

SUSTAINABLE BUSINESS MODEL AND INNOVATION

The Group's core businesses play a vital role in supporting the daily lives of tens of millions of people through the operation of port terminals, retail networks, infrastructure services, and telecommunications offerings. As innovation and technology evolve rapidly, the Group remains focused on identifying opportunities to create long-term value for stakeholders by integrating social, environmental, and market considerations into its investment and operational strategies.

This commitment is reflected in the Group's pursuit of a sustainable and innovative business model that delivers essential services with excellence while safeguarding customer interests. In response to complex and emerging global challenges, the Group's core businesses are leveraging innovation and collaboration to address key sustainable development priorities, including climate resilience, inclusive access to services, and the promotion of sustainable lifestyles and consumption patterns.

This section of the report is closely linked to the environmental and social pillars and highlights how sustainability serves as a strategic lens through which the Group adapts its current and future business models. By doing so, the Group is building a more resilient, responsible, and future-ready enterprise that creates enduring value for all stakeholders.



GROUP GOALS

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

CONTENT IN THIS CHAPTER

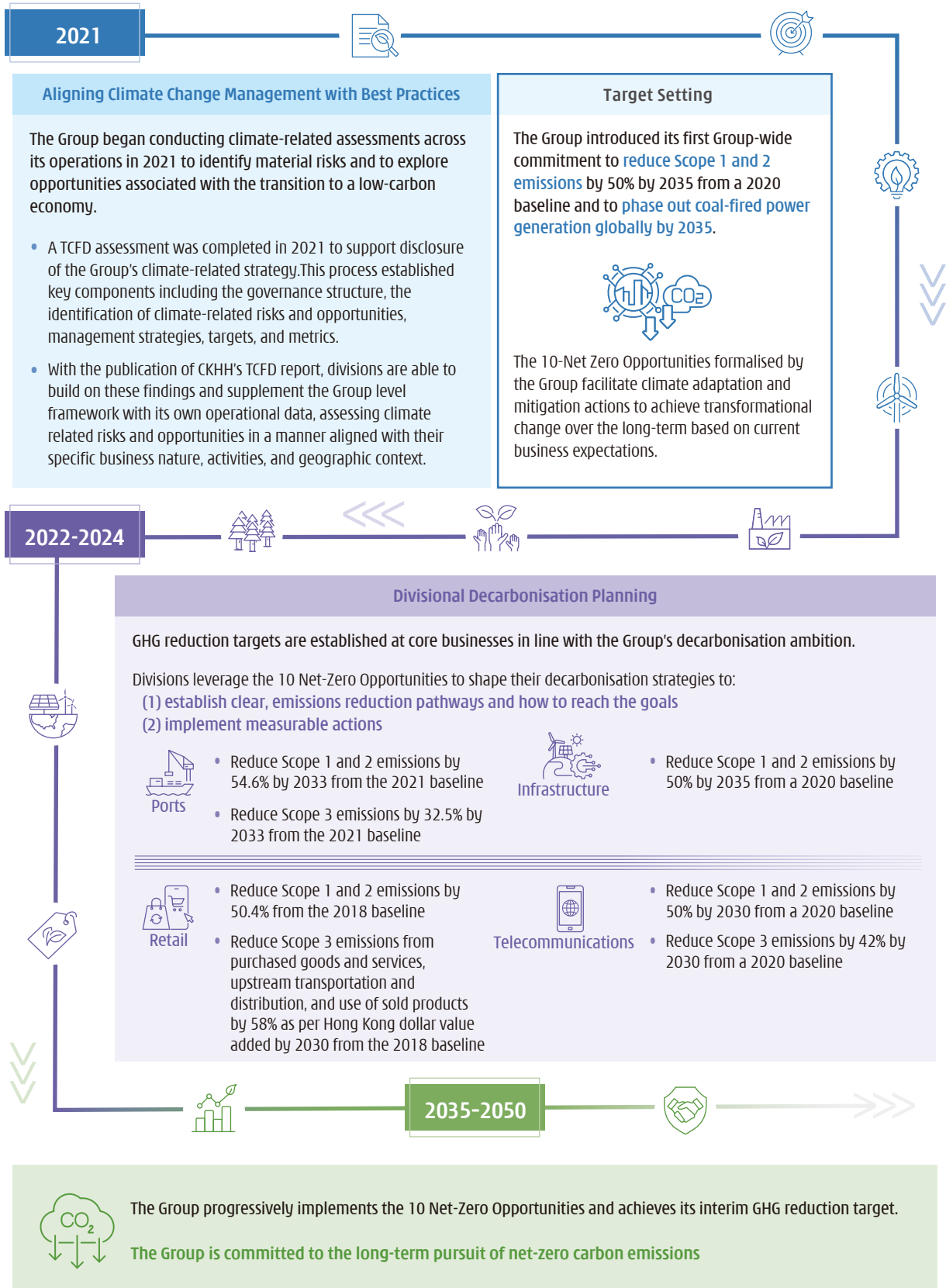
- DECARBONISATION PATHWAY
- CLIMATE TRANSITION AND RESILIENT BUSINESS
- SUSTAINABLE INVESTMENT
- SERVICE EXCELLENCE
- SOCIAL INCLUSION
- SUSTAINABLE PRODUCT CHOICES

Linked SDGs



THE DECARBONISATION PATHWAY

The Group charted a clear route toward reducing their GHG emissions. The decarbonisation pathway outlines this journey: a structured, science-aligned roadmap that identifies where emissions originate, how they can be most effectively reduced, and what actions are necessary to achieve net-zero ambitions.



The 10-Net Zero Opportunities

The 10-Net Zero Opportunities formalised by the Group facilitate climate adaptation and mitigation to achieve transformational change over the long term based on current business expectations and structure.



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

A summary of the Group's Climate Transition Strategy


The 10 Net-Zero 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 divisions as part of the climate transition strategy, supporting initiatives implemented across divisions as explained 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, such as solar panels on warehouse rooftops 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. Capitalising hydrogen and biogas opportunities including AGIG Hydrogen Parks and NGN/WWU biomethane connections) 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
 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

 <p>Ports</p>	<ul style="list-style-type: none"> • Transitioning to electric equipment and vehicles, reducing reliance on fossil fuels
 <p>Retail</p>	<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)
 <p>Telecommunications</p>	<ul style="list-style-type: none"> • Transitioning company fleets to electric vehicles



Transitioning high-carbon assets

 <p>Infrastructure</p>	<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

 <p>Ports</p>	<ul style="list-style-type: none"> • Identifying and addressing emissions along the value chain from sources such as procurement of equipment
 <p>Retail</p>	<ul style="list-style-type: none"> • Inviting top suppliers by emissions to join ClimatePartner's Network Platform, encouraging suppliers to disclose annual GHG data, share GHG reduction strategies, and to set respective science-based reduction targets • Encouraging on-site renewable energy generation or the purchase of renewable energy such as EACS • 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
 <p>Telecommunications</p>	<ul style="list-style-type: none"> • Engaging with suppliers to enhance data quality and reduce value chain emissions

Circular economy and design

 <p>Retail</p>	<ul style="list-style-type: none"> • Sourcing more sustainable raw materials for Exclusive Brands' products and packaging, as well as for the operations (for example, tertiary packaging, sustainable point of sale materials) • Developing (Exclusive Brands) or expanding (suppliers' brands) more sustainable assortment across multiple categories (food and non-food) • Improving the Exclusive Brands' packaging recyclability • Partnering with suppliers to implement empty-container collections in selected stores
 <p>Telecommunications</p>	<ul style="list-style-type: none"> • Expanding the use of circular business models such as product take-back arrangements, device leasing and sale of refurbished devices

CLIMATE TRANSITION AND RESILIENT BUSINESS

With the continued urgency for action on climate change, and in line with the Paris Agreement, the Group recognises the importance of operational decarbonisation. The physical and transition climate-related risks and opportunities of climate change that brought to the Group shall impact operations in both the short, medium and long term; necessitate integration into the Group's risk management framework and a critical lens that is required for business strategy development. Meanwhile, the scope and scale of these risks and opportunities vary across the Group's divisions, which requires both a detailed bottom-up approach, in addition to a top-down analysis.

In April 2024, HKEX enhanced its Main Board Listing Rules, introducing Part D of the [ESG Code](#). This outlines new climate-related disclosures which are aligned with International Sustainability Standards Board's IFRS S2, effective from 1 January 2026. The Group recognises this as an opportunity to self-assess and update its sustainability related strategy, ensuring that the most up-to-dated issues and topics are included in the current sustainability framework and the materiality list, and thus initiating an internal assessment exercise on the Group level, identified gaps and follow up with necessary initiatives to ensure full compliance.

Key issues, such as the Group's governance structure development, the identification and prioritisation of risk and opportunity, the Group's management strategy and targets and metrics were outlined in the following sections. Please also see the Decarbonisation section at the [Environment chapter](#) for more information.



The Ports division is advancing its transition to electrified equipment to cut GHG emissions.

Governance

The governance of the Group's climate strategy follows the overarching structure of its wider sustainability governance. Please also refer to the [Governance Chapter](#) for the Group's integrated governing structure and related details.

