
Environmental Policy

March 2022

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1. Policy Statement

- 1.1 HK Electric Investments Limited and its subsidiaries including The Hongkong Electric Company, Limited (collectively, the “Group”) are conscious of the environmental impact associated with their operations. The Group is committed to protecting the environment and supporting sustainable development by managing its environmental footprint across its operations and conducting its business in an environmentally responsible manner.
- 1.2 This Policy applies across the Group’s operations and provides guidance on the Group’s ongoing efforts to maintain efficient operations and to manage its environmental impact. The Group exercises its influence on joint ventures and associates to promote adoption of environmental principles consistent with this Policy. The Group encourages its suppliers, contractors and other business partners to align with the practices outlined in this Policy, with a goal of furthering their own efforts at environmental stewardship. The Group also encourages its employees and customers, as well as the public, to support environmental protection and sustainable development.
- 1.3 The Board, with the support of the Group’s Sustainability Committee, Sustainability Management Committee and Environment Committee, is accountable for overseeing the Group’s implementation of this Policy.

2. Approach

As a regulated utility, the Group strives to mitigate and reduce the adverse environmental impact arising from its day-to-day operations by the use of suitable technologies, processes and systems to drive and monitor environmental initiatives. It also encourages behavioural changes that benefit the environment. Central to these efforts are:

- i) Supporting the Government’s environmental and climate policies, and complying with applicable laws and regulations;
- ii) Identifying and managing environmental and climate risks systematically, and integrating environmental and climate considerations into all aspects of business operations and activities, while preparing well for emergencies;
- iii) Ensuring commitment from all employees and all levels of management and providing them with necessary training and resources;
- iv) Embracing innovation and, where possible, developing and adopting environmentally friendly energy sources and technologies to help combat climate change and contribute to Hong Kong’s transformation into a smart city;

- v) Preventing and mitigating adverse environmental impact through environmental impact assessments, mitigation measures, monitoring and audits;
- vi) Implementing environmental management and energy management systems to reduce consumption of natural resources and alleviate environmental impact such as air and water pollution, noise and waste generation, ecological impact and greenhouse gas emissions;
- vii) Promoting awareness of environmental issues among internal and external stakeholders and stimulating behavioural changes through communication and education;
- viii) Embracing sustainable purchasing practices and adopting best practicable means to conserve natural resources;
- ix) Handling environmental complaints and enquiries in a timely manner and, where necessary, taking actions to resolve problems or concerns and adopting preventive measures to avoid recurrence;
- x) Reporting on the Group's environmental impact and performance through platforms such as its corporate website and annual Sustainability Report; and
- xi) Continuing to engage with stakeholders to improve the Group's environmental performance.

2.1 Managing Direct Impact

The Group strives to strengthen its resilience and adaptability to climate change. It assesses the physical and transition risks, and opportunities from time to time to ensure appropriate strategies and actions are put in place to manage the impact of climate change on its operations.

The Group endeavours to reduce the emissions of greenhouse gases, air pollutants and noise, manage waste and effluent, and facilitate more reuse and recycling in its day-to-day operations. It encourages the use of sustainable materials and the adoption of technologies to streamline production and operation processes and enable better management of environmental impact of its operations.

The following outlines the Group's position on managing the direct environmental impact:

2.1.1 Climate Action and Clean Air

- i) Identify and manage climate-related risks as part of the Group's risk management process and seize opportunities that may arise;

- ii) Generate and deliver electricity efficiently, and migrate towards low-carbon power generation by progressively replacing coal with natural gas and increasing renewable energy in the Group's generation portfolio, and facilitating the development of more distributed renewable resources through the Feed-in Tariff Scheme and Renewable Energy Certificates;
- iii) Implement measures to reduce the emissions of greenhouse gases, ozone-depleting substances and other air pollutants arising from the Group's operations;
- iv) Formulate a long-term carbon reduction strategy with targets and pathway in line with Hong Kong's carbon neutrality targets and monitor the Group's performance against the targets; and
- v) Ensure the Group is climate-ready, for both resilience-building and adaptation, by establishing and implementing appropriate procedures and processes to prevent or minimise the adverse impact posed by climate change on its operations.

2.1.2 Energy Saving

- i) Increase the usage of innovative and energy-efficient technologies to reduce energy consumption arising from the Group's day-to-day operations; and
- ii) Track and monitor the use of energy across the Group's operations.

2.1.3 Water and Waste Management

- i) Reinforce the "4R" Policy to reduce, reuse, recover and recycle materials and resources;
- ii) Acknowledge the risks posed by water scarcity and manage water resources responsibly;
- iii) Reuse and recycle wastewater and reduce effluent discharge, where practicable;
- iv) Streamline procedures and processes to increase efficiency and reduce consumption of natural resources in day-to-day operations;
- v) Minimise the Group's footprint of both hazardous and non-hazardous wastes through the "4R" principle, and set performance targets where viable; and
- vi) Take all necessary precautions and ensure compliance with legislation in the handling and disposal of hazardous waste.

2.1.4 Biodiversity

- i) Conduct operations with a life-cycle approach to land and habitat stewardship;
- ii) Minimise disturbance and adverse impact on natural habitats by avoiding operating in areas of high biodiversity value; and
- iii) Conserve biodiversity in the Group's operation areas such as planting diverse species of native trees or shrubs at Lamma Power Station.

2.2 Managing Indirect Impact

The Group is also aware of the indirect environmental impact potentially arising from its value chain and investment operations. The Group endeavours to manage the indirect impact by:

- i) Raising awareness of environmental protection and climate action among the Group's suppliers as outlined in its "Code of Practice for Suppliers";
- ii) Promoting awareness of environmental and eco-friendly practices and low-carbon lifestyles, and encouraging smart and efficient use of energy among its customers and the public through education, funding schemes and related services;
- iii) Promoting the electrification of private and public transportation to reduce carbon emissions and improve roadside air quality, and providing necessary electricity infrastructure or supporting services for implementing charging solutions; and
- iv) Engaging with the Group's employees and their families to raise their environmental awareness and promote a low-carbon lifestyle.

3. Review and Revision

The Group will review this Policy at least once every two years or as required and revise it as and when necessary to ensure its relevance and effectiveness.

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