



長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 1



Sustainable Future

2020 Sustainability Report



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ABOUT CK HUTCHISON HOLDINGS LIMITED

The CK Hutchison Group (the “Group”) is a multinational conglomerate committed to development, innovation and technology in four core businesses: ports and related services, retail, infrastructure, and telecommunications. The Group operates in about 50 countries around the world with over 300,000 employees.

Ports and related services

As the world's leading port investor, developer and operator, the Group's Ports division holds interests in 52 ports comprising 283 operational berths in 26 countries, including container terminals operating in six of the 10 busiest container ports in the world. In 2020, the division handled a total throughput of 83.7 million twenty-foot equivalent units. It also engages in river trade, cruise terminal operations and ports related logistic services.

Retail

The Group's Retail division is the world's largest international health and beauty retailer, with over 16,000 stores in 27 markets worldwide. Its diverse retail portfolio comprises health and beauty products, supermarkets, as well as consumer electronics and electrical appliances. It also manufactures and distributes bottled water and beverage products in Hong Kong and Mainland China.

Infrastructure

The Group's Infrastructure division includes its shareholding in CK Infrastructure Holdings Limited (“CKI”) and interests in six infrastructure assets that are co-owned with CKI. CKI is a global infrastructure company with diversified investments in energy infrastructure, transportation infrastructure, water infrastructure, waste management, waste-to-energy, household infrastructure and infrastructure related businesses. Its investments and operations span Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand, Canada and the United States.

Telecommunications

A pioneer in mobile data communication technologies, the Group's Telecommunications division is a leading global operator and innovator of converged telecommunication and digital services implementing innovative technologies in connectivity around the world. The Group's Telecommunications division consists of CK Hutchison Group Telecom which consolidates the 3 Group businesses in Europe and a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings, as well as Hutchison Asia Telecommunications.

MESSAGE FROM THE CHAIRMAN

The CK Hutchison Group serves society in essential ways. We keep people connected; we secure the movement of trade and supply chains; we ensure daily necessities are available; and we develop critical infrastructure to ensure that reliable electricity, gas, water, heating, waste management and other essential services are provided to millions of customers around the world. We provide products and services that are aligned to the needs of society, a reality that has never been more in focus than during the pandemic.

In 2020, each one of our divisions around the world worked tirelessly to provide essential goods and services that keep cities, towns and supply chains functioning. While many industries were able to transition their employees to working from home, many of our 300,000 employees remained at the frontline moving shipping containers, fixing power lines, maintaining network equipment, working in essential stores, and supporting our communities. Despite the disruption brought by the COVID-19 pandemic, our business divisions were able to achieve excellent operational performance and reliability of service.

Beyond operational and financial performance, we also understand that how we run our business, and the investment decisions we make, can have either positive or negative social and environmental impacts. Looking at ourselves through a sustainability lens sharpens our ability to better serve society which in turn acts as a force that strengthens our business.

Above all, our people are our top priority and we recognise that our success is built on their talent and commitment. Through attraction, retention and development programmes, we strive to be an employer of choice with employees that feel listened to, engaged and supported. In a world of rapid change and technological development, we aim to ensure employee skillsets are future-ready and aligned to the needs of our customers as well as emerging trends. Throughout the pandemic, we supported our employees with personal protective equipment and other sanitisation measures at work, flexible working arrangements if they were working from home, and wellbeing programmes to help create team cohesion and lessen feelings of isolation.

We aim to use our sustainability strategies not only as means to address social and environmental challenges but also to create profound business opportunities. Our customers' preferences are evolving – be they individual consumers, businesses or public entities. They expect more from our products and services, and are looking to align with brands that share their values and interests. Responding to this trend, the Retail division has created a number of product lines and platforms that enable customers

to shop according to their sustainability values and preferences; the Infrastructure division is pioneering in the use of renewable energy to help governments and municipalities deliver on their net zero goals; the Telecommunications businesses are preparing to achieve the lowest technically feasible carbon footprint through an expansive climate action strategy underway; and the Ports division is adopting cutting-edge innovations in smart port technology such as big data and Artificial Intelligence and progressively converting its infrastructure to electric alternatives.

Year 2020 marked the beginning of the “Decade of Action” to achieve the United Nations Sustainable Development Goals (“SDG”). The 17 SDGs provide the blueprint and call to action to achieve a better and more sustainable future. As a Group, we are committed to playing our part, and through collaborating and focusing efforts across our broad span of businesses, we believe we can contribute to increasing the speed and scale of delivery across a wide number of the SDGs and to meeting the ambitions set out in the 2015 Paris Agreement.

Leadership on the SDGs also requires embracing the values set out in the Ten Principles of the UN Global Compact in the areas of human rights, labour, environment, and anti-corruption. To this end, we have also taken the step to sign up to the UN Global Compact.

We understand incremental changes and business-as-usual will not get us to where we need to be, but equally that transformational change does not happen overnight. Through this report, we aim to show how our business divisions are taking all available steps consistent with the sectors and geographies in which they operate to contribute to sustainable development and in helping to turn the tide on the greatest challenges of our times, such as climate change.

The CK Hutchison Group is challenging itself to think critically about the way its sustainability impacts are managed: whether what we are doing is enough, in line with rapidly evolving societal expectations, and in line with rapidly developing science.

We know there is more to do. That said, this report sets out our direction of travel and not just our aspirations, but how we are working to serve society, and do it sustainably.

Thank you.

Victor T K Li
Chairman, CK Hutchison
29 June 2021

ABOUT THIS REPORT

This report is the second standalone report in the Group's sustainability disclosure journey, which is one in which the Group is continuously looking to enhance reporting approaches as well as address the sustainability concerns of its stakeholders. This report should be read in conjunction with the Group's 2020 Annual Report, which contains a comprehensive review of its financial performance and corporate governance frameworks and practices.

Reporting period

This report covers the year from 1 January to 31 December 2020, unless otherwise specified.

Reporting scope

The information included in this Sustainability Report covers the Group's four core businesses: ports and related services, retail, infrastructure, and telecommunications.

The Group's core businesses no longer include the Energy division as Husky Energy ("Husky", a then associated company of the Group) was merged with Cenovus Energy Inc. ("Cenovus Energy"), a Canadian integrated oil and natural gas company in January 2021. Following the merger, the Group owns 15.71% in Cenovus Energy. As a result, Cenovus Energy forms part of the finance & investments and others segment and no longer constitutes a core business of the Group. The Group is a strategic and supportive shareholder of Cenovus Energy but does not exercise control over any of its businesses.

Reporting frameworks

This report was prepared in accordance with the mandatory disclosure requirements and the "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide ("ESG Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The ESG Guide content index set out in Annex 2 to this report outlines how the ESG Guide has been applied.

Further information

Recognising increasing demand from the stakeholders of the Group for more information beyond the discussion on material topics included in this report, this report is supplemented with an expanded sustainability section on the Group's corporate website: www.ckh.com.hk.

The Group welcomes feedback and suggestions on this report. Please contact us at: sustainability@ckh.com.hk

SUSTAINABILITY AT CK HUTCHISON

Reporting on what matters

Stakeholder engagement

Understanding stakeholder views is crucial to defining a strategy that has the interests of society and the environment at heart. The outcomes of ongoing stakeholder engagement have been instrumental in setting the Group's ongoing strategy development.

As the Group has a diverse range of businesses and operates in about 50 countries, maintaining a close dialogue with key stakeholders in each industry and geographical jurisdiction is critical when making business decisions and considering their potential sustainability impact.

The Group has a broad range of stakeholders that are engaged on an ongoing basis through a variety of channels such as meetings, liaison groups, panel discussions, workshops and surveys, in order to understand their views and better meet their expectations. These include:

- Employees;
- Customers;
- Suppliers and business partners;
- Shareholders and investors;
- Banks and creditors;
- Governments and regulators;
- Local communities; and
- Non-government organisations.

Materiality assessment

Each of the Group's core businesses faces different sustainability challenges and therefore requires an individualised and tailored approach to sustainability impact assessment and prioritisation.

The Group's materiality assessment is an iterative process that is updated with new information and emerging trends by way of a three-step process: identification, prioritisation and validation.

In 2020 the following steps were undertaken:

1. Identification:

- Identified potential sustainability issues relevant to the Group referencing:
 - Material issues covered in industry-specific materiality frameworks such as the Global Reporting Initiative ("GRI") Standards and the Sustainable Accounting Standards Board ("SASB") Standards;
 - The United Nations Sustainable Development Goals as well as the resources contained within the Blueprint for Business Leadership on the SDGs;
 - ESG Ratings Reports; and
 - Research on emerging issues and global socio-economic trends.

2. Prioritisation:

- Worked with core businesses to consider material issues with regard to their influence on business success;
- Issued questionnaires and conducted one-to-one interviews with stakeholders to understand the importance of these issues to them; and
- Prioritised issues that have a significant impact on the Group's ability to create long-term and sustainable value.

3. Validation:

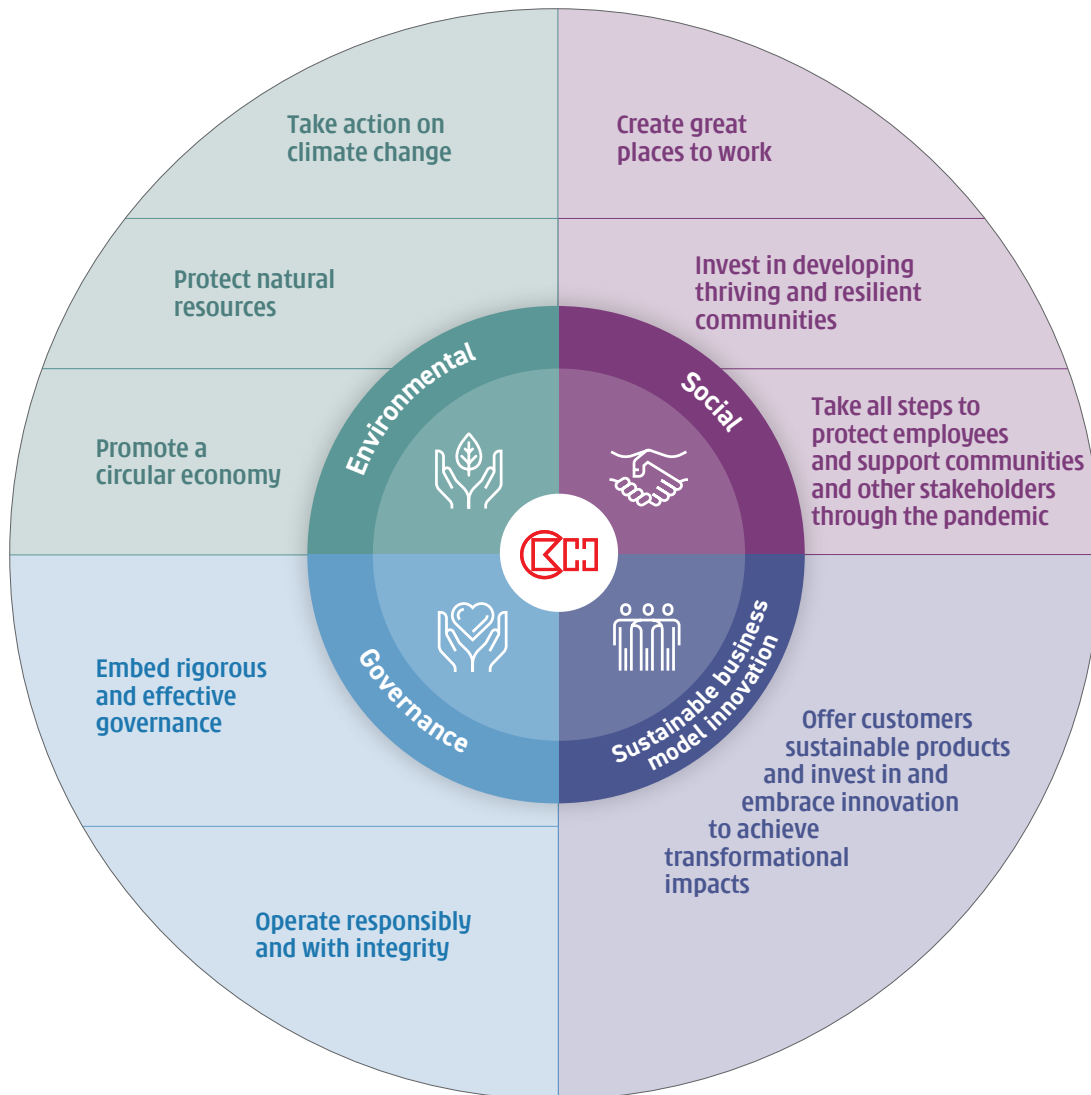
- Reviewed and approved the material issues with the cross-departmental Sustainability Working Group and the Sustainability Committee.



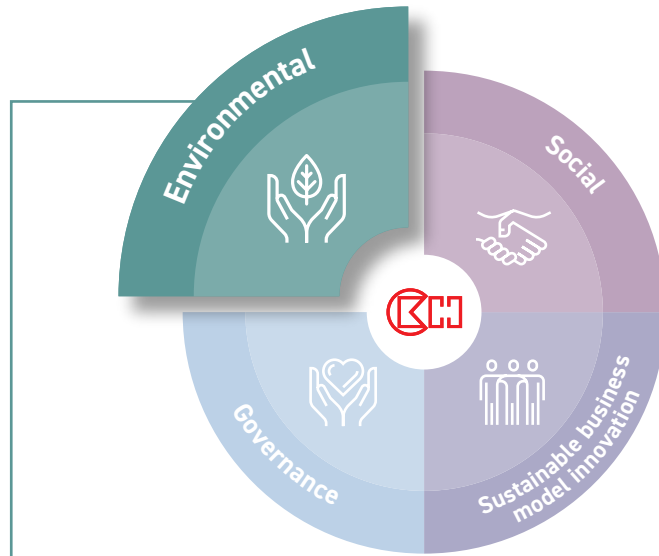
Group Sustainability Framework

Following this three-step process and reviewing the division-level materiality analyses, the following Sustainability Framework has been developed at the Group-level, including four pillars and nine goals that will form the foundational approach of the Group going forward. The pillars - Environmental, Social, Governance and Sustainable Business Model Innovation - are an enhancement of the previous four pillars identified by the Group in the 2019 Sustainability Report - People, Environment, Business and Community.

The Sustainability Framework is explored in more detail on pages 7-9, including how each goal is mapped to the relevant SDGs.



Environmental goals and SDG mapping



Take action on climate change

- Contribute to helping the world achieve the goal set out in the 2015 Paris Agreement – to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.
- Manage the physical and transition risks of climate change, and seize the opportunities presented as the low carbon transition continues.
- Encourage and embrace scientific and technological innovation to accelerate reductions in the carbon footprints of the Group's businesses.



Protect natural resources

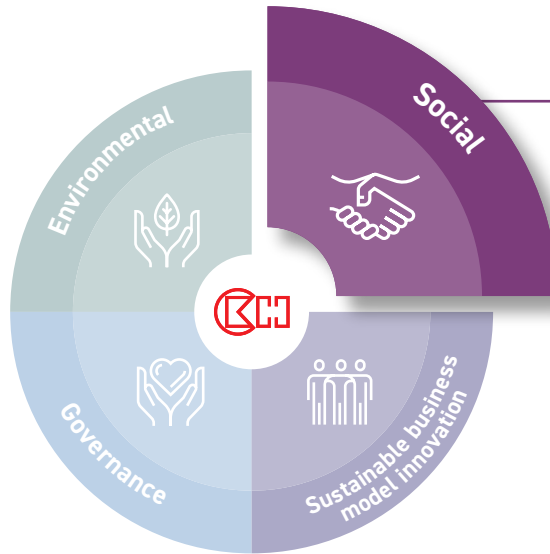
- Conserve water, prevent pollution to land, water and air, and protect and restore biodiversity.



Promote a circular economy

- Integrate circular thinking into business strategies through responsible raw material sourcing, efficient production processes and product design, and inspiring sustainable consumer behaviours.

Social goals and SDG mapping



Create great places to work

- Attract, develop and retain a high-performing and engaged workforce.
- Make work an equitable, diverse and inclusive environment that reflects the diversity of the communities in which the Group operates.
- Promote zero harm and healthy workplaces.



Invest in developing thriving and resilient communities

- Deliver business growth that benefits the communities in which the Group operates.
- Invest in programmes for meaningful impact and foster long-term relationships.

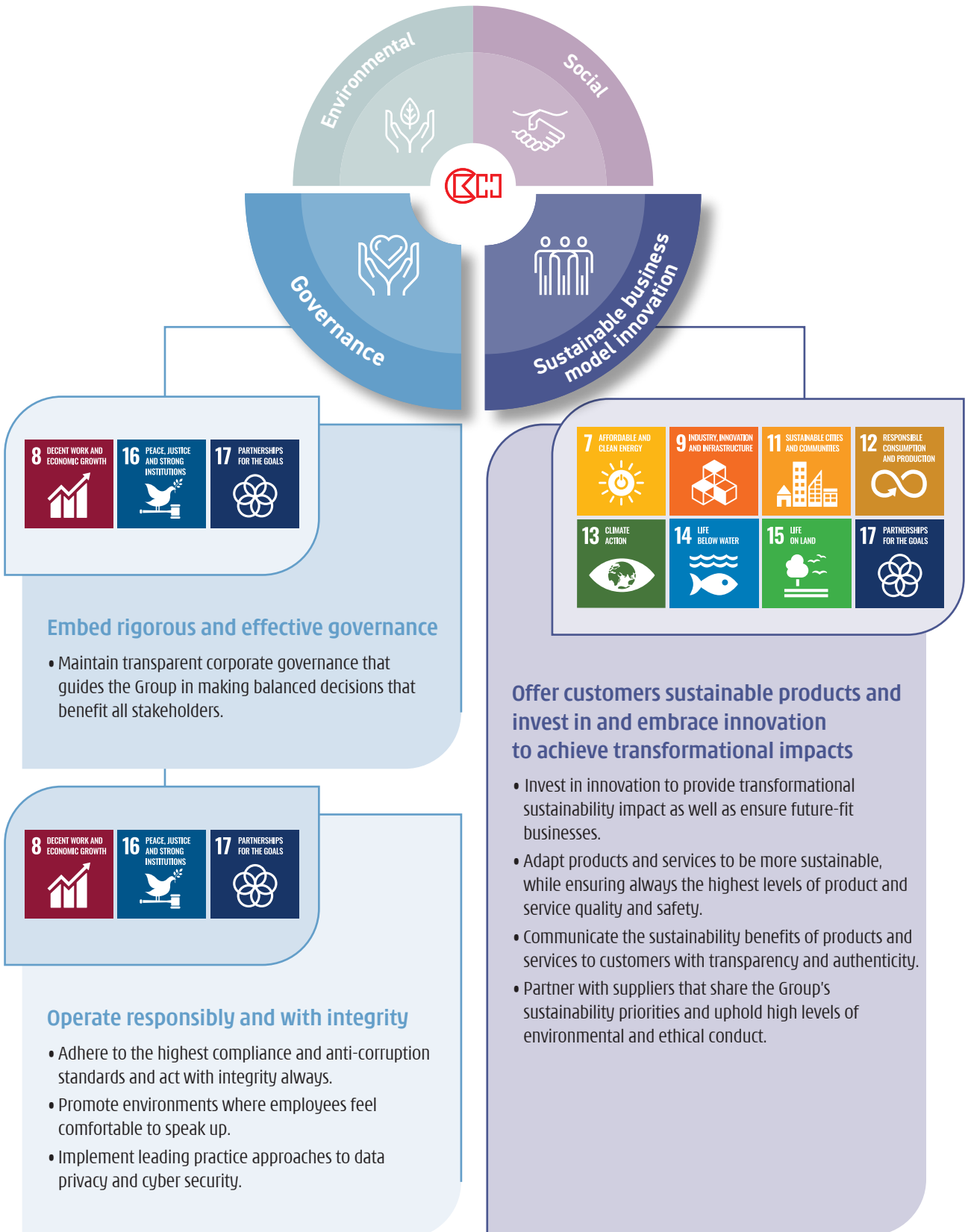


Take all steps to protect employees and support communities and other stakeholders through the pandemic

- Keep employees safe; provide employees with the tools and support to successfully work from home; support employee wellbeing.
- Protect the health and wellbeing of customers.
- Maintain focus to supporting healthcare services globally and the needs of the vulnerable.
- Prioritise health and wellness over profit whenever and wherever the Group's employees or communities are at risk.



Governance and Sustainable business model innovation goals and SDG mapping



How these goals are achieved across the Group will differ depending on the nature of the business sectors and geographies in which each core business operates. While this report is focused on material information, further information on how each goal is being addressed can be found in the sustainability section of the Group's corporate website, which is updated regularly to take account of the most current developments.

In addition, four goals have been prioritised as Group-wide focus areas for 2021-22, including:

1. Take action on climate change;
2. Offer customers sustainable products and invest in and embrace innovation to achieve transformational impacts;
3. Create great places to work; and
4. Take all steps to protect employees and support communities and other stakeholders through the pandemic.

While the goal – Take all steps to protect employees and support communities and other stakeholders through the pandemic – is not a perpetual goal as in the case of the others, it has been individually listed given the significance of the pandemic and to ensure maximum focus as the world continues its recovery.

Progress and strategies to address each of these four goals at the Group-level are discussed next. This is followed by individual sections for each core business explaining how the priorities of the Group are being addressed in the sectors and geographies in which they operate.

Priority goal 1: Take action on climate change

Why is this important to the Group?

The Group believes that urgent and sustained action is required to address the climate emergency and to meet the goal of the 2015 Paris Agreement.

What progress has been made?

Addressing climate change requires a systems-thinking approach and a complex web of actions. Ongoing actions that are consistent focus areas across the Group include:

- Creating operational efficiencies to reduce greenhouse gas emissions as much as possible;
- Increasing the uptake of renewable energy; and
- Engaging with supply chain partners and customers to encourage change in consumption behaviours.

In addition, the Group has also developed many products and services that are enabling the low carbon transition which will be discussed in the next priority goal's section.

Each of the core businesses has made progress in carbon reduction target setting, however these will be updated as the businesses assess their respective pathways to net zero and set nearer term goals that are ideally Paris-aligned, if not done already.

These carbon reduction targets are as follows:

Ports:

- Reduce total CO₂e/TEU by 3% cumulatively from 2021-2023 through reductions in total diesel use and 11% by 2030 versus 2021.

Retail:

- Reduce scope 1 and 2 emissions by 40% by 2030 versus a 2015 baseline.

Infrastructure:

Australian Gas Infrastructure Group

- 10% renewable gas in networks by no later than 2030, delivering 100% renewable gas developments from 2025. Full decarbonisation of networks is targeted by no later than 2050, and by 2040 as a stretch target.

AVR Afvalverwerking BV

- Achieve net zero in operations by 2050.

ista

- Achieve net zero in scopes 1, 2 and 3 by 2050.

Northumbrian Water

- Achieve net zero in operations by 2027.

Northern Gas Networks

- Achieve net zero in operations by 2031 (excluding gas shrinkage) and 2050 (including gas shrinkage), in line with the UK net zero commitment.

SA Power Networks

- Achieve net zero in operations by 2050 in line with the State Government target in South Australia.

UK Power Networks ("UKPN")

- Reduce the business carbon footprint by 2% per annum. UKPN is currently in the process of setting a target which will be validated by the Science Based Target Initiative in 2021.

Wales & West Utilities

- Become a net zero ready carbon emission network by 2035.
- Reduce GHG emissions by 37.5% by 2035 versus 2020.

Telecommunications:

- CK Hutchison Group Telecom is currently in the process of setting a target which will be validated by the Science Based Target Initiative in 2021.

Group-wide actions that are continuously being taken to create operational efficiencies have resulted in the Group achieving an absolute emissions reduction of 4% in scope 1 and 2 emissions in 2020 versus 2019, and 7% versus 2018. In the case of Retail, which accounts for 4% of total emissions of the Group, most of the 2020 emissions reductions were attributed to the lockdown with stores being closed. Other Group-wide operations, which account for 96% of total Group emissions, were for the most part sustained as a result of the Group's businesses being identified as critical services and therefore the stated reductions are principally attributable to the carbon reduction efforts of the Group.

In 2020, the Ports division saw the most significant decline in emissions among the Group's core businesses, reducing absolute scope 1 and 2 emissions by 13%, helped to a large degree by its ongoing global programme to convert its fleet and infrastructure from diesel-powered to electric. The Ports division has already converted 66% of its fleet of rubber-tired gantry cranes to electric alternatives which is significant given that approximately 40% of fuel consumption at a typical port is attributed to these large structures. As similar in all core businesses, LED lighting upgrades, HVAC optimisation and behavioural change campaigns are other areas that contributed to emissions reduction.

On the other hand, the Telecommunications division saw a 3% increase in emissions as a result of the exponential increase in data traffic and energy needs of the network during the pandemic with more people working and interacting online from home.

Taking steps to align its climate action strategy to leading practice frameworks, CK Hutchison Group Telecom is currently setting a science-based target, calculating scope 3 emissions as well as reviewing approaches against the Taskforce on Climate-related Financial Disclosures ("TCFD") recommendations with the help of a third party expert.

The procurement of 100% renewable electricity contracts in key markets across Europe continued to make progress in 2020 for all core businesses. The Retail division has deployed 100% renewable energy in three major European markets including the UK, Belgium and Netherlands such that Superdrug, Savers, The Perfume Shop, Kruidvat, Trekpleister and ICI Paris XL are all powered entirely by green electricity. The percentage of renewable electricity across the Group remains at 10% however. While there are often barriers locally owing to a lack of renewable electricity options in particularly Asian markets, the Group is currently assessing the maturity of the renewable energy markets in which it operates to understand how this level of uptake can be materially changed.



What does the Group plan to do?

The Group is currently working on a new climate change strategy. To help the Group in defining this strategy, all core businesses will be undertaking the following assessments and actions:

Action	Milestone
Every core business to assess the pathway to net zero: how quickly can it get there and what barriers are in place?	Report on progress made in the 2021 Report.
Every core business to assess the pathway to setting a Paris-aligned target that is ideally validated by the Science Based Target Initiative.	Report on progress made in the 2021 Report.
Every core business to calculate scope 3 emissions.	Report on progress made in the 2021 Report.
Every core business to report on progress using the Taskforce on Climate-related Financial Disclosures framework (TCFD).	Report on progress made in the 2021 Report.

Priority goal 2: Offer customers sustainable products and invest in and embrace innovation to achieve transformational impacts

Why is this important to the Group?

The Business & Sustainable Development Commission estimates that there is a [US\\$12 trillion](#)⁽¹⁾ worth of savings and revenues available to those seeking to meaningfully address the 2030 agenda embodied in the SDGs. This therefore suggests that business opportunity and impact on the SDGs are not mutually exclusive, but rather they go hand in hand. In other words, business cannot thrive unless people and planet thrive.

The Group is increasingly aware that consumer trends are changing in favour of more sustainable products and services, but also that there is some progress that needs to be made to close the gap between consumer intention and action. For example, in a [survey](#)⁽²⁾ by the Harvard Business Review, 65% of consumers said they want to buy purpose-driven brands that advocate sustainability, yet only 26% actually do due to barriers such as higher prices and lack of convenience. Nevertheless, it is clear that with the right ingredients, sustainability offers clear opportunities in creating competitive advantage.

Governments and municipalities are also important customers of the Group, and with many countries around the world committing to net zero, helping them achieve this goal presents a significant opportunity for the Group, particularly to the Infrastructure division.

Note 1: "Sustainable business can unlock at least US\$12 trillion in new market value, and repair economic system", available at: www.businesscommission.org

Note 2: "The Elusive Green Consumer", available at: www.hbr.org

What progress has been made?

Each of the core businesses are taking substantial steps to offer more sustainable products and services and innovate to create transformational impact, but in different ways unique to their industries and customer base.

To communicate the sustainability benefits of the products it offers, the Retail division has developed a number of product lines and platforms that enable customers to shop according to their sustainability values and preferences. For example, Sustainable Choices, a filter and labelling mechanism, was launched in 2020 to provide customers choice in four categories: Clean Beauty; Refill; Better Ingredients and Better Packaging. Many of the division's retail brands are working to provide products that address other consumer preferences such as plant-based and inclusive products, and importantly at affordable prices.



Through the very nature of its business, the Infrastructure division contributes to a low carbon future through its leadership in hydrogen, solar, waste-to-energy, carbon capture and storage, circular economy approaches and smart city developments. Many of these businesses are based in countries where net zero has been written into legislation and they have been working in partnership with governments to help deliver on an emissions-free future.

A particularly important area of innovation is the role played by the Group in hydrogen development. For example, Northern Gas Networks is leading on a collaborative gas industry programme to test the feasibility of converting the entire UK gas network to a hydrogen-powered network. Australian Gas Infrastructure Group has also led the industry in Australia through delivering natural gas blended with 5% green hydrogen to communities in South Australia, a mix that will be increased to 10% in the near future with the ultimate stretch aim of eventually 100% green hydrogen. The Ports division is also playing its part in ushering in the hydrogen era by collaborating on a project at Freeport East in the UK to develop it into a world-leading green hydrogen hub, generating a planned 20% of the 5GW target in the UK's Ten Point Plan for a Green Industrial Revolution.

[A report](#) ⁽³⁾ produced by Deloitte and GeSI found that digital technologies could have a transformational impact on the world's ability to meet the 2030 Agenda and the SDGs, specifically finding that of the 169 SDG targets, 103 are directly influenced by digital technologies. The Telecommunications division's ongoing development of 5G connected technologies is releasing a wave of low carbon innovation across many other sectors of industry and society such as utilities and transportation. The Telecommunications division is also partnering with the Ports division to deploy 5G and Internet of Things ("IoT") at the Hutchison Ports Port of Felixstowe to develop cutting-edge smart port technology. The Ports division is further deploying a range of latest digital technologies including Artificial Intelligence, blockchain, remote-controlled equipment and autonomous trucking, among others, which can provide significant efficiencies in operations, emissions reduction and enable safer work environments.

Note 3: "Digital with Purpose: Delivering a SMARTer2030", available at www.gesi.org

Transformational impact does not happen in a silo. The core businesses are working together with a view to leveraging synergies to accelerate positive impact. Working with external experts, peers and other external organisations with the same goals also helps to reduce wasted efforts and promote collaboration.

While outside of this report's scope, the Group has other investments and joint ventures with companies that are developing innovations to address many other sustainability challenges. For example, Hutchison Water, a global leader in water and Cleantech investments, is addressing water stress through:

- The Sorek sea water reverse osmosis desalination plant which supplies over 20% of the potable water needs of Israel, a country suffering from chronic water stress;
- Hutchison Water is further developing Israel's largest hydroelectric pumped storage plant in the north of Israel to produce 344 MW of renewable electricity; and
- Investments in Aquarius-Spectrum and HydroSpin enable better leak and water monitoring to make smarter, more efficient water networks.

As another example, and turning to the field of health, HUTCHMED is an innovative, commercial-stage biopharmaceutical company dedicated to the treatment of complex diseases such as cancer and immunological conditions. With a dedicated team of over 1,300 employees, HUTCHMED has advanced 10 cancer drug candidates from in-house discovery into clinical studies around the world, with its first three oncology drugs now approved. HUTCHMED is dedicated to researching and developing diseases with unmet medical needs, often for diseases for which patients otherwise have few alternatives.

What does the Group plan to do?

Coming out of the pandemic, the world has an opportunity to shape long-lasting and meaningful change by building back better. Following this crisis, there will be even further opportunity to partner with the public and private sector in creating this step change. To ensure these opportunities are leveraged and effectively monitored, the following actions have been adopted:

Action	Milestone
1. Every core business to assess and expand sustainable product and service offerings and communicate benefits to customers.	Report on progress made in the 2021 Report.
2. Every core business to track the following Key Performance Indicators ("KPI"): <ul style="list-style-type: none"> • Revenue generated from sustainable business opportunities; and • Capex spend on sustainability. 	Report on progress made in the 2021 Report.

The Li Ka Shing Foundation

Another source of innovation for the Group is access to the extensive philanthropic network and portfolio of innovative companies in which early stage investments have been made by the Li Ka Shing Foundation through Horizons Ventures. Mr Li Ka-shing, the Group's founder and Senior Advisor, is well known as a leading investor in innovation and disruptive technologies. Over time, the Li Ka Shing Foundation has developed one of the world's most extensive portfolios of investments that address many of the pressing sustainability challenges of today. Among many investments, the Li Ka Shing Foundation has been a significant backer of the following start-ups:

- ZeroAvia, working to develop zero-emissions aviation;
- Syzygy Plasmonics, developing a platform for cost-efficient localised production of green hydrogen;
- Algiknit, seeking to transform the fashion ecosystem with rapidly renewable bio-based textiles; and

- Soil Carbon Co, developing technology to increase crop yields as well as the carbon capture and sequestration associated with major grain crops.

The Group partners with portfolio companies sponsored by the Li Ka Shing Foundation to use its business to act as incubators and spring boards for these innovations, for example, distributing Impossible products and Perfect Day ice cream through PARKnSHOP.

The Foundation was also an early founding sponsor of Zoom, the now well-known communications platform for video and audio conferencing. The Group has adopted Zoom as a Group standard for meetings and collaboration, an approach which has and will continue to reduce the Group's carbon footprint through avoided travel.

Priority goal 3: Create great places to work

Why is this important to the Group?

The Group has over 300,000 employees and therefore has a very important role to play in being a responsible employer. These are 300,000 individuals, all with their own hopes, motivations and objectives. The long-term success of the Group depends on their dedication and engagement. This is not won over lightly and relies on creating a trusting, supportive and rewarding workplace culture.

What progress has been made?

The Group aspires to be an employer of choice through competitive remuneration packages, continuous professional training, and a safe and inclusive working environment.

Listening to employees is fundamental. Employee engagement is carried out in different ways depending on the business with engagement surveys conducted at least bi-annually, and supplemented with ad hoc surveys to address discrete events and trends, for example understanding employee health and wellbeing during the pandemic.

Targeted learning and development programmes address everyone from senior management to line level employees. Ensuring employees are prepared as the future of work changes, the Retail division has launched the Digital Fitness Programme and the Digital Learning Faculty to ensure the continuous refresh of training material in keeping pace with the digital transformation. Employees in the Ports division also have the opportunity to retrain in the latest smart port technologies; for example, crane operators are being trained in autonomous crane operations.

The Group also aims to create a pipeline of future talent by inspiring young people to consider careers within the diverse industry segments of the Group and it does this through internship programmes, career days and encouraging management to present at universities.



Port visit by university students

Driving a culture that is inclusive and diverse creates a win-win for society and the Group because it:

- Improves the ability of the Group to hire from a wider talent pool and ultimately find the best talent;
- Creates an environment for improved decision making;
- Strengthens people engagement by creating a culture of belongingness which ultimately feeds into productivity and retention; and
- Enhances the capacity of the Group to innovate and deliver products and services to a wider customer base.

Testament to the efforts the businesses have made in this area, a number of recognitions were received and pledges made in 2020:

- Hutchison Ports Port of Felixstowe became the first major UK port to gain the Women in Maritime Charter Status;
- Superdrug was recognised as one of the most inclusive companies in Europe in the Financial Times Diversity Leaders ranking and Superdrug & Savers were placed in the Social Mobility Employer Index identifying UK employers dedicated to social mobility;
- UKPN was ranked third on the list of the Inclusive Top 50 UK employers and also retained its National Equality Standard accreditation;
- NGN committed to the UK's Social Mobility Pledge; and
- 3 Ireland achieved a Silver rating in Investors In Diversity Award.

What does the Group plan to do?

As this goal, Create great places to work, is a broad and expansive area, two areas of focus for 2021-2022 have been identified for action: inclusion and diversity, and employee engagement. Over time, new areas of focus and further actions will be adopted.

Action	Milestone
1. Every core business to have inclusion and diversity goals/targets in place.	Report on progress made in the 2021 Report.
2. Every core business to track the following KPIs: <ul style="list-style-type: none"> • Gender split of employees in managerial positions; • Gender split of employees in executive management; • Gender split of newly hired employees; and • Average years employed by the company by gender. 	Report on progress made in the 2021 Report.
3. Every core business to present action plans to track and improve employee engagement, short-term and long-term.	Report on progress made in the 2021 Report.

Priority goal 4 : Take all steps to protect employees and support communities and other stakeholders through the pandemic

Why is this important to the Group?

The COVID-19 crisis has had devastating socio-economic consequences globally. It has not only left millions without their loved ones and livelihoods, but it has also been a humanitarian crisis that has affected vulnerable people most severely and disproportionately.

Acknowledging that global recovery will be long, and will require every actor of society to do its part, every core business is focused on taking all steps possible to protect employees and support communities, among which are the Group's customers, as well as other stakeholders.

What progress has the Group made?

Employee health and wellbeing has been, and will continue to be, the Group's number one priority. Throughout the pandemic, wherever possible, the Group has distributed masks daily to its employees, ensured workplace sanitising measures, and conducted temperature checks and onsite rapid COVID-19 testing. The Group implemented flexible and hybrid working policies, along with the necessary IT support, to fit the needs of employees. Employee wellness programmes were also rolled out focusing on managing anxiety, staying active and keeping connected during lockdowns. Amongst employees caseloads of the Group, hospital admissions and morbidity have trended well below national averages throughout the pandemic.

Supporting customers and communities has also been on the top of the Group's agenda. Retail customers have been protected through rigorous social distancing measures such as including floor markings indicating 1.5m distancing, one-way walking routes, protective screens, cleaning stations, customer information points and expanded online shopping options. Telecommunications customers in various countries were offered free data access and calls to healthcare support websites and hotlines, and customers working on the frontline were further supported with unlimited mobile data, voice calls and texts. Financial relief packages were also offered through the Infrastructure division; the businesses in Australia, for example, deferred electricity network charges for customers experiencing hardship.



Sanitising shops during the pandemic

Across the Group, the core businesses supported healthcare services as they faced equipment shortages and increasing patient caseloads. The Ports division funded the construction of independent air-conditioning systems for COVID-19 hospital wards in Thailand and donated hospital beds and ventilators for intensive care units in Panama. The Group further donated personal protective equipment ("PPE") and financial support to hospitals in Mainland China, Hong Kong, Italy, the UK and Malaysia, and in response to the unstable global supply of hygienic face masks, the Group transformed part of its bottled water manufacturing factory in Hong Kong into a safe environment for mask production. To assist with the challenge of a global vaccine rollout, the Retail division became one of several high-street retailers in the UK to support the UK Government's vaccine rollout increasing accessibility to local communities.