Internal expertise is provided by the Group's full-time sustainability experts that drive the identification, awareness building and management programmes about industry-specific climate-related risks and opportunities. The Group recognises, however, certain parts of the climate action journey require external expertise, such as for Scope 3 footprinting and conducting scenario analysis; the Group therefore engages leading third party carbon experts, where necessary, to provide such technical expertise as it builds its short- and long-term climate action plans.

Governance of climate-related risks and opportunities





The Board						
Accountable for oversight of CKHH risk management. Ensures CKHH has appropriate and effective risk management in place. Receives reports from the Sustainability Committee and the Audit Committee in relation to climate-related risks and opportunities.						
Sustainability Committee			Audit Committee			
Reports to the Board on climate-related risks and opportunities. Progress on the Group's climate strategy is addressed as a key agenda item. In 2025, the Committee met twice with 100% attendance.			Reviews top risks and reports to the Board. Ensures risks are identified and managed with due regard to CKHH's risk appetite. In 2020, climate change was upgraded as a Group-wide risk.			
Sustainability Working Group						
Oversight and responsibility for providing strategic direction and developing strategy regarding climate-related risks and opportunities.						
Sustainability	Risk Management	Finance	Internal Audit	IT	Legal	HR & Corporate Affairs
Spearheads development of Group climate strategy in partnership with key Group functions and core businesses.	Manages the enterprise risk framework and oversight of division-level top risk profiles.	Oversees budgeting, planning and CAPEX approval of climate technology and solutions.	Conducts audits of sustainability related controls and audits of emissions data.	Manages sustainability data management platform for collection and tracking of emissions data.	Oversees current and future climate-related policy actions that may impact the Group.	Arranges compensation and talent programmes and corporate communications.
Core Businesses						
Responsible for ensuring the identification, assessment and monitoring of climate-related risks and opportunities in accordance with CKHH's Risk Management Policy and related sustainability guidance. These core businesses are responsible for implementing appropriate risk mitigation strategies in line with the Group's climate strategy and priorities. Each division is resourced with dedicated sustainability teams, as well as senior-level Sustainability Working Groups, which communicate regularly on progress made to the Group.						

Climate Risks and Opportunities Assessment

The Group adopts a proactive approach to identify and manage climate-related impacts, embedding climate resilience into its strategy and day-to-day operations. At division level, a comprehensive evaluation of impact, risks and opportunities is performed through double materiality assessment.

Such an assessment provides a holistic view of sustainability issues considering the perspectives of financial materiality and impact materiality. Divisions have also adopted different approaches and tools such as the scenario analysis method and the TCFD framework to support the robust evaluation of climate-related risks and opportunities.

Assessment progress at division level

 <p>Ports</p>	<ul style="list-style-type: none"> In 2022, a climate scenario analysis was conducted using the RCP8.5 scenario, representing a 4 °C increase under a "Business-as-Usual" pathway. The analysis covers the time horizon of 2041-2060. This scenario reflects high emission assumptions and helps assess the resilience of operations under extreme climate conditions. Standalone analysis was also conducted at Hutchison Port Holdings Trust, to assess the financial impacts of material physical and transition risks.
 <p>Retail</p>	<ul style="list-style-type: none"> In 2025, the Retail division reinforced its commitment to disclosure transparency by aligning with the Group's climate strategy and continues to report in accordance with the TCFD recommendations. Superdrug and Savers also leveraged TCFD-aligned work to meet the requirements of the UK's Non-Financial Sustainability Information Statement (NFSIS).
 <p>Infrastructure</p>	<ul style="list-style-type: none"> Nine material business units, representing over 70% of the Infrastructure division and Power Asset's EBIT and total asset values, were selected for scenario analysis. The division's scenario analysis assessed the magnitude and potential impact of each risk and opportunity and how they may materialise over different time horizons, under the high emission (or business-as-usual) pathway and the stringent pathway, which strives to achieve a lower-carbon economy.
 <p>Telecommunications</p>	<ul style="list-style-type: none"> In 2022, CKHGT set its climate scenarios and performed an initial mapping of climate risks and opportunities for all business units in line with the recommendations from the TCFD. During 2023, CKHGT further prioritised climate-related risks and opportunities, which served as the input to a reassessment of climate-related impacts, risks and opportunities in 2024. In 2025, the Group collaborated with the Telecommunications division to initiate a pilot project on climate scenario studies at the Hong Kong telecommunications operation. The project aims to assess potential climate-related financial impacts and serves as an initial step toward implementing the Group-wide scenario analysis and climate risks and opportunity management process.

To enhance understanding of climate-related risks and opportunities at the Group level, the Group has conducted a separate analysis and consolidation based on divisions' assessment results, providing a comprehensive, Group-wide perspective. This

integrated analysis also informs the annual evaluation of the Group's enterprise risk management system, ensuring alignment between sustainability insights and broader strategic risk oversight.

Physical Risks and Opportunities

Extreme weather events are becoming increasingly frequent, posing threats to people, property, infrastructure and services. On the other hand, chronic physical risks refer to longer-term shifts in climate patterns that may cause sea level rise or chronic heat waves. These risks will impact industries and locations in the

short, medium and long term, with large assets and infrastructures remaining especially vulnerable to natural weather and climate conditions. Divisions have already identified physical risks and are taking meaningful actions to understand, track and adapt to the effects of a changing climate.

Physical risk drivers

Acute risks	
Flooding and storms	More frequent and severe storm events may disrupt operations, damage assets, and interrupt supply chains. Increased rainfall intensity also raises the risk of localised flooding, which can impact facilities, logistics routes, and infrastructure.
Wildfires	Higher temperatures and drier conditions elevate wildfire frequency and severity.
Extreme heat	Rising peak temperatures under global warming increases the days per year with extreme heat.
Chronic risks	
Changes in precipitation patterns (droughts, water scarcity)	Long-term shifts in rainfall patterns may lead to prolonged drought conditions and reduced water availability. On the other hand increased precipitation during the rainy season can also cause surface water to exceed its capacity, inundating nearby areas.
Rising global temperatures	Persistent increases in average temperatures may alter environmental conditions, intensify heat-related risks, and degrade infrastructure over time. Higher baseline temperatures can also influence long-term energy demand, biodiversity, and local climate conditions.
Rising sea level	Gradual sea-level rise increases the risk of coastal inundation, erosion, and saltwater intrusion, potentially affecting coastal facilities, logistics networks, and community infrastructure, while requiring long-term adaptation measures.

Costs of acute climate change impacts

Damage to assets from acute climate impacts such as increased frequency of storms, flooding, droughts and forest fires may cause increased costs of asset repair and replacement, lost revenues from service interruption, the potential for reputational impact where adaptation efforts are considered insufficient, and operational incidents that may be reportable to regulators. The cost of insurance may increase over time. Additionally, resilience measures may in some cases divert resources from other business objectives and cause some level of service interruption.

Division	Impact to business model and value chain	Timeframe ⁽¹⁾			Impact level
		ST	MT	LT	
 Ports	<p>Inadequate efforts to adapt to climate change-induced extreme weather (for example, floods, droughts, storms) may lead to damaged assets, material shortages, inaccessible transportation routes, workforce disruptions, and instability in maritime trade.</p> <p>Adapting to climate change-induced physical impacts (for example, hurricanes, heavy rain, heatwaves) may increase risk management costs, operational expenditure from extreme weather disruptions, and capital expenditure on facility resilience for Hutchison Ports.</p>		✓	✓	Material
 Retail	The risk of business disruptions in operations due to physical climate risks such as storms, hurricanes, and floods (for example, the increased frequency and severity of these weather events can impact AS Watson's operations).		✓	✓	
 Infrastructure	<p>Increasing severity and frequency of extreme climate events may increase the risk of asset failure and affect business operations.</p> <p>In geographical contexts, coastal and riverine flooding is a material risk to UK-based assets. Such flooding could cause physical damage, leading to significant repair costs or insurance claims to restore operations. Its Australian-based assets also have risk exposure to coastal and riverine flooding, as well as extreme heat and forest fires.</p> <p>In terms of business segments, its electricity distribution and water utilities and services are particularly vulnerable to flooding. Overflowing rivers and accumulated rainfall could lead to severe water ingress into critical electrical infrastructure and ground-mounted transformers.</p> <p>For its regulated business, increased allowed capital expenditure from the regulators for enhancing asset resilience, preserving the environment and strengthening network reliability will be crucial to reduce the impact of acute climate risks to its assets.</p>	✓	✓	✓	Low impact/immaterial
 Telecommunications	Damage to telecommunications infrastructure, operations and retail premises, and other company assets due to acute climate change induced weather events (for example, floods, storms, droughts etc.), may lead to decreased revenues (due to service interruptions and loss of customers), and additional costs (for example, repairs of damages) for Telecommunications division.	✓	✓	✓	

Material





Low impact/immaterial

Currently being assessed/not assessed

(1) Short-term (ST), Medium-term (MT) and Long-term (LT) are defined as one year (including the reporting period), two to three year, and three to five year from the reporting period.

Costs of chronic climate change impacts





The chronic effects of climate change, for example, higher average temperatures and rising sea level, increase in cost of cooling, asset damage, the cost of maintenance, and the cost of replacement of heat-sensitive or water-sensitive assets, equipment or components. The cost of insurance may increase over time. Additionally, resilience measures may in some cases divert resources from other business objectives and cause some level of service interruption.

