ASSESSMENT
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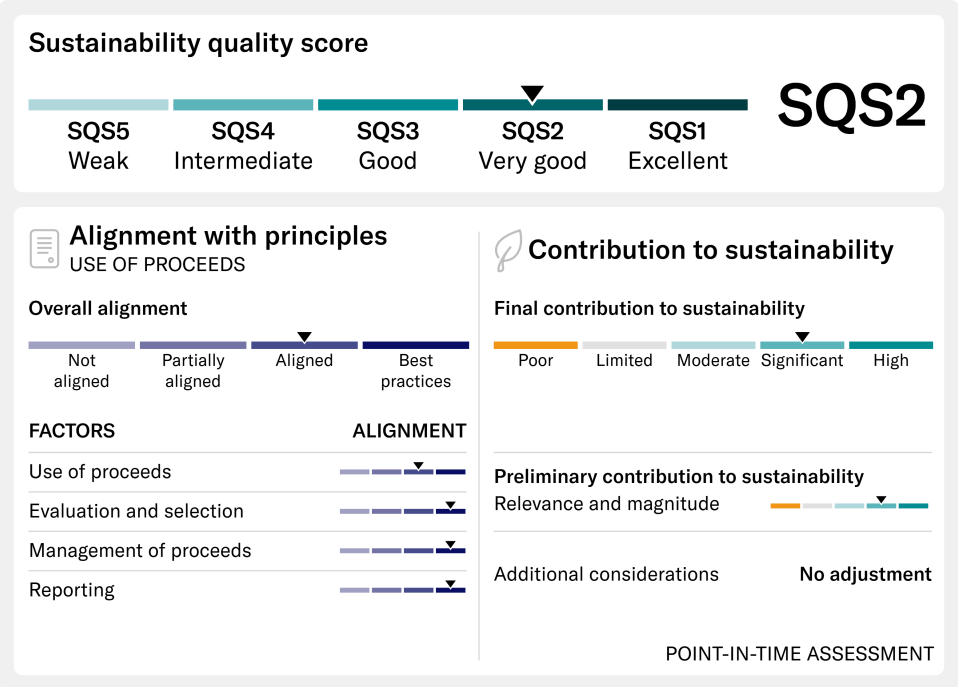
CLP Holdings Limited

Second Party Opinion – Climate Action Finance Framework Assigned SQS2 Sustainability Quality Score

Summary

We have assigned an SQS2 Sustainability Quality Score (Very good) to CLP Holdings Limited's (CLPH) Climate Action Finance Framework dated June 2026. The company has established its use-of-proceeds framework to finance projects across one eligible energy transition finance category (the transition category) and four new energy finance categories (green categories). The framework on the transition category is aligned with the International Capital Market Association's (ICMA) Climate Transition Bond Guidelines (CTBG) 2025, and the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association's (LMA/APLMA/LSTA) exposure draft of the Transition Loan Principles (TLP) in the Guide to Transition Loans 2025. The framework on the green categories is aligned with ICMA's Green Bond Principles (GBP) 2025, and LMA/APLMA/LSTA's Green Loan Principles (GLP) 2025. The framework demonstrates an overall significant contribution to sustainability.



Scope

We have provided a Second Party Opinion (SPO) on the sustainability credentials of CLPH's Climate Action Finance Framework, including the framework's alignment with the ICMA's GBP 2025 and the LMA/APLMA/LSTA's GLP 2025 (for the four green categories), and ICMA's CTBG 2025 and LMA/APLMA/LSTA's exposure draft of the TLP in the Guide to Transition Loans 2025 (for the transition category). Under its framework, the company plans to issue use-of-proceeds sustainability financing instruments to finance and refinance projects in one eligible transition category and four eligible green categories, as outlined in Appendix 3 of this report.

Our assessment is based on the framework dated June 2026, and our opinion reflects our point-in-time assessment[1] of the details contained in this version of the framework, as well as other public and non-public information provided by the company.

We produced this SPO based on our Assessment Framework: Second Party Opinions on Sustainable Debt, published in October 2025.

Issuer profile

CLP Holdings Limited (CLPH) is an investor-owned power utility company headquartered and listed in Hong Kong SAR, China, with diversified investments across Hong Kong, mainland China, Australia, India, Taiwan Region, and Southeast Asia. Its business spans across the electricity value chain, including power generation, transmission and distribution, retail supply, and smart energy services. In Hong Kong, the company operates a regulated electricity business through its 100%-owned subsidiary, CLP Power Hong Kong Limited (CLPP). CLPH's integrated electricity business in Hong Kong, regulated by a Scheme of Control (SoC) Agreement, accounted for 89% of its reported operating earnings before fair value movements in 2025.

CLPH is exposed to carbon transition risks, given a significant portion of its generation portfolio runs on fossil fuels, as well as physical climate risk, mostly in the form of extreme weather patterns. However, these risks are mitigated by the company's commitment to low-carbon transition, limited competition from renewable energy in its core market in Hong Kong and significant financial contribution from its non-generation business. Additionally, the company has outlined its decarbonization road map to phase out coal-fired generation before 2040 and reach net zero by 2050 through scheduled retirement of existing coal-fired plants, expansion in renewable energy and firming capacity across its power portfolio, and the potential import of more clean energy from China.

