with the rapid pace of digital development and are thus excluded from fully enjoying the benefits of the digital age. To address this issue, business units across the Group are making efforts to support these under-served and disabled groups, aiming to narrow the digital divide, and ensure that everyone, regardless of age or disability, can participate in the digital world. In addition, the Group ensures that the benefits of digitalisation can also be enjoyed by citizens living in remote areas.

Digital Inclusion

Digitalisation has brought convenience to the daily lives of many, facilitating remote work and bringing more reliance on digitally connected devices. Connectivity to the digital world has become deeply ingrained in people's daily routines. However, disadvantaged groups often miss out on these digital advancements due to a lack of online access and data poverty. The Group, particularly the Telecommunications division, recognises these challenges and provides support and solutions to simplify people's daily lives and meet their essential needs.

For example, Wind Tre ran sustainability programmes such as NeoConnessi and Borghi Connessi. Similarly, 3 UK offered digital skills training for children and adults in its 297 stores across the UK. These free sessions, delivered by 3 UK's Discovery Programme, cover topics ranging from online safety to website creation and coding.



Telecommunications

SERVING FAMILIES

NeoConnessi, the digital and media education project, has successfully completed its sixth edition in 2024, reaching over 1.5 million families across Italy. The project is a key initiative of Wind Tre's ESG Plan Goal 1, aiming to have "Families 100% protected and safe" by spreading awareness about the risks and opportunities of being online within Italian primary schools.

In 2024, NeoConnessi launched a training course for parents named "Digital Families Today: Surfing

Together Safely". The course emphasises shared responsibility, guiding parents to set clear rules and good practices, ensuring that even the youngest household members can explore the Internet and use digital devices safely. Moreover, the Decalogue of NeoConnessi, launched in 2023, was further integrated and validated by the Italian Association of Pediatrics in 2024. Both the course and the Decalogue are available free of charge, making them accessible to all.

Senior and Disadvantaged Citizens

The Group recognises the difficulties senior and disadvantaged groups have in coping with renewing services digitally. Unfamiliarity with these services can make them vulnerable to scams. **3** Hong Kong has launched a mobile telecoms security campaign. As part of the initiative, customers aged 60 or above are offered a "Free Incoming Calls Management Pack", which includes the "Anti-scam" and "Call Block" value-added services to block scam and nuisance calls.

To date, the Retail division has been using "Assist Me" as the accessibility solution across operations in Europe. This a plug-in digital widget, integrated into the website, allowing customers with disabilities to temporarily change the layout of the pages, making the shopping experience more accessible according to specific needs. The same solution will be expanded to Kruidvat, ICI Paris XL Belux and ICI PARIS XL Netherlands in 2025. In parallel, the AS Watson eLab has been working with CityMaas on piloting technology solutions to enable digital accessibility, creating a more inclusive environment for disabled users.

Remote Community Access

Wind Tre, from the Telecommunications division, has been actively collaborating with small Italian municipalities to close rural-urban connectivity gaps. Through the Borghi Connessi Project, it enhances existing infrastructures and fosters the growth of citizens' digital skills. This initiative promotes community-benefitting programmes such as training courses for citizens over 60 years old. The project also includes "Academies", training sessions for public administration, explaining how digitalisation can benefit small municipalities. Since its launch in 2022, the programme had reached more than 100 small towns and villages in Italy by the end of 2024.

Additionally, the NeoConnessi project addresses the "silver" generation by providing video tutorials for individuals over 60 years old. These videos, available for free on the website, explain the use of technology and the internet in a simple and effective way, making it accessible to everyone.



Awarding ceremony for the 2024 NeoConnessi Contest, Wind Tre

SUSTAINABLE PRODUCT CHOICES

The Group integrates circular economy principles across its value chain, prioritising sustainable sourcing and product design to offer environmentally conscious options to customers. Aligned with SDG 12 (Responsible Consumption and Production), the Group's sustainability strategy focuses on maximising resource efficiency while driving business growth. Through innovative solutions and optimised processes, the core divisions are transforming operations to deliver greater value with reduced environmental impact.