Division	Impact to business model and value chain	Timeframe			Impact level
		ST	MT	LT	
 Ports	Rising global temperatures and rising sea level may lead to damage to port infrastructure and equipment as well as asset lifetime reduction. It may also lead to higher port construction and maintenance cost.			✓	Low impact/immaterial
 Retail	<p>The risk of escalating energy costs for AS Watson due to increasing global temperatures and the demand for HVAC systems to offset rising heat.</p> <p>The risk of increased capital and operational expenditures due to physical climate risks such as rising temperatures and sea levels (For example, AS Watson may need to create and implement resilience plans for its retail stores and distribution centers to withstand long-term climate impacts).</p>		✓	✓	Material
 Infrastructure	<p>Rising sea level may lead to severe water ingress at our facilities, causing equipment damage and result in loss of power supply to customers. Other chronic effects including extreme heat and extreme wind have relatively mild effects to its business.</p> <p>For enhancing resilience towards chronic climate risks, its businesses have implemented robust measures to adapt to and mitigate the impacts. This includes installing water pumps, flood barriers and adopting new design guidelines to reduce the chances of water overflow.</p>		✓	✓	Low impact/immaterial
 Telecommunications	Chronic changes in weather patterns (for example rising average temperatures, sea level rises) may cause: higher costs of energy due to increased cooling requirements; increased maintenance costs; for example, due to cooling systems working harder or more damage to underground infrastructure in wetter conditions over time; and increased equipment/material replacement costs for example, more frequent replacement of HVAC/batteries and other heat-sensitive components.		✓	✓	Low impact/immaterial

Material
 Low impact/immaterial
 Currently being assessed/not assessed

Climate impacts in the supply chain

The disruption to the supply chain from acute climate impacts such as increased frequency of storms, flooding and droughts, causing delays and disruption to the availability of products and services, therefore decreasing revenues.

Division	Impact to business model and value chain	Timeframe			Impact level
		ST	MT	LT	
 Ports	The Ports division is currently assessing this impact.				Currently being assessed/not assessed
 Retail	The risk of business disruptions throughout the whole value chain due to physical climate risks such as storms, hurricanes, and floods (for example, increased frequency and severity of these weather events can impact AS Watson's and its suppliers' operations).		✓	✓	Material
 Infrastructure	The Infrastructure division is currently assessing this impact.				Currently being assessed/not assessed
 Telecommunications	Disruptions in the supply chain caused by acute climate change-induced weather events, may lead to disruption of business, affecting the Telecommunications division's revenues and creating additional costs for the division.	✓	✓	✓	Low impact/immaterial

Material

Low impact/immaterial





Currently being assessed/not assessed

Transition Risks and Opportunities

The Group faces a broad spectrum of transition risks and opportunities as the global economy accelerates toward decarbonisation. Evolving climate policies, technological advancements, shifting customer expectations, and growing





investor scrutiny present potential financial and operational challenges across the Group's varied businesses. At the same time, the Group is well-positioned to capture significant opportunities through enhanced management and efficiency improvements.

Transition risk drivers

 <p>Technology</p>	<p>Failure to adopt new emerging technologies such as renewable energy, battery storage and carbon capture and storage could affect the competitiveness of the Group.</p> <p>Meanwhile, the Group is acting as a pioneer in many clean technologies and taking leadership approaches across divisions, such as in: port electrification, hydrogen developments in gas networks, and connecting market-leading levels of renewables to the grid in electricity networks, among many other innovations. It has also adopted technologies to improve resource efficiency, driving down emissions and operating costs, such as through adopting LED lighting, smart metering, using the latest technology in telecommunications network equipment, and implementing demand-side flexibility to reduce energy losses from its distribution network operators.</p> <p>The Group also leverages AI capabilities to strengthen its decarbonisation initiatives. For example, Northern Gas Networks in the Infrastructure division is driving the Net Zero Research Village (NeRV) programme in partnership with CK Delta, making use of AI and IoT driven analytics to generate accurate, real-time data on household energy and water use and develop more effective pathways to decarbonisation.</p>
 <p>Market</p>	<p>The ways in which markets could be affected by climate change are varied and complex, in particular shifts in supply and demand for the Group's products and services may occur as consumer's preferences for more sustainable alternatives evolve.</p> <p>Listening to customers and understanding potential market shifts acts as a source of competitive advantage and new potential revenue streams for the Group.</p>
 <p>Policy and Legal</p>	<p>The Group operates in many jurisdictions that have taken policy actions and made climate commitments. Without monitoring and proactively addressing them, it may result in financial and reputational impacts to the Group.</p> <p>The Group, however, sees many of these policy actions as an opportunity for its business to position itself as a preferred partner in low-carbon transition.</p>
 <p>Reputation</p>	<p>Changing stakeholder perceptions of the Group's contribution to, or detraction from, the transition to a lower-carbon economy could impact the Group should it not respond accordingly.</p> <p>Extensive stakeholder engagement across the Group ensures that it is keeping abreast of, and responding to, evolving stakeholder preferences.</p>

Changing customer preferences and failure to decarbonise

Failure to decarbonise in line with competitors and to meet committed targets may lead to negative impacts on reputation and loss of revenues, particularly as customer preferences shift towards greater expectation of sustainability performance or lower carbon product alternatives.

Division	Impact to business model and value chain	Timeframe			Impact level
		ST	MT	LT	
 <p>Ports</p>	<p>Inability to meet increasing customer demands for sustainable services may result in consumer alienation and the loss of business opportunities and decreased revenue. (for example, due to loss of market share to sustainability-oriented peers).</p> <p>Existing container handling equipment, berth infrastructure, and IT systems may face asset obsolescence due to their inability to meet emerging sustainability requirements, resulting in loss of customers and impact on throughput and profitability.</p>		✓	✓	Low impact/immaterial
 <p>Retail</p>	<p>There is a risk of financial and reputational consequences for AS Watson due to a failure to transition towards renewable energy and meet its stated energy mix goals (for example, this could lead to revenue loss, an inability to secure contracts with sustainability-focused partners, regulatory fines for non-compliance with environmental standards, and damage to its market reputation among eco-conscious consumers).</p>			✓	
 <p>Infrastructure</p>	<p>Government policies of driving electrification, including the adoption of electric vehicles and heat pumps, may increase market demand and customers' preference for using electricity. In contrast, switching from gas to electricity may impact the division's gas transmission and distribution business.</p>		✓	✓	
 <p>Telecommunications</p>	<p>Failing to keep the pace with shifting consumer/customer preferences towards sustainability and carbon neutrality, may lead to consumer alienation, resulting in loss of revenues (for example, due to loss of market share to sustainability-oriented peers).</p>	✓	✓		





Material

Low impact/immaterial

Currently being assessed/not assessed





Direct cost of carbon

The direct cost of carbon resulting from government policies may increase operational costs.

Division	Impact to business model and value chain	Timeframe			Impact level
		ST	MT	LT	
 Ports	The Ports division is currently assessing this impact.				Currently being assessed/not assessed
 Retail	There is a risk of additional operational costs for AS Watson and its suppliers due to evolving carbon-related regulatory requirements such as carbon pricing, direct and indirect taxes, or emissions trading systems. (for example, AS Watson and its suppliers may encounter increased costs from carbon taxes as regulations evolve, such as Carbon Border Adjustment Mechanism (CBAM)).	✓	✓	✓	Low impact/immaterial
 Infrastructure	Governmental regulatory policies on limiting GHG emissions, including the use of carbon tax, on certain or all industries, may result in an increase in operational costs. For regulated business, these costs might be passed on to customers according to the regulatory regime, increasing costs for customers.		✓	✓	Material
 Telecommunications	There are currently no policies that are expected to cause a significant direct carbon cost in telecom markets. However, this is subject to ongoing review.				Currently being assessed/not assessed

Indirect cost of carbon





The indirect cost of carbon passed through from suppliers, where suppliers are subject to carbon pricing, and may increase the cost of purchases (capital and operational).

Division	Impact to business model and value chain	Timeframe			Impact level
		ST	MT	LT	
 Ports	The Ports division is currently assessing this impact.				Currently being assessed/not assessed
 Retail	The Retail division is currently assessing this impact.				Currently being assessed/not assessed
 Infrastructure	The increased cost of carbon may impact raw material costs, which drive up supply chain costs for each business unit. The increase in prices of raw materials may have a flow-on effect on the costs of procurement activities.		✓	✓	Low impact/immaterial
 Telecommunications	Evolving carbon-related regulatory requirements, i.e. carbon pricing, including both direct and indirect taxes, may lead to additional costs for supply chain partners, which may eventually be passed on to telecoms through products and services.	✓	✓	✓	Low impact/immaterial

Material
 Low impact/immaterial
 Currently being assessed/not assessed





Lack of clean energy infrastructure and technology impacting pace and cost of decarbonisation

Slow economic transition and/or lack of availability of renewable energy generation and energy efficient technologies, may pose challenges to decarbonise and increase the overall cost of decarbonisation, including the cost of meeting renewable energy requirements.

