2025
Materiality Assessment Report

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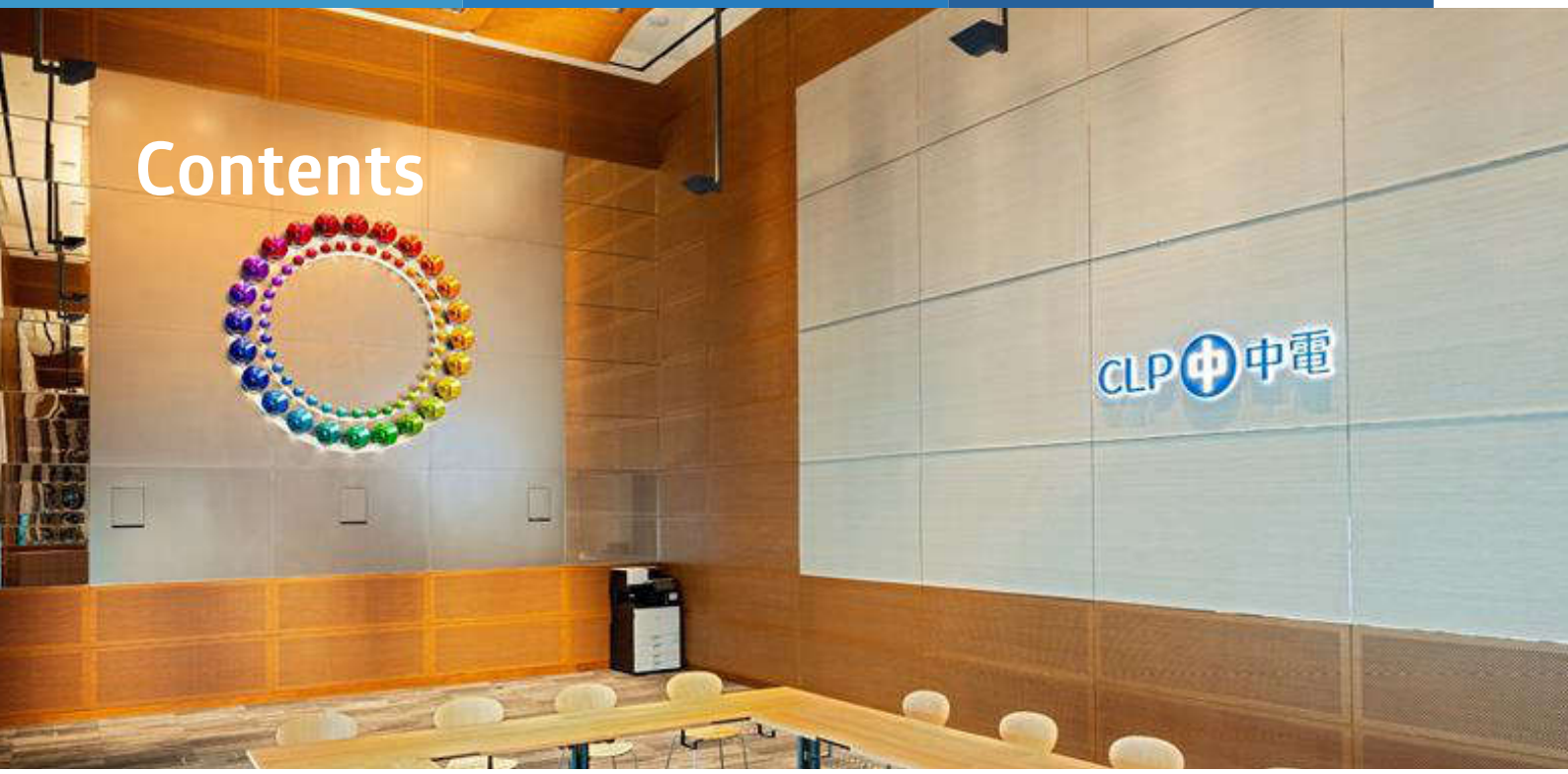
Power Brighter Tomorrows



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2025 CLP reporting suite

2025 Annual Report

2025 Sustainability Report

2025 ESG Databook

CLP's Climate Vision 2050

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Materiality assessment process

The materiality assessment process is the foundation of CLP's best practice in sustainability management and reporting, enabling it to integrate sustainability into its business strategy and create long-term value for stakeholders.

Overview of the assessment approach

GRI reference: 2-12, 3-1

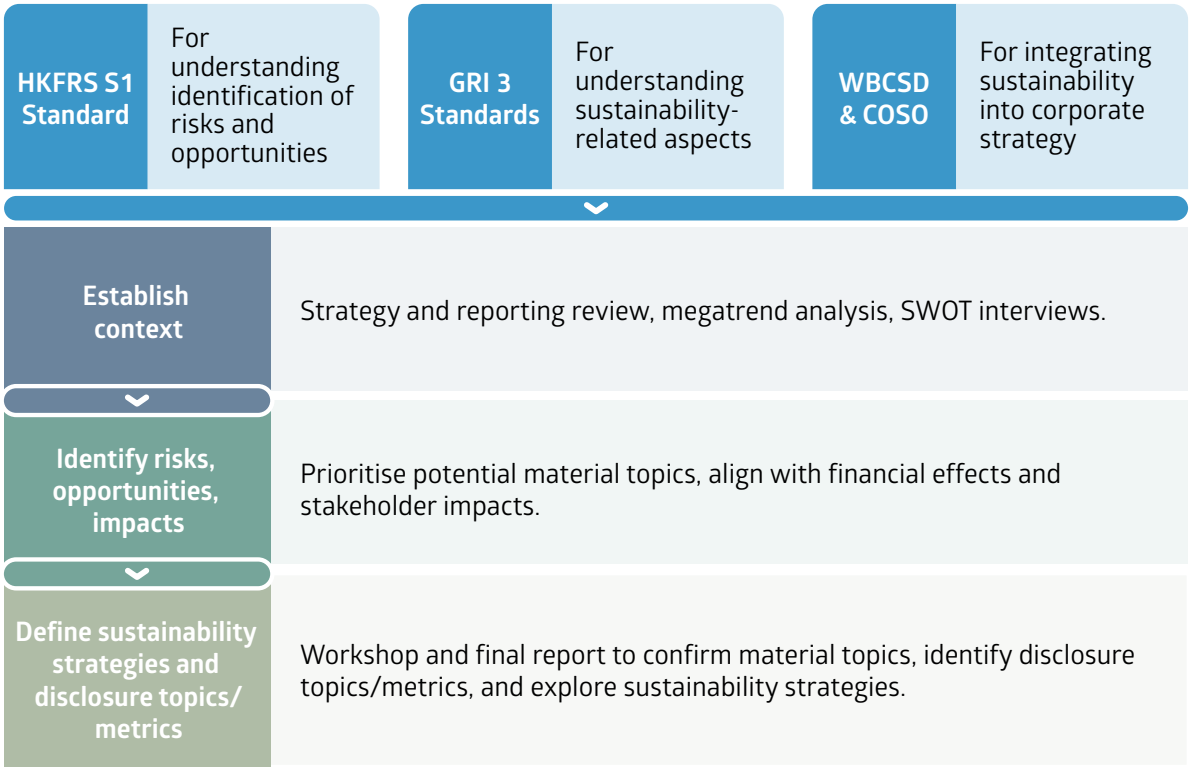
CLP's materiality assessment helps to contextualise its sustainability-related impacts, risks and opportunities and determine how these should be disclosed in CLP reports. By combining both internal and external stakeholder views with extensive megatrend analysis, CLP identifies the sustainability topics that are most financially material to its business and to stakeholders from an impact perspective.

