CLP 中電

Together for Sustainability, Powering Tomorrow

2024

Sustainability Report

Stock Code: 00002

Partners

Highlights

Stakeholders' areas of interest

- Public policy
- Code of Conduct and anti-corruption
- Legal compliance
- Supply chain sustainability management

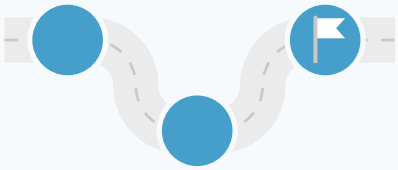
Relevant sustainability agenda

- Energy growth opportunities

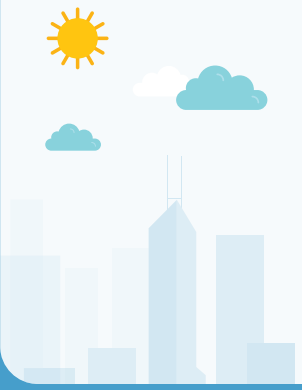
Outcomes for stakeholders

Enhanced information transparency and disclosures on information related to fuel costs and fuel procurement, etc.

Signed Memorandums supporting and participating in the Northern Metropolis Development



Implemented the three-year Sustainable Procurement Roadmap endorsed by the Sustainability Executive Committee



Pledged full support to the Hong Kong SAR Government's

Hong Kong Climate Action Plan 2050

Recorded **1 new reportable case** of legal non-compliance in 2024

CLP continues to be a trusted partner for its stakeholders by building strong relationships and engagement to advocate sustainability and uphold ethical business practices across its value chain. It supports government authority initiatives, aligning efforts towards shared sustainability objectives. Furthermore, CLP collaborates closely with its suppliers and contractors through capacity-building initiatives, regular engagement and adherence to high standards of governance and compliance. These efforts are ensuring that CLP and its partners are together contributing to the overall resilience and success of the business.

Public policy

GRI reference: 2-28, 201-4, 415-1

As a trusted partner in promoting sustainable development within the energy sector, CLP continues to strengthen its communication with and support to governments, regulators and standard setters, as part of its efforts to drive collaborative changes in energy market policies.

Joint efforts by the private and public sectors are essential for tackling the challenges emerging in the energy sector. In Hong Kong, CLP Power works actively with the Hong Kong SAR Government under the Scheme of Control (SoC) Agreement, which sets out the electricity regulatory framework and mechanism for the city's electricity supply.

The current five-year Development Plan, covering 1 January 2024 to 31 December 2028, was approved by the government in 2023. It provides strong support for the government's policy priorities with focuses on investments designed to drive Hong Kong's economic and infrastructural development, the continued delivery of a world-class reliable electricity system, the transition to a smart and resilient city and the continuation of the decarbonisation journey.

As part of the interim review of the SoC Agreement, CLP continues to enhance information transparency on fuel costs and procurement, operating expenses and borrowing arrangements.

By maintaining regular communication with government officials and legislators through channels such as site visits and information sharing sessions, CLP is fostering mutual understanding of the strategies and policy directions needed for shaping a low-carbon future. CLP also actively participates in major government and industry consultations by putting forward the Group's well-considered positions relevant to the energy sector's development.

CLP's responses to major public policy consultations, along with its position on critical issues such as climate change, are available on the Group's websites and other online channels.

- CLP Power pledged full support for the Hong Kong SAR Government's Hong Kong's Climate Action Plan 2050 upon its announcement in 2021. One of the government's key strategies is to promote the popularisation of electric vehicle (EV) in Hong Kong. CLP Power is actively supporting the Government in promoting green transport by both land and sea through accelerating the development of EV charging network, offering various power supply solutions to charging service operators to expedite the operation of public EV charging facilities and collaborating with petrol station operators to repurpose petrol-filling stations as quick-charging facilities.
- CLP Power has been promoting the wider use of electric commercial vehicles (ECVs) in Hong Kong through the eMobility Network which comprises 15 other businesses and organisations. In collaboration with Network members, CLP Power showcased the new EV Grid Management Platform and power supply solutions at the ReThink HK 2024 Sustainable Business Forum and Solutions Expo. At the event, the eMobility Network members also presented solutions to support Hong Kong in its transition to a low-carbon smart city, including state-of-the-art commercial EVs and associated equipment, a range of new charging technologies and green financial support services .
- CLP also promotes green office practices for energy saving and supports environmental charters and green campaigns organised by NGOs. In Hong Kong, CLP Power has signed the Energy Saving Charter and the 4T Charter (Target, Timeline, Transparency, Together) from the Electrical & Mechanical Services Department (EMSD). While employees are encouraged to support these green initiatives, an internal energy use target has been set to ensure energy utilisation remains below a reference Energy Utilisation Index (EUI).
- CLP also engages and collaborates with key stakeholders and communities to promote energy efficiency and saving. In 2024, CLP Power hosted workshops on power quality for newly elected district councillors and a seminar for property management professionals on energy saving, decarbonisation, power quality and transport electrification. CLP Power also teamed up with the Hong Kong Housing Society to promote sustainable lifestyles through raising residents' understanding on the benefits of "All-Electric Homes".
- In India, Apraava Energy actively engages in domestic and global discussions on energy and climate change legislation and regulations. For example, it participated in stakeholder consultations by the Bureau of Energy Efficiency (BEE) on the design of the National Carbon Market in India and by the Central Electricity Authority (CEA) on reducing the Right of Way (ROW) width for transmission lines, a reduction which would minimises tree cutting and disruption to wildlife. Apraava Energy is also a member of the Product Advisory Committee of the National Commodity and Derivatives Exchange (NCDEX) which is working on the design of carbon market derivatives.

