

Shaping our future impacts, today

2023 Sustainability Report

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Governance

Our approach

CLP embraces a robust governance structure, with top management committed to managing nature-related impacts, risks and opportunities effectively. The Group has established clear roles and responsibilities, as well as decision-making processes, to ensure accountability and transparency in these areas. This is enabling CLP to proactively identify, assess and manage the risks and opportunities around biodiversity conservation, circular economy, and environmental discharges.

Nature-related commitments

CLP strives to preserve and enhance natural resources and promote biodiversity.

CLP recognises its critical role in minimising environmental impacts. Its care for the environment is stated clearly in the Group's Health, Safety and Environment (HSE) Policy, which requires CLP to:

- Protect the environment, including preventing pollution and minimising the risk of environmental incidents;
- Strive to use resources including water and energy efficiently, and minimise emissions, discharges and waste; and
- Minimise any adverse impacts of its operations on biodiversity by protecting endangered fauna and flora and promoting ecological conservation.

Learn more about CLP Group HSE Policy

One of CLP's environmental responsibilities is the conservation of biodiversity. Recognising rising biodiversity loss globally, CLP is maintaining its goal of "no net loss of biodiversity". Through various initiatives, the Group has demonstrated its dedication to safeguarding habitat quality and preserving the biodiversity of specific ecosystems in the regions where it operates.

Governance of nature-related issues

Sustainability is integrated into CLP's business strategy and corporate governance. This includes oversight and governance of nature-related issues, and CLP's commitment to protecting the environment.

This approach ensures that nature, along with other sustainability issues are part of the corporate agenda. As part of overall sustainability management, the Board-level Sustainability Committee (SusCom) has oversight of nature-related impacts, risks and opportunities and has a role in evaluating the adequacy and effectiveness of the CLP's Health, Safety, Security and Environment (HSSE) Framework, supported by the Sustainability Executive Committee (SEC) and the CLP Group HSSE Executive Committee.

Board and management oversight

The SusCom and SEC holds the primary responsibility of overseeing the management of the Group's sustainability matters, including nature-related topics. For details of their roles and responsibilities as well as the key nature-related agenda discussed in 2023, please refer to the Sustainability Governance sections.

Under the Board's oversight, the CLP Group CEO has ultimate accountability for reporting the performance and governance of HSE management to the SusCom, while delegating the authority for day-to-day decision-making on HSE governance and assurance issues across CLP to the Group COO. Also chaired by the CEO, the CLP Group HSSE Executive Committee appoints senior executives to review and evaluate CLP's overall governance, strategy, performance and assurance in Health, Safety, Security & Environment. In 2023, a nature-related agenda, including the Group's revised medium- and long-term environmental targets considering nature dependencies and impact drivers, was endorsed by HSSE Executive Committee.

Development and implementation of nature-related strategies, policies and goals

The Environment Team of the Group HSE Department is responsible for providing expert advice on environmental issues and impacts, ensuring timely reporting, and coordinating the implementation of the Environmental Pillar of the Group HSE Improvement Strategy. It is also responsible for defining appropriate environmental standards for operations, driving continuous improvement and promoting a positive engagement culture. During execution, it works closely with different business units to ensure that relevant environmental standards and policies are

properly adopted and the improvement strategies are being effectively implemented and embedded across CLP. Through coordinating with different business units, it drives continual improvement of the ISO 14001 environmental management system in ways that go beyond compliance, and to enhance existing environmental evaluation criteria throughout the value chain for procurement and tender specifications.

Various working groups have also been established to manage environmental and nature-related initiatives, led by the Environment Team of the Group HSE Department and supported by relevant functional teams and regions. Their work includes conducting reviews on nature-related frameworks, undertaking the first stage of group-level TNFD nature assessments, developing and implementing circular economy strategies and plans, and setting out medium- and long-term environmental targets.

Monitoring and compliance of emissions and other nature-related regulations

CLP's business processes and practices support its endeavours to maintain full compliance with applicable emissions and other nature-related laws and regulations in the jurisdictions in which it operates.

SASB reference: IF-EU-140a.2; GRI reference: 2-27, 201-1, 306-3 (2016)

Established processes are in place to ensure understanding of relevant emissions and other nature-related laws and regulations for new investments, as well as updates to existing regulations and emerging legislation in this field. Where compliance with new laws and regulations requires a transition period, CLP, where appropriate, works transparently with regulators as it establishes the business practises and makes the investments necessary to satisfy the new requirements.

CLP closely monitors developments in emissions and other nature-related regulatory requirements. A summary of the new and/or amended laws and regulations that emerged in 2023 that had or may have a significant impact on CLP's business units are listed below.