Global standards for best practice in assessing materiality have continued to evolve in line with broader changes in sustainability disclosure standards.

Most notable are the new standards, HKFRS S1 and HKFRS S2, published by the Hong Kong Institute of Certified Public Accountants (HKICPA) in December 2024, which provide clarity on how to assess financial materiality.

In 2025, CLP considered the best practice advice from standard setters, including the following, amongst others:

- The HKICPA's HKFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, published in December 2024, with an effective date of 1 August 2025;
- GRI 3: Material Topics 2021; and
- *Enterprise Risk Management - Applying enterprise risk management to environmental, social and governance-related risks guidance*, published by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and the WBCSD in October 2018.



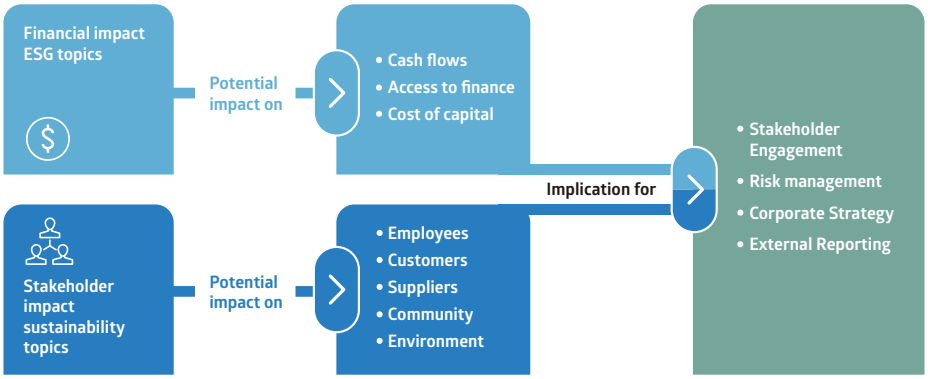
CLP's double materiality assessment approach

Since 2018, CLP has conducted materiality assessments that evaluate how evolving megatrends could impact the sustainability of the Company's business strategy in the medium to long term.

In 2021, CLP embraced the concept of double materiality to support its sustainability risk management and to inform the sustainability-related disclosure of its annual suite of reports.

This approach means that CLP's Annual Report addresses financially material sustainability topics that could reasonably be expected to affect the Company's prospects, while the Sustainability Report focuses on sustainability topics that have a material impact on people, the environment and the economy.

Double materiality approach



The double materiality approach streamlines the disclosures in the Annual Report and Sustainability Report. The material topics and associated CLP responses are summarised in the Materiality Matrix section of this report and the Managing What Matters to Our Business chapter of the Annual Report.

Since 2022, CLP has implemented a three-year double materiality assessment cycle. While CLP's methodology has continuously evolved to reflect changes in best practices, the materiality assessment has taken into account topics that are material to the Group in the short, medium and long term.

The material topics identified in recent years have remained relatively consistent, with only minor updates over the period. CLP implements the double materiality assessment process based on a three-year cycle.

Each year, there are variations in the breadth and scope of the assessment process, with Year 1 involving a comprehensive assessment and Years 2 and 3 focusing on revalidation and the incorporation of incremental changes with reduced time requirements.

CLP's three-year double materiality assessment cycle

Year 1

Comprehensive materiality assessment

Established CLP's current framework for identifying and prioritising sustainability-related impacts, risks and opportunities (IROs), covering both financial and impact materiality. Conducted with engagement from CLP Group Executive Committee members.

Year 2

Assessment and review of Year 1 findings

Targeted engagement with external stakeholders. Refresh SWOT analysis and IROs. Update material topics/sub-topics as required. Align with Group Risk and Strategy. Ensure assurance readiness and validate with Sustainability Executive Committee.

Year 3

Assessment and review of Years 1 and 2 findings

Targeted engagement with internal stakeholders. Refresh SWOT analysis and IROs. Update material topics/sub-topics as required. Align with Group Risk and Strategy. Ensure assurance readiness and validate with Sustainability Executive Committee.

Alignment with strategy review and risk assessment processes

The business value of materiality assessment

Materiality assessment supports compliance with the sustainability-related financial disclosure standards according to HKFRS S1 and HKFRS S2. In addition to the assessment informing corporate reporting, the process systematically identifies and prioritises the most relevant sustainability topics that require management attention.

The insights gained from the assessment process are instrumental for strategic planning, as they help the organisation to engage stakeholders and anticipate emerging trends. This proactive approach ensures that sustainability is embedded within the broader business strategy, fostering long-term resilience and competitive advantage.

In addition, materiality assessments underpin effective risk management by highlighting areas where environmental, social, or governance factors pose risks or create value. Bringing the material assessment process closer to the risk management process helps CLP to develop targeted responses, allocate resources efficiently and strengthen stakeholder trust.

1

STRATEGIC PLANNING

The material topics identified guide CLP's strategic planning for 2025 and beyond, ensuring attention to sustainability topics with the most significant impact on its business and stakeholders.

2

CORPORATE REPORTING

The assessment process supports alignment with the sustainability-related financial disclosures, HKFRS S1 and HKFRS S2, including compliance with Appendix C2 of the HKEx ESG Reporting Code.

3

SUSTAINABILITY-RELATED RISKS

Sustainability-related risks identified from the assessment inform updates to the CLP Risk Register and risk management plans, where appropriate.