- CLP Group contributed to the public consultation on the exposure drafts of two inaugural standards, including the HKFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and the HKFRS S2 Climate-related Disclosures, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). The Hong Kong Standards are developed under the context of the Hong Kong SAR Government's Vision Statement on *Turning Obligations into Opportunities in Developing the Sustainability Disclosure Ecosystem in Hong Kong*, with an aim to align local sustainability disclosure requirements with the globally recognised International Sustainability Standards Board (ISSB) Standards, enhancing the consistency and comparability of sustainability reporting for investors and other stakeholders.

None of CLP's businesses receive any significant government financial assistance.

CLP actively engages with various organisations to keep abreast of different stakeholders' perspectives, navigate policy uncertainties and shape informed policy-making. The table below outlines the total amount CLP has contributed to organisations influencing public policy. These contributions include membership fees, donations, sponsorships and input into policy position papers. CLP has a general policy of avoiding political contributions and no contributions were made to political parties, government officials or political candidates throughout the year.

Contributions to different types of organisations (HK$M)

	2024	2023	2022	2021	2020
Lobbying, interest representation or similar (HK$M)	**0**	0	0	0	0
Local, regional or national political campaigns, organisations or candidates (HK$M)	**0**	0	0	0	0
Trade associations or tax-exempt groups (e.g. think tanks) (HK$M)[1]	**7.06**	8.05	8.69	14.12	8.90
Others (e.g. spending related to ballot measures or referendums) (HK$M)	**0**	0	0	0	0

1 Includes contributions to trade associations or tax-exempt groups that seek to influence public policy in the form of memberships, donations or sponsorship.

As a priority, CLP engages with organisations actively involved in climate change and broader energy market policies. Considerable resources are devoted to the organisations listed below (in alphabetical order) through membership, sponsorship and other contributions, including active involvement by CLP senior management.

Organisation	Description of organisation	CLP contributions and engagement
Australian Energy Council (AEC)	The AEC represents 20 major electricity and downstream natural gas businesses operating in the competitive Australian wholesale and retail energy markets.	The Managing Director of EnergyAustralia was previously Chair of the AEC. EnergyAustralia continues to actively participate in its various working groups on a range of energy market issues. For example, an EnergyAustralia representative chaired AEC's Sustainability Working Group before moving into the role of Deputy Chair in December 2024.
Business Council of Australia (BCA)	The BCA is a CEO-led industry association representing more than 100 of Australia's largest businesses. It supports the transition to a more carbon-efficient economy, with the goal of net-zero emissions by 2050.	EnergyAustralia is a BCA member and supports the BCA's advocacy for a national, bipartisan energy and climate change framework that can deliver against reliability, affordability and sustainability objectives.