Strengths

» A clear climate transition plan to articulate how eligible projects support CLPH's energy transition strategies

» Eligible projects address a key environmental challenge highly relevant to the region and critical to CLPH's operations

» Presence of a robust due diligence process to identify and manage the environmental and social (E&S) risks associated with financed projects

» Commitment to external verification of allocation reporting, and to external verification of impact reporting where appropriate and practicable

Challenges

» Gas-fired power plants can generate substantial carbon lock-in effects, especially without clarity on sunset date prior to the end of their planned operating period or contractual offtake arrangements

Alignment with principles

CLPH's Climate Action Finance Framework on the transition category is aligned with the four core components of the ICMA's CTBG 2025 and the LMA/APLMA/LSTA's exposure draft of the TLP in the Guide to Transition Loans 2025. The framework on the green categories is aligned with the four components of the ICMA's GBP and the LMA/APLMA/LSTA's GLP 2025. For a summary of alignment with principles scorecard, please see Appendix 1.

- ☑ Green Bond Principles (GBP)
- ☑ Green Loan Principles (GLP)
- ○ Social Bond Principles (SBP)
- ○ Social Loan Principles (SLP)
- ○ Sustainability-Linked Bond Principles (SLBP)
- ○ Sustainability Linked Loan Principles (SLLP)
- ☑ Climate Transition Bond Guidelines (CTBG)
- ☑ Transition Loan Principles (TLP)

Use of proceeds

Not aligned | Partially aligned | **Aligned** | Best practices

Clarity of the eligible categories – ALIGNED

CLPH has formulated clear eligibility and exclusion criteria for all categories, aligning with the recommended safeguards and criteria for identifying climate transition projects as outlined by the ICMA and the LMA/APLMA/LSTA transition guidelines (see Exhibit 1). However, the company has not defined a sunset date prior to the end of the planned operating life or contractual offtake arrangements related to the transition projects, which is one of the essential considerations for transition activities related to fossil fuels. Eligible expenditures will include capital expenditure and operating expenditure. The company has confirmed that transition projects will be located in Hong Kong, whereas green projects will be located in Greater China[2].

Clarity of the environmental or social objectives – BEST PRACTICES

CLPH has clearly outlined the environmental objectives associated with all eligible categories. All of the eligible categories are relevant to their respective environmental objectives. The mapping of all eligible categories to the United Nations (UN) Sustainable Development Goals (SDGs) has been reviewed by the company. (see Appendix 2).

Clarity of expected benefits – BEST PRACTICES

CLPH has clearly identified the expected environmental benefits for all eligible categories. The benefits are measurable and will be quantified in the company's annual post-issuance report. The company has committed to a maximum look-back period of no longer than 36 months from the time of issuance. CLPH has also committed to disclose the estimated share of refinancing to investors before each issuance on a need-to-know basis if required, and the actual share of refinancing as part of its reporting.