To support local businesses and school children needing to make the switch to online learning, the Telecommunications division donated internet packages to small and medium enterprises in Austria, Zoom classroom accounts to families in Hong Kong, tablets, internet access and school materials to underprivileged families in Italy, and 15,000 SIM cards with unlimited data to 160 schools around Ireland. 3 UK also collaborated with the UK's Ministry of Justice to zero-rate access to victim support and domestic abuse services in addition to the UK's Department for Education to give disadvantaged children unlimited data to enable online learning from home. The volunteer teams at the Ports division also worked to deliver food packages and other personal protective necessities to communities in areas that have been hit hardest by the pandemic in Pakistan, the UK, Hong Kong, Spain and Panama.

What does the Group plan to do?

Action	Milestone
Employees: Keep employees safe; provide employees with the tools and support to successfully work from home; support employee wellbeing.	Report on progress made in the 2021 Report.
Customers: Protect the health and wellbeing of customers.	Report on progress made in the 2021 Report.
Communities: Maintain focus to supporting healthcare services globally and the needs of the vulnerable.	Report on progress made in the 2021 Report.

Next steps in strategy development

Throughout 2021, the Group will be undertaking a new strategy development process working in partnership with the core businesses to accelerate progress. The above-mentioned actions are part of this process.

Further actions to streamline Group-wide approaches have also been identified and are as follows:

Action	Milestone
Build sustainability incentives plan by linking sustainability goals to performance metrics and compensations schemes.	Report on progress made in the 2021 Report.
Develop a Group-wide sustainability employee engagement plan, enabling cross-businesses synergies, beginning with a global sustainability champions network.	Report on progress made in the 2021 Report.
Every core business to have its own sustainability reporting which follows the Group's sustainability goals and priorities.	By 2022
Roll out a Group-wide Sustainability Data Management System for enhanced active monitoring and preparation for externally-audited data.	By 2022 (verification by 2023)
Expand disclosures to meet criteria set out in key reporting frameworks (e.g. TCFD) and ESG rating agency frameworks.	Ongoing

Governance

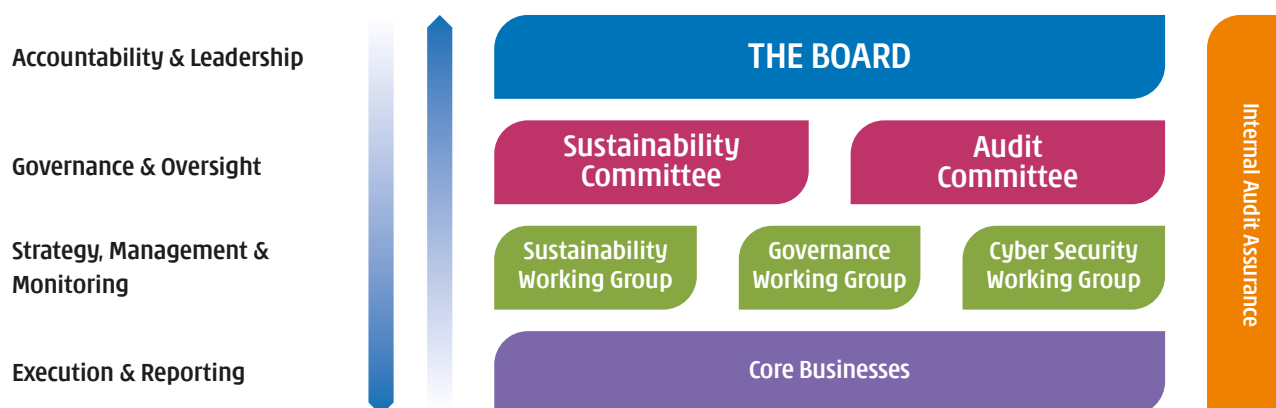
The ways in which the Group manages its sustainability impacts and acts on its governance-related goals – Embed rigorous and effective governance; and Operate responsibly and with integrity – are detailed in this section. This section should also be read in conjunction with the Corporate Governance Report included in the 2020 Annual Report for further detailed information regarding the corporate governance framework and practices.

Group sustainability governance

At the heart of the Group's corporate strategy is its objective to enhance long-term, sustainable value for all its stakeholders.

The Group adopts a rigorous and effective sustainability governance structure which provides a solid foundation to deliver on this objective and ensure sustainability is embedded at all levels of the Group.

Foundational policies, including the Group-wide Sustainability Policy, serve as the ultimate guiding principles for the Group and detail the Group's commitments to its stakeholders and the environment.



The Board

The Board has ultimate accountability for the sustainability strategy of the Group, as well as its management, performance and reporting through the support of the Sustainability Committee and the Audit Committee.

The Board examines and approves the sustainability goals, objectives, policies and frameworks and reviews progress towards their implementation and achievement.

The Sustainability Committee and the Audit Committee report to the Board on sustainability risks and opportunities, which the Board examines and reviews with the committees periodically, as well as their impact on business strategy and new investments.

Board Diversity

As at 31 December 2020, the Board comprised 19 directors, including seven Executive Directors, five Non-executive Directors and seven Independent Non-executive Directors. The Nomination Committee, chaired by Dr Rosanna Wong, an Independent Non-executive Director, with the Chairman Mr Victor T K Li and Independent Non-executive Director Mr Vincent Cheng as members, is responsible for reviewing the structure, size, diversity profile and skills matrix of the Board. The Group values the benefits of a diverse Board that possesses a balance of skill set, expertise, experience and perspective. Appointment of Directors is based on attributes that the selected Director will bring to the Board. Female directors accounted for 21% of the Board in 2020. On the date of this report, the Board comprised 17 directors of which female directors accounted for 24% of the Board.

Sustainability Committee

The Sustainability Committee, elevated as a Board-level committee in 2020, is chaired by Mr Frank Sixt (Group Finance Director and Deputy Managing Director), with Ms Edith Shih (Executive Director and Company Secretary) and Dr Rosanna Wong (Independent Non-executive Director) as members.

The key responsibilities of the Sustainability Committee are to make recommendations to the Board on the Group's sustainability goals, objectives and strategies. It oversees, reviews and evaluates actions taken by the Group to progress its sustainability priorities and goals. The Committee also reviews and reports to the Board on sustainability risks and opportunities, and assesses emerging sustainability issues and trends that could impact the business operations and performance of the Group. Moreover, it considers the impact of the Group's sustainability initiatives on its stakeholders and advises the Board on external communication, disclosure and publications as regards to its sustainability performance.

The Committee meets at least twice a year per the [Sustainability Committee's Terms of Reference](#) .

During 2020, the Sustainability Committee reviewed and approved the 2019 Sustainability Report. It also approved the 2021 sustainability priorities for the Group included within this report. As identified Group-wide focus areas, the Sustainability Committee will give particular oversight and receive ongoing updates on the following goals:

1. Take action on climate change;
2. Offer customers sustainable products and invest in and embrace innovation to achieve transformational impacts;
3. Create great places to work; and
4. Take all steps to protect employees and support communities and other stakeholders through the pandemic.

Sustainability policies	Corporate governance policies
<ul style="list-style-type: none">• Sustainability Policy • Environmental Policy • Health and Safety Policy • Human Rights Policy • Modern Slavery and Human Trafficking Statement • Supplier Code of Conduct 	<ul style="list-style-type: none">• Anti-Fraud and Anti-Bribery Policy • Board Diversity Policy • Code of Conduct • Director Nomination Policy • Information Security Policy • Media, Public Engagement and Donation Policy • Policy on Appointment of Third Party Representatives • Policy on Personal Data Governance • Policy on Securities Dealings and Handling of Confidential and Price-sensitive Inside Information • Whistleblowing Policy • Shareholder Communication Policy 

Audit Committee

The Audit Committee maintains oversight of the effectiveness of the financial reporting, risk management and internal control systems of the Group, and is responsible for reviewing the policies and practices of the Group on corporate governance including compliance with legal and regulatory requirements per the [Audit Committee Terms of Reference](#) .

Sustainability Working Group

Supporting the Sustainability Committee is the Sustainability Working Group, comprising two Executive Directors as Co-Chairs, as well as other senior executives from key departments that influence the Group's material sustainability impacts.

To further strengthen its sustainability management approaches, the Company recruited a sustainability lead to drive the Group-wide sustainability strategy, working in partnership with the core businesses' Sustainability Working Groups.

Governance Working Group

To assist the Audit Committee and the Sustainability Committee in discharging its responsibilities, a Governance Working Group chaired by the Executive Director and Company Secretary, and comprising representatives from key departments of the Company, provides timely updates, identifies emerging matters of compliance, and establishes appropriate compliance policies and procedures for Group-wide adoption.

Cyber Security Working Group

The Cyber Security Working Group is chaired by the Group Finance Director and Deputy Managing Director and includes technical specialists from the core businesses, as well as representatives from Internal Audit and Group Information Services Department. It oversees the cyber security risks and defences of the Group to ensure that its efforts in this area are effective, coherent, and well-coordinated.

Sustainability at the core businesses

Each of the core businesses operates in unique sectors and geographies, therefore they are supported by their own sustainability leads, governance structures and programmes. Where necessary to their industry and geography, additional policies are adopted to support approaches in addition to the policies of the Group. As a common standard, each core business has set up its own cross-departmental Sustainability Working Group which is chaired by senior management.

Internal Audit

Internal Audit, reporting directly to the Audit Committee and administratively to the Group Finance Director and Deputy Managing Director, provides independent assurance as to the

effectiveness of the Group's risk management activities and controls, including those related to sustainability.

Risk management

As part of its enterprise risk management, the Group adopts a top-down and bottom-up approach to managing sustainability risks. Bi-annually, each core business is required to formally identify and assess its risks and as well as the control procedures that are in place in managing the risks identified.

Subject to independent audit assurance, these self-assessment results are submitted to the Executive Directors and the Audit Committee for review and approval. Relevant assessment results are also shared with external auditors.

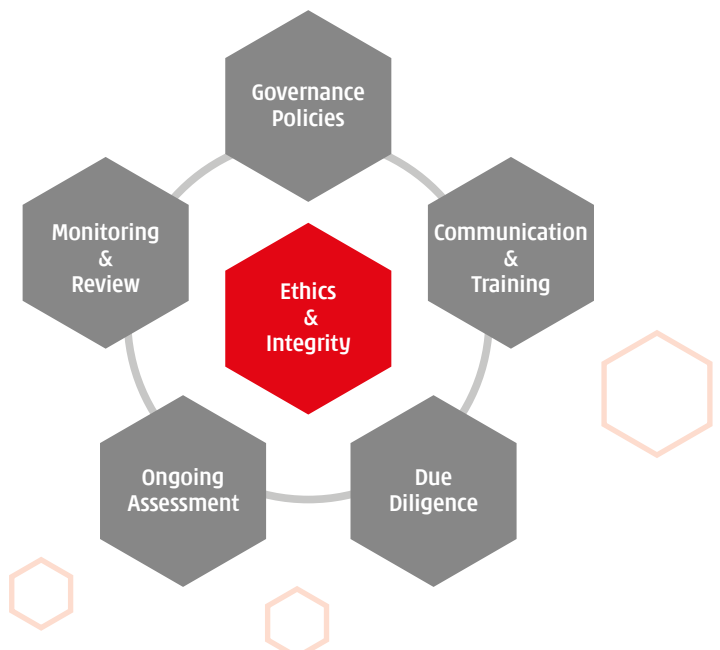
In 2020, climate change was given additional focus during the risk assessment process and highlighted as a greater priority going forward.

Business ethics and integrity

The Group is committed to ensuring that its business activities are carried out with the highest standards of integrity, honesty and transparency. The Board sets a tone of zero tolerance towards fraud and corruption. Through the Audit Committee, the Board has ultimate oversight of business ethics and compliance efforts and also regularly reviews the effectiveness of the risk management and internal control systems of the Group on an ongoing basis.

Further, as a signatory of the United Nations Global Compact, the Group is committed to working against corruption in all its forms.

The Group has a strong internal control framework to guide its businesses in maintaining the highest standards of ethics and business conducts. The framework has five core elements:




Governance policies

The Code of Conduct (the “Code”) sets out the professional and ethical standards for the Group to observe in all business dealings, including provisions dealing with conflict of interest, fair dealings and integrity, corruption, political contribution, confidentiality, personal data protection and privacy, as well as whistleblowing procedures.

The Code applies to all subsidiaries and controlled affiliates of the Group, where every director and employee requires strict adherence to the Code as well as all applicable laws, rules and regulations within the jurisdictions in which the Group operates. For those non-controlled affiliates, employees serving as directors should, to the extent possible, encourage such affiliates to adopt and follow the Code.

The Anti-Fraud and Anti-Bribery (“AFAB”) Policy outlines the Group’s zero tolerance approach to bribery and corruption and guides employees in recognising the circumstances which may lead to, or give the appearance of, being involved in corruption or unethical business conduct. It includes provisions relating to kickbacks, political and charitable contributions, gifts and hospitality, and procurement of goods and services. For political donations, in accordance with the AFAB Policy as well as the Media, Public Engagement and Donation Policy, it is the Group’s general policy not to make any form of donation to political associations or individual politicians.

Further, business partners and suppliers who are working for the Group are encouraged to maintain the highest standards of ethical conduct and professionalism in accordance with the Supplier Code of Conduct. They are required to implement appropriate AFAB policies and compliance programmes as well as verify if the policies are being complied with. Suitable AFAB clauses are incorporated in the contracts with business partners and suppliers to ensure that they are fully aware of the Group’s requirements.

The Group is committed to fully complying with its statutory tax obligations in all the jurisdictions in which it operates, including the payment, reporting and recovery of taxes. To ensure that these obligations are fulfilled, the Group has developed a Tax Governance Framework to provide guidance on how its tax affairs should be managed, including regular assessment of the tax compliance process through periodic questionnaires and reviews. For more information, please see the [Group’s Tax Strategy](#) .

Communication and training

All employees are well informed of the Code as well as the aforementioned governance policies. Employees are also required to self-declare their compliance with the Code and related policies on an annual basis.

Training on business ethics and the Group’s ethics policies is provided to all new joiners as part of their induction programmes. For specific topics such as anti-fraud and anti-corruption, tailor-made training is assigned to employees based on their role and area of responsibility at least once every two years. In addition, periodic fraud alerts are circulated within the Group to bring attention to new or common fraud schemes.

Due diligence

The Group’s commitment to anti-fraud and anti-corruption is also reflected in its management of business partners, suppliers, and third party representatives such as advisers, agents, consultants, introducers and finders, and political lobbyists. The Group conducts due diligence on the selection and renewal of new and existing business partners or suppliers based on an assessment of risk factors including transaction size, product or service nature, financial and compliance status, qualification, potential conflict of interest, and country risk.

Further, the Group adopts a comprehensive set of procurement and tendering procedures to ensure that related activities are carried out in a fair and transparent manner. The appointment of third party representatives requires prior approval from an Executive Director, and material capital expenditure projects (in excess of predefined thresholds) requires Head Office review and approval prior to any binding commitment.

Ongoing assessment

Internal Audit conducts independent audits of the Group’s ethical standards and policies in the areas of anti-corruption, fraud incident management, supplier code of conduct, fair dealing with suppliers, handling of confidential/inside information, personal data governance, anti-trust, workplace safety, and accuracy of book and record. The audits run in a typical three-year cycle and are Group-wide. Higher risk business units are subject to more frequent and intensive audits (generally once per year). All audit findings are reported to the Audit Committee and the Executive Directors and are also shared with external auditors.

Core businesses are also required to self-assess their control measures bi-annually to further drive improvement. The results of this self-assessment are reviewed by Internal Audit and reported to the Executive Directors and the Audit Committee.

Monitoring and review

The Group has implemented sound financial controls (including adequate segregation of duties, authorisation controls, records logging, supporting documentation, and audit trail) to prevent and detect irregularities or misconducts. This control system is subject to regular review and audit. In particular, Internal Audit, which is responsible for assessing the effectiveness of the Group's internal control system, performs audits in accordance with its risk-based audit plan, where the scope of review includes, amongst others, the Group's compliance with its governance policies and applicable laws and regulations.

The Group encourages employees and others who deal with the Group (such as customers, suppliers, creditors and debtors) to raise concerns about any suspected or real impropriety, misconduct or malpractice through confidential reporting channels. This is supported by the Whistleblowing Policy. All reported incidents are treated confidentially, and the individuals raising concerns are protected against unfair dismissal, victimisation or unwarranted disciplinary action. The Group also prohibits retaliation of any kind against those who raise a business conduct concern.

The whistleblowing channels that the Group has established are proactively communicated to employees in local languages, available on corporate websites, and also allow for anonymous reporting of improprieties. Each core business further derives its own set of internal escalation procedures to cater for its operational needs, and is required to report the incident to the Group Finance Director and Deputy Managing Director and the Head of Internal Audit function within one working day should the amount involved exceed the de minimis threshold.

Incidents or suspected incidents of fraud and corruption are immediately investigated. Internal Audit is responsible for reviewing every reported incident, seeking relevant stakeholders for direction or comment, determining which incident requires a more in-depth investigation, and escalating promptly to the Executive Directors and the Audit Committee if the incident is of a significant nature. A summary of the reported incidents and relevant statistics (including results of independent investigations and actions taken) is presented to the Audit Committee and the Executive Directors on a quarterly basis. For concerns that are substantiated, disciplinary actions including verbal or written warning and termination of employment are taken after due management consideration. Violation of the laws and regulations are reported to the police or other law enforcement organisations.

Privacy and security

Customer data privacy and the management of cyber security risks are of the highest priority to the Group, and rigorous policies and governance mechanisms are in place to maintain consistency and oversight across operations.

In terms of privacy, the Group's Policy on Personal Data Governance, which embraces the principles of respecting the rights of the individual, of procedural transparency, and of lawful processing, underlines the Group's commitment to the protection of personal data of customers and employees. The Policy governs fundamental privacy aspects such as the collection, usage, retention and sharing of personal data, and safeguards if the data are to be handled by third parties. For the latter, these could include having the right to directly audit the operations of third parties.

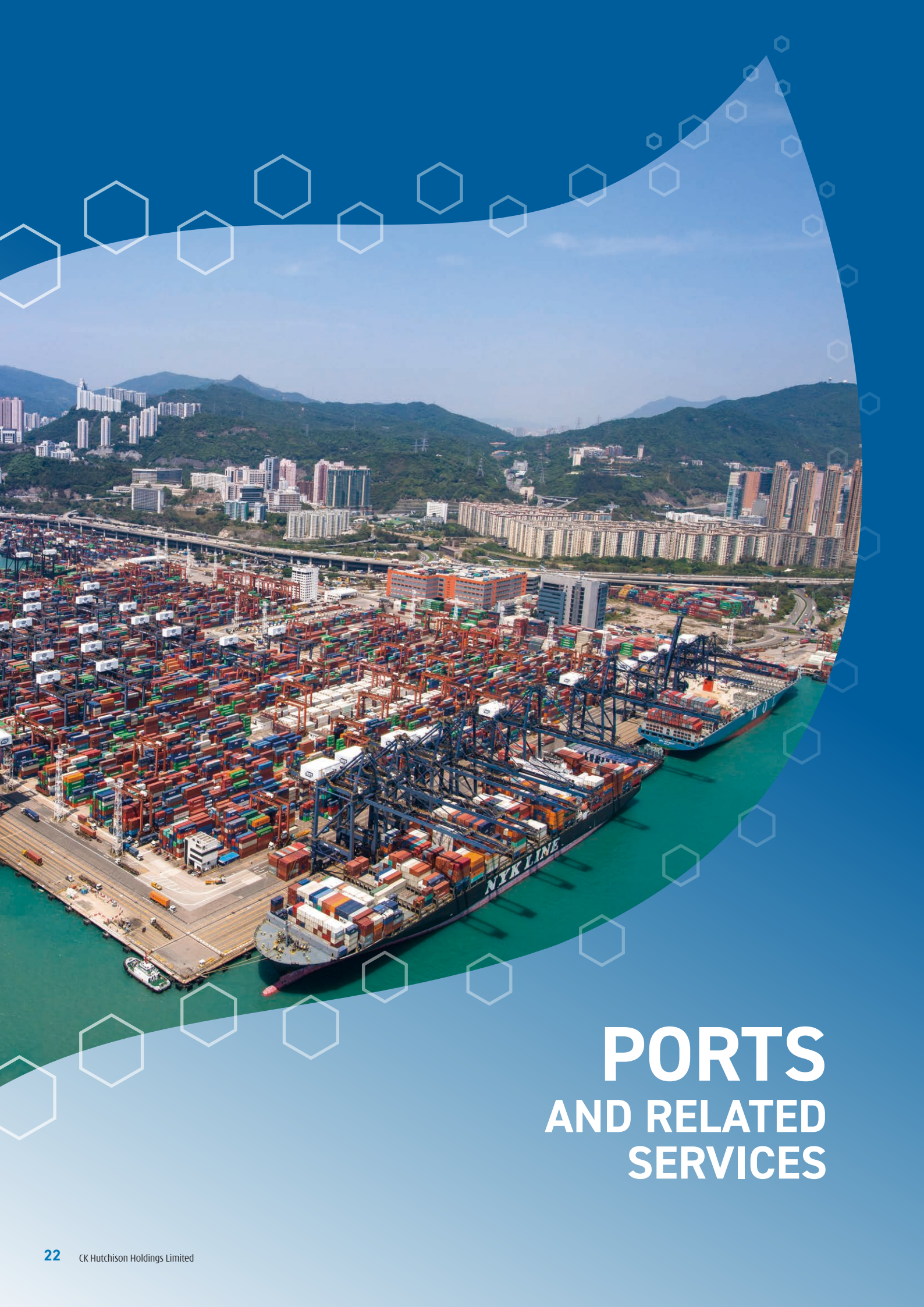
The CK Hutchison Cyber Security Working Group, supported by technical experts from across the entire Group, oversees the Group's cyber security defences, monitors the threat landscape facing all of the Group's operations, provides guidance to business units, and ensures coordinated and effective efforts in managing cyber security risks across the Group.

Regarding policies, the Information Security Policy instructs the approach of the Group in protecting the confidentiality, integrity and availability of data, including personal data, as well as in managing and escalating security incidents. The Policy also forms the basis on which the businesses formulate their local policies and procedures.

In addition, through the CK Hutchison Global Cyber Security Collaboration Platform, colleagues within the Group share knowledge, exchange ideas, and collaborate to find the right security solution and the right vendor in a fast-evolving threat environment where organisations are often faced with a vast array of choices.

Internal Audit carries out independent cyber security audits across the Group, with assignments in recent times focusing on the awareness of COVID-19-themed phishing emails, and security considerations in relation to working from home and the use of collaboration tools for virtual team-work. Further, Internal Audit periodically engages external consultants to conduct ethical hacking to probe cyber security defences in real-life settings, and follows up to see that security loopholes uncovered in these exercises are promptly and properly closed.

Further discussion on management approaches to privacy and cyber security are provided within the core business sections next.



PORTS AND RELATED SERVICES

Serving society

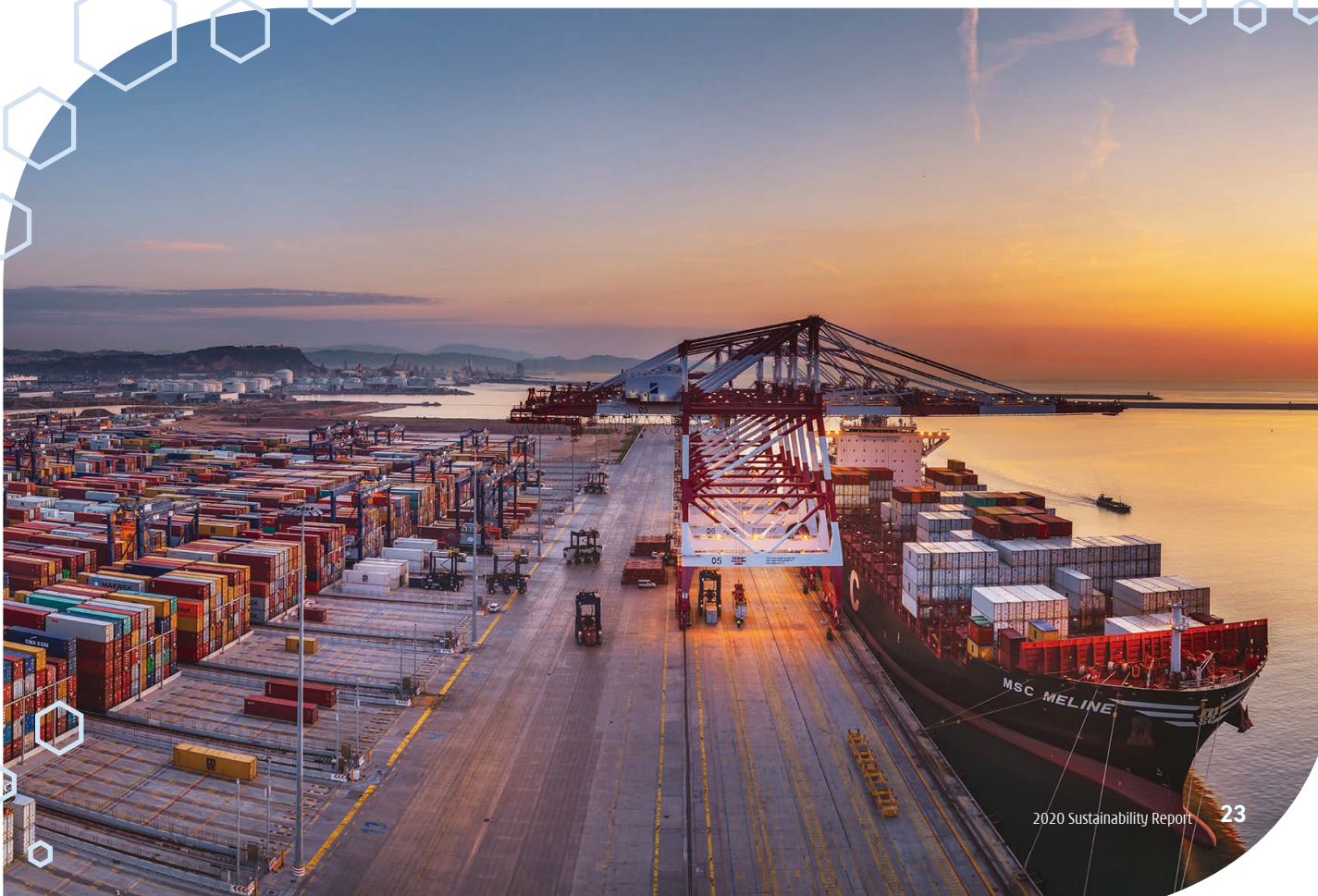
The global ports network is well recognised as the backbone of international trade and globalisation. Ports act as catalysts for economic development as they facilitate trade, support supply chains and serve as important sources of employment. Operating 11% of containerised marine cargo globally, the Ports division (“Hutchison Ports”), has a network of ports strategically located along the most important trade lanes in the world today.

During the COVID-19 crisis, it has been more important than ever to keep supply chains open and to allow trade and cross-border transport to continue. Together with the global maritime transport industry, Hutchison Ports has been playing a critical role in the response in maintaining the vital movement of food, medical supplies and energy around the world.

The pandemic has spotlighted how important a role the division plays in ensuring the healthy functioning of society as well as the significance of its aim to be –





The preferred partner for a sustainable supply chain.

Hutchison Ports BEST, Spain



Material topics, goals and progress

The following table highlights the material topics identified for Hutchison Ports, as well as the relevant UN Sustainable Development Goals ("SDG"), division goals and progress made.

Material topics & SDGs	Goals	Highlights
<p>Creating future-fit ports</p>  	<ul style="list-style-type: none"> Promote a culture of technological innovation. Invest in digitalisation and automation across the network in building the smart port of the future. Embed sustainability considerations in new ventures, projects and developments. Build climate resiliency into terminal developments and redesign. 	<ul style="list-style-type: none"> Developed the Smart Network Strategy utilising proprietary systems and tools to enable a smart port transformation, e.g. the Next Generation Terminal Management System and ubi, the customer-facing app. Innovating in remote-control connectivity: Rolled out 42 remote-control quay crane units, and 57 remote-control rubber-tired gantry cranes ("RTGCs") globally. Bringing 5G to Hutchison Ports Port of Felixstowe and reviewing implementation at Hutchison Ports Stockholm in collaboration with the Telecommunications division. Piloting electric autonomous trucks at Hutchison Ports Thailand. Re-tooling and training employees in latest technologies. Completed a climate change adaptation report at the Hutchison Ports Port of Felixstowe.
<p>Taking action on climate change</p>  	<ul style="list-style-type: none"> Set global reduction targets in greenhouse gas ("GHG") emissions from port related activities. Convert equipment and infrastructure to electric alternatives, with a priority to reduce diesel consumption. Between 2021-2023, target a 3% cumulative reduction in total CO₂e/TEU through lower diesel use and 11% by 2030. Increase renewable energy production and green electricity uptake. Be at the forefront of hydrogen-fuelled technology in port operations. 	<ul style="list-style-type: none"> Reduced scope 1 and 2 emissions by 65,254 tonnes CO₂e in 2020 versus 2019. Continued large-scale replacement of low carbon equipment and infrastructure. As of December 2020, Hutchison Ports operates: 668 electric, 328 hybrid, and 31 combined electric + hybrid RTGCs – a 66% conversion rate to greener RTGCs. Plans for a widescale replacement of conventional diesel terminal tractors with electric tractors from 2023. Pilots launched in Hutchison Ports Port of Felixstowe in the UK and Hutchison Ports Gwangyang in Korea to test feasibility and operations. Renewable energy installations generating 720 MW in 2020. Testing hydrogen fuel cell tractor technology in Hutchison Ports Yantian. Partnering to make Freeport East a green hydrogen hub and centre for excellence in sustainability in the UK.

Material topics & SDGs

Goals

Highlights

Creating a great place to work



- Attract, develop and retain high-performing talent.
- Create an inclusive and diverse culture.
- Work to level the ratio of male/female port personnel.
- Develop gender-neutral hiring practices.
- Improve health and safety awareness of employees through training and communication.
- Promote healthcare and wellbeing initiatives in the workplace.

- Employee engagement surveys in place to encourage two-way feedback.
- Supports leadership development at all levels through the Regional Development Programme and MYPOR.
- Formalises inclusion and diversity as a global focus area in 2020 and collecting a new set of KPIs to track and monitor progress.
- In 2020, Hutchison Ports Port of Felixstowe became the first major port to achieve the Women in Maritime Charter Status.
- Rolled out a three-year safety training programme in 2020 focusing on high impact safety areas.
- 17% decrease in lost days due to work injury in 2020 versus 2019.
- Employee Assistance Programme launched for Hutchison Ports UK.
- Employee safety measures in light of the pandemic implemented as the highest priority.

Investing in local community development and environmental protection



- Be active members of the communities in which we operate.
- Work with local schools and universities, to promote sponsorships and port visits.

- Ongoing Hutchison Ports' Dock School Programme since the 1990s sponsoring scholarships, school materials and equipment and other educational initiatives.
- Established "Start Your Journey @ Port Programme" at Hutchison Ports HIT to encourage the younger generation to pursue opportunities in the Ports industry.
- Supported local community hospitals with PPE and hospital equipment during the pandemic.
- Environmental protection initiatives underway through volunteer programmes and biodiversity conservation initiatives.

Ensuring responsible business practices

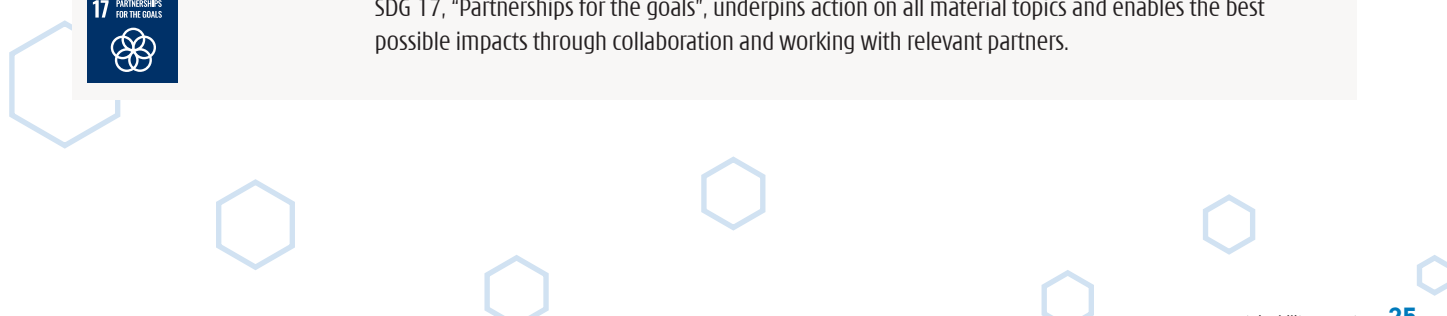


- Grow responsibly through ethical and sustainable business practices.
- Implement sustainable procurement standards.

- All employees receive training on anti-corruption on new-joiner orientation, with refresher training provided annually.
- All employees must declare compliance with the Code of Conduct.
- Whistleblowing mechanisms and hotlines in place.
- Cyber-attack security plans, programmes and drills carried out.
- Hutchison Ports HIT, Hutchison Ports Yantian, Hutchison Ports BACTSSA and Hutchison Ports ECT accredited to ISO 27001 certification.
- Contractor evaluations underway at Hutchison Ports UK.



SDG 17, "Partnerships for the goals", underpins action on all material topics and enables the best possible impacts through collaboration and working with relevant partners.





“ The application of the latest technologies in our operations has been the cornerstone of our success. We are committed to investing in digitalisation across our network, such as AI and other technological solutions to enhance our terminal operations. We have introduced the use of remote-controlled equipment, autonomous trucking and the proof-of-concept for blockchain solutions, where we are working with a number of companies across the supply chain. ”

Ruth Tsim,
Group Chief Financial Officer, Hutchison Ports

Creating future-fit ports

For long-term business success, Hutchison Ports understands the need to be ready, resilient and prepared for what the future brings: both digitally and physically. The division needs to be agile and adapt to the demands of maritime transport and landside logistics as well as be prepared for what climate change may bring.

Technological innovation

Hutchison Ports stands at the forefront of technological advancement in the ports industry. Through continuous investment and exploration, and promoting a culture of innovation, the division has developed cutting-edge solutions that contribute to greater efficiency across every aspect of port operations.

Digitalisation

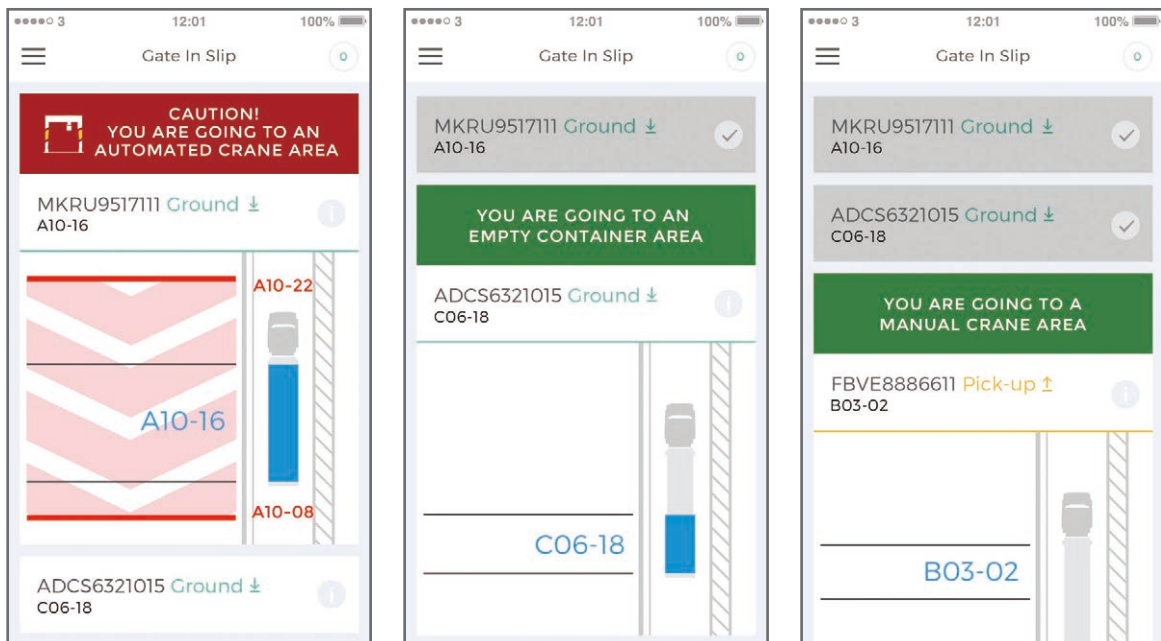
The COVID-19 pandemic has highlighted just how critical digitalisation is to: keeping supply chains moving; enabling the continued smooth operations of transportation networks, shipping and ports; and reducing human-to-human contact to lower the risk of virus transmission.

Digitalisation brings many benefits environmentally, socially and economically. Advances in automation and new innovative technologies, such as big data and AI, enable a new “smart port” era, offering great opportunities to Hutchison Ports.

Hutchison Ports is also increasingly utilising AI and big data to analyse terminal traffic to optimise and maximise terminal productivity. Being in the volume business, Hutchison Ports looks to big data for a wide spectrum of its business decisions including investments and operations. For example, its proprietary operating system, Next Generation Terminal Management System (“nGen”), collects container and ship data and puts together plans using algorithms and AI for the most optimal and efficient use of terminals. These plans will then be used in the execution of shipside and landside operations.

Using 3D animation, Hutchison Ports is able to simulate different operational scenarios. By comparing performance indicators and resource utilisation, Hutchison Ports can find the ideal smart port design and equipment levels before committing to investments.

Paperless operations are now migrating to digital cloud platforms to enable processes such as online goods registration, invoicing, payment, and assigning pickup points through QR code notification. All processes are centralised to a unified platform allowing quick and easy access with greater efficiency and flexibility. This interconnected digitalised terminal operation is quickly becoming the new norm in port operations.



Introducing ubi

ubi is Hutchison Ports' proprietary customer-facing app. It is powered by nGen and integrates waterside, yard and landside operations, allowing customers to receive the latest updates and information on their smart phones and devices at any time.