Organisation	Description of organisation	CLP contributions and engagement
Business Environment Council (BEC)	The BEC is an independent, charitable organisation established by the business sector in Hong Kong, which promotes environmental excellence by advocating for the uptake of clean technologies and practices.	CLP actively participates in or sponsors events, public consultations and working groups organised by the BEC. CLP is also a signatory of the BEC Low Carbon Charter and the Power Up Coalition.
Confederation of Indian Industry (CII)	The CII is a not-for-profit industry-led organisation. It works to create and sustain an environment conducive to India's development through various advisory and consultative processes. It works closely with the Indian government on policy issues, interfaces with thought leaders and looks to enhance industry efficiency, competitiveness and business opportunities.	Apraava Energy has been a member of CII for more than a decade. Its Managing Director is the Co-Chairman of the CII National Committee on Power and its Chief Operating Officer is currently a member of the India CEO Forum for Clean Air, operating under the CII National Initiative Cleaner Air Better Life. Through these engagements, Apraava Energy plays an active role in representing the power sector in India on relevant issues.
Free Electrons	A global accelerator programme for electric utilities, Free Electrons enables startups to work closely with utilities to develop digital solutions to the challenges arising from the increase of renewable energy and the decentralisation of energy systems.	CLP has been participating in Free Electrons since 2018. The 2024 programme attracted applications from over 1,000 start-up companies worldwide. CLP collaborated with at least eight startups to pilot their innovative solutions in areas such as renewables, smart grids and energy storage. In 2025, CLP will host the third module in Hong Kong.
IFRS Foundation	The IFRS Foundation develops internationally recognised disclosure standards that bring transparency, accountability and efficiency to financial markets. Responding to the need for consistent and comparable sustainability information, it created the International Sustainability Standards Board (ISSB) in 2021 to develop IFRS Sustainability Disclosure Standards.	CLP is supporting the development of globally comparable sustainability disclosure standards in its role as a founding member of the IFRS Foundation Corporate Champions Network. Through this programme, CLP is playing an active role in building awareness and capacity for disclosure within companies and connecting a growing community of support for sustainability disclosure standards.
International Electric Research Exchange (IERE)	IERE is a worldwide, non-profit organisation for exchanging new electricity and energy-related technologies as well as research and development information. Its members include the electricity and energy supply industry, equipment provider businesses, academic researchers, and government bodies.	CLP joined IERE in 2000 and has been an Executive Member since 2014. Currently, CLP serves on the board as a board member and has a representative as Treasurer. CLP continues to work with IERE on projects in the joint research and development programme, such as the Technology Foresight Report, and on AI and power device life diagnosis projects.

Organisation	Description of organisation	CLP contributions and engagement
Kadoorie Farm and Botanic Garden Corporation (KFBG)	KFBG raises awareness of ecological and sustainability matters, undertakes species conservation and ecosystem restoration, reconnects people with nature and promotes sustainable lifestyles.	CLP has been supporting KFBG's 10-year forest restoration programme since 2022. This programme is supporting knowledge and capacity building on reforestation and potentially contribute to nature-based solutions and biodiversity recovery. By the end of 2024, a total of 7,794 seedlings were planted (of the 25,000 planned for this project), representing 277 species belonging to 66 botanical families.
The Construction Industry Council (CIC)	Formed in 2007, CIC consists of a chairman and 24 members representing various sectors of the construction industry in Hong Kong. Its main functions are to forge consensus on long-term strategic issues, convey the construction industry's needs and aspirations to the Hong Kong SAR Government, as well as provide a communication channel for the Government to solicit advice on all construction-related matters.	CLP is actively involved in the CIC, supporting efforts to reduce fatalities in the construction industry through the participation and leadership of both CLP Group and CLP Power in the Hong Kong Construction Industry Safety CEO Forums.
The Hong Kong General Chamber of Commerce (HKGCC)	HKGCC is a member-led organisation dedicated to improving the business environment and its competitiveness in Hong Kong. Its membership is composed of around 4,000 companies, which include multinational companies, SMEs and start-ups, from Hong Kong, Mainland China and internationally.	CLP actively participates in and sponsors events, public consultations and working groups organised by the HKGCC. The CLP Power Chairman and Managing Director are currently serving as member of the Chamber Council and the Vice Chairman of the Real Estate & Infrastructure Committee respectively. CLP's senior management are also serving as members of various Committees to support the Chamber's work.
The Hong Kong Institute of Directors (HKIoD)	HKIoD, Hong Kong's premier body representing directors, works to foster the long-term success of companies through advocacy, standards-setting in corporate governance and professional development for directors.	Since 2022, CLP has been a founding sponsoring partner of the HKIoD-hosted Hong Kong chapter of the Climate Governance Initiative, a programme that aims to raise awareness of climate issues among company directors.

