



Weathering nature's extremes



We live in an era of headline-grabbing weather and natural disasters. Tornadoes, hurricanes, typhoons, blizzards, fog, earthquakes and volcanoes – Hutchison’s far-flung businesses are exposed to them all. Contingency plans keep operations running as smoothly as possible in all conditions – with people and their safety always coming first.

THE NUMBER OF WEATHER-RELATED CATASTROPHES around the globe has tripled in the past 30 years, according to German reinsurance giant Munich Re. Last year it identified a total of 950 natural catastrophes worldwide, the second-highest number since 1980 and nearly 20 per cent more than the annual average over the past decade. They caused losses of around US\$130 billion.

Many employees of Hutchison’s widely-dispersed businesses experienced last year’s weather extremes first hand: from Russia’s blistering heat wave and choking forest fires in the summer, to northern Europe’s record-breaking snowfalls in the winter. In other instances, Hutchison employees were left, literally, dealing with the fallout.

Such was the case when an Icelandic volcano with the tongue-twisting name of Eyjafjallajökull erupted in mid-April 2010, ejecting a plume of ash about 6 km into the sky and catching the world totally off-guard. As the ash cloud drifted south, there were fears it could cause engine failure in jets traversing Europe’s busy air corridors. Abruptly, the whole of British airspace shut down. Other European countries soon followed suit.

Volcanic disruption

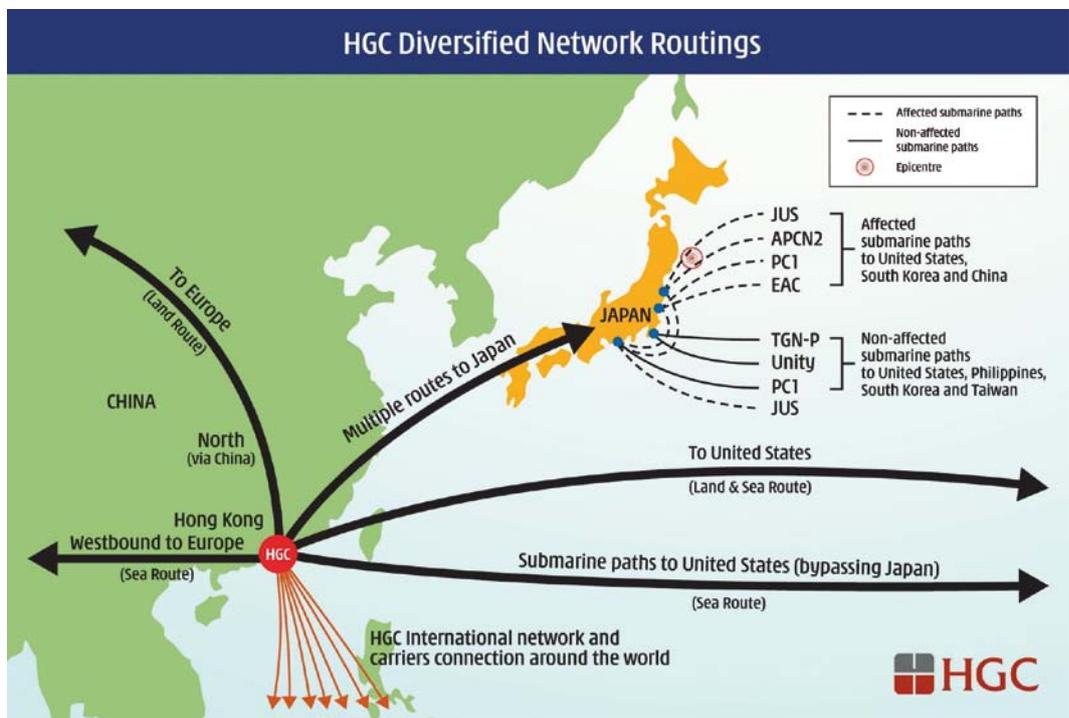
Among the first to feel the volcano’s impact were reservations staff at Hutchison’s Harbour Plaza Hotels in Hong Kong, halfway round the world. There was a sudden flurry of cancellations from guests booked to arrive from Europe. At the same time, hotel guests and other tourists about to fly west were forced to extend their stay in Hong Kong.