Division	Impact to business model and value chain	Timeframe			Impact level
		ST	MT	LT	
 Ports	The Ports division is currently assessing this impact.				Currently being assessed/not assessed
 Retail	The Retail division is currently assessing this impact.				Currently being assessed/not assessed
 Infrastructure	The Infrastructure division is currently assessing this impact.				Currently being assessed/not assessed
 Telecommunications	Lack of availability of renewable electricity combined with growing consumption to meet demand for data traffic, increasing costs of energy overall.	✓	✓		Material

Restrictions on use of fossil fuels impacting asset values

Restrictions on use of fossil fuels may cause risk of "stranded assets".

Division	Impact to business model and value chain	Timeframe			Impact level
		ST	MT	LT	
 Ports	The Ports division is currently assessing this impact.				Currently being assessed/not assessed
 Retail	The Retail division is currently assessing this impact.				Currently being assessed/not assessed
 Infrastructure	Aggressive restriction on the use of fossil fuels such as coal may also lead to risks of stranded assets.		✓	✓	Material
 Telecommunications	The Telecommunications division is currently assessing this impact.				Currently being assessed/not assessed





Material

Low impact/immaterial

Currently being assessed/not assessed





Government policy uncertainty impacting transition

Government policy uncertainty and/or insufficient government support for the energy transition may increase uncertainty over business investments.

Division	Impact to business model and value chain	Timeframe			Impact level
		ST	MT	LT	
 Ports	The Ports division is currently assessing this impact.				Grey
 Retail	The Retail division is currently assessing this impact.				Grey
 Infrastructure	Insufficient governmental and regulatory support, as well as inadequate sustainable planning for the energy transition, could hinder the success of decarbonising its business and the broader economy. In addition, or frequently changing policies related to decarbonisation and energy transition from governments may increase uncertainty in its related investment.		✓	✓	Light Blue
 Telecommunications	The Telecommunications division is currently assessing this impact.				Grey

Changing investor preferences and failure to decarbonise

Failure to implement climate strategies in line with investor expectations may lead to a decrease in the ability to attract investor capital.





Division	Impact to business model and value chain	Timeframe			Integrated impact
		ST	MT	LT	
 Ports	The Ports division is currently assessing this impact.				Grey
 Retail	The Retail division is currently assessing this impact.				Grey
 Infrastructure	The Infrastructure division is currently assessing this impact.				Grey
 Telecommunications	Failing to keep the pace with shifting investor priorities (for example, an inadequate approach to climate change, without a net-zero 2050 target) and preferences towards sustainability (for example, green bond finance) and carbon neutrality, may lead to a loss of investor confidence and capital, an increased cost of capital and difficulties in raising and attaining new capital.		✓	✓	Orange

■ Material
 ■ Low impact/immaterial
 ■ Currently being assessed/not assessed

Climate-related Opportunities

Sustainable product and services opportunity





Changing customer preferences and/or government policies to support climate transition, may create opportunities to grow businesses, products and services that help to address climate change, or offer a lower-carbon alternative for customers and society, potentially leading to an increase in revenues and asset values.

Division	Impact to business model and value chain	Timeframe			Integrated impact
		ST	MT	LT	
 Ports	The Ports division is currently assessing this impact.				Currently being assessed/not assessed
 Retail	The Retail division is currently assessing this impact.				Currently being assessed/not assessed
 Infrastructure	As regulatory changes and customer preferences shift towards using cleaner products, assets that employ green technologies and have low-carbon capabilities may be preferred by the markets, potentially leading to higher revenues and valuations.		✔	✔	Material
 Telecommunications	Innovating and launching of new sustainability related products and growth of existing sustainable product offerings (for example, IoT solutions, 5G solutions), may lead to increased revenues due to reputational boost from customers.	✔	✔	✔	Material

■ Material
 ■ Low impact/immaterial
 ■ Currently being assessed/not assessed





Changing customer preferences and successful climate transition

Customer preferences shifting more strongly to sustainable companies, combined with strong climate performance relative to peers, enhances reputation, customer attractiveness and loyalty, and overall revenues.

Division	Impact to business model and value chain	Timeframe			Integrated impact
		ST	MT	LT	
 Ports	The Ports division is currently assessing this impact.				
 Retail	There is the opportunity to increase customer loyalty and revenue if the Retail division take demonstrable steps to reduce GHG emissions and meet reduction targets (for example, by outperforming peers in sustainability efforts, AS Watson can attract environmentally conscious customers, enhance customer preference, and drive revenue growth through the innovation of sustainable beauty and personal care products).		✓	✓	
 Infrastructure	As regulatory changes and customers preferences shift towards using cleaner products, assets that employ green technology may be preferred by the markets, potentially leading to higher revenue and valuation.		✓	✓	
 Telecommunications	Taking strong measures to reduce GHG emissions and meet reduction targets set, in relation to peers, will allow the Telecommunications division to benefit from customer preference and loyalty, resulting in possible increases in market share position, and potential for increased revenue from the innovation of sustainability related products.	✓	✓		

Investments reducing the cost of energy





Investments in energy efficiency and/or renewable energy solutions may reduce the cost of energy to the business.

Division	Impact to business model and value chain	Timeframe			Integrated impact
		ST	MT	LT	
 Ports	Transitioning to energy-efficient technologies (for example, LED lighting systems) or securing power purchase agreements may enable the Ports division to reduce operational costs, take advantage of subsidies and incentives, and reduce exposure to market volatility.		✓		
 Retail	There is the opportunity to reduce overall operating costs by adopting energy-efficient systems and renewable energy (for example, if the Retail division invests in renewable energy solutions for its retail stores and distribution centres or invests in cloud transformation, it can lower electricity costs, thereby reducing its overall operational expenses and enhancing long-term financial sustainability).		✓	✓	
 Infrastructure	The Infrastructure division is currently assessing this impact.				
 Telecommunications	Investments in energy efficiency and/or renewable energy solutions may reduce the cost of energy to the business.	✓	✓	✓	

■ Material
 ■ Low impact/immaterial
 ■ Currently being assessed/not assessed








Revenue implications of climate investments in the regulated asset base

Investments in climate resilience in regulated businesses can increase the value of the asset base and associated revenues.

Division	Impact to business model and value chain	Timeframe			Integrated impact
		ST	MT	LT	
 Ports	The Ports division is currently assessing this impact.				
 Retail	The Retail division is currently assessing this impact.				
 Infrastructure	In terms of asset value and revenue, investing in asset resilience against climate risks can reduce the likelihood of damage or failure during extreme weather events, prolonging the assets longevity and values. For its regulated businesses, the Regulated Asset Base (RAB) will increase when more capital expenditure, which include investment in climate resilience, is spent. Higher RAB will lead to higher allowable revenue. The Infrastructure division is currently assessing this impact.				
 Telecommunications	The Telecommunications division is currently assessing this impact.				

Changing investor preferences and successful climate transition

Implementation and achievement of strategies for climate transition and resilience may increase ability to attract investor capital and lower cost of capital.

Division	Impact to business model and value chain	Timeframe			Integrated impact
		ST	MT	LT	
 Ports	The Ports division is currently assessing this impact.				
 Retail	The Retail division is currently assessing this impact.				
 Infrastructure	The Infrastructure division is currently assessing this impact.				
 Telecommunications	Implementation and achievement of strategies for climate transition and resilience may increase ability to attract investor capital and lower cost of capital.   				

 Material

 Low impact/immaterial

 Currently being assessed/not assessed

More detailed results of the assessment will be disclosed in the Group's next Sustainability Report.

Reinforce Business Resilience

Based on the Group and divisions assessment results, a range of initiatives have been implemented to adapt to and mitigate climate-related risks, while also capturing emerging opportunities. Business units have established comprehensive emergency response plans that cover evacuation procedures, prompt communication with emergency services, and the provision of medical assistance. To guarantee readiness and efficacy, these

protocols are reinforced by consistent testing of emergency equipment, regular drills, and annual training for the emergency response teams. In addition to these preparedness measures, actions have been taken to bolster the resilience of infrastructure against climate-related risks. Please refer to the Business Continuity Plan section in the [Sustainable Business Model and Innovation chapter](#) for details.

Infrastructure



USING CLIMATE RISK AND OPPORTUNITY INSIGHTS TO GUIDE STRATEGIC AND OPERATIONAL DECISIONS

In the Infrastructure division, the physical risk assessment has identified business locations that may be vulnerable to particular hazards. The division has paid close attention to the structural resilience of assets under varying weather conditions. Its maintenance and capital investment strategies are designed to enhance asset integrity in the face of climatic shifts. Moreover, the division has proactively incorporated considerations for future environmental resilience into its standards for designing, constructing, and upgrading assets. Business continuity strategies are in place across business units to lessen the impact of extreme weather events.

Opportunities for transition are abundant within the invested segments in Infrastructure division, particularly in the electricity distribution segment, which is crucial for meeting the growing demand for electricity spurred on by the ongoing shift towards electrification. The success of electrification hinges on the existence of robust infrastructure, necessitating the expansion and

modernisation of distribution grids. Meanwhile, the transition away from higher-carbon fuels could affect the gas transmission and distribution segment due to potentially reduced demand for fossil fuels and the impact of escalating carbon pricing. However, natural gas is likely to serve as an interim solution for baseline electricity generation and as a substitute for more carbon-intensive fuels such as coal along the transition to renewable energy sources.

