

# CLP CODE ON CORPORATE GOVERNANCE



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## Preface

This CLP Code on Corporate Governance (CLP Code) is our own unique code on corporate governance. CLP Code incorporates and goes beyond the principles of good corporate governance, and the two levels of recommendations (Code Provisions and Recommended Best Practices) in The Corporate Governance Code and Corporate Governance Report (the Stock Exchange Code), Appendix 14 of the Rules Governing the Listing of Securities (the Listing Rules) issued by The Stock Exchange of Hong Kong Limited (Hong Kong Stock Exchange). The only exception to this, however, concerns quarterly reporting, details of which are explained in our Annual Reports and the Frequently Asked Questions section of the CLP website.

The CLP Code is reviewed periodically and updated as and when required to ensure the Company's current corporate governance practices and standards are available to Shareholders and to all those who have a stake in the responsible governance of CLP. This fifth update of the CLP Code has also incorporated the recent changes in the Listing Rules and the Stock Exchange Code.

### About CLP

CLP Holdings Limited, a company listed on the Stock Exchange of Hong Kong (Stock Code: 00002), is the holding company for the CLP Group, one of the largest investor-owned power businesses in Asia Pacific. Through CLP Power Hong Kong Limited, it operates a vertically-integrated electricity supply business providing a highly-reliable supply of electricity to about 80% of Hong Kong's population.

Outside Hong Kong, CLP holds investments in the energy sector across the Asia Pacific region. Its diversified portfolio of generating assets uses a wide range of fuels including coal, gas, nuclear and renewable sources. CLP is one of the largest external investors in Mainland China's renewable energy sector. In India, it is one of the biggest renewable energy producers and among the largest foreign investors in the electricity sector. In Australia, its wholly-owned subsidiary EnergyAustralia is one of the largest integrated energy companies, providing gas and electricity to about 2.6 million households and businesses.

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

## Message from the Chairman

In February 2005, CLP published its Code on Corporate Governance which embraced the terms of the Code on Corporate Governance Practices and Corporate Governance Report issued by the Hong Kong Stock Exchange in November 2004. Both the CLP Code and the Stock Exchange Code have gone through a number of revisions in the intervening years and more recently, with the latest updates in 2019.

In my message which first introduced the CLP Code, I explained that its publication was a practical demonstration of the commitment of the Board and Senior Management to good standards of corporate governance, and of our objective to take forward a corporate governance structure which builds on CLP's own standards and experience, whilst respecting the benchmarks set by the Stock Exchange. I also explained that it was not CLP's aim to be innovative or trend-setting in the field of corporate governance. Nor did I believe that the principles set out in the Code represented the only model of corporate governance that was appropriate for a leading Hong Kong listed company. These remain my views.



In line with the increasing regulatory and investor focus on corporate governance standards, CLP has continued to take further steps to enhance our practices and to keep Shareholders and other stakeholders informed of our progress and performance – both through the CLP Code and regularly in our Annual Reports.

This updated CLP Code continues to go beyond the Stock Exchange Code in a range of areas and, where our approach deviates from the Stock Exchange Code, this is explained in the Corporate Governance Report which forms part of our Annual Reports.

The Board and I will always strive, so far as it is practical, to follow and adhere to the policies we have published, in order to protect and enhance the interests of our Shareholders. We will continue to monitor and develop the Company's corporate governance policies, as expressed in this Code, to ensure that these remain consistent with the practices and standards which our Shareholders would expect of us.

A handwritten signature in black ink, appearing to read 'M. Kadoorie'. The signature is fluid and cursive.

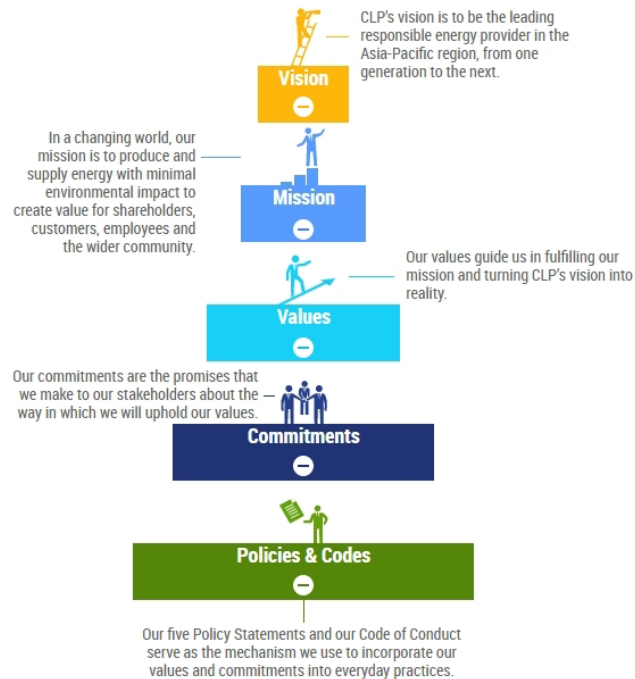
**The Hon. Sir Michael Kadoorie**  
Hong Kong, January 2019

## I. Values

1. It would be possible to maintain a full set of policies, procedures and systems and still have poor corporate governance. This is because corporate governance is, above all, a matter of culture – a conscious decision to do the right thing as a company. A formal structure of policies and systems, such as that set out in this Code on Corporate Governance, including the necessary checks and balances, can only work effectively within an overall culture of honesty and integrity.
2. CLP's corporate culture stems from
  - (a) a clear and longstanding decision by the Board and Management to adopt and promote good ethical behaviour;
  - (b) the obligations that come from being a public utility with responsibilities to the communities we serve and the public scrutiny this involves; and
  - (c) an awareness that the long-term interests of the Company are best served by maintaining a strong commitment to honest and open business practices.
3. To make good on this cultural commitment requires CLP to
  - (a) conduct our business in an honest and responsible manner;
  - (b) establish and implement the mechanisms necessary to measure and enforce compliance with ethical standards, such as the provisions of this Code; and
  - (c) recognise that corporate governance is not just a question of technical and regulatory compliance, but involves management of the key relationships between the Company and all those stakeholders interested in the proper conduct of the Company's affairs.
4. The business principles and ethics which underpin CLP's activities are set out in a formal [Value Framework](#), issued in 2003 and with the latest update in 2015, which sets out our vision, mission, values, commitments, policies and codes. The Value Framework covers all aspects of our operations including our commitments to key stakeholders such as Shareholders.
5. The Value Framework includes a formal [Code of Conduct](#) which translates our commitments to all our stakeholders into a set of formal written requirements and puts all employees, officers and directors under specific obligations as to the manner in which they should deal with issues such as ethics and business integrity, conflicts of interest, bribery and compliance with company policies, practices, accounting rules and controls.
6. In order to ensure awareness of the Value Framework, a series of staff briefings take place to promote its application throughout the CLP Group. In the case of the Code of Conduct, a group wide Business Practice Review is conducted for all staff on a periodic basis to foster their understanding of their obligations under the Code of Conduct, including the responsibility to report actual or potential violations.

## I. Values

- The Value Framework, including the Code of Conduct, is published on CLP's website ([www.clpgroup.com](http://www.clpgroup.com)) so that Shareholders and other stakeholders are aware of the standards which they can expect from CLP and can let us know whether these standards and the manner in which CLP conducts itself in practice, meet their expectations.



- This Code on Corporate Governance is intended to be aligned with the Value Framework. The manner in which the provisions of the Code on Corporate Governance are applied in practice should reflect the business principles and ethics enshrined in the Value Framework.

## II. CLP Corporate Governance Framework

The CLP Corporate Governance Framework identifies the key participants and defines the framework and process for monitoring the management of the CLP Group to ensure that it is run in the interests of our shareholders and meets the expectations of our stakeholders.



In this CLP Code on Corporate Governance we use this corporate governance framework to provide the background and structure to our explanations of the actions, policies, practices and procedures which we aim to follow to ensure that our standards meet our stakeholders' expectations.

## II. CLP Corporate Governance Framework

### A. Shareholders

#### Shareholders' Rights

1. The Board and Senior Management recognise their responsibilities to represent the interests of the Shareholders and to enhance shareholder value.
2. Shareholders' rights arise from a number of sources, such as the Company's [Articles of Association](#), Hong Kong Companies Ordinance, the Listing Rules and the wider range of Hong Kong corporate and securities laws and regulations. Without prejudice to any of those rights, the Company respects Shareholders' rights as explained in this Code. CLP also pays close regard to the Organisation for Economic Co-operation and Development's "Principles of Corporate Governance", which are summarised in paragraphs II.A.3 to II.A.6 below.
3. Basic shareholders' rights include the right to:
  - (a) secure methods of ownership registration;
  - (b) convey or transfer shares;
  - (c) obtain relevant and material information on the company on a timely and regular basis;
  - (d) participate and vote in general meetings of shareholders;
  - (e) elect and remove members of the board; and
  - (f) share in the profits of the company.
4. Shareholders have the right to participate in, and to be sufficiently informed on, decisions concerning fundamental corporate changes such as:
  - (a) amendments to the articles of association of the company;
  - (b) the authorisation of additional shares; and
  - (c) extraordinary transactions, including the transfer of all or substantially all assets, that in effect result in the sale of the company.
5. Shareholders are entitled to disclosure of capital structures and arrangements allowing disproportionate control. In CLP's case, there are no capital structures and arrangements that enable certain Shareholders to obtain a degree of control disproportionate to their equity ownership.
6. Shareholders have the opportunity to participate effectively and vote in general meetings and are informed of the rules, including voting procedures, that govern general meetings:
  - (a) Shareholders are furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting;
  - (b) Shareholders have the opportunity to ask questions to the Board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations;



- (c) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of Board members, is facilitated;
- (d) Shareholders can make their views known on the remuneration policy for Board members and key executives; and
- (e) Shareholders can vote in person or by proxy, and equal effect is given to votes whether cast in person or by proxy.