This topic on Sustainable Product Choices is closely linked with other material topics in the Group Sustainability Framework, including the following:

- [Supply Chain Responsibility](#) 
- [Circular Economy](#) 

Sustainable Procurement

The Group sustains its businesses by sourcing a wide range of products from a long list of suppliers. Relevant policies guide all business units to procure and operate sustainably, while engaging with credible and responsible suppliers. The Retail division has supplier pre-assessment procedures to ensure that products are

manufactured according to sustainable production standards such as the Roundtable on Sustainable Palm Oil (RSPO), the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC), to minimise the Group's impact on deforestation and protect the environment.



Greener store, San Pedro, Laguna, Watsons Philippines



Retail

RESPONSIBLE SOURCING

The Retail division is committed to providing and promoting sustainable product choices to customers, including a wider selection of ingredients and packaging materials from sustainable sources. As part of its efforts to protect forests, the following commitments were made:

- Wood-pulp: all Exclusive Brand paper products and packaging will be made exclusively from sustainable materials (FSC, PEFC or recycled) by 2030
- Palm oil: all Exclusive Brand products will include RSPO-certified palm oil by 2030
- Beef and soy: sourcing deforestation-free beef and soy-based Exclusive Brand products by 2030

Currently, more sustainable paper covers 99% of Kruidvat and 98% of Superdrug Exclusive Brands, showing swift progress towards the 100% by 2030. In addition, PARKnSHOP offers a wide selection of 100 plant-based products as meat alternatives, alongside its existing soy milk and bean curd ranges. Further details on progress and targets on respective topics can be found below.

Table 9 Progress on paper products from sustainable sources in 2024

Market developing Exclusive Brand products	Progress vs 100% target by 2030
Watsons China, Watsons Indonesia, Watsons Malaysia, Watsons Philippines, Watsons Singapore, Watsons Taiwan, Watsons Türkiye	100%
Kruidvat	99%
Superdrug	98%
Trekpleister	96%
PARKnSHOP Hong Kong	60%
Watsons Thailand	< 60%
ICI Paris XL	N/A
Overall progress on paper products from sustainable sources across business units	88%



Retail

TAKING STEPS TOWARDS FUTURE-PROOF PALM OIL

As a member of the RSPO since 2016, the Retail division has begun using RSPO-certified palm oil in its Exclusive Brand products, with the commitment to ensuring that 100% of Exclusive Brand products will contain RSPO-certified palm oil by 2030. In 2024, AS Watson achieved a score of 7.4 out of 10 on the annual RSPO scorecard, an improvement from 6.9 previously; and above the retail sector average score of 4.6. Additionally, 53.6% of the division's total palm oil and derivatives volume is RSPO-certified sustainable palm oil.

Kruidvat has participated in the "FAIR Company-Community Partnership" model since 2020. This initiative, led by Dutch NGO Oxfam Novib, offers to re-design development models in palm oil production and trade with the objective of fostering economic opportunities while reducing adverse impacts on local communities. It showcases a viable and sustainable alternative business model with the potential to achieve economies of scale in the palm oil sector and beyond. By participating in this programme, Kruidvat aims to enhance its insight into and influence over all linkages in the palm oil supply chain. Each FAIR partnership project is enacted locally, with participants working together to generate positive impacts for smallholders and other community stakeholders. Kruidvat specifically participates in a multi-stakeholder partnership project in Southeast Sulawesi, Indonesia.

Table 10 Progress on products containing RSPO palm oil

Market developing Exclusive Brand products	Progress vs 100% target by 2030
ICI Parix XL, Superdrug	100%
Trepleister	99%
Kruidvat	98%
Watsons Philippines	>70%
Watsons China	>60%
PARKnSHOP Hong Kong, Watsons Indonesia, Watsons Taiwan, Watsons Thailand, Watsons Türkiye	<60%



Ports

GREEN PROCUREMENT

The Ports division implements comprehensive green procurement practices aligned with its Environmental Policy. These practices focus on reducing the use of virgin material, replacing single-use disposable items with durable, reusable and recyclable alternatives, minimising packaging, limiting hazardous substances, adopting specifications that encourage advanced energy and water-efficient technologies, and sourcing sustainable office suppliers, including recyclable toner and certified sustainable paper products.