Organisation	Description of organisation	CLP contributions and engagement
The International Emissions Trading Association (IETA)	Founded in 1999, IETA is a non-profit organisation committed to empower businesses to engage in climate action and pursue net zero ambitions to advance the Paris Agreement's objectives and establish effective market-based trading systems for GHG emissions and reductions. IETA works in collaboration with other stakeholders to develop components of global GHG market and trading systems, strengthen business capacity and promote market-based solutions and broad participation in GHG markets.	By having a representative serve as a Council member and sponsoring IETA's events and programmes, CLP is contributing to the development of effective carbon markets while gaining insights into the latest global and Asia carbon market trends.
World Business Council for Sustainable Development (WBCSD)	A global, CEO-led organisation of over 200 businesses, the WBCSD is working to accelerate the transition to a sustainable world. Its Sustainable Development Goals are being pursued through six work programmes: Circular Economy, Cities & Mobility, Climate & Energy, Food & Nature, People & Society and Redefining Value.	CLP actively participates in the WBCSD's programmes and working groups, in particular, the Nature positive workstream. In support of the WBCSD's Roadmap to Nature Positive for the energy system, CLP's representatives joined the relevant working group and shared practical experience in tackling nature-related matters. In 2024, CLP participated in engagement sessions to provide feedback on the prototype of the Nature Metrics Tool, aimed at helping sustainability practitioners identify the most relevant nature-related metrics to measure progress, set targets and disclose in alignment with major voluntary and regulatory frameworks. In addition, CLP leveraged the Roadmap to Nature Positive and contributed case studies to WBCSD. These case studies serve as practical illustrations that bridge the gap between theory and industry practice.
World Energy Council (WEC)	The WEC is a UN-accredited global energy body formed in 1923 with more than 3,000 member organisations in over 90 countries. The WEC informs global, regional and national energy strategies by hosting high-level events, publishing authoritative studies (e.g. the World Energy Trilemma Index) and working through its extensive member network to facilitate global energy policy dialogue.	CLP began participating in the WEC as a member organisation in 1988. Since the formal establishment of the Hong Kong member organisation (WEC-HK) in 2016, CLP's CEO has been serving as Chair and representing WEC-HK and its members. In 2024, CLP contributed to commentaries on Hong Kong in the 2024 edition of World Energy Issues Monitor, as well as contributing Hong Kong's profile for the World Energy Trilemma.

Case Study

Pledging full support for and participation in the Northern Metropolis Development by providing a stable and reliable power supply

As Hong Kong's largest power company, and one that has been serving the community for over 120 years, CLP has consistently been committed to providing a reliable and low-carbon electricity supply to support the new developments of the city.

In November 2024, CLP participated in the Enterprise Participation in Northern Metropolis Development Event organised by the Hong Kong SAR Government and signed Memorandums to support the Northern Metropolis Development. Aiming to meet the needs of innovation and technology, industrial and commercial and housing development in the Northern Metropolis, CLP will reserve sufficient capacity in its power system to meet the electricity demands of data centre and supercomputing centre development in San Tin Technopole and Sandy Ridge.

Through partnerships with various stakeholders including government bureaux and departments, CLP will leverage its professional knowledge and expertise in the energy sector to implement the necessary power grid expansion plan and drive the development of Northern Metropolis. The memorandum also signifies CLP's commitment to supporting the city's economic and social development.

CLP Power Managing Director Mr Joseph Law (front row, second from right) signed Memorandums in support of the Northern Metropolis Development.

Code of Conduct and anti-corruption

GRI reference: 205-3, 406-1, 417-2, 417-3

CLP's Value Framework and Code of Conduct, which includes 15 guiding principles, is a basis for its upholding of responsible business conduct and ethics. Applicable to all employees, subsidiaries and contractors, the Code and the Anti-Fraud Policy ensure integrity and prevent fraud and corruption within the Group and across its business operations.

In 2024, 31 breaches of the Code of Conduct were reported. None were financially or operationally material to the Group, and none involved employees at the grade level of senior manager and above.

In addition, there were no convicted cases of corruption. Any breaches were managed internally in accordance with CLP's complaint handling process for violations of the Code of Conduct.

Regarding whistleblowing cases, 20 cases were received in 2024 compared with nine in 2023.

Records of confirmed cases of Code of Conduct Principles breaches during the past five years are shown in the table below. Between 2020 and 2024, CLP did not have any breaches related to six Code of Conduct principles, namely Political Contributions, Gift & Entertainment, Laws & Regulations, Representation, Response to Incidents and Compliance & Report.