## Voting by Poll

7. Pursuant to the Companies Ordinance, a poll may be demanded at a general meeting on any resolution other than the election of the chairman of the meeting or the adjournment of the meeting by:
  - (a) at least five Shareholders present in person or by proxy having the right to vote at the meeting; or
  - (b) a Shareholder or Shareholders present in person or by proxy representing at least 5% of the total voting rights of all the Shareholders having the right to vote at the meeting; or
  - (c) a Shareholder or Shareholders present in person or by proxy holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to at least 5% of the total sum paid up on all the shares conferring the right; or
  - (d) the chairman of the meeting.
8. Since 2004, the Chairman has demanded a poll on each of the resolutions submitted for determination at General Meetings of Shareholders. The Chairman will continue to demand a poll on each of the questions submitted, except those for procedural or administrative matters as exempted from the Listing Rules (i.e. they are not on the agenda of the general meeting or in any supplementary circular to members; or which relate to the Chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Shareholders a reasonable opportunity to express their views) for determination at General Meetings.
9. CLP has the following procedures for Shareholders to vote by poll:
  - (a) All resolutions put to Shareholders in General Meeting are voted on by a poll called by the Chairman at the beginning of the meeting. The circulars and notices of that General Meeting express the Chairman's intention to call for voting by poll.
  - (b) The Chairman or the Company Secretary explains the procedures for voting by poll to Shareholders and answers any questions from Shareholders before a poll is required to be conducted at the meeting.
  - (c) The Company ensures votes cast are properly counted and recorded. Independent scrutineers are appointed to count the number of votes cast at a General Meeting.
  - (d) [Poll results](#) are announced in accordance with the Listing Rules on the same day and also published on CLP's and the Stock Exchange's websites not later than the business day following the General Meeting, as well as in the [minutes of the General Meeting](#) which is published on CLP's website as soon as practicable following the General Meeting.

## II. CLP Corporate Governance Framework

### General Mandate to issue shares

10. The Company acknowledges the possible concern of some minority Shareholders with respect to possible dilution of their shareholding interest resulting from the exercise of the general mandate to issue shares given to the Board. The Company has reaffirmed its commitment to use the mandate sparingly and in the interest of all the Shareholders.
11. Shareholders are requested to give a general mandate to the Board to issue 5% of the total number of shares of the Company in issue (rather than 20% allowed by the Listing Rules) as at the date of the resolution passed by the Shareholders at an Annual General Meeting (AGM). Any shares of the Company to be allotted and issued pursuant to this general mandate shall not be issued at a discount of more than 10% (rather than 20% as limited under the Listing Rules) of the benchmarked price of such shares of the Company unless and until there is a material change in circumstances or market condition.
12. In order to ensure that the general mandate to issue shares is limited to 5% of the issued shares of the Company, the number of shares repurchased, if any, during the year by the Company under a share repurchase mandate will not be aggregated with the total number of shares which can be issued under the general mandate to issue shares. Each general mandate to issue shares will lapse at the conclusion of the next AGM unless it is renewed by Shareholders at that meeting.

## B. Board and Board Committees

### The Board

1. The Board is charged with promoting the success of the Company by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith in the best interests of the Company. The Directors are aware of their collective and individual responsibilities to all Shareholders for the manner in which the affairs of the Company are managed, controlled and operated.
2. Duties of the Board include:
  - (a) setting the Group's values and standards which in the Company's case are expressed in its "Value Framework";
  - (b) establishing and maintaining the strategic direction and objectives of the Group;
  - (c) overseeing the management of CLP's relationships with stakeholders, such as Government, customers, the communities and others who have a legitimate interest in the responsible conduct of the Group's business;
  - (d) monitoring the performance of Management;
  - (e) ensuring that a framework of prudent and effective controls is in place to enable risks to be assessed and managed; and
  - (f) ensuring the financial statements are prepared to give a true and fair view of the Group.
3. The Board discharges some of its responsibilities through delegation, with appropriate oversight, to the Nomination Committee, the Audit & Risk Committee and the Human Resources & Remuneration Committee. In short, the Board:
  - (a) develops and reviews the Company's policies and practices on corporate governance (Audit & Risk Committee);
  - (b) considers the nomination of qualified individuals for Director appointments and succession planning for Directors as well as reviews the contribution required from Directors and whether they are spending sufficient time performing their responsibilities to the Company (Nomination Committee);
  - (c) reviews and monitors the training and continuous professional development of Directors (Nomination Committee) and Senior Management (Human Resources & Remuneration Committee);
  - (d) reviews and monitors the Company's policies and practices on compliance with legal and regulatory requirements (Audit & Risk Committee);
  - (e) develops, reviews and monitors the Code of Conduct applicable to employees (Audit & Risk Committee); and
  - (f) reviews the Company's compliance with the CLP Code on Corporate Governance and disclosure in the Corporate Governance Report (Audit & Risk Committee).
4. The Board meets in person at least five times per annum and on other occasions when a Board decision is required on major issues. In addition, the Chairman at least annually holds separate meetings with the Independent Non-executive Directors and Non-executive Directors (without the presence of other Directors and Management). Active participation at each Board meeting of at least a majority of Directors is expected. Obtaining consent by circulating written resolutions will not be treated as a regular Board meeting. The [frequency and length of Board meetings and Directors' attendance](#) are published in the Annual Report and on the CLP website.

## II. CLP Corporate Governance Framework

5. Board meetings are scheduled one year in advance with a view to facilitating attendance by Directors. A Directors' attendance by electronic means including telephonic or videoconferencing is counted as attendance at a physical board meeting.
6. All Directors have the opportunity to include matters in the agenda for a regular Board meeting. Other than in exceptional circumstances, Directors are asked at least 15 days before the meeting date if they have any item to raise at the Board meeting. Notices of regular Board meetings are sent to Directors at least 15 days before the meeting date. For all other Board meetings, reasonable notice is given.
7. A full agenda and accompanying Board papers are circulated to all Directors usually 7 days, and in any event not less than 3 days, in advance of each Board or Board Committee meeting. This may be facilitated through a digital Board paper delivery system.
8. The Company Secretary shall ensure that Directors are informed of the status of matters arising from discussions at the previous meeting of the Board.
9. All Directors are regularly kept up-to-date on key events, outlook, safety and environmental matters of the Group through the CLP Group Monthly Management Reports. The Management Report gives a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail and includes year-to-date financials as well. In particular, all Directors are entitled to access to Board papers and related materials from the Company Secretary in a timely manner.
10. Management is responsible for providing the Board and Board Committees with adequate and timely information which is complete and reliable and which will enable Directors to make an informed decision on matters placed before them. Where any Director requires more information than provided voluntarily by Management he/she will make further enquiries, to which Management must respond quickly and effectively. The Board and individual Directors have separate and independent access to the Senior Management.
11. All Directors have free access to the advice and services of the Company Secretary and the Group Corporate Secretarial Department with a view to ensuring that Board procedures are followed and that applicable laws, rules and regulations are complied with (especially obligations on Directors relating to disclosure of interests in securities, disclosure of any conflict of interest in a transaction involving the Company, prohibitions on dealing in securities and restrictions on disclosure of inside information) and on any matter relating to the application and implementation of this Code.
12. Complete minutes of each Board meeting and Board Committee meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.
13. Minutes record in sufficient detail the matters considered and the decisions reached, including any concerns raised by the Directors or dissenting views expressed. Draft and final versions of minutes are sent to all Directors for their comment and records respectively, as soon as possible. Draft minutes will normally be sent out within 14 days after the meeting date.
14. The Board has adopted a system whereby the Directors may seek independent professional advice in appropriate circumstances in the furtherance of their duties. The system is as follows:
  - (a) The Board has resolved that, upon reasonable request, a Director may seek and be provided with separate independent professional advice to assist the relevant Director to discharge his or her duties to the Company. The Director in question shall ask the Company Secretary to arrange for such advice to be provided and shall give reasons for the request. The Company Secretary shall then make the necessary arrangements for such a professional advisor to be appointed (who shall be chosen by agreement with the Director and should not be appointed from amongst those advisors customarily engaged by the Company) and for the associated fees to be borne by the Company. The Company Secretary shall inform the Board of the arrangements.

- (b) If the Company Secretary does not consider the request for separate independent advice to be reasonable and/or the Director in question is dissatisfied with the response and arrangements proposed by the Company Secretary, either of them may inform the Chairman who shall review the Company Secretary's response and the proposed arrangements and revise either as he/she thinks appropriate. If the Director in question is still dissatisfied with the response or the arrangements, the matter shall be referred to a Committee comprising all the Independent Non-executive Directors available and willing to consider the matter.
15. If a substantial Shareholder or a Director has a conflict of interest in a transaction, arrangement or contract, or proposed transaction, arrangement or contract with the Company to be considered by the Board which the Board has determined to be material, the matter will be dealt with by holding a Board meeting (rather than a written resolution) or a meeting of a Board Committee set up for that purpose pursuant to a resolution passed in a Board meeting. The Board will take into account the exceptions to the general voting prohibition, set out in the Listing Rules, in considering whether a substantial Shareholder or a Director has a conflict of interest. If the relevant exceptions apply, a regular Board meeting need not be held.
  16. If a Board or Board Committee meeting is held for the purpose of paragraph II.B.15 above, Independent Non-executive Directors who, and whose associates, have no material interest in the matter concerned will be present at such a meeting. Any Director concerned should declare the nature and extent of his/her interest at or prior to the meeting of the Board or Committee in question and consider withdrawal from the meeting when the matter is discussed. Directors concerned must abstain from voting on any Board or Committee resolution and will not be counted in the quorum.
  17. Directors are aware and are reminded in his/her agenda file for each Board meeting of the requirement that they must abstain from voting on any Board resolution in which they or any of their associates have a material interest and that they shall not be counted in the quorum present at the Board meeting.
  18. The Company maintains a Directors' and Officers' Liability Insurance, the terms of which are reviewed by the Board annually.