“Our guest services and front office staff dropped everything to give affected guests their immediate attention,” said Benedict Chow, General Manager of Harbour Grand Hong Kong. “Information was sketchy so we took the initiative to follow up daily with the airlines and tried to find out more for our guests. Some of them were very stressed by the situation. We really empathised with them and tried to make their extended stay as comfortable as possible.”

At 3 UK, about 100 employees abroad on business or personal trips were unable to return as the ash cloud disruption spread. While European travel started returning to normal a few days later, there were lessons to be learnt by businesses everywhere.

“We have budgeted for a more comprehensive capability to track and report on where our employees are travelling for work,” said Jemimah Parnell, 3 UK’s People & Property Director. “We’re also encouraging more proactive risk awareness among all employees, whether they are travelling for business or going away on holiday. It’s really about ensuring our staff stay safe and don’t take unnecessary risks, whether that’s a case of advising against people driving to work when it’s snowing heavily, or keeping one eye on the news so they are aware of disruption events and can make contingency plans to get home.”

This heightened capability was put to the test by yet another volcanic eruption in Iceland in late May this year. The Grímsvötn volcano sent a plume of smoke and ash about 19 km into the sky, temporarily grounding air travel in parts of northern Europe. “We were ready,” added Ms Parnell. “We were immediately in touch with all our travelling executives and able to work out the best contingency plans for their safe return.”



Hutchison Global Communications quickly re-routes international telecommunications through its diversified network after Japan's devastating earthquake and tsunami in March.

Snowed out

Business in Europe was further disrupted last year by an unusually early blast of severe winter weather. November snows in the UK were the deepest since 1965. December 2010 was the coldest since records began a hundred years earlier, with overnight temperatures as low as minus 10 or minus 20 degrees Celsius.

3 UK had to close its Executive Offices in Glasgow early one particularly frigid November afternoon so that employees could travel home safely and avoid the dual risks of heavy snow and ice deposits on the roads. Days later, direct sales employees in Glasgow were also sent home early, leaving back-up teams fielding customer calls from the warmer climes of Asia.

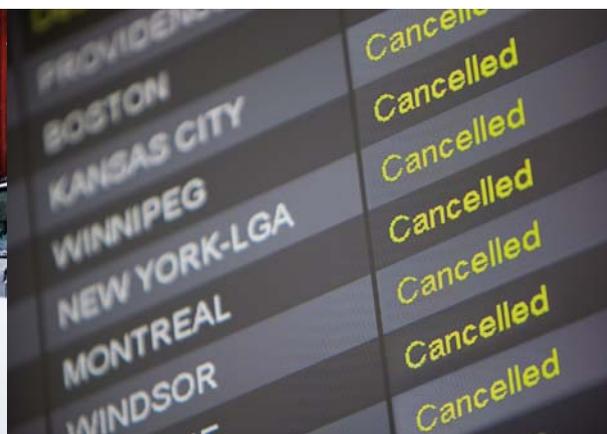
Snows in the UK also took their toll on HWL-owned health and beauty retailer Superdrug, disrupting its supply chain. "But close communication between logistics, stores and operations teams ensured that deliveries were made immediately when stores were accessible, including weekend deliveries," said Steve Zandi, Supply Chain and Logistics Director of Superdrug.

Over 8,000 kilometres away, in northern China, last winter's extreme cold damaged some Watsons' skincare and drinks products. "They were frozen during transportation from our warehouses and some product packages were cracked," said Jim Jeffery, General Manager - Supply Chain, Logistics of Watsons China. Liquid products are now packed around a thermal tank surrounded by blankets during extra-cold snaps, resulting in fewer losses.

Undersea challenge

For Hutchison Global Communications (HGC) the biggest operational challenge posed by nature in recent times came from under the sea. The epicentre of the magnitude 9.0 earthquake off the northeast coast of Japan in March this year was perilously close to submarine telecommunications cables carrying busy traffic between Hong Kong, Mainland China, Japan, South Korea and the US.