Since the launch in 2017, ubi has offered powerful features in port digitalisation providing carriers, service providers and yard operators with greater visibility, efficient landside processes and safer working environments. Example benefits include:

- Enables immediate updates such as shipping, haulier and terminal information to help customers with enhanced decision making;
- Provides an electronic Gate-In Slip and Equipment Interchange Receipt, eliminating unnecessary paper use while enabling more timely distribution and visibility of container status;
- The "Truck Appointment" function allows for more streamlined collaboration between the terminal and the customer leading to reduced terminal traffic congestion and idling time, as well as associated fuel consumption and air emissions; and
- The "Safety Alert" for Remote-Controlled RTGC function alerts drivers from gate-in to gate-out by detecting the truck's location and provide warning notifications.

Collaboration to accelerate the digital transformation

In 2020, Hutchison Ports joined eight leading ocean carriers and terminal operators to form a consortium to develop the Global Shipping Business Network (“GSBN”), an industry body seeking to drive and accelerate the adoption of digital operations within the shipping industry. The Group also seconded one of its leading data scientists to lead the GSBN. The network’s unique combination of carriers and terminal operators provides a balanced perspective, generating new ideas to transform the industry by going beyond the conventional carrier-centric business model to create value for all stakeholders in the supply chain.

Cutting-edge equipment

Advancing technology in equipment automation and remote-control connectivity offers many benefits.

In a remote-controlled environment, equipment can be deployed dynamically to meet peaks in demand and locating operators, vessel controllers and supervisors in close proximity also contributes to operational and fuel efficiencies.

Further, in a traditional crane operation, drivers may experience physical stress to their back, neck and shoulders. From the comfort of the remote-control crane centres, drivers can have a better quality of workplace wellbeing. This less physically demanding work environment also opens up opportunity to a more diverse talent pool.

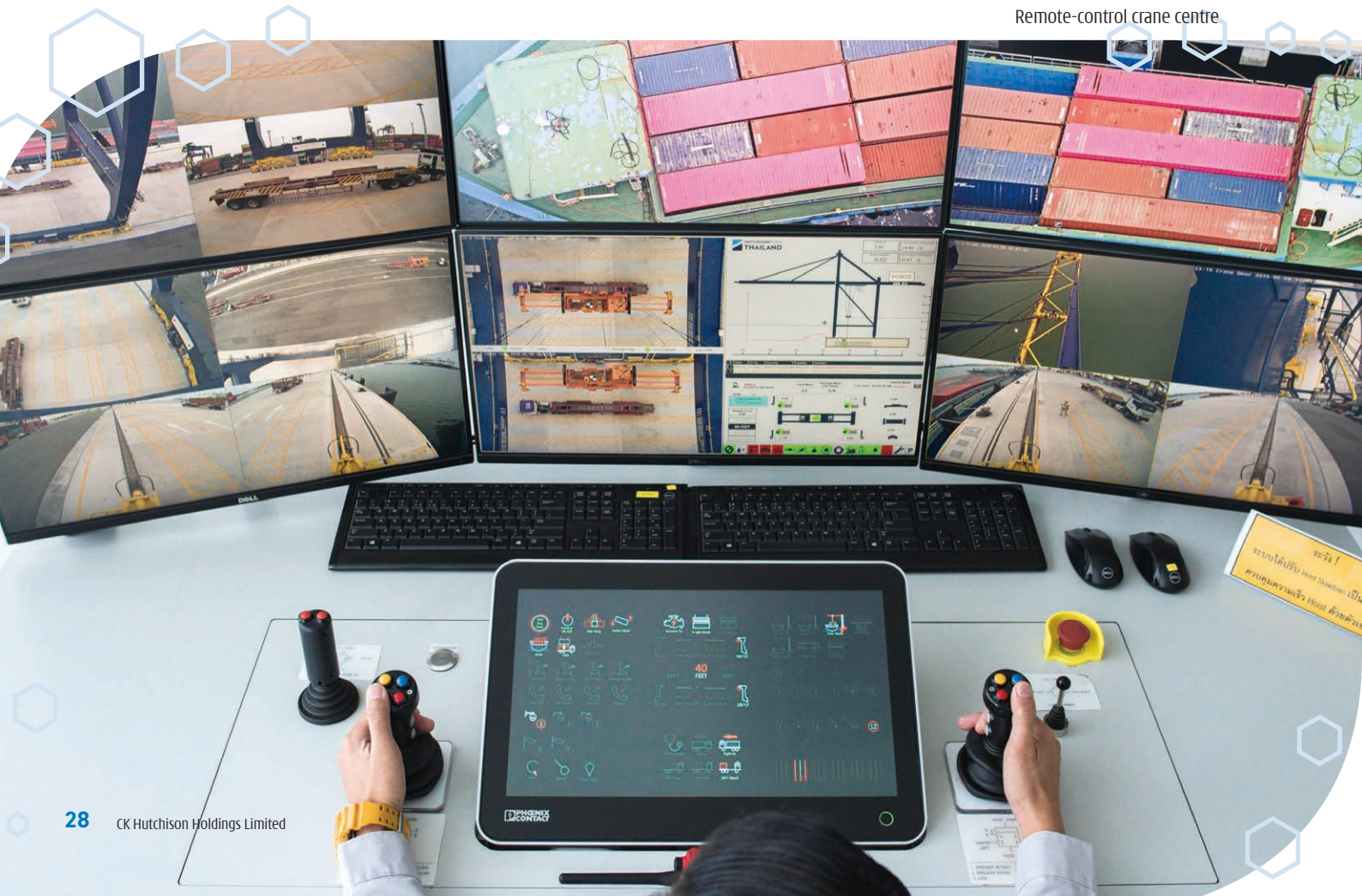
To date, Hutchison Ports has deployed 42 remote-control quay crane units worldwide, with an additional six units in progress. Fifty-seven remote-control RTGCs have also been deployed globally and an additional 30 units will be commissioned in 2021.

Hutchison Ports Thailand has introduced six electric autonomous terminal tractors as part its technology transformation. The further use of automated transfer carriers is under development for Hutchison Ports Stockholm.

It is important to note that while digitalisation and automation may change the nature of some jobs, they also create new job opportunities for equipment operators to be trained on the latest technologies as well as offering better workplace safety and wellbeing.

With the right focus, a future-fit port will offer even more employment and be even more inclusive than it is today.

Remote-control crane centre





Autonomous truck technology at Hutchison Ports Thailand

In 2020, Hutchison Ports Thailand began piloting cutting-edge technology in truck automation with the commissioning of six fully electric and autonomous trucks at the Terminal D facility at Laem Chabang Port, Thailand.

Equipped with advanced AI machine-learning technology and a data transmission system, the autonomous trucks can operate non-stop for more than 24 hours. The trucks utilise

an advanced light detection and range technology, through which they can instantaneously detect and survey their surroundings in all directions, generating a precise, internal 3D map enabling them to accurately analyse and avoid obstacles and collisions.

“ The autonomous trucks use the latest technology and innovation and is part of our ongoing plan to transform Terminal D into the most technologically advanced and efficient container terminal in the region. ”

Stephen Ashworth, Managing Director, South East Asia, Hutchison Ports

5G

The advent of 5G and IoT technology will bring the technological and smart capabilities of a port to a new level. A partnership between the Telecommunications division and Hutchison Ports Port of Felixstowe will test the potential of 5G in a port environment, a project which was chosen as part of the UK Government's 5G Testbeds and Trials Programme. The project will begin in 2021 and test two use cases: enabling remote-controlled cranes via the transmission of CCTV; and deploying IoT sensors and AI to optimise the predictive maintenance cycle of the Ports' 31 quay-side and 82 yard cranes. Harnessing the speed, low-latency and high-capacity of 5G, the project will demonstrate the productivity and efficiency gains of such technology both operationally and in terms of reduced GHG emissions as a result of fuel efficiencies.

Further, with the use of automated transfer carriers in development for Hutchison Ports Stockholm, low latency in wireless transmission is a critical requirement for safe and effective operations. Hutchison Ports is therefore also collaborating with the Group's Telecommunications division to review the pathway to updating the terminal to 5G.

Climate risk and resilience

Cyclones, hurricanes and storm surges coupled with rising sea levels are increasingly realistic threats to port infrastructure, security and operational efficiency. The impacts of higher ambient operating temperatures for ports may impact operating parameters and working conditions. For example, higher temperatures may require more frequent equipment calibration as well as the possibility of heat-related illness amongst the workforce. The potential impact and severity of these issues will vary from port to port through the 26 countries in which Hutchison Ports operates.

In recent years only one extreme weather event, namely Hurricane Dorian, the category 5 Atlantic hurricane that hit Hutchison Ports FCP in the Bahamas in September 2019, has caused damage to port infrastructure and the cessation of port operations. Aside from this event, extreme weather events have not caused major damage to Hutchison Ports' network. However, Hutchison Ports is aware that once in a hundred year events are becoming more frequent and that it needs to be prepared for a more extreme weather future; it is therefore committed to studying this long-term risk more closely.

Hutchison Ports Port of Felixstowe completed a climate change adaptation report in 2016 and a further follow-up assessment will be released in 2021. The Port of Rotterdam has also been proactively studying the influence of sea level rise and Hutchison Ports ECT will work collaboratively with the port authority on counter measures as that study continues to take shape.

Hutchison Ports is also aware of climate transition risks that will also be impacting operations in the near future. For example, legislative shifts are increasingly changing the way the ports industry must do business. For example, the UK government has released the Clean Maritime Plan outlining the UK's pathway to zero emissions shipping. The Port of Rotterdam has committed to becoming net zero by 2050 and as a port operator, Hutchison Ports ECT will collaborate with the port authority to make this vision a reality.



RTGs at Hutchison Ports Port of Felixstowe

Taking action on climate change

Further to the discussion on climate risk and resilience, there are many actions Hutchison Ports is taking to lower its carbon footprint.

GHG management

Hutchison Ports' scope 1 and 2 emissions relate to:

- Scope 1: on-site fossil fuel combustion from equipment operation and in-house power generation in the terminals; and
- Scope 2: emissions associated with the purchase of electricity, steam, heat, or cooling.

Scope 1 and 2 emissions decreased by 65,254 tonnes CO₂e in 2020 versus 2019, representing a 13% reduction in emissions. While other parts of the Group have needed to shut down as a result of COVID-19 lockdowns, Hutchison Ports has largely continued normal operations. Therefore, while some emissions are certainly attributable to a drop in business ⁽¹⁾, these emissions reductions remain for the most part representative of Hutchison Ports' ongoing emissions reduction programme. More specifically, scope 1 emissions decreased by 30,046 tonnes CO₂e, predominantly due to a reduction in diesel consumption from the

Note 1: Hutchison Ports experienced a 2% drop in throughput in 2020 versus 2019, excluding the cessation of Dammam Port during 2020.

rollout of an electric fleet, and scope 2 emissions have reduced by 35,208 tonnes CO₂e as a result of LED lighting upgrades, HVAC optimisation and behavioural change campaigns.

In 2020, Hutchison Ports rolled out an online sustainability data management system, which has further streamlined GHG reporting as well as improved ongoing data monitoring and accuracy.

Low carbon equipment and infrastructure

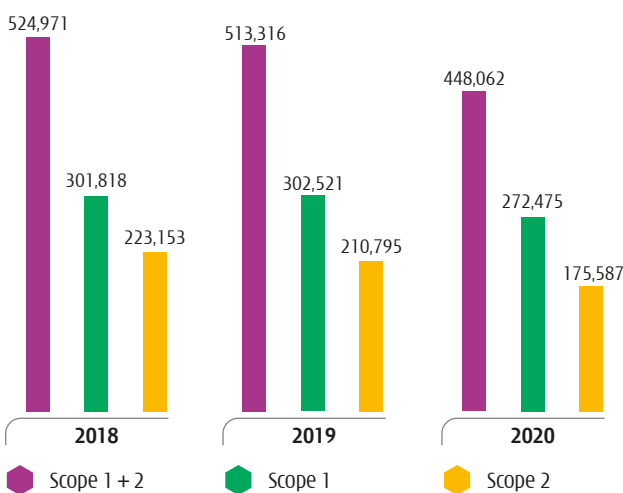
Over 80% of a ports' energy consumption relates to the fuel and electricity consumed by container handling equipment (forklifts, RTGCs, quayside container cranes, and internal tractors, for example) and terminal vehicles (shuttle buses and passenger vehicles, for example).

Advancements in the electrification and adoption of hybrid alternatives of existing equipment have allowed Hutchison Ports to transition away from traditional diesel combustion, a significant source of carbon emissions.

Rubber-tyred gantry cranes ("RTGCs")

RTGCs are the primary method for moving containers in terminal yards. As large, energy-intensive structures, RTGCs represent more than 40% of the total fuel consumption at a typical port. Conventional RTGCs are equipped with diesel generators to power electric motors that are necessary for the movement and stacking of containers in ports. Converting a conventional RTGC into a fully electric RTGC means shutting down the diesel generator and instead powering it with electric power directly from the power grid. This conversion delivers energy savings of nearly 50%.

Scope 1 and 2 emissions performance (tonne CO₂e)



In 2007, Hutchison Ports began a long-term equipment upgrade to replace diesel-powered RTGCs with electric or hybrid alternatives. Hybrid power typically composes of lithium ion battery banks coupled with a much smaller diesel engine. As of December 2020, Hutchison Ports operated 668 electric, 328 hybrid and 31 combined electric + hybrid RTGCs globally. With a total fleet size of 1,555, this represents a 66% conversion rate.

The following RTGCs were commissioned in 2020:

- 11 electric RTGCs in Hutchison Ports Pakistan;
- 8 fully electric RTGCs at Hutchison Ports Port of Felixstowe, UK; and
- 8 hybrid RTGCs Hutchison Ports Sohar, Oman.

Internal tractors

From 2023, Hutchison Ports plans to roll out a widescale replacement of conventional diesel terminal tractors with state-of-the-art electric internal tractors. Cumulatively, by 2030, the expected result will be an 11% reduction in Hutchison Ports' global carbon footprint.

To prepare for this rollout and new technology adoption, a pilot project of 24 electric terminal tractor vehicles will be launched at Hutchison Ports Port of Felixstowe in the UK. An additional feasibility analysis has been carried out at Hutchison Ports Gwangyang in Korea, which has been working on an electric terminal tractor development project with the local Government and development company, Seoho, between April 2018 and January 2020.

As an additional energy saving measure, Hutchison Ports Port of Felixstowe has introduced new internal tractors fitted with start-stop engine cut out technology. This has contributed to lower vehicle idling times, resulting in further fuel and emissions reductions.

Electric terminal tractors at Hutchison Ports Thailand



Terminal vehicles

In 2020, Hutchison Ports Sohar introduced four electric terminal passenger vehicles and Hutchison Ports Port of Felixstowe now has three electric passenger vehicles.

Mobile shore power

In 2020, the International Maritime Organization enforced a new limit on the sulphur content in fuel oil used on board ships. As a result, more vessels may look to switch to use shore electric power while at berth. Hutchison Ports Yantian has installed six mobile shore power units that cover the port's 16 berths. The learnings and realised benefits resulting from this project have been shared across Hutchison Ports to enable the planning of future additional shore power connections in other locations. Over the next two years (2021-2023), Shanghai Mingdong Container Terminals and Shanghai Pudong International Container Terminals will be installing shore power facilities.

Renewable energy uptake

Since 2012, Hutchison Ports has progressively been installing solar infrastructure. In 2020, about 720 MW of renewable energy was generated across the division's ports in the UK, Mexico, Spain, Australia and the UAE.



Solar array at Hutchison Ports Mexico

Beyond these projects, Hutchison Ports will continue to seek opportunities to increase the uptake of renewable energy consumption in the division's power mix, which accounted for 9.6% of electricity consumption as at end 2020.

Hydrogen

Recognising that hydrogen can play an exciting and innovative role in powering port terminal vehicles, Hutchison Ports has been exploring the use of green and blue hydrogen.

From 2021, Hutchison Ports Yantian will be trialling the use of hydrogen fuel cell terminal tractors in collaboration with the local government. Projects such as these require rigorous testing to ensure the highest level of standards and safety systems are in place. In general, the application of hydrogen fuel cells to power port equipment is still in prototype stage with technical and operational issues to be overcome.

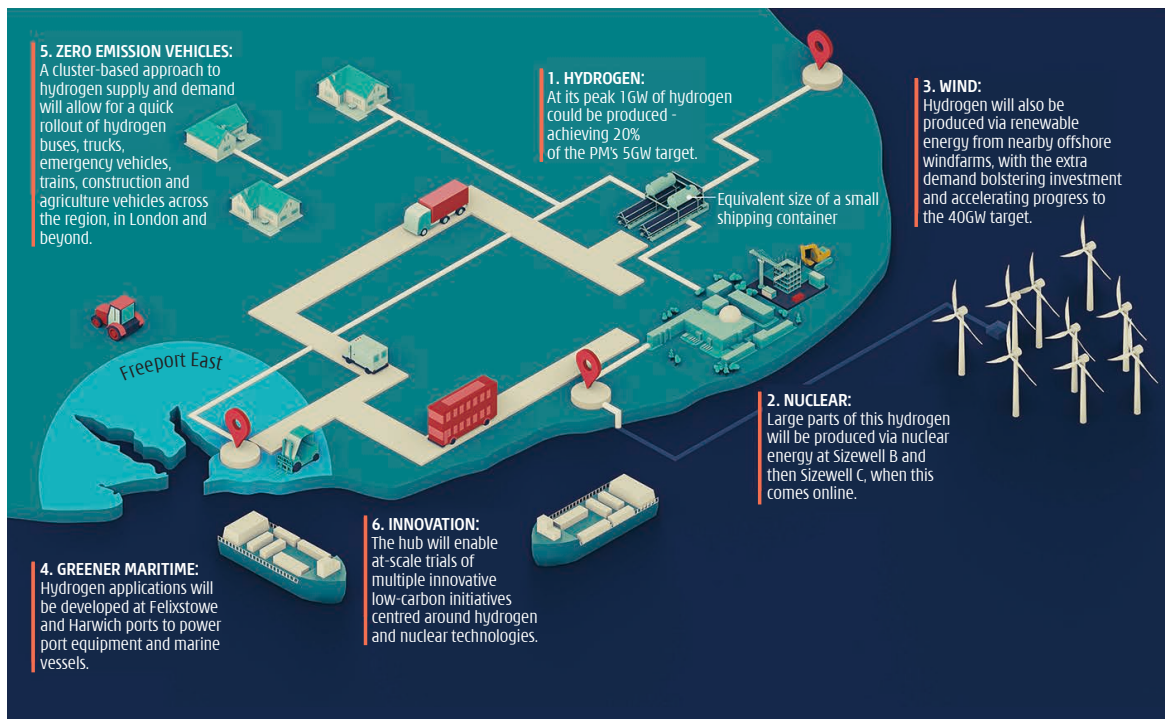


Hydrogen Fuel Cell Trial Tractor at Hutchison Ports Yantian

Freeport East Hydrogen Hub

Freeport East, centred upon the Port of Felixstowe and Harwich International Port (both owned and operated by Hutchison Ports), will be one of the eight new Freeports in the UK. Working closely with a consortium of partners, Hutchison Ports is helping to position Freeport East as a world-leading green hydrogen hub and centre for

excellence in sustainability over the next two years. At its peak, it is expected to produce 1GW of hydrogen, 20% of the 5GW target in the UK's Ten Point Plan for a Green Industrial Revolution. Among many other uses, the hydrogen produced will be used to power port infrastructure and equipment.



“ The development of the Hydrogen Hub will allow the Port of Felixstowe and Harwich International to lead in the development of alternative fuel port equipment. Establishing a test-bed to showcase hydrogen's potential in a port environment will establish the UK as a clear leader in developments that will help address climate change and the net zero agenda. ”

Clemence Cheng, Managing Director, Hutchison Ports Europe

Creating a great place to work

Hutchison Ports recognises the success of the ports business is inherently linked with the hard work and dedication of its workforce. Of top concern is to ensure that employee health, safety and wellbeing are maintained for all.

Occupational health and safety

Hutchison Ports works to ensure a safe environment for all Hutchison Ports employees and external users of its terminals and port facilities. In accordance with its Safety Policy in place, Hutchison Ports is committed to:

- Providing a safe working environment;
- Preventing accidents in the workplace; and
- Adopting preventive measures to eliminate hazards and safety risks.

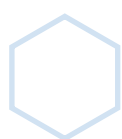
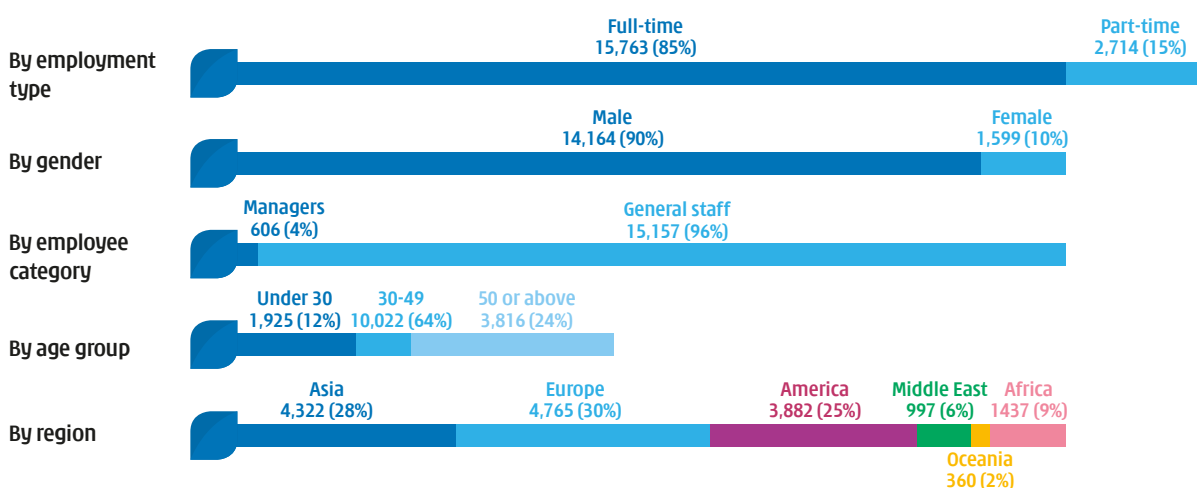
Further procedures for hazard identification, risk assessment and emergency preparedness are in place relating to the safety of all employees and contractors.

The Hutchison Ports Group Safety Committee (“SAFCOM”) was established in 2011, with the headline remit to promote safe working and reduce accidents across the global network through the development of policies and procedures and the sharing of best practices.

SAFCOM is composed of the SAFCOM chairman, the secretariat (the Hutchison Ports Group Safety, Security & Environment team), six regional coordinators, as well as Hutchison Ports’ head of Human Resources and the head of Engineering. The regional coordinators are the focal points for communicating decisions and recommendations made by SAFCOM within their respective regions. Every port is required to have its own Safety Committee to oversee performance management, monitoring and measurement of employees and contractors, and is responsible for liaison with the regional coordinators. Local Health and Safety teams are the teams on the ground and responsible for:

- Identifying occupational hazards employees may potentially be exposed to;
- Undertaking risk assessments; and
- Creating safe operating procedures to remove or reduce potential harm in all areas, in compliance with local legislations as a minimum standard.

Employee profile as at 31 December 2020





SAFCOM has established a safety audit programme in which safety specialists conduct on-site audits to monitor port safety performance and compliance. The safety audit team uses assessment templates based on leading international safety standards and Group internal audit requirements. Safety audit reports, including the findings and the safety improvement actions, are submitted to SAFCOM and port management for review. During the pandemic, SAFCOM's normal programme of port visits and auditing was temporarily adjusted. The Safety, Security & Environment team instead maintained close contact with the ports on safety matters and developed an online programme consisting of safety workshops, safety sharing sessions and safety training courses.

In 2020, Hutchison Ports also rolled out a three-year safety training programme including nine courses identified by SAFCOM based on feedback from each of the ports on high risk safety aspects facing the terminals. In 2020, 1,157 participants received new training on incident investigation, safety inspection and contractor safety management. In 2021, the areas prioritised for training include working at heights, electrical safety and risk assessment.

Hutchison Ports employees also take part in employee health screening programmes. Focus areas include the prevention of work-related illness and occupational diseases, ergonomics in the workplace, environmental health and noise protection.

In 2020, Hutchison Ports had a 17% decrease in lost days due to work injury versus 2019, a trajectory the division is dedicated to maintaining. Tragically however, a fatal incident resulted in the death of one contractor. In 2020, an investigation has been carried out and changes were introduced to operational procedures including the use of additional equipment and supervisory safety.

In addition to Hutchison Ports Group-wide coordinated programmes, every port also has its own tailored programme of initiatives and ways to communicate and enforce safety measures.

Port-level safety initiatives in 2020

1. The Hong Kong Fire Services Department and Hutchison Ports HIT held a joint fire-fighting exercise at Terminal 9. The exercise simulated a real fire suppression operation of a dangerous goods container. The joint exercise provided both sides with an opportunity to test coordination and ensure swift and effective responses from government authorities during emergencies.
2. The Nanhai International Container Terminals in Mainland China organised a joint safety inspection together with Customs and Marine authorities. The exercise emphasises the importance of safety and self-protection against COVID-19.
3. Hutchison Ports Port of Felixstowe's Emergency Response Unit completed a training exercise to refresh skills and procedures for rescue from height. The exercise was held during Maritime Safety Week, a UK Government initiative to highlight the importance of safety across the maritime sector.
4. The Shanghai Mingdong Container Terminals held the 19th National Work Safety Month entitled "Eliminate Accident Potential & Build Up Safety Defences". A series of activities took place during the month, including a safety conference, safety inspections, incident case training and fire drills.
5. Hutchison Ports' programme of encouraging ports towards having their Safety Management System externally certified continued with Hutchison Ports UK successfully transferring its registration from OHSAS 18001 to ISO 45001.



Protecting the health of employees during the pandemic

As part of the division's ongoing response to the impact of COVID-19, Hutchison Ports has introduced stringent safety precautions to ensure that its terminals are safe places for employees to work.

Every port has developed business continuity plans to ensure that Hutchison Ports can continue to provide the port services that customers need. Response plans include protocols for temperature checking, on-site testing services, amended working practices, restricted travel, workplace access, social distancing and internal track and trace systems.

Local employee events were organised throughout 2020 to recognise employee and contractor efforts and to alleviate new stresses and pressures created by the pandemic. Hutchison Ports Busan held the "Stay Strong Campaign" promoted by the Korean Ministry of Foreign Affairs and Trade in March aimed at keeping spirits high and encouraging employee recognition. At Hutchison Ports UK, a new Employee Assistance Programme was launched to help employees deal with personal problems that might negatively impact their health and wellbeing as a result of the pandemic. The programme provides employees and their direct household members with 24/7 confidential access to professional counsellors, nurses, pharmacists, and life management advisors.

Attraction, retention and development

Hutchison Ports is committed to ensuring fair working practices, promoting an inclusive working environment, providing competitive remuneration and employee benefits, and offering rewarding learning and development opportunities.

Creating an open feedback culture and ensuring two-way communications are enabled through port-level employee engagement surveys and acting upon results. For example, Hutchison Ports FCP Bahamas conducts employee engagement surveys annually, communicates the results to all employees, holds focus group discussions with Employee Councils, and reviews the results with management.



Tree planting in the UK



Employee mentoring

Learning and development

Hutchison Ports' Regional Development Programme has been specially designed to identify and develop Hutchison Ports' future leaders. This two-year programme aims to help future leaders build the transferable skills and knowledge to support business growth and expansion through high impact experiential learning, senior executive mentoring, webinars and group work on business projects. In 2019, two cohorts spanning Europe, the Middle East & Africa and Asia completed the programme and another cohort began in 2020.

In 2020, a new talent development programme was launched to develop young talent: MYPOR. Through MYPOR, participants are engaged through a series of virtual learning topics on practical skills and tools in areas such as career planning, executive branding, network building and leadership skills development.

In addition to Hutchison Ports' division-wide initiatives, various training programmes are organised within each port to develop future talent in areas such as operations management, engineering and information services.

Inclusion and diversity

With a large and diverse team globally, Hutchison Ports aims for all employees to feel accepted, included and that they belong to a large family of diverse cultures and backgrounds.

In 2020, inclusion and diversity have been given added focus through new KPI setting to better monitor progress and identify opportunity areas for the global Ports Sustainability Committee to spearhead action. While Hutchison Ports knows there is more to do in this area across all of its ports, it is delighted to celebrate progress in some that can act as centres of excellence for others going forward.

Investing in local community development and environmental protection

The division's ports around the world support and benefit local and regional development through their roles in creating jobs and transporting goods. They also partner with community organisations to play an active role in making their surrounding communities and environment better places to live and work.

Leading on diversity in the UK maritime industry

In March 2020, Hutchison Ports Port of Felixstowe became the first major UK port to gain the Women in Maritime Charter Status. As a Charter company, the Port has committed to improving gender diversity and creating a diverse and inclusive environment within a historically male dominated business.

Hutchison Ports UK is leading the Group's approach in improving gender diversity. In 2019, a five-year plan was created outlining key commitments to improving the gender balance of its staff, which was subsequently expanded to other areas of inclusion and diversity.

Some of the ongoing steps being taken include:

- Updating the maternity and paternity policies to support new parents;
- Launching a Women's Network and Celebrating International Women's Day;
- Introducing a coaching programme for female leaders to support them in further advancing their career;

- Improving workplace accessibility to persons with physical disabilities and working towards attaining the "Disability Confident Employer" accessibility status;
- Developing a new diversity and inclusion training e-module;
- Working to assess the recruitment process to reduce possibilities for interviewer bias, including anonymising applications; and
- Establishing inclusive leadership training.



Community support

Hutchison Ports' Dock School Programme is one of the division's most long-standing community programmes, in which each port globally partners with at least one local school to provide support such as sponsoring scholarships, equipment and other educational initiatives. For example, Hutchison Ports HIT supports the Tsuen Wan Trade Association School and the Hong Kong Institute of Vocational Education Tsing Yi with scholarships for disadvantaged students, and through facilitating school contests and opportunities for local students to learn more about Hong Kong's supply chains and the logistics industry.

Attracting new employees to the ports business and developing a future pipeline of talent is also an aim of the Dock School Programme. In 2020, Hutchison Ports HIT continued its "Start Your Journey @ Port Programme", a programme that provides a series of learning opportunities for local university students. The programme aims to increase students' knowledge and interest towards careers in the logistics industry through seminars, placements, scholarships and terminal visits.

During 2020, Hutchison Ports prioritised backing up local healthcare systems including through supporting local hospitals with donations of PPE and supporting the procurement of larger scale equipment. For example, the division facilitated the construction of independent air-conditioning systems for COVID-19 hospital wards in Thailand and donated hospital beds and ventilators for intensive care units in Panama. Volunteer teams globally also worked to deliver food packages and other personal protective necessities to communities in areas that have been hit hardest by the pandemic in Pakistan, the UK, Hong Kong, Spain and Panama.



Supporting schools in Thailand

Environmental protection

Hutchison Ports has a responsibility to protect its surrounding environment. Activities underway to maintain local biodiversity include:

- In Mexico, Hutchison Ports Lazaro Cardenas Terminal and L.C. Multipurpose Terminal have collaborated with the local community to create a turtle protection programme. Every year, three endangered species of turtle, the pacific loggerhead, the pond slider and the leatherback sea turtles, visit the ports' local areas to lay their eggs on Michoacán's beaches. Once the turtles have laid their eggs, the nests are then carefully re-sited to protect them from predators until the eggs hatch before being released back into the sea;
- In Mainland China, Hutchison Ports Yantian worked together with the Yantian Port Group to release over nine million fish and shrimp fingerlings into the surrounding waters of Mirs Bay during 2020 in an effort to re-populate fish species in the local aquatic environment; and
- In the UK, Hutchison Ports Port of Felixstowe is home to a pair of nesting Peregrine Falcons. The pair, which are afforded UK legal protection status, have called the port home for the last eight years, returning each spring to lay eggs in the dedicated nesting trays provided by the port. The port carefully manages operations around the pair during the nesting season, limiting container storage and footfall in the immediate vicinity of the nest.

Hutchison Ports' volunteer teams also focus on local conservation efforts as part of the global GO GREEN campaign through planting trees and cleaning local green spaces for the community. Employees are also encouraged to adopt an eco-conscious mindset at work through landmark celebrations in the environmental calendar including Earth Hour and World Environment Day.

Ensuring responsible business practices

With a global ports network spanning 26 countries and an ever-increasing focus on digital technology to run its critical business processes, both anti-corruption and cyber security are among two of Hutchison Ports' highest priority business risks.

Further, ensuring a responsible supply chain is also increasingly of focus for Hutchison Ports as it continues to expand its scope of focus.

Anti-corruption

The board and executive management team at Hutchison Ports has a zero tolerance approach to bribery and corruption. Hutchison Ports' policies, guidelines and procedures are established in these



Protecting sea turtles in Mexico

areas in local languages to deliver high standards of business ethics and integrity. Every employee must adhere to the ethical standards and legal requirements set out in the Group's AFAB Policy, the Code of Conduct, and additional relevant policies and guidelines. All business partners, suppliers and third party representatives are actively encouraged to also adopt these standards.

Hutchison Ports has also developed a process to require all employees to self-declare their compliance with the Code of Conduct and related policies annually.

All employees are required to go through the Code of Conduct and AFAB training as part of the new-joiner orientation, which is supplemented with refresher training. Further, to ensure key personnel are familiar with the relevant laws and regulatory requirements, all managers and supervisors from the Human Resources, Commercial, and Procurement departments, along with other selected individuals, are required to attend online training every two years. Hutchison Ports also provides an e-learning platform for employees to have better access to the AFAB policy and to ensure the policy is communicated to all levels in the organisation. Where higher bribery risk exposure has been identified, ports also request suppliers to participate in training.

Hutchison Ports aims to create an environment where employees and contractors are encouraged to query, speak-up and report any alleged infringements of company policies and ethics standards. Throughout the division there are various confidential mechanisms for reporting. For example, at Hutchison Ports UK, the "Speak Up Line" was created to provide a confidential channel to employees for reporting any alleged AFAB incidents.

All reported incidents are recorded on a register and reviewed by the designated senior management team at the Hutchison Ports head office on a regular basis.

Cyber security

Being a key player in the global logistics industry, and with so many of the systems and equipment automated, Hutchison Ports invests heavily in cyber security to safeguard its operations from serious disruption.

Hutchison Ports' approach is first and foremost guided by the Group-level security policy as well as the Group's Cyber Security Working Group as discussed on page 19 of this report.

Across Hutchison Ports, cyber security frameworks are aligned to ISO 27001 with larger ports including Hutchison Ports HIT, Hutchison Ports BACTSSA, Hutchison Ports ECT and Hutchison Ports Yantian achieving certification.

Hutchison Ports maintains a division-wide security programme, covering key areas in security governance and risks. While email phishing is the prominent cyber risk, regular phishing simulations and security awareness training are delivered to employees in identified high risk positions globally. Regarding IT security, Hutchison Ports performs systems vulnerability scanning for all ports infrastructure and applications on a regular basis to maintain clear visibility of the vulnerabilities and deployment of security patches.

In 2017, the division began revamping its cyber security recovery programme with the aid of leading experts in cyber security to boost operational resilience against cyber-attacks and shorten the recovery time from possible ensuing interruptions. The revised programme, which sets a target Recovery Time Objective of

24 hours and makes adept use of cloud technology, is now being progressively rolled out to other ports having first been piloted in a small number of terminals with diverse geographical locations and operational characteristics. The project is strongly supported by the division's senior management, and multiple training events have been held in London and Hong Kong.

All ports are required to conduct regular mock cyber-attacks based on different scenarios in order to keep their recovery programme up-to-date. For these exercises, where law enforcement officers are often invited to observe, comment and participate, the port response times are analysed and assessed, and the results are used to further enhance programmes. These drills help personnel to stay calm and collected under the stress and strains that typically accompany a real life attack.

Responsible supply chain

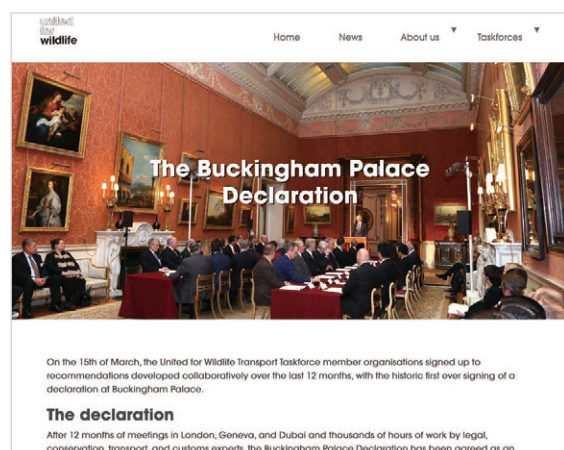
Hutchison Ports is currently expanding its sustainable procurement guidance across its ports to assist with pre-screening business partners across a wide range of sustainability issues including: business ethics, biodiversity impacts, emissions management, and human rights. Expansive sustainable procurement practices are already implemented at Hutchison Ports UK with contractor evaluations in the areas of labour practices, modern slavery, environment, legal compliance and health and safety. In 2020, to further improve its practices, Hutchison Ports HIT held a knowledge exchange with COSCO-HIT for procurement teams to share experiences on integrating sustainability criteria.

Prevention of illegal wildlife trade

Hutchison Ports believes that all organisations working in cargo movement have a role to play in countering the threat to animal and plant species from illegal trade.

Hutchison Ports is a signatory of the Buckingham Palace Declaration, a commitment to take substantive steps to remove opportunities for wildlife trafficking by focusing on information sharing and secure reporting to law-enforcement authorities.

Hutchison Ports has also developed a partnership with TRAFFIC, the non-governmental organisation working globally on trade in wild animals and plants, and leverages their insights to deepen knowledge and understanding in how to flag potential incidents of illegal wildlife trade.