Code of Conduct Principles

	2024	2023	2022	2021	2020
Zero Harm Vision					
Includes issues regarding health and safety and alcohol and drug abuse.	**2**	0	0	0	0
Respect for People					
Includes discrimination, harassment and other issues related to not respecting people.	**11**	2	5	4	8
Ethics and Business Integrity					
Includes unethical business behaviour related to integrity, honesty and fairness.	**8**	0	2	10	1
Other Principles					
Includes conflicts of interest, company policies, financial controls, protecting information & assets and meeting responsibilities.	**10**	10	3	4	16
Total	**31**	12	10	18	25

Legal compliance

HKFRS S2/SASB reference: IF-EU-140a.2, IF-EU-550a.1; GRI reference: 2-27, 205-3, 206-1, 306-3 (2016), 411-1, 413-2, 416-2, 417-2, 417-3, 418-1, EU22, EU25

In the spirit of transparency and accountability, CLP reports cases of legal non-compliance annually in its Sustainability Report. These include cases of criminal convictions against CLP and major breaches that resulted in significant fines (greater than HK$1 million) or equivalent non-monetary sanctions.

CLP's 2024 legal compliance performance is summarised below, according to the GRI Standards and the HKEX Environmental, Social and Governance Reporting Code.

The Company is also exposed to the risk of contractual disputes and litigation in the course of its normal operations. The Group considers each instance separately in accordance with legal advice and makes provision and/or discloses information as appropriate.

There was one new reportable case of legal non-compliance in 2024.

Legal non-compliance

	Number of cases	Supplementary information
Business practices		
Anti-corruption	No reportable cases	Read more in the Code of Conduct and anti-corruption section.
Anti-competitive behaviour	No new reportable cases in 2024. There is one existing and previously reported case involving Ho-Ping Power Station in Taiwan, in which the CLP Group has a 20% equity interest	The Ho-Ping litigation is against a penalty for alleged concerted action with other independent power producers (IPPs) in violation of the Taiwan Fair Trade Act. The Taiwan Fair Trade Commission (FTC) in 2013 ruled and fined nine IPPs for alleged cartel behaviour. Ho-Ping filed litigations against the FTC penalty. The FTC's decision was eventually overruled by the Taipei High Administrative Court (THAC) in October 2014. However, the FTC successfully appealed the THAC's decision to the Supreme Administrative Court (SAC) and the case returned to the THAC for re-examination. In May 2017, the THAC ruled again in favour of Ho-Ping and rejected the FTC's decision. In June 2018, the SAC accepted FTC's further appeal and, for the second time, returned the case to the THAC for re-examination. In June 2020, the THAC ruled in favour of Ho-Ping for the third time and the FTC once again appealed to the SAC. In August 2022, the SAC ruled in favour of FTC. Ho Ping submitted an application for a retrial in September 2022. As of December 2023, there had been no new progress on the application for a retrial. In April 2023, Ho-Ping lodged an administrative appeal which was rejected by the SAC. In June 2023 Ho-Ping filed an administrative proceeding which was brought to the first preparation proceedings court in November 2023. The court proposed that both FTC and Ho-Ping undertake mediation before the matter proceeds further, to which both parties agreed and await a timetable for the mediation. Four mediation sessions were held in 2024 which have been focused on the legal basis and applicable formula to determine the amount of the penalty. Further sessions will be held in 2025.
Employees and contractors		
Employment practices	No reportable cases	-
Labour standards (child and forced labour)	No reportable cases	-
Occupational health and safety	No reportable cases	-

	Number of cases	Supplementary information
Customer		
Customer privacy	No reportable cases	Read more in the Customer privacy section.
Product and service information and labelling and marketing information	One reportable case	On 22 September 2023, the Australian Competition and Consumer Commission (ACCC) instituted proceedings in Federal Court against EnergyAustralia for allegedly breaching the Electricity Retail Code and the Australian Consumer Law when notifying customers of its impending price changes. On 26 September 2024, the court delivered its final judgement. This involved EnergyAustralia paying a A$14 million fine and A$50,000 of the ACCC's costs and certain compliance orders.
Access to electricity	No reportable cases	-
Customer health and safety	No reportable cases	-
Community		
Rights of Indigenous people	No reportable cases	-
Environment		
-	No reportable cases	Read more in the Monitoring and compliance of emissions and other nature-related regulations section.
Other		
-	No reportable cases	-

Supply chain sustainability management

GRI reference: 2-6, 2-24, 204-1, 308-1, 308-2, 407-1, 408-1, 409-1, 414-1, 414-2

CLP is strengthening its Sustainable Procurement Framework and enhancing the visibility of its supplier sustainability risk, as part of its three-year Sustainable Procurement Roadmap. Endorsed by the Sustainability Executive Committee, the Roadmap builds on five strategic directions, namely building suppliers' awareness, assuring suppliers' compliance, managing priorities, driving positive impact and getting stakeholders' recognition.