## Board Composition

19. The composition of the Board is such that it facilitates the making of informed and critical decisions. The Board includes a balanced composition of Executive Directors, Non-executive Directors and Independent Non-executive Directors so that there is a strong element of independence in the Board. The Non-executive Directors are of sufficient calibre and number for their views to carry weight.
20. The Board possesses a balance of skills and experience appropriate for the requirements of the business of the Company. The Directors have a mix of finance, legal and management qualifications with considerable experience in diversified business. At least one of the Independent Non-executive Directors has professional accounting qualifications.
21. The Independent Non-executive Directors are identified in all corporate communications that disclose the names of the Directors.
22. There are at least three Independent Non-executive Directors. Independent Non-executive Directors comprise at least one-third of the Board.
23. The views of Management are represented at meetings of the Board by the presence of the Chief Executive Officer (CEO) and other Executive Directors (if any), as well as by the attendance of other senior executives at Board meetings when required.

## II. CLP Corporate Governance Framework

24. [Details of the membership of the Board](#) (including the Independent Non-executive Directors) and roles and functions of Directors are given in the Annual Report and on CLP's website as well as the Stock Exchange's website and the information is updated whenever there are changes. In this Code, references to "Non-executive Directors" include both independent non-executive and non-executive directors, unless the context makes it clear otherwise.

### Board Diversity

25. CLP has had a longstanding policy of diversity in board appointments as reflected in the current composition of the Board which is characterised by significant diversity, whether considered in terms of (but without limitation) gender, nationality, professional background and experience.
26. The Board formally adopted a Board Diversity Policy in August 2013 which seeks to record, more formally, CLP's policy on board diversity and to recognise the terms of the relevant new code provision of the Stock Exchange Code (as amended from time to time). CLP's Value Framework emphasises our respect for people and diversity. This Policy is just one example of the wider application of our Value Framework. We believe that board diversity enhances decision-making capability and a diverse board is more effective in dealing with organisational changes and less likely to suffer from group thinking. We recognise that board diversity is an essential element contributing to the sustainable development of the Company. The objectives of this Policy are, with the support of our Shareholders, to have a Board which
- (a) is characterised by a broad range of views arising from different experiences when discussing business;
  - (b) facilitates the making of informed and critical decisions; and
  - (c) has sustainable development as its core value,
- and thus promotes the interests of all our stakeholders, particularly the long-term interests of our Shareholders, fairly and effectively.
27. For the purpose of this Policy, CLP considers the concept of diversity incorporates a number of different aspects, such as independence, professional experiences, business perspectives, skills, knowledge, gender, age, cultural and educational background, ethnicity and length of service. The achievement of these objectives is measurable on an objective review by Shareholders of the overall composition of the Board, the diversity of background and experience of individual directors and the effectiveness of the Board in promoting Shareholders' interests.
28. Recognising directors are appointed by Shareholders, not the Board or the Company, merit and competence to serve the Board and hence Shareholders remains the first priority. In order for Shareholders to judge for themselves whether the Board as constituted is a reflection of diversity, or a gradual move to increased diversity, on a scale and at a speed which they support, we shall continue to provide sufficient information to Shareholders about the qualifications, experience, characteristics etc. of each individual Board member and therefore, the Board as a whole so that the Shareholders are aware of the composition of their Board, including diversity.
29. The [Policy](#) is available on the CLP website.
30. The Nomination Committee has been charged with the review and monitor, as appropriate, of the Board Diversity Policy on a periodic basis. The Nomination Committee believes that the approach of review of the Policy may take the form of an analysis of the Board in the different aspects of diversity as set out above having regard to the sustainable development of the Company, supplemented with Shareholders' feedback on the diversity of the Board and its overall effectiveness in promoting Shareholders' interests.

## Responsibilities of Directors

31. All Directors, collectively and individually, are aware of their responsibilities to all Shareholders for the conduct, business activities and development of the Company and shall perform their responsibilities in accordance with this Code.
32. The Non-executive Directors have the same duties of care and skill and fiduciary duties as the Executive Director(s).
33. The Company has in place a set of [Onboarding Guidelines](#) with the key objective of assisting new directors in their understanding of CLP's business, governance and Board and Committee dynamics. This sets out a structured onboarding process that would serve as a roadmap for new Directors to gain a better understanding of CLP and our business environment.
34. For Directors to be fully aware of his/her responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the business and governance policies of the Company, in particular the restrictions to which the Director is subject in relation to inside information and dealing in the Company's securities. New Directors will also be provided with "A Guide on Directors' Duties" issued by the Companies Registry, "Guidance for Boards and Directors" published by the Hong Kong Stock Exchange and the "Guidelines for Directors" published by the Hong Kong Institute of Directors and, for new Independent Non-executive Directors, the "Guide for Independent Non-executive Directors" also published by the Hong Kong Institute of Directors. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and relevant up-to-date corporate governance materials published by relevant bodies.
35. New Directors are expected to have such expertise to qualify them to make a positive contribution to the performance by the Board of its responsibilities. Every Director ensures that he/she can give sufficient time and attention to the affairs of the Company.
36. All Directors (with the exception of the Chief Executive Officer and the Executive Directors (if any)) are non-executive and independent of Management. Responsibilities of the Non-executive Directors include:
  - (a) participating in Board meetings to bring an independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
  - (b) promoting critical review and control of the management process;
  - (c) taking the lead where potential conflicts of interests arise;
  - (d) serving on the Audit & Risk Committee, the Human Resources & Remuneration Committee, the Nomination Committee and other Board Committees, if invited;
  - (e) giving the Board and any Committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation;
  - (f) attending General Meetings to gain and develop a balanced understanding of the views of Shareholders;
  - (g) bringing a wide range of business and financial experience to the Board which contributes to the effective direction of the Company; and
  - (h) positively contributing to the development of the Company's strategy and policies, scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.
37. The Independent Non-executive Directors, to whom any Shareholders' concerns can be conveyed, help ensure that the interests of all Shareholders, and not only the interests of a particular faction or group, are properly taken into account by the Board and that the relevant issues are subjected to objective and dispassionate consideration by the Board. The views of the Independent Non-executive Directors carry significant weight in the Board's decision-making process.

## II. CLP Corporate Governance Framework

38. All Directors and Senior Management are obliged to comply with the standard of the Model Code set out in Appendix 10 to the Listing Rules and [CLP's own Code for Securities Transactions by Directors and Specified Individuals](#) governing Directors' and Senior Managers' dealings in the Company's securities, the provisions of which are no less exacting than those of the Model Code issued by the Hong Kong Stock Exchange. The Code for Securities Transactions by CLP Holdings Directors and Specified Individuals is available on the CLP website.
39. All Directors participate, at the Company's expense, in [continuous professional development and training](#), with appropriate emphasis on Directors' roles, functions and duties, and to develop and refresh their knowledge on industry related issues. This is to ensure that their contribution to the Board remains informed and relevant. Board offsite visits are arranged to enable Directors obtaining first hand information of the operation of subsidiary companies.
40. Records of Directors' participation in the Company's continuous professional development programme are kept by the Company Secretary. At the end of each year, Directors confirm to the Company the training they have received. Details of Directors' participation in the continuous professional development are disclosed in the Corporate Governance Report and on the CLP website.
41. Each Director discloses to the Company (at the time of appointment and twice a year, as well as in a timely manner for any changes) the number and nature of offices held in public companies (both in Hong Kong and overseas) or organisations and other significant commitments, with the identity of the public companies or organisations and the time involved.
42. Each Director confirms to the Company twice a year whether he/she has spent sufficient time to perform his/her responsibilities as a Director of the Company.

### Appointment, Re-election and Removal

43. CLP follows a formal, considered and transparent procedure for the appointment of new Directors. The Nomination Policy is adopted by the Board and is set out in paragraph 84 of this Code.
- 44\*. The appointment of a new Director is a matter for consideration by the Nomination Committee and decision by the full Board. All Directors appointed to fill a casual vacancy are subject to election by Shareholders at the AGM in their first year of appointment or at a General Meeting if there is one held earlier than the AGM. Every Director is subject to retirement by rotation at least once every three years but are eligible for re-election.
45. Where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it will set out in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:
  - (i) the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent;
  - (ii) if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board;
  - (iii) the perspectives, skills and experience that the individual can bring to the Board; and
  - (iv) how the individual contributes to diversity of the Board.



46\*. The Non-executive Directors are appointed for a term of not more than four years upon their appointment or election or re-election by Shareholders, as appropriate. Each of the Non-executive Directors is subject to retirement by rotation and re-election by Shareholders. The term of appointment of each Non-executive Director starts on the respective date of his/her appointment, or his/her most recent election or re-election (as the case may be) by Shareholders and ends on either:

- (a) the date of the third AGM after the date of such election or re-election; or
- (b) the date on which the Director concerned shall retire by rotation or shall otherwise retire,

whichever is the earlier.

\* *The wording of paragraphs II.B. 44 and 46 reflects the need to reconcile the requirement in the Stock Exchange Code for directors to be appointed for a specific term and to be subject to retirement by rotation at least once every three years. The reference to a specific term of not more than four years is because the dates of AGMs may vary from one year to another, meaning that, with retirement by rotation every three years at AGMs, a Director's appointment may be for a period slightly longer than precisely three years.*

47. The Company's Articles of Association provide that the Board shall comprise not less than three Directors, but do not provide a maximum number. Subject to the rights of Shareholders and absent unexpected circumstances, the Board will ordinarily comprise no less than eight members.