CTBG safeguards / TLP criteria	Related issuer information
We assess CLPH's process for all CTBG safeguards and TLP criteria to be clear and comprehensive. This includes the specific international guidelines used and the specific taxonomies and sector-specific decarbonization pathways referenced.	
Entity-level transition strategy	CLPH has established short-term and long-term decarbonization targets. According to the company's latest Climate Vision 2050 (2024 edition) (CV 2050), these targets include a 59% reduction in GHG emissions intensity of electricity generation, covering scope 1, 2 and 3 category 3 (on an equity share plus long-term capacity and energy purchase basis) from 0.63kgCO_2e/kWh in 2019 to 0.26kgCO_2e/kWh by 2030, followed by a further reduction to 0.1kgCO_2e/kWh by 2040 on the same basis. CLPH also targets a 28% absolute reduction in Scope 3 emissions from the use of sold products by 2030, relative to 2019, and aims to achieve net-zero emissions across its value chain by 2050. To achieve these goals, CLPH will (1) gradually reduce coal capacity by phasing out coal assets and cease the development of new coal-fired power plants, (2) replace coal with gas-fired generation, (3) invest in clean energies and related enabling infrastructure thereon. The company is also committed to reviewing its climate transition plan at least every three years. We have assigned NZ-2 (advanced) net zero assessment (NZA) score to CLPH's carbon transition plan as set out in CLP's CV2050 in Feb 2025. There has been no material change in the company's transition plan. Overall, CLPH's targets are broadly consistent with Paris Agreement goals of limiting temperature increases to well below 2°C with meaningful likelihood of achieving its short-term and long-term GHG emissions reduction targets taken into consideration the regional context.
Absence of low-carbon alternatives	The transition category will only include projects in Hong Kong, which is operated by CLPH's flagship subsidiary CLP Power Hong Kong Limited (CLPP). CLPP is regulated by the HKSAR Government under the Scheme of Control ("SoC") Agreement, which obliges the company to provide sufficient, secure and reliable electricity supply to meet forecast demand in the territories it serves at the lowest reasonable cost. However, there are insufficient renewable energy resources locally to meet such demand in Hong Kong due to the densely populated landscape and geographical constraints. Transmission of more clean energies from mainland China beyond current levels will require rollout of more grid infrastructure network, which in turn require more planning with, and approvals by the relevant authorities.
Alignment with taxonomies or decarbonization pathways	CLPH's entity level emissions reduction targets are assessed as consistent with a well below 2°C temperature pathway in our NZA. This ambition assessment is based on science based scenarios from the International Energy Agency (IEA). Under CLPH's transition plan, coal to gas switching, along with renewable capacity expansion, are two key decarbonization initiatives, supporting the retirement of significantly more carbon intensive coal fired generation assets in its operation. Coal accounts for 35% of the company's generation and storage capacity on equity plus long-term capacity and energy purchase basis as of year-end 2025. We expect CLPH's transition plan on Hong Kong operations, which accounted for around 70% of the company's asset base as of year-end 2025, will be closely aligned with Hong Kong's climate policy roadmap (Climate Action Plan 2050, CAP 2050) given the strong linkage from the SoC arrangement with the Hong Kong government. This roadmap includes goals to reduce total carbon emissions by 50% from 2005 levels by 2035 and achieving carbon neutrality by 2050. To achieve this goal, the government targets to increase the share of renewable energy in the fuel mix for electricity generation to 7.5%-10% by 2035 and increase the use of natural gas with lower carbon emissions and zero-carbon energy to replace coal for electricity generation. Electricity generation is the largest emission source in Hong Kong and accounted for 61% of the total greenhouse gas emissions in 2024.
Project-level GHG emission mitigation beyond BaU	Under CLPH's baseline (business as usual, BaU) scenario, coal would remain a significant energy source in power generation until conditions allow for greater deployment of renewable and nuclear energy to replace coal capacity in Hong Kong, which is also contingent on the readiness of grid infrastructure. This would result in materially higher GHG emissions compared to a scenario in which coal capacity is replaced with gas, given coal's significantly higher carbon intensity.
Carbon lock-in risk assessment	In our NZA, even if we are to consider the carbon lock-in from coal-to-gas switch, CLPH still has meaningful likelihood of achieving its short-term and long-term GHG emissions reduction targets. At the project level, there is no defined sunset date or phase-down schedule ahead of the end of the planned operating life or contractual offtake arrangements for CLPH's transition assets in Hong Kong. Any early closure or reduced utilisation of specific assets would be subject to government review and approval under the SoC. There is also a possibility that the assets may be repurposed and/or to have their operating period extended to provide reserve capacity. That said, Hong Kong's CAP2050 positions gas-fired power as a transitional solution to phase out coal while maintaining system reliability in the context of insufficient renewable energy sources in the city and constraints in grid infrastructure readiness to import more clean energies. The roadmap prioritizes the expansion of zero-carbon energy and other lower-carbon transitional solutions in decarbonizing the electricity grid. CLPH is also exploring options to reduce the carbon emission intensity of eligible assets, including assessing the feasibility of converting gas fired power plant units to the use of hydrogen produced from non-carbon emitting sources and deploy carbon capture and storage facilities to reduce emissions.
Environmental and social risk management	CLPH's capital investment plans in Hong Kong will be subject to government review and approval. Projects classified as "Designated Projects" under Hong Kong's Environmental Impact Assessment Ordinance, including power stations above specified capacity thresholds, major fuel storage facilities, transmission infrastructure, and waste facilities, are legally required to undergo a statutory environmental impact assessment (EIA). CLPH's operation of gas fired power plants in Hong Kong is subject to government regulation, including economic regulation under the SoC Agreement and environmental regulation under applicable air quality and emissions control legislation.

Process for project evaluation and selection

Transparency and clarity of the process for defining and monitoring eligible projects – BEST PRACTICES

CLPH has established a clear and structured decision-making process for determining the eligibility of projects, which is detailed in its publicly available framework. The company's Climate Action Finance Committee (CAFC) — comprising senior management including representatives from the Finance and Strategy, Sustainability and Governance departments — is responsible for reviewing and approving eligible transition and green projects, as well as monitoring the allocation of proceeds to these projects. Projects will be reviewed annually throughout the life of the Climate Action Finance Transaction (CAFT) instrument. If a project fails to meet the eligibility criteria, the CAFC will reallocate funds to new eligible projects that conform to the framework. The company's Sustainability Committee oversees its sustainability strategies, policies, and practices and monitors compliance with applicable sustainability disclosure laws and regulations across the jurisdictions in which CLPH operates.

Management of proceeds

Allocation and tracking of proceeds – BEST PRACTICES

CLPH has established a clear process for managing and allocating proceeds, as outlined in its publicly available framework. Proceeds from issuances under the framework will be held in a dedicated bank account, with regular monitoring of cash flow, including the flow and deployment of funds. The company has committed to adjust the balance of tracked proceeds at least annually to match allocations to eligible projects, and expects to fully allocate net proceeds within 24 months from the date of issuance. Unallocated proceeds will be managed in accordance with the company's liquidity management policy. The company will disclose to investors the intended types of temporary placement of proceeds subject to business sensitivity.