As the scale of the earthquake and tsunami tragedy became apparent, HGC's first duty was to safeguard international communications.



It managed to maintain almost normal service levels, even when 30 to 40 per cent of all international communications between Asia and the US were disrupted.

“This is because we use multiple submarine and terrestrial cable systems, which give us the ability to auto-switch affected traffic to non-affected submarine paths,” said Andrew Kwok, HGC’s Senior Vice-President of International Business. “Services for our corporate customers were 100 per cent back to normal within four hours.”

Mr Kwok added that many other telecommunications companies relied on HGC’s advanced and extensive global network to restore their own services after the Japan earthquake. “It’s all part of being a global citizen,” he said. “We responded to requests from leading carriers in Japan, the US, Singapore, Vietnam and the Philippines. We were particularly glad to be able to help our counterparts in Japan.”

Close to disasters

Hutchison Port Holdings (HPH) found itself operating close to some of the biggest natural disasters of 2010, including the worst floods in Pakistan’s history, and the flooding of vast areas of Australia’s Queensland and its state capital, Brisbane.

But the event which most directly affected HPH in a year of extreme weather was a rare tornado that slammed into its Freeport Container Port (FCP) on Grand Bahama Island, about 90 km off the Florida coast of the US, on 29 March 2010.

“As we all know, tornadoes have no predictable pattern,” said HPH Executive Director Eric Ip. “The safety of our staff and terminal are our priorities. We suspended all terminal operations immediately after the tornado and commenced crisis management action, which includes rescue and recovery plans, and internal and external communications activities with all terminal stakeholders.”

The port’s emergency response and rescue teams raced to the scene as soon as the tornado passed. They were assisted by local emergency services which brought heavy equipment to cut through wreckage. Terminal operations resumed two days after the

incident. The port’s Technical Services Department was called in to facilitate the recovery and co-ordinate with equipment manufacturers to ensure quick repair and replacement orders.

Despite the fact tornadoes are few and far between in the Bahamas, the FCP emergency response manual includes plans for dealing with them. Safety drills are regularly carried out, in some instances with the involvement of local emergency services. The port has also installed its own weather monitoring stations and receives additional updates from the Bahamas Meteorology Department every six hours.

Tackling tempests

Hutchison businesses in both hemispheres are exposed to tropical cyclones.

When Hurricane Igor, the most intense of the 2010 Atlantic hurricane season, approached the east coast of Canada last September well-honed contingency plans went into high gear at Hutchison’s Husky Energy.

Two semi-submersible rigs were down-manned and production was halted at a third facility at the peak of the storm. As a result, there were no injuries, no significant damage to Husky facilities and just a few hours of reduced production.

The homes of employees and contractors on shore fared less well. Husky closed its St John’s office on the afternoon of the storm’s arrival so that colleagues could attend to battered houses and downed trees. With one of Newfoundland’s main highways washed out, Husky also sent a helicopter to the region to airlift employees to its offshore production facility, SeaRose.

Closer to home, in southern China, a multi-year cycle of relatively quieter typhoon seasons is coming to an end. “According to the Hong Kong Observatory, this year the region will see more typhoons and more severe typhoons,” said Ivor Chow, Managing Director of Hongkong International Terminals (HIT). “Accordingly, we’re strengthening our current procedures for dealing with adverse weather conditions. In addition, every year we discuss emergency contingency plans with operators and local emergency services prior to the typhoon season to ensure smooth operations in





As storms approach Hong Kong during the typhoon season, which typically runs from May to September, containers are securely lashed at HIT.



Husky is on alert to halt operations when storms threaten exploration and production during the Atlantic hurricane season, from June to November.

the terminals and minimise the impact of these incidents on the community,” he said.

HIT has a comprehensive set of adverse weather procedures in place for any situation, be it heavy rain, thunderstorms, or a typhoon. All preparation procedures are escalated depending on the seriousness of the situation and vice versa.