The assessment process in 2025

GRI reference: 2-12, 3-1

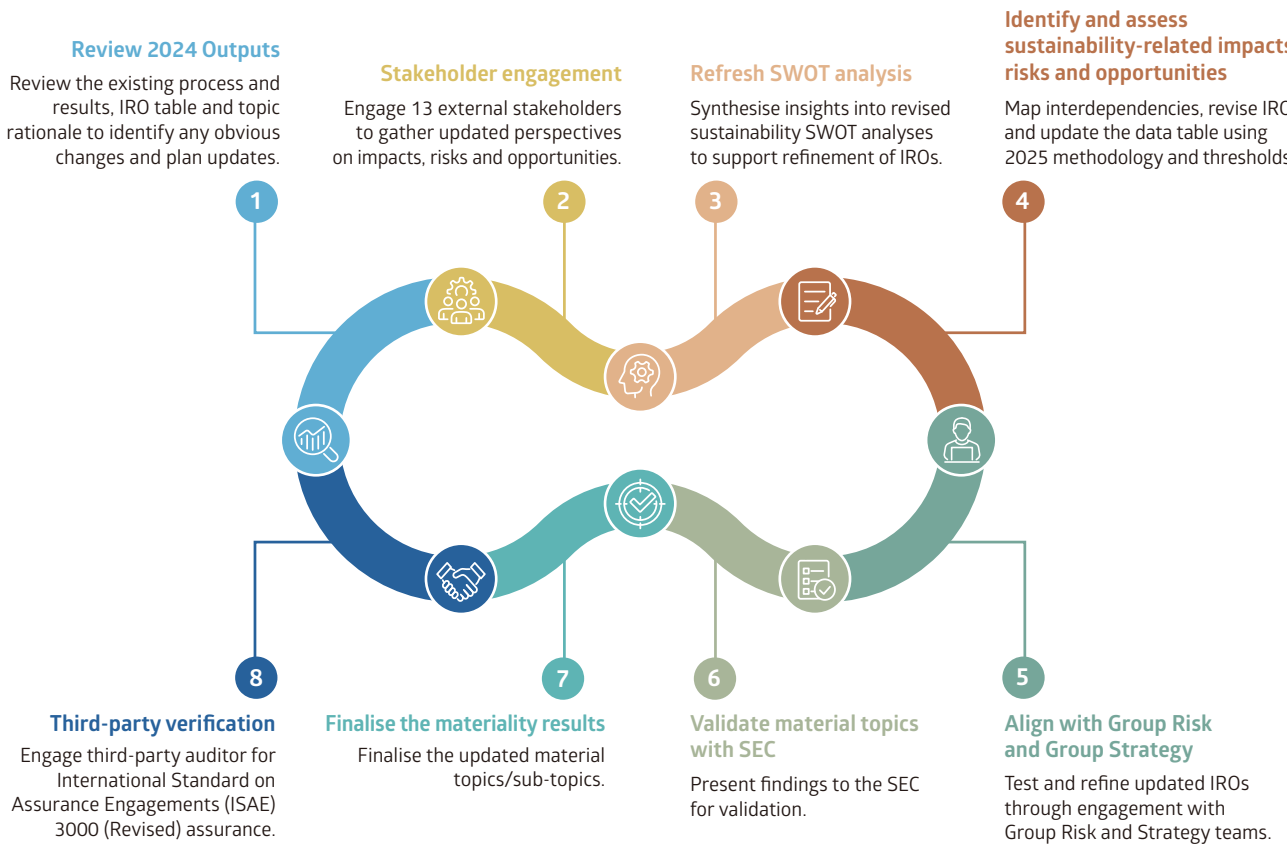
In 2025, CLP undertook the Year 2 assessment approach. The process involves a thorough evaluation of Year 1 findings, with amendments to sustainability priorities made as necessary. Engagement with key stakeholders is undertaken to validate any updates and ensure the continued relevance of the assessment.

Engage stakeholders

Review the existing process and results, IRO table and topic rationale to identify any obvious changes and plan updates. CLP engaged a diverse group of stakeholders including investors, industry experts, regulators and customers. They evaluated the megatrends most relevant to CLP's outlook, and SWOT analysis were conducted. In addition, risk registers, strategy paper, company policies, and international reporting standards were examined in order to help it identify impacts, risk and opportunities conceivably material to CLP's current and future prospects.

Identify, assess and validate impacts, risks and opportunities

To identify sustainability-related impacts, risks and opportunities (IROs), CLP undertook interviews to collate the views of a broad range of internal stakeholders from CLP's middle and senior management, a review on megatrends to reflect CLP's current operating context and a review of the latest reporting standards. It identified a total of 93 IROs and grouped them under the nine megatrends most likely to affect CLP's business and operating environment.



CLP continued to apply the assessment methodology by considering the severity and likelihood of risk and the benefit magnitude and likelihood of opportunities. Each impact, risk and opportunity was assessed as either negative or positive, actual or potential (based on the latest GRI 3: Material Topics 2021 guidance). In 2025, CLP continued to assess with considerations such as time horizon (short-term, medium-term and long-term) and position in the value chain (upstream, own operation and downstream) consistent with the IFRS S1 standard. The time horizon is specified over which the effects of each of those sustainability-related risks ad opportunities could reasonably be expected to occur. This should link to the planning horizons used for strategic decision-making.

Time Horizon	Duration	Description
Short-term	0-1 year	Reflecting the effects in current reporting year and in line with that adopted by the Group in the consolidated financial statements
Medium-term	1-5 years	Aligning business planning and budgeting, which are typically structured over five years. This timeframe also supports regular mid-term reviews of Scheme of Control and reflects standard accounting practices, ensuring consistency and strategic responsiveness across financial and operational planning.
Long-term	More than 5 years	Reflecting changes in climate pattern and evolving megatrend

To finalise the assessment phase, the significance of each negative impact or financial risk was evaluated for its severity and likelihood. The methodology incorporated the latest GRI Standards, the ISO 31000 Risk Management Standard and CLP's existing Group Risk Management Framework. A similar methodology was devised to assess the significance of each positive impact and financial opportunity, considering the benefit magnitude and likelihood of each opportunity.

After evaluating for magnitude/severity and likelihood, 57 IROs were assessed as 'High' or 'Extreme' and therefore material. Of these, 35 were sustainability-related financial risks (25) and opportunities (10) and 22 were stakeholder impacts (11 positive, 11 negative). The prioritised sustainability-related impacts, risks and opportunities have been summarised in CLP's Sustainability Report and Annual Report respectively.

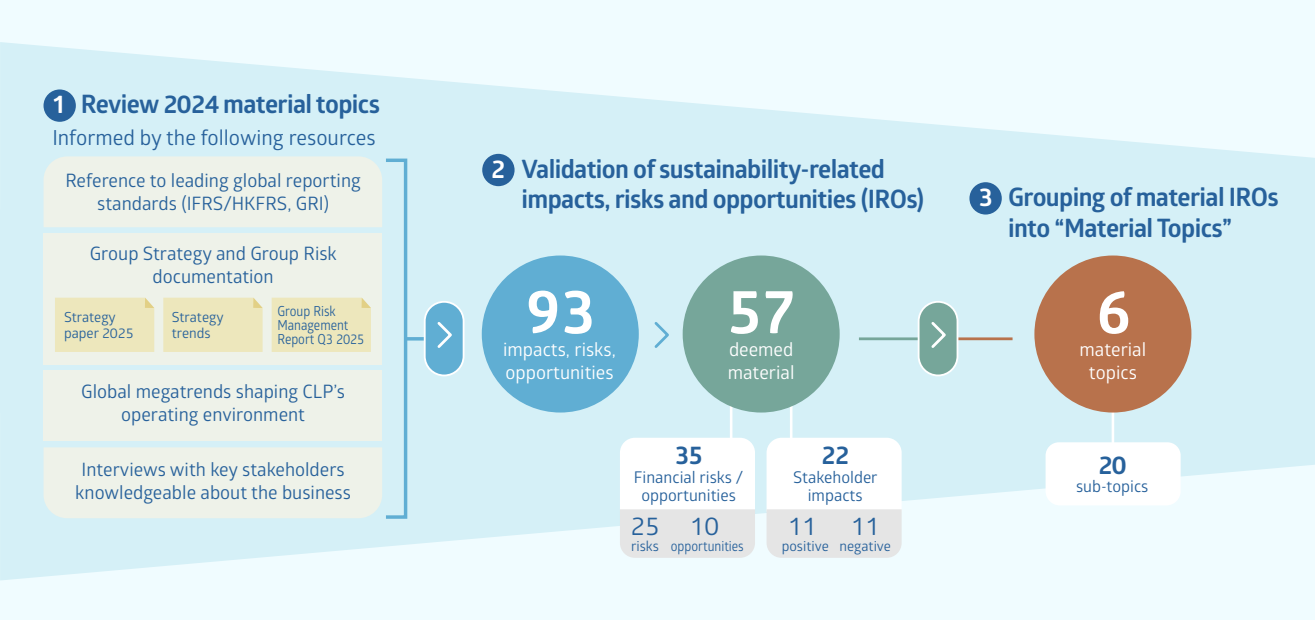
Assurance and validation

The assessment outcomes have been thoroughly refined and validated by CLP Holding's Sustainability Executive Committee, and subsequently endorsed by the Sustainability Committee. As an industry pioneer, CLP has engaged a non-financial auditor to provide limited assurance on its materiality assessment, in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. This initiative underscores CLP's ongoing commitment to transparency and accountability within its materiality assessment, while also reinforcing the integrity and credibility of its sustainability reporting.