The Three-year Sustainable Procurement Roadmap Vision and Key Focus:

Build Awareness

Commercial and Supply Chain Management team capability uplift on sustainability awareness. Suppliers are communicated with and acknowledge to abide by CLP's Supplier Code of Conduct.

Assure Compliance

Third-party solution is equipped to enable visibility of CLP's suppliers' compliance with the Supplier Code of Conduct and their extended supply chains to monitor, assess, determine actions and develop improvement strategies.

Manage Priorities

Shift from reactive risk mitigation to advancing opportunities on strategic sustainability priorities. The assessment of supplier sustainability is embedded in CLP's procurement practices.

Drive Impact

Commercial and Supply Chain Management Sustainability is a platform for positive impact through collaborative programmes with suppliers that contribute to CLP's sustainability goals and objectives.

Recognition

Internal and external stakeholders' recognition of CLP's Commercial and Supply Chain Management Sustainability as industry's best practice.

Sustainable Procurement Framework

Driven by the three-year Sustainable Procurement Roadmap, CLP's is in the process of enhancing its supply chain sustainability management with the foundation of the Sustainable Procurement Framework which cultivates long-term and mutually beneficial relationships with suppliers who share CLP's values and goals. The framework is underpinned by the CLP Group Procurement Standard (GPS) which serves as a guide to the Group's procurement and supply chain management practices.

In enabling CLP's agenda of decarbonisation, building resilience and creating value in supply chain, the foundation of Sustainable Procurement draws on policies that include CLP's Value Framework, CLP Procurement Values and Principles and other procurement policies that govern daily CLP operations.

The Sustainable Procurement Framework now provides the foundation for all CLP's supply chain sustainability management activities, including various strategies and procedures of CLP's supply chain sustainability management, such as sustainability risk profiling and sustainability assessment. These are helping CLP to manage supply chain risks and communicate CLP's values and principles to suppliers, alongside with the SCoC. Overall, the framework is improving CLP's competitive advantages by building commercially viable strategic relationships with preferred suppliers. It evaluates business value outcomes based on factors such as total cost of ownership management, environmental, social and governance (ESG) value, supply chain resilience and innovation.

Sustainable Procurement Programme

The Sustainable Procurement Programme has been developed to provide CLP with a consolidated view of supplier sustainability risk and opportunity, for better informed procurement decisions. Implementing the three-year Sustainable Procurement Roadmap is also a key component of the Sustainable Procurement Programme. The programme not only involves regular meetings with suppliers, but has added in the use of third-party sustainability profiling and ratings, helping to ensure compliance and enhance supplier awareness of their unique sustainability journeys.

Sustainability risk profile

CLP's supplier sourcing strategies are designed to identify suppliers that best meet its requirements and that deliver value at an acceptable level of risk.

Under the standard procedure, supplier selections are conducted through competitive tendering, when each supplier's ability to fulfil criteria of quality, health and safety, environmental protection, delivery, innovation, sustainability and cost are assessed. Every supplier contract is designed to safeguard CLP stakeholder interests and ensure the supplier meets its commitments and obligations in areas such as legal and regulatory compliance, intellectual property rights, data confidentiality and security.

To better manage supplier clusters, CLP segments its contracted suppliers into tiers based on relative contract value and potential business impact, taking into account risks relating to supply chain and sustainability factors. The tiers are reviewed on an annual basis. This process of segmentation allows CLP to apply appropriate levels of governance and engagement to different suppliers for more efficient supply chain management.

In the first year of the three-year Roadmap, a key focus has been to assure compliance. This has been done by implementing an ESG profile tool that screens suppliers' inherent sustainability risks and any relevant incidents associated with the supplier company. Since the pilot launch of the ESG profile tool, over 1,300 suppliers have been screened by the tool and rated High, Medium or Low risk. Over 80% of the screened suppliers are rated Low risk. The tool will continue to monitor these Low risk suppliers for any changes in their risk level.

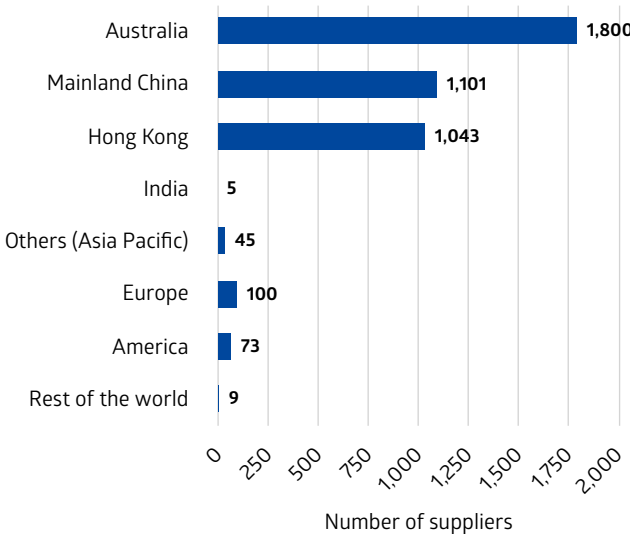
The remaining 20% of suppliers are rated Medium or High risk. These suppliers are required to attend supplier engagement meetings to address their specific sustainability risks, in accordance with the Supplier Code of Conduct requirements. They will also involved as a priority in a wider due diligence process which will involve in-depth Sustainability assessment.