48. There is a formal letter of appointment for Non-executive Directors modelled on the letter of appointment in the "Higgs Report" in the U.K. on the "Review of the Role and Effectiveness of Non-executive Directors". [CLP's model letter of appointment](#) is published on the CLP website.

49. One-third of the Directors are required to retire from office at the AGM in each year. A retiring Director is eligible for re-election.

50. The Directors to retire in every year shall be those appointed by the Board during the year and those who have been longest in office since their election or re-election. Any Director who has been appointed by the Board during the year and retires at the next AGM shall not be taken into account in determining the number of Directors who are to retire by rotation at that AGM.

51. The names and biographical details (including other Directorships and Committee positions held in listed public companies in the last three years and other major appointments) of the Directors who will offer themselves for election or re-election at the next AGM or General Meeting are contained in the Notice of the AGM or General Meeting and the CLP website to assist Shareholders in making an informed decision on their election.

52. The Company will announce any resignation or removal of a Director and give reasons, including information relating to a relevant Director's disagreement with the Company (if any) and a statement confirming whether or not there are any matters that need to be brought to Shareholders' attention.

53. Where the Board proposes a resolution to elect or re-elect an individual/ a Director as an Independent Non-executive Director at the General Meeting, the reasons why the Board believes the individual/ the Director should be elected or re-elected and why it considers the individual/ the Director to be independent are contained in the Notice of the relevant General Meeting.

The Board will consider the following factors when:-

- (a) the individual/ Director holds cross-directorship or has significant links with other directors through involvements in other companies or bodies; or
- (b) the individual/ Director will be holding his/her seventh (or more) listed company directorship.

## II. CLP Corporate Governance Framework

54. If an Independent Non-executive Director serves more than nine years, any further appointment is subject to a separate resolution to be approved by Shareholders. The reasons why the Board believes that the individual is still independent and should be re-elected are contained in the Notice of General Meeting. In so far as the independence of each of the Directors is concerned, this is a question of fact and the Board is committed to assessing this on an ongoing basis with regard to all relevant factors concerned and not just limited to where a Director whose length of service exceeds nine years.

### Chairman

55. The posts of Chairman and CEO are separate to ensure a clear distinction between the Chairman's responsibility to manage the Board and the CEO's responsibility to manage the Company's business. The division of responsibilities between the Chairman and CEO is clearly established and set out in writing.
56. The responsibilities of the Chairman include:
- (a) ensuring all Directors are properly briefed on matters to be discussed at Board meetings;
  - (b) ensuring all Directors receive adequate, accurate, clear, complete and reliable information in a timely manner;
  - (c) providing leadership for the Board;
  - (d) ensuring that the Board works effectively, performs its responsibilities and discusses all key issues in a timely manner;
  - (e) ensuring that, on his behalf, the Company Secretary settles and approves the agenda for Board meetings, taking into account any matters proposed by the other Directors for inclusion in the agenda;
  - (f) taking primary responsibility for ensuring that good corporate governance practices and procedures are in place. Through the Company Secretary, the Chairman oversees the implementation of the practices and procedures set out in this Code;
  - (g) giving each Director an opportunity to express his/her different views at Board meetings and to voice their concerns; encouraging all Directors to fully contribute to the Board's affairs and ensuring that the Board acts in the best interests of the Company; allowing sufficient time for discussion of issues and ensuring that Board decisions fairly reflect Board consensus;
  - (h) at least annually holding separate meetings with the Independent Non-executive Directors and Non-executive Directors, without the presence of other Directors and Management;
  - (i) ensuring that appropriate steps are taken to provide effective communication with Shareholders and that their views are communicated to the Board as a whole; and
  - (j) promoting a culture of openness and debate by facilitating the effective contribution of Non-executive Directors in particular and ensuring constructive relations between Executive and Non-executive Directors. For example, the Chairman encourages the Non-executive Directors to play an active part in the Company's affairs, such as through visits to the Company's facilities and special projects with CLP's involvement, informal meetings with Management and staff and participation in corporate events.
57. The Chairman has a casting vote in the event of an equality of votes on any matter to be decided by the Board.

## Chief Executive Officer

58. The CEO is appointed by the Board and in the Company's case is also appointed to the Board by the Shareholders. The responsibilities of the CEO include:
- (a) providing leadership for the Management;
  - (b) implementing and reporting to the Board on the Company's strategy;
  - (c) overseeing the realisation by the Company of the objectives set by the Board;
  - (d) providing all such information to the Board as is necessary to enable the Board to monitor the performance of Management;
  - (e) leading the management of the Company's relationships with its stakeholders;
  - (f) putting in place programmes for management development and succession;
  - (g) with the Chief Financial Officer (CFO), establishing and maintaining proper internal controls and systems as well as disclosure controls and procedures; and
  - (h) discharging such duties and authority as may be delegated in writing to him/her by the Board.

## Company Secretary

59. The Company Secretary is an employee of the Company and has day-to-day knowledge of the Company's affairs.
60. The Company Secretary is appointed by the Board. Changes to the appointment of Company Secretary are dealt with by a physical Board meeting.
61. The Company Secretary reports to the Chairman of the Board and to the CEO.
62. The Company Secretary plays an important role in supporting the Chairman, the Board and Board Committees by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary advises on governance matters and facilitates onboarding of new Directors and professional development of Directors.
63. All Directors have access to the advice and services of the Company Secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.
64. The Company Secretary also plays an essential role in the relationship between the Company and its Shareholders, including by assisting the Board in the discharge of its obligations to Shareholders pursuant to the Listing Rules.

## II. CLP Corporate Governance Framework

### Board Committees

65. The Board has appointed the following Committees with specific terms of reference, which are available on the CLP website and Stock Exchange website and in writing upon request to the Company Secretary:
- (a) [Audit & Risk Committee](#);
  - (b) [Finance & General Committee](#);
  - (c) [Human Resources & Remuneration Committee](#);
  - (d) [Nomination Committee](#);
  - (e) [Provident & Retirement Fund Committee](#); and
  - (f) [Sustainability Committee](#).

A further description of each of these Committees is set out in paragraphs 70 to 88.

66. The terms of reference of the above Committees require such Committees to report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so.
67. Management and third parties are co-opted to the Committees as required. [The membership, a summary of the terms of reference, Members' attendance and the frequency of meetings of each Committee](#) are published in the Annual Report.
68. The Company Secretary is responsible for ensuring that the Board Committees are provided with sufficient resources and have access to independent professional advice if necessary, at the Company's expense, to discharge their duties properly.
69. The provisions of this Code with respect to the Board, namely those in relation to
- (a) scheduling and conduct of meetings;
  - (b) notices of meetings and inclusion of agenda items;
  - (c) recording and availability of minutes;
  - (d) supply of and access to information;
  - (e) conflict of interest; and
  - (f) access to the services and advice of the Company Secretary,

shall apply similarly to Board Committees.

### Audit & Risk Committee

70. The Audit & Risk Committee is composed entirely of Independent Non-executive Directors with the Chairman having appropriate professional qualification and experience in financial matters.
71. The Audit & Risk Committee meets regularly, at least six times per annum, so that full attention can be given to the matters submitted. Special meetings may be called by its Chairman or at the request of the CEO or Senior Director - Group Internal Audit.

72. The Audit & Risk Committee has specific written terms of reference which have been prepared by reference to international best practice and “A Guide for Effective Audit Committees” published by the Hong Kong Institute of Certified Public Accountants. The terms of reference include the following duties in line with the Stock Exchange Code.

#### Internal Audit

- (a) conduct annual audit planning reviews with the Internal Auditor at which time the Internal Auditor will review the general adequacy of the accounting, risk management and internal control systems and will outline the indicated internal audit programme in respect of the Company and its subsidiaries for review and guidance by the Committee;
- (b) at least quarterly conduct audit activity reviews with the Internal Auditor at which time the Internal Auditor will highlight the significant events and findings which, in his/her opinion, require the Committee's knowledge and/or attention. As background preparation for such reviews, the Internal Auditor will make available to each member of the Committee through the Committee Secretary internal audit reports in respect of the Company and its subsidiaries, or a summary of reports as appropriate. An annual report on the activities of the Committee for each fiscal year will be submitted to the Board;
- (c) ensure co-ordination between the Internal and External Auditor is adequate and to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the internal audit function. The independence of Internal Audit and its appropriate standing within the Company is ensured by having Internal Audit report to the Committee except that the CEO will deal with Internal Audit for administrative matters;
- (d) review and monitor the effectiveness of the risk management and internal control systems, the internal audit function and the annual audit plan based on a risk methodology process;
- (e) meet with the Internal Auditor on an ad-hoc basis whenever the Internal Auditor concludes that a financial safeguard measure warrants special review by the Committee;

#### External Auditor

- (f) appoint, retain, dismiss and replace the Group's External Auditor, subject to endorsement by the Board and final approval and authorisation by the Shareholders of the Company in General Meeting, and to approve the remuneration and terms of engagement of the External Auditor, and any questions of its resignation or dismissal;
- (g) act as the key representative body for overseeing the Company's relations with the External Auditor;
- (h) meet with the External Auditor at least annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any accounting, financial and non-financial reporting or internal control matters the auditors may wish to raise;
- (i) review and monitor the effectiveness of the audit process in accordance with applicable standards and discuss with the External Auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (j) review the work of the External Auditor (including the resolution of any disagreement between management and the External Auditor regarding financial and non-financial reporting) for the purpose of preparing or issuing an audit report or related work, the scope of their audit and any other services, and approve the fees for and terms of their services. As part of such review:
  - i. suggest to the External Auditor the performance of any supplementary audit activities deemed by the Committee to be appropriate;
  - ii. review with the External Auditor recent or anticipated developments in accounting principles or reporting practices that may affect the Company or the scope of the audit; and
  - iii. discuss major anticipated audit problems, if any;