Hong Kong	• The emission allowances of CLP's power plants have been progressively tightened over time through the Technical Memorandums (TM) of the Air Pollution Control Ordinance. Since 2022, a new set of emission caps has required CLP Power to further reduce the emissions of sulphur dioxide (SO_2), nitrogen oxides (NO_x) and Respiratory Suspended Particulates (RSP) by 12% to 27% compared with the 2021 levels. CLP Power achieved full compliance in 2023.
India	• The Environment (Utilisation of Crop residue by Thermal Power Plants) Rules 2023 was issued on 11 July 2023 with penalty for non-compliance expected to commence from 2024-2025. Jhajjar Power Station has issued tenders to procure biomass pellets to comply with the 5% blending requirements. However, it is currently co-firing at 2% due to issues with supply of biomass pellets and technical constraints in co-firing at such large quantities. While Jhajjar Power Station has taken concrete steps and continues to work towards compliance with the Rules, as an abundance of caution Jhajjar Power Station has written to the relevant authority as it works towards compliance. • The Central Electricity Authority (Flexible Operation of Coal based Thermal Power Generating Units) Regulations 2023 was issued on 25 January 2023 with compliance required by 25 January 2024. These Regulations are applicable to Jhajjar Power Station, and Apraava Energy will determine the necessary modifications and investments required for Jhajjar Power Station to be compliant. • The Energy Conservation (Amendment) Act 2022 and the Carbon Credit Scheme were enacted in 2023. Jhajjar Power Station stands to face additional compliance requirements in light of the amendment and Apraava Energy continues to monitor the updates of the additional compliance requirements.

Taiwan	• The Taiwan Environmental Protection Administration (EPA) made amendments to the Stationary Pollution Source Hazardous Air Pollutant Emission Standards in 2023, in relation to which the Ho-Ping Power Station is expected to have to pay an increased emission fee. • The Climate Change Response Act (which amended and replaced the Greenhouse Gas Reduction and Management Act) was promulgated on 15 February 2023. Key elements include establishing authority and responsibility among agencies, incorporating provisions on just transition, strengthening emissions control and incentive mechanisms to enable emissions reduction and introducing a carbon fee. The financial impact to Ho-Ping will be subject to the details of upcoming announcements expected on the carbon fee mechanism in 2024. Ho-Ping continues to monitor the regulatory developments.

Emissions and other nature-related regulatory non-compliance and licence exceedances

Environmental compliance	2023	2022	2021	2020	2019
Environmental regulatory non-compliances resulting in fines or prosecutions (number)[1,2]	**0**	0	0	0	0
Environmental licence limit exceedances & other non-compliances (number)[1,2]	**5**	6	5	4	10

1 Apraava Energy ceased to be a subsidiary and is now accounted for as a joint venture. Apraava Energy is excluded in the figures for 2023, but included in figures for 2022 and prior years. Moreover, in November 2022, CLP sold its 70% interest in the coal-fired Fanchanggang Power Station, which has been excluded from CLP's reporting scope since then.

2 Numbers include operating assets where CLP has operational control during the calendar year. Paguthan Power Station, the power purchase agreements of which expired in December 2018, was not included in the 2019-2023 numbers.

In 2023, all of the five emissions and other nature-related breaches were recorded by EnergyAustralia:

- Two related to short-term carbon monoxide (CO) licence limit exceedances. One of these exceedances occurred during a low-load operation stack emission test for diesel firing at Jeeralang Power Station, while the other occurred during a recommissioning run after a summer-readiness outage at Newport Power Station. Both incidents were reported to the local Authority and no further regulatory action was taken.
- Another breach related to a dust control issue at Yallourn Power Station. EnergyAustralia subsequently responded to the local Environment Protection Authority (EPA) by updating its Risk Management and Monitoring Programme (RMMP) for dust control. After assessing the updated RMMP, the EPA considered that appropriate mitigation measures had been taken, and the case was closed with no further actions.
- The fourth breach related to unauthorised vegetation clearing activities in the ash dam areas of Tallawarra Power Station. EnergyAustralia immediately communicated with the local EPA to explain the cause and apologise by demonstrating a good record of environmental performance and a strong commitment to biodiversity and community engagement. No EPA actions were incurred.
- The final breach related to the brine conditioned ash and salts emplaced in the Ash Repository at Mount Piper Power Station over an authorised maximum height. EnergyAustralia has developed mitigation measures to relocate the overheight materials and raise awareness through training and visual markers. The incident was reported to the local EPA and no further regulatory actions were incurred.