Material topics

GRI reference: 3-2

Materiality assessment is an essential process for identifying and prioritising the sustainability-related risks, opportunities and impacts that are most relevant to CLP's business. The results guide CLP's strategic decision-making and reporting, reinforcing the Group's commitment to transparency and resilience in a rapidly changing global environment. A summary of the detailed results is provided below:

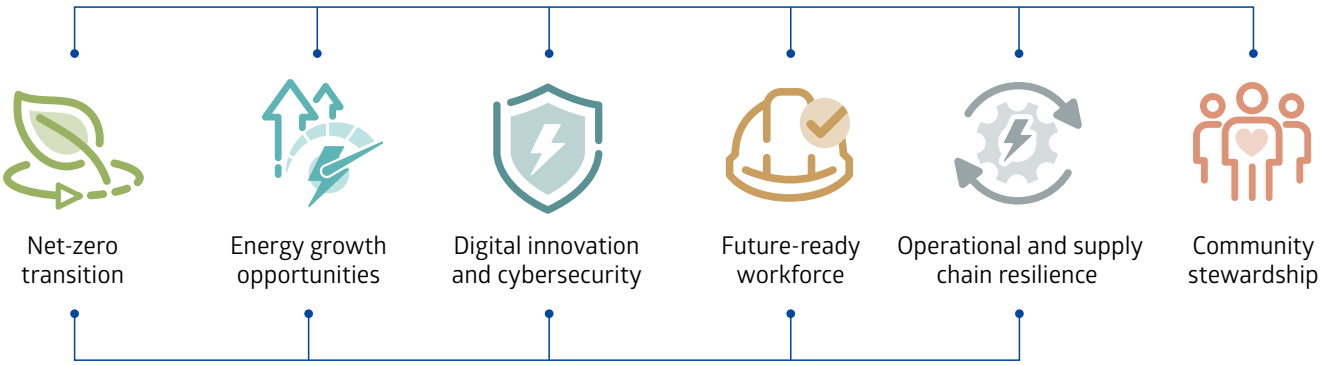


The materiality assessment findings are consolidated into six key material topics, with five identified as financially material and six considered impact material, respectively.

How to navigate sustainability-related disclosures for investors and other stakeholders

Impact material

refers to significant positive or negative impacts on people, the economy and the environment.



Financially material

refers to sustainability-related risks or opportunities that could reasonably be expected to affect the Group's cash flows, access to finance or cost of capital in the short, medium and long-term.

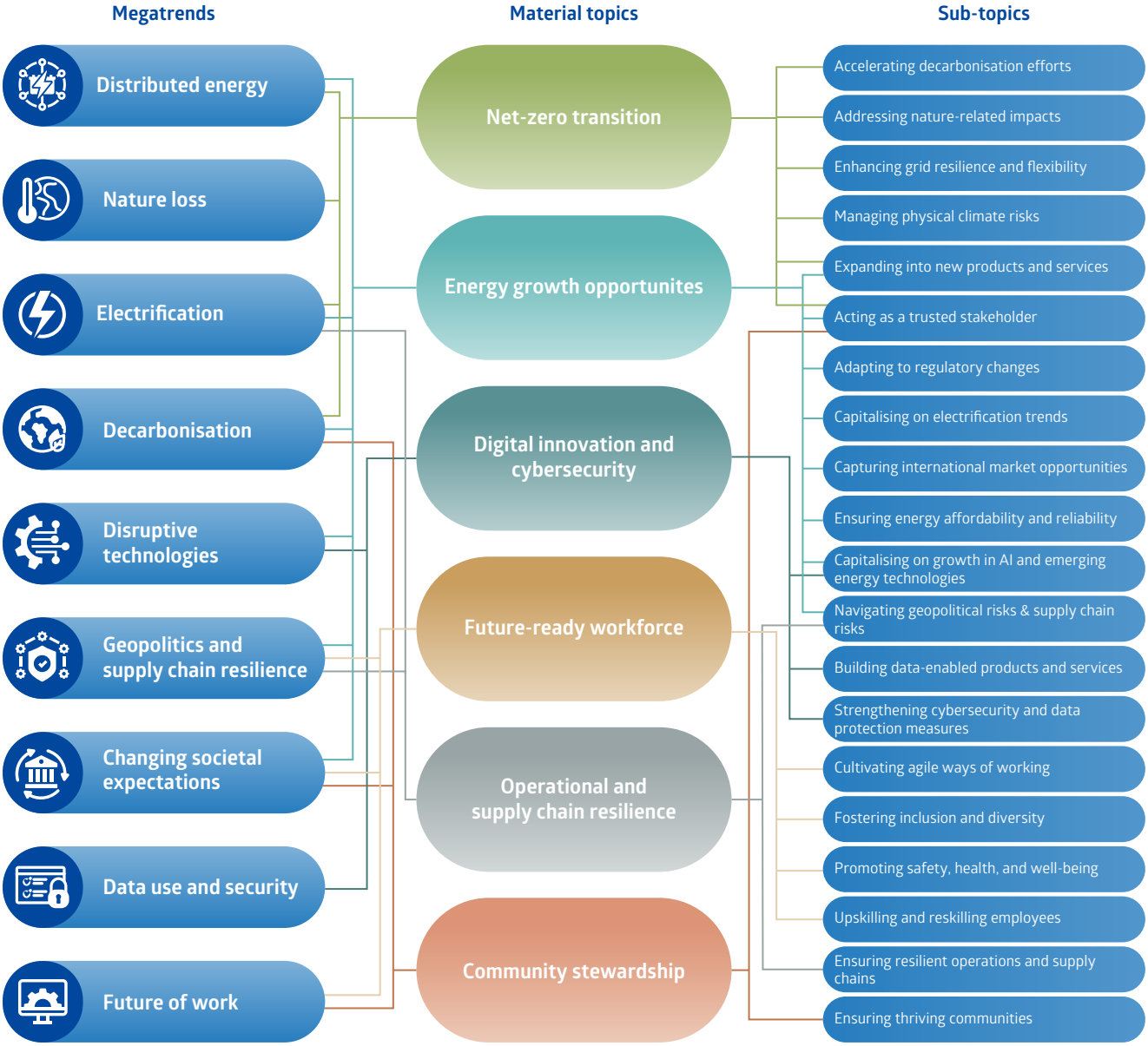
The double materiality approach streamlines the disclosures in the Annual Report and Sustainability Report. The material topics and associated CLP responses are summarised in the *Materiality Matrix* section of this report and the *Managing What Matters to Our Business* chapter of the Annual Report.