## II. CLP Corporate Governance Framework

- (k) review results of audits performed by the External Auditor including any changes in accounting procedures and/or the system of internal controls noted or developed during the audit examination along with matters of controversy, if any, with management. Determine appropriate action required on significant control weaknesses, and recommend such actions to the Board of Directors;
- (l) meet with the External Auditor whenever the External Auditor consider it necessary to review any accounting, financial or non-financial reporting or internal control matter with the Committee;
- (m) review the External Auditor's management letter, any material queries raised by the External Auditor to management about accounting records, financial statements or systems of control and management's response;
- (n) ensure that the issues raised in the External Auditor's management letter are dealt with in a timely manner;

### Independence of External Auditor

- (o) develop and implement policy in line with the CLP Code on Corporate Governance on engaging the External Auditor to supply non-audit services and to report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (p) pre-approve all permissible audit related and non-audit services (other than "impermissible non-audit services" as defined in the Terms of Reference on the CLP website) to be performed by the External Auditor and the associated fees, and monitor to ensure that the performance of these services does not impair the independence of the External Auditor in connection with their audit. Each audit related or non-audit service to be performed by the External Auditor shall be separately identified in connection with its pre-approval;
- (q) conduct annual review of all audit related and non-audit services performed by the External Auditor to ensure that such services do not impair the independence of the External Auditor and that such services do not include any impermissible services;
- (r) approve the policies on hiring employees or former employees of the External Auditor and monitoring the application of these policies to examine whether there has been or appears to be any impairment of the auditor's judgment or independence for the audit;
- (s) obtain from the External Auditor a confirmation of independence at least annually, including advice on rotation of audit partners and staff;

### Financial and Non-Financial Reporting

- (t) review and monitor the completeness, accuracy and fairness of half-year and annual financial statements before submission to the Board with particular regard to changes in accounting policies and practices, major judgmental areas, adequacy of disclosure, consistency within the financial statements and with prior disclosures, any significant audit adjustments, the going concern assumption and any qualifications, compliance with any applicable legal requirements and accounting standards and compliance with the requirements of the Listing Rules and other legal requirements in relation to financial or non-financial reporting;
- (u) the Audit & Risk Committee will consider any significant and unusual items that are, or may need to be, reflected in the report and financial statements and will give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function and for the provision of non-financial information, compliance officer or auditors;
- (v) review the assurance of the sustainability data in the Sustainability Report;

#### Risk Management and Internal Control

- (w) review the systems of financial control, risk management and internal control;
- (x) discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include an annual review of the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, risk management, internal control and financial reporting functions;
- (y) review the Group top tier risk reports on a periodic basis and make reports to the Board if thought appropriate;
- (z) consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (a.a) review the Group's financial and accounting policies and practices. Special meetings may be called at the discretion of the Chairman or the request of senior management to review significant control or financial issues;
- (b.b) review the annual general representation letter from the CEO and CFO;

#### Corporate Governance

- (c.c) review and endorse the Company's policies and practices on corporate governance and make recommendations to the Board;
- (d.d) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (e.e) review and monitor compliance with the Company's Code of Conduct by employees;
- (f.f) review the Company's compliance with the CLP Code on Corporate Governance and disclosure in the Corporate Governance Report;
- (g.g) review shareholders' communication policy on a regular basis to ensure its effectiveness;

#### Whistleblowing

- (h.h) monitor the use and effectiveness of the [whistleblowing policy](#) and system for employees and other stakeholders who deal with the Company to raise concerns, in confidence, with the Committee about possible improprieties in any matter related to the Company, including but not limited to improprieties in financial reporting, internal control and audit matters;
- (i.i) ensure that proper arrangements are in place for fair and independent investigation of these improprieties and for appropriate follow-up action;
- (j.j) receive, review and act upon any report regarding evidence of any material violation of securities law or breach of fiduciary duty or similar violation by the Company or any agents thereof, if such a report is submitted to the Committee by an attorney or otherwise;

#### General

- (k.k) engage in any other activities consistent with the Committee's objectives and responsibilities and to consider other topics, as defined by the Board; and
- (l.l) report to the Board on the above matters.

## II. CLP Corporate Governance Framework

73. The Audit & Risk Committee and the Company's auditor receive reports from the CEO and CFO on a regular basis regarding any significant changes, deficiencies and material weaknesses in, and fraud related to, internal controls.
74. Full minutes of the Audit & Risk Committee meetings are kept by the Company Secretary. Draft and final versions of minutes of the Audit & Risk Committee meetings are sent to all members of the Committee for their comment and records as soon as possible. Draft minutes will normally be sent out within 14 days after the meeting.
75. Where the Board disagrees with the Audit & Risk Committee's view on the selection, appointment, resignation or dismissal of the External Auditor, the Company includes a statement in the Audit & Risk Committee Report explaining the Audit & Risk Committee's recommendation and also the reason(s) why the Board has taken a different view.
76. The Company Secretary, under the direction of the Chairman of the Audit & Risk Committee, is responsible for ensuring that the Committee is provided with sufficient resources to discharge its duties. The Committee is authorised to seek information from any employee, Director, agent or advisor, and to obtain external independent professional advice.
77. The primary responsibilities of the Audit & Risk Committee and the work performed by it during the period under review are published in an Audit & Risk Committee Report in the Annual Report.
78. The effectiveness of the Audit & Risk Committee itself is reviewed annually, through a formal process which involves the Company Secretary preparing, with or without the support of an independent external consultant, an evaluation of its effectiveness. This is submitted to the Board for endorsement.

### Finance & General Committee

79. The Finance & General Committee meets as and when required to review the financial and financial-related matters as well as issues regarding the management and operation of the Company. Such reviews include implementation of the Company's strategy approved by the Board, group-wide financial, accounting, treasury and risk management policies, major financing transactions, corporate plans and budgets and business performance. The Committee also reviews major acquisitions of, or investments in, companies, businesses or projects and their funding requirements.

### Human Resources & Remuneration Committee

80. The Board has established a Human Resources & Remuneration Committee, chaired by an Independent Non-executive Director and comprising a majority of Independent Non-executive Directors. In line with good practice, there are no Executive Directors on this Committee.
81. The terms of reference of the Human Resources & Remuneration Committee include the following duties:
  - (a) to make recommendations to the Board on policy and structure for all Directors and Senior Management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
  - (b) to determine the remuneration of individual Executive Directors and Senior Management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment). The Committee considers salaries paid by comparable companies, responsibilities of the incumbents, employment conditions elsewhere in the Group and desirability of performance-based remuneration linking rewards to corporate and individual performance;



- (c) to make recommendations to the Board on the remuneration of the Non-executive Directors. In doing so the Committee considers factors such as fees paid by comparable companies, time commitment and responsibilities of the Non-executive Directors;
- (d) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (e) to review and approve compensation payable to Executive Director(s) and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and that is otherwise fair and not excessive;
- (f) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (g) to ensure no Director or any of his/her associates is involved in deciding his/her own remuneration;
- (h) to consider recommendations from the Chairman regarding the appointment of the Chief Executive Officer and his/her terms of employment; and
- (i) to review and monitor the training and continuous professional development of Senior Management.

82. The Human Resources & Remuneration Committee consults the Chairman on the proposals relating to the remuneration of CEO and has access to independent professional advice if considered necessary. The Committee is provided with sufficient resources to perform its duties.

## Nomination Committee

83. A Nomination Committee of the Board is established, which is chaired by an Independent Non-executive Director and comprising a majority of Independent Non-executive Directors.
84. The Nomination Committee meets as and when required to:

- (a) review and monitor the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board on an annual basis and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) identify and nominate qualified individuals for appointment as additional Directors or to fill Board vacancies as and when they arise based on the nomination procedures and the process and criteria adopted by the Nomination Committee as set out in the Nomination Policy. The criteria to be adopted by the Board in considering each individuals shall be their ability to contribute to the effective carrying out by the Board of the responsibilities set out in this Code, in particular those described in paragraphs II.B.35 and 36;
- (c) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the CEO;
- (d) make recommendations to the Board with particular regard to ensuring a substantial majority of the Directors on the Board being independent of management;

the provisions set out in the above paragraphs (a) to (d) are regarded as the key nominations criteria and principles of the Company for the nomination of Directors, and these provisions constitute the Nomination Policy of the Company and the Nomination Committee will monitor and review this Policy periodically;

- (e) assess the independence of Independent Non-executive Directors;
- (f) review the Board Diversity Policy periodically;

## II. CLP Corporate Governance Framework

- (g) review regularly the contribution required from a Director to perform his/her responsibilities, and whether he/she is spending sufficient time performing them; and
- (h) review and monitor the training and continuous professional development of Directors.

85. The Nomination Committee is authorised by the Board to, where necessary, seek independent professional advice, at the Company's expense, to perform its responsibilities.

### Provident & Retirement Fund Committee

86. The Provident & Retirement Fund Committee advises the Trustee on investment policy and objectives for the Group's retirement funds, namely the CLP Group Provident Fund Scheme and CLP Group Top-Up Scheme. The Committee meets regularly to review the position of the funds, to monitor the performance of the investment managers, and to make recommendations to the Trustee on the appointment and removal of investment managers and on the investment of available funds outside the portfolios of the investment managers.

### Sustainability Committee

87. The Sustainability Committee oversees management and advises the Board on matters required to enable:

- (a) the CLP Group to operate on a sustainable basis for the benefit of current and future generations;
- (b) sustainable growth by maintaining and enhancing CLP Group's economic, environmental, human, technological and social capital in the long term; and
- (c) the effective management of CLP Group's sustainability risks.

