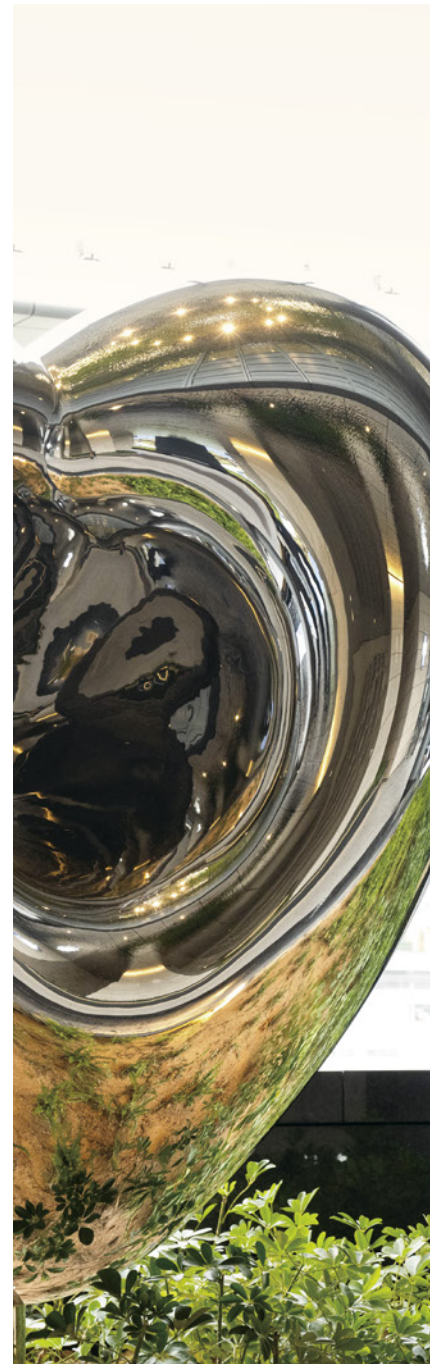


Power Brighter Tomorrows



CLP's nature-related governance

Under CLP's robust governance structure, senior management is committed to managing nature-related impacts, risks and opportunities effectively. The Group clearly defines the relevant roles and responsibilities and has informed decision-making processes in place, all designed to uphold accountability and transparency. These allow CLP to proactively identify, assess and manage the risks and opportunities related to biodiversity conservation, the circular economy and environmental impacts.

Nature-related commitments

CLP is committed to preserving natural resources and fostering biodiversity, and recognises its responsibility to minimise the environmental impacts of its operations. CLP's responsibilities towards the environment are set out in the Group's Health, Safety and Environment (HSE) Policy, which is applicable to all individuals, including employees, contractors, and management. The Policy has been endorsed by the Group CEO, and its adequacy and effectiveness reviewed by the Board-level Sustainability Committee (SusCom). Group Health, Safety, Environment and Quality (HSEQ) is accountable for coordinating with the business units of CLP-controlled operations to implement the Group HSE Policy. Under the Group HSE Policy, CLP is required to:

- Protect the environment including the prevention of pollution and minimise 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 the CLP Group HSE Policy



As part of its nature-related strategy, and recognising the increasing loss of biodiversity globally, CLP is committed to conserving biodiversity both at its existing assets and in new investment projects. The Group has undertaken a range of initiatives in the regions where it operates designed to safeguard habitat quality and preserve the biodiversity of specific ecosystems.

Governance of nature-related matters

Sustainability principles are integrated into CLP's business strategy and corporate governance, covering oversight and governance of nature-related matters and a commitment to protecting the environment.

A key component of the Group's overall sustainability management is the Board-level SusCom, which has oversight of and provides advice on CLP's management of nature-related strategies. It also plays a role in reviewing and evaluating the adequacy and effectiveness of CLP's HSE Governance Framework and HSE Management System, supported by the CLP Group Health, Safety, Security and Environment (HSSE) Executive Committee.

Board and management oversight

SusCom and the Sustainability Executive Committee (SEC) are primarily responsible for overseeing the management of the Group's sustainability performance, including nature-related matters.