Read more in the Summary of prioritised sustainability-related impacts, risks and opportunities

The Materiality Matrix

The materiality assessment results are summarised in the materiality matrix below, showing the relationships between megatrends, material topics and relevant sub-topics. Assessment of time horizons and position in the value chain were incorporated in the results.

GRI reference: 3-2, 3-3



For optimal user experience in navigating CLP's financially and impact material topics and sub-topics, please view the interactive materiality matrix online

Summary of prioritised sustainability-related impacts, risks and opportunities

CLP actively manages and responds to the sustainability-related impacts, risks and opportunities summarised in the table below.

Material Topic	Sub-topic	Megatrend	Impacts, risks and opportunity
Net-zero transition	Accelerating decarbonisation efforts		**Financial risk:** Misaligned capital allocation with market-specific energy needs and decarbonisation pathways could hinder CLP's transition from fossil fuels to non-carbon energy assets, potentially resulting in stranded assets, diminished asset value and erosion of investor trust.
			Financial risk: Exposure to carbon pricing mechanisms may increase CLP's costs and affect financial performance if carbon prices rise significantly.
			Positive impact: CLP can leverage growing public support (in Hong Kong and overseas) for nuclear energy as part of a sustainable energy mix. This would include an extension of existing plants' life or the establishment of new nuclear power plants, and provide a larger share of zero-carbon power to consumers.
			Negative impact: A delay in CLP's phase-out of its coal-fired plants will result in ongoing carbon emissions and air pollution.
	Acting as a trusted stakeholder		**Financial risk:** Failure to deliver on Climate Vision 2050 could erode investor confidence in CLP's ability to profitably manage the energy transition, potentially resulting in a lower share price, higher financing costs and reduced access to funding.
			Positive impact: Develop benchmarks and decision-useful guidance to help city leaders and real asset owners to plan and execute decarbonisation of their commercial, retail and industrial real estate assets, based on existing consumer data, contributing to Hong Kong's city-wide decarbonisation agenda.
			Negative impact: Failing to meet emissions reduction targets (by 2030) could contribute to negative health outcomes linked to emissions and climate change globally, undermining its reputation as a leader in the energy transition.
	Addressing nature-related impacts		**Financial risk:** Regulatory penalties and public health concerns may result from inadequate control of air emissions, wastewater discharges and hazardous waste.
			Financial risk: Investors are placing increasing expectations on nature- and biodiversity-related management. Failure to keep abreast of the evolving requirements may affect CLP's access to finance and cost of capital.

1 Time horizon is defined as within 1 year as short-term; 1-5 years as medium-term; and 5+ years as long-term.

Upstream | Own operations | Downstream | Short-term | Medium-term | Long-term

Time horizon[1]	Value Chain	CLP's Response	Relevant stakeholders
M		CLP is investing in decarbonisation in line with Climate Vision 2050 and market requirements. Capital investments in non-carbon generation assets, transmission, distribution and retail operations were HK$11,459 million in 2025, or 68% of the Group's total. The ratio will be 77% between 2026 – 2030.	Capital providers
M		CLP is focused on investing in assets that do not have exposure to carbon pricing mechanisms. As of 31 December 2025, only 5% of CLP's equity generation and energy storage capacity was subject to carbon pricing. CLP will also explore the use of carbon offset in the long term to meet its net-zero commitment.	Capital providers
S		For more than 30 years, CLP has been an investor and importer of nuclear energy. In 2025, non-carbon energy (which includes nuclear power) constituted close to 35% of CLP's fuel mix in Hong Kong, with natural gas accounting for 51% and coal for 13%. CLP Power will continue to give full support to the Hong Kong's Climate Action Plan 2050 by introducing more non-carbon energy, including nuclear energy, through regional cooperation.	Customers, Partners
M		CLP maintains its commitment to phasing out all coal-based assets by 2040, replacing them with non-carbon energy sources. To expedite the energy transition, CLP Power is finalising the upgrade of the multi-year Clean Energy Transmission System (CETS) that connects Hong Kong and Chinese Mainland. This cross-border system will enhance both the options and flexibility for importing non-carbon energy, supporting Hong Kong's long-term decarbonisation objectives.	Customers, Partners, Community
M		CLP is committed to decarbonising its business and ensuring the energy transition is delivered reliably and affordably in line with Climate Vision 2050 and market requirements.	Capital providers
M		CLP Power has signed several Memoranda of Understanding with corporate partners to promote energy efficiency through the implementation of energy-saving projects. These collaborations help organisations identify opportunities to enhance energy efficiency and adopt decarbonisation measures. In addition, the CLP One app enables customers to monitor their energy usage in real time, empowering them to make informed decisions that support Hong Kong's city-wide decarbonisation efforts.	Community
M		In 2019, CLP's baseline year for science-based targets, coal-fired generation capacity was 11,997MW on an equity plus long-term capacity and energy purchase basis, representing 50.0% of our portfolio. This share decreased to 34.8% by the end of 2025, while the share of renewable energy increased from 13.7% in 2019 to 21.2% by the end of 2025, demonstrating progress toward the target of 50% reduction by 2030.	Capital providers, Customers, Partners
M		CLP continues to strengthen efforts to cut air pollution and improve water and waste management. In 2025, the Group achieved its targets to reduce emissions, wastewater discharge and hazardous waste.	Capital providers, Community
L		To efficiently manage nature-related risks and performance, CLP employs a range of environmental management tools and processes that adopt a life cycle perspective, ensuring that nature-related considerations are integrated at every stage of each project. At the project inception stage, the Integrated Biodiversity Assessment Tool (IBAT) are used to screen biodiversity-sensitive areas.	Capital providers

CLP actively manages and responds to the sustainability-related impacts, risks and opportunities summarised in the table below.

Material Topic	Sub-topic	Megatrend	Impacts, risks and opportunity
Net-zero transition *(continued)*	Addressing nature-related impacts (continued)		Negative impact: Excessive water and/or air pollution as a consequence of CLP's operations could lead to environmental damage, especially in regions with high water stress, with impacts for ecosystems and communities.
			Negative impact: Significant damage to natural ecosystems (e.g. potential seepage from ash repositories leading to surface/ground water contamination (EA)) that may require serious mitigation.
	Enhancing grid resilience and flexibility		**Financial risk:** Ageing and insufficient grid infrastructure may pose constraints on the distribution of energy from CLP invested assets, including renewable energy and batteries, resulting in revenue loss, potentially affecting reliability and slowing the energy transition.
	Expanding into new products and services		**Financial opportunity:** Investments in low-carbon energy technologies will strengthen CLP's credentials on decarbonisation and increase trust from customers and investors.
			Financial opportunity: New business opportunities can be generated by deploying virtual power plants to improve grid flexibility, optimise renewable energy and reduce reliance on fossil fuel generated electricity.
			Financial opportunity: CLP's expanding battery storage portfolio enhances energy supply reliability and supports more flexible energy dispatch in response to demand fluctuations.
			Positive impact: As renewable energy infrastructure comes to the end of its lifecycle, there will be opportunities for remanufacturing of industry machinery, reducing waste and conserving resources.
	Managing physical climate risks		**Financial risk:** CLP's energy infrastructure assets face extreme weather risks, including extreme heat, storms, heavy rainfall, landslides, and water stress, which can damage assets and disrupt services, potentially impacting financial performance.
			Financial risk: CLP's operations are dependent on stable natural resources including consistent wind patterns and reliable access to water for cooling. Shifts in these climate variables may potentially affect asset performance and increase costs over time.

