

2020

Sustainability Report Summary Review

Stock Code: 00002



Chairman and CEO message

Chairman The Honourable Sir Michael Kadoorie (right) and Chief Executive Officer Richard Lancaster (left)

We look back on 2020 as one of the most extraordinary years in living memory – a year of challenges and changes with profound impacts on the way we live and work.

In the fight against COVID-19, we are all immensely grateful to healthcare professionals and support staff who have devoted themselves to keeping our communities safe. As an energy supplier, our focus has been on keeping the lights on and providing support for local communities and our customers during tough times. Our thoughts remain with all those affected by the pandemic.

This unprecedented crisis has undoubtedly tested the sustainability of the health system and the economy in every country around the world. It has at the same time reinforced the importance of sound governance as a core corporate value, and crisis preparation as a key governance practice.

As a robust company of 120 years standing, we have demonstrated resilience in the midst of challenge thanks to the remarkable efforts of our people. CLP adapts to the changing environment with sustainability at the heart of our business. Over the past year, we made progress in decarbonising and digitalising our operations, as well as transforming our workforce for the company's transition to a Utility of the Future. These drivers will remain central to our business as we continue to respond to climate change and unlock the benefits of digitalisation.

“ **Change remains a constant in the energy sector, and even more so during a global health crisis. As the world around us changes, we continue our transition towards a Utility of the Future with diversified, strategic investments in new business models and technologies.** ”



Accelerating climate action

The pandemic notwithstanding, the pace of climate action has accelerated around the world. By the end of 2020, more than 110 countries have committed to becoming carbon neutral by mid-century. China has targeted to reach the goal by 2060 and Hong Kong by 2050.

2021 is the year of the 26th United Nations Climate Change Conference where the world will be looking for countries to strengthen their commitments made under the Paris Agreement. More leadership and ambition from Governments will enable businesses to accelerate their contributions and we look forward to further policy clarity in support of decarbonisation. For CLP, we have already exceeded the 2020 carbon intensity target laid out in our Climate Vision 2050. While our clean energy targets have yet to be met, CLP remains committed to strengthening our Climate Vision targets at least every five years and we plan to honour that promise as part of our current review.

In line with our strategy, we are facilitating the energy transition in different parts of Asia Pacific. In Hong Kong, we are taking steps to serve the city with lower-carbon energy by commissioning a highly-efficient natural gas-fired generating unit at Black Point Power Station in 2020 and embarking on the construction of another similar facility on the same site. We are also making significant progress on the development of the territory's first offshore liquefied natural gas terminal to help diversify the region's gas supplies to these developments. In Mainland China, with the commissioning of Laiwu III Wind Farm in Shandong province, this three-stage project has now become the largest operating wind farm across the CLP Group.

Unlocking the benefits of digitalisation

CLP's growing capabilities in digitalisation and innovation ensure we are ready for new opportunities and challenges. During the pandemic, we managed to put in place flexible work arrangements to strengthen the protection of our employees while ensuring reliable operations with the help of information technology.

Our ongoing investments in digitalisation have also supported us in delivering more user-centric and smart energy services. In Hong Kong, we rolled out an upgraded mobile app that brings to our customers a host of new and easier to use helpful functions. Our online energy app store Smart Energy Connect, meanwhile, has helped more businesses and organisations improve energy efficiency and automation with its offerings of energy management solutions.

Recently, we also joined China Southern Power Grid Co., Ltd (CSG) to invest in the CSG Energy Innovation Equity Investment Fund, which targets innovative energy developments, new energy infrastructure, and smart energy in the Guangdong-Hong Kong-Macao Greater Bay Area – one of the world's largest markets by gross domestic product. CLP will continue to build on our existing partnerships and operating experience in the region to capture the opportunities in a market that is adjacent to our Hong Kong business.

Keeping people safe and well

The safety of our employees is always our priority and the unusual circumstances created by the pandemic have accelerated our digital workplace transformation. We rapidly enabled our employees and contractors to adopt flexible work arrangements and introduced a host of other measures to safeguard their wellbeing.

