

## 2021 At a Glance

### Climate Vision 2050 – ESG Governance and KPIs

CLP's Climate Vision 2050 sets out the blueprint of the Group's transition to net-zero greenhouse gas emissions by mid-century.

In 2021, the key targets and commitments in the Climate Vision 2050 have been updated and strengthened. Details of these are set out on page 18 of the Annual Report.


#### From a governance perspective:

- ◆ **KPIs** – these targets and commitments are KPIs for our ESG disclosures for the purposes of the Hong Kong Stock Exchange Listing Rules; and
- ◆ **Governance and review** – the targets were formulated following a strategic review by engaging with internal and external stakeholders, including our Board, the Sustainability Committee, the Sustainability Executive Committee, relevant business units, and our investors.

### Material ESG Topics – Our Approach to ESG reporting

One of the key Reporting Principles of the Hong Kong Stock Exchange ESG Reporting Guide is materiality; essentially, those ESG issues that are determined by the Board as more important to investors and other stakeholders will need to be reported.

CLP undertakes a materiality assessment process to determine the material ESG topics for reporting purposes. This process involves engagement with external and internal stakeholders with further validation and review undertaken periodically.

Building on the materiality assessment process, we have taken a double materiality approach for our Annual Report and Sustainability Report: 

- ◆ **Annual Report** – this will discuss the material ESG issues that have an enterprise value impact on CLP; and
- ◆ **Sustainability Report** – this explains the impact that CLP has on people, the environment and the economy. 

With the ever-increasing demand for ESG information from different stakeholders, we believe this will assist our stakeholders in understanding the ESG topics that would have an impact on CLP's enterprise value, and those that are impactful in a broader sense.

### Hong Kong Stock Exchange Amended Corporate Governance Code

Late in 2021, the Hong Kong Stock Exchange introduced amendments to the Listing Rules which are aimed at enhancing the market's corporate governance framework and promoting good governance amongst listed companies.

Some of the key changes cover the following areas: alignment of a company's culture; requirements on long-serving independent directors and mechanisms to ensure independent views are available to the board; gender diversity at board and management level; a mandatory requirement for nomination committee; and shareholders communication policy. These changes are effective 1 January 2022.

CLP already fulfills most of these new requirements. An analysis of the new requirements and our practices on these are set out on page 109. We have also recently amended our Board Diversity Policy to explain how CLP will consider the independence of our Directors and to elaborate on our commitment that Directors be given the opportunity and channel to express their views.

### Internal Board Survey

CLP is committed to undertaking external and internal Board reviews. We have conducted an internal Board review in 2021. This review takes the form of a questionnaire and covers a broad range of topics including: Board composition and dynamics, Board meeting cycle and Board materials, Board's focus and oversight of a range of issues.

This internal Board survey is a timely one as it reinforces the importance of the mechanisms in place for Directors to provide feedback to the Board as envisaged in the Hong Kong Stock Exchange new corporate governance requirements. In addition, feedback from this survey will assist in formulating the focus of attention for the 2022 Board review which will be conducted with an external consultant.