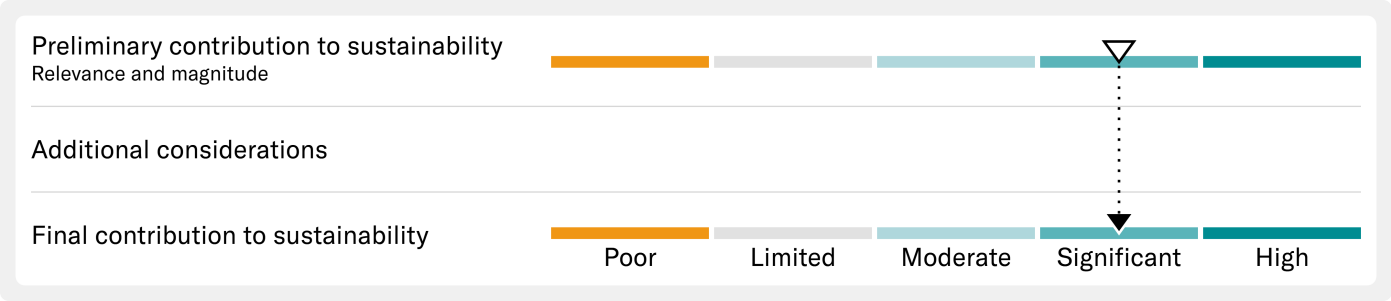
Reporting

Reporting transparency – BEST PRACTICES

CLPH will report annually on the use of proceeds for the eligible project categories. Allocation and impact reporting will continue until full maturity of the bond or loan, and also in the event of any material developments. These reports will be made available to investors on the company's website, and will include the list and description of eligible projects, the identity of its Business Units entering into a CAFT, the type of CAFT (energy transition finance transaction or new energy finance transaction), the aggregate amount of proceeds allocated to eligible projects, the amount of any unallocated proceeds and their temporary investment at the end of the reporting period, and the share of proceeds used for financing versus refinancing purposes. CLPH has identified relevant environmental reporting indicators for each eligible category within its framework, and the methodologies and assumptions used to report on E&S impacts will be disclosed. CLPH commits to external verification on allocation reporting, and impact reporting will be externally verified as appropriate.

Contribution to sustainability

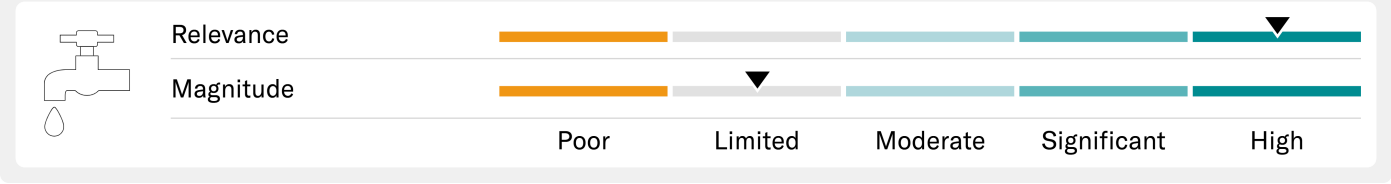
The framework demonstrates a significant overall contribution to sustainability. This reflects a preliminary contribution to sustainability score of significant, based on the relevance and magnitude of the eligible project categories, and we have not made any adjustment to the preliminary score based on additional contribution to sustainability considerations.



Preliminary contribution to sustainability

The preliminary contribution to sustainability is significant, based on the relevance and magnitude of the eligible project categories. Based on issuer guidance, we have allocated higher weightings to the "Transition Fuel – Coal to Gas" and "Power Generation" categories, followed by "Energy Efficiency" and "Transmission and Distribution of Electricity," while assigning a minimal weighting to the "Low-carbon Transport Infrastructure" category. A detailed assessment by eligible category is provided below.

Transition fuels - Coal to gas



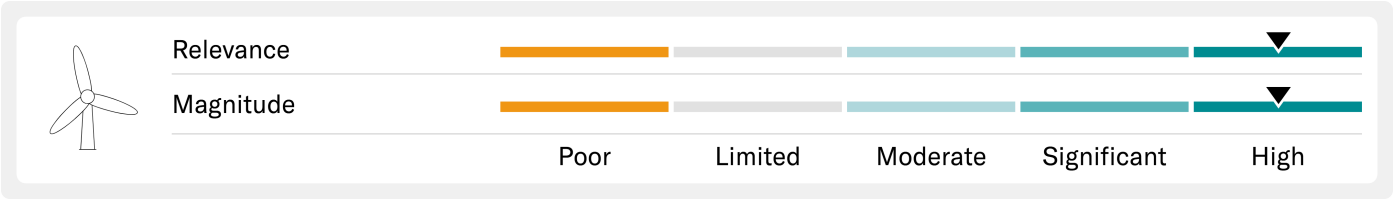
In Hong Kong, electricity generation is the largest source of emissions and accounted for 61% of total greenhouse gas (GHG) emissions in 2024, with coal accounting for 20% of the electricity generation mix on a sent-out basis. The Hong Kong government has publicly committed to cease using coal for daily electricity generation by 2035, keeping it only for providing backup support. The eligible projects are highly relevant to CLPH's operations and address the company's sustainability priorities. Particularly, the company's transition plan will be closely aligned with the Hong Kong government's decarbonization roadmap, which positions gas-fired power as a transitional solution to phase out coal while maintaining system reliability, with priorities given to the expansion of zero-carbon energy and other lower-carbon transitional solutions. CLPH has publicly committed to phase out coal-fired power generation from its portfolio by 2040. Transitioning from coal, which is significantly more carbon-intensive, to gas is a key pillar of CLPH's climate transition plan to achieve its decarbonization goals. Coal accounted for 13% of its Hong Kong fuel mix in 2025, down from 16% in 2024.