For their roles and responsibilities, as well as details of the key nature-related issues discussed in 2025, please refer to the [Sustainability governance](#) section.

Under the Board's oversight, the CLP Group CEO has ultimate accountability for reporting on the governance and performance of HSE management to SusCom, while the authority for day-to-day decision-making on HSE governance and assurance matters across CLP is delegated to the Group COO. The CLP Group HSSE Executive Committee, also chaired by the CEO, appoints senior executives to review and evaluate CLP's overall Health, Safety, Security and Environment governance, strategy, performance and assurance. In 2025, the committee undertook a review of the Group's environmental governance approach and its overall performance. It also received the results of the first stage of the Group-level nature-related risk assessment for assets under its operational control, and provided feedback on the initial scope and commitments on biodiversity for new investment projects where relevant.

Internal HSE assurance audits, which included environmental aspects, were carried out at selected assets to ensure compliance with relevant HSE directives and standards. Audit reports were submitted to the COO and senior management of relevant business units for approval.

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

Group HSEQ is responsible for providing expert advice on nature-related and environmental matters, ensuring timely reporting, and coordinating the implementation of the environmental aspects of the CLP Group HSE Strategy.

It is also responsible for defining appropriate environmental policies, directives and standards under the Group's HSE Management System to drive continuous improvement. In implementing these goals, it works closely with different business units to ensure that relevant environmental policies, directives and standards are properly applied, and that improvement strategies are effectively embedded and implemented across CLP. In addition, it is driving continual improvement via the ISO 14001 environmental management system, which is mandated across operational controlled assets, and is enhancing the existing environmental evaluation framework throughout the value chain for procurement. Please refer to the [Supply chain sustainability management](#) section for details of CLP's green procurement activities.

Various cross-functional working groups have also been established to manage nature- and environmental-related initiatives. Their work includes reviewing and refining nature- and environmental-related frameworks, undertaking the first stage of Group-level nature assessments, developing and implementing circular economy strategies and plans, and setting out medium- and long-term environmental targets.

Monitoring of and compliance with emissions and other nature-related laws and regulations

HKFRS S2/SASB reference: IF-EU-140a.2; GRI reference: 2-27, 201-2, 306-3 (2016)

CLP aims to maintain full compliance with applicable emissions and other nature-related laws and regulations in the jurisdictions in which it operates.

Processes are in place to ensure CLP understands the relevant emissions and other nature-related laws and regulations relating to its new investment projects and existing assets, and stays abreast of any updates to relevant existing regulations and emerging legislation. Where compliance with new laws and regulations requires a transitional period, CLP will work transparently with regulators where appropriate as it establishes its business practices and makes the investments necessary to satisfy the new requirements.

CLP closely monitors developments in emissions and other nature-related regulatory requirements. New and/or amended laws and regulations that emerged in 2025 that had or may have a significant impact on CLP's business units are listed below.

Hong Kong	- The emissions allowances for CLP's power generation assets have been progressively tightened over time through Technical Memoranda (TM) of the Air Pollution Control Ordinance. The emission caps introduced in 2024 require CLP Power to further reduce emissions of sulphur dioxide (SO₂), nitrogen oxides (NO_x) and respiratory suspended particulates (RSP) by 26% to 49% compared with 2022 levels. In 2025, CLP Power maintained full compliance with these requirements. - In 2025, CLP Power concluded discussions with the Hong Kong SAR Government regarding a new set of emission allowances for its power generation assets. Under the Tenth Technical Memorandum of Air Pollution Control Ordinance, CLP Power's emission allowances from 2030 will be reduced by 3% for sulphur dioxide, 22% for nitrogen oxides and 9% for respirable suspended particulates from the 2026 – 2029 emission allowances. CLP Power is committed to meeting the more stringent requirements.
Taiwan Region	Further to the Climate Change Response Act promulgated in 2023, the Ministry of Environment announced three more regulations in relation to the carbon fee mechanism in August 2024, including the Regulations Governing the Collection of Carbon Fees, the Designated Greenhouse Gas Reduction Goals for Entities Subject to Carbon Fees and the Regulations for Administration of Self-Determined Reduction Plans. The Ministry further announced the carbon fee charging rates in October 2024 and clarified that these would become effective on 1 January 2025. Regarding the anticipated financial impact on Ho-Ping, it was clarified in 2025 that the carbon fee calculation applies only to periods when Ho-Ping is consuming power for maintenance purposes, either by importing electricity or by self-generating through running its units. As a result, the estimated annual carbon fee of NT\$200 million has been reduced to NT\$4 million per year, with CLP's share now estimated at HK\$200,000.

