

Hutchison Whampoa (Europe) Limited - Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In so doing, section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the company.

In discharging the duties under section 172, the Company takes into consideration the factors set out above. In addition, the Company also has due regard to other factors which it considers relevant to the decision being made including: the long-term viability of the Company; its expected cash flow and financing requirements; the ongoing need for strategic investment in its business; and the interests, views and expectations of its members as the suppliers of long-term equity capital to the Company. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, it does, however, aim to ensure that its decisions are consistent and made in the best interests of the Company.

The board of directors delegates authority for day-to-day management of the Company to executives and engages management in setting, approving and overseeing execution of the business strategy and related policies. For example, human resources, health and safety, financial and operational performance and legal and regulatory compliance matters are considered at regular management meetings. Management provides operational updates to the board and identifies key risks and stakeholder-related matters which arise during the course of the Company's financial year. This is done through presentations to the board and/or reports which are sent in advance of board meetings.

The board of directors considers and, if thought fit, approves the Company's activities by way of board meetings or written resolutions. As part of the board process, directors receive supporting explanatory materials, additional verbal and/or written information from executives and independent professional advice, as and when required, to ensure that they have full access to the necessary information about the Company and, where deemed necessary, independent professional advice in discharging the duties under section 172.

The Company's key stakeholders are its employees and other subsidiary undertakings of CK Hutchison Holdings Limited ("CKHH"). The views of, and the impact of the Company's activities on, those stakeholders are an important consideration for the directors when making relevant decisions. For instance, in response to the Covid-19 pandemic, the Company established a working group of senior managers that met regularly to discuss and implement appropriate measures to mitigate the impact of Covid-19 on working practices, including consulting with employees on the measures put in place to work safely when the offices re-opened. Throughout the Covid-19 pandemic, employees have been receiving regular communication and updates from the Company so that they are kept up-to-date and informed of business action, and the impact of the situation on business practices and performance of the Company. The Company continues to ensure a positive and inclusive workplace for employees and provides training programmes to employees to help promote an inclusive and a diverse workforce.

Given that the principal activity of the Company is the provision of consultancy and professional services primarily to other subsidiary undertakings of CKHH, the breadth of stakeholder considerations does not generally apply.

The Company coordinates with CKHH on all stakeholder engagements through the CKHH Group corporate governance and sustainability functions. The Company believes that such approach is a more efficient and effective one in helping to achieve a greater positive impact on stakeholders than by working alone as an individual company. For further details on stakeholder engagement, please refer to the Corporate Governance Report of CKHH included in its 2020 Annual Report and the 2020 Sustainability Report of CKHH, both available on the CKHH website.

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