Other segments, such as water utilities and services and transportation, have limited risks associated with the transition, with the nature of risks being generally indirect. These indirect impacts might stem from macroeconomic shifts such as changes in GDP growth or energy pricing, which differ by country based on their readiness for transition. For example, countries better prepared for transition may witness favourable impacts on economic growth, which could translate into expansion opportunities for businesses in those regions.

The trajectory of the transition to a net-zero economy remains uncertain and will vary by segment and geography. To support businesses in navigating this shift, the Group promotes decarbonisation strategies such as facility modernisation, electrification, renewable energy integration, and other capital enhancements. The Group's diverse portfolio, coupled with its

strategic approach, remains resilient amid various transition pathways and the Group can capitalise on emerging opportunities in the transition to a low-carbon future. The Group has undertaken various programmes to reduce its GHG emissions and advance its transition efforts. Further information can be found under Decarbonisation section in the [Environment chapter](#).

Telecommunications



INCORPORATING CLIMATE STRATEGIES INTO THE BUSINESS CONTINUITY PLAN

Businesses in the Telecommunications division have established comprehensive emergency response plans that covers evacuation procedures, prompt communication with emergency services, and the provision of medical assistance. To guarantee readiness and efficacy, these protocols are reinforced by consistent testing of emergency equipment, regular drills, and annual training for the emergency response teams. In addition to these preparedness measures, actions have been taken to bolster the resilience of its infrastructure against climate-related risks.

Operational risks posed by climate change are recognised and businesses are strengthening resilience through proactive adaptation. In line with the Environmental Policy, the division has taken the following steps:

- Undertaken climate scenario analyses to understand potential impacts.
- Applied targeted risk management and asset management strategies.

- Invested in infrastructure upgrades and protective measures to safeguard assets, operations and its workforce from extreme weather events.

The division's business continuity plan incorporates climate adaptation strategies to address environmental risks, such as extreme weather events and disruptions to operations. The plan is reviewed annually and updated as needed, with post-event analysis to incorporate lessons learned and continuously improve response strategies. This approach ensures business continuity while supporting long-term sustainability and resilience to climate change.

The division is also beginning to incorporate climate-related data into risk monitoring processes, assessing potential impacts such as flooding, extreme storms, and temperature fluctuations on relevant infrastructure and service delivery. Through regular reviews, it ensures that the approach remains adaptive to changing climate patterns, with the goal of enhancing service continuity and long-term sustainability.

Infrastructure



ENHANCING RESILIENCE THROUGH DIGITALISATION AND TOOLS

UK Power Networks has collaborated with utilities and other organisations to develop a digital platform called the Climate Resilient Decision Optimiser (CRDO+). This tool aims to safeguard the electricity grid against the effects of climate change. By consolidating data from the electricity, water, gas, and telecommunications sectors, CRDO+ maps interdependencies among infrastructure systems to identify cross-sector risks. The platform then creates new models that predict where utility companies should invest to improve resilience.

This collaboration marks a significant shift for UK Power Networks towards more comprehensive crisis management and innovative solutions for climate change challenges. In an interconnected world, sharing data among utility providers enhances long-term investment decisions and helps to prevent widespread service disruptions caused by climate change.

HK ELECTRIC ENHANCES POWER SYSTEM RESILIENCE TO WITHSTAND EXTREME WEATHER

With more frequent extreme weather events brought on by climate change, HK Electric has implemented robust measures to strengthen its power network, ensuring a stable electricity supply until 2100. These enhancements include fortifying Lamma Power Station infrastructure and advanced anti-flooding measures at substations.

Making reference to the reports of the IPCC and the city's hydrological and astronomical data and forecasts, key upgrades include constructing or extending flood walls to +6.0 metres Principal Datum (PD) for substations at coastal areas and establishing new design guidelines for primary substations built after June 2022 to ensure that they are capable of withstanding flood levels of +7.0 metres PD. 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.

At Lamma Power Station, new critical generating units have adopted an elevated foundation design of +7.0 metres PD, with additional breakwaters and demountable floodgates safeguarding against storm surges and overtopping waves. Enhanced surveillance and rapid response protocols ensure operational reliability during adverse weather.

HK Electric has emphasised the importance of pre-emptive measures since the 1990s and responded to the intensified threats sampled in recent years with upgraded strategies, improved emergency equipment, and regular drills for readiness.

The company's efforts extend to supporting the government's carbon reduction goals, with a commitment to achieving net-zero electricity generation by 2050. Combining climate resilience and sustainability, HK Electric aims to maintain its 99.999% reliability rating while contributing to Hong Kong's economic and social stability.



Lamma Power Station, HK Electric

SUSTAINABLE INVESTING

The Group integrates sustainability into its capital allocation strategy, recognising the importance of generating long-term value while delivering positive environmental and social outcomes. By embedding ESG considerations into investment decision-making, the Group supports its strategic objective of "Focusing on Sustainability" and advances its Group-wide decarbonisation goals.

This approach is consistently applied across capital and operating expenditure decisions, directing resources towards initiatives that align with the Group's sustainability priorities while maintaining financial discipline. The Group's commitment to sustainable investment extends to its financing strategy, with increased utilisation of sustainability-linked instruments that reinforce the alignment between financial performance and environmental impact.

Sustainability Investment Plans

In 2025, the Group continued to advance its sustainable finance strategy under the [CKHH Sustainable Finance Framework](#), developed in consultation with key stakeholders and aligned with leading standards, including the EU Taxonomy and the

Climate Bonds Standard. This framework enables the Group and its subsidiaries to raise bonds, loans, or related financing for assets, projects, and investments that deliver measurable environmental and social impact, and underpins the Group's investment plan in sustainability initiatives.

Sustainability finance framework

 Renewable energy	Development, acquisition, maintenance, and operation of projects generating power from renewable sources
 Energy efficiency	Development, acquisition, maintenance, and operation of projects and processes resulting in $\geq 15\%$ improvement in energy consumption or emissions generated, including through electrification, automation or digitalisation of equipment and facilities
 Clean transportation	Development, acquisition, maintenance, and operation of transport for persons or freight by significantly less carbon-intensive means
 Circular economy and design	Development, sustainable production and use of materials and products (including in packaging), that support the circular economy through increasing functionality, durability, modularity and ease of repair, or are reusable, recyclable, or compostable
 Access to Essential Services - Digital Inclusion	Deployment, expansion, and upgrade of broadband connectivity services and infrastructures that provide reliable and sufficient bandwidth access to internet and digital services
 Emergency Response and Pandemic Relief	Projects seeking to alleviate the impact of specific crises on target populations and identified based on the date of the declaration of an emergency or pandemic, limited to the period immediately following the declaration of such emergency or pandemic, and detailed accordingly in post-issuance reporting

Within the Sustainability Finance Framework, the Group continues to integrate clean technology investment as a core component of its strategic approach to achieving a low-carbon transition. This investment focus supports the Group's commitment to sustainable and net-zero operations and has been widely adopted across its core businesses.

Sustainability considerations remain central to the Group's investment decisions, particularly in relation to climate resilience and decarbonisation. For further details, please refer to the Decarbonisation section in the [Environmental chapter](#) of this report.

Capital and Operating Expenditure

The Group has enhanced its governance of sustainability-related expenditure through strengthened tracking and reporting mechanisms. These systems cover both capital and operating expenditure, ensuring alignment with the Group's sustainability objectives. Regular reporting to senior management supports effective oversight and informed decision-making. This structured approach enables the Group to allocate resources strategically towards initiatives that advance its sustainability goals.

Disclosure on Green Spending

The Group channelled US\$1.9 billion into green initiatives during 2025, 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.

Summary of green spending by divisions

Division	2023 (US\$ million)	2024 (US\$ million)	2025 (US\$ million)
Ports	114.23	152.84	186.48
Retail	85.04	74.08	85.58
Infrastructure	1,191.84	1,932.30	1,566.43
Telecommunications	450.12	349.70	133.67
Total	1,841.23	2,508.92	1,972.16

Summary of green spending by category

Project category	2023 (US\$ million)	2024 (US\$ million)	2025 (US\$ million)
Renewable and other clean energy	546.92	1,072.22	525.39
Energy efficiency	920.52	864.69	676.05
Sustainable water management	113.77	265.67	433.98
Sustainable transport	156.90	174.69	214.44
Circular economy and design	56.47	67.48	71.13
Biodiversity protection	46.58	63.92	50.97
Sustainable supply chain	0.07	0.25	0.20
Total	1,841.23	2,508.92	1,972.16

Debt Financing

The Group regularly reviews its green financing position in response to prevailing market conditions. In 2024, the Group issued a US\$1 billion green bond due in 2029, with net proceeds fully allocated to financing and refinancing eligible projects. Allocation decisions were supported by multiple engagements with debt investors to understand their priorities and preferences, and eligible projects were aligned with at least one of the following environmental project categories:

- Clean Transportation
- Renewable Energy
- Energy Efficiency
- Circular Economy and Design

Allocation results were published in the [CKHH Green Bond Report 2025](#) published in April 2025.

The Group will continue to monitor market developments and explore further sustainable financing opportunities to support its long-term sustainability objectives.



Hutchison Ports FCP launched a US\$100 million modernisation project, representing its most significant investment in energy efficiency and smart technology transition.