1 Time horizon is defined as within 1 year as short-term; 1-5 years as medium-term; and 5+ years as long-term.

Upstream | Own operations | Downstream | Short-term | Medium-term | Long-term

Time horizon[1]	Value Chain	CLP's Response	Relevant stakeholders
S	Downstream	CLP manages nature-related impacts by applying environmental management tools throughout the project life cycle, including Environmental Due Diligence (EDD) for new projects, impact assessments during design and construction, and an Environmental Management System (EMS) during operations. Progress on air emissions, water use and waste is tracked to support ongoing improvement.	Community
M	Own operations	CLP strives to preserve natural resources by following regulatory biodiversity controls, conducting site-specific initiatives, and providing ecological compensation where needed, contributing to achieve the goal of "no net loss of biodiversity". For example, Mount Piper Power Station uses a Leachate Barrier Management System to prevent groundwater contamination and employs visual markers to avoid ash seepage. Across all its projects, CLP manages nature-related risks by conducting Environmental Due Diligence (EDD) and impact assessments, and by implementing a robust Environmental Management System (EMS) throughout the project life cycle.	Community
M	Own operations	CLP continues to invest in transmission and distribution assets in Hong Kong and India, which serve a vital role in the energy transition by enabling the integration of renewable energy into electricity systems.	Capital providers, Customers
M	Own operations	The Group increased its capital investments in renewable energy to 21% in 2025. During the year, five wind and solar projects were commissioned on the Chinese Mainland and India.	Capital providers, Customers
M	Own operations	EnergyAustralia is continuing to expand its VPP programme, which increased by over 30% in capacity in 2025 with more home battery and water heating systems being connected.	Capital providers, Customers
M	Own operations	Battery projects such as the BESS at Castle Peak Power Station and Guanxian BESS station help strengthen power system resilience as more intermittent renewable energy enter the grid.	Capital providers, Customers
L	Downstream	CLP has established a dedicated steering committee to oversee its Circular Economy (CE) approach, and has developed a CE implementation framework, strategy and guidebook to promote CE practices across CLP. For example, CLP's solar and wind power operations on the Chinese Mainland are implementing CE Strategy, with the Jinchang, Sihong and Huai'an Solar Farms recycling retired solar panels, and the Laiwu Wind Farm collaborating with leading manufacturers to recover and repurpose retired wind turbine blades.	Partners
S	Own operations	CLP is implementing comprehensive adaptation measures including flood protection for power stations and substations to maintain reliable operations.	Capital providers, Customers
S	Own operations	CLP favours regions with favourable wind and solar resources as part of the Group's disciplined approach to evaluating potential renewable energy opportunities.	Capital providers, Customers

CLP actively manages and responds to the sustainability-related impacts, risks and opportunities summarised in the table below.

Material Topic	Sub-topic	Megatrend	Impacts, risks and opportunity
Energy growth opportunities	Acting as a trusted stakeholder		**Financial risk:** With energy affordability being a growing focus for Hong Kong customers and the Government, CLP is expected to continue delivering reliable, sustainable energy at a reasonable cost.
	Adapting to regulatory changes		**Financial risk:** Unsubstantiated claims on sustainability or failure to meet sustainability commitments may result in potential fines, lawsuits and reputational damage.
			Financial risk: Changes in Australian energy and decarbonisation policies could affect the financial performance of EnergyAustralia.
			Financial risk: Potential changes in requirements on greenhouse gas and other air emissions may increase compliance costs.
			Financial risk: Climate policy developments may require CLP to accelerate its coal-fired power plant closures, resulting in higher transition costs ahead of schedule.
	Capitalising on electrification trends		**Financial risk:** Potential new players entering the energy sector with strong financial resources and low-carbon energy technologies may reduce CLP's market share and competitiveness in markets outside Hong Kong.
			Financial opportunity: Growing electrification and the development of a complete EV ecosystem can drive EV adoption and generate potential business opportunities. In particular, CLP can benefit from its access to competitive EV technologies from Chinese partners.
			Financial opportunity: Electrification needs to quadruple by 2050 globally, which offers CLP opportunities to expand into new business lines and establish joint ventures in adjacent sectors, such as energy-as-a-service and transport, reducing emissions.
	Capitalising on growth in AI and emerging energy technologies		**Financial risk:** Consumer energy resource and distributed energy resource technologies including solar, batteries, smart appliances may not be interoperable across CLP's markets, potentially reducing synergies for the Group's businesses.
	Capturing international market opportunities		**Financial opportunity:** Access to low-cost equipment from Chinese suppliers may give CLP an advantage, especially when expanding in Asian markets as some US companies reduce their exposure in the region due to trade policy uncertainty.

1 Time horizon is defined as within 1 year as short-term; 1-5 years as medium-term; and 5+ years as long-term.

Upstream | Own operations | Downstream | Short-term | Medium-term | Long-term

Time horizon[1]	Value Chain	CLP's Response	Relevant stakeholders
S		CLP Power continues to maintain prudent cost control and a diversified fuel mix to ensure a reasonable cost of electricity. The Average Net Tariff for CLP Power customers was reduced by 2.6% year-on-year effective from January 2026.	Capital providers, Customers, Partners
S		In May 2025, EnergyAustralia settled a suit filed by Parents for Climate Action related to the marketing of EnergyAustralia's Go Neutral carbon offset products. EnergyAustralia no longer offers Go Neutral products and is focused on reducing emissions through direct actions.	Capital providers, Partners
M		EnergyAustralia proactively monitors relevant policies and regulations, and engages governments and regulators to advocate policy settings that promote sustainable energy market development and business growth.	Capital providers, Customers
M		CLP is committed to fulfilling its climate and environmental obligations, and investing in cost-effective measures to ensure compliance. The Group reported no environmental regulatory non-compliance incidents resulting in fines or prosecutions in 2025.	Capital providers
L		Under Climate Vision 2050, CLP is committed to its target to phase out coal-fired assets before 2040, and continues to monitor relevant policy developments.	Capital providers, Partners
M		CLP continues to focus on enhancing operational efficiencies and pursuing investment opportunities with good returns in a dynamic energy market environment in Asia Pacific.	Capital providers, Partners
M		CLP is strengthening its partnerships across the EV charging value chain from vehicle manufacturers to battery providers and EV charging operators. The development of a strong industry ecosystem is key to supporting further EV adoption.	Capital providers, Customers
M		The Group continues to step up efforts to meet rising EV charging demand from private and commercial vehicles, with new services and solutions launched in Hong Kong and Australia in 2025.	Capital providers, Partners
S		The Group continues to provide Consumer Energy Resources (CER) and Distributed Energy Resources (DER) technologies and solutions based on specific market requirements.	Capital providers, Partners
M		CLP's longstanding supply chain partnerships in the renewable energy sectors on the Chinese Mainland are expected to help lower development costs of potential new projects in Southeast Asia.	Capital providers, Partners

CLP actively manages and responds to the sustainability-related impacts, risks and opportunities summarised in the table below.