We also remained focused on developing a diverse and inclusive workforce. We continued to foster an agile and sustainable work environment in different regions with a focus on building our capacity in innovation and leading the energy transition. One notable achievement was greater diversity at the Board level with female representation further improving to just below 30%.

Another important piece of work was the refresh of CLP's Value Framework, in which we have fully integrated our Sustainability Principles, reaffirmed respect for all internationally recognised human rights relevant to CLP's operations as a core belief, and embedded human rights in the promises made to our stakeholders about how we uphold our values.

Throughout the year, we not only demonstrated care to our workforce, but also to our customers and the communities in which we operate. In Hong Kong, we have rolled out a range of relief measures and community support programmes totalling more than HK\$200 million in 2020, with another HK\$160 million set aside for 2021. In Australia, we have supported customers with initiatives ranging from freezing debt collection to dedicated payment plans. While we cannot solve all the challenges that people face, we are committed to playing our part in relieving some of their immediate financial burdens and supporting the revival of the economy when the current health crisis eases.

Building a sustainable business for the future

Change remains a constant in the energy sector, and even more so during a global health crisis. As the world around us changes, we continue our transition towards a Utility of the Future with diversified, strategic investments in new business models and technologies. Throughout our history, CLP has recognised the need to re-evaluate and realign our activities in the face of changing external circumstances and policies. With our readiness to take responsibility for our people and communities as a sustainable business, CLP remains resilient in a world of change.

2021 is our 120th anniversary year. Twelve decades ago, with just a single generating unit, CLP started providing power to Hong Kong, beginning a century of resilience, passion and creativity. Today, we are right at the heart of the city's energy system as another new era begins. As we mark this significant milestone, our shared vision of an even-better tomorrow and a sense of deep responsibility to our communities is as much a part of our DNA as it was when our Company first flickered into life in 1901.

The Honourable Sir Michael Kadoorie
Chairman

Richard Lancaster
Chief Executive Officer
Hong Kong, 22 February 2021

The CLP Group business

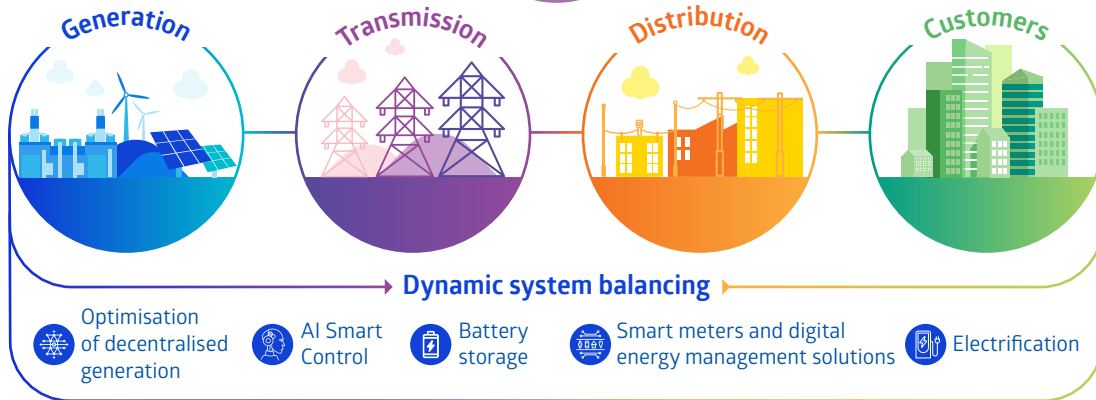
Purpose

CLP's **vision** is to be the leading responsible energy provider in the Asia-Pacific region, from one generation to the next. In a changing world, CLP's **mission** is to provide sustainable energy solutions to create value for shareholders, customers, employees and the wider community.