Watsons 屈臣氏



Skin Care

watsons

Beauty

RETAIL

Serving society

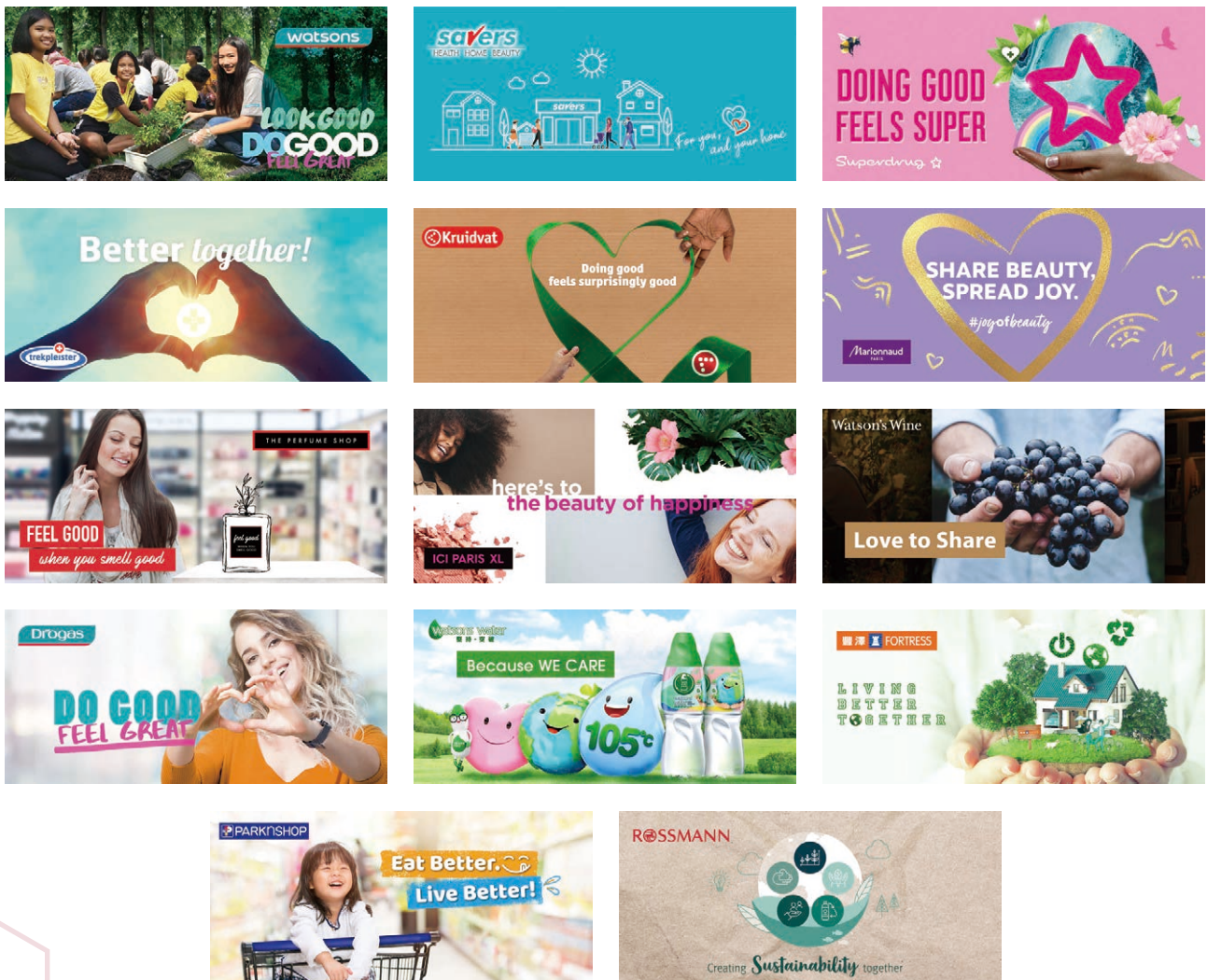
A smile is the universal language of love that has no boundaries across cultures and races. It brings people together, making them feel confident and hopeful.

For 180 Years, the Retail division, A.S. Watson Group ("ASW"), has upheld a clear purpose –

To put a smile on our customers' faces.

This goes far beyond delighting customers with excellence in customer service and product delivery, to building a better environment and thriving communities in which they, as well as other stakeholders, live.

With this purpose serving as the guiding North Star, the ASW brands have worked over the years to each develop their own social purpose that is unique and distinct to every brand. Explore each of their purposes [here](#) .



Material topics, goals and progress

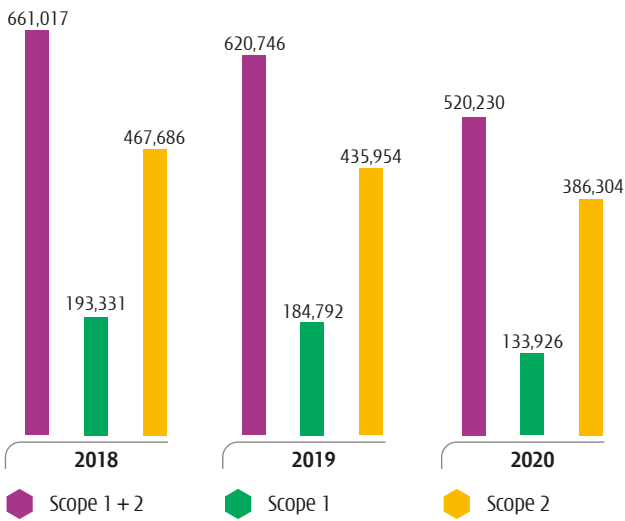
The following table highlights the material topics identified for ASW, as well as the relevant UN Sustainable Development Goals (“SDG”), division goals and progress made.

Material topics & SDGs	Goals	Highlights
Taking action on climate change  	<ul style="list-style-type: none"> • 40% reduction in GHG emissions (scope 1 and 2) by 2030 versus a 2015 baseline. • 30% reduction in electricity intensity (kWh per square meter) for retail stores and own manufacturing by 2030 versus a 2015 baseline. • 75% of stores to be fitted with LED lighting by 2025. • 100% renewable electricity in ASW's European portfolio by 2030. 	<ul style="list-style-type: none"> • 46% reduction in GHG emissions during 2015-2020. However, this was influenced by store closures during the pandemic and the goal will be revised in 2021. • 27% reduction in electricity intensity during 2015-2020. However, again this goal will be revised in light of the pandemic. • 55% of stores fitted with LED lighting (new stores and major refit). • 85% of ASW's European portfolio is powered by renewable electricity.
Creating a great place to work     	<ul style="list-style-type: none"> • Support employees through the pandemic. • Ensure equal opportunities and competitiveness in staff remuneration and recognition. • Promote inclusivity of all cultures, truly reflecting the communities ASW serves. • Be an employer of choice that attracts a diverse workforce. • Provide ample opportunities to enhance employee skill-sets, through on-the-job training and clearly defined progression pathways. 	<ul style="list-style-type: none"> • Launched an employee support fund in the UK to help employees during the pandemic. Implemented targeted and localised programmes to support health and mental wellbeing. • Launched Storytelling learning and development programme. • Ongoing ASW Agile Leadership Series, Aspire Leadership Programmes, Ignite Leadership Programme, Retail Academy, and Reverse Mentoring. • Established the ASW Digital Learning Faculty. • Focused on Upskilling Programmes in the face of digital transformation. • Award-winning inclusion and diversity programme at Superdrug and Savers.
Promoting a circular economy  	<ul style="list-style-type: none"> • Take action to eliminate problematic or unnecessary plastic packaging by 2025. • Take action to move from single-use towards reuse models where relevant by 2025. • 100% of plastic packaging to be reusable, recyclable, or compostable by 2025 (including Own Brand product packaging, eCommerce parcels and in-store carrier bags). • Include an average of 20% recycled plastic content across all Own Brand packaging by 2025. • Help customers recycle more. • Donate surplus edible food to local food banks. 	<ul style="list-style-type: none"> • Signed-up to the New Plastics Economy (“NPE”) Global Commitment. • Achieved 7% recycled plastic content across all Own Brand packaging. • Watsons Water bottles sold in Hong Kong are made with 100% recycled plastic. • Trialling in-store refill models (Health & Beauty and Food retail). • Installed 84 reverse vending machines around Hong Kong and collected over 750,000 plastic bottles. • Refreshing “Plastic Reborn” programme with P&G and implemented a cosmetics recycling programme with Terracycle and Maybelline at Superdrug. • Donated 3,100 tonnes of surplus edible food to Food Angel since 2012.

Material topics & SDGs	Goals	Highlights
<p>Ensuring a responsible supply chain</p> 	<ul style="list-style-type: none"> By 2030, ensure that 100% of Own Brand purchase value from high-risk countries (identified by amfori BSCI) will be assessed for: <ul style="list-style-type: none"> Social compliance through amfori's Business Social Compliance Initiative audits (or others endorsed by ASW); and Environmental compliance through amfori BSCI's Business Environmental Protection (or others endorsed by ASW.) 	<ul style="list-style-type: none"> Social compliance assessed for over 90% of Own Brand purchase value from high-risk countries (direct sourcing). Environmental compliance assessed for over 60% of Own Brand purchase value from high-risk countries (direct sourcing). 441 factories audited in 2020 under ASW sustainable supply chain programme.
<p>Offering sustainable products and services</p> 	<ul style="list-style-type: none"> Increasingly source more sustainable raw materials for Own Brand products. Engage customers on topics that matter to them. Raise awareness on sustainable products choices offered in retail. Ensure the safety, transparency and quality of ASW Own Brand products. 	<ul style="list-style-type: none"> Sustainability product lines and brand engagement programmes in place across the Retail division. Over 5 million customer voices heard and acted upon through the ASW Customer Love Score assessment process in 2020. Rigorous internal testing and external assessment in place; Own Brand products tested against a restricted substances list; tracking software implemented for traceability monitoring.
<p>Investing in developing thriving and resilient communities</p> 	<ul style="list-style-type: none"> Develop programmes that are mutually beneficial to business and the community. Maintain long-term partnerships and support local communities and charities via donations, sponsorships and employee volunteering. Through Operation Smile, enable 10,000 free surgeries for children with cleft lips and palates by 2030. 	<ul style="list-style-type: none"> In 2020, donated HK\$71.8 million to local community organisations. Over 10,000 ASW volunteers contributed 70,000 hours to serve over 240,000 community members. Enabled 4,000 surgeries through Operation Smile since 2018.
	<p>SDG 17, "Partnerships for the goals", underpins action on all material topics and enables the best possible impacts through collaboration and working with relevant partners.</p>	



Scope 1 and 2 emissions performance (tonne CO₂e)



Taking action on climate change

Climate change affects every one of ASW's stakeholders, from every customer to every worker in its global supply chain. While there is a lot more to achieve in this area, it is an issue ASW takes very seriously and is making significant progress towards its emissions reductions targets.

GHG commitment

ASW's GHG emissions reduction target is to reduce scope 1 and 2 emissions by 40% by 2030 versus a 2015 baseline.

Recognising the importance of setting targets that align with the 2015 Paris Agreement, this target has been developed using the Science-based Target Initiative methodology (although not validated by the Initiative itself). ASW remains committed to monitoring its level of ambition and progress to ensure it is taking significant steps in line with the climate science. Recognising that supply chain emissions make up the majority of ASW's total carbon footprint, scope 3 emissions tracking and reporting remain a priority for future disclosure and is currently work-in-progress.



In 2020, ASW reduced GHG emissions by 46% versus 2015. However, 2020 led to a year of stores closed for many markets and therefore this achievement does not realistically reflect the permanent progress that has been made in this area. Instead ASW will be reviewing this goal to understand the next step in increasing its ambitions given that 2020 is an outlier year and that work is underway to include scope 3 emissions in target setting. ASW has nevertheless made significant achievements in emissions reduction. Between 2015-2019, and prior to the pandemic, ASW reduced scope 1 and 2 emissions by 35% versus 2015 which reflects an ongoing and significant effort towards absolute emissions reductions.

Energy efficiency

With 74% of ASW's emissions globally attributable to electricity consumption in 2020, creating efficiencies on the consumption of grid electricity is a top priority. ASW has set a goal to reduce electricity intensity (kWh per square meter) by 30% for retail stores and own manufacturing by 2030 versus a 2015 baseline. As per the case with GHG emissions, the lockdowns resulting from the pandemic have skewed progress tracking which requires ASW to again revisit this target to continue stretching ambitions.

A more realistic measure of progress made is to look at 2015-2019 progress, which shows that ASW has reduced energy intensity by 19% thanks to energy efficiencies in stores, distribution, manufacturing and offices.

ASW's global energy management programme is led by the Energy sub-committee, headed by the UK Health & Beauty Retail Property Director, and supported worldwide by 37 energy champions embedded within the business who are responsible for monitoring local energy savings initiatives.

Ongoing energy savings programmes in 2020 were focused on highest impact areas such as lighting replacement, HVAC optimisation and behaviour change.

LED lighting can save up to 80% in energy consumption versus inefficient incandescent alternatives. ASW is therefore undergoing a large scale rollout of LED lighting for new stores and major stores refits. At the end of last year, 55% of stores were fitted out with LED lighting and ASW targets a figure of 75% by 2025.

ASW also has supply chain standards in place to favour the procurement of fixtures, fittings and equipment that meet best practice energy efficiency standards, as well as ensure store retrofits and construction are as energy efficient as possible.

Since 2018, ASW has leveraged Schneider Electric's data management system, Resources Advisor, which allows ASW to actively monitor energy consumption globally (among many other sustainability KPIs). Metering is another tool that has helped ASW, particularly at the store level in Europe, to track energy consumption in a granular manner.

Simple behaviour changes can also materially reduce energy consumption. ASW therefore has worked on implementing control measures for employees as part of standard operating procedures as well as engaging employees in campaigns and educational initiatives for them to understand their impact and role they can play.

Greener fleet

The use of diesel to power the ASW fleet accounts for nearly half of its scope 1 emissions and therefore is an area ASW prioritises. Driver training, route planning and load optimisation are fundamental parts of ASW's fleet management, with particular success at Superdrug, in order to get products to and from store in the most efficient way and with the lowest possible fuel consumption.

As a result of the COVID-19 pandemic, the volume of sales via eCommerce channels has grown significantly presenting new challenges in balancing these new customer needs for increased home delivery versus the environmental impacts created as a result.



Focused efforts to offer customers the additional option to move from the traditional “Click & Deliver” model towards a more customer centric “Click & Collect from Store” model has shown success in a number of markets. These customer orders fulfilled from warehouses means that transportation to the point of customer pick-up takes advantage of the existing store transportation network thus negating the need for an additional shipping channel.

For customers preferring home delivery, widespread implementation of the eCommerce “Home Delivery from Store” service gives ASW the capability to leverage its brick and mortar estate. Customer orders are picked up at stores located at the nearby required delivery points. This greatly reduces travel distances from the point of pick-up to the point of customer delivery when compared with a centralised eCommerce warehouse facility. It also provides customers with a shorter order to delivery time frame.

Both of these customer service options contribute to reducing fuel usage, and the associated GHG emissions, through fewer on-road hours for vehicles.

With the same intention, to maximise the loads and avoid empty vehicles travelling back to the distribution centres, ASW backhauls store waste to recycling centres in Europe. This avoids the need for third party waste management companies going to every store and therefore avoids additional emissions from those journeys.

ASW encourages all business units to favour fuel efficient delivery vehicles. Since 2016, Superdrug has replaced all delivery vehicles with Euro 6 engines, the highest emissions standard for vehicles, and has installed particulate filters to further reduce impacts on air quality.

In 2021, the ASW Supply Chain sustainability tool kit will be supplemented with compliance tables to enable business units to measure their fleet performance versus Euro standards and the use of lower impact fuel types with scheduled formal reporting to monitor progress. Further, the future tendering of fleet and transportation services will include sustainability criteria under the pre-qualification questionnaire for vendors.

Green fleet at Kruidvat





The Energy Logistics Challenge- Crowdsourcing innovation

In 2020, the Benelux team held the inaugural Logistics Energy Challenge with the aim of crowdsourcing innovations to reduce emissions across warehouses and also share these solutions with other companies in the region. The Challenge called upon start-ups, freelancers, students and others to participate in the Challenge to present solutions in three categories: buildings, processes and transportation.

Ten teams were put together across the entrants and tasked with solving energy challenges. The teams then virtually presented to local senior management. The winner of the



Experience the Energy Logistics Challenge in action.

Challenge, Sprinkler Energy, proposed the implementation of a heat pump that uses the energy generated in the sprinkler tank for warehouse heating which would lead to an impressive 60% reduction in gas consumption. ASW is now working with the company to install the technology.

Beyond this innovation contest, ASW warehouses have been working on energy savings and renewables uptake for many years. At the logistic centre in Heteren, Netherlands, the team has installed a solar array with 1,600 solar panels. Annually this generates approximately 490,000 kWh of energy every year (95% of the energy needs of the warehouse), and avoids 290 tonnes of CO₂ emissions.

Renewable energy

ASW has achieved 100% renewable energy in three major European markets (the UK, Belgium and Netherlands) meaning that Superdrug, Savers, The Perfume Shop, Kruidvat, Trekleister and ICI Paris XL are all powered entirely by green electricity.

Renewable energy therefore makes up 85% of ASW's European portfolio and 21% of ASW's total electricity consumption globally. Always striving for 100%, ASW will be adopting green electricity as options become available, but challenges remain in Asian markets where renewable energy infrastructure is less available.

Supply chain engagement

Reducing direct emissions is only part of the story. Since 2019, ASW has been engaging Own Brand suppliers to assess their scope 1 and 2 emissions (equivalent to scope 3 emissions for ASW) for performance improvement through an online questionnaire developed by amfori BSCI under its Business Environmental Protection Initiative and over 100 factories have already completed their first assessment. Throughout 2021, ASW will be engaging with suppliers to further deepen its understanding of scope 3 emissions.

Creating a great place to work

ASW employs approximately 127,800 full-time and part-time employees. Their talent and commitment to customers and pride in the work they do are fundamental to ASW's long-term growth and success. ASW is therefore committed to being a place where people can develop, thrive and receive equal opportunity.

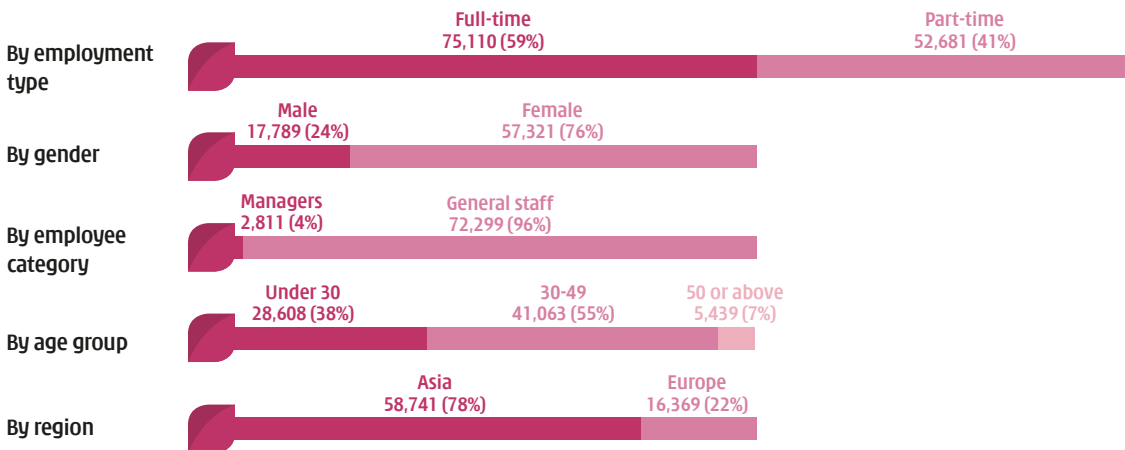
Talent attraction and retention

The ASW team is its most important asset and the division is therefore continuously working on ways to attract and retain talent. ASW offers competitive benefits and pay in all stores, distribution centres and corporate offices. It offers all employees a broad range of non-statutory benefits such as staff discounts, long service awards and medical coverage above the statutory requirement.

To support employees through the COVID-19 pandemic, ASW launched an employee support package in the UK to cover employee pay while stores were closed as well as also offer additional company sick leave for those self-isolating. ASW also focused on ensuring employee health and wellbeing by helping its people feel connected and supported.

Listening to employees is important to ASW and it gathers feedback through employee engagement surveys which are carried out at least bi-annually, and more frequently depending on the business unit. The division supplements these surveys with ad hoc surveys to address discrete events and trends, for example understanding employee health and wellbeing during the pandemic. ASW celebrates good outcomes and implements improvement plans to strengthen outcomes that need attention.

Employee profile as at 31 December 2020



Supporting employee wellbeing during the pandemic

ASW recognises the pandemic has put exceptional stress on society, including its employees. To support teams, and let them know management is listening and cares for their wellbeing, ASW Benelux launched #StayConnected for office employees and #healthytogether for store employees, to encourage team cohesion, show appreciation for each other, and to ensure employees feel healthy in the workplace.

Highlight initiatives from these programmes, many of which were inspired by employee ideas, included:

- **The eBarista café:** Every Monday the participants of the eBarista café were randomly matched up for a chance to have a virtual coffee with a new or old friend.
- **eCards:** eCards enabled colleagues to share with each other words of appreciation or simply to say to a colleague that they are missed.
- **Inspiration Thursday:** External speakers were arranged with webinars held for employees to learn about a variety of topics, including wellbeing and the psychological effects at play while working from home for long stretches. The team also arranged sessions for internal senior management to share advice on how to stay well, alongside sharing links to inspiring podcasts, TED talks and articles.
- **Support hotline:** A hotline was launched to allow employees to seek extra emotional support. The most important message relayed was: "it's OK to not be OK, and that we're here to listen and support our colleagues".

- **Fitness challenges:** To encourage keeping active, the app "Ommetje", or "walk around the block", was introduced to challenge employees to earn the most points by ensuring they take walks every day. To further inject some fun into the working day, the team also got employees involved in the popular Jerusalema Dance Challenge, the viral global dance phenomenon.
- Fruit baskets and vitamins were also shared with retail employees to encourage healthy eating and boosting immunity.



Learning and development

Storytelling gives an excellent opportunity to truly connect with customers and helps create personal interaction and experiences that they remember. In 2020, ASW delivered Storytelling sessions to all of its business units, providing them with the tools to help identify and create valuable stories about their customers, their teams and their products to better influence, engage and inspire others.

Training programmes are continuously refreshed to respond to the changing needs of the customer, to encourage innovation and to support digital transformation.

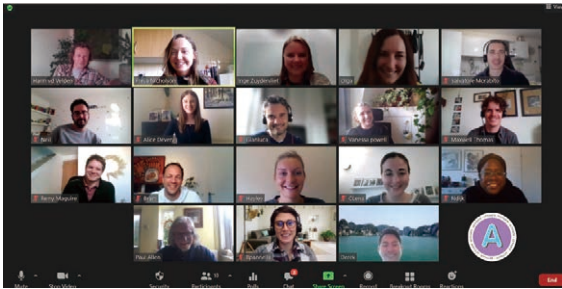
The ASW Agile Leadership Series is designed to develop a pool of high-performing senior executives with the strategic leadership

skills needed to move into a more senior leadership role within the business. All modules are designed around the ASW Leadership Capabilities and key strategic drivers are updated every year to reflect key business trends. The 2021 programme will include modules on: Agile Leadership 2.0 & the Future of Work, Digitalisation & Analytics Driven Business Acumen and Driving Customer-Focused Results. The programme is delivered by the Richard Ivey School of Business using a hybrid delivery approach.

ASW also offers structured development programmes for managers with potential to move into a senior management role under the Aspire Leadership Programme which covers critical business skills. The Ignite Leadership Programme for first line managers focuses specifically on soft skills development.

A focus on upskilling

In 2020, the World Economic Forum sounded the alarm by announcing that the world is facing an upskilling emergency with a need to upskill more than one billion people by 2030 as jobs become transformed by technology. Recognising the rapid rate at which the world is being changed by technology, ASW is committed to ensuring its people are not left behind.



Building careers in today's highly digital, data-driven world requires adaptability, flexibility, and a commitment to lifelong learning. Group People Asia have developed a series of Upskilling Programmes in critical functions including: Sales Operations, Supply Chain and Trading.

These blended learning programmes combine planned Experiences, Exposure and Education targeting key managers. They leverage world class eLearning including Coveys All Access Pass and Supply Chain Academy.

ASW's goal is to build a future-ready workforce and provide its people with ways to keep their skills relevant in line with what the future holds.

As part of the Digital Fitness Programme, ASW recently established the ASW Digital Learning Faculty, a multi-functional team of digital enthusiasts from its eLab, DataLab, Big Data, eCommerce, Marketing, People, Sales Operations and Trading teams to coordinate, deliver, manage, measure and refresh the Digital Upskilling content. Supported through senior management mentorship, the Faculty's role is to ensure content is fit for purpose, supports the division's long-term digital transformation, and ultimately adds value to the customer experience.

ASW offers a Reverse Mentoring Programme leveraging digital native team members to give senior executives an opportunity to stay up-to-date with the latest business technologies, workplace

trends and what drives and motivates younger talent. This also serves to help these junior mentors see the bigger picture and give them a glimpse of macro-level management issues.

Inclusion and diversity

ASW's aim is for all employees to reflect the diversity of the communities in which it operates. This means having an organisational culture which promotes inclusion, diversity and respect.

The division aims to be an employer of choice that attracts a diverse workforce, harnessing people's unique backgrounds and talents for the benefit of individuals and customers.

Motivating young talent



The ASW Retail Academy

ASW is proud to be the first retail group in Hong Kong to offer 14 Qualification Framework-recognised programmes for the acquisition of retail skills, knowledge and best practice. The aim of the ASW Retail Academy is to provide a platform of continuous learning for retail professionals and develop a pipeline of retail talent equipped with the necessary skills and knowledge while also enhancing their engagement at work.

The accreditation process ensures that training programmes meet the required standards and stringent quality assurance processes developed by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications.

The Qualification Framework extends across all retail business units in Hong Kong and consists of a range of topics from Certificate programmes through to Advanced Diploma levels.



Developing sustainability intrapreneurs

Making sustainability part of the ASW DNA is something the division aspires to. ASW has prioritised integrating sustainability into core business functions rather than the responsibility lying only in a standalone sustainability department. Across the business, ASW has 300 Ambassadors worldwide who have sustainability as part of their role. To upskill colleagues who are critical to leading on internal sustainability programmes, ASW sponsored 96 employees during 2019 and 2020 to go through the "Sustainability Essentials for Business" training course delivered by Cambridge Institute of Sustainability Leadership.

Developing the next generation of sustainability leaders, while also keeping a pulse on what the younger generation is looking for from the industry with respect to sustainability, ASW developed the Millennials Committee that includes 13 millennials chosen from across 11 markets in Asia and Europe. This passionate Committee is an important part of the division's sustainability strategy development, providing

direct input and spearheading projects in priority areas such as making the store environment more sustainable and improving the inclusivity and diversity of its workforce. The Millennial Committee is also provided with mentorship and support from senior management team to ensure they are being developed and empowered.



Everyone Matters

To accelerate efforts to be as inclusive as possible, Superdrug and Savers created Everyone Matters, its Inclusion & Diversity strategy and made it a key part of its People plan.



Everyone Matters focuses on six pillars. These pillars and programme highlights include:



1. Access All Areas (relating to Social Mobility)

- Developed an award-winning apprenticeship programme focusing on UK "coldspots" as identified by the UK Government's Social Mobility Index;
- Have offered apprenticeships for over a decade and have facilitated over 1,750 people to receive a recognised apprenticeship qualification. Over 80% of those who completed an apprenticeship with Superdrug have received a permanent role within the business; and
- Joined the UK Government's Kickstart Scheme in 2020, an initiative to create new job placements for 16-24 year olds on Universal Credit who are at risk of long-term unemployment. Four hundred Kickstarters joined the business in the early months of the programme with the aim to increase this number to approximately 2,000.



STRONGER TOGETHER
EVEN WHEN WE'RE APART



2. BAEM (Black, Asian and Ethnic Minority)

- Developed an Ethnicity Strategy in 2019 focusing on how to improve the representation of those from minority backgrounds, particularly at a senior level. To date this has included:
 - De-biasing recruitment work and introducing balanced shortlists for senior roles;
 - Conducting Listening Groups and 1-1 meetings with BAEM employees;
 - Producing a set of BAEM Commitments senior leadership have signed up to;
 - Rolling out a programme of events focusing on religious festivals and key dates of celebration such as Black History Month;
 - Communicating positive career stories of BAEM employees; and
 - Collating ethnicity data to monitor progression.



3. Gender Equality

- Offers workshops, speaker events, traditional mentoring opportunities for young women and celebrates International Women's Day and International Men's Day;
- Signed up to the Tech Talent Charter in 2019 committing to improving inclusion through recruitment and retention practices; and
- Launched a partnership with Hestia in 2020, a charity supporting those experiencing domestic abuse. Superdrug has provided training, updated policies, shared resources and encouraged dialogue about an often difficult, taboo subject.



4. LGBTQ+

- The LGBTQ+ network provides a visible, supportive, engaging network that celebrates gender expression and sexual identity so that colleagues can confidently be 100% themselves while at work.
- The network enables space for LGBTQ+ colleagues to share experiences and challenges as well as find role models that show them that they don't need to hide any aspect of who they are.



5. Make Work Work (Flexibility at Work)

- Partnered with Working Families to enhance the job design process to further efforts to make flexible working accessible in all roles, in particular management roles;
- Colleagues also working as carers and focused on maternal mental health were celebrated as role models; and
- In 2021, next steps include launching a dedicated maternity returners programmes as well as reviewing all family friendly policies to make further progress.



6. Disability

- Aims for the Disability programme include:
 - Build awareness of both visible disability and non-visible disability across the business;
 - Support colleagues that live with these disabilities or long-term health conditions;
 - Break down stigmas and remove the labels attached to disability overall; and
 - Work to ensure that Superdrug and Savers are inclusive and accessible workplaces to all.
- Superdrug and Savers are signatories on The Valuable 500, a global community revolutionising disability inclusion through business leadership and opportunity.

Each pillar has an employee network and a steering group, an actively involved executive sponsor, a lead from the People team, and is represented at the overarching Everyone Matters Steering Group, including Superdrug's CEO, Peter Macnab and Savers' Managing Director, Doug Winchester.

Senior leaders and recruitment teams have attended Inclusive Leadership training, and Inclusion is now part of every new employees' induction.



Employer of choice recognition in 2020

- **ASW Asia:** Named as one of HR Asia's Best Companies to Work For.
- **Watsons China:** 100 Excellent Employer of China.
- **Watsons Philippines:** Investor in People – Employer of Year Silver.
- **Watsons Taiwan:** Top 100 Most Admired Companies for Graduates.
- **Savers:** Ranked as 13 in the top 25 large best companies' category in the Sunday Times Best Companies award.
- **Superdrug:** Recognised in the Financial Times Leader in Diversity report 2020.
- **Superdrug & Savers:** Placed in the Social Mobility Employer Index in 2020 identifying UK employers dedicated to social mobility.
- **ASW Benelux:** achieved certification under the Top Employers Institute for the fifth year. In the Netherlands, ASW Benelux is among the top 10 as the first and only retailer.
- **The Perfume Shop:** Top-Rated Workplace by Indeed, Number 7, in the Best in Retail Sector in both 2019 and 2020.

Promoting a circular economy

Building a circular economy means moving away from the traditional take-make-waste extractive industrial model, to keeping perfectly good resources within the manufacturing loop for as long as possible. In a circular economy, waste is no longer considered waste, but instead a resource.

The benefits of, and means to achieve, a circular economy are wide-ranging but notably it means less extraction of already scarce natural resources, less pollution to land, air and water and significant reductions in GHG emissions. In practice this means **reducing** waste to an absolute minimum, **replacing** higher impact materials with lower impact alternatives, **reusing** wherever possible and then finally **recycling** waste where the other options are exhausted. ASW adopts these "4R's" as an operational mindset in its aims to contribute to a circular economy.

In 2020, ASW generated 77,528 tonnes of non-hazardous waste relating to operational waste generated in stores, distribution centres and manufacturing sites. More than 90% of this waste generated related to packaging waste and food waste.

Packaging waste

When it comes to waste reduction and building a circular economy, it is fundamental to look at the whole system, beyond the operational waste created on-site to the products and packaging customers are sent home with, or delivered to them, and therefore what eventually ends up in their bins.

Packaging plays a fundamental role in protecting products and where relevant to ASW's food retail operations, preventing food waste. There is however a cost to the environment if it is not

properly collected and recycled, and will end up polluting land and waterways.

Packaging commitments

Over 80% of ASW's packaging relates to plastics and paper. It has therefore focused packaging efforts and goals on these two materials.

In 2020, ASW took an important step by signing up to the NPE Global Commitment, led by the Ellen MacArthur Foundation, an organisation widely considered as the foremost thought leader in building a circular economy. At the heart of the NPE Global Commitment is a vision of a circular economy for plastic in which it never becomes waste.



ASW signs up to the NPE Global Commitment

As part of this, ASW is committed to the following targets as set out by the NPE Global Commitment:

- Take action to eliminate problematic or unnecessary plastic packaging by 2025 through actions such as reducing plastic packaging weight, replacing plastic packaging with more sustainable materials where possible, and banning polyvinyl chloride ("PVC");
- Take action to move from single-use towards reuse models by 2025 by providing customers with options of refill at home and refill in-store, where relevant and possible;
- 100% of plastic packaging to be reusable, recyclable, or compostable by 2025 (including Own Brand product packaging, eCommerce parcels and in-store carrier bags); and
- Set an ambitious 2025 recycled content target across all plastic packaging used. ASW has set a division-wide average target of 20% recycled plastic content in Own Brand packaging.

Regarding paper packaging, the division aims for its Own Brand paper packaging to be made exclusively from sustainable sources by 2030. A "sustainable source" for paper material is defined as being either certified by the Forest Stewardship Council ("FSC") or the Programme for the Endorsement of Forest Certification ("PEFC"), or being made with 100% recycled paper content.

Progress made in developing circular packaging

ASW monitors waste generated by Own Brand products through continuous monitoring of waste quantity and types. The division has developed an Own Brand Sustainable Packaging Guideline and Policy to support internal Own Brand development teams and suppliers in reducing the amount of packaging used in Own Brand products, wherever possible, without compromising technical performance, product safety, quality and overall regulatory compliance.

Key achievements and plans in applying the 4Rs to packaging include:

- 42% of Own Brand paper packaging is made exclusively from sustainable sources (either FSC, PEFC or recycled content);
- Watsons is relaunching its retail Own Brand range of beauty/bath accessories initially packaged in plastic, now only in FSC certified paper packaging, which will help save over 60 tonnes of plastic per year;
- In the Health & Beauty business, since 2019 ASW has been gradually replacing the plastic shaft of Own Brand cotton buds with paper;
- Since 2018, Superdrug has moved to 100% recycled cardboard boxes and 100% recycled and recyclable paper for online deliveries, saving approximately 300 tonnes virgin cardboard annually;
- In 2018, Superdrug moved from a single use carrier bag to a reusable carrier bag. In 2020, Superdrug launched its first reusable tote bag made from recycled plastic bottles;

- Watsons partnered with World Wide Fund for Nature ("WWF") in Singapore to implement the Plastic ACTION ("PACT") Retail Bag Charge initiative which aims to incentivise reduced consumption of plastic bags by opting for reusable alternatives;
- ASW food retail outlets in Hong Kong became the first retailer in 2019 in the city to stop the sales of single-use plastic straws, and to offer alternatives made with metal or bamboo. The division is also already selling a growing range of sustainable alternatives to single use plastic cutlery, plates and cups;
- To reduce the use of plastic containers, PARKNSHOP has been offering a discount of HK\$2 for customers that brings their own box in 20 food counters in Hong Kong;
- In 2020, Watsons Asia markets launched a filter on the eCommerce platform to highlight refill packs to customers;
- To encourage the public uptake of reusable water bottles, Watson's Water has installed 17 public water refill stations, with the plan to install 100 by 2025; and
- Watsons water was the first brand to incorporate 100% recycled polyethylene terephthalate ("rPET") in its water bottle packaging sold in Hong Kong (since 2016). It is now working on introducing rPET bottles for other Own Brand drinks.

Food waste

According to the Food and Agriculture Organization of the United Nations, [one third](#) ⁽¹⁾ of food produced for human consumption is lost or wasted globally, which equates to 1.3 billion tonnes per year. Total food waste amounted to 206 tonnes in 2020, including edible waste donated and non-edible waste sent for compost, animal feed or to landfill as a last resort. ASW aims to take every available step to ensure that no food fit for human consumption should go to waste.

ASW's priority is to reduce food waste at source. Ways in which ASW does this include: better food forecasting by analysing customer preferences, minimising unnecessary stock movement between stores, implementing detailed food handling guidelines for stores to avoid waste and marking down prices of food approaching "best before" or expiry dates.

Surplus edible food is donated to food banks with the help of appointed ASW Food Rescue Ambassadors at each of the 150 participating stores around Hong Kong. Food waste classified as non-edible food waste is then transferred to local farms or composting facilities, and as a last priority is sent to landfill.

Note 1: "Food Loss and Waste Database", available at www.fao.org

Helping the public recycle more

Reverse vending machines

In 2019, ASW was the first beverage bottler in Hong Kong to launch a scaled plastic bottle container collection programme with the use of reverse vending machines ("RVMS"). To help encourage Hong Kong to recycle more, ASW has installed 84 RVMS around the city offering customers incentives such as cash rebates, shopping coupons and loyalty points for bringing their plastic bottles to the RVMS. As part of this programme, ASW is collaborating with the Hong Kong government's Environmental Protection Department's RVM Pilot Scheme.

ASW aims to install 400 RVMS in Hong Kong by 2025 to facilitate its goal of collecting an equivalent of 100% of water bottles sold in Hong Kong by Watsons Water by 2030.

To ensure ASW has placed the RVMS in the right locations, a public survey was carried out to understand the user-friendliest locations, with shopping malls and retail outlets being identified as the top locations. Understanding user motivation was also part of the survey to ensure incentive structures and promotional activities were best positioned. Since starting the initiative, ASW has collected over 750,000 bottles in Hong Kong.



Experience the Plastics Reborn launch.

Plastic Reborn Partnership

Watsons Hong Kong is refreshing its plastic container recycling campaign "Plastic Reborn". In partnership with P&G, Watsons will provide convenient collection points across the city and work with Hong Kong-based circular economy service, The Loops, to send plastic personal care containers to a local recycling facility in Tuen Mun. ASW targets collecting and recycling 110,000 plastic personal care containers in 2021, and 210,000 by 2023.

Recycling tough-to-recycle packaging

In the UK, 146 million makeup products are produced every year, with little opportunity to recycle them due to the mixed material components of makeup containers. To tackle this issue, Superdrug teamed up with Maybelline and specialist recycler, Terracycle, to place recycling stations in Superdrug stores to help customers dispose of old or unused products from any brand of makeup which will then be recycled through a bespoke recycling process.