Material Topic	Sub-topic	Megatrend	Impacts, risks and opportunity
Energy growth opportunities *(continued)*	Ensuring energy affordability and reliability		**Financial opportunity:** Demographic change, urbanisation and the rapid electrification of transport and data centres create opportunities for CLP to expand its customer base and capture new sources of demand across core and emerging markets.
			Negative impact: Rising energy bills could result in hardship and reduced access to essential services for vulnerable households, and potentially erode CLP's customer base and trust over time.
	Expanding into new products and services		**Financial opportunity:** Economic affluence in Asia and digital transformation to continue driving demand for low-carbon energy from consumers and industrial sectors such as data centres and electric transport. This creates opportunities for providers of end-to-end solutions including rooftop solar, home batteries and EV charging.
	Navigating geopolitical risks and supply chain risks		**Financial risk:** Evolving regulatory frameworks such as electricity system operations and tariff structures, could affect CLP's competitiveness and investment planning across its key markets.
Digital innovation and cybersecurity	Building data-enabled products and services		**Financial opportunity:** Insights from electricity usage and operational data help CLP create innovative energy services for customers that support greater energy efficiency and emissions reduction.
	Capitalising on growth in AI and emerging energy technologies		**Financial risk:** CLP's competitiveness may be affected if its digitalisation projects are not successfully implemented and do not deliver the targeted benefits.
			Financial opportunity: AI and digital technologies enable CLP to enhance asset management and operational maintenance, improving the reliability and stability of power supply while realising cost efficiencies.
			Positive impact: Enabling consumers to access smart meters and other 'front-of-meter' innovations, positioning them as partners in the energy transition while facilitating energy bill savings.

1 Time horizon is defined as within 1 year as short-term; 1-5 years as medium-term; and 5+ years as long-term.

Upstream | Own operations | Downstream | Short-term | Medium-term | Long-term

Time horizon[1]	Value Chain	CLP's Response	Relevant stakeholders
L		In addition to pursuing growth opportunities in its established markets, the Group is exploring potential low-carbon investments in Southeast Asian markets including Vietnam and Laos.	Customers, Partners
M		CLP Power is striving to maintain electricity tariffs at a reasonable level in Hong Kong by adopting prudent cost management, a diversified fuel mix and utilising innovative technologies.	Capital providers, Customers
S		CLP is enhancing its capabilities to meet demand for non-carbon energy in the region. In 2025, growth capital expenditure increased more than 30% to HK$3.194 billion.	Customers, Partners
S		CLP continues to adapt its operations and investments in line with relevant policy and regulatory developments in its markets.	Capital providers, Customers, Partners
S		CLP continues to leverage digital technologies and data to provide more flexible and innovative energy services to customers.	Customers
S		CLP's growing digital capabilities such as its unified AI and data platform help improve cost efficiencies and drive faster development of new AI and data analytics application to optimise CLP's operations.	Capital providers
S		CLP is accelerating the use of AI to enhance operations and customer services, with 24 new AI applications deployed by the Group in 2025.	Capital providers
S		CLP Power has connected more than 2.88 million smart meters for its residential as well as small and medium enterprise customers by 2025 to promote smarter electricity use, low-carbon living, and enhanced safety and reliability of the power supply.	Customers

CLP actively manages and responds to the sustainability-related impacts, risks and opportunities summarised in the table below.

Material Topic	Sub-topic	Megatrend	Impacts, risks and opportunity
Digital innovation and cybersecurity *(continued)*	Strengthening cybersecurity and data protection measures		**Financial risk:** Failure to implement effective governance will compromise the security and resilience of digital infrastructure and regulatory compliance.
			Financial risk: Increasing vulnerability of smart grid and digital technologies to cyberattacks on critical infrastructure heightens CLP's exposure to operational disruptions, regulatory penalties, and reputational damage. A major cybersecurity incident or data breach could materially affect the Group's financial position and market confidence.
			Negative impact: A successful cyber-attack on one of CLP's Operational Technologies systems, or to a lesser extent its IT systems, may affect the operation of power plants or grid infrastructure, causing outages and disruption that adversely impact customers' lives and livelihoods.
			Negative impact: Failure to assess and manage the potential implications of generative AI for CLP's workforce could lead to significant job displacement, skill gaps and job insecurity for employees.
Future-ready workforce	Cultivating agile ways of working		**Financial risk:** CLP's culture of operational excellence and process compliance drives reliability, however may reduce organisational agility and responsiveness to industry megatrends and market dynamics. This may potentially affect the Group's competitiveness and capacity to capture emerging opportunities.
			Financial risk: To successfully implement new technologies, employees need to adapt to digitalised ways of working.
			Positive impact: CLP can continue embrace debates and new ideas as part of corporate decision-making, creating an inclusive and a safe-to-speak-up culture, enhancing collaboration, innovation and accountability across the organisation.
			Positive impact: Robust and accessible grievance mechanisms for employees, contractors and suppliers increase accountability across CLP's ecosystem while building confidence in fair labour practices and responsible business conduct.

1 Time horizon is defined as within 1 year as short-term; 1-5 years as medium-term; and 5+ years as long-term.

Upstream | Own operations | Downstream | Short-term | Medium-term | Long-term

Time horizon[1]	Value Chain	CLP's Response	Relevant stakeholders
		One of the key objectives of CLP's 2025-2028 Digital Strategy is to enhance the Group's digital infrastructure against potential risks including cyber incidents and supply chain disruptions.	Capital providers
		CLP continues to strengthen its cybersecurity measures, including adopting more automated systems for cyber incident detection and response.	Capital providers
		At CLP, protecting against cyber threats is a top priority. To strengthen cyber resilience, the Security Operations Centre has automated incident detection and response. The Group-wide cybersecurity strategy is also being refreshed to align with international standards and regulations. A dedicated task force is preparing the company to meet Hong Kong's Critical Infrastructure Legislation. While physical and travel security protect people and assets globally, Red Team simulations, risk assessments, and advanced phishing training further enhance defences and awareness across the organisation.	Customers
		CLP integrates AI principles into its governance approach, ensuring ethical and secure AI development aligned with its core values. CLP also organises various events to encourage employees to innovate and leverage AI capabilities.	Our People
		CLP's businesses continued to evolve their operating models to align with market needs and capture new opportunities. Investment governance and reporting processes were streamlined further to support faster decision-making and innovation.	Capital providers, Our people
		One of the key focus areas of CLP's 2025-2028 Digital Strategy is to develop a more digitalised workplace environment, enabling employees to better integrate technologies and data into their daily work.	Our people
		CLP continues to foster an inclusive culture where employees feel safe to speak up and empowered to contribute diverse perspectives. We are strengthening leadership and team capabilities through structured development programmes and toolkit deployment to promote accountability, collaboration and innovation. In addition, we advance diversity of thinking and local cultural understanding to support sustainable business growth and community relevance.	Our people
		CLP has Whistleblowing Policy which sets out reporting channels for employees, contractors and suppliers, and provides a mechanism such that reports can be made in confidence. Reporting and Handling of Irregularity outlines steps for escalation and investigation. All breaches are handled internally through formal processes, and confirmed cases are reported to the Audit & Risk Committee, supporting transparency and accountability across operations.	Our people, Partners

CLP actively manages and responds to the sustainability-related impacts, risks and opportunities summarised in the table below.