In all weathers

Fog is another weather hazard for Pearl River Delta ports. Shenzhen was affected by fog for a number of days in March this year and pilot boats stopped operations for an extended period. “We’re working with the Mainland authorities to see if we can resume operations faster after such incidents,” said Hai Chi-yuet, Managing Director of Yantian International Container Terminals. She added that the Pearl River Delta ports also have to deal with that the knock-on effect of ships delayed because of

thick fog further up the China coast, in Shanghai and Ningbo.

For HK Electric, severe rainstorms and flooding are particular challenges in the city’s steamy summers. After downpours flooded parts of Hong Kong Island in 2008, for example, the company surveyed electricity substations located in potentially vulnerable “black spots” and upgraded their ability to withstand storm and flood waters.

Last year two rainstorms were graded the most severe “black” category, describing more than 70 mm of rain expected within an hour. The power system stood up well. There was no flooding to any of the electricity substations.

“We’re proud that we’re able to uphold the resilience of our system in adverse conditions caused by severe weather” said Ip Pak-nin, HK Electric’s General Manager (Transmission and Distribution).

The Hutchison spirit

All HWL businesses across the world take pride in how their contingency and back-up plans keep employees safe and operations running. Through regular maintenance and emergency response drills, employees know how to react quickly, cope with potential danger and minimise disruption to business.

These hard-working individuals also go the extra mile to ensure that their customers have the best possible service even in the most confronting situations. HWL salutes its employees for keeping the wheels of commerce turning safely but surely whenever and wherever our living planet reminds us who is boss. 



2010	Event	Region	Description
January	Winter damage	Europe	Heavy snowfall leading to widespread infrastructure damage and loss
January	Winter damage	China	Heavy snowfall damaging homes, crops and livestock
March	Earthquake	Turkey	A 6.1 magnitude earthquake destroying hundreds of buildings
April	Earthquake	China	A 6.9 magnitude earthquake in Qinghai Province causing landslides and damaging homes and telecommunications systems
April	Volcano	Iceland	Eruption of volcano Eyjafjallajokull, emitting a cloud of gas and ash across much of Europe and causing widespread disruption to air traffic
June	Cyclone	India, Oman, Pakistan	Cyclone Phet and subsequent storm surge damaging/destroying homes, vehicles, power lines and water, gas and electricity systems
June	Severe storms	Myanmar, Bangladesh	Flash floods and landslides damaging/destroying infrastructure, crops and homes
June-July	Severe storms	China	Floods and landslides damaging one million buildings, collapsing bridges and causing severe damage to infrastructure and crops
June	Floods	France	Flash floods damaging thousands of homes and automobiles
June	Severe storms	USA	Thunderstorms and tornadoes destroying homes, businesses and automobiles, leaving 450,000 without electricity
July-September	Floods	Pakistan	Torrential monsoon rains affecting 10,000 villages and damaging/destroying homes, power facilities, infrastructure and cropland
Summer	Heat wave	Russia	Worst drought in 130 years, resulting in wildfires and the burning of 2,500 homes and widespread areas of cropland and forestry, plus heavy smog in urban regions
August	Flash floods	China	Flash floods and landslides damaging infrastructure and more than 4,000 homes
August	Volcano	Indonesia	Mount Sinabung, in North Sumatra, erupting in late August, sending sand and ash up to 1.6 km high
September	Earthquake	New Zealand	A magnitude 7.0 earthquake close to Christchurch, destroying infrastructure and more than 100,000 homes
September	Hurricane	Mexico	Hurricane Karl and subsequent flooding destroying thousands of homes, businesses and automobiles and interrupting oil production
October	Hurricane	China, Philippines, Taiwan	Super Typhoon Megi destroying 31,000 homes and damaging another 118,000, along with crops, livestock and infrastructure
October	Earthquake	Indonesia	A 7.7 magnitude earthquake and subsequent tsunami destroying thousands of homes, roads and bridges and displacing 20,000 people
October-November	Volcano	Indonesia	Mount Merapi in Central Java emitting gas and ash, destroying 2,300 homes, disrupting flights and leading to the evacuation of 400,000 people.
December - January 2011	Floods	Australia	Major floods destroying infrastructure and agriculture and interrupting coal production

The chart above, derived from Munich Re's 2010 list of natural catastrophes, highlights events that occurred in countries where Hutchison businesses operate.