Strategy

CLP leverages new and emerging technologies to aid the progressive decarbonisation of our portfolio, empower our customers in making better energy choices, enhance performance of our operations, and to evolve and grow our business in the transition to a low-carbon future.

Business model

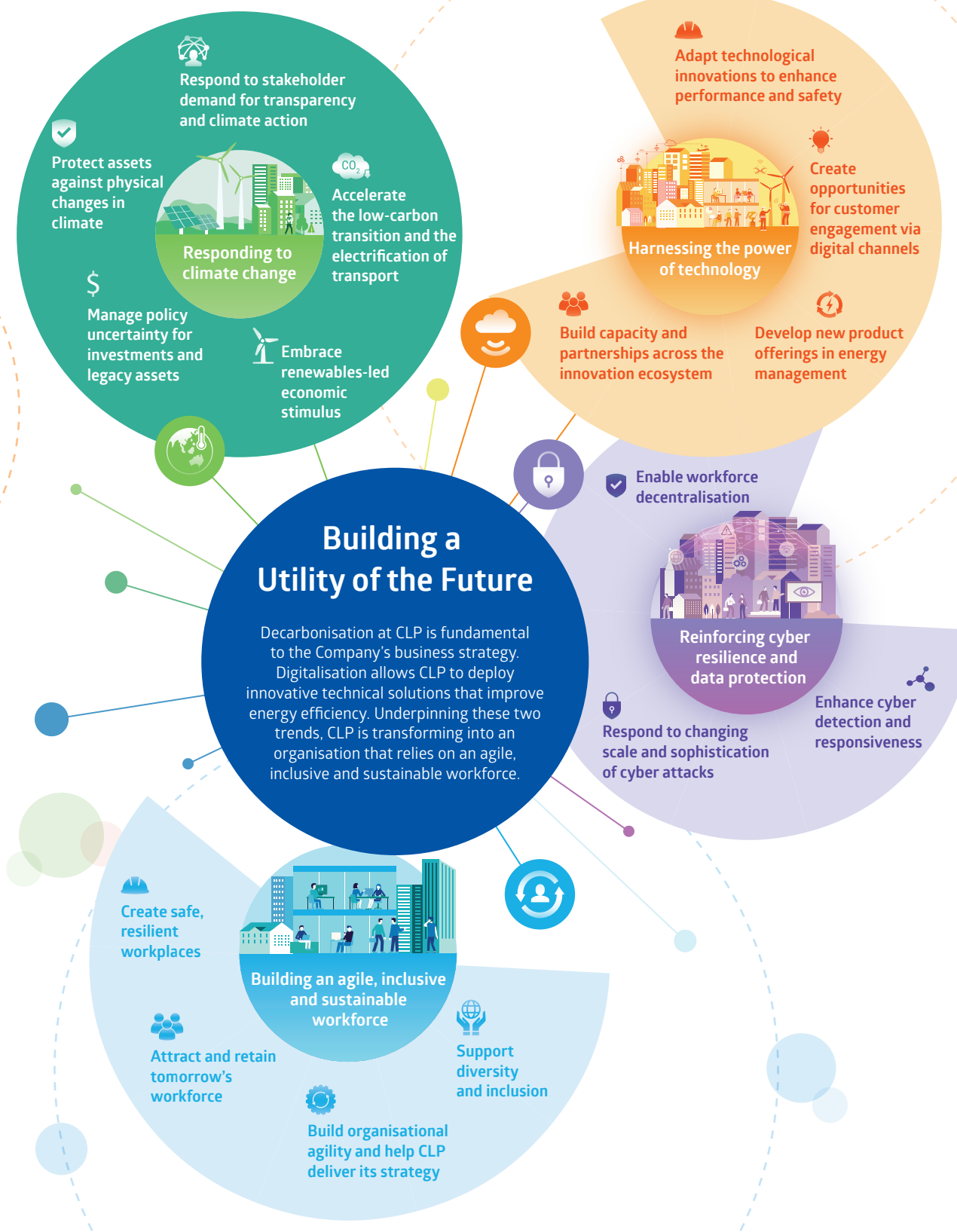


Regional operations



Building a Utility of the Future

Decarbonisation at CLP is fundamental to the Company's business strategy. Digitalisation allows CLP to deploy innovative technical solutions that improve energy efficiency. Underpinning these two trends, CLP is transforming into an organisation that relies on an agile, inclusive and sustainable workforce.