SERVICE EXCELLENCE

The Group's core businesses are dedicated to delivering world-class service and meeting customers' daily needs. Business units actively engage with customers to understand their concerns and expectations, enabling the Group to adapt to evolving market conditions while maintaining high-quality products and services.


Product and services safety remains a top priority. A robust and flexible quality management system continuously monitors, assesses, and mitigates environmental, safety, and security-related risks. These integrated efforts underscore the Group's commitment to service excellence and to building sustainable, customer-centric operations. Service Excellence is closely linked to other material topics within the Group Sustainability Framework, including:

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

Quality Management Systems

Across all core businesses, the Group has implemented comprehensive quality management systems designed to uphold the highest standards. These systems provide active oversight by senior management, ensuring clear accountability and responsibility at every level. Dedicated personnel manage specific tasks, including seamless coordination of emergency response planning.

ISO 9001 certified business units

 <p>Ports</p>	<ul style="list-style-type: none"> • Hutchison Ports Ajman • Hutchison Ports BEST • Hutchison Ports EIT • Hutchison Ports FCP • Hutchison Ports ICAVE • Hutchison Ports KICT • Hutchison Ports LCMT • Hutchison Ports LCT • Hutchison Ports Sohar • Hutchison Ports TIMSA • Hutchison Ports TNG • Hongkong United Dockyards Limited
 <p>Retail</p>	<ul style="list-style-type: none"> • AS Watsons Industries (Hong Kong, Huangpu, Foshan)
 <p>Infrastructure</p>	<ul style="list-style-type: none"> • HK Electric • UK Power Networks • UK Renewables Energy Group • SA Power Networks • Victoria Power Networks • United Energy • ista • AVR of Dutch Enviro Energy • Alliance Construction Materials • Anderson Asphalt
 <p>Telecommunications</p>	<ul style="list-style-type: none"> • Wind Tre

Quality Management Processes and Assurance

Robust processes for record-keeping and documentation maintain transparency and accountability. Central to these systems is a structured approach to hazard identification, followed by thorough risk assessments and effective mitigation strategies. Business units have developed customised performance standards that not only meet but exceed regulatory requirements. Inspired by market-leading practices, these standards reinforce the Group's commitment to excellence in quality and safety management, safeguarding employees, customers, and communities.

All of the Retail division's Exclusive Brands' factories undergo regular technical audits conducted by independent third-party agencies and/or local quality assurance teams, with audit frequency determined by product risk level and prior audit outcomes. Factories rated "Good" are subject to annual re-audits, while lower ratings trigger follow-up reviews within three to six months. All Exclusive Brands products are tested during production or prior to delivery by accredited external laboratories, such as Intertek, with additional post-market surveillance applied to higher-risk products. In addition, in-house testing is carried out at PARKnSHOP Hong Kong's ISO 17025-certified laboratory, ensuring alignment with international standards. Product safety for Watsons Water is further reinforced through independent testing of samples from the Hong Kong Tai Po factory by ALS, a HOKLAS-accredited laboratory, providing additional assurance of product quality and compliance.

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 (BCPs).

All divisions maintain a customised Business Continuity Management Policy to guide actions during operational disruptions against key crises ranging from extreme weather events, cyber security incidents and health and safety incidents to environmental incidents. This structured approach ensures preparedness, safeguards critical processes, and reinforces the Group's commitment to operational resilience. 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.

Within the Retail division, a divisional BCP policy is in place to provide guidance for business units to establish their own local BCPs, considering their specific business nature, market conditions, local infrastructure, operating environment, and cultural context. Each business unit is required to establish a BCP Committee responsible for the regular review and update of its BCP. Business units must review their BCPs at least annually or following any major disruption and conduct annual drills covering key crisis scenarios. The Retail division monitors the overall effectiveness of the business continuity strategies implemented across business units.

In investigating incidents and applying corrective action on product and service safety and quality issues, the Retail division emphasises on early issue detection, rapid escalation, cross-functional crisis management team response, and transparent communication to protect customers and the company. Guidelines are in place to set crisis preparedness procedures including clear complaint escalation rules, defined roles of the crisis management team and the key principles of tackling each crisis.

Telecommunications



RISK MANAGEMENT AND BUSINESS CONTINUITY FRAMEWORK

In view of the upcoming risks and challenges, operations across the Telecommunications division have established the BCP as part of the wider risk management framework, to maintain network resilience and minimise disruption to operations, customers and staff in the event of a significant incident or major planned activity. BCPs include management responsibilities, internal and external actions for response, recovery and resumption, and communications between stakeholders to be undertaken in times of crisis. Drills are often conducted to ensure that key team members are well prepared for any emergency, with debriefs conducted to assess performance and further enhance the response programme.

Wind Tre has been building its Business Continuity framework since 2019, and this is aligned with the ISO 22301 international standard. This framework encompasses clearly defined objectives, policies, an organisational model, and a structured methodology. It includes a continuous process of business impact analysis and risk assessment, which has enabled the identification and prioritisation of critical business processes. Composing a variety of essential elements, the framework integrates business continuity strategies, crisis-management procedures, incident-response workflows and detailed recovery plans for different types of operational disruptions.

Following is a detailed example from Wind Tre regarding its approaches to planning and executing business continuity measures to enhance operational resilience.

Monitoring and reporting dashboard	The dashboard provides executive oversights to support management decisions related to the business continuity framework and at the same time aims to optimise the monitoring of daily operational activities. The dashboard dynamically incorporates all ongoing changes in the framework
Training initiative about business continuity framework	Wind Tre distributes a mandatory training "pill" for all employees to strengthen awareness and emphasise the importance of continuity mechanisms
Support to technological disaster recovery activities	Comprehensive information on the systems supporting critical business continuity management processes serves as a key input for prioritising disaster recovery activities, ensuring that resources are allocated effectively to safeguard business continuity and minimise operational risk
Disaster recovery assessment	The disaster recovery assessment focused on evaluating the resilience and recovery capabilities of the organisation's IT systems was completed. The assessment highlights the need for remediation actions, such as reviewing backup policies, ensuring geo-redundancy on transmission elements, and conducting restore and recovery testing
Disaster recovery programme	The disaster recovery programme was put in place in 2025 to continuously assess and test the disaster recovery posture of the IT and Telco networks in scope applications, ensuring tracking and escalation when needed. The aim of the programme is to enhance Wind Tre's disaster recovery capabilities by identifying vulnerabilities and implementing necessary improvements, as well as to improve company resilience

In 2025, a new advisory review has been performed the framework, bringing to a close of improvement inputs and review of the current framework status. In this case

as well, external opinion confirmed the validity of the method and management approach adopted.

Customer Relationship Management

The Group's core businesses have implemented various mechanisms to measure customer satisfaction and monitor feedback. These mechanisms enable timely follow-up on complaints and facilitate corrective actions to continuously improve service quality and customer experience.

Retail

CUSTOMER LOVE SCORES AND SOCIAL LISTENING

Customer surveys are carried out in individual markets, as well as regionally. A multi-faceted approach is adopted to measure customer satisfaction and service quality across its markets.

Customer Love Score

AS Watson uses its proprietary Customer Love Score (CLS) to assess customer loyalty and emotional connection with its brands. This metric captures real-time feedback across both online and offline touchpoints, enabling data-driven improvements in customer experience. CLS also incorporates sustainability-related questions, including customer perceptions of the empty container collection programme and refill station initiatives, supporting alignment between operational enhancements and sustainability goals.

Social Listening

AS Watson applies social listening tools to monitor and analyse customer sentiment across digital platforms. This approach produces a dynamic understanding of customer perceptions and emerging trends. To strengthen sustainability insights, keywords related to environmental and social responsibility are embedded in the listening framework, enabling the team to track, interpret and respond to relevant feedback effectively.

Together, these practices reinforce the Retail division's commitment to enhancing customer experience and inform targeted improvement measures across its operations.



As of August 2025, all units in the health and beauty segment achieve **80 and above** out of 100 regarding CLS performance

Telecommunications



STRUCTURED CUSTOMER FEEDBACK AND PERFORMANCE MONITORING

Wind Tre measures customer satisfaction across multiple service features and conducts brand equity studies to assess brand health and consumer perception. **3** Ireland has an active customer research and insights programme, which monitors customer loyalty (Net Promoter Score, NPS), satisfaction (Overall Satisfaction) and overall experience across key moments, utilising a number of transactional surveys and other sources of insight. **3** Austria runs monthly surveys on voice and internet services,

evaluating satisfaction, network quality, pricing, and customer service, alongside net promoter score analysis.

3 Hong Kong employs SMS-based satisfaction surveys post-inquiry, integrates results into agent performance reviews, and manages complaints via multiple channels (hotline, instant messaging applications, email) through a dedicated team, ensuring resolution within five days and root cause analysis for continuous improvement.

Ports



CUSTOMER RELATIONSHIP MANAGEMENT

The Ports division prioritises strong customer engagement through structured feedback mechanisms and performance reviews across its terminals.

Hutchison Ports Alexandria in Egypt: Customer survey results and operational KPIs are consolidated into monthly dashboards for management review. Action plans are developed and implemented to address concerns and enhance service standards.

Hutchison Ports Ajman in UAE: Efforts include participation in the government customer satisfaction survey, continuous feedback collection via service counters and online channels, and dedicated teams for timely follow-up and issue resolution. Service performance is tracked and reviewed regularly, with engagement history and customer profiles updated to ensure a personalised service.