With Terracycle's help, Superdrug also became the first UK retailer to provide customers with a solution to recycle empty medicine blister packs in store. With a trial taking place in 10 Superdrug pharmacies during 2020, the initiative will be rolled out across all 200 pharmacies in the UK by January 2021.





Donating food with Food Angel

Since 2012, Food Angel has been an important food donation partner to PARKnSHOP Hong Kong, enabling PARKnSHOP to donate 3,100 tonnes of food and delivering 12 million hot meal boxes and food packs to those in need.

In 2013, PARKnSHOP also launched the City Food Drive Campaign to enable customers to purchase and donate grocery items to Food Angel. Through the generosity of

customers, the campaign has collected more than 380,000 food items to help Food Angel.

ASW employees also volunteer at Food Angel's central kitchen and community centre, giving employees a chance to see first-hand how thoughtful handling of food surplus items can go a long way to creating meaningful impact in the community.

Ensuring a responsible supply chain

Customers of today have high expectations of the products they buy, expecting not only high quality at affordable prices, but also for products to be sustainably sourced. To meet these expectations and ASW's own internal drive to be a responsible organisation, ASW's Supply Chain team sources with sustainability in mind through rigorous practices to ensure supply chain accountability.

Responsible sourcing approach

ASW is committed to working closely with suppliers to ensure they respect human rights, promote decent working conditions and implement environmentally sustainable practices.

A cornerstone programme of ASW's supplier engagement assessment programme is its membership to amfori BSCI, an organisation dedicated to improving working conditions and environmental management in global supply chains. An important feature of this membership is that it allows members with common suppliers to share audit results thereby avoiding duplication in effort and cost.

ASW has adopted amfori BSCI's Code of Conduct which refers to international conventions such as the Universal Declaration of Human Rights, the Children's Rights and Business Principles, the UN Guiding Principles for Business and Human Rights, the Organisation for Economic Co-operation and Development Guidelines, the UN Global Compact and the International Labour Organization Conventions and Recommendations. All suppliers must endorse the amfori BSCI Code of Conduct as part of the supplier contracting process.

ASW requires all Own Brand suppliers located in identified high-risk countries identified by amfori BSCI to be audited against amfori BSCI's requirements. It also accepts audit results from a small number of other leading practice audit frameworks such as Sedex Members Ethical Trade Audits and the Initiative for Compliance and Sustainability.

Specifically relating to engaging suppliers in environmental protection, ASW takes part in amfori BSCI's Business Environmental Protection Initiative to drive environmental improvements in its supply chain. Suppliers identified as high-risk must complete a self-assessment covering 11 environmental performance areas. Following the assessment, suppliers are informed of their assessed risks and notified of the appropriate training to attend, delivered either by amfori BSCI or by other appointed training companies. Their progress is further monitored for progress tracking.

ASW's responsible sourcing goal is: By 2030, ensure that 100% of Own Brand purchase value from high-risk countries (identified by amfori BSCI) will be assessed for:

- Social compliance through amfori's Business Social Compliance Initiative audits (or others endorsed by ASW); and
- Environmental compliance through amfori BSCI'S Business Environmental Protection ("BEP") (or others endorsed by ASW)

During 2020, audit of 441 factories were conducted under ASW's sustainable supply chain programme with the following scores:

Types	Scores	No. of factories	
		2019	2020
BSCI audits	A	5	3
	B	8	14
	C	298	319
	D	31	21
	E	6	3
	ZT	0	0
Other accepted social audits		69	81
Total		417	441

Key:

- A, B Very good practices exhibiting continuous improvement. Audit valid for two years' maximum.
- C Acceptable level of performance. A remediation plan must be provided within two months of the audit date and a follow-up audit within 12 months of the audit date.
- D, E Poor levels of performance. A remediation plan must be provided within two months of the audit date and a follow-up audit within six months of the audit date.
- ZT Human rights violations and business behaviour that may endanger the independence of the audit may qualify as possible zero tolerance (ZT) cases. Examples include child labour, bonded labour, and unethical behaviour. Upon discovery of ZT issues, the auditor would inform first amfori BSCI, which will coordinate an expedited remediation plan and require immediate improvements.

ASW's approach with factories identified with non-compliances is not to terminate the business relationship as soon as the findings are available as this would not be a responsible reaction and would not help solve the problems identified. Instead, following the amfori BSCI System manual, ASW would request the factories to prepare and submit a remediation plan and be re-audited within 2-12 months of the last audit depending on their audit score. Based on the factory competency, additional training is offered face-to-face or online through external independent third parties.

Termination of business would occur if a factory has not shown any improvements through independent re-audit or if its management refuses to cooperate.

Modern slavery

According to the International Labour Organisation, approximately 40.3 million people are in modern slavery today with an estimated 16 million people exploited within the private sector ⁽¹⁾. With supply chains becoming more global and complex, modern slavery can be hidden from plain sight by unscrupulous employers and therefore may be unwittingly part of products that many of us enjoy today.

ASW has therefore been proactively taking steps to develop and deepen its understanding of the risk of modern slavery to prevent exploitation from taking place within its global supply chains.



Since 2016, ASW has been a member of The Mekong Club ("TMC"), an organisation that helps its member companies to prevent modern slavery within business operations. ASW was the first company to sign up to TMC's Business Pledge against Modern Slavery and with TMC's help, ASW developed and rolled out a toolkit for all supply chain teams to understand the risks and how to identify flags for potential modern slavery. Key departments involved in supplier contract negotiations and quality assurance auditing have been trained with TMC online toolkit. Employee workshops have also been carried out in Mainland China, Hong Kong, Singapore, the UK and France. In the UK, The Perfume Shop, Savers and Superdrug have also published statements on modern slavery and human trafficking as required by the UK Modern Slavery Act.

Note 1: "Forced labour, modern slavery and human trafficking", available at www.ilo.org

Offering sustainable products and services

Consumers are increasingly looking for products and brands that align with their personal values. ASW recognises this ever-evolving trend as a high priority in seeking to offer product that is more environmentally and socially sustainable, while also ensuring high levels of safety, transparency and quality.

Sustainable raw materials

ASW is progressively taking steps to improve the environmental and social impacts of key raw materials.

Wood pulp can be found in a number of ASW Own Brand products such as tissues, toilet rolls, sanitary products, nappies and wet wipes, as well as across packaging. ASW targets that by 2030, all of Own Brand paper products are made with pulp and paper from sustainable sources. Watsons Health & Beauty Retail has already reached this goal, PARKnSHOP, Superdrug and Kruidvat aim to reach it by 2025.

In 2020, ASW also became a member of the Roundtable on Sustainable Palm Oil (“RSPO”), a leading organisation promoting social and environmental compliance in the palm oil industry. Sustainable palm oil has been introduced in various Own Brand products such as Kruidvat and Superdrug Brands. As a part of its strategy, ASW is expanding the selection of Own Brand products to be produced with RSPO-certified palm oil, offering more sustainable choices to customers.

Connecting with consumer values

Consumers are becoming more and more health conscious and aware of their personal impacts on the environment and society and looking to reflect their values in their purchase decision making. To respond to these trends and communicate the positive sustainability impacts of its products, ASW has developed a number of product lines and platforms that enable customers to shop according to their sustainability values and preferences.

Offering more sustainable options



Sustainable Choices at Watsons

In the fourth quarter of 2020, Watsons launched Sustainable Choices, a filter and labelling mechanism to allow customers to shop according to four sustainability categories: Clean Beauty; Refill; Better Ingredients and Better Packaging. The programme is now available in all Watsons Asia markets eCommerce platforms, and will be followed in 2021 with in-store activation to raise awareness with customers.



CLEAN BEAUTY

Clean Beauty relates to products that are mindfully formulated without the use of certain restricted ingredients, and that also have a positive impact on the environment.



REFILL

Even better than recycling, refillable packaging allows customers to use their packaging again and again.



BETTER INGREDIENTS

This relates to products containing significant components with sustainable raw materials.

BETTER PACKAGING

Better packaging identifies packaging made with paper from responsibly-managed forests or with high levels of recycled content.



Plant-based offerings at PARKnSHOP

Living up to PARKnSHOP's social purpose, "Eat better. Live Better!", ASW has committed to tripling its plant-based meat and dairy options responding to the significant uptick in demand from those following vegan, vegetarian and flexitarian diets. PARKnSHOP has also acted as springboard for plant-based innovations identified by the Group's association with the Li Ka Shing Foundation, such as Impossible Products and Perfect Day ice cream.



Inclusive products at Superdrug

Superdrug is on a journey to ensure product ranges are inclusive of all customers and works closely with the brands it stocks to encourage them to do the same.

Inclusive products

Superdrug is proud to have made significant progress with the inclusivity of Own Brand ranges, through its Shades of Beauty campaign first launched in 2016. Superdrug increased its foundation ranges to be more inclusive and were the first on the high street to develop its Own Brand afro hair care.

LGBTQ+

In 2020, thanks to a partnership with Unilever, Superdrug stocked a number of exclusive, special edition, rainbow-wrapped products across key products in the Lynx, Closeup, Simple and Vaseline ranges. The packaging of each special edition product includes information on promoting Switchboard, an organisation which offers the LGBTQ+ community a safe space to discuss sexuality, gender and identity. In 2020, together with Unilever, Superdrug also donated £50,000 to Switchboard.

Vegan products

In 2017, Superdrug launched B.Cosmetics, a vegan range of beauty and skincare products. At the time of launch, when vegan products were relatively niche, Superdrug was market-leading in offering a vegan range, at high street prices. This approach has changed since then where it now makes as many products as possible (now at 1,600) suitable for vegans. For the first time, Superdrug had a totally vegan Christmas gifting range in 2020.



Sustainability at affordable prices

Often sustainable products come at a premium price, excluding many that cannot afford them. In 2020, Kruidvat launched a campaign "Natuurlijk & Voordelig" ("Natural and Affordable") promoting brands with positive sustainability impacts in the areas of positive ingredients, packaging and sustainable manufacturing processes at accessible prices.



Product and service safety, transparency and quality

With customers' best interests central to everything that ASW does, the division has been working with leading experts and researchers globally to deliver the highest levels of product and service safety, transparency and quality through its wide range of Own Brand products. ASW pays meticulous attention to every stage of the production-to-shelf process and proactively seeks customer feedback to ensure ongoing updates to service quality.

Before suppliers are permitted to manufacture ASW Own Brand products, they must first be assessed by external auditing agencies and/or by ASW itself. When developing a new product, there is a rigorous and intensive internal testing process and external assessment. All items, from raw materials to the final product, are assessed by a European toxicologist to ensure it complies with regulatory requirements in each market. ASW conducts regular assessments of Own Brand products led by external independent laboratories and internal ISO17025 accredited laboratories (food and non-food) to ensure the products sold to customers are up to standard.

ASW's in-house laboratories conduct around 250 tests per week on new products, product deliveries, products associated with customer complaints and samples from the Mystery Shopper programme. For food retail, an additional 1,400 pesticide residue rapid (ELISA based) tests are conducted every week on incoming vegetables as part of the Farm Check programme where ASW has an established network of Quality Assurance ("QA") approved vegetable farms. ASW also has Farm Check systems in place within supplying farms in Mainland China for chilled pork, chilled chicken, chicken eggs and plans to expand the process to farmed fish will continue once COVID restrictions are lifted. The division's QA agricultural scientists include both arable/horticultural and veterinary specialists.

ASW has well-established and tested systems that enable it to remove any concerned product from sale in all stores within three hours including, where appropriate, a barcode blocking system that prevents any concerned item being scanned and sold.

Further, key members of each business unit's management teams take part in regular crisis management workshops to ensure they are thoroughly prepared for any emergency. Each business unit has a detailed crisis manual detailing action procedures and management responsibilities including internal and external actions and communications.



Chemicals management

The division has stringent requirements for chemicals used in ASW's Own Brand products, as well as quality and safety guidelines going beyond existing regulations in each market. Since 2009, ASW has also implemented a restricted ingredients list for personal care and cosmetics, to further restrict or ban ingredients considered harmful by independent safety experts. This list is reassessed twice per year and is communicated to Own Brand suppliers for immediate implementation in the new product development phase.

In Europe, ASW also monitors the compliance of ingredients to the Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") regulation and since 2008 the division has co-registered 13 substances with support from appointed third-party representative agency, Ecomundo.

Traceability

ASW has invested in traceability software, including Coptis Lab software, to keep records of all ingredients used in ASW Own Brand formulated products, and be able to fast track any ingredient back to products and suppliers.

For wood pulp commodities, ASW is using the amfori BEPI Timber Due Diligence Programme to ensure compliance with the European Union Timber Regulation and maintain an effective due diligence system.



For Own Brand products, ASW is using two online technical file management tools to keep records of all technical files and traceability of products for up to 10 years in the tools, before being archived.

A passion for excellence in customer service

At ASW, being a retailer is more than about providing top-quality products and world-class service. It is also about building a strong relationship with customers – connecting with and truly understanding them in order to be in tune with their changing needs and remaining at the cutting edge of innovative retailing.

Customer insights guide ASW's investment in the latest digital innovations and the development of O+O (Online plus Offline) experiences. With such insights, ASW constantly improves the customer experience and builds even stronger customer connectivity.

To better understand and anticipate the needs of today's customers, ASW has established data and research functions to actively collect and track customers' feedback on how they feel about their purchases and shopping experiences.

Further, ASW is leveraging services from Digimind, a global social media monitoring and competitive intelligence company, for real-time social listening and analytics. Through this service, ASW is able to understand what the public is saying about its brands and competitors; analyse and benchmark the performance of its content; understand emerging topics and trends; and find the right partners, from micro-influencers to key opinion leaders, to drive brand awareness and customer engagement.



Improving customer experience

Customer Love Score

A.S. Watson Customer Score

ASW has a duty to its 139 million loyalty members to ensure it provides the quality of service they expect and deserve. The Watson Insights on Shoppers Experience ("WISE") team at ASW is an independent research team focusing solely on customer insights and ensuring it is continuously measuring and improving the customer experience so ASW can better delight and retain them. The WISE team has developed an in-house scoring system, the Customer Love Score, which is generated following the completion of a satisfaction survey sent to loyalty members each time they shop at ASW stores, including both physical and online stores.

The WISE team then actively screens and monitors this feedback, sending updates to the relevant departments for actions to be undertaken. This feedback then translates into initiatives such as staff training, cashier experience enhancements, store environment and space allocation

changes, and new product offerings. Every store globally receives two key scores on a monthly basis, their Customer Love Score as well as a Net Promoter Score, which informs teams on how likely customers are to recommend that store to their friends and family.

In 2020, over five million customer voices were heard and used to improve and stay close to customer expectations.



Accessible healthcare products and services

At Superdrug, the well-established Pharmacy and Healthcare team has helped it to build credibility within the healthcare industry, and especially on the high street. Over the years, Superdrug has been able to bring services into its Pharmacies that create accessible healthcare for all.

From easymed pouching to aid medicine compliance, to a range of online doctor services, Superdrug is always evolving ways to support customer health and give them convenient alternatives to visiting their local doctors.

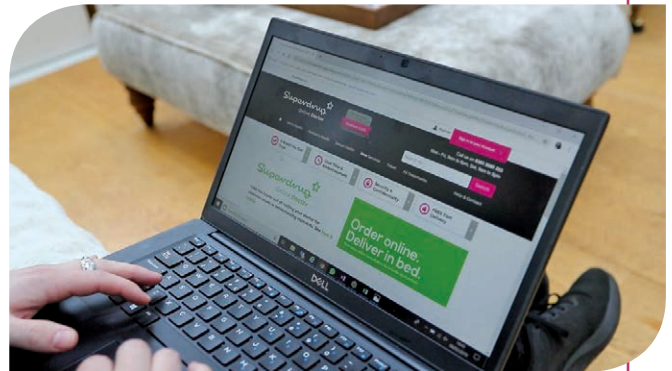
In 2018, Superdrug was the first on the high street to offer HIV test kits; in 2019, Superdrug became the first high-street retailer to offer a breast checking consultation service in stores; and this year saw the launch of COVID-19 antibody tests, with the aid of its phlebotomy trained nurses.



The launch of an un-branded Emergency Hormonal Contraceptive pill ("EHC") at half the price of other branded EHC highlighted Superdrug's commitment to accessible medicine for all and influenced how EHCs are now being priced elsewhere across the UK.

Over the last few years, Superdrug has developed its ability to support its customers' mental health and offer a greater choice of tools and signposts to help them explore treatment options. Initiatives for 2020 include:

- Superdrug launched an online therapy service and its own Pharmacy app enabling customers to have their medicine delivered by post, at no additional cost should they not be able to collect in-store.



Data privacy and cyber security

With millions of customers around the world, ASW has a serious role to play protecting their data.

The Retail division's approach is first and foremost guided by the Group-level privacy and security policies as well as the Group's Cybersecurity Working Group as discussed on page 19 in this report.

ASW regularly updates its Privacy Policy to be transparent about why it collects information, how it uses that information, and the choices customers have about how it gets used. The Privacy Policy and Intra-Group Data Transfer Agreement set out clear terms involving the collection, use, sharing and retention of user data including data transferred to third parties. Parties are notified in case of any policy changes or data breaches as per the Privacy Policy and notification procedures outlined in the Personal Data Crisis Management Guidelines. Data privacy training is provided to all new joiners and existing staff annually and every second year through eModules. Outsourced call centre and IT security team members are also provided with training.

Regarding cyber security, ASW uses the Information Security Forum ("ISF") Standard of Good Practices for Information Security, which is also aligned to ISO 27001, as its information security management Framework. ASW conducts internal security audits, ISF self-assessments, vulnerability assessments and penetration

testing in-place. The division has an annual cyber security training campaign for all ASW employees with metrics to measure the effectiveness of the campaign. In addition, ASW also runs phishing email simulations and provides formal channels for the reporting of malicious emails.

Investing in developing thriving and resilient communities

Meaningful and impactful community engagement is important to ASW not only because it's the right thing to do and as employees are passionate about it, but also because thriving, vibrant communities are inherently interlinked with ASW's success.

Global causes

Globally, the ASW brands contribute in different ways to make their communities better places. ASW has however supported one cornerstone programme, closely linked to its purpose embedded in the act of inspiring, smiles by partnering with Operation Smile. Operation Smile is an international medical charity that provides free surgeries for children and young adults in developing countries who are born with a cleft lip, cleft palate or other facial deformities.

ASW's goal is to finance 10,000 free surgeries for children with cleft lips and palates by 2030. Since 2018, ASW has sponsored 4,000 surgeries.



Donating supplies to the local food bank in the UK



Operation Smile



Coastal cleaning

Employee volunteering is also an area ASW is passionate about. Through the Smile for Good 2020 programme, which called upon every business unit to support corporate volunteering, over 10,000 volunteers have contributed 70,000 hours to serve over 240,000 of those in need in the communities in which it operates. In 2020, total donations amounted to HK\$71.8 million.

COVID-19 actions

In response to the COVID-19 pandemic, each of ASW's brands sought to address the individual needs of their communities.

Highlight initiatives in 2020 included:

- To respond to the unstable global supply of hygienic face masks, ASW transformed part of its Watson's Water factory in Hong Kong into a safe environment for mask production where staff worked around the clock to help service demand.
- ASW donated over 1.8 million masks to elderly, underprivileged people and school students in Hong Kong.
- Watsons China donated hygiene necessities to medical institutes and frontline healthcare workers in Hubei, PRC.
- Watsons Taiwan collaborated with a supplier to donate 10 mobile isolation cabins to eight hospitals across Taiwan. The cabins provide a protective shield for the medical staff to ensure their safety when they conduct COVID-19 swab tests.
- PARKnSHOP donated cash food coupons, vouchers and food items to over 500,000 vulnerable members of the community in Hong Kong via 27 NGO partners.
- MoneyBack supported the local economy getting back on its feet by allowing local businesses to promote on the platform which serves nearly half of Hong Kong's population. This included offering in-store exclusive benefits from almost 3,000 outlets, from major food and retail chains to small neighbourhood stores. To encourage shopping safely, ASW also donated over 450,000 pieces of WatsMasks to participating consumers and charities in Hong Kong.

Supporting the community during the pandemic





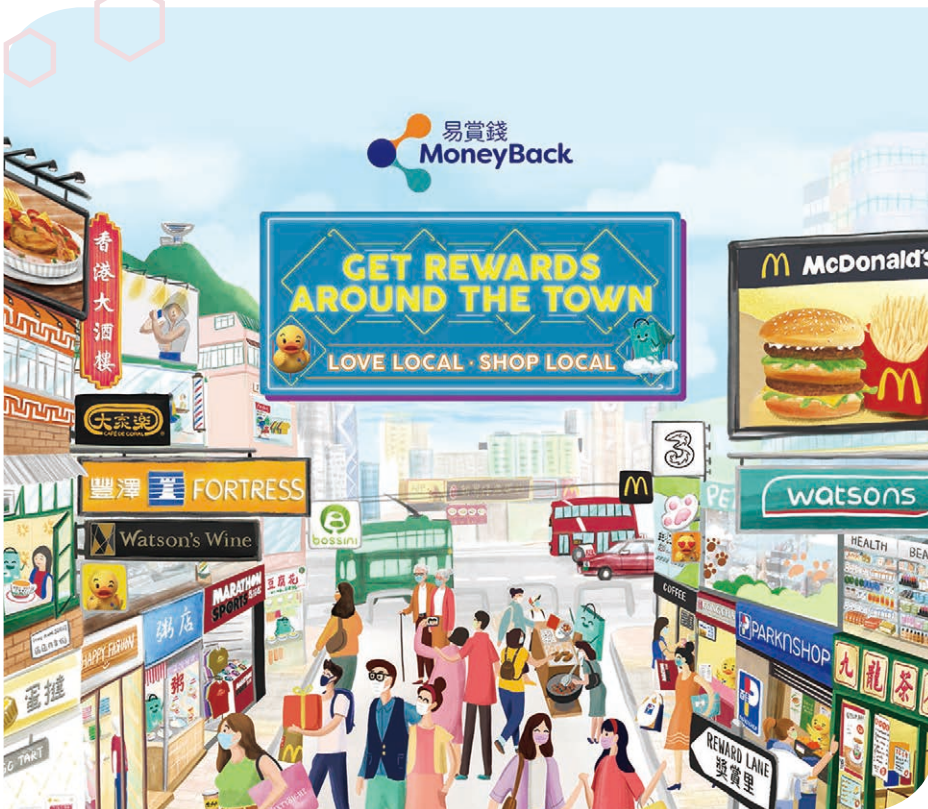
Global Smile Campaign

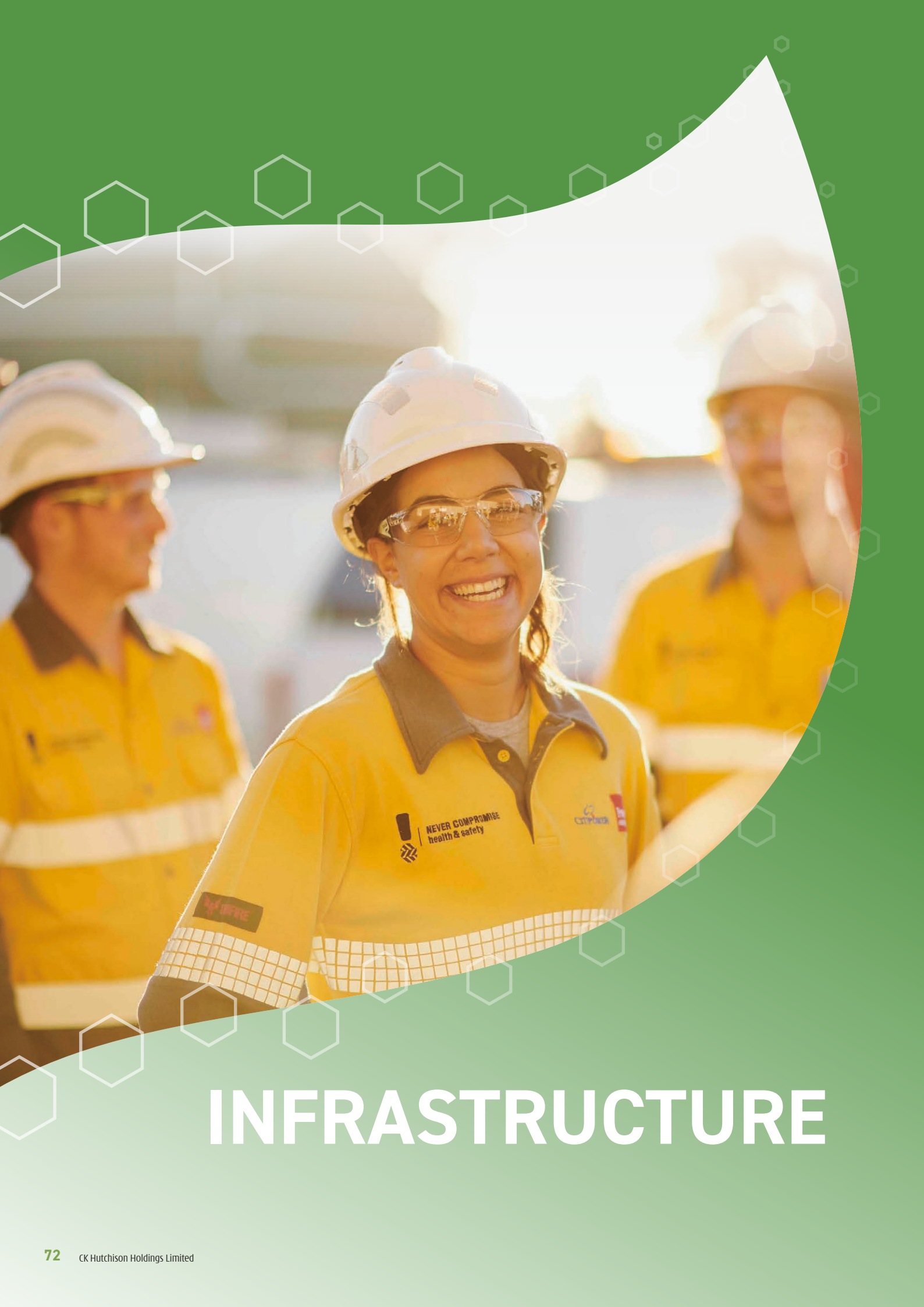
- As a part of the 180th anniversary celebration of ASW, the division launched the Global Smile Campaign with the theme Smile Inside-out, to raise awareness of mental wellbeing in partnership with NGOs and suppliers. The Group also appointed 13 millennials in the company to be Chief Smile Officers.
- ASW was recognised in the Outstanding Social Capital Partnership Award given by HKSAR Government's Community Inclusion Investment Fund. This award highlighted ASW's partnership with the Hong Kong Young Women's Christian Association to provide support for the elderly who live in remote and rural areas. ASW health experts, including pharmacists, dietitians and traditional Chinese medicine practitioners, offered health support and shared COVID-19 related advice to help them stay safe and healthy during the pandemic.

- Superdrug enabled over 100 professional nurses to volunteer their services to NHS hospitals overwhelmed by caseloads as a result of the pandemic.
- Superdrug also became one of the high-street retailers to take part in the COVID-19 vaccination programme increasing accessibility to the local community during this global vaccination effort.



Superdrug assists in the COVID-19 vaccination





INFRASTRUCTURE

Serving society

The Infrastructure division aims to create a better future, today through its diversified investments in energy infrastructure, transportation infrastructure, water infrastructure, waste management, waste-to-energy, household infrastructure and infrastructure-related businesses.

Globally these businesses provide essential infrastructure; they are leading their industries in many low carbon innovations and partnering with governments to achieve their net zero ambitions; and they are engaging and supporting stakeholders in meaningful ways to deliver outcomes that really matter.

In delivering on this, the Infrastructure division therefore aims to –







Accelerate the transition to a sustainable future.

VPN installing rooftop solar



Material topics, goals and progress

The following table highlights the material topics identified for the Infrastructure division, as well as the relevant UN Sustainable Development Goals ("SDG"), division goals and progress made.

Material topics & SDGs	Goals	Highlights
<p>Offering sustainable solutions and innovating for transformational impact</p>    	<ul style="list-style-type: none"> • Be a partner of choice in helping customers and countries deliver on their net zero goals. • Incorporate climate change considerations into business strategies. 	<ul style="list-style-type: none"> • At the forefront of the hydrogen transition in the UK and Australia (NGN, WWU, AGIG and UK Rails). • Achieving the highest penetration of distributed solar of any gigawatt scale energy system in the world (SA Power Networks). • Helping remote regions of Australia transition to reliable and clean energy with hybrid renewable projects (EDL). • Operating 58 landfill gas powered stations and began operations in renewable natural gas in the US (EDL). • The first European waste-to-energy company capable of large scale CO₂ capture; second CO₂ capture plant in development; trialling carbon storage options (AVR). • Developed the Distribution Future Energy Scenarios (UKPN) and Pathfinder 2050 (WWU) to evaluate future low carbon scenarios. • Assisting Hamilton City Council achieve its goal of 50% landfill diversion in the next 3 years (EnvironZ).
<p>Taking action on climate change</p>  	<ul style="list-style-type: none"> • Set long-term targets to reduce carbon emissions and invest in impactful projects to reduce emissions in operations. • Address climate change risks as part of the risk management process. 	<ul style="list-style-type: none"> • Ambitious targets set by eight businesses to help governments deliver on their net zero goals. • 3.8% reduction in scope 1 and 2 emissions in 2020 versus 2019 and 8.7% versus 2018. • NGN, WWU and AGIG replaced 422km, 337km and 417km of old gas pipelines respectively in 2020 with future significant fugitive emissions reductions. • Use of demand side response at the division's distribution network operators creating energy efficiencies and providing better value to customers. • High uptake of renewable energy in operations, for example, all of Northumbrian Water's 1,858 sites are now powered by renewable electricity. • Green fleet programmes across businesses with trials in hydrogen-powered fleet. • Flood mapping tools developed (WWU and UKPN) and millions invested in flood defences. • Extensive bushfire mitigation programmes and investment across Australian businesses.

Material topics & SDGs	Goals	Highlights
<p>Creating a great place to work</p>     	<ul style="list-style-type: none"> • Create a zero harm workplace and culture. • Protect employee wellbeing during the pandemic. • Attract, develop and retain high-performing talent. • Create quality and rewarding training programmes. • Promote and create inclusive and diverse teams. 	<ul style="list-style-type: none"> • Culture of zero harm promoted across businesses and tone set from the top by: i) including safety KPIs in the compensation schemes of all its businesses CEOs and executive management; ii) making health and safety a focus of all its board meetings around the world; and iii) holding an annual health and safety conference including representatives from each of the Infrastructure businesses. • Extensive employee health, safety and wellbeing support in the face of the pandemic. • Emphasis on high impact apprenticeship programmes and maintaining talent. • Two-year degree under development with Leeds City College tailored to the future of energy and hydrogen (NGN). • Highlights from inclusion and diversity programmes: <ul style="list-style-type: none"> - EDL on track to meet its goal of 25% female representation by 2023; - UKPN retained its National Equality Standard accreditation and is ranked third on the list of the Inclusive Top 50 UK employers; and - NGN committed to the UK's Social Mobility Pledge. • Multiple top employer awards.
<p>A steadfast commitment to customers and communities</p>  	<ul style="list-style-type: none"> • Go above and beyond to engage customers and exceed their expectations. • Support vulnerable customers and turn the tide on fuel and water poverty. 	<ul style="list-style-type: none"> • Multiple 2020 awards as leading services provider. • Fuel poverty programmes in place across the UK businesses and in development in Australia. • Northumbrian Water became the first utility to commit to zero water poverty in its regions by 2030.
<p>Protecting natural resources (a focus on biodiversity)</p> 	<ul style="list-style-type: none"> • Introduce a biodiversity net gain philosophy into the operational ethos of businesses. 	<ul style="list-style-type: none"> • NGN committed to measure and report the natural capital value of up to 50 of its largest sites by 2026. • Northumbrian Water completed its first natural capital account and is developing a tool to evaluate the biodiversity value of all sites larger than 0.2 ha. • UKPN targets to increase the biodiversity value of 100 sites by up to 30% by 2021.
<p>Ensuring responsible business practices (a focus on cyber security)</p>  	<ul style="list-style-type: none"> • Implement leading practice approaches to cyber security. 	<ul style="list-style-type: none"> • Cyber security policies, governance mechanisms and cyber-attack security plans in place to protect corporate information assets and critical infrastructure.
	<ul style="list-style-type: none"> • SDG 17, "Partnerships for the goals", underpins action on all material topics and enables the best possible impacts through collaboration and working with relevant partners. 	

Offering sustainable solutions and innovating for transformational impact

The Infrastructure division is positioned at the forefront of leading innovation and technologies that are helping customers deliver on their goals to create a low carbon future including leadership in hydrogen, solar, waste-to-energy, carbon capture and storage, circular economy approaches and smart city developments. Highlight case studies next exemplify these efforts.

At the forefront of the UK hydrogen transition

In November 2020, the UK Government released its Ten-point Plan for a Green Industrial Revolution, which serves to help the UK reach its ambition of net zero emissions by 2050. The Plan lists hydrogen as a key component with the specific aim of heating a neighbourhood with hydrogen gas by 2023 and then an entire town, with tens of thousands of homes, by the end of the decade. With the UK gas grid accounting for one third the UK's total carbon footprint, finding solutions to decarbonise the gas grid is essential to achieving net zero.

H21 is a collaborative gas industry programme focused on demonstrating how converting the UK gas network to carry 100% hydrogen can tackle the UK's decarbonisation challenges. This project is being led by Northern Gas Networks ("NGN"), in partnership with Wales & West Utilities ("WWU"), two companies within the Infrastructure division, as well as Cadent and SGN.



HyStreet – demonstration housing testing hydrogen

The H21 feasibility study, which looked at the possibility of converting the UK city of Leeds to hydrogen using existing pipes and equipment, concluded that it is technically possible and economically viable. The next phase of the project is demonstrating the safety case.

In addition, NGN is a partner in HyDeploy, a project to blend 20% hydrogen with natural gas. Following successful trials on a private network at Keele University, the next step will see NGN supply a 20% hydrogen blend to the community of Winlaton in Gateshead in 2021.

As part of the H21 project, Leeds Beckett University has been working with NGN to gain insight to public perceptions of hydrogen as a domestic fuel. Using innovative social science methods, the research team has explored, for the first time, public perceptions of moving the UK domestic fuel supply to 100% hydrogen.



Learn more about the H21 project and progress.



At the forefront of the Australian hydrogen transition

South Australia is working towards net zero carbon emissions by 2050 and Australian Gas Networks (“AGN”), under the Australian Gas Infrastructure Group (“AGIG”), is working alongside the State Government to help deliver on this aim through its leadership in green hydrogen production. Using a 1.25 MW electrolyser powered by renewable electricity, Hydrogen Park South Australia (“HyP SA”) is the first Australian project to produce green hydrogen for blending with natural gas for supply to domestic customers via AGN’s existing gas distribution network in South Australia.

From early 2021, a 5% hydrogen blend will be supplied to nearby homes via the existing gas network. AGN is also supplying to industry with further aims to supply the transport sector.



Experience HyP SA’s ground breaking ceremony.

In 2020, AGN also developed Hydrogen Park Gladstone (“HyP Gladstone”) in Queensland with the aim to distribute a blend of up to a 10% green hydrogen to an entire city network, delivering another Australian-first. AGN is further developing detailed plans to introduce hydrogen into gas networks in both Victoria and South Australia through the Australian Hydrogen Centre.

Such projects are essential to progressively show the use and safety case of hydrogen before integrating higher levels, and eventually 100% green hydrogen.

HyP SA has received a number of accolades in recognition of its role in demonstrating the pathway to a cleaner energy future, including:

- 2020 SA Climate Leaders Awards’ Business and Industry category winner;
- 2020 Australian Pipelines and Gas Association Environment Award winner;
- 2020 Engineers Australia Australian Engineering Excellence Award winner; and
- 2020 South Australian Premiers Awards for Energy and Mining’s Innovation and Collaboration commendation.



The hydrogen-powered trains of tomorrow

To meet the UK’s ambition to reach net zero by 2050, the UK’s Department for Transport (“DfT”) asked the rail industry to explore the possibility of removing all diesel-only trains from the network by 2040 in England and Wales. The Rail Industry Decarbonisation Taskforce has identified three possible traction technologies which are sufficiently mature to replace diesel – battery, electric and hydrogen.

UK Rails has been working in partnership with Alstom since 2017 to explore UK rail opportunities for hydrogen propulsion. In 2020, UK Rails and Alstom announced a bold plan and joint investment of £1 million to fast-track the hydrogen train industry in the UK by creating an entirely new class of train.

Designated Project Breeze, the rolling stock solution will be 100% powered by hydrogen through integrating the proven propulsion technology of Alstom’s in-service Coradia iLint hydrogen multiple units within a modified version of the Class 321 Renatus electric multiple unit fleet proven on high-intensity services between London and East Anglia. This will create the Class 600 hydrogen multiple unit (“HMU”), with a maximum speed of 90mph and an operating range of over 600 miles.

The Class 600 specification has been developed with potential train operators, particularly Northern Trains, to ensure that it is fully aligned with their requirements to replace regional diesel trains as part of overall UK railway decarbonisation. A proposal for a fleet of 10 Class 600 HMUs to operate services in the Tees Valley area is awaiting DfT approval to proceed.

Subject to approval timescales, the first Class 600 HMU could be operational in 2024, with the full fleet in passenger service by 2025.



Making South Australia a leader in distributed solar

SA Power Networks has the highest penetration of distributed solar of any gigawatt-scale energy system in the world and it's also working on doubling its solar capacity in the next five years. This a huge feat given that in 2009 there were little to no solar panels connected to the grid and now one third of SA Power Network's customers (over 290,000 South Australian homes) have solar panels on their roofs capable of generating nearly 1,500 MW of electricity. Customers' rooftop solar photovoltaic ("PV") systems now have enough capacity to power the entire state on mild, sunny days.

To help accept even more solar energy into the grid, SA Power Networks is undertaking a range of initiatives including:

- Upgrading 130 major substations to facilitate greater solar exports;
- Partnering on the award-winning Tesla advanced virtual power plant grid integration project; and
- Developing its Flexible Exports service which means that more customers may benefit from investing in rooftop solar, with higher exports, less solar energy wasted, greater reliability of solar systems and a more stable electricity supply.

SA Power Networks' subsidiary, Enerven, is also working to enable the State's water services supplier, SA Water, which delivers water to 1.7 million South Australian customers, to transition to renewable energy. Enerven will install approximately 368,000 solar panels across SA Water's infrastructure that will generate 154 MW of green electricity and provide storage capability of 35 MWh.