The magnitude is limited due to substantial carbon lock-in effects in the absence of a specific sunset date or phase-down schedule of the gas-fired power plants. Currently, eligible assets are the new gas-fired generating units at the Black Point Power Station (D1 and D2 units) in Hong Kong, commissioned in 2020 (D1) and 2024 (D2), as well as the LNG Terminal project commissioned in 2023 to increase natural gas capacity and diversify gas supply to support the phased retirement of coal-fired generation in the Hong Kong portfolio. CLPH is unable to commit to a specific sunset date or phase-down schedule before the end of the planned operating period or contractual off-take arrangements of the transition assets. Under the SoC arrangements with the Hong Kong government, any early closure or reduced use of these assets would be subject to government review and approval to ensure sufficient, secure and reliable electricity supply to meet forecast demand at the lowest reasonable cost. There is also a possibility that the assets may be repurposed and/or have their operating period extended to provide reserve capacity. That said, the risk on substantial carbon lock-ins from these transition projects could be partially mitigated by the close alignment of CLPH's transition plan with Hong Kong's decarbonization roadmap. Given the SoC arrangement, we expect there is strong government involvement and oversight over power generation planning and transition pathways for these transition assets.

From a technical perspective, although switching from coal to gas for power generation can significantly reduce GHG emissions in the short term, there are inherent material carbon lock-in risks associated with gas-fired power plants, which may pose challenges to decarbonization in the long term. Further decarbonization of gas-fired power plants, including a potential transition to hydrogen-based generation, is contingent on future technological developments that are scalable, and operationally and commercially viable. However, CLP is exploring options to mitigate potential carbon lock-in at the gas-fired power plant units, such as conducting feasibility

studies on hydrogen and natural gas co-firing and retrofitting units with carbon capture facilities to reduce emissions. The 385gCO_2/kWh baseload threshold is also generally associated with high-efficiency combined cycle gas plants. Since 2019, CLP has maintained a solid track record of replacing coal capacity with gas and other renewable energy sources to decarbonize its power generation portfolio.

Power generation

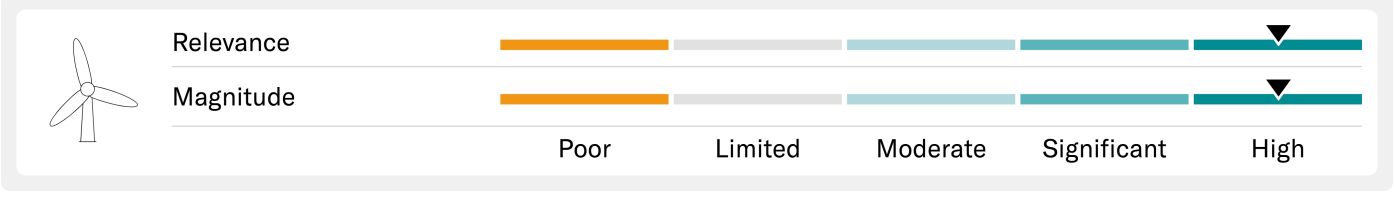


The relevance of this category is high. Eligible power generation projects under this category, which are expected to be located in Greater China, support the region's decarbonization efforts, including China and Hong Kong's energy transition, by adding renewable energy capacity and reducing reliance on fossil fuels. In 2025, China announced its nationally determined contribution (NDC) targets, aiming to reduce economy-wide net greenhouse gas emissions by 7%–10% from peak levels by 2035. These targets are supported by a targeted increase in the share of non-fossil fuels in total energy consumption to over 30% and an expansion of wind and solar installed capacity to more than six times 2020 levels.[3] The eligible projects also carry high importance to Hong Kong, where electricity generation accounted for 61% of total GHG emissions in 2024[4], while renewable energy accounted for around 1% of the power mix[5]. The projects are aligned with the Hong Kong government's Climate Action Plan 2050, which identifies net zero electricity generation as a key decarbonization strategy, and support policy objectives to cease the use of coal for daily electricity generation by 2035, increase the share of renewable energy in the fuel mix to 7.5%-10% over the same period, and raise the share of zero-carbon energy in the fuel mix for electricity generation to around 60% to 70%.[6] Eligible energy storage projects dedicated to renewable sources further support power sector decarbonization by facilitating greater integration of renewable energy into the electricity grid. These projects are particularly relevant to CLPH, given it is one of the two electricity providers in Hong Kong and its stated commitment to transitioning its generation portfolio toward non-carbon energy and renewable energy sources while maintaining grid reliability.

The magnitude of this category is high. Eligible renewable energy projects include solar, wind and hydropower projects. Most of these are best available technologies for replacing fossil fuels while minimizing carbon lock-in risks. The company also confirmed that the solar and wind projects will comply with the criteria and thresholds under the Hong Kong Taxonomy for Sustainable Finance (Phase 2A) (Hong Kong Taxonomy) A-002: Electricity generation using solar photovoltaic technology and A-003: Electricity generation from wind power, respectively. For hydropower projects, CLPH has set clear eligibility criteria covering life-cycle GHG emissions and power density, aligning with the Climate Bonds Initiative's standards, which are some of the most stringent in the market.