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

	2025	2024	2023	2022	2021
Environmental regulatory non-compliances resulting in fines or prosecutions (number) ¹	0	0	0	0	0
Environmental licence limit exceedances & other non-compliances (number) ¹	6	5	5	6	5

1 Numbers include operating assets where CLP has operational control during the calendar year.

There were six emissions and other nature-related breaches recorded by EnergyAustralia in 2025, none of which resulted in any prosecution or fines:

- There were two administrative licence breaches associated with Tallawarra Power Station. The first breach occurred due to the late submission of the Compliance Report for Tallawarra Power Station to the local Authority; although an extension request was submitted and a verbal endorsement was received prior to the due date, the formal written approval was granted after the due date. The second breach resulted from missing weather monitoring data required for report submission, which was caused by a data logger malfunction. Both incidents were promptly reported to the relevant local authority, and no further regulatory action was taken.
- The third breach related to a short-term carbon monoxide (CO) licence limit exceedance at Jeeralang Power Station during low-load operations, which was reported to the local authority with no further regulatory action.

- The fourth breach related to a minor battery sulfuric acid spill at Yallourn Power Station. The waste contractor removed the contaminated material for treatment but failed to log it in the government waste tracker as required. The incident was reported to the local authority, and no further action was taken.
- The fifth breach related to wastewater discharge from an unlicensed point at Yallourn Power Station due to fire service pond pipe leakage. It was reported to the local authority, and no regulatory action followed.
- The last breach related to an unauthorised visible plume observed from Newport Power Station's chimney during unit start-up after an outage, before combustion had begun. This visible plume was probably due to dirt and debris inside the boiler being washed to the top of the boiler after the deluge system operated. The incident was reported to the regulatory authority, and no further action was required.

CLP's nature-related strategy

CLP's nature-related strategy forms an integral part of the environmental aspects of the CLP Group's 2025-2027 HSE Strategy. It aims to establish a holistic approach to the management of nature-related matters, one that goes beyond mere compliance with existing emissions and other nature-related laws and regulations. In this way, CLP is responding to increasing interest by investors and other stakeholders in how businesses are integrating nature into their corporate strategy.

Focus areas for the nature-related strategy

CLP's nature-related strategy has three focus areas, namely biodiversity conservation, Circular Economy (CE) transition and the reduction of environmental discharges. CLP aims at incorporating these critical nature-related matters into its governance, risk management and decision-making processes.

Biodiversity 	Biodiversity conservation has a positive impact on ecosystem services, benefitting local economies among other things. By integrating the latest external guidance and findings from ongoing internal assessments, CLP is refining its approach with the aim of achieving the goal of "no net loss of biodiversity" by developing a suitable strategy and roadmap. CLP is currently in the transitional phase of adopting and refining its nature-related frameworks, with a focus on new investment projects, making reference to the sectoral guidance from the TNFD. Read more in the Biodiversity and ecosystem section.
Circular Economy (CE) 	CLP is dedicated to driving the transition towards a CE, recognising its ability to address challenges relating to resources and pollution from a life cycle perspective, in steps that are also relevant to climate change and biodiversity conservation. As part of its transitional plan, CLP is engaging and partnering with stakeholders to implement its CE Strategy throughout its operations and value chain. Read more in the Waste management and materials use section.
Reducing Pollution 	CLP strives to go beyond compliance with regulatory requirements in minimising its environmental impacts, by the careful management of the air emissions, water use and waste generated during its operations. Read more in the Air emissions , Waste management and material uses and Water sections.