Helping remote regions of Australia transition to reliable clean energy

Australia is the sixth largest country in the world. While most of its population lives in its major cities, there are many rural and remote towns dotted across this vast land, located hundreds of kilometres from the closest major centre. Most are not connected to the electricity network and rely on trucked diesel to fuel their energy supply, which also exposes them to price volatility, reduced energy security and high carbon emissions. Through hybrid renewable technology, EDL provides its remote customers with reliable, sustainable energy.

Coober Pedy

EDL provides 100% of the electricity to the remote mining town of Coober Pedy in South Australia. EDL owns and operates the Coober Pedy Hybrid Renewable Power Station which combines 4MW of wind generation, 1MW of solar generation, a 1MW/500 kwhr battery and other integration technologies, with the diesel power station as a backup, achieving generation of approximately 75% through renewable energy for the town's power.

This power station has delivered lower cost and more stable electricity for the community at world-leading renewable energy penetration rates setting a global benchmark for renewables in MW scale isolated grids. To date, the longest continuous period the project has operated on 100% renewables was 97 hours in December 2019.

Agnew

Building on the success at Coober Pedy, in 2020, EDL completed the 56 MW Agnew Hybrid Renewable Project at the Agnew Gold Mine in Western Australia. Comprising five wind turbines, a solar farm, a battery system and an off-grid gas and diesel power plant, the project is Australia's largest hybrid renewable microgrid and supplies the mine with power that is more than 50% renewable, with 99.99% reliability. It is also the first mine in Australia to be powered by wind at a large scale. The project won several awards in 2020 including:

- 2020 Engineering Solution of the Year at the Global Energy Awards;
- 2020 Innovative Power Technology of the Year – Australia at the Asian Power Awards; and
- 2020 Western Australia Division winner at the Australian Engineering Excellence Awards.

Jabiru

In 2021, EDL will also commence construction of the Jabiru Hybrid Renewable Project in Australia's Northern Territory. Once completed, the hybrid renewable power station will provide the remote town of Jabiru with at least 50% renewable energy over the long term, without compromising power quality or reliability.



Waste-to-energy — landfill gas and renewable natural gas

EDL owns and operates a large portfolio of landfill gas (“LFG”) powered stations in Australia, Europe and North America. Across 58 landfill sites globally, LFG is generated from methane produced by decomposing organic matter in refuse tips, that would otherwise be released to the atmosphere or flared. Instead, EDL converts the gas to electricity, significantly reducing carbon emissions. In 2020, EDL generated 2,169,559 MWh of electricity from its LFG power stations globally, abating 11,060,706 tonnes of carbon emissions.

EDL is investing in work that goes beyond the conversion of gas to electricity, to also develop renewable natural gas (“RNG”). RNG is LFG processed to pipeline-quality standards making it fully interchangeable with conventional natural gas for use in industry or transportation. To illustrate impact, when used as a vehicle fuel, RNG reduces emissions by 85% relative to diesel fuel.

In the United States, EDL and its joint venture partners completed the Indy High BTU RNG Plant at the Indianapolis South Side Landfill in April 2020, with the capacity to convert landfill methane gas into approximately eight million gallons of pipeline-quality RNG each year amounting to 41,000 tonnes of carbon emissions avoided annually.

Carbon capture, use and storage

In 2019, AVR (under Dutch Enviro Energy) became the first European waste-to-energy company capable of large-scale CO₂ capture through the launch of the operation in Duiven. The CO₂ captured by this plant is re-used in the greenhouse horticulture sector where it has meant natural gas-fired heat and power generators are no longer needed to produce CO₂ in the greenhouses.

Based on the volume of residual waste AVR currently processes, its target is to reduce its annual emissions by 800,000 tonnes of CO₂ emissions by 2030 and be a net zero operation by 2050.

Throughout 2020, AVR continued to make progress towards its net zero vision. Plans are in place to build a similar CO₂ capture installation at its location in Rozenburg. Exploring innovative solutions in storage, AVR is also collaborating with Carbon8, a UK based company, on a pilot programme to

combine captured CO₂ with fly ash to produce a raw material for the construction industry. AVR is also looking to storage in depleted gas fields offshore as another opportunity.



Driving towards net zero

The transport sector accounts for 28% of all emissions in the UK, with the main source of emissions from this sector being the use of petrol and diesel in road transport. There are more than 100,000 electric vehicles already powered through UK Power Networks ("UKPN") and the business forecasts suggest 4.5 million electric vehicles could be on streets in London, the South and East of England by 2030.

UKPN is innovating to meet the technical challenge of an unprecedented large-scale shift to electric transport. Just one single 50 kW "rapid charger" can have the same impact on the network as a block of 25 new flats. The more electric vehicles are sold, and the more chargers installed, the more the business needs to innovate and create smart solutions to unlock capacity.

UKPN's comprehensive Electric Vehicle Strategy outlines the partnerships underway to develop, test and deliver technical and commercial solutions that facilitate the rapid uptake of electric vehicles and the whole systems approach

planned to maximise the utilisation of its existing electrical infrastructure.

UKPN's dedicated [net zero platform](#)  provides more information on the pivotal role it is playing more broadly in both connecting renewable energy and facilitating the uptake of low carbon technology.





Contributing to smart cities

Data forecasting

Data forecasting and planning is at the heart of facilitating net zero.

UKPN has developed and open-sourced Distribution Future Energy Scenarios including bespoke forecasts for approximately 11,000 geographic areas as well as an interactive map in partnership with the Open Data Institute.

WWU has developed a whole system model, Pathfinder 2050, that allows cities, regions and countries to evaluate future scenarios of low-carbon supplies for heat, power and transport, allowing users to view the impact of increased integration of the gas and electricity networks in terms of costs and CO₂ reduction. WWU has made this model available to local authorities and city councils to better understand their net zero options.

Smart energy management

UKPN is developing systems to collect and use both voltage-related data and smart meter energy consumption data to enable further improvements in the efficiency and cost-effectiveness of its electricity distribution network to provide a superior service to its customers. As of end 2020, there are approximately 3 million smart meters (equivalent to 40% of all domestic customers) installed in UKPN Regions.

Through ista's data-based suite of digital solutions for smart property management, ista enables residents and owners of buildings to take control of their energy consumption and contribute to climate protection. In Germany alone, 3.7 million tonnes of CO₂ are saved every year thanks to reductions made in the annual heating cost bills enabled through ista's solutions. ista's aim is to help customers and users reduce their CO₂ emissions from heat consumption by 10% by 2030.



Contributing to a circular economy

EnviroNZ champions the ethos of “trash to treasure” in many ways from the waste it recycles, to the landfill gas converted to energy, and to the landfill leachate that is treated to become high quality water and returned to the natural environment. At the core of its business model, EnviroNZ is dedicated to innovative and sustainable resource recovery and management, employing many first-in-New Zealand initiatives in this aim.

Significant EnviroNZ highlights include:

- Operating one of the largest landfills in New Zealand, the Hampton Power and Resource Recovery Centre operates a modern LFG installation, which generates approximately 1MW of electricity.
- EnviroNZ collects food scraps and green waste from locations across the country covering a range of

municipal and commercial customers for processing at its composting facility in Hampton Downs. In 2020, the facility was upgraded to boost its organic processing capacity to 20,000 tonnes per annum.

- Hamilton City Council set a target to increase diversion from landfill by 50% within three years. EnviroNZ is playing a central role in making this target possible and is significantly expanding its recovery and recycling infrastructure. Actions have included the construction of a new NZ\$10,000,000 Material Recovery Facility which will sort and bale around 8,000 tonnes of paper, cardboard, plastic and metals from local kerbside collections and commercial operators each year. A new food scraps collection service will also divert up to 6,000 tonnes per annum of organic material from landfill and convert it into a valuable compost product.

Taking action on climate change

The businesses within the Infrastructure division have set ambitious goals to help deliver on net zero, many of which are leading in their industries, including:

AGIG

- 10% renewable gas in networks by no later than 2030, delivering 100% renewable gas developments from 2025. Full decarbonisation of networks is targeted by no later than 2050, and by 2040 as a stretch target.

AVR

- Achieve net zero in operations by 2050.

ista

- Achieve net zero in scopes 1, 2 and 3 by 2050.

Northumbrian Water

- Achieve net zero in operations by 2027.

NGN

- Achieve net zero in operations by 2031 (excluding gas shrinkage) and 2050 (including gas shrinkage), in line with the UK net zero target.

SA Power Networks

- Achieve net zero in operations by 2050 in line with the State Government target.

UKPN

- Reduce the business carbon footprint by 2% per annum. UKPN will release a new target validated by the Science Based Target Initiative in 2021 and is set to be the first UK distribution network to do so.

WWU

- Reduce GHG emissions by 37.5% by 2035 versus 2020.
- Become a net zero ready carbon emission network by 2035.

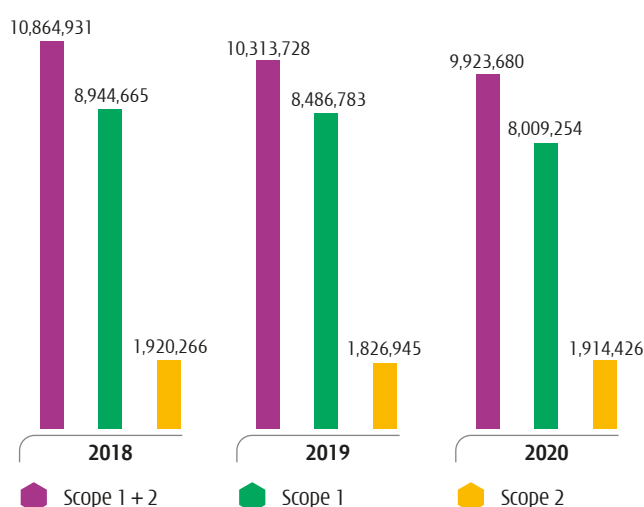
GHG management

Total scope 1 and 2 emissions decreased in 2020 by 3.8% versus 2019 and 8.7% versus 2018.

Accounting for 81% of emissions, scope 1 emissions include direct emissions from sources owned or controlled by the division. Scope 1 emissions decreased in 2020 by 5.6% versus 2019 and 10.5% since 2018.

Accounting for the remaining 19%, scope 2 emissions include emissions from purchased electricity, and those associated with losses in the transmission and distribution networks for the electricity distribution companies. Scope 2 emissions increased by 4.8% in 2020 versus 2019 due to a greater level of meter estimation by the industry owing to a lack of actual meter readings in the calculation of network losses during the COVID-19 pandemic. It is expected that the figures will be fine-tuned when the meter readings are updated.

Scope 1 and 2 emissions performance (tonne CO₂e)



Fugitive emissions

Addressing fugitive emissions is a significant opportunity area. The division's gas distribution networks have been replacing legacy pipe materials (cast iron, unprotected steel and other) in order to reduce fugitive emissions of methane from networks as well as move toward making networks hydrogen ready. During 2020, NGN, WWU and AGIG replaced 422km, 337km and 417km of old gas pipelines respectively. NGN and WWU are also ahead of their targets to reduce leakage:

- NGN has replaced 27% of pipelines versus an original target of 18% during the regulatory period from April 2013 to March 2021; and
- WWU has replaced 19.7% versus its target of 16% by March 2021.

To illustrate impact, between 2012-2020, NGN has replaced approximately 4,000km of pipe, saving over 500,000 tonnes of CO₂ emissions entering the atmosphere as a result of avoided leakage, the equivalent carbon emissions produced by 160,000 homes in an entire year in the UK.

Demand side management

Demand side response ("DSR") may either be demand-led or generation-led. In both cases end-users are incentivised to reduce their demand on the distribution network.

UKPN is investing in smart technologies to better manage electricity demand, create efficiencies and significantly reduce emissions. UKPN, through its flagship Flexibility programme uses DSR in situations where peak loads cannot be managed within existing firm capacity due to reduction, demand movement or autonomous network management. The deployment of predictive cooling on a number of major transformers in London networks enables UKPN to operate at an extended peak level for longer as transformer oil has been cooled prior to the peak load being experienced.

UKPN has also launched Domestic DSR projects which aim to provide services that deliver the best value to customers and address their changing needs. Three key projects were implemented to increase access for customers to Low Voltage flexibility: i) the Urban Energy Club, which supports customers living in small flats; ii) Home Response, which explores social innovation for customers living in social housing; and iii) Core4Grid, which provides individual home balancing with low carbon technologies. In 2020, UKPN achieved a world first by enabling domestic customers to participate in the flexibility market, marking the latest stage in the business' commitment to growing new markets for low carbon distributed energy resources.

Taking a different approach to demand side management, United Energy deployed its Summer Saver Programme for demand side load management where customers were given cash incentives to reduce electricity consumption. In addition, peak demand reduction helped defer network augmentations.

Other emissions reductions projects

Other techniques to reduce energy consumption across the division include:

- **Renewable energy:** Northumbrian Water's 1,858 sites are all powered by renewable electricity, meaning that 87,000 tonnes of CO₂ emissions are eliminated every year.
- **Green fleet:** Operating large fleets, the businesses are working to find low carbon alternatives. NGN aims to make 50% of its total vehicle fleet ultra-low emission or hybrid by 2026 and to enable this electric vehicle replacement, charging infrastructure will be installed across all offices and depots. WWU and NGN are also working to explore the possibility of using hydrogen to power their fleet and fleet infrastructure. To improve fuel efficiency, Northumbrian Water is trialling software solutions to enhance fleet scheduling to further reduce emissions.

- **Employee engagement:** Getting employees engaged and understanding the importance of their contribution is a priority across all businesses. ista's aim is for employees to invest at least 5,000 hours a year in promoting climate protection in society.
- **Procurement:** Northumbrian Water is developing its procurement process to give emissions appropriate weighting in contract awards and it is also adding greenhouse gas emissions to its service value framework ensuring new capital schemes are the lowest economic emissions option.
- **Third party assessments:** UKPN became the first electricity network operator to achieve the Carbon Trust Standard for Carbon in recognition of its achievement in carbon reduction and Northumbrian Water achieved third-party verification of its emission reports to ISO14064-1 for 2019/20.

Climate risk and resilience

There are two climate risks that are particularly prevalent for the businesses, flooding and bushfires, and steps are being taken to manage these risks.

Flooding

In 2011, responding to the UK Government's concerns on climate change, WWU took a leading role in developing a pioneering tool to help utilities take action to protect their assets from increased flood risks, working in partnership with Landmark and Ambiental Risk Analytics. Following four years of mapping in the pilot, the mapping product was launched in 2018 as Britain's first national flood map incorporating current and future predictive flood scenarios for 2020 and far beyond. WWU was also the first utility in the UK to use the data as part of its UK Climate Change Adaptation Risk Assessment, Reporting and Investment requirements.

UKPN has carried out a flood mapping exercise across its footprint, and site surveys have been undertaken to predict flood depths in extreme events to help design flood protection measures. It has invested more than £11 million in permanent flood defences to increase the resilience of equipment that serves millions of families in the UK.



Green fleet

Northumbrian Water delivered a multi-award winning scheme in Killingworth, North Tyneside, which worked to reduce flood risk in times of heavy rain protecting thousands of homes in the surrounding areas, as well as improve water quality and the surrounding biodiversity. Instead of flowing back to the sewerage system, overflows from the lake spill into natural grassed areas alongside the bank and drain back to a local watercourse instead. Three floating island eco-systems, which were designed and built by Biomatrix Water, have been installed in Killingworth Lake to improve biodiversity and provide natural habitats for wildlife such as fish and nesting birds in the area. The scheme won awards from Chartered Institution of Water and Environmental Management, the Environment Agency, and CECA Civil Engineering Contractors Association North East Awards in 2020.

Bushfire risk

The electricity distribution businesses in Australia are particularly at risk from bushfires which are exacerbated by rising temperatures. They therefore invest millions every year to reduce the risk of bushfire and loss of power supply in communities.

In hazardous bushfire risk areas, Victoria Power Networks (“VPN”) is undergrounding power lines and installing high technology covers over power lines to protect them from climatic conditions. To further reduce fire risk, VPN uses advanced Light Detection

and Ranging technology to continually improve the accuracy of scanning and detection of vegetation growing near power lines and ensure overhead conductor clearances remain compliant to Australian Standards throughout their lifetime.

Further risk mitigation activities are being explored, trialled and implemented as part of network innovation strategies as well as technical research and development. These include improved vegetation management activities, the installation of new bushfire safety devices such as Rapid Earth Fault Current Limiters and Early Fault Detection technology, upgrading fuses, among others.

SA Power Networks has also widened the use of drones for outage response work, particularly in the regional areas of South Australia. Remote control drones played a key role in restringing electricity power lines that were damaged by the devastating 2020 bushfires at Kohinoor Hill in Kangaroo Island.

Remote control drone at Kohinoor Hill on Kangaroo Island





Fostering positive work culture at EDL

Creating a great place to work

The division is committed to creating rewarding and inclusive workplaces for all employees with the firm belief that attracting and retaining the best talent the industry has to offer is fundamental to ongoing success.

Health and safety

For the Infrastructure division, safety is the number one priority. The division's management approaches are driven by a fundamental belief that all of its people, employees and contractors, have the right to go home safe and well to their families every day.

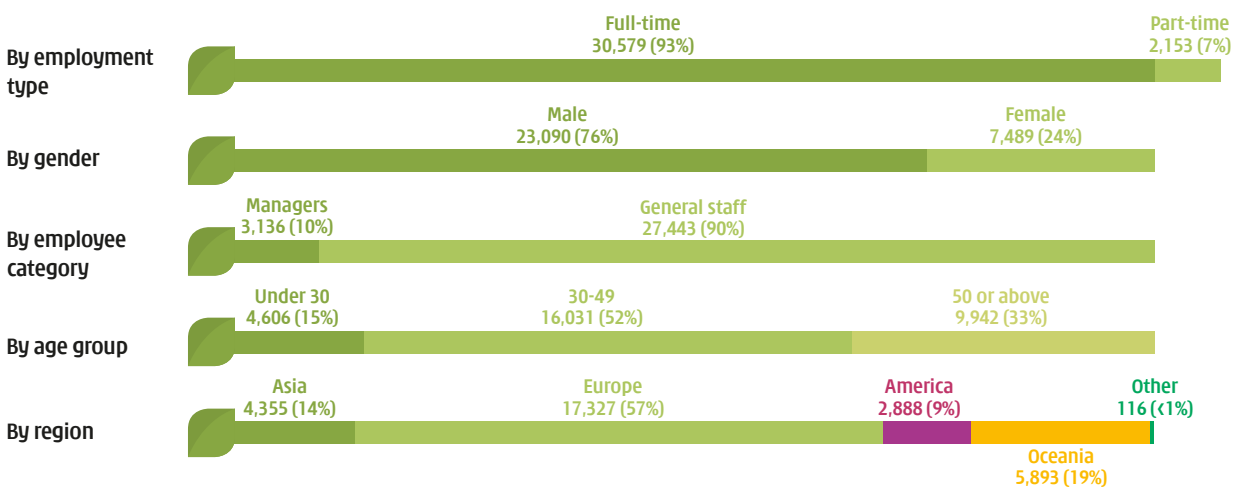
It is with great regret however to report the work-related deaths of one employee and one contractor in 2020. Intensive reviews and procedural adjustments have been undertaken and the unwavering commitment to zero harm continues.

Leadership

The Infrastructure division has made considerable progress in creating a culture of zero harm across its businesses and has set the tone by: i) including safety KPIs in the compensation schemes of all its businesses CEOs and executive management; ii) making health and safety the first item on the agenda of any of its global board meetings; and iii) holding an annual health and safety conference including representatives from each of the Infrastructure businesses. Top management's commitment to health & safety is further formalised in the Health & Safety Policy.

In order to foster a positive culture of health and safety, robust safety management systems exist across the businesses with many certified to ISO45001 or OHSAS 18001 and including procedures for hazard identification and risk assessment, industry-specific standard operating procedures, emergency preparedness procedures as well as ongoing monitoring and measurement.

Employee profile as at 31 December 2020





Continuous health and safety training

As an example of management approach, EDL's dedication to safety is embedded in its culture through a range of initiatives including:

- Oversight from the Global Safety Committee which meets monthly, with participation from corporate and operational support services staff;
- A comprehensive safety culture survey conducted every two years through an independent third party that monitors and ensures the business is enabling a consistent maturity of safety culture globally;
- The Safety Leadership Awards where the business is rewarding excellence in safety based on employee-led monthly nominations;
- The Take 5 initiative, which serves as a hazard and risk review prior to a task being conducted;
- EDL's Shared Analysis Management system which provides an effective hazard and incident management recording and reporting process; and
- Emergency Management and Crisis Management Awareness training to ensure senior managers are well-positioned to respond swiftly to emergencies and crises as well as annual update of the Crisis Management and Business Continuity Planning Programme.

The increased focus on safety leadership, improved reporting and the effective delivery of the Take 5 process has changed behaviours across the EDL global workforce resulting in improved safety performance.

Training

Continuous high-quality health and safety training for employees is fundamental. UKPN conducts regular health and safety training programmes using external and internal experts as facilitators. In 2020, 610 leaders participated in a three-day residential training programme designed to provide awareness, skills, tools and motivation to positively shift their approach to Safety Leadership and 470 employees attended a two-day residential safety training programme. All employees who conduct or influence high risk work were further provided with tailored training during 2020.

The SA Power Networks Safety Leadership Academy was launched in early 2018 to continue to mature the organisation's safety culture by encouraging and educating leaders and workers to challenge their existing approach to safety and leadership. The programme involves a challenging and interactive series of workshops, underpinned by SA Power Networks' Work Safe Values and Standards. It introduces the principles of "human factors" and their involvement in safety related events and the Just and Fair Framework to guide consequences for both positive and negative safety behaviours.



Experience SA power Networks' dedication to safety.

Training programmes that have influenced NGN's culture include:

- Safety Learning Clinics to review events with a view to identifying and taking forward improvement opportunities and create an increased sense of accountability and ownership within the business;
- A series of Behavioural Safety workshops delivered to employees and contract partners looking at what causes incidents; and
- The Leadership Development programme that has been completed by the Senior Operational Leadership team.

Monitoring and feedback

Health and safety monitoring systems and formal audit programmes are in place across all businesses. Audits on the safety management system at the corporate level, Transmission and Distribution Division-level and Generation Division-level are



Infrastructure

conducted at least annually by registered safety auditors to ensure all necessary safety regulations and requirements are strictly followed.

VPN developed a High-Risk Controls Programme in 2020 including controls for the highest risk activities undertaken with the aim to reduce serious injuries. The standards are based on past incidents records, legislative requirements and industry best practice and have been communicated throughout the business.

With particular focus on proactively identifying and controlling key hazards and risks associated with site and fleet operations, EnviroNZ received a Highly Commended award in the Safe Vehicles category of the Australasian Fleet Champions Awards in 2020.

In further recognition of outstanding health and safety practices, WWU was awarded as Royal Society for the Prevention of Accidents' ("ROSPA") Oil & Gas Sector winner for the second year running in 2020, and along with NGN also collected a Gold Award.

Health and wellbeing in the face of the pandemic

The pandemic has further focused attention on employee wellbeing and ensuring employees both out in the field and or those working from home feel supported.

Communications during the lockdowns were led from the top, with many of the businesses CEOs sending daily or weekly videos and voice memos to employees, as well as additional and consistent communications from the executive teams at each business. For those working from home, there was rapid deployment of home working systems, revised working patterns and online collaboration. Additional support was provided to managers in helping their team members work remotely, deal with family loss, and transition back into the office smoothly and safely. Events were held online to enhance feelings of team support and recognition. For example, WWU held their people recognition awards "Celebrating Excellence", its 15th birthday celebration and "It's Virtually Christmas" online. WWU also supplemented their communications with manager's guides, wellbeing newsletters, and wellbeing virtual cafés. As a result of this work they were recognised with the Responsible Business Champion Award from Business in the Community for its focus on employee wellbeing.



Responsible Business
Champions Cymru
2020

SA Power Networks extended their online health hub in 2020 to include the Health Hub @ Home platform which focuses on the health challenges arising from working from home. Features such as mental health, first aid, mindfulness and resilience training courses, and a Traumatic Event Response service for workers exposed to distressing incidents have also been made available to support employees' physical and mental health.

Each of the businesses also acted quickly to support the wellbeing, and notably financial wellbeing, of the members of their communities. Examples include:

- The businesses in Australia participated in the Energy Networks Australia's COVID-19 programme, which provided relief to small business and residential customers who were experiencing financial hardship;
- Northumbrian Water launched a support programme offering payment breaks for people facing financial difficulty; more than 7,500 customers have benefited from a payment break; and
- UKPN also repurposed its Power Partners' £300,000 scheme to help people struggling to pay their energy bills while out of work and at home.

Attraction and retention

The Infrastructure businesses offer competitive market-based salaries for all employees as well as a range of non-statutory benefits, including monetary and non-monetary (such as wellbeing benefits) to ensure employees feel supported and rewarded.

Ensuring employees are heard and their feedback acted upon is critical to employee retention. Going above and beyond to understand employee sentiment, AGIG enlists the support of a third-party engagement expert biannually to provide a forensic and independent view of engagement. AGIG's 2020 Alignment and Engagement Survey results show continued improvement with the highest response to date (88% participation) with engagement levels in the top decile for the industry.

Learning and development

Employees across all levels benefit from structured development programmes with the understanding that quality training leads to improved results, productivity and engagement.

SA Power Networks has first-hand proof of how training and a rewarding workplace feeds directly into high levels of retention. More than 550 apprentices and 220 engineering graduates employed since 2003 are now in supervisory and leadership positions across the organisation, with another 105 apprentices in training. Over the past 20 years, the business has trained 575 electrical apprentices and it has retained almost all of them in the business (a 93% retention rate).

Employee health and wellbeing at Northumbrian Water

To protect both employees and customers during the pandemic, Northumbrian Water issued specific Toolbox Talks to give employees guidance on how to complete their daily tasks in a COVID-secure manner, including appropriate social distancing and use of PPE. Employees were asked to use the COVID 60 Second Check tool to look for health and safety issues at the start of a task. Employees completed over 66,000 COVID checks and Northumbrian Water suspended over 550 assignments by end 2020 after identifying concerns that needed to be addressed before they could be undertaken.

In January, Northumbrian Water became the first water company in England and Wales to launch a COVID-19 rapid testing programme with employees. Working closely with NHS Test and Trace, Defra and Water UK, they piloted a scheme for asymptomatic testing to be carried out on a voluntary basis for around 600 employees. Since then they have carried out more than 6,000 tests.

Northumbrian Water also stepped up its support for employee wellbeing, including through its Livingwell campaign to give employees additional access to a wide-range of resources, and it also launched new support groups such as the Parents' Network to assist colleagues facing childcare challenges.

These initiatives helped Northumbrian Water to be named a Centre of Excellence for Wellbeing by the Great Place to Work Institute, and it was also awarded Ambassador Status for wellbeing as part of the 2020 Better Health at Work Award assessment.





Apprentices at NGN

At AGIG, the Manager to Leader Program is designed to equip employees with the skills, capacity and mindset to lead long-term, and deliver sustainable growth and transformation as focused, accountable and visible leaders. The programme has been designed to enable employees to understand the strategic context in which they operate and adapt their leadership to the needs of AGIG and its people. In addition, participants have the opportunity to focus on their personal leadership journey through a combination of one-on-one mentorship and workshops.

With a focus on developing new talent and succession planning, Northumbrian Water currently has 45 employees studying for an apprenticeship qualification and over 50 employees studying for formal qualifications in areas such as water engineering to deepen their skillsets and expand their work horizons.

Also looking to develop a future pipeline, NGN is working with Leeds City College and Leeds College of Building to create a bespoke two-year foundation degree specifically tailored to the gas business and areas of NGN focus. At the heart of the programme will be a focus on the future of energy, particularly in hydrogen development. Students will also benefit by having the opportunity to intern with NGN and eventually seek employment.

Putting customers first, WWU has created a skills-building development programme supporting effective stakeholder engagement, including building rapport, collaboration, communication skills and emotional intelligence to deliver better outcomes for its customers. This is alongside well-embedded induction and management development programmes which focus on supporting colleagues from "Hire to Retire" and training for both coaching and development which is rooted in neuroscience.

In recognition of the division's dedication to employees, in 2020:

- ista was named an outstanding employer by the Top Employers Institute for the seventh year;
- SA Power Networks has been named Large Employer of the Year Australian Training Awards;
- UKPN came in ninth in the Sunday Times' Top 25 Best Big Companies To Work For 2020, a ranking which is based on a staff survey on topics ranging from the support the company gives communities, to development and training opportunities; and
- Northumbrian Water came 25th in the UK's 2020 Great Place to Work survey of employees.

Inclusive and diverse culture

The Infrastructure businesses have been actively trying to level the playing field of their traditionally male-dominated industries.

EDL has set a target of 25% female representation in its workforce by 2023. It is on track to meet this goal by achieving 20% in 2020. One of the initiatives in support of this includes a maternity leave policy of at least three months' full pay for the primary caregiver across all countries where EDL operates. EDL also rolled out online inclusion and diversity training globally, which will be refreshed every two years.

In 2020, UKPN retained its National Equality Standard accreditation, the UK's highest standard of recognition for best practice on equality, diversity and inclusion, and is ranked third on the list of the Inclusive Top 50 UK employers. In the three years since the introduction of the Gender Pay Regulations in 2017, the difference between Median men and women's pay has decreased by 18.5%, also demonstrating its commitment to gender pay equality at all levels in the business.

To support social mobility, NGN committed to The Social Mobility Pledge which champions organisations dedicated to levelling the playing field in the UK. With some of the country's widest opportunity gaps ("cold spots") located within NGN's service area, the network has built on its many areas of best practice to develop an Opportunity Action Plan that will take its efforts to an even higher level of ambition. The Plan includes:

- A targeted approach to supporting local communities;
- Lowering barriers to apprenticeships for the most disadvantaged youth;
- Creating a new work experience standard; and
- Monitoring the impact of COVID-19 on communities and adapting the Plan as needed.

In Australia, EDL provided summer internships to participants from CareerSeekers and CareerTrackers, not-for-profit organisations that provide mentorship and support to migrant and Aboriginal and Torres Strait Islander university students as they embark on their future careers. In 2018, EDL extended its commitment to CareerTrackers by signing up as a 10-Year Partner. EDL's Australian business also launched its first Reconciliation Action Plan, to improve opportunities for engagement and participation with First Nations people.

Other common approaches the businesses have taken include: covering inclusion and diversity into employee engagement surveys to track what else needs to be done; making workplaces as family friendly as possible through enhanced maternity leave; shared parental leave and flexible working policies; and unconscious bias training for recruitment managers.

A steadfast commitment to customers and communities

For the Infrastructure division, customers and communities are inherently intertwined where the businesses serve whole towns, cities and vast parts of countries through its essential services.

Resilient, efficient and affordable supply of services are of course top of mind, and the many accolades the businesses have achieved over the years are testament to this.

For example, in 2020:

- UKPN was awarded Network of the Year 2020 by the Network Awards;
- Northumbrian Water was awarded Water Company of the Year by the Water Industry Awards;
- SA Power Networks, CitiPower, Powercor and United Energy were ranked first, second, third and fourth respectively in the most efficient distribution network table in Australia in the Annual Benchmarking Report released by the Australian Energy Regulator;
- NGN and WWU were recognized by the Institute of Customer Service for customer satisfaction, maintaining their service mark accreditation; and
- In the Broad Measure of Customer Service Incentive Scheme devised by the Office of Gas and Electricity Markets ("Ofgem"), UKPN recorded the highest overall average score in 2020 making UKPN the top performing Distribution Network Operator in terms of customer service.

However, these businesses deliver value to customers and communities far beyond these benefits. They co-create their services and plans to fit the needs of customers and they build programmes that address the most vulnerable in society.

Proactive customer engagement

Delivering positive outcomes for customers, in the short and long term, is at the core of how the Infrastructure businesses are run. They develop plans and improve services every day by listening, understanding and responding to customer needs and expectations.

Operating mostly in regulated sectors, a high level of customer engagement is required by regulators to protect customers that are not able to choose their service providers. However, the businesses individually go above and beyond these requirements to engaging in tailored ways to identify their stakeholders' wants and needs while maximising the value they add for customers.

Common engagement methods include meetings, workshops, online surveys, research, and in-depth interviews by phone and face-to-face. The businesses also test more innovative engagement methods to enable them to hear the views of uninformed stakeholders on complex subjects, tailoring engagement and taking professional advice to help get the best results.

In light of the pandemic, WWU sought customer views on how comfortable they were with its team members returning to deliver planned mains replacement work. WWU did this through a survey that sought views from over 2,000 people, including those shielding across Wales and South West England; 74% of customers said they were comfortable with an engineer entering their homes to complete essential work as long as they maintained appropriate protection by wearing PPE, handwashing and social distancing.

Since 2017, as another way to engage stakeholders and collaborate for better solutions, Northumbrian Water has held its Innovation Festival which brings together thought leaders from the worlds of business, science, tech, engineering, utilities and customer services to tackle real world problems together in a series of sprints. In view of the COVID-19 pandemic, Northumbrian Water's Innovation Festival 2020 was held online for the first time with almost 3,000 individuals from 37 countries taking part to generate ideas to help tackle major societal and environmental challenges. After the Festival, eight different projects received financial backing from Northumbrian Water to help further improve the company's operations in the areas of customer service, staff wellbeing, leakage prevention and environmental impact.



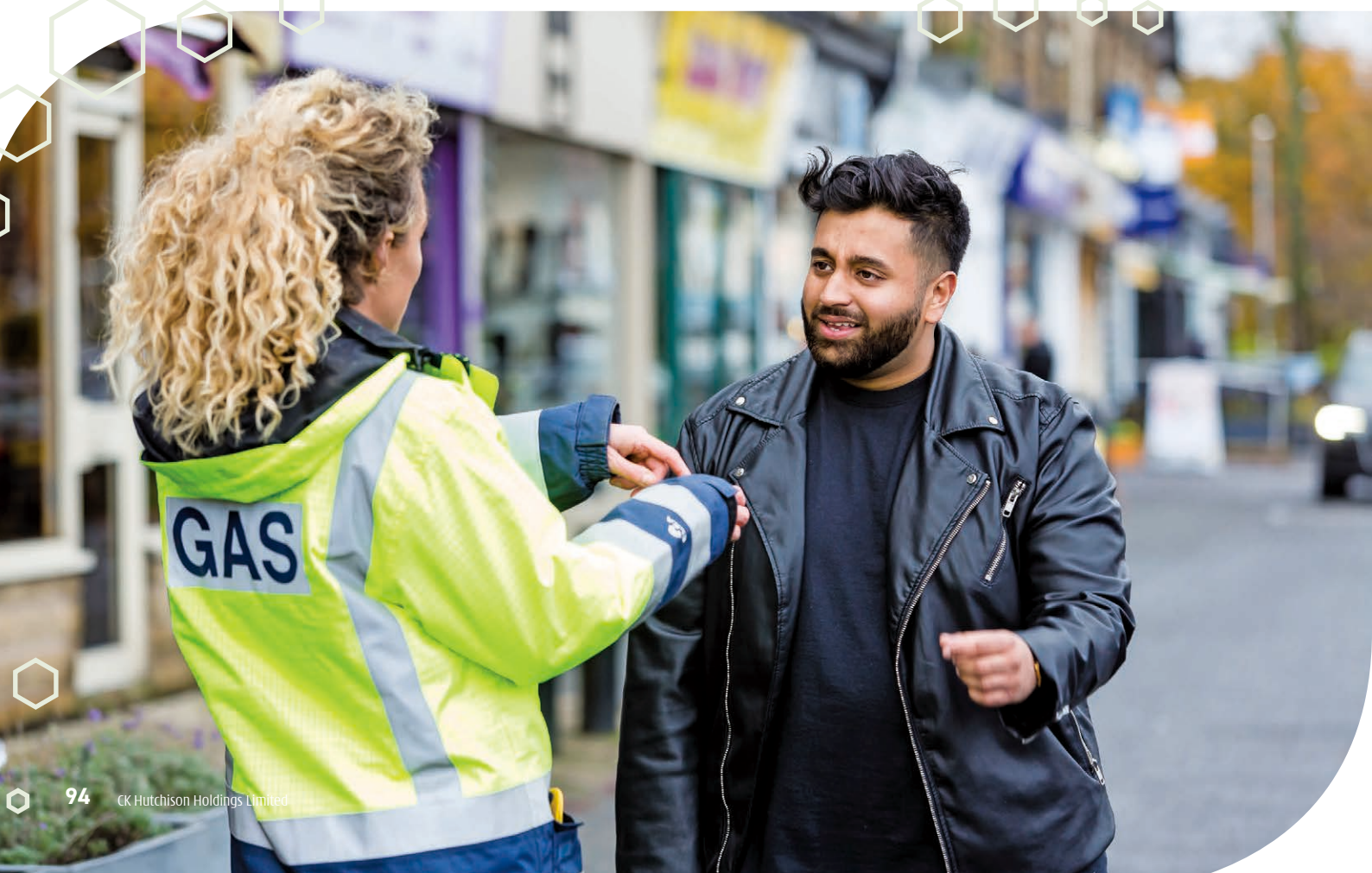
Experience Northumbrian Water's Innovate East '19.

Customer vulnerability

Not everyone has the luxury of being able to afford energy and water. According to the latest UK Government statistics, [10.3%](#)⁽¹⁾ of households in England are living in fuel poverty. Supporting customers in need is therefore a priority for the division.

Note 1: "Annual Fuel Poverty Statistics in England, 2020 (2018 data)", available at www.gov.uk/beis

Engaging customers



Tackling fuel poverty at WWU

WWU's fuel poverty support programme, Healthy Homes, Healthy People, takes a holistic approach and partnerships with Warm Wales and the Centre for Sustainable Energy are central to helping it engage and meet the needs of hard to reach groups. To identify and focus fuel poor support activities, WWU developed a vulnerability mapping tool in 2017 which identified fuel poor homes using property datasets, mass energy performance analysis and Experian data. This helps WWU to prioritise, alongside the Local Authority, areas of focus which are then further cross-checked with local knowledge and referrals from local doctors, health professionals and community organisations.

Once target areas are identified, local partners engage with people in their homes on energy efficiency and benefits checks. The results are monitored and analysed by source and geography through its dedicated social obligations dashboard.