CLP defines critical projects by considering their importance to its business operations, as well as their sustainability risks and contract value. All suppliers contracted for critical projects are subject to sustainability risk assessments. In 2024, these contractors represented 56.5% of CLP's total procurement project spend.

Suppliers for critical projects are assessed on their sustainability practices through tools such as questionnaires, proposal evaluations, site visits and where subcontracting is involved, audits on the subcontractor's capability to meet project requirements.

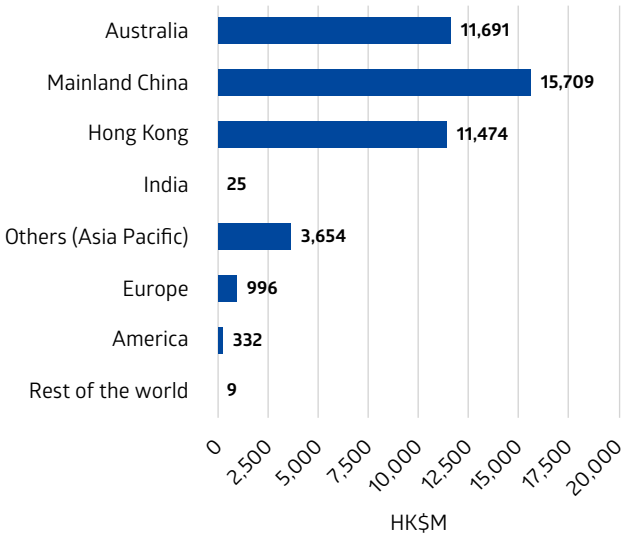
Number of suppliers by region

The highest number of CLP's active suppliers are in Australia.



Payment to suppliers by region in 2024

Total value of payments to suppliers in 2024 was highest in Mainland China.



Ongoing supplier sustainability risk monitoring
In accordance with its Corporate Risk Matrix, CLP conducts ongoing risk profiles monitoring of strategic suppliers with high business criticality and spend value. The profiles are conducted in conjunction with supplier risk management and supplier relationship management processes, and cover risks related to modern slavery, labour practices, supplier continuity, employee health and safety and cyber security.

Past performance data, future business needs and technology and innovation roadmaps are regularly reviewed with suppliers. CLP takes a risk-based approach to sustainable procurement across the procurement lifecycle. ESG risks are identified and evaluated regularly at category, project and supplier levels, taking into account responsible procurement practices. This evaluation considers the following risks:

- Country-specific risks;
- Product/service-specific risks;
- Industry/category-specific risks;
- Legal and regulatory compliance risks;
- Cyber security risks;
- Labour practices and sub-contracting risks;
- Health and safety risks;
- Governance and business conduct risks;
- Environmental risks;
- Operational/supply chain risks; and
- Brand and reputational risks.

Specifically, the risk profiling process helps CLP manage ESG matters in areas such as labour practices, human rights, modern slavery, child labour, harassment, safety, environment, subcontractor management and anti-bribery along the value chain. The risk profiling results provide CLP with insights for developing sourcing strategies and risk mitigation measures for its strategic suppliers in each category.

Through year-round operational, business and executive reviews, CLP has continued to enhance its supplier relationship management process for strategic suppliers. The reviews consistently assess the delivery performance of each strategic supplier and are used to drive ongoing improvements.

Procurement and business unit personnel work collaboratively to review and assess the performance of incumbent suppliers in the market. They also monitor sustainability risks in the areas of human rights/modern day slavery, environment and community. These initiatives provide useful information for formulating effective sourcing strategies as well as managing risk and supplier relationships.