For eligible energy storage projects, CLPH has confirmed that these systems will be dedicated to supporting renewable energy generation and peak demand regulation, and will primarily comprise battery-based technologies. By storing electricity from the power system and discharging it during periods of peak demand, these projects enhance system flexibility, support peak load management, and facilitate more efficient integration of low-carbon generation within the power system. CLPH has further confirmed that these energy storage projects will not support the extension of fossil fuel-based activities, thereby limiting the risk of long-term carbon lock-in and positively contributing to the integration of renewable energy. CLPH also confirmed the energy storage projects will comply with the criteria and thresholds under the Hong Kong Taxonomy A-006: Storage of electricity.

Transmission and distribution of electricity

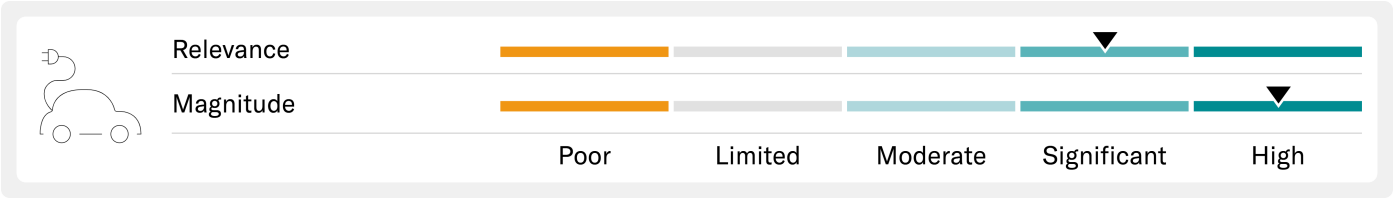


Eligible transmission and distribution infrastructure projects are considered highly relevant to Hong Kong and CLPH, given the structural characteristics of the power system, including limited local generation capacity and increasing decarbonization requirements. Given Hong Kong's geographic and environmental constraints in developing large-scale domestic renewable energy, CLPH's access

to renewable energy and nuclear power resources within Greater China is an important pathway for increasing the share of non-carbon electricity supplied to Hong Kong. For CLPH, this project category is directly linked to the company's core business and long-term transition strategy, as the resilience and capacity of its transmission and distribution network underpin its ability to deliver reliable electricity supply. In this context, these projects are highly relevant to CLPH because they support the company's ability to accommodate changes in the generation mix, maintain system reliability, and mitigate transition and operational risks associated with Hong Kong's energy transition.

The magnitude of this category is high. CLPH has communicated that proceeds will mainly be allocated to electricity grid connection upgrades, primarily supporting the transmission and distribution of electricity generated from renewable or low-carbon sources to CLPH's Clean Energy Transmission System, which connects Hong Kong and mainland China, thereby playing an enabling role in delivering cleaner electricity to meet Hong Kong's local electricity demand. These electricity transmission and distribution projects are directly connected to power plants generating solar, wind, or nuclear power, or a combination of these sources, and will automatically qualify as Green Activities under Hong Kong Taxonomy A-004: Transmission and distribution of electricity. In addition, investments in smart grid technologies are likely to further strengthen this enabling function by enhancing the efficiency, flexibility, and resilience of Hong Kong's electricity system through real-time monitoring and demand-side optimization, improving load balancing, reducing transmission and distribution losses, and supporting more efficient utilization of existing generation and network assets. Collectively, these investments are likely to strengthen grid stability for further deployment of renewable energy and low-carbon sources, and contribute to systemwide decarbonization.

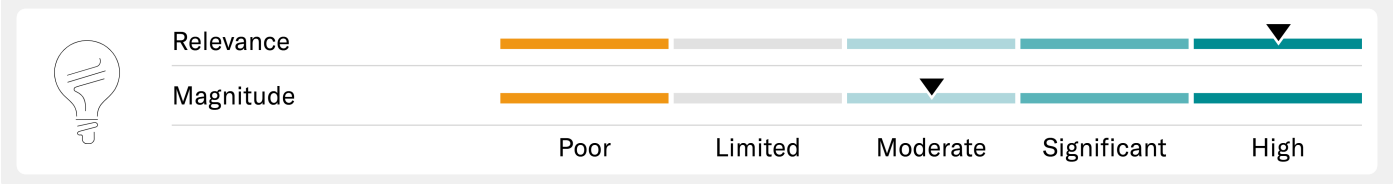
Low-carbon transport infrastructure



The relevance of this category is significant. Low-carbon transport infrastructure projects play a crucial role in supporting the decarbonization of Hong Kong's transportation sector, which is the second-largest source of emissions, accounting for 18.3% of total carbon emissions in 2024[7]. The Hong Kong government has identified green transport as one of the four main decarbonization strategies under Hong Kong's Climate Action Plan 2050, aiming to achieve carbon neutrality by 2050. This includes the popularization of electric vehicles (EVs) and other new-energy transport solutions to support the sector's transition toward zero emissions. Accordingly, infrastructure that enables low-carbon transportation solutions is considered an important decarbonization lever for the transport sector. Nevertheless, the significant relevance score also reflects the fact that low-carbon transport infrastructure projects are not among the most material sustainability challenges for CLPH, given its core business focus on power generation, transmission and distribution.