Hutchison Ports Busan and Hutchison Ports Gwangyang in South Korea: Regular reviews are conducted with shipping lines to assess operational performance, service reliability, efficiency, communication, and IT system usability, ensuring continuous improvement and customer satisfaction.



The Red Sea Container Terminal hosts a customer engagement event.

SOCIAL INCLUSION

The Group recognises the importance of improving opportunities for marginalised groups and actively fosters diversity and inclusivity across its operations. In today's digital era, where technology underpins daily life, its benefits are not equally accessible to all, particularly for disadvantaged communities.

The Group promotes social inclusion by partnering with local organisations to support underserved populations. Recognising that rapid digital development can unintentionally exclude vulnerable groups, including young children, seniors, people with disabilities, and those living in remote areas, business units across the Group have dedicated resources to digital literacy and access initiatives, aiming to narrow the digital divide.

Digital Inclusion

Digitalisation has become deeply embedded in daily life, facilitating remote work and increasing reliance on digitally connected devices. Connectivity to the digital world is now essential to accessing vital services and participating in society. However, rural-urban connectivity gaps means that disadvantaged groups often experience digital exclusion due to limited online access and data poverty, which prevents them from fully benefiting from digitalisation. The Group, particularly the Telecommunications division, recognises these challenges and remains committed to providing targeted support and innovative solutions to bridge the digital divide and meet the essential connectivity needs of underserved communities. Ongoing efforts focus on enhancing existing infrastructure to expand network coverage in remote areas. In addition, dedicated programmes are being implemented to impart essential digital skills, improve online literacy and promote safe, inclusive use of technology.

For example, SA Power Networks, part of the Infrastructure division, donated refurbished laptops in collaboration with the People Welfare Association Australia, providing Tamil children in Sri Lanka with essential digital access and learning opportunities. In the Telecommunications division, 3 Denmark introduces coding classes for sixth graders to build early tech skills through company partnerships; while 3 Sweden promotes connectivity by offering subsidised mobile subscriptions for children, students, and seniors. Both initiatives aim to reduce the digital divide, making technology and digital services more accessible and inclusive for all, regardless of age or economic background.

Telecommunications



NEOCONNESSI - EMPOWERING YOUNGER GENERATIONS FAMILIES THROUGH DIGITAL EDUCATION

NeoConnessi is Wind Tre's flagship digital and media education project, designed to raise awareness about the risks and opportunities of being online. In 2025, the initiative completed its seventh edition, reaching over 2 million families across Italy through its educational activities addressed to schools. NeoConnessi expanded into lower secondary schools with a dedicated programme focused on digital skills, reinforcing its goal of ensuring "Families 100% protected and safe."

Wind Tre also established the NeoConnessi Scientific Committee in 2025, bringing together experts from the Italian State Police, the Italian Association of Pediatrics, and the National Council of Psychologists. This collaboration ensures that the programme addresses online safety comprehensively, from technical risks to psychological wellbeing.

Retail



DRIVING EQUAL ACCESS IN THE DIGITAL SPACE

The Retail division is committed to creating a barrier-free digital experience for all users. Its corporate website earned the Silver Award in the Digital Accessibility Recognition Scheme, a joint initiative by the Hong Kong Office of the Government Chief Information Officer and the Equal Opportunities Commission. This recognition reflects the division's efforts to design websites that meet the needs of people with disabilities, ensuring inclusive and user-friendly access.

In Europe, eLab Milan has led accessibility initiatives since 2022, with 2025 marking a major step towards full compliance with Web Content Accessibility Guidelines standards. All EU business units have upgraded websites and mobile apps, leveraging advanced assistive technologies such as LevelAccess and UserWay for personalised experiences and automated remediation.

Telecommunications



PROMOTING DIGITAL INCLUSION FOR FAMILIES

Wind Tre advances digital inclusion through its NeoConnessi project, bridging the gap between technology and education while fostering a culture of conscious connectivity. On the side of its main activities in primary and secondary schools, a training course titled "Digital Families Today: Surfing Together Safely" is launched to support parents, grandparents, and caregivers in guiding younger generations to use the internet responsibly. Free educational materials covering key digital education topics

are available, empowering families to navigate online spaces safely and with awareness.

In June 2025, Wind Tre also launched a major awareness campaign targeting parents, emphasising the importance of guiding children towards responsible digital use. The campaign included a long-form video broadcast on Mediaset TV channels and online platforms, illustrating the generational gap in digital skills.

Senior and Disadvantaged Citizens

The Group strives to bridge the digital divide and ensure safe, inclusive connectivity for disadvantaged communities. **3** Ireland promotes digital literacy through an annual "Tech Café" initiative, where employees volunteer to teach basic mobile phone functions the senior citizens from the local community around its head office. **3** Hong Kong supports seniors through the Lo-Yau-Kee Monthly Service Plans Sponsorship Programme and addresses the communication needs of vulnerable groups at the Tung Wah Group of Hospitals CEASE Crisis Centre by providing one-year free service plans.

Wind Tre addresses the "silver" generation through its NeoConnessi project, offering free video tutorials on its website that explain technology and internet use in a simple, effective way. Additionally, as part of the Borghi Connessi project, Wind Tre delivers dedicated courses for over-60s in small Italian villages where the issue of the digital divide is most critical, teaching them how to use smartphones, the Internet, and digital technologies safely and confidently.

SUSTAINABLE PRODUCT CHOICES

The Group integrates circular economy principles throughout its value chain, prioritising sustainable sourcing and product design to provide environmentally conscious options for customers. Aligned with SDG 12 (Responsible Consumption and Production), the Group focuses on maximising resource efficiency while driving business growth.

Through innovative solutions and optimised processes, divisions are advancing their transformation to deliver greater value with a reduced environmental footprint. It enables the Group to decouple business expansion from increased resource consumption, reinforcing the commitment to long-term sustainability and responsible production.

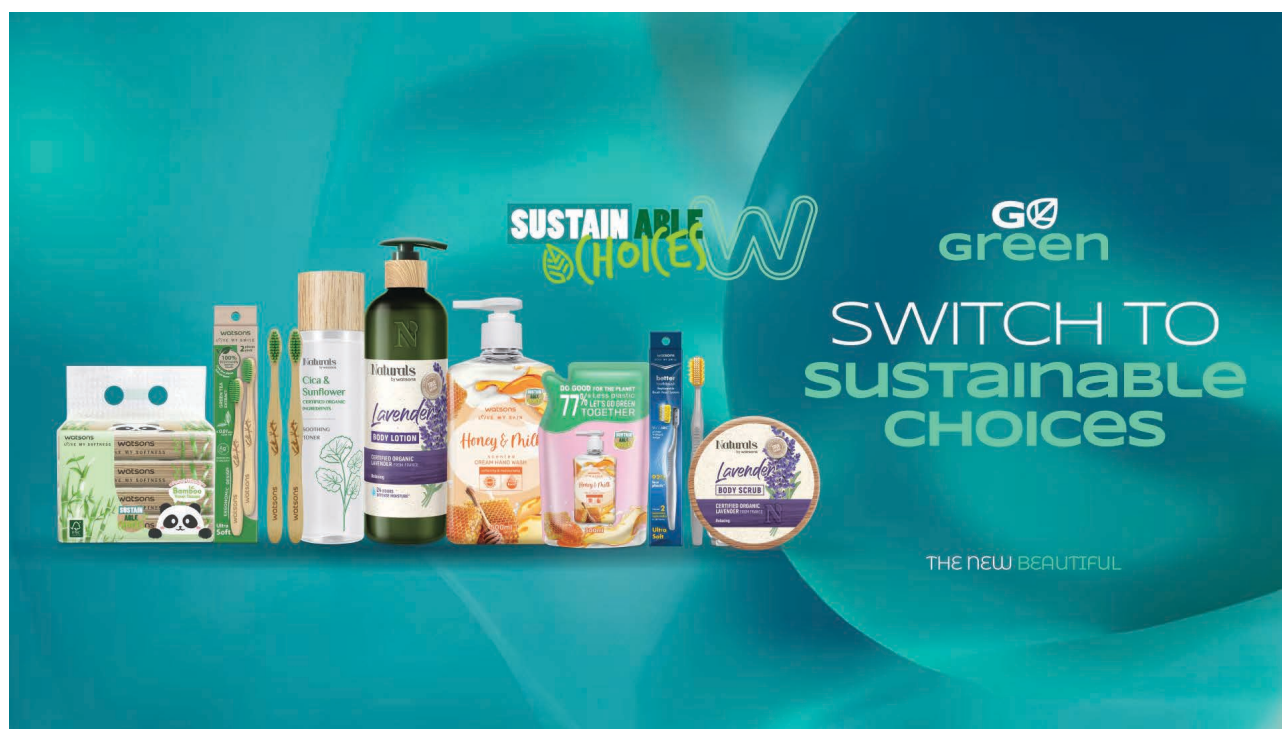
This topic on Sustainable Product Choices is closely linked with other material topics in the Group Sustainability Framework, including the following:

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

Eco-Design of Products and Packaging

Guided by the [CKHH Environmental Policy](#), the Group advances circular economy principles by embedding them into its business strategies. This includes responsible sourcing of raw materials, optimising production processes, strengthening product design, and encouraging more sustainable consumer behaviours. Core businesses have formulated specific instructions to increase the use of sustainable materials, ingredients and packaging, with the Retail division playing a key role given its direct involvement in product design and manufacturing through its Exclusive Brands.