In line with its obligations under the Australian Modern Slavery Act 2018, EnergyAustralia submitted its fourth Modern Slavery Statement to the government in 2024. In 2024, EnergyAustralia implemented a Supply Chain Risk Management tool, Trust Your Supplier (TYS). This tool allows new suppliers to be onboarded and existing suppliers to be invited, through registration and includes questionnaires about employment standards and human rights. All new suppliers must complete the questionnaires and register before being onboarded. Existing suppliers are being invited to update their details in phases, starting with critical suppliers and moving on to other suppliers. The TYS tool provides ongoing risk monitoring for all suppliers using data from an independent third-party, which includes data on adverse media, sanctions and regulatory action.

EnergyAustralia remains committed to fostering indigenous inclusion by including indigenous participation clauses in its supplier contracts, particularly for contracts relating to generation sites. By doing so, it seeks to encourage its suppliers to help drive indigenous inclusion by increasing their indigenous business spend and employment as well as boosting their cultural awareness.

This initiative stems from EnergyAustralia's Reconciliation Action Plan (RAP). The release of the second "Innovate" RAP in 2023 further clarified EnergyAustralia's commitment to promoting reconciliation and cultural understanding as well as enhancing relationships with Aboriginal and Torres Strait Islander peoples and organisations. This year, EnergyAustralia partnered with Mob Jobs on a revised First Nations employment strategy, consulting with First Nations employees and Traditional Owner groups to ensure our approach to First Nations attraction, employment and development is inclusive and sustainable. We also engaged supplier diversity expert Kristal Kinsela to present to some of our Board and the Business Unit Leadership Team (BULT) on the value proposition of Indigenous procurement for EnergyAustralia. We have been working closely with Traditional Owner groups around our developing projects, ensuring cultural perspectives are listened to and considered. We implemented a First Nations Cultural eLearning Programme, making cultural learning accessible to all our people. This enhances our peoples understanding of the connections between EnergyAustralia's project sites and local history and culture.

By the end of the year, the procurement team reported that it had sourced goods and services from 13 indigenous suppliers with a total of A$1,731,937 in spending.

Supplier engagement
CLP regularly conducts workshops for contractors to raise their safety, environmental and human rights awareness and capabilities. To enhance the professional development of contractor staff, workshops and training on procurement practices and supplier relationship management are conducted regularly.

CLP's contract terms and conditions include specific sustainability requirements and expectations regarding business ethics. Suppliers are encouraged to align their practices with the requirements and expectations stated in the SCoC and are expected to adopt similar standards and practices when doing business with the Company. To ensure compliance with the SCoC and further promote sustainable procurement practices, the Company issued a letter from the Director to all suppliers, stating that suppliers must acknowledge the SCoC and be prepared to provide evidence of their adherence to its standards. This might involve submitting accreditations, certifications, sustainability assessments, compliance reviews and audit reports. This initiative has reinforced the Company's commitment to maintaining high ethical and operational standards across its supply chain. In 2024, over 1,800 of CLP's suppliers have agreed to abide by the SCoC requirements.

CLP also values direct feedback from its suppliers, since it offers candid two-way communication opportunities and, when it has a specific focus on technology roadmaps and innovation, helps CLP prepare for future challenges. In addition, CLP proactively engages with selected strategic suppliers to directly discuss sustainable procurement best practices, including ways of minimising GHG emissions. In 2024, CLP engaged first-tier wind turbine suppliers in Mainland China to understand their capabilities regarding Circular Economy (CE) in the context of wind turbine generator production. Additionally, CLP introduced the CE Strategy to internal stakeholders to foster collaboration on CE practices between CLP and the suppliers.

Capacity building

As part of the key focus in 2024 for the Sustainable Procurement program, the Sustainable procurement training series has kick-started to build awareness within Commercial & Supply Chain Management (CSCM) team to mitigate supply chain risks. Over 100 CSCM team members participated in the training series. The sessions included town-hall training by an internationally recognised certification body on both general awareness on Supply Chain sustainability and the ISO 20400 Sustainable Procurement guidance course. This was followed by a Climate Fresk session with 10 certified facilitators to actively engage and support the team in building the Sustainable Procurement Guide, driving sustainable practices across different categories.

In 2024, CLP Power also introduced several initiatives designed to enhance the management of its supply chain and the associated risks. These included:

- Holding contract law training sessions to reinforce the understanding of key contract terms relevant to potential supply chain disruptions or supplier non-compliance events;
- Launching a Know Your Counterpart (KYC) questionnaire, and putting in place screening of existing and potential suppliers, to identify potential compliance and sanction risks arising from third party suppliers;
- Creating a Learning Portal to encourage self-learning in Commercial and Supply Chain Management; and
- Conducting a Supplier Survey to understand CLP's position in suppliers' markets.

The CSCM team collaborating on the Sustainable Procurement Guide during the Climate Fresk session.