2020 performance highlights

CLP has selected performance highlights that are core to its material topics, including responding to climate change, harnessing the power of technology, reinforcing cyber resilience and data protection, and building an agile, inclusive and sustainable workforce.

GHG emissions (on equity plus energy purchase basis) for Scope 1, 2 and 3:

62,138 ktCO₂e

▼ Down 13% from 2019

HK\$55M

invested in **innovation**

CLP Group's carbon intensity

0.57 kg CO₂/kWh

exceeding the 2020 carbon intensity target

▼ Down from 0.62 kg CO₂/kWh in 2019

0.11 LTIR

for employees and contractors combined

(per 200,000 manhours)

Same as 2019

0 fatality

for employees and contractors combined

▼ Down from 1 fatality in 2019

27.3%

Women in **Leadership**

▲ Up from 24.2% in 2019

11.5%

Women in **Engineering**

▲ Up from 11.4% in 2019

85,937 GWh

Electricity sent out

▼ Down 3% from 2019

Operating earnings

(before unallocated expenses)

18%

non-carbon emitting generation assets

46%

transmission, distribution and retail

5.12 million

Retail Customer Accounts in Hong Kong & Australia

▲ Up from 5.11 million in 2019

Total number of smart meters connected

840,000+

Hong Kong

636,000+

Australia

Capital investment

(on accrual basis)

4%

non-carbon emitting generation assets

37%

transmission, distribution and retail

Continued to participate in accelerator programmes:

- Free Electrons
- JUMPSTARTER
- CYZone

Embedded good cyber security practices in all projects

Consolidated and empowered Group Security team

42.5

average training hours per employee

▲ Up from 40.1 hours in 2019

24.4%

Non-carbon emitting energy capacity (as a percentage of total capacity)

13.5%

Renewable energy capacity (as a percentage of total capacity)

8,060

employees

122

employees across the Group in **innovation** functions

▲ Up from 80 employees in 2019

Increased awareness on 'cyber hygiene'

468

community programmes initiated or supported

HK\$27M

donated for charitable and other purposes

▲ Up 29% from 2019

About CLP

The CLP Group is one of the largest investor-owned power businesses in Asia Pacific with investments spanning across Hong Kong, Mainland China, India, Southeast Asia, Taiwan and Australia. Hong Kong-listed CLP Holdings Limited is the holding company for the CLP Group, which has a diversified portfolio of generating assets that uses a wide range of fuels including coal, gas, nuclear and renewable sources. In 2021, CLP celebrates the 120th anniversary of its founding in Hong Kong with a commitment to continue to move forward with the community based on a shared vision of a better tomorrow.

Through CLP Power Hong Kong Limited, the Group operates a vertically-integrated electricity supply business that provides a highly-reliable supply of electricity to 80% of Hong Kong's population. In Mainland China, the CLP Group is the largest external independent power producer with a focus on low-carbon energy. CLP India, in which the Group owns 60%, is one of the country's biggest renewable energy producers with operations in power generation and transmission. In Australia, the Group's wholly-owned subsidiary EnergyAustralia is a leading integrated energy company, providing gas and electricity to about 2.45 million households and businesses.

CLP Holdings is included in the Global Dow – a 150-stock index of the world's leading blue chip companies, the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific), the Dow Jones Sustainability Asia Pacific 40 Index (DJSI Asia Pacific 40), the Hang Seng Corporate Sustainability Index Series, the FTSE4Good Index Series and the MSCI ESG Leaders Indexes.



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