In March, to maintain safe practices during the COVID-19 outbreak, the service was altered from face-to-face to telephone and referral pathways have been set up.

As a result of this work, more than 2,300 homes have benefited, delivering over £1.5 million in benefits. In 2020, WWU was re-accredited to the BS 18477 Inclusive Service Provision Standard.



Tackling water poverty: Northumbrian Water

Northumbrian Water was the first water company to make a pledge to eradicate water poverty by 2030. When it first set out on this journey, Northumbrian Water calculated that 18% of households (around 370,000 households) it served were defined as being in water poverty in 2018-19. This number has now been reduced to 10.4% in 2020, putting the business on its planned trajectory to 0% by 2030.

Early methods for addressing water poverty included making the best use of tools already available such as bill reduction schemes, metering, water efficiency education and ensuring all customers get the Government welfare benefits they are entitled to. In 2020, Northumbrian Water has been helping customers get on to the financial support schemes offered, strengthening partnership arrangements and using this network to promote support.

Protecting natural resources

While many discrete aspects of environmental management are relevant to each business, biodiversity protection is a common material focus area across all.

Many of the businesses are introducing an environmental “net gain” philosophy into their operational ethos and leading their industries with these approaches. Highlight projects from the businesses include:

- NGN has committed to measure and report the natural capital value of up to 50 of its largest asset sites by 2026. Using a bespoke tool being developed for NGN by specialist consultants, the assessment will provide a valuation in both technical biodiversity units and financial cost for relevant ecosystem services provided by the sites. The assessment will be undertaken across the sites three times during the period to identify changes in natural capital in response to NGN land management activities. The findings of these assessments will be publicly reported in NGN's Annual Environmental Report. The tool can also be used to review and assess the natural capital impacts of different design solutions to inform project optioneering and business case production.
- Northumbrian Water has completed its first natural capital account for its southern landholding in Essex, Suffolk and Norfolk. The account combines data on the extent and condition of natural capital assets in the landholding, the benefits they produce, and the value of those benefits to society, in both non-monetary and monetary value. The account provides a baseline assessment of the landholding's natural capital and establishes a consistent way of measuring. Northumbrian Water is also working with specialists to develop an in-house tool to evaluate the biodiversity value of all sites larger than 0.2ha. Sites have been ranked from 1-10 so that they can start to monitor change of impact as well as identify sites that need more work.

- UKPN has committed to a Networks Green Action Plan to enhance biodiversity around its sites, in particular substation sites. As part of the Plan, UKPN identified 100 sites using the Department for Environment, Food and Rural Affairs (“DEFRA”) calculator and partnered with ecological experts, ADAS and Wildlife Trusts, to assess the sites and determine a baseline biodiversity measurement. Following each survey, a biodiversity management plan was prepared with site-specific measures to enhance the biodiversity potential. By 2021, UKPN aims to increase the biodiversity value by up to 30% at these 100 sites.

As the only Infrastructure company in the division's portfolio delivering water-related services, Northumbrian Water dedicates itself to leading practices in water management. Northumbrian Water delivered industry-leading performance during 2020 for minimising interruptions to supply to customers. Preventing leakage in the water-stressed areas of Essex and Suffolk are of highest priority and testament to its approaches, these areas experience lower levels of leakage than delivered by any other Water and Sewerage Company in the country. Further, Northumbrian Water's investment in the Abberton Scheme in Essex increased the storage of Abberton reservoir by 60% to 41 billion litres of water. It is now investing in a pipeline enabling it to transfer water from Abberton to a wider area of Essex to increase resilience across the region. Northumbrian Water has also launched a free online programme, The Ripple Effect, aimed at 7-11 year olds to teach young people about the value of water in addition to playing a leading part in launching the UK's Water's Worth Saving campaign aimed at encouraging the public to save water.

Abberton Reservoir, UK



Enabling the public to champion biodiversity

Northumbrian Water's Branch Out Fund supports environmental projects that help to restore some of the most threatened habitats as well as create new outdoor environments for the public to enjoy. Since its launch in 2013, Northumbrian Water has invested over £500,000 in the Fund, enabling over £10,000,000 to be invested in 138 projects restoring local biodiversity through top-up government grant funding.

Northumbrian Water's Water Rangers Community Programme works with volunteers across communities to help clear and protect 56 of the region's waterways more

prone to pollution. A total of 74km have been protected through 8500 patrols since beginning the programme in 2014.



Learn more about the Water Rangers.

Cyber security

The Group seeks to protect its critical assets and data from cyber-attacks and ensures that there are adequate and effective cyber security defences to protect corporate information assets and critical infrastructure. While a Group-wide priority, that is guided by Group-wide policies, each business has its own tailored programmes and resources.

To illustrate with a business case, at UKPN:

- UKPN's Cyber Security Operations team monitors the Security Operations Centre and Security Information Event Management system 24/7 for alerts that indicate areas for further investigation.
- It has established the High Impact Low Probability programme to ensure it has an enhanced programme in place to effectively respond to large scale high impact events.
- It took part in a national cyber security exercise to test its current processes and identify further opportunities for improvements to ensure there is sufficient protection and a robust response in place for a cyber-attack. To minimise the impact of a crisis on the delivery of service to customers, a central team coordinates the response at either a strategic or tactical level. UKPN also has a holistic Business Continuity Management System that builds a framework for resilience by identifying potential threats to the business and the impacts on the business operations these might cause.

- UKPN conducts vulnerability scanning on core systems including the smart meter system. The vulnerability scans include simulated hacker attacks and vulnerability management is subject to a weekly review meeting. Information Security for the Smart Meter system is aligned to ISO27001 as part of the Smart Energy Code (a multi-party agreement which defines the rights and obligations for smart metering) and is managed by a security sub-committee which appoints an external auditor for an annual audit.
- UKPN operates a company-wide Security Matters branded campaign to raise awareness across multiple channels, such as intranet, email, Yammer and digital noticeboards.
- An online cyber security training course, which was updated in 2020, is mandatory for all employees, and to accommodate field staff, educational content is now available on their mobile and touchpad devices.



Three.

Three.co.uk

TELECOMMUNICATIONS

Serving society

The Telecommunications division plays an important role in connecting over 100 million people across 12 markets to their personal and business networks. In this fast-paced digital world, connectivity plays a fundamental role in enabling and empowering human progress and the COVID-19 pandemic has highlighted just how important this access is for the sustainable functioning of society.

Having the necessary skills and access to connectivity to benefit from digitalisation also presents a sustainability challenge: to ensure all benefit from this technological shift and that no one is left behind.

Further, transitioning to a low carbon economy and reaching net zero will require the use of technology that will facilitate the rapid reduction in emissions to reach this goal. Avoided emissions enabled by mobile communications technology will be significant to this aim.






The division's role in serving society is clear –








To enable a sustainable, inclusive and digitally-enabled society.



Material topics, goals and progress

The following table highlights the material topics identified for the Telecommunications division, as well as the relevant UN Sustainable Development Goals ("SDG"), division goals and progress made.

Material topics & SDGs	Goals	Highlights
<p>Creating a digital future</p>   	<ul style="list-style-type: none"> • Deliver better connectivity, every day, for every customer. • Be ready to help customers on their low carbon transitions. • Support young people in building the digital skills needed for the jobs of tomorrow. • Support digital inclusion in rural areas. • Support society, particularly the vulnerable, through the pandemic with free connectivity and access. 	<ul style="list-style-type: none"> • 3 UK boasts the UK's largest 5G spectrum holdings with average speeds in excess of 200Mbps. • Developing smart solutions to accelerate emissions reductions in other sectors e.g. utilities, ports, airports, and electric vehicle infrastructure. • Piloting Low Power Wide Area network infrastructure as a first step in a UK rollout to support mass deployment of IoT devices. • Building digital skillsets through partnering with universities to deliver training on cyber security and to hold a hackathon for students to explore the challenges and opportunities relating to smart cities and smart living. • Working with the UK Government on the Shared Rural Network to bring guaranteed coverage to 280,000 premises and 16,000km of roads in rural areas. • Worked with the Arranmore Business Council in Ireland, to provide connectivity to the island of Arranmore, supporting societal and economic development. • Zero-rated access to healthcare websites and donated devices and connectivity to charities to support some of the most vulnerable, among other initiatives during the pandemic.
<p>Taking action on climate change</p>  	<ul style="list-style-type: none"> • Collaborate across the division to set one science-based target to be validated by the Science Based Target Initiative. • Develop a carbon footprint including scope 1, 2 and 3 emissions along with the help of carbon experts. • Conduct a gap analysis against the recommendations set out in the TCFD framework. 	<ul style="list-style-type: none"> • Began a project in 2020 with a third party expert to set a science-based target, develop a carbon footprint to identify hotspots and conduct a gap analysis against the recommendations set out in the TCFD recommendations. Results of this project will be released by end 2021. • Reported to the CDP for the first time in 2020 and received a score of B-. • High impact projects implemented in the areas of: <ul style="list-style-type: none"> - Procuring and installing efficient network equipment; - Decommissioning and replacing legacy equipment; - Installing energy saving controls and features; and - Reducing energy demand by installing lower-energy power and cooling technologies.

Material topics & SDGs	Goals	Highlights
<p>Delivering responsible products and services</p>   	<ul style="list-style-type: none"> • Ensure best-in-class systems for data privacy and cyber security. • Provide parents and guardians with tools and systems to protect their children from online harm. • Design and develop products and services that deliver positive social and environmental impact. 	<ul style="list-style-type: none"> • Ongoing control systems in place to strengthen governance, risk management and compliance to minimise the risk of a data privacy breach. • Work closely with leading industry bodies to counteract and mitigate the latest security threats, and support secure technologies in the future. • Launched guides for parents and guardians to navigate the online world safely together with their children. • Ongoing programmes to reduce packaging size, increase recyclability and use lower impact materials. • Offering take-back and recycling programmes to the public (customers and non-customers) for their devices and accessories. • Developed a conscious consumption category to address customers with strong sustainability values.
<p>Creating a great place to work</p>   	<ul style="list-style-type: none"> • Be an employer of choice, with employees that feel heard, engaged and supported. • Be a diverse business where employees feel they are included and belong; ensure conscious leadership; work in partnership with internal and external networks. 	<ul style="list-style-type: none"> • Conduct annual engagement surveys with top management oversight of results. • Creating future-fit skills with learning and development programmes in digitalisation across markets. • Partnered with the National Centre for Diversity to hold workshops for people leaders in addition to providing guidance and expertise in the UK. • Developed a wide range of employee networks to support inclusion and diversity.
	<p>SDG 17, “Partnerships for the goals”, underpins action on all material topics and enables the best possible impacts through collaboration and working with relevant partners.</p>	



Creating a digital future

A report ⁽¹⁾ [produced](#) by Deloitte and GeSI found that digital technologies could have a transformational impact on the world's ability to meet the 2030 Agenda and the UN Sustainable Development Goals ("SDGs"), specifically finding that of the 169 SDG targets, 103 are directly influenced by digital technologies. According to the Social Progress Imperative report ⁽²⁾ [the world](#) is on track to miss the 2030 due date in order to achieve the SDGs by over 60 years at the current rate of progress, mobile network-enabled transformation to accelerate positive change has never been more important.

The deployment of 5G connectivity that provides speed and capacity at fundamentally different levels will be increasingly central to progress against the SDGs. Digitalisation is expected to disrupt all parts of the economy over the next decade and, if sufficient policy and investment is received, has the potential to be a key driver of the low carbon transition, among other priorities central to sustainable development.

Note 1: "Digital with Purpose: Delivering a SMARTer2030", available at www.gesi.org

Note 2: "Announcing the 2020 Social Progress Index", available at www.socialprogress.blog



Contributing to the knowledge base of the 5G opportunity in supporting the SDGs

WINDTRE produced, along with a panel of external subject matter experts, two research reports looking at the benefits of digitalisation in supporting the SDGs.

The first, "Digital Innovation for the SDGs", was developed with 40 external experts from across the public and private sector to explore the role of digitalisation in four key areas including: i) education, ii) social inclusion, iii) digital responsibility, and iv) environment and quality of life.

The follow-up to this report, "5G Cities, Sustainable Cities", focused on 5G's role in creating sustainable cities embodied in SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable. The report focuses on the future of cities, with the aim of reflecting on how a smart transition would affect a city's sustainable development,

competitiveness and quality of life. The division also used the learning process to investigate its role in 5G implementation and the benefits to SDG 11.

Both reports were launched at the 2018 and 2019 Italian Sustainable Development Festival respectively, the largest sustainability event in Italy, and are available [here](#).

In 2020, WINDTRE also took part in Milan Digital Week, by supporting the event "5G Road-Smart City, Smart Life" including four live streamed events dedicated to exploring the opportunities of 5G in transforming many aspects of daily life. Alongside technology experts, scientists, journalists, and entrepreneurs, WINDTRE management discussed the 5G opportunities in the areas of work, education, culture, sport, inclusion and research.

Network resiliency and coverage

The Telecommunications division's goal is to deliver better connectivity, every day, for every customer. Network resiliency serves as a fundamental social responsibility – to ensure that customers are able to connect, communicate, access data and share information anytime, anywhere.

Resiliency to extreme weather events

5G networks will be required to adapt during extreme weather events, and increasingly so in the face of climate change. Resiliency is enabled by efficient radio equipment that in the future can be powered by micro grids and renewable energy. The resiliency of cell site towers against damage caused by extreme weather events has been a priority focus area for the division's crisis management teams, in addition to rolling out innovative technology solutions such as "network in a box" that can deploy a complete network rapidly enabled by technology features such as self-backhauling,

and potentially satellite backhauling. In this regard, the division continues to use a range of network technologies optimised for local weather systems, from metropolitan and rural Asia, to the northern European extremes of Sweden.



5G brings greater connectivity

Delivering more and fastest 5G

3 UK has the largest 5G spectrum holding in the UK market. It is also the UK's fastest 5G network⁽³⁾ boasting speeds in excess of 200Mbps, along with 5G availability in 154 towns and cities throughout the UK and serviced by more than 900 sites for mobile and home broadband. 3 UK ended the year with 1,000 sites and expects hundreds more sites to come online before the end of 2021.

In July 2020, 3 UK became one of over 100 service providers worldwide to establish a 5G commercial agreement with Ericsson to roll out its 5G network. This is part of a £2 billion investment in the transformation of the UK network and IT infrastructure, and also includes huge improvements to the 4G network. This partnership will help boost network efficiency and enable a cost-effective and rapid extension of 5G across the UK.

Note 3: As per data from mobile speed test firm Ookla as at end 2020.



Enabling the low carbon transition

Transitioning to a low carbon economy and reaching net zero by 2050 will require the use of technology that can facilitate the rapid reduction in emissions required to meet this goal. Mobile network enabled technologies have a key role to play in this transition through increasing connectivity, improving efficiency and impacting behaviour change. While emissions from the mobile sector account for approximately [0.4%](#) ⁽⁴⁾ of global emissions, the level of avoided emissions enabled by mobile communications technologies is 10 times greater. To illustrate, in 2018, the enabling impact of mobile communication technologies globally was estimated to be [2,135 million](#) ⁽⁵⁾ tonnes CO₂e, or roughly the equivalent to the GHG emissions emitted by Russia in 2017. By 2025, it is estimated that increases in smartphone usage and IoT connections could result in a further [doubling](#) ⁽⁶⁾ of the avoided emissions enabled by mobile technologies.

The sector's ongoing development of 5G connected technologies, is releasing a wave of low carbon innovation across many other sectors of industry and society and the division is positioning its capabilities and offerings to be a part of that technological revolution.

Utilities

Energy management based on IoT devices provides many benefits for every part of the electricity supply chain network, from power generation to the end-point consumers. The monitoring of end-users' assets, be it heavy machinery on a plant or a household device, allows an enhanced understanding of energy consumption, enabling better forecasting and reduced energy wastage. On the supplier's side, sensor-enabled assets help optimise asset maintenance, integrate renewable energy and avoid waste by predicting energy peaks.

The division partners with utilities companies to provide SIM cards for utility meters in residential and commercial properties in order to remotely view and control, in real-time, a property's energy consumption. For example, the division currently has four million SIM cards in utility meters across Ireland and Italy helping customers to actively monitor their consumption of electricity, gas and water.

The division has also collaborated with energy specialists to offer energy management solutions to customers to take control of their energy usage and identify opportunities for reduced consumption. One such collaboration is with ista, one of the Group's Infrastructure companies which is dedicated to offering data-based energy management products and services. By providing the SIM authentication infrastructure, the division is partnering with ista to offer a full suite of solutions for smart energy management.

A similar partnership has been created with an energy management specialist, Ouvert, to develop the WINDTRE Energy Supervisor which provides companies and public administrations with the tools and methodologies for advanced energy tracking to support the identification of energy efficiencies.

Ports

Large-scale IoT connectivity can be used to optimise ports operations at all levels. Sensors and monitoring equipment on board ships can gather vessel performance data to find the optimal route and engine configuration that reduces fuel consumption and carbon emissions. IoT can enable real-time monitoring of port equipment and machinery, as well as issue detection and failure prevention.

Using a 5G Private Network installed by 3 UK, Hutchison Ports Port of Felixstowe, the UK's largest port, will deploy 5G and IoT to support remote-controlled crane operations and predictive maintenance. Predictive maintenance decreases unplanned downtimes and vessel delays that significantly reduce fuel wastage and carbon emissions.

Working with 3 UK, Cambridge University, Blue Mesh Solutions, Ericsson and Siemens, the port will install a 5G-enabled sensor and CCTV network across its crane fleet under the UK Government's 5G Testbeds and Trials Programme to drive investment and innovation in 5G.

3 UK is also working with Hutchison Ports Stockholm to review the use of 5G in developing automated transfer carriers.

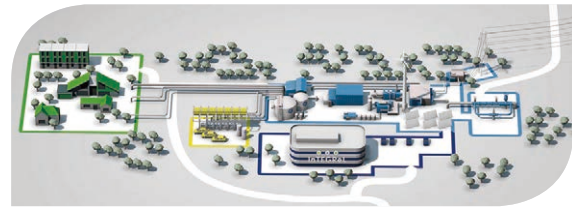
Note 4, 5 & 6: "The Enablement Effect", available at www.gsma.com

Strengthening IoT with Low Power Wide Area capability

The Integrated Transport Electricity and Gas Research Laboratory (InTEGReL) is a fully integrated whole energy systems development and demonstration facility led by Northern Gas Networks, a company within the Group's Infrastructure division. The lab is focused on helping the UK Government meet its 2050 target of net zero carbon emissions.

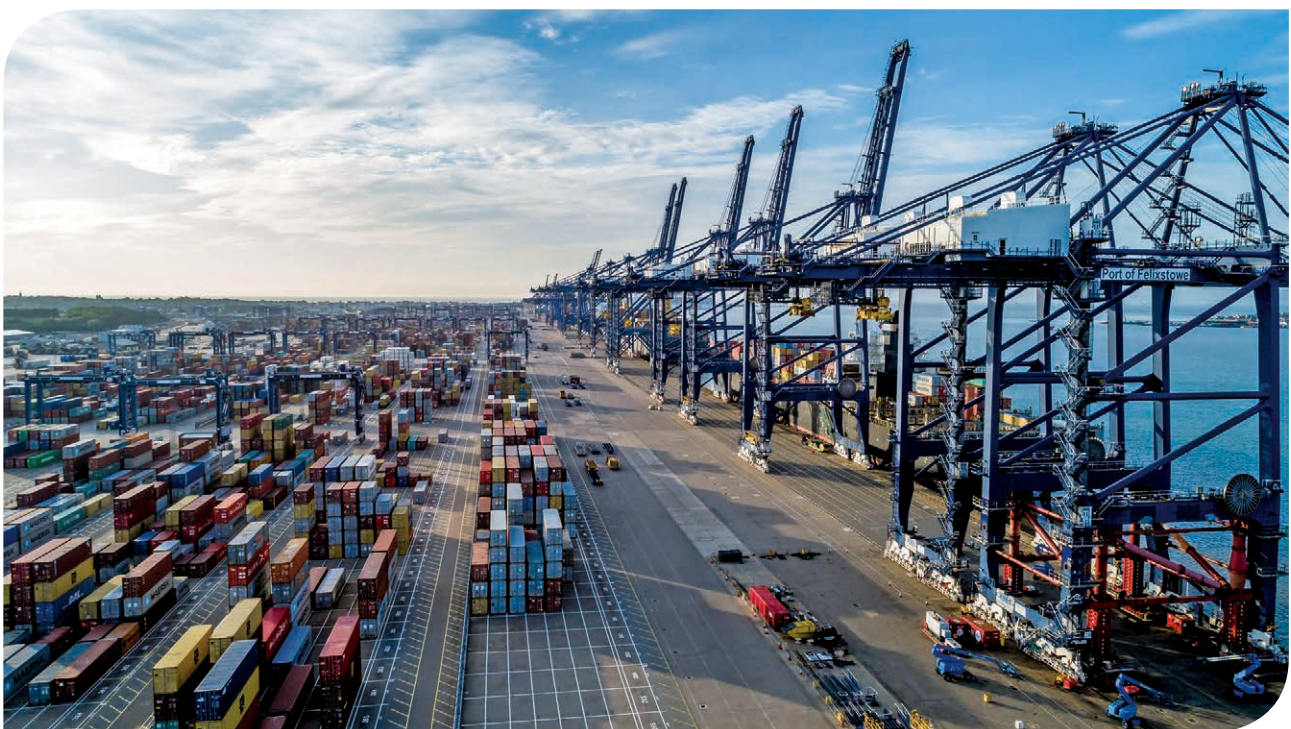
The Telecommunications division, led by the CKH Innovations Opportunities Development unit, is piloting a Low Power Wide Area network ("LPWA") at InTEGReL which is the first step in a nationwide network rollout that will support mass deployment of IoT devices. LPWA networks, made up of Narrowband IoT and LTE-M technologies, provide a

cost-effective way to wirelessly connect IoT devices which monitor and control everything from key infrastructure to smart buttons. Sectors such as energy, logistics, building management, and transport have the potential to be digitally transformed by Low Power Wide Area technologies, unleashing an incredible opportunity for emissions reduction among other benefits.



“ LPWA offers huge potential for the gas industry. Real-time data from our infrastructure flowing into advanced data analytics models will allow us to take fast, agile and even pre-emptive action to deliver outstanding customer value whilst maintaining the highest level of resilience, which will be more important than ever as we transition to a low carbon energy network. Our industry needs new technologies such as this to support our ambitions to decarbonise gas systems, through projects such as H21 to transition to hydrogen for heat and meet the UK Net Zero target by 2050.

Matthew Little, Innovation, Information and Improvement Director, Northern Gas Networks



Airports

Airports, with their complex operating environment enabled by a vast number of physical assets, are ideally placed to benefit from IoT to reduce their carbon emissions. Large-scale IoT deployment can address inefficiency issues that might be created through poor engine maintenance, for example, that can lead to significant fuel wastage. IoT can instead gather engine status in real time enabling active maintenance. As a technology partner to Heathrow Airport in the UK, the division runs the airport's airside networks, providing secure and reliable communication with the ability to connect an immense number of devices.



Heathrow Airport, UK

Electric vehicle infrastructure

With the UK Government, among others globally, committing to banning the sale of internal combustion engines by 2030, the need for a rapid rollout of electric vehicle infrastructure is crucial. CKDelta, the division's data innovation business, has built expertise in understanding how all the elements of the electric vehicle ecosystem interact and is positioned to help the various actors involved in such a complex rollout including power distributors, charge point operators, urban planners, and payment solutions providers.



Electric vehicle recharging

Digital inclusion

Once considered a luxury, being digitally connected is now a way of life. Digital technologies enable the world to connect with

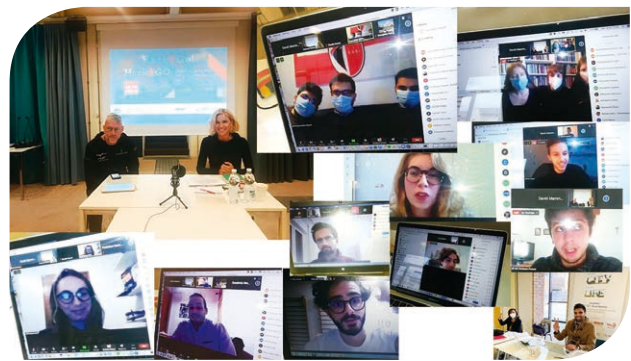
friends and family, use online services and take advantage of a wider range of opportunities. Many services are now exclusively offered only through the internet and therefore not having the skills or access can become major life hurdles. Increased working and learning from home as a result of the COVID-19 pandemic has further widened the gap for those who lack the digital know-how or access to connectivity.

Building the digital skills of tomorrow

With the onset of rapid digitalisation, it's essential to have the skills needed in order to flourish in a digital world. The division is partnering with organisations to help build these skillsets, particularly within the younger generation as they prepare for future careers.

In 2020, the following initiatives took place:

- Collaborated with Politecnico di Milano in Italy to deliver the Cyber Security and Data Scientist Academy programmes to engineering students to share insights on how privacy and cyber security will be relevant to the current and future workplace.
- Partnered with MIND, the Triulza Foundation and Robert Bosch Foundation, on the event, "Hack & Go!", the hackathon for university students to explore and tackle challenges and opportunities relating to 5G, IoT and Mobility Services for smart cities and smart living. The winning team was rewarded with a six-month internship at WINDTRE.
- Supported Digital Compass, an organisation in Vienna, Austria which provides workshops on digital literacy to school classes from the seventh grade.



Hack & Go!

Digital inclusion in rural areas

While living in a remote location can be idyllic, a major drawback may be a lack of coverage. Without it, running a business, staying connected, and getting around can be all the harder.

3 UK is working with the UK Government and several other mobile operators on a £1 billion project called the Shared Rural Network to bring guaranteed coverage to 280,000 premises and 16,000km

of roads in rural areas across the UK. Once completed, 95% of the UK will have reliable 4G coverage. From 2021, 3 UK will be working on building and sharing over 220 new mobile masts nationwide by 2024, significantly boosting rural coverage.



Boosting rural network coverage

In 2019, 3 Ireland launched a partnership with the Arranmore Business Council on the island of Arranmore, five kilometres off the coast of Donegal, Ireland to create a more connected island and enable societal and economic development. Prior to this, the lack of connectivity has restricted the population's ability to establish and grow a business, as well as maintain the population



Experience how connectivity has benefited the Island of Arranmore.

to sustain their unique culture and way of life. 3 Ireland helped equip the island's Digital Hub with superfast connectivity and bandwidth to facilitate effective remote working and state-of-the-art conferencing facilities.

3's broadband solution, has been installed in a number of local business and community facilities around the island, including in Scoil Athphoirt where students can now use interactive whiteboards, research online and participate in online learning. The broadband solution has also been installed in the medical centre which will facilitate telemedical applications including video consultations with consultants on the mainland, saving patients a four-hour round trip to the nearest city. 3 Ireland has also implemented a range of IoT solutions to support elderly care and environmental monitoring.

In Indonesia where the world's fourth most populous country is spread over 17,000 islands, 3 Indonesia has been expanding into the rural areas to connect the hard to reach places. 3 Indonesia's 4.5G pro network now covers nearly 35,000 villages in over 325 cities and 3,700 districts across Indonesia.

Supporting society through the pandemic

The COVID-19 pandemic has fundamentally changed the way society interacts as measures globally have been put in place to reduce physical contact to slow the spread of the virus. The telecommunications industry has therefore needed to play a vital role in keeping people connected as they are confined to work, study and be entertained from home.

Island of Arranmore



Across the Group, customers were offered free data access and calls to healthcare support websites and hotlines. For example, **3** UK zero-rated access to the NHS website, the COVID hotline, victim support and domestic abuse services, and Hospedia, the communication network enabling hospital patients to contact home. WINDTRE also enabled free access to Senior Italia FederAnziani, a popular support hotline for senior customers, and **3** Ireland donated 3Connect services for smoother remote working to Aware, the mental health support service which has seen a sharp increase in the number of callers as a result of the pandemic.



Hotline for senior citizens

In the early days of the pandemic when customers found themselves stranded abroad in the face of lockdowns, **3** Sweden and **3** Denmark offered all customers free data, calls and texts to their home country to stay connected. **3** Denmark further doubled the amount of data for voice subscriptions from May – November 2020 to assist customers needing to spend more time online from home.

The Hong Kong and Macau business also collaborated with Microsoft to provide corporate customers with free subscriptions of Microsoft Office 365 to assist the local business community with remote working and Hutch Lanka in Sri Lanka offered free daily reloads for its subscribers to help them stay connected.

The division's community support initiatives in 2020 prioritised supporting healthcare services and the needs of the vulnerable. WINDTRE donated one million euros to local hospitals and **3** UK supported frontline hospital workers by providing them with unlimited calls, texts and data. **3** Indonesia also provided 20,000 SIM cards and free internet access to patients, health workers and volunteers at hospitals around the country to help them stay connected to loved ones at home during the pandemic.

Understanding the difficulties felt by local businesses and school children needing to make the switch to online learning, **3** Austria donated internet packages to small and medium enterprises, and Zoom classroom accounts were donated to local schools in Hong



Free internet donations to schools

Kong. Similarly, tablets, internet access and school materials were donated by WINDTRE to underprivileged families and hospitalised COVID-19 patients in Italy, and **3** Ireland donated 15,000 SIMs with unlimited data to 160 schools around Ireland. **3** UK further zero-rated the Oak National Academy, a UK Government-based online educational resource that has helped thousands of school children across the UK receive free video lessons and resources. **3** Indonesia donated starter packs with unlimited data to students and teachers of more than 5,000 schools across the country. In addition, they supported the government's digital transformation so that educational activities can run smoothly during the pandemic.



Partnership with Unicef

Taking action on climate change

Climate governance

In 2020, CK Hutchison Group Telecom ("CKHGT") embarked on a combined project to: i) develop a carbon footprint (scope 1, 2 and 3), ii) set a science-based target and iii) conduct a gap analysis against the TCFD recommendations. This science-based target will be submitted to the Science Based Target Initiative for validation during 2021.

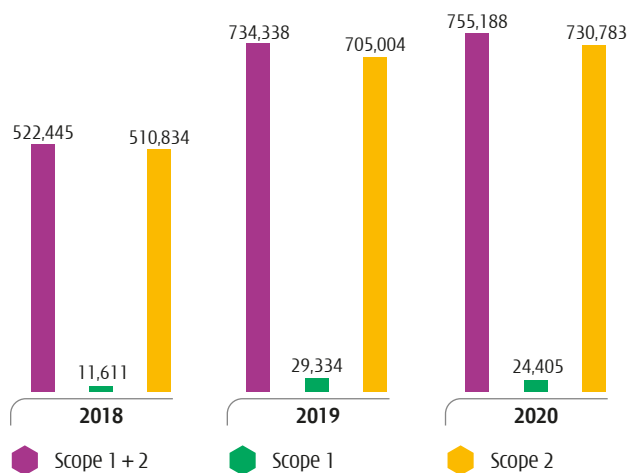
In progressing its emissions reporting and disclosure journey, CKHGT also reported to the Carbon Disclosure Project ("CDP") for the first time in 2020 and received a grade of B-. The CDP also identified CKHGT as among the top ten new entrant scores of companies listed in Asia.

Energy efficiency

The division's scope 1 emissions relate largely to the consumption of refrigerants for cooling as well as the use of transport fuels and natural gas.

Scope 2 emissions relate to electricity consumption to operate network facilities and equipment and owned facilities. Approximately 95% of scope 2 emissions relate to the operation of network infrastructure and plants, such as antennas and data centres which require continuous power supply, as well as air-conditioning to keep the machinery within a constant temperature range. The remaining emissions are attributable to offices, call centres, owned stores and the corporate fleet.

Scope 1 and 2 emissions performance (tonne CO₂e)



Given that the majority of emissions relate to network equipment, high impact projects have focused on:

- Procuring and installing efficient network equipment;
- Decommissioning and replacing legacy equipment;
- Installing energy saving controls and features; and
- Reducing energy demand by installing lower-energy power and cooling technologies.

Due to an exponential increase in traffic and energy needs of the network during the pandemic with more people working and connecting from home, absolute scope 1 and 2 emissions increased by 3% in 2020 versus 2019.



Despite this, there are some successes at the local level. Since the acquisition of the additional 50% share in WINDTRE in 2018, WINDTRE has invested significantly in the process of consolidating and modernising its network in Italy leading to a significant improvement in energy efficiency. WINDTRE has reduced its emissions per unit of traffic by more than 70% (compared to the base year 2016), beating its original target of 50% reduction. This was a target that was developed as part of an ongoing collaboration with WWF.



3 shop in Ireland

In 2020, 3 Ireland also saw a 5% reduction on data centre energy versus 2019, which was directly attributable to the upgrading of more efficient plant and equipment.

LED lighting replacement and controls in stores and offices and the gradual replacement of company vehicles with electric and hybrid vehicles have further contributed to emissions reductions.

Alongside setting a science-based target, the division is also developing a detailed roadmap and action plan identifying the steps needed to achieve its target.

Network energy efficiency and 5G

Mobile networks are predicted to carry [four times the data](#) ⁽⁷⁾ of today's networks by 2025. To meet these increasing traffic demands, while also improving networks and rolling out new 5G frequencies, without network optimisation, the energy consumption of mobile networks is set to rapidly increase.

Machine learning and AI help with network optimisation through traffic prediction by gathering the appropriate data from the network and training the predictive algorithm. This increases traffic prediction precision and improves energy efficiency while maximising user experience.

Intelligent systems enable dynamic management by reducing or even turning off a specific radio carrier or reallocating resources to different network slices which in turn impacts the base stations' cooling requirements and lowers the cell site power consumption.

Recent studies from [Ericsson](#) ⁽⁸⁾ and [Huawei](#) ⁽⁹⁾ show that AI can help to reduce power consumption by up to 15% under current systems. Autonomous networks in the future may introduce even higher reduction. The 5G mobile network's energy efficiency is an essential topic in the telecommunications industry, and the European Telecommunications Standards Institute ("ETSI") and the 3rd Generation Partnership Project have been working on defining different methods for measuring and improving this efficiency.

The division's investments in 5G technology will bring sustainability benefits from virtualised, software-defined networks that use less energy in their compute resource when communications demand is low. This type of network investment has the added benefit of enabling workloads to be moved around the network in the event of failure of a specific network node, and is thus resilient to certain types of failure.

3 UK has installed 20 new data centres in the UK that are equipped with the latest energy saving technologies. When combined with backhaul improvements and a cloud core network, this has enabled increased reliability as traffic can be automatically redirected from a data centre having an issue, to another in real time.



Data centres equipped with energy saving technology

Renewable energy

Currently, the division's networks in Austria and Ireland are powered by 100% green energy and the UK and Sweden's green energy uptake is at 90% and 86% respectively. This accounts for 26% of electricity purchased and the division is currently assessing the maturity of the renewable energy markets in which it operates to understand how it can accelerate the uptake of renewable energy in the division's power mix. 3 Austria and WINDTRE further produce renewable energy through their own solar photovoltaic systems.

Note 7: "Ericsson Mobility Report", available at www.ericsson.com

Note 8: "Why we need a new approach to network energy efficiency", available at www.ericsson.com

Note 9: "The role of AI in creating energy efficient autonomous networks", available at www.mobileworldlive.com



3 Austria's renewable energy installation

Delivering responsible products and services

Along with the positive impacts of connectivity come risks of potential for harm in the dark corners of the web. The division therefore has an important role to play in ensuring the services provided focus on delivering the positive impacts, while combating the negative.

Privacy and cyber security

Customer data privacy and the management of cyber security risks are of the highest priority. With a business environment that is constantly evolving, both in terms of technological developments and regulatory obligations, incidents of data loss in today's world can lead to significant reputational damage and economic losses.

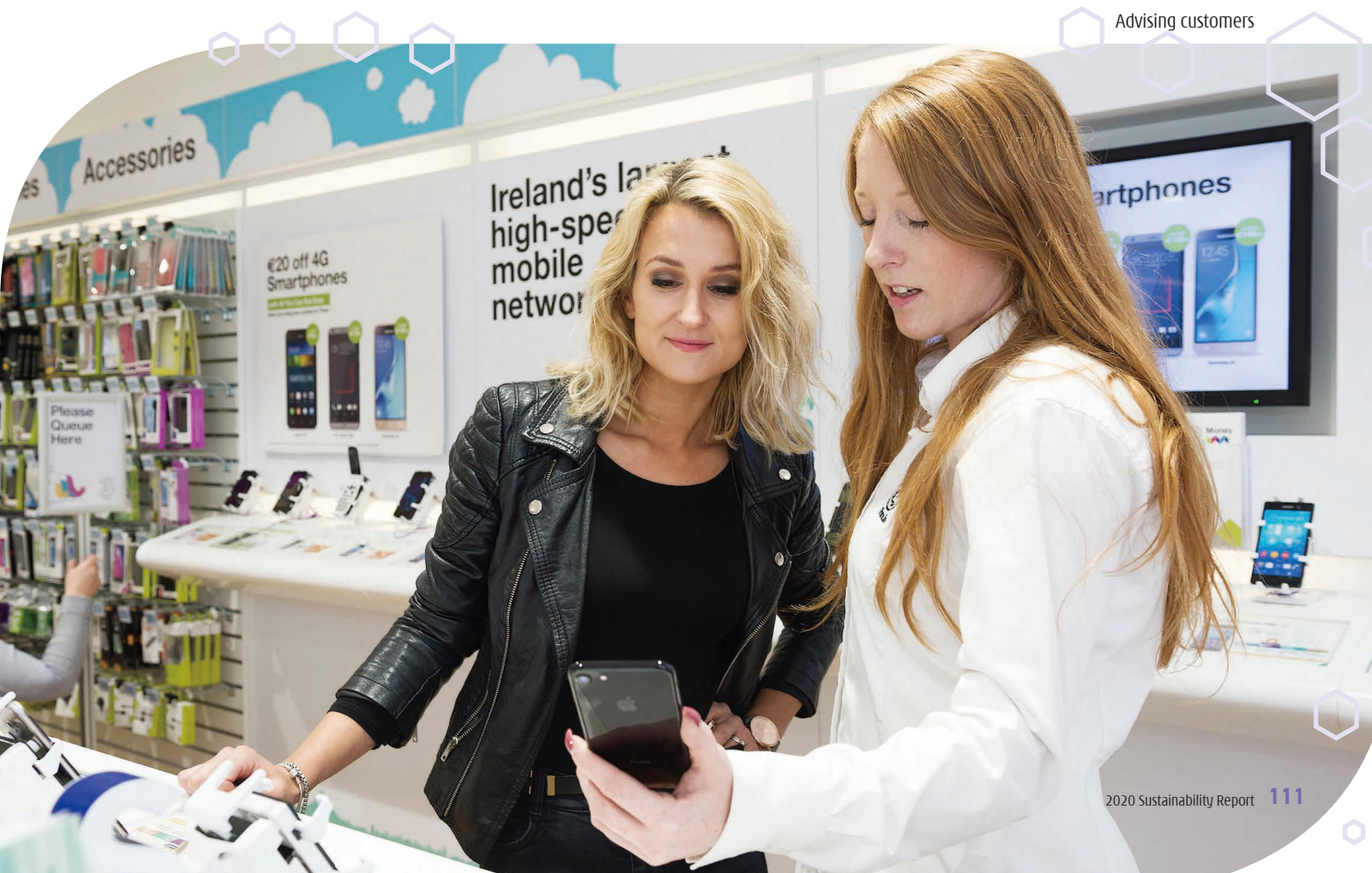
The Telecommunications division's approach is first and foremost guided by the Group-level privacy and security policies as well as the Groups Cyber Security Working Group as already discussed on page 19 in this report.