Material Topic	Sub-topic	Megatrend	Impacts, risks and opportunity
Future-ready workforce *(continued)*	Fostering inclusion and diversity		**Positive impact:** Inclusive policies that recognise diverse life stages and offer flexible work options can promote social mobility, remove career barriers, and improve productivity and morale.
			Negative impact: Insufficient progress on inclusion and diversity could weaken CLP's talent pipelines, decision-making and employee satisfaction.
	Promoting safety, health and well-being		**Negative impact:** Failing to ensure safe workplace practices could result in significant harm to the physical and mental health, safety and wellbeing of employees, contractors and service providers.
			Negative impact: Failure to identify and act on poor labour standards and human rights practices in CLP's operations and supply chain could result in physical and psychological harm to employees, and violation of labour rights.
	Upskilling and reskilling employees		**Financial risk:** Failure to attract and develop talent into CLP's workforce will hinder its ability to meet execute decarbonisation and digitisalisation goals, and the realisation of non-SoC opportunities in Hong Kong and other markets.
Operational and supply chain resilience	Ensuring resilient operations and supply chains		**Positive impact:** Enhancing supply chain sustainability management for sourcing materials, equipment, and services, potentially delivering positive impacts for people, communities, and the environment within our upstream supply chain.
	Navigating geopolitical risks and supply chain risks		**Financial risk:** Geopolitical developments may disrupt the global supply of critical minerals for low-carbon energy (e.g. cobalt, lithium, nickel) and advanced energy and digital technologies. Any major disruption could potentially affect BESS and renewable energy developers.
			Financial risk: Global geopolitical volatility may affect fossil fuel supply, and result in potentially higher energy costs for customers.
			Financial risk: While CLP is a regional business, its strong presence in the Hong Kong and Chinese Mainland markets may create complications for its operations in other markets amid geopolitical tension.

1 Time horizon is defined as within 1 year as short-term; 1-5 years as medium-term; and 5+ years as long-term.

Upstream | Own operations | Downstream | Short-term | Medium-term | Long-term

Time horizon[1]	Value Chain	CLP's Response	Relevant stakeholders
S	Own operations	CLP supports employees across different life stages through a range of family-friendly and flexible work policies. These include enhanced parental leave, adoption leave, volunteering leave, study leave and hybrid working arrangements, enabling employees to better balance their professional and personal commitments and improve overall wellbeing.	Our people
S	Own operations	CLP refreshed its I&D strategy to further strengthen workplace inclusion, with an emphasis on diversity of thinking, fairness, psychological safety and local cultural understanding. The strategy includes clear annual progress indicators, including improvements in the women representation in leadership roles and percentage of women with Science, Technology, Engineering and Mathematics (STEM) qualifications. Throughout the year, CLP conducted learning sessions and discussion forums to promote awareness, support allyship and create space for employees to share diverse perspectives. These initiatives help reinforce a respectful, inclusive culture aligned with evolving societal expectations.	Our people
S	Own operations	Group HSE strategy was refreshed. The CLP 2025-27 Group HSE Strategy sets out the key opportunities and a framework for working together to make CLP healthier, safer and more sustainable.	Our people, Partners
S	Own operations	CLP prioritises human rights management across key areas such as occupational health and safety, prevention of child labour, forced labour, working conditions and freedom of association, with the considerations of their relevance to different stakeholders. CLP is developing a standalone human rights policy statement to reinforce its commitment to respecting human rights across its own operation and supply chain.	Our people, Partners
S	Own operations	CLP recruited close to 1,000 people in 2025 to strengthen capabilities in commercial functions, engineering and digital technologies and customer service. Voluntary turnover rates moderated during the year.	Capital providers
M	Upstream	CLP is in the process of enhancing its supply chain sustainability management by building on the foundation of its Sustainable Procurement Framework, which fosters long-term, mutually beneficial relationships with suppliers who share CLP's values and goals.	Partners, Community
M	Own operations	CLP has continued to strengthen supply chain management through measures including exploring new suppliers of high-quality products and services to reduce over-concentration risks.	Capital providers, Partners
S	Upstream	CLP continued to focus on optimising fuel costs, with the offshore liquified natural gas terminal in Hong Kong providing access to competitively priced natural gas from global markets.	Capital providers, Customers, Partners
S	Own operations	CLP proactively manages risks including geopolitical and policy developments with potential impact on its operations and investments. The Group has a rigorous process in place to evaluate potential investments based on returns and risk management.	Capital providers

CLP actively manages and responds to the sustainability-related impacts, risks and opportunities summarised in the table below.

Material Topic	Sub-topic	Megatrend	Impacts, risks and opportunity
Community stewardship	Ensuring thriving communities		Positive impact: CLP's investments in developing high-quality, resilient energy infrastructure could help communities in adapting to a hotter climate and support a more climate-resilient energy system.
			Positive impact: CLP continues to serve local communities through established engagement and investment programmes that promote education, empowerment of women, healthcare access, poverty alleviation, social inclusion, diversity, and eliminating energy poverty.
			Positive impact: CLP enables access to affordable energy for people and communities, including implementing community support programmes to subsidise the energy costs of families in need.
	Acting as a trusted stakeholder		Negative impact: Failing to provide a transition from coal to low-emissions by supporting employees through the phase-out (e.g. through reskilling programmes) may result in job losses and negative economic, health and social impacts for employees, their families and communities.

1 Time horizon is defined as within 1 year as short-term; 1-5 years as medium-term; and 5+ years as long-term.

For details of CLP's response to financial opportunities and risks, please read the Managing What Matters to Our Business chapter of the Annual Report 2025

Upstream | Own operations | Downstream | Short-term | Medium-term | Long-term

Time horizon[1]	Value Chain	CLP's Response	Relevant stakeholders
		CLP strives to ensure a stable power supply to the communities. In preparation for more frequent extreme weather events, CLP Power has enhanced inspections of its power supply equipment prior to typhoons, including the use of helicopters and drones to examine transmission towers and overhead cables, installed flood gates at substations prone to flooding and pruned trees that could potentially interfere with overhead lines. Emergency supply restoration drills are conducted to ensure staff's readiness to respond swiftly and effectively to typhoon and storm impacts.	Community
		CLP has a long tradition of serving its local communities through wide-ranging engagement and funding programmes. CLP Power has continued to implement the Home Electrical Safety Enhancement for the Underprivileged Programme to arrange qualified electricians to inspect and repair electrical installations of underprivileged families, elderly households and ethnic minorities for free to improve their home safety. CLP Power also supports tenants of subdivided units to install individual electricity meters, provides subsidies to equip Community Living Rooms with electrical appliances and education resources, and supports students from underprivileged families with e-learning devices.	Community
		CLP Power allocated HK$240 million from the CLP Community Energy Saving Fund in 2025 for a series of programmes to promote decarbonisation, boost Hong Kong's economy, and care for the community. Among the programmes, HK$50 million was allocated for the CLP Electricity Subsidies for the Underprivileged Families Programme to provide electricity subsidies of HK$600 to 50,000 single elderly people and elderly couples aged 65 or above, low-income families and people with disabilities, as well as electricity subsidies of HK$1,000 to 20,000 tenants of subdivided units.	Community
		CLP is committed to supporting employees impacted by the transition from coal to low-emission technologies through different structured and tailored programmes. These include tailored reskilling and upskilling training, career coaching, redeployment support, financial counselling and engagement with local educational institutions to expand study pathways. By partnering with employee representative groups and community partners, CLP strives to help its people to sustain long-term livelihoods.	Our people, Community

For details of CLP's responses to positive and negative impacts, please read the Our Sustainability Agenda chapter of the Sustainability Report 2025

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