The magnitude of this category is high as eligible low-carbon transport infrastructure projects are likely to significantly contribute to the decarbonization of the transport sector. CLPH has shared that proceeds will be allocated toward financing EV charging stations, an enabling activity that supports the wider adoption of EVs and facilitates the transition to low-carbon transportation. While the short- to medium-term environmental benefits of this infrastructure may be limited in regions where the electricity grid remains heavily dependent on fossil fuels, its long-term contribution is likely to be positive as grid decarbonization progresses. The eligible projects will also comply with the criteria and thresholds under Hong Kong Taxonomy B-006: Low-carbon transport infrastructure.

Energy efficiency



Energy efficiency projects are highly relevant to CLPH, given its flagship subsidiary, CLPP, is Hong Kong's main electricity supplier with responsibilities to support the decarbonization of the power sector. By improving end-use efficiency across buildings and infrastructure, energy efficiency projects are likely to reduce overall fuel consumption and associated GHG emissions, particularly in Hong Kong where electricity generation remains a major source of emissions. In addition, energy efficiency aligns with CLPH's energy-saving initiatives and supports Hong Kong's Climate Action Plan 2050, which identifies reducing energy consumption as a key pillar for achieving net zero electricity generation.

The magnitude is assessed as moderate. CLPH expects proceeds will be primarily allocated to district cooling and smart metering initiatives, with a smaller portion directed toward building cooling systems. On a stand-alone basis, district cooling projects are expected to deliver a stronger contribution to the environmental objective, supported by clear and material energy-efficiency benefits. According to Hong Kong's Electrical and Mechanical Services Department, district cooling systems can achieve energy savings of around 35% compared with traditional air-cooled systems and approximately 20% relative to individual water-cooled systems. CLPH confirmed these projects will comply with criteria and thresholds under Hong Kong Taxonomy A-007: District heating and cooling. Smart metering projects are expected to support demand-side energy management through improved consumption data and usage transparency; however, there is limited clarity on the extent of energy savings typically achieved. Building-level cooling system upgrades will be subject to a minimum efficiency improvement threshold of 15%, which supports incremental efficiency gains but remains below current market best practice of around 30%. These projects will also comply with criteria and thresholds under Hong Kong Taxonomy C-003: Installation, maintenance, and repair of building equipment. CLPH has confirmed the exclusion of projects supporting fossil-fuel related activities, mitigating the risk of long-term carbon lock-in.

Additional contribution to sustainability considerations

We have not made any adjustment to the preliminary contribution to sustainability score based on additional considerations.

The issuer has a robust due diligence process to identify and manage the E&S risks associated with financed projects. Government reviews and approvals are required for CLPH's major capex investment plans in Hong Kong. We expect the review and approval process to incorporate considerations and mitigation measures for potential E&S externalities. In particular, projects classified as "Designated Projects" under Hong Kong's Environmental Impact Assessment Ordinance, such as power stations exceeding certain production capacities, major fuel storage, transmission facilities and waste management facilities, are legally required to undergo a statutory Environmental Impact Assessment. CLPH's power plant operations in Hong Kong are also subject to government regulation, including economic regulation under the SoC Agreement, and environmental regulation under applicable air quality and emissions control legislation.

The eligible projects are coherent with CLPH's business activities and sustainability objectives. CLPH has established a sustainability committee to oversee the management of all long- and short-term sustainability issues, including the progress of transition plans. The company has also committed to reviewing its climate transition plan and targets at least every three years, which will also be approved by the company's board. As part of the transition plan, CLPH is phasing out coal-fired power generation across its portfolio, and has committed to ceasing the development of new coal-fired power plants and eliminating coal-fired power generation in its portfolio by 2040. Based on the company's 2026-30 total planned capital investment plan, non-fossil fuel investments — primarily in renewable energy, transmission, distribution and retail — account for around 88% of total capital investment.

Appendix 1 - Alignment with principles scorecard for CLPH's Climate Action Finance Framework

Factor	Sub-factor	Component	Component score	Sub-factor score	Factor score
Use of proceeds	Clarity of the eligible categories	Nature of expenditure	A	Aligned	**Aligned**
		Definition of content, eligibility and exclusion criteria for nearly all categories	A		
		Location	A		
		BP: Definition of content, eligibility and exclusion criteria for all categories	No		
	Clarity of the objectives	Relevance of objectives to project categories for nearly all categories	A	Best practices	
		Coherence of project category objectives with standards for nearly all categories	A		
		BP: Objectives are defined, relevant and coherent for all categories	Yes		
	Clarity of expected benefits	Identification and relevance of expected benefits for nearly all categories	A	Best practices	
		Measurability of expected benefits for nearly all categories	A		
		BP: Relevant benefits are identified for all categories	Yes		
		BP: Benefits are measurable for all categories	Yes		
		BP: Disclosure of refinancing prior to issuance and in post-allocation reporting	Yes		
		BP: Commitment to communicate refinancing look-back period prior to issuance	Yes		
Process for project evaluation and selection	Transparency and clarity of the process for defining and monitoring eligible projects	Clarity of the process	A	Best practices	**Best practices**
		Disclosure of the process	A		
		Transparency of the environmental and social risk mitigation process	A		
		BP: Monitoring of continued project compliance	Yes		
Management of proceeds	Allocation and tracking of proceeds	Tracking of proceeds	A	Best practices	**Best practices**
		Periodic adjustment of proceeds to match allocations	A		
		Disclosure of the intended types of temporary placements of unallocated proceeds	A		
		BP: Disclosure of the proceeds management process	Yes		
		BP: Allocation period is 24 months or less	Yes		
Reporting	Reporting transparency	Reporting frequency	A	Best practices	**Best practices**
		Reporting duration	A		
		Report disclosure	A		
		Reporting exhaustivity	A		
		BP: Allocation reporting at least until full allocation of proceeds, and impact reporting until full bond maturity or loan payback	Yes		
		BP: Clarity and relevance of the indicators on the sustainability benefits	Yes		
		BP: Disclosure of reporting methodology and calculation assumptions	Yes		
		BP: Independent external auditor, or other third party, to verify the tracking and allocation of funds	Yes		
		BP: Independent impact assessment on environmental and social benefits	Yes		
				Overall alignment with principles score:	**Aligned**