88. The Sustainability Committee meets at least two times a year to review:

- (a) CLP's sustainability standards, priorities and goals and to oversee CLP group-level strategies, policies and practices on sustainability matters to attain those standards and goals;
- (b) the adequacy and effectiveness of CLP group-level frameworks insofar as they relate to sustainability matters;
- (c) key international trends in legislation, regulation, litigation and public debate as regards social, environmental and ethical standards of corporate behaviour;
- (d) sustainability risks, opportunities and performance of CLP and to recommend strategies for improvements;
- (e) CLP's community, charitable and environmental partnerships, strategies and related group-level policies and make recommendations to the Board on any changes to those partnerships, strategies and policies; and
- (f) CLP's public reporting as regards its performance on sustainability matters.

### Performance Evaluation of Board and Board Committees

89. The Company undertakes performance evaluation of its Board and Board Committees on an ongoing basis with an independent evaluation every three years and the [summarised results](#) of such evaluation are published on the CLP website.

## C. Management and Staff

1. One of the key tasks of CLP's management and staff is the successful implementation of strategy and direction as determined by the Board under the leadership of the Chairman. This includes promoting and implementing the good corporate culture set by our Board over the years. In doing so, they must apply business principles and ethics which are consistent with those expected by the Board, CLP's Shareholders and other stakeholders.
2. The Board has established written procedures determining which issues require a decision of the full Board and which can be delegated by the Board to Board Committees or Management. The Company reviews such arrangements on a periodic basis.
3. Executive Director(s), including the CEO, has/have formal letter(s) of appointment setting out the key terms and conditions in relation to his/their appointment.
4. When the Board delegates management and administrative functions to Management, it gives clear directions on the powers of Management, in particular, where Management is to report back and obtain prior Board approval before making decisions or entering into any commitment on behalf of the Company.
5. Matters reserved to the full Board for decision include the setting of the strategic direction of the Group, any matters involving a conflict of interest for a substantial Shareholder or a Director, material acquisitions and disposals of assets, investments, capital projects, authority levels, major treasury policies, risk management policies and key human resources issues.
6. The written procedures documenting the delegation by the Board of specific authorities to Board Committees, the CEO and Senior Management are expressed in the form of a "Company Management Authority Manual" (CMAM). Revisions to the CMAM which amend the approved authority delegated from the Board to Board Committees and the CEO require the approval of the Board. Revisions to delegation below the CEO levels, which do not involve the extension of the approved authority delegated from the Board, can be approved by the CEO. The CMAM is revised as and when required to align the governance process for the operational and strategic aspects of the business with the focus and strategy of the Company. The division of responsibility as between the Board, Board Committees, CEO and Senior Management is aligned with the provisions of this Code.
7. In delegating authority, the CMAM requires that the following principles be adhered to:
  - (a) Delegation is made on an "as needed" basis, and not on the basis of length of service, prestige, title or grade;
  - (b) Authority is delegated to positions rather than to individuals;
  - (c) Delegated authority is commensurate with assigned responsibility;
  - (d) Authority is to be limited to expenditures and other transactions made within the delegate's area of responsibility for which stewardship exists;
  - (e) No employee shall determine his/her own remuneration or terms and conditions of employment or approve his/her own expenses;
  - (f) An authority may only be changed or modified, or an exception be granted thereto, by the original establishing authority; and
  - (g) No person shall both approve and endorse the same transaction or activity in his/her own capacity and/or as delegated.

## II. CLP Corporate Governance Framework

### D. Internal Auditors

1. The Company has a well-resourced Group Internal Audit Department which plays a major role in monitoring the internal governance of the CLP Group. Key tasks of the Department include:
  - (a) Unrestricted access to review all aspects of the CLP Group's activities and internal controls;
  - (b) Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries on a regular basis;
  - (c) Investigation of business ethics, conflict of interest and other Company policy violations;
  - (d) Special reviews of areas of concern identified by Management or the Audit & Risk Committee;
  - (e) Liaison with the Independent Commission Against Corruption in Hong Kong, particularly with a view to incorporating preventive measures and reducing potential malpractice; and
  - (f) Maintaining the Code of Conduct on an evergreen basis and assuring that effective training is periodically conducted.
2. The Senior Director – Group Internal Audit reports directly to the Audit & Risk Committee and the CEO and has direct access to the Board through the Chairman of the Audit & Risk Committee. The Senior Director – Group Internal Audit is a member of the Group Executive Committee to enhance the interaction and collaboration with Management. He/She also has the right to consult the Committee without reference to Management.
3. The annual audit plan, which is approved by the Audit & Risk Committee, is based on a risk methodology process which assists in determining business risks and establishing audit frequencies. Concerns which have been reported by Group Internal Audit are monitored regularly by Management until corrective measures have been implemented.

## E. External Auditor

### Appointment and Removal

1. The appointment, re-appointment and removal of the External Auditor is a matter for the Audit & Risk Committee, subject to endorsement by the Board and final approval and authorisation by the Shareholders of the Company in General Meeting.

### Responsibilities

2. The External Auditor form an independent opinion, based on their audit, on the annual financial statements of the Company and report their opinion to Shareholders in accordance with the Companies Ordinance. The Auditor's Report to the Shareholders is included in the Company's Annual Report and Financial Statements.
3. With respect to the Company's Interim Report, the External Auditor undertake a review, which does not constitute an audit, and report to the Directors on that review in the terms included in the Company's Interim Report.

### Independence

4. The independence of External Auditor has been a matter of considerable regulatory and investor attention in recent years. CLP adopts a number of practices intended to ensure that the independence of the audit work of our External Auditor is safeguarded and to minimise any perception that such independence has been jeopardised in any way. These practices are set out in the following paragraphs II.E.5 to II.E.7.
5. A former partner of the Company's existing auditing firm will be prohibited from acting as a member of the Company's Audit & Risk Committee for a period of two years commencing on the date of the person ceasing:
  - (a) to be a partner of the firm; or
  - (b) to have any financial interest in the firm,whichever is later.
6. The lead audit partner of the External Auditor is subject to rotation every seven years (as per The Independent Federation of Accountants rules on independence of external auditors).
7. The Audit & Risk Committee reviews and monitors the independence of External Auditor. To this end:
  - (a) the External Auditor will not be employed for non-audit work unless this constitutes permissible audit related and non-audit work which has been pre-approved by the Audit & Risk Committee. Each audit related and non-audit service to be performed by the External Auditor will be separately identified in connection with its pre-approval;
  - (b) there must be clear efficiencies and value-added benefits to the Company from that permissible audit related and non-audit work being undertaken by the External Auditor, with no adverse effect on the independence of their audit work, or the perception of such independence;

## II. CLP Corporate Governance Framework

- (c) the Committee considers the nature of the permissible audit related and non-audit services envisaged to be provided by the External Auditor and the related fee levels individually and in aggregate relative to the audit fee;
  - (d) the Committee seeks information on an annual basis regarding the External Auditor's policies and processes for maintaining independence and for complying with relevant legal or regulatory requirements such as regarding the rotation of audit partners and staff; and
  - (e) the Committee will report to the Board should it identify any matters relating to the independence of the External Auditor in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.
8. The type of permissible audit related and non-audit services provided by the External Auditor and the related amounts of fees are disclosed in the Annual Report.

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## F. Other Stakeholders

1. CLP believes that, over time, a company can only survive if it conducts its business in a manner which is consistent with the legitimate interests and well-being of its stakeholders. For this reason, good governance requires due regard to the impact of business decisions (including their environmental impact) not only on Shareholders, but also on other key stakeholders. It also requires open and effective communication on such matters.
2. The Company's Value Framework expresses the core values we hold towards our stakeholders, as well as our specific commitments to Shareholders, employees, customers, communities and business partners.
3. The Company's "[Procurement Values and Principles](#)" explains the values and principles which will be applied by all members of the CLP Group in their procurement processes. Based on these values, our [Responsible Procurement Policy Statement](#) summarises the expectations that the CLP Group has of the suppliers that we select through our procurement process and of their suppliers and subcontractors. We encourage suppliers, business partners and their associates to follow the same standards of integrity and transparency in doing business with us as we seek to apply in doing business with them.
4. CLP's Annual Reports report the manner in which the Company has discharged its responsibilities to Shareholders, employees, customers, the environment and the communities in which we operate. In addition, a comprehensive [on-line version of CLP's Sustainability Report](#), which is broadcast on CLP's website annually at the same time as the Annual Report, presents the Company's social and environmental performance. We are determined that our annual Sustainability Report should disclose our achievements and shortcomings in managing the social and environmental aspects of our business in a comprehensive, honest and accessible way. We shall continue to engage our stakeholders openly and report honestly on our progress in those areas. We welcome feedback, constructive or critical.