AS Watson collaborates closely with suppliers on eco-design, sharing packaging guidelines and co-developing solutions (for example, recycled content and recyclable formats). Suppliers also participate in workshops, pilot innovative packaging solutions, and are recognised for their sustainable initiatives. Supplier engagement has led to significant reductions in virgin plastic use and innovative packaging solutions, supporting AS Watson's sustainability goals.



Over 12,000 sustainable products are listed under Watsons' Sustainable Choices campaign.

Retail 

ADOPTION OF WATER-SAVING TECHNOLOGIES IN PRODUCTION

The Retail division continues to advance its water stewardship efforts through a combination of operational efficiency improvements, circular water systems, and community education initiatives. To reduce water leakage and minimise operational waste, the division is implementing advanced water-saving technologies and enhanced monitoring practices across its facilities, helping to optimise consumption, improve operational performance, and support long-term resource conservation. In carboy water production, closed-loop systems are adopted to reduce discharge and promote circular water use. Water used to wash carboy bottles is

captured and reused as flush water in office washrooms, significantly lowering freshwater demand while reducing wastewater generation and reinforcing the division's commitment to responsible water use.

The division also promotes broader water stewardship through community engagement. This includes partnerships with universities and secondary schools, offering guided visits to the Tai Po manufacturing site that incorporate sustainability workshops on water resources and efficient water management practices.

Retail 

SUSTAINABLE PACKAGING

The Retail division is working to incorporate more post-consumer recycled plastic content to product packaging, where possible. To date, all bottles (not including the bottle cap) and labels of Watsons Water are made from 100% recycled PET (rPET) material. In recent years, Watsons Water also launched reusable and 100% recyclable aluminium bottles. In supporting recycling

efforts in the community, the Retail division is actively working with local NGOs, schools and the government to launch reverse vending machines. Currently, Watsons Water is piloting recycling stations at PARKnSHOP stores to test an upcoming recycling reward programme in partnership with the Hong Kong government.

Recycled content	The division is incorporating post-consumer recycled plastic into packaging wherever feasible. In 2024, 11.3% of total plastic packaging across the Retail division was made from recycled materials, reflecting a strong commitment to resource efficiency.
Lightweighting	Watsons Water reduced packaging weight in beverage bottles, avoiding 5.5 tonnes of plastic in 2024.
Substitution to paper	Superdrug replaced plastic packaging for travel adaptor products with paper boxes, while Watsons Philippines transitioned from plastic carrier bags to paper alternatives. These initiatives collectively eliminated 86.4 tonnes of plastic.

Infrastructure



INNOVATIVE UPCYCLING TO ADVANCE SUSTAINABLE CEMENT PRODUCTION

Green Island Cement hosted a plant tour for experts from the University of Pretoria, coordinated via the South African Consulate General (Hong Kong & Macao SAR). The visit offered an open, behind the scenes view of its manufacturing processes, emphasising environmental practices, quality control, and operational efficiency. By welcoming international academics and consular partners, the Infrastructure division reinforced transparency, local workforce pride, and cross-border collaboration. The event fostered dialogue on sustainable manufacturing, sparked ideas for joint research, and underlined the company's role as a community partner committed to shared learning and long-term engagement.

In 2024, Green Island Cement observed that oyster shells produced from local oyster consumption often end up in landfill. This led to the strategic partnership between Great Eagle Group and Harbour Plaza Group, both Hong Kong brands owning chains of hotels, and Green Island Cement to launch the Oyster Shell Upcycling Pilot Programme. The partnership seeks to recycle discarded oyster shells and use them as alternative raw material for sustainable cement production. By 2025, about 53 tonnes of oyster shells have been successfully converted into sustainable cement products. By integrating these materials, Green Island Cement shows their unwavering commitment to reducing its reliance on fossil fuels and promoting a more sustainable and environmentally friendly production process.

Telecommunications



ADOPTING LESSER MATERIAL SIM CARDS

Wind Tre and 3 Hong Kong have adopted a SIM that uses less materials. The SIM card is 50% smaller than a standard SIM, and is made with 100% recycled plastic, using a production process that eliminates CO₂ emissions. In fact, the plastic with which this SIM card is made comes from the polystyrene recovered from refrigerators

disposed of by consumers, or rather the white plastic contained inside them, which is transformed into raw material and used to make the "finished" SIM card. A low-impact form of recycling, in the name of sustainability.

Sustainable Procurement

The Group sustains its businesses by sourcing a diverse range of products from an extensive supplier network. To ensure responsible practices, business units follow established policies that guide sustainable procurement and operations while engaging with credible, ethical partners.

Within the Retail division, supplier pre-assessment procedures verify compliance with recognised sustainability standards. These include the Roundtable on Sustainable Palm Oil (RSPO), the Forest Stewardship Council (FSC), and the Programme for the

Endorsement of Forest Certification (PEFC). By adhering to these standards, the division minimises its impact on deforestation and actively contributes to environmental protection.

The Retail division embeds sustainable procurement objectives into its buyer performance evaluations to strengthen responsible sourcing practices and advance its sustainability goals. In addition, the Retail division also delivered targeted training programmes to employees and suppliers to enhance sustainability competencies throughout the value chain.



GREEN PROCUREMENT COMMITMENT

As part of its efforts to protect forests, the Retail division has set out comprehensive anti-deforestation commitments, including:

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	Committed to sourcing deforestation-free meat and soy-based Exclusive Brand products by 2030

In advancing responsible sourcing and sustainable operations, the Retail division has introduced the Exclusive Brands Sustainable Packaging Guideline alongside enhanced criteria for more sustainable ingredients and materials, supported by public commitments to source deforestation-free products and reduce or improve plastic usage. In addition, the division has mandated the adoption

of responsible materials for non-trade items, including FSC-certified or recycled printing paper, carrier bags containing at least 50% recycled plastic, and the introduction of recycled paper bags. By end 2025, 96% of Exclusive Brands' SKUs used more sustainable paper (recycled wood-pulp, or FSC/PEFC-certified).

Retail



GREEN PROCUREMENT COMMITMENT

Targets are established at business unit level in line with the green procurement commitment:

Target and progress in the Retail division

Goods type	Targets	2025 Progress
Palm Oil (RSPO Certification)	<ul style="list-style-type: none"> 100% of Exclusive Brands products containing palm oil will use RSPO-certified palm oil by 2030 	Division: 50% Superdrug: 100% Kruidvat: 100% Trekleister: 100%
Beef	<ul style="list-style-type: none"> Expand sourcing from low-risk countries such as the UK and Ireland 	PARKnSHOP has ceased sourcing beef from high-risk countries, including Brazil and other South American regions
Soy	<ul style="list-style-type: none"> Eliminating high-risk sourcing, PARKnSHOP will no longer source soy from Brazil, Argentina, or Paraguay 	No soy products will be imported from Brazil, Argentina or Paraguay
Wood Pulp (FSC Certification)	<ul style="list-style-type: none"> 100% of Exclusive Brands paper products will be FSC-certified by 2030 	Division: 96% Superdrug: 100% Kruidvat: 100% Trekleister: 100% Watsons: 100%
Plant-Based Meat and Dairy Alternatives	<ul style="list-style-type: none"> Offer over 200 plant-based meat and dairy alternative products by 2030 	Over 140 products already available

Other business units are also progressing towards the green procurement target.

Introducing Sustainable Products for Customers

The Retail division also undertakes several campaigns in Europe and Asia promoting more sustainable products. In Asia, the Sustainable Choices campaign in Watsons now includes over 12,000 products across skincare, hair care, and personal care categories. These products are selected based on defined environmental and social

criteria, such as ethically sourced ingredients, and reduced virgin plastic in packaging. AS Watson actively engages with customers both in-store and online, increasing visibility and interaction around more sustainable products.

Retail



CARBON REDUCTION FROM SUSTAINABLE PRODUCTS

AS Watson has deepened its partnership with ClimatePartner to scale up its carbon compensation initiative. In Asia, 75 Exclusive Brands' SKUs are part of a carbon offset programme through investment in nature-based solutions in Rimba Raya, Indonesia. Launched in 2023 with seven product ranges, the initiative now spans 30 ranges across Watsons O+O (offline plus online) stores in Hong Kong, Malaysia, the Philippines, Taiwan, Thailand, Singapore, Vietnam, Indonesia, and Türkiye. This expansion reflects Watsons' commitment to sustainability and empowering customers to make more responsible purchase decisions. Beyond reforestation efforts in Rimba Raya, the initiative now includes afforestation in Dingxi, Chinese Mainland – an area affected by desertification

and soil erosion. Native, drought-resistant trees are being planted to restore degraded farmland and enhance climate resilience. Beyond environmental benefits, the initiative creates employment opportunities for local residents in tree planting and forest maintenance, with a significant proportion of roles filled by women, promoting gender equity and empowering local communities.

In the Benelux, Kruidvat also helps customers understand and reduce product carbon footprints through offerings of products with carbon emissions compensated through nature-based projects, such as forest protection.