Legend: BP - Best practice, A - Aligned, PA - Partially aligned, NA - Not aligned

Appendix 2 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The five eligible categories included in CLPH's climate action finance framework are likely to contribute to four of the UN SDGs, namely:

UN SDG 17 Goals	Eligible Category	SDG Targets
GOAL 7: Affordable and Clean Energy	*Power generation*	7.2: Increase substantially the share of renewable energy in the global energy mix
	Transmission and distribution of electricity	
	Energy efficiency	7.3: Double the global rate of improvement in energy efficiency
GOAL 9: Industry, Innovation and Infrastructure	*Power generation*	9.1: Develop sustainable infrastructure to support economic development and human well-being, focusing on equitable access
	Transmission and distribution of electricity	
	Energy efficiency	
GOAL 11: Sustainable Cities and Communities	*Low carbon transport infrastructure*	11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all
GOAL 13: Climate Action	*Transition fuels – coal to gas*	13.2: Integrate climate change measures into national policies, strategies and planning
	Power generation	
	Transmission and distribution of electricity	
	Low carbon transport infrastructure	
	Energy efficiency	

The UN SDGs mapping in this SPO considers the eligible project categories and associated sustainability objectives/benefits documented in the issuer's financing framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

Appendix 3 - Summary of eligible categories in CLPH's Climate Action Finance Framework

Eligible Categories	Sub-category	Description	Sustainability Objectives	Impact Reporting Metrics
Transition fuels – coal to gas	Transition fuels – coal to gas	Gas-fired power plants and its associated enabling activities & facilities where the opportunities to develop renewable energy are limited. Related activities and facilities include but not limited to: • Development, operation, maintenance, refurbishment, upgrade and modification of gas-fired power plants which will result in carbon emission no more than 385gCO2e/kWh at baseload; and • Associated enabling facilities such as LNG transporting and receiving facilities and other facilities for the receipt and delivery of gas to the plants Energy transition project Examples: • Natural gas fired power plant – CCGT units • Offshore LNG Terminals	Climate change mitigation	• CO2 emissions intensity of electricity sold (gCO2e/kWh) • Estimated CO2 avoidance achieved (kT)
Power generation	Renewable energy	Acquisition, construction, development, investment, operation and management of projects, infrastructure and R&D related to the production from the following renewable and clean energy source: • Solar energy includes solar photovoltaic technology • Onshore wind energy • Hydropower – lifecycle emissions <50gCO2/kWh and power density > 10W/m2	Climate change mitigation	• Renewable energy generated (GWh) • Estimated CO2 avoidance achieved (kT)
	Energy storage	Acquisition, development, construction and operation of energy storage solutions with aim to regulate peak system demand and allow for integration of more low-carbon and/ or clean energy sources into the grid	Climate change mitigation	• Installed storage capacity (MW / MWh) • Estimated CO2 avoidance achieved (kT)
Transmission and distribution of electricity	Transmission and distribution infrastructure	Development, construction, retrofit and operation of transmission & distribution of renewable energy and low-carbon fuels, such as: • Electricity grid connection upgrades allowing flexibility to tap into non-carbon energy including solar, wind and nuclear • Smart grids	Climate change mitigation	• Increase in non-carbon energy integration capacity (MW) or electricity transmitted from non-carbon sources (MWh/year) • Estimated CO2 avoidance achieved (kT)
Low carbon transport infrastructure	Clean transportation	Investment, development, manufacture, installation, maintenance or upgrades of clean transportation infrastructure such as: • Electric charging stations	Climate change mitigation	• Installed charging capacity (MW) • Estimated CO2 avoidance achieved (kT)
Energy efficiency	End-user energy efficiency/ management	Development, manufacture, installation, maintenance or upgrades to energy efficiency technologies, products, equipment or energy management systems such as: • Demand management projects such as smart metering systems to facilitate energy savings • Construction of district cooling systems • Building cooling systems retrofit that yields a minimum of 15% energy efficiency compared to baseline	Climate change mitigation	• Estimated annual energy savings (MWh) • Estimated CO2 avoidance achieved (kT)

Endnotes

1 Point-in-time assessment is applicable only on the date of assignment or update.

2 Greater China includes mainland China, Hong Kong and Taiwan.

3 Xi announces China's 2035 Nationally Determined Contributions to beef up climate response, 25 September 2025.

4 Greenhouse Gas Emissions in Hong Kong (by Sector), January 2026.

5 IEA - Energy system of Hong Kong, accessed on 27 March 2026.

6 HKSAR - Climate Change, accessed on 27 March 2026.

7 Greenhouse Gas Emissions in Hong Kong (by Sector), January 2026.

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