## III. Accountability and Audit

### Financial Reporting

1. The Company aims to present a clear and balanced assessment of its financial position and prospects. The aim of the Company to provide a clear and balanced assessment extends to [Annual and Interim Reports](#), other inside information announcements, other financial disclosures required by the Listing Rules and reports to regulators as well as to information disclosed under statutory requirements.
2. Management provides sufficient explanation and information to the Board to enable it to make an informed assessment of the financial and other information to be approved.
3. Management also provides to the Board CLP Group Monthly Management Reports which contain year-to-date financials with summaries of key events, outlook, safety and environmental matters of the Group. The Management Report gives a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail.
4. The Directors acknowledge in the Corporate Governance Report their responsibility for preparing the financial statements. There is a statement by the auditor about their reporting responsibilities in the Auditor's Report on the Financial Statements. The Annual Report contains a statement from the Company's auditor explaining their responsibility to form an independent opinion, based on their audit, on the financial statements prepared by the Directors and to report their opinion.
5. The Directors include in a separate statement containing a discussion and analysis of the Group's performance in the Annual Report, an explanation of the basis on which the Company generates or preserves value over the longer term (the business model) and the strategy for delivering the Company's objectives.
6. The Directors ensure that financial statements are prepared so as to give a true and fair view of the financial status of the Company and the CLP Group. Unless it is inappropriate to assume that CLP will continue in business, the Directors prepare the financial statements on a going concern basis, with supporting assumptions or qualifications as necessary. The Directors will prominently disclose and discuss at length in the Corporate Governance Report any material uncertainties relating to the Company's ability to continue as a going concern.
7. The Company's practice is to announce its [financial results](#) within two months after the end of the financial year, publish its audited financial statements on our website within the following fortnight, and despatch to Shareholders about two weeks after that.
8. The Company publishes [quarterly statements](#) within 45 days after the end of the relevant quarter to enable Shareholders to assess the performance, financial position and prospects of the Company. The Company does not issue quarterly financial results.
9. The Company is aware of a general market concern about the extent of disclosure by listed companies of unconsolidated business activities and liabilities and has enhanced the disclosure of financial information about the CLP Group's joint ventures and associates, details of which are set out in the Annual Report.

### Risk Management and Internal Control

10. The Board and Management ensure that a sound and effective system of risk management and internal control to safeguard Shareholders' investments and the Company's assets is maintained at all times.



11. The Company's structure of internal control is based on the internationally recognised COSO (Committee of Sponsoring Organizations of the Treadway Commission) 2013 integrated framework. This comprised 17 principles under the five COSO components of an effective internal control framework.
12. Management (which includes qualified accountants) is primarily responsible for the design, implementation, and maintenance of internal controls. It is based on clear stewardship responsibilities, authorities and accountability, supported by well-defined policies and procedures established and communicated to all staff.
13. The Company has developed and implemented an [anti-fraud policy](#) that states the Company's commitment to preventing, detecting and reporting fraud, including fraudulent financial reporting. The policy clearly defines the roles and responsibilities of directors, officers, employees and auditors in developing and carrying out specific programmes to eliminate fraud.
14. The Directors and Management conduct a six-monthly review of the effectiveness of the Company's and its subsidiaries' risk management and internal control systems and report to the Shareholders annually on the relevant findings in the Corporate Governance Report. The review covers all material controls, including financial, operational and compliance controls and risk management, as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.
15. The Audit & Risk Committee considers and reports to the Board for its review on:
  - (a) the changes, since the last review, in the nature and extent of significant risks, and how the Company responds to changes in its business and the external environment;
  - (b) the scope and quality of Management's ongoing monitoring of risks and of the internal control systems, the work of internal audit and other assurance providers;
  - (c) the extent and frequency of communication of monitoring results, which enables it to assess control of the Company and the effectiveness of risk management;
  - (d) significant control failings or weaknesses identified and the extent that they have caused unforeseen outcomes or contingencies that could have material impact on the Company's financial performance or condition; and
  - (e) the effectiveness of the processes for financial reporting and Listing Rules compliance.
16. In the Corporate Governance Report, the Company discloses:
  - (a) the process used to identify, evaluate and manage significant risks;
  - (b) the main features of the risk management and internal control systems;
  - (c) an acknowledgement by the Board that it is responsible for the risk management and internal control systems and reviewing their effectiveness;
  - (d) the process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects; and
  - (e) the procedures and internal controls for the handling and dissemination of inside information.
17. A comprehensive analysis of the risks affecting the businesses of the Company and the associated mitigation measures is set out in a Risk Management Report in the Annual Report.
18. The Company aims to ensure disclosures provide meaningful information and do not give a misleading impression.

### III. Accountability and Audit

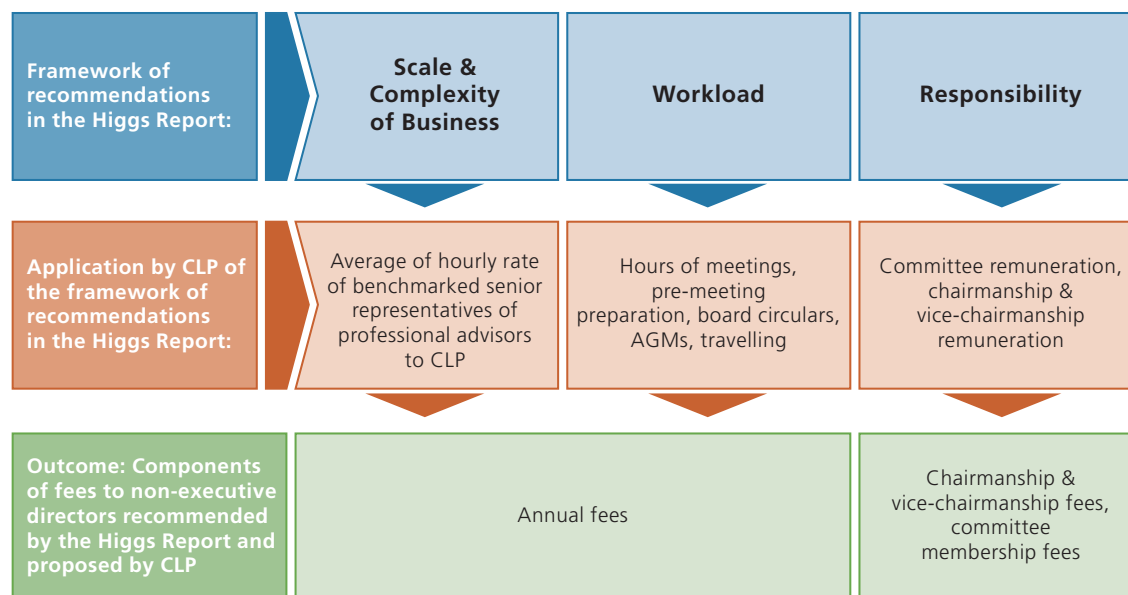
19. As part of the Company's system of internal controls, the CEO and CFO submit an annual "General Representation Letter" to the Audit & Risk Committee, in which they give personal certification on compliance by themselves and their subordinates with a range of key risk management and internal control systems, disciplines and procedures which cover financial and relevant non-financial information. These letters rest on similar letters of representation issued by individual managers across the CLP Group, which certify compliance with the risk management and internal control as to their particular businesses, departments and activities. All employees above a designated level are also required to sign annual statements confirming compliance with CLP's Code of Conduct.
  
20. With respect to procedures and internal controls for the handling and dissemination of inside information, the Company
  - has its own [Continuous Disclosure Obligation Procedures](#) which set out the procedures and controls for handling and dissemination of inside information. The Procedures are on the CLP website. The Continuous Disclosure Committee (established in 2016) conducts regular assessment of potential inside information. The members of the Committee include the CEO, CFO, the Company Secretary and the Director - Investor Relations;
  - is aware of its obligations under the Listing Rules and the overriding principle that information which is expected to be inside information should be announced immediately it is the subject of a decision;
  - has implemented and disclosed its own policy on fair disclosure (set out in Section V of the CLP Code);
  - has included in its Code of Conduct a strict prohibition on the unauthorised use of confidential or inside information; and
  - has established and implemented procedures for responding to external enquiries about the Group's affairs. Senior managers of the Group are identified and authorised to act as the Company's spokespersons and respond to enquiries in allocated areas of issues.

## IV. Remuneration of Directors and Senior Management

1. CLP recognises that issues relating to the remuneration of directors (both non-executive and executive) and senior management have become of increasing importance to shareholders. Unjustified and improper payments can be a route to the inappropriate extraction of value from a company and its shareholders. However, properly structured and fair remuneration can support the alignment of the interests of directors and senior management with those of a company and its shareholders.
2. CLP's [Human Resources & Remuneration Committee Report](#) (the "Remuneration Report"), included in its Annual Report, sets out the policies applied to determining remuneration levels and explains the remuneration paid to:
  - (a) Non-executive Directors;
  - (b) Executive Directors; and
  - (c) Senior Management.
3. CLP's Remuneration Report is reviewed and endorsed by the Human Resources & Remuneration Committee of the Board.
4. The main principles of CLP's remuneration policies are:
  - (a) No individual or any of his/her close associates should determine his/her own remuneration;
  - (b) Remuneration should be broadly aligned with companies with whom CLP competes for human resources; and
  - (c) Remuneration should reflect performance, complexity and responsibility with a view to attracting, motivating and retaining high performing individuals and promoting the enhancement of the value of the Company to its Shareholders.
5. A significant proportion of Executive Directors' remuneration links rewards to corporate and individual performance. Details of this are set out in the Remuneration Report.
6. Non-executive Directors are paid fees in line with market practice based on a formal independent review undertaken no less frequently than every three years.

## IV. Remuneration of Directors and Senior Management

7. The Company has adopted a transparent and structured methodology which follows the recommendations of the “Higgs Report” in the U.K. on the “Review of the Role and Effectiveness of Non-executive Directors” in the calculation of the fees of the Non-executive Directors. The methodology takes into account the workload, scale and complexity of the business and the responsibility of Non-executive Directors. [Details of the methodology](#) applied in determining the fees for Non-executive Directors are set out on CLP’s website. A comparison of CLP’s methodology with the recommendations of the “Higgs Report” is set out below:



8. Based on the methodology, the levels of fees for the Non-executive Directors of the Company are proposed by the Management, endorsed by the Human Resources & Remuneration Committee and the Board of the Company (after considering the independent review) and then submitted to the Shareholders for approval.
9. The remuneration of the Non-executive Directors, Executive Director(s) and Senior Management is disclosed on an individual and named basis in the Annual Report.
10. The Company does not have, and has never had a share option scheme.
11. Where the Board resolves to approve any remuneration or compensation arrangements with which the Human Resources & Remuneration Committee disagrees, the Board will disclose the reasons for its resolution in its next Corporate Governance Report.