The division's business units demonstrate this commitment through various initiatives. Hutchison Ports UK used green heated sawn ISPM15 heat-treated timber for specialised cargo, and replaced traditional timber fenders with nylon fenders. To enhance the efficiency of recycling, a cardboard baler system was installed and non-recyclable packing, including packing peanuts and excessive packaging, were eliminated. The business unit also ensured responsible paper sourcing through certified suppliers.



Infrastructure

ETHICAL AND SUSTAINABLE PROCUREMENT

Ethical sourcing is a core value and strategic priority for SA Power Networks. By embedding ethical principles into its supply chains, SA Power Networks safeguards its reputation, mitigates risks, promotes sustainability and aligns with stakeholder and customer expectations.

SA Power Networks' Procurement Directive underscores its commitment to sourcing goods and services from suppliers who share the commitment to responsible business practices, mitigating labour exploitation and minimising environmental impact. Sustainability is a key consideration in all procurement decisions, reflecting SA Power Networks' dedication to responsible business practices.

For product suppliers, SA Power Networks prioritises the use of renewable materials, environmentally friendly production and logistics processes, robust recycling initiatives and safe disposal practices for waste products. These measures reinforce SA Power Networks' commitment to reducing environmental impact and promoting sustainable development.

AGIG introduced a company-wide Contracts and Procurement Policy in 2023, replacing older unit-specific policies with a unified framework. This policy embeds sustainable business practices and ethical standards into AGIG's operations. With 99.1% of its suppliers based in Australia, AGIG aligns with its Sustainable Procurement Statement by prioritising local, Indigenous and small businesses in procurement opportunities. By integrating the Supplier Due Diligence Platform, Modern Slavery Risk Assessments and Consultant Engagement into its procurement processes, AGIG demonstrates leadership in sustainable and ethical procurement, ensuring its supply chain supports local communities and aligns with global best practices in risk management and sustainability.

HK Electric ensures its business partners align with its core values to achieve shared goals for sustainable development. Its Code of Practice for Suppliers and

Supplier Management outlines high standards in ethics and governance, human and labour rights, health and safety, environmental protection and climate action, and physical and information security.

Adhering to ISO 20400 Sustainable Procurement Guidance, HK Electric integrates sustainability into all purchasing decisions. As a founding member of the Hong Kong Sustainable Procurement Charter, it prioritises suppliers who conserve resources and follow its Green Purchasing Policy. Environmental impact, along with quality, price and punctuality, is a key criterion for selected commodities. Suppliers violating the Code or environmental laws risk suspension or exclusion. In 2024, environmentally friendly products accounted for 41% of general office items in HK Electric's electronic Ordering System, up from 40% in 2023. To deepen its commitment, the company conducted a Sustainable Procurement Survey in 2024, raising supplier awareness of climate change and sustainability, and reinforcing its leadership in responsible procurement.

UK Power Networks leverages the Achilles Utility Vendor Database, a trusted external supply chain risk management expert, to screen and pre-qualify suppliers. This ensures that suppliers meet rigorous standards in areas such as health and safety, environmental impact, quality, Construction Design and Management capability, ethics, diversity and inclusion, commercial practices and financial stability. All suppliers must be registered with Achilles to meet pre-qualification standards. For suppliers engaged in "High Risk" activities, they must follow UK Power Networks' Pre-Qualification and Approval Procedure and undergo an Achilles Verify audit before starting work. The company categorises procurement risks into High, Medium, and Low levels based on the nature of activities and potential impacts, with High-Risk suppliers requiring both pre-qualification completion and established contracts before work commencement.



AI-guided "Tall Boy" robots, Watsons Hong Kong warehouse