Privacy

Country-specific Privacy Notices have been developed and targeted to the local regulatory requirements. These are available on the country-level websites in local languages, including clear terms involving the collection, use, sharing, retention and deletion of user data including data transferred to third parties (in addition to opt-outs). Clear contact points are provided for data subjects to raise concerns about data privacy.

The division continues to adopt new control systems to strengthen governance, risk management and compliance to minimise the risk of data privacy breaches. For example, WINDTRE has adopted a Governance, Risk Management and Compliance system that allows it to monitor the entire data processing chain, as well as to analytically assess the level of compliance of each system involved. In 2020 alone, WINDTRE invested approximately €15 million in services and platforms for data and system security.

In consideration of the provisions of the General Data Protection Regulation ("GDPR"), analysis and verification processes have been developed, such as Privacy by Design and by Default, and country-level Data Protection Officers have been appointed. Mandatory GDPR training is provided to all European employees.



Advising customers

Employees handle customer and company data on a daily basis. To ensure employees understand Group expectations in relation to privacy, as well as data privacy laws, the division provides training upon new starter induction as well as on-the-job refresher training. Further, specific training has been developed for sales support staff and system administrators.

Setting appropriate requirements and controls on third party vendors and suppliers is essential in situations where they may collect, store, and maintain confidential information and personally identifiable information. The division establishes requirements and rules for third party access to company information, assets, data, and personally identifiable information. These requirements relate to:

- General security requirements in terms of physical security, access policies, software, hardware and Cloud resources protection;
- Security controls focusing on data protection and compliance;
- Privacy regulations; and
- A list of internationally-verified certifications, standards and frameworks.

These requirements are supplemented with any other compliance requirements in line with country-specific data privacy laws.

Third parties must also undergo rigorous assessments and adhere to the terms & conditions in the data processing agreements. Further in-depth inspections are carried out for selected third parties.

Cyber security

Having robust cyber security systems is one of the division's most critical challenges especially given that in addition to the "usual" personal data, it is also required by regulations to store other data such as call records, location and web browsing history.

To meet these challenges, the division coordinates cyber security efforts across its Telecommunications businesses, and collaborates with wider industry bodies such as the GSM Association and ETSI so that it can counteract and mitigate the latest security threats in both IT and mobile networks.

The division has adopted international standards and frameworks such as ISO 27001 and the NIST Cyber Security Framework to ensure that systems are as secure and resilient as possible, and to ensure compliance with all the applicable laws. These are translated into risk-based operational practices, where security is a key consideration in the design, implementation, running and decommissioning of systems, a principle that has been applied in digital transformation projects at the largest businesses.

People factors are crucial in raising cyber security awareness and maintaining vigilance. The division therefore holds regular online training, for both employees and contractors, to boost staff security awareness especially on aspects relating to phishing and ransomware attacks. Instructor led sessions are also held for high risk functions to reinforce best practice and identify any areas of concern.

Ongoing security risk assessment, vulnerability assessments and minimum control standard checking processes for new products and services are also carried out regularly.

In addition, external consultants are engaged regularly to conduct ethical hacking against the division's networks. These exercises probe not only the IT aspects, but also the people aspects by sending well-crafted phishing emails to gauge staff responses or tailgating employees to gain access to office area in order to plant a device into the company's network.



The division is continuously evaluating emerging technologies to assess relative risks and benefits and developing appropriate security policies and technical capabilities. As with most new technologies, the current set of emerging technologies such as pervasive IoT, automation, AI and quantum computing potentially introduce new threats that need to be addressed. In many of these areas, research and standardisation efforts are underway to mitigate the risks. For example, the development of AI-based and cognitive cybersecurity will be required to avoid AI threats, and the achievement of autonomous self-adaptive and self-preserving networks will require the adoption of privacy-aware networks, zero-trust architectures and cyber-resiliency approaches. Similarly, the transition to quantum-resistant cryptography will be needed to protect against potential quantum attacks.

Child protection

More, and younger, children than ever before are online. This, on the one hand, allows them to learn, play and socialise, but on the other, also exposes them to heightened risks of abuse, exploitation and harm. Keeping children safe online is now an important part of being a parent and a responsibility the division aims to make easier for them to shoulder in protecting their loved ones.

The division has therefore developed a range of resources available to parents and guardians, tailored to the local context, in helping parents protect children while online. In 2020, **3** UK teamed up with online safety experts in the UK, Internet Matters, on a new guide called "My first connected device" which details how to prepare, set up and manage a child's first device safely. To support the launch, **3** UK also held a number of free online sessions to educate parents on online safety.



Keeping children safe online

3 Denmark contributed to the ongoing development, dissemination and regular update of the popular local parenting guide in Denmark, "There is so much parents don't understand – What do I need to know when my child goes online?". The guide targets parents of children between the years of 7-12 years old and offers knowledge, advice and recommendations on childhood engagement with the internet, social media and online games.

In 2018, WINDTRE launched the award-winning "NeoConnessi", an education platform in Italy to help parents and children navigate the online world safely together. The platform provides articles, insights, technical tips, and advice on how to create a healthy tension of control and trust with one's child as they begin their online introduction. Chosen experts and experienced parent bloggers also contribute to ensure content is best suited to the needs of parents. NeoConnessi has also been adopted by schools to further help on their digital education curriculum; in 2019-2020, 5,140 classrooms across Italy received access to the NeoConnessi toolkit. During 2020, NeoConnessi expanded its online capability by launching a support Facebook page for parents and also organised a series of webinars to continue their outreach during the pandemic.



WINDTRE launches education platform

In 2020, **3** Ireland signed a Memorandum of Understanding with An Garda Síochána (the national police service) and other mobile operators to launch an initiative that will block access to websites containing child sexual abuse material. When a subscriber enters a web address containing child abuse material into the browser, the user will now be re-directed to An Garda Síochána's "Stop Page".

Positive impact product

The division is increasingly looking to design and develop product and packaging that is more sustainable, and partner with suppliers with strong sustainability principles.

Addressing conscious consumers

Recognising customers are looking for more sustainable products and services, even through their choice of mobile operator, the division has created a dedicated conscious consumption category of products and services.

Notable examples from this offering include –

The Fairphone

Touted as the most sustainable phone on the market, Fairphone is out to make big impact and 3 Denmark is proud to now be offering this phone to Danish customers. As the name suggests, the Fairphone mission is to build a fairer world by putting people and planet first and drive conversations about what “fair” really means.

Amsterdam-based Fairphone originally began as an awareness campaign on conflict minerals and turned into a phone company in 2013, with the aim to source as many materials as possible in both humane and environmentally responsible ways.

Fairphone's aims now go beyond responsible sourcing to also addressing the circular economy with its durable, modular and repairable design. This therefore enables Fairphone users to modify, update and fix a phone's components if they become damaged or to allow for technology updates. It is also the only phone on the market that comes with a 10/10 score iFixit ranking, a ranking that scores smart phones based on their ease of reparability.

Sourcing green energy through Barry

3 Denmark has also joined forces with Danish start-up electricity provider Barry, a digital electricity supplier that makes it easy for consumers to get smarter, cheaper and low carbon power consumption through the click of an app.

Before the end of 2020, all Danes will have a remote digital meter installed in their home and users of Barry are able to receive a message to tell them when power is cheapest and available from sustainable sources. Upon the launch of the service, 3 Denmark customers were offered the first seven months' Barry subscription free of charge.

Monthly matched donations to WWF

WINDTRE has partnered up with WWF to take part in a programme called “GenerAction Sea” in aid of protecting the Mediterranean Sea and the Italian shoreline. Customers subscribing to the “solidarity option” donate 50c every month which is matched by WINDTRE in order to help protect the marine environment including species at greatest risk, like the Loggerhead Sea Turtle.



Donating old phones to a cause

3 UK's Reconnected programme enables both customers and employees to donate unwanted devices to those in need to be able to carry out fundamental tasks like securing employment, shelter or be able to communicate with their families. 3 Sweden also offers customers the opportunity to donate the value of their trade-in device to the Swedish Childhood Cancer Fund.

Promoting a circular economy

Packaging is regularly reviewed to understand where it can be reduced in size, be made more recyclable, and where paper from responsibly managed forests and recycled sources can be used.

During 2020, the division worked on a project to replace the standard credit card sized SIM holder with a new half-sized format cutting plastic waste in half. The use of eSIMs enable the delivery of a digital profile to a chip on the device, rather than supplying a physical SIM card giving more flexibility and choice to customers for the types of services they subscribe to while reducing plastic and electronic waste. Throughout 2020, the division has been developing a group eSIM platform, while working with the

ecosystem of device vendors across markets to deliver eSIM benefits to customers.

Consumers on average replace their smartphones every [33 months](#)⁽¹⁰⁾. With approximately 1.4 billion phones being sold annually and only 20% being recycled, that creates substantial hazardous waste among other environmental impacts. The division has trade-in and device buy-back schemes in a number of markets, including Hong Kong, Ireland, Italy, Denmark, Sweden and the UK facilitated by drop-off boxes in retail stores, freepost return envelopes and repair services to encourage customers to repair or return their old devices and accessories. These are then transferred to an accredited third party for reuse or recycling.

Note 10: “Average lifespan (replacement cycle length) of smartphones worldwide from 2013 to 2020”, available at www.statista.com



3 HK supports recycling efforts

Creating a great place to work

Employee engagement

The division runs annual confidential and anonymous employee engagement surveys to assess employee concerns and interests. In the UK, Ireland, and Italy, the dedicated employee engagement programmes “Sense Check”, “Three Vibe” and “Diciamo La Nostra” enable employees to provide honest feedback to help shape what matters most to them. Top management reviews this feedback in understanding problem areas highlighted by employees and plans remedial action. Managers and their teams also discuss and implement changes based on findings. The division also takes

advantage of many other forums to elicit feedback such as through “Tell Us” sessions, onboarding and exit interviews and through external review platforms such as Glass Door, a website where current and former employees anonymously review companies.

Employee engagement measures were moved online to keep employees engaged and connected during the pandemic. WINDTRE launched “Nessuna Distanza”, a sharing platform to help employees stay connected through exchanging news, videos and pictures.



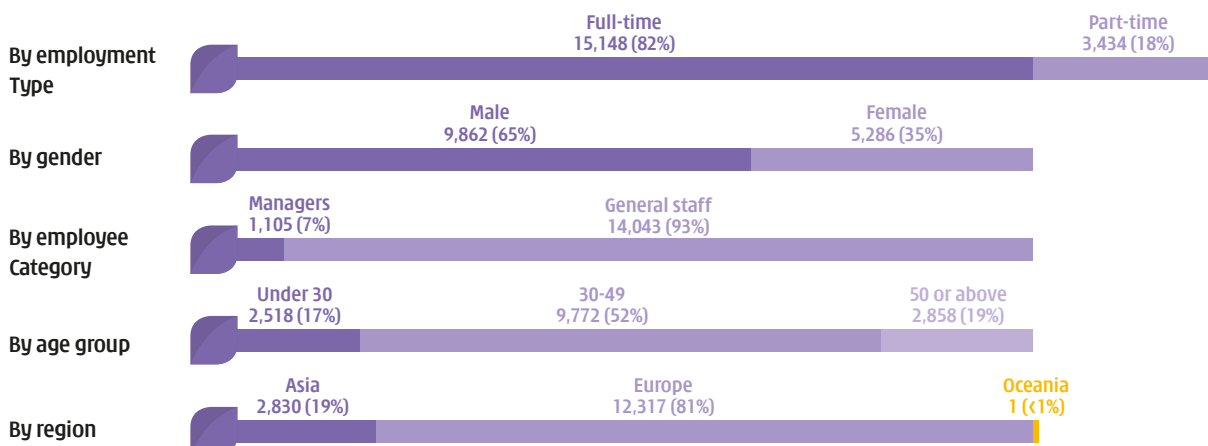
Developing team camaraderie

Learning and development

The telecommunications industry is evolving at a rapid speed with new technologies such as AI and cloud computing demanding more and more from employee skillsets. The division therefore constantly reviews the critical skills employees need to have and invests in developing programmes to keep their skills and knowledge relevant and future-ready.

The Hong Kong and Macau business held a number of digital skills training programmes in 2020 including: Transforming in the Digital Age; Service Marketing 2.0-Digitalised Customer Experience Management & Loyalty Marketing, and a series of IT applications development courses for enhancing both in house and frontline digital tools and applications such as Containers, Kubernetes, and Red Hat OpenShift.

Employee profile as at 31 December 2020



3 UK and 3 Ireland are building digital skills in areas such as search engine optimisation, search engine marketing, DevOps, DesignOps and Adobe Experience Manager through digital platforms the businesses have invested in.

LinkedIn Learning is also leveraged to give employees access to over 16,000 courses on topics such as AI, data science and business analytics.



Shops reopening after lockdown

The Mindset and Digital Skills Development Programme launched in 2020 aims to prepare WINDTRE employees for the challenges presented by the digital transformation and to develop the necessary skills through a multi-year training programme. The programme includes all employees and is carried out in collaboration with the Technology Department at Politecnico di Milano. The main topics covered in 2020 were: 5G and Network Function Virtualisation, Six-Sigma, Itaca, and Core Network Virtualisation.

Beyond digital skills training, skills gaps are identified through training needs analysis and training is provided accordingly across a wide range of areas such as change management, negotiation, presentation, resilience, storytelling, time management, emotional intelligence, working virtually and business writing skills. The division also supports further education opportunities through education support funds.

Effective and flexible leadership is critical to business success and as such the division has developed comprehensive programmes to facilitate high performance in leaders and their teams.

The Elevate Leadership Development Programme is available to all people managers in the UK and Irish businesses. The programme is updated annually to provide comprehensive growth and development in all areas of leadership. At the senior level, the programme also provides for 180 assessments and 1-2-1 coaching for the participants.

3 UK and 3 Ireland also have access to the Phenomenal Teams programme which is designed to build high performance teams. The programme takes place over a six-month period and has robust assessment built in to test how effective the interventions have been for the team.

The division has also made efforts over the last year to provide employees with the skills and knowledge needed to integrate sustainability across the organisation. In September 2020, WINDTRE, in collaboration with LUISS Business School, developed and rolled out a sustainability training course for 300 managers across Italy, and rolled out e-learning to employees.

With a view to developing a pipeline of future talent and leaders in the company, the Hong Kong and Macau business hold an annual management trainee programme for university graduates. New recruits participate in cross-functional rotations, in addition to comprehensive training and mentorship from senior leaders before talking on permanent roles within the business.

Inclusion and diversity

The division aims for inclusion and diversity to be in every aspect of its culture. To make progress toward this aim, the businesses have been undertaking internal gap assessments as to what more can be done to address inequality at all levels. **3 Ireland** and **3 UK** both include the topics of inclusion, diversity and belonging in employee engagement surveys and have been actively tracking performance, implementing initiatives where gaps are highlighted and communicating progress made to employees.

3 UK has been working with the National Centre for Diversity to improve its approaches and **3 Ireland** took part in the Investors In Diversity Award assessment process, putting its programmes to the test and receiving recommendations through the process on where their strategy can be made more impactful.

3 Ireland was delighted to have received a Silver rating in its first assessment under the Investors In Diversity Award and will take the recommendations on board in striving for gold.

The division is currently creating inclusion and diversity training programmes for employees at various stages of the training life cycle from induction, to general employee training, to manager training. It has also avoided reviews of the recruitment process with a view to avoiding unconscious bias and looking at how it can

attract more diversity in STEM areas. In 2020, 3 Denmark focused on how job postings are designed to attract a more diverse pool of candidates, and to also ensure those eventually called for an interview are similarly diverse.

In Italy, WINDTRE has given additional attention to making its



3 is a great place to work



working environment and programmes inclusive to persons with disabilities by nominating a dedicated Disabilities Manager and establishing a disabilities steering committee including members from HR, IT, Privacy and Health and Safety. A Disabilities Hub has also been developed to promote awareness and ensure the services the business offers are inclusive to those with disabilities.

Seeking feedback internally and externally

3 UK has developed internal and external partnerships to help keep a finger on the pulse as to what makes an inclusive and diverse culture and what leading practice looks like.

Internal networks

3 UK has developed several employee networks across the business providing support to employees as well as feedback to the leadership team on where improvements still need to be made. These network groups include:

- **Women in Tech:** supporting work on gender diversity, equality and inclusion;
- **Pride @ Three:** providing support and information to employees on issues affecting the LGBTQ+ community;
- **BAME & Allies:** working on increasing and supporting BAME (Black, Asian, and minority ethnic) representation particularly in senior roles across the organisation; and

- **Accessibility at Three:** serving as a place for people with accessibility needs, physical or neurodiverse, to share their stories and recommendations to help build a more inclusive business.

Partnering with the National Centre for Diversity

In 2020, 3 UK partnered with the National Centre for Diversity in the UK to hold workshops for people leaders to reflect on the topics of inclusive leadership and positive role modelling, and explore how unconscious bias might be impacting culture. 3 UK is also working with the National Centre for Diversity to review its end-to-end recruitment process to help ensure fairness at every stage and identify further opportunities to improve inclusion and diversity through this process.

“We are a diverse business with employees drawn from all sections of society. I firmly believe that building on this diversity and our employees' sense of inclusion and belonging will help us create a stronger and better business, and in a small way, contribute to a more equal society.”

Robert Finnegan, CEO, 3 UK & 3 Ireland.

Environmental performance indicators

Environmental KPIs ⁽¹⁾	Unit	Ports and Related Services			Retail			
		2018	2019	2020	2018	2019	2020 ⁽⁵⁾	
GHG emissions								
Total GHG emissions		524,971	513,316	448,062	661,017	620,746	520,230	
Scope 1 GHG emissions	tonne CO ₂ e	301,818	302,521	272,475	193,331	184,792	133,926	
Scope 2 GHG emissions		223,153	210,795	175,587	467,686	435,954	386,304	
Total GHG emissions intensity	tonne CO ₂ e/	0.020	0.019	0.018	0.005	0.005	0.004	
Scope 1 GHG emissions intensity	revenue	0.011	0.011	0.011	0.001	0.001	0.001	
Scope 2 GHG emissions intensity	HK\$'000	0.008	0.008	0.007	0.004	0.003	0.003	
Use of energy								
Total energy consumption		1,746,855	1,755,526	1,603,912	1,267,441	1,246,777	1,150,914	
Direct energy consumption		1,199,127	1,202,768	1,083,529	393,275	424,673	372,903	
Gasoline/Petrol		8,174	7,674	4,721 ⁽²⁾	1,836	1,331	1,410	
Diesel		1,173,011	1,179,923	1,063,363	274,692	277,305	241,004	
Natural gas		13,506	10,447	11,358	76,345	74,092	69,430	
Towngas		-	-	-	5,956	6,034	6,023	
Other gas fuels (exclude towngas and natural gas)		4,436	4,723	4,087	34,447	65,911	55,037	
Other fuels		-	-	-	-	-	-	
Indirect energy consumption		547,728	552,759	520,384	874,166	822,104	778,011	
Electricity		547,728	552,759	520,384	874,166	822,104	778,011	
Total energy consumption intensity	'000 kwh	65.703	65.029	63.944	9.489	9.410	9.484	
Direct energy consumption intensity	kWh/revenue	45.102	44.554	43.198	2.944	3.205	3.073	
Indirect energy consumption intensity	HK\$'000	20.601	20.476	20.746	6.544	6.205	6.411	
Air emissions								
NOx emissions	tonne	107	107	100	406	393	322	
SOx emissions		2	2	1	0	0	0	
Particulate matter emissions		11	11	10	40	39	32	
Waste production								
Total hazardous waste produced	tonne	5,088	4,674	3,403 ⁽³⁾	1,497	703	351	
Total hazardous waste produced intensity	tonne/revenue	0.000	0.000	0.000	0.000	0.000	0.000	
	HK\$'000							
Total non-hazardous waste produced	tonne	22,775	25,868	15,957 ⁽⁴⁾	89,378	83,520	77,528	
Total non-hazardous waste produced intensity	tonne/revenue	0.001	0.001	0.001	0.001	0.001	0.001	
	HK\$'000							
Use of water								
Water consumption	'000 m ³	1,095	856	740	3,141	2,404	1,838	
Water consumption intensity	m ³ /revenue	0.041	0.032	0.029	0.024	0.018	0.015	
	HK\$'000							
Packaging material								
Total packaging material used for finished products		17	16	15	57,609	58,758	56,838	
Plastic		17	16	15	25,637	26,934	24,789	
Paper	tonne	-	-	-	24,077	23,152	23,211	
Metal		-	-	-	4,837	5,395	4,908	
Glass		-	-	-	2,570	2,761	3,433 ⁽⁶⁾	
Other packaging material		-	-	-	489	515	496	
Packaging material intensity	tonne / thousand of products sold	NA	NA	NA	0.039	0.037	0.039	

Notes:

- (1) Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.
- (2) Gasoline/petrol consumption decreased mainly due to the cessation of operations of Dammam Port in 2020.
- (3) The fluctuations in hazardous waste are as a result of the irregular use of materials, production processes and maintenance schedules that produce hazardous waste.
- (4) Non-hazardous waste dropped due to waste minimisation initiatives, fewer employees working in offices and also the cessation of operations of Dammam Port in 2020.
- (5) There were significant drops in energy, water and waste due to store closures as a result of lockdowns during the pandemic.
- (6) Some business units reported more sales of over-the-counter/vitamins products with glass packaging.

	Infrastructure			Telecommunications			Total		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
	10,864,931	10,313,728	9,923,680	522,445	734,338	755,188	12,573,365	12,182,128	11,647,161
	8,944,665	8,486,783	8,009,254	11,611	29,334	24,405	9,451,425	9,003,430	8,440,060
	1,920,266	1,826,945	1,914,426	510,834	705,004	730,783	3,121,940	3,178,698	3,207,101
	0.226	0.227	0.206	0.007	0.007	0.008	0.044	0.040	0.040
	0.186	0.187	0.166	0.000	0.000	0.000	0.033	0.029	0.029
	0.040	0.040	0.040	0.006	0.007	0.007	0.011	0.010	0.011
	32,757,035	32,221,735	31,416,990	1,054,994	1,995,644	2,052,934	36,826,326	37,219,682	36,224,750
	28,833,413	28,457,166	27,472,160	32,632	72,281	56,999	30,458,447	30,156,888	28,985,591
	32,115	32,505	30,250	10,115	8,716	10,730⁽¹⁰⁾	52,241	50,226	47,110
	511,323	542,264	537,080	14,626	54,742	38,545⁽¹¹⁾	1,973,652	2,054,235	1,879,993
	10,514,593	10,525,403	10,840,590	7,891	8,683	7,684	10,612,335	10,618,626	10,929,062
	-	-	-	-	-	-	5,956	6,034	6,023
	4,780	4,809	6,882	-	139	41	43,662	75,583	66,046
	17,770,602	17,352,185	16,057,358	-	-	-	17,770,602	17,352,185	16,057,358
	3,923,622	3,764,569	3,944,830	1,022,362	1,923,362	1,995,935	6,367,878	7,062,795	7,239,159
	3,923,622	3,764,569	3,944,830	1,022,362	1,923,362	1,995,935	6,367,878	7,062,795	7,239,159
	681,038	709,343	650,826	13,357	19,496	20,595	128,204	121,128	123,053
	599,464	626,469	569,106	0.413	0.706	0.572	106.035	98.142	98.462
	81.574	82.875	81.720	12.943	18.790	20.023	22.169	22.985	24.591
	9,958	8,027	8,558	1	50	42	10,472	8,577	9,022
	674	636	726	-	-	-	676	638	728
	316	233	306⁽⁷⁾	-	5	4	367	287	352
	106,716	33,009	47,655⁽⁸⁾	3,397	883	1,445⁽¹²⁾	116,698	39,269	52,854
	0.002	0.001	0.001	0.000	0.000	0.000	0.000	0.000	0.000
	537,527	508,859	304,074	122,947	3,649	1,927⁽¹³⁾	772,627	621,896	399,486
	0.011	0.011	0.006	0.002	0.000	0.000	0.003	0.002	0.001
	38,835	35,665	43,920⁽⁹⁾	121	227	169⁽¹⁴⁾	43,191	39,151	46,667
	0.807	0.785	0.910	0.002	0.002	0.002	0.150	0.127	0.159
	3,387	3,545	2,943	896	1,340	1,328	61,909	63,658	61,124
	-	-	3	294	291	305	25,948	27,242	25,112
	3,387	3,545	2,940	601	1,047	1,023	28,065	27,744	27,174
	-	-	-	-	-	-	4,837	5,395	4,908
	-	-	-	-	-	-	2,570	2,761	3,433
	-	-	-	1	1	-	490	516	496
	NA	NA	NA	NA	NA	NA	NA	NA	NA

(7) Particulate matter emissions increased mainly due to the inclusion of EDL's new plant in the USA.

(8) Hazardous waste increase was due to the increase in the Group's equity ownership of AVR and the increased amount of processed hazardous waste at EnvironZ.

(9) Water consumption increase was due to the increase in the Group's equity ownership of Northumbrian Water.

(10) Gasoline/petrol consumption increased mainly due to the replacement of some permanent diesel Gensets with portable gasoline Gensets at 3 Indonesia.

(11) Diesel consumption decreased mainly due to the reduced use of company fleet at WINDTRE during the lockdown period.

(12) Hazardous waste increased mainly due to increased battery replacement in network equipment at some business units.

(13) Non-hazardous waste decreased mainly due to the reduction in recyclable non-hazardous waste at WINDTRE which closed 11 offices in 2019.

(14) Water consumption decreased due to a drop in water usage in offices during the lockdown period.

Social performance indicators

Social KPIs		Ports and Related Services	Retail	Infrastructure	Telecommunications	Total
		2020	2020 ⁽³⁾	2020	2020	2020
Number of employees						
Total		18,477	127,791	32,732	18,582	197,582
By employment type	Full-time	15,763	75,110	30,579	15,148	136,600
	Part-time	2,714	52,681	2,153	3,434	60,982
Number of full-time employees						
By gender	Male	14,164	17,789	23,090	9,862	64,905
	Female	1,599	57,321	7,489	5,286	71,695
By employee category	Manager grade or above	606	2,811	3,136	1,105	7,658
	General staff	15,157	72,299	27,443	14,043	128,942
By age group	Under 30	1,925	28,608	4,606	2,518	37,657
	30-49	10,022	41,063	16,031	9,772	76,888
	50 or above	3,816	5,439	9,942	2,858	22,055
By geographical region	Hong Kong	293	8,137	2,600	847	11,877
	Mainland China	30	27,791	1,689	100	29,610
	Europe	4,765	16,369	17,327	12,317	50,778
	Canada	-	-	2,431	-	2,431
	Asia, Australia & Others	10,675	22,813	6,532	1,884	41,904
Turnover rate for full-time employees						
Overall		6%	30%	9%	14%	21%
By gender	Male	5%	25%	9%	15%	13%
	Female	9%	31%	10%	13%	27%
By age group	Under 30	8%	45%	10%	35%	38%
	30-49	5%	21%	8%	11%	15%
	50 or above	8%	15%	10%	8%	11%
By geographical region	Hong Kong	15%	13%	5%	18%	12%
	Mainland China	7%	36%	4%	22%	34%
	Europe	5%	32%	7%	14%	17%
	Canada	-	-	21%	-	21%
	Asia, Australia & Others	6%	27%	11%	15%	19%
Work-related fatalities⁽¹⁾						
Number of work-related fatalities for full-time employees		-	-	1	-	1
Number of work-related fatalities for contractors		1	-	1	-	2
Work-related fatalities per full-time employee		-	-	0	-	0
Lost days due to work injury⁽²⁾						
Number of lost days due to work injury		6,001	18,610	4,129	1,599	30,339
Percentage of full-time employees who received training						
Overall		45%	79%	92%	74%	78%
Percentage of full-time employees who received training among total trained full-time employees						
By gender	Male	88%	20%	81%	66%	43%
	Female	12%	80%	19%	34%	57%
By employee category	Manager grade or above	4%	3%	10%	8%	5%
	General staff	96%	97%	90%	92%	95%

Social KPIs		Ports and Related Services	Retail	Infrastructure	Telecommunications	Total
		2020	2020 ⁽³⁾	2020	2020	2020
Average hours of training completed by full-time employees						
Overall		11.2	17.4	20.6	18.7	17.5
By gender	Male	11.5	10.8	22.4	20.5	16.4
	Female	8.5	19.3	15.2	15.2	18.5
By employee category	Manager grade or above	8.7	8.4	23.3	20.9	16.3
	General staff	11.3	17.7	20.3	18.5	17.6
Number of suppliers						
Total		12,445	15,337	30,440	28,264	86,486
By geographical region	Hong Kong	-	3,034	4,198	362	7,594
	Mainland China	-	1,053	884	61	1,998
	Europe	3,075	5,339	9,339	14,539	32,292
	Canada	-	-	4,742	4	4,746
	Asia, Australia & Others	9,370	5,911	11,277	13,298	39,856
Percentage of total products sold or shipped subject to recalls for safety and health reasons						
Percentage of total products sold or shipped subject to recalls for safety and health reasons		-	-	0.1%	-	0.0%
Number of complaints received						
Products related		-	3,074	7,173	61,883	72,130
Services related		3,630	109,984	168,906	2,052,410	2,334,930
Number of concluded legal cases regarding corrupt practices						
Brought against CKHH		-	-	-	-	-
Brought against employees		-	-	-	-	-
Full-time and part-time employees who received training on anti-corruption/ethics and integrity						
Number of full-time and part-time employees who received training on anti-corruption/ethics and integrity		2,450	53,374	4,007	11,611	71,442
Percentage of full-time and part-time employees who received training on anti-corruption/ethics and integrity		13%	42%	12%	62%	36%
Number of training hours on anti-corruption/ethics and integrity completed by full-time and part-time employees		2,823	29,250	3,921	20,728	56,722






Notes:








- (1) Work-related fatalities: During the year, there were 3 work-related fatalities. This compares to 7 fatalities in 2019 (1 Ports employee and 3 contractors; 1 Retail employee, 1 Infrastructure contractor and 1 Telecommunications contractor) and 1 in 2018 relating to a Ports contractor.





	Ports and Related Services			Retail			Infrastructure			Telecommunications			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
(2) No. of lost days due to work injury (employees)	6,001	7,212	8,753	18,610	19,704	21,999	4,129	4,069	-	1,599	1,898	1,933	30,339	32,883	32,685









- (3) For Retail, only the first nine months of 2020 were covered for training due to data unavailable at the time. Full year data will be reported from the 2021 report.

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Subject Areas, Aspects, General Disclosures and KPIs	Page	Notes and relevant policies	
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	16, 18 <ul style="list-style-type: none"> • Environmental policy  • Supplier Code of Conduct  <p>The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste during the year.</p>	
KPI A1.1	The types of emissions and respective emissions data.	30-31, 46, 85, 109, 118-119	
KPI A1.2	Direct (scope 1) and energy indirect (scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	31, 46, 85, 109, 118-119	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	118-119	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	118-119	
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	10-12, 30-34, 46-50, 76-86	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	56-59, 84, 114	
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	18 <ul style="list-style-type: none"> • Sustainability Policy  • Environmental Policy  • Supplier Code of Conduct  	
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	118-119	
KPI A2.2	Water consumption in total and intensity.	118-119	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	10-12, 30-34, 46-50, 76-86	Energy efficiency is embedded in the scope 1 and 2 emissions reduction targets and initiatives.
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	96	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	118-119	Packaging material intensity is only relevant to the Retail division.

Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	18	<ul style="list-style-type: none"> • Sustainability Policy  • Environmental Policy  • Supplier Code of Conduct 
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	10-12, 30-34, 46-50, 76-86	
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	18	<ul style="list-style-type: none"> • Sustainability Policy  • Environment Policy 
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	8-10, 28-32, 44-48, 74-85, 106-108, 116-117	
B. Social			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	18	<ul style="list-style-type: none"> • Code of Conduct  • Board Diversity Policy  <p>The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare during the year.</p>
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	120	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	120	

Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	6, 8, 18	<ul style="list-style-type: none"> • Health and Safety Policy  <p>The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning providing a safe working environment and protecting employees from occupational hazards during the year.</p>
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	120	See Note 1 on page 119 for 2019 and 2018 data.
KPI B2.2	Lost days due to work injury.	120	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	15-16, 35-37, 64, 66, 88-90	
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6, 8, 18, 51-52, 89-90	
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	120	
KPI B3.2	The average training hours completed per employee by gender and employee category.	121	
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	18	<ul style="list-style-type: none"> • Human Rights Policy  • Modern Slavery and Human Trafficking Statement  • Supplier Code of Conduct  <p>The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning preventing child and forced labour during the year.</p>
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	60-61	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	60-61	

Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	18	<ul style="list-style-type: none"> • Human Rights Policy  • Supplier Code of Conduct  • Modern Slavery and Human Trafficking Statement 
KPI B5.1	Number of suppliers by geographical region.	121	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	41, 50, 59-61	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	41, 50, 59-61	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	41, 50, 59-61	<ul style="list-style-type: none"> • Policy on Appointment of Third Party Representatives 
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	18	<ul style="list-style-type: none"> • Code of Conduct  • Policy on Personal Data Governance  <p>The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress during the year.</p>
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	121	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	121	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.		The Group has appropriate mechanisms and procedures which monitor issues relating to the observation and protection of intellectual property rights.
KPI B6.4	Description of quality assurance process and recall procedures.	64, 66	
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	7, 19, 67, 109-110	<ul style="list-style-type: none"> • Information Security Policy  • Policy on Personal Data Governance 

Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	18	<ul style="list-style-type: none"> • Code of Conduct • Anti-Fraud and Anti-Bribery Policy • Policy on Appointment of Third Party Representatives <p>The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning bribery, extortion, fraud and money laundering during the year.</p>
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	121	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	20-21, 40	<ul style="list-style-type: none"> • Whistleblowing Policy
KPI B7.3	Description of anti-corruption training provided to directors and staff.	20, 40	
Community			
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	18	<ul style="list-style-type: none"> • Sustainability Policy • Media, Public Engagement and Donation Policy
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	15-16, 38-40, 59, 69-71, 94-97, 113-114	Each core business has a set of focus areas relevant to the industries and countries in which they operate. In 2020, community programmes focused on serving the needs of the community in the face of the pandemic.
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	15-16, 38-40, 59, 69-71, 94-97, 113-114	

List of abbreviations

Abbreviation	Long form
AFAB	Anti-Fraud and Anti-Bribery
AGIG	Australian Gas Infrastructure Group
AGN	Australian Gas Networks
AI	Artificial Intelligence
ASW	A.S. Watson
BEPI	Business Environmental Protection Initiative
BSCI	amfori Business Social Compliance Initiative
CDP	Carbon Disclosure Project
CKHGT	CK Hutchison Group Telecom
CKI	CK Infrastructure Holdings Limited
CO ₂	Carbon dioxide
cold spots	country's widest opportunity gaps
DEFRA	Department for Environment, Food and Rural Affairs
DfT	Department for Transport
DSR	Demand side response
EDL	Energy Developments Pty Limited
EHC	Emergency Hormonal Contraceptive pill
ESG Guide	Environmental, Social and Governance Reporting Guide
ETSI	European Telecommunications Standards Institute
FSC	Forest Stewardship Council
GDPR	General Data Protection Regulation
GHG	greenhouse gas
GRI	Global Reporting Initiative
GSBN	Global Shipping Business Network
GSMA	Global System for Mobile Communications
HMU	hydrogen multiple unit
Hutchison Ports ECT	Hutchison Ports Europe Container Terminals B.V
Hutchison Ports HIT	Hutchison Ports Hongkong International Terminals Limited
Hutchison Ports FCP	Hutchison Ports Freeport Container Port Limited
Hutchison Ports BACTSSA	Hutchison Ports Buenos Aires Container Terminal Services S.A.
Hutchison Ports BEST	Terminal Catalunya S.A.
HVAC	Heating, ventilation and air conditioning
HyP Gladstone	Hydrogen Park Gladstone
HyP SA	Hydrogen Park South Australia
IoT	Internet of Things
ISF	Information Security Forum
KPI	Key Performance Indicators
L.C. Multipurpose Terminal	Lazaro Cardenas Multipurpose Terminal
LFG	landfill gas

Annex 3 – List of abbreviations

Abbreviation	Long form
LPWA	Low Power Wide Area network
nGen	Next Generation Terminal Management System
NGN	Northern Gas Networks
NPE	New Plastics Economy
OECD	Organisation for Economic Co-operation and Development
Ofgem	Office of Gas and Electricity Markets
PACT	Plastic ACTION
PEFC	Programme for the Endorsement of Forest Certification
PV	photovoltaic
PVC	polyvinyl chloride
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
RNG	renewable natural gas
RoSPA	Royal Society for the Prevention of Accidents
rPET	recycled polyethylene terephthalate
RSPO	Roundtable on Sustainable Palm Oil
RTGcs	rubber-tyred gantry cranes
RVMS	reverse vending machines
SAFCOM	Hutchison Ports Group Safety Committee
SASB	Sustainable Accounting Standards Board
SDGs	United Nations Sustainable Development Goals
TCFD	Taskforce on Climate-related Financial Disclosures
TMC	The Mekong Club
UKPN	UK Power Networks
VPN	Victoria Power Networks
WISE	Watson Insights on Shoppers Experience
WWF	World Wide Fund for Nature
WWU	Wales & West Utilities



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