## V. Communication with Shareholders and Other Stakeholders

1. CLP has a policy of open communication and fair disclosure. Disclosure is a key means to enhance our corporate governance standards, in that it provides our Shareholders and other stakeholders with the information necessary for them to form their own judgment and to provide feedback to us. We understand that more disclosure does not necessarily result in increased transparency. The integrity of the information provided is essential for building market confidence.

### Fair Disclosure

2. There has been considerable discussion in regulatory and financial circles on the subject of “selective disclosure”. This is the provision of material non-public information, such as advance warnings of earnings results, to certain market participants before making full disclosure of that information to the general public.
3. CLP is aware of its obligations under the Listing Rules. Selective disclosure is unfair. At the same time, certain investors and analysts do have a closer and more active interest than others in CLP’s affairs and their legitimate questions deserve a reasonable reply.
4. To balance these considerations can be difficult in principle and in practice. An overall policy of open communication is the best response. Through channels such as our financial reporting, public announcements and our website, CLP pursues the broad, non-exclusionary distribution of information to the public (to adopt the language of the U.S. Securities and Exchange Commission’s Regulation FD (Fair Disclosure) of August 2000).

### Annual General Meeting

5. The Annual General Meeting (AGM) provides an important opportunity for constructive communication between the Board and the Company’s Shareholders.
6. A separate resolution is proposed by the Chairman at the General Meeting on each substantially separate issue and in particular on the Annual Report and Financial Statements, and for election or re-election of Directors. The Company explains the background for each resolution proposed at the General Meeting in the notice of meeting.
7. The Company regards the AGM as an important event in the corporate year. All Directors and senior executives make a special effort to attend the AGM. The Chairman of the Board attends the AGM and arranges for the chairmen of Board Committees to attend the AGM and answer questions. In the absence of a chairman of a Board Committee, members of the respective Board Committee, or failing them, the duly appointed delegates will attend the AGM and answer questions. Live webcast of the AGM is arranged for Directors who are unable to attend in person due to overseas commitments.
8. The Chairman of the Independent Board Committee (if any) is available to answer questions at any General Meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders’ approval.
9. Management ensures the external auditor attend the AGM to answer questions, if any, about the conduct of the audit, the preparation and content of the auditor’s report, the accounting policies and auditor independence.

## V. Communication with Shareholders and Other Stakeholders

10. Active participation by the Shareholders at the AGM is welcome.
11. [Notice of the AGM](#) and related papers are sent to Shareholders no less than 20 clear business days before the meeting. For any other meetings, they are sent to Shareholders no less than 10 clear business days before the meeting unless the business to be conducted at the meeting requires special notice. For general meetings where a Special Resolution is moved, a notice period of no less than 21 clear days will be given.
12. [Proceedings at the AGM](#) and minutes of the AGM are broadcast on CLP's website as soon as practicable following the meeting.

### Dividend Policy

13. [Policy on payment of dividends](#) shall be determined and reviewed by the Board from time to time, and this will be disclosed in the Company's annual reports and available on the CLP website.

### Ongoing Dialogue with Shareholders

14. The Board has established a [Shareholders' Communication Policy](#) to ensure effective ongoing dialogue with Shareholders. This Policy is available on the CLP website. The Board has also delegated to the Audit & Risk Committee the responsibility to review this Policy on a regular basis to ensure its effectiveness.
15. Direct engagement with investors in the Environmental, Social and Governance (ESG) dimensions and how this has contributed to the Company's financial performance is available through dedicated ESG meetings and ESG coverage in materials used for investor meetings.
16. The Corporate Secretarial Department and Investor Relations Department respond to enquiries from Shareholders/investors on various issues throughout the year. A hotline (852-2678 8228) and an email contact ([cosec@clp.com.hk](mailto:cosec@clp.com.hk)) are available to Shareholders.
17. Shareholders' views are actively solicited through feedback forms which accompany the Company's Annual Report. Shareholder visits to CLP's facilities in Hong Kong are arranged and the views of Shareholders are related back to Senior Management and Directors.

## Reporting via Internet

18. The Internet provides an ideal medium to make information on the Company and the CLP Group available, in addition to the more traditional methods of financial reports and press releases. Our website enables our Shareholders and other stakeholders to obtain information in a convenient and timely manner regarding:
- (a) [CLP Code on Corporate Governance](#);
  - (b) [CLP's Corporate Governance Report](#);
  - (c) [CLP Fair Disclosure Policy](#);
  - (d) [Announcements made during the preceding five years](#);
  - (e) [Whistleblowing Policy](#);
  - (f) [CLP's Value Framework](#) including [Code of Conduct](#) and [Responsible Procurement Policy Statement](#);
  - (g) [CLP Anti-Fraud Policy](#);
  - (h) [CLP Procurement Values and Principles](#);
  - (i) [Continuous Disclosure Obligation Procedures](#);
  - (j) [Board and Board Committees Performance Evaluation Conclusion](#);
  - (k) [Actual Remuneration Awarded to Executive Directors and Senior Management](#);
  - (l) [Review of Fees Payable to Non-executive Directors](#);
  - (m) [Onboarding Guidelines for Directors](#);
  - (n) [Participation in Directors' Continuous Professional Development Programme](#);
  - (o) [Board Diversity Policy](#);
  - (p) [General Representation Letter](#);
  - (q) [Guidelines on Disclosure of Related Party Transactions of the CLP Group](#);
  - (r) [Code for Securities Transactions by CLP Holdings Directors and Specified Individuals](#);
  - (s) [Policy on Making Political Contributions](#);
  - (t) [Articles of Association of the Company](#);
  - (u) [Procedures for Shareholders to Convene General Meetings / Put Forward Proposals](#);
  - (v) [Shareholders' Communication Policy](#);
  - (w) [Shareholders' Guide](#);

## V. Communication with Shareholders and Other Stakeholders

- (x) Biographical data on [Directors](#) and [Senior Management](#);
  - (y) [Model Letter of Appointment for Non-executive Directors](#);
  - (z) [Terms of Reference of Board Committees](#);
  - (a.a) Frequency and length of meetings and Members' attendance of the [Board](#) and [Board Committees](#);
  - (b.b) [General Meetings proceedings](#);
  - (c.c) Interest in shares of [top 10 shareholders of the Company](#), [substantial shareholders](#) and [Directors and CEO](#);
  - (d.d) [Summary shareholdings identified pursuant to Section 329 of the Securities and Futures Ordinance](#);
  - (e.e) [Analysts' briefings and presentations](#);
  - (f.f) [Responses to Consultations](#); and
  - (g.g) [Frequently asked questions](#) (regularly updated).
19. The Company recognises that not all Shareholders and stakeholders have ready access to the Internet. For those who do not, hard copies of the CLP Group website information listed above are available upon request to the Company Secretary of the CLP Group at 8 Laguna Verde Avenue, Hung Hom, Kowloon, Hong Kong or via email: [cosec@clp.com.hk](mailto:cosec@clp.com.hk).



## VI. Reference Materials

### Laws, Regulations and Guidelines

Companies Ordinance (Cap. 622)

Securities and Futures Ordinance (Cap. 571)

Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited

Corporate Governance Code and Corporate Governance Report, Appendix 14 to the Listing Rules

“A Guide on Directors’ Duties” issued by the Companies Registry

“Guidance for Boards and Directors” published by the Stock Exchange of Hong Kong Limited

“A Guide for Effective Audit Committees” published by the Hong Kong Institute of Certified Public Accountants

The “Higgs Report” in the U.K. on the “Review of the Role and Effectiveness of Non-executive Directors”

The U.S. Sarbanes-Oxley Act

## VI. Reference Materials

### CLP Internal Reference Materials

[CLP Anti-Fraud Policy](#)

[CLP Code for Securities Transactions by CLP Holdings Directors and Specified Individuals](#)

[CLP Procurement Values and Principles](#)

[CLP's Value Framework](#) including [Code of Conduct](#) and [Responsible Procurement Policy Statement](#)

[CLP Fair Disclosure Policy](#)

[General Representation Letter](#)

[Articles of Association of CLP Holdings](#)

[Board Diversity Policy](#)

[Terms of Reference of CLP Holdings Board Committees](#)

[Model Letter of Appointment for Non-executive Directors](#)

[Board and Board Committees Performance Evaluation Conclusion](#)

[Review of Fees Payable to Non-executive Directors](#)

[Onboarding Guidelines for Directors](#)

[Procedures for Shareholders to Convene General Meetings / Put Forward Proposals](#)

[Guidelines on Disclosure of Related Party Transactions of the CLP Group](#)

[Continuous Disclosure Obligation Procedures](#)

[Policy on Making Political Contributions](#)

[Whistleblowing Policy](#)

[Shareholders' Guide](#)

[Shareholders' Communication Policy](#)

[Dividend Policy](#)

This Code will be reviewed and periodically updated on our website. A revised edition will be made available as and when such updates have reached a number or significance such as to require the formal publication of a new edition.

We have also put on our website an annotated version of this Code which sets out the cross-references from this Code to the corresponding Code Provisions and Recommended Best Practices of the Corporate Governance Code and Corporate Governance Report issued by the Stock Exchange of Hong Kong.

### **CLP Code on Corporate Governance**

First published in February 2005

First update in February 2007

Second update in February 2009

Third update in February 2012

Fourth update in February 2015

Fifth update in January 2019



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Stock Code: 00002

We welcome feedback from  
Shareholders and other  
stakeholders on our  
corporate governance  
principles, policies and  
practices.

