



**REVIEW OF THE FEES PAYABLE TO**

**NON-EXECUTIVE DIRECTORS OF CLP HOLDINGS LIMITED**

28 February 2022

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## Executive Summary

- I. The CLP Code on Corporate Governance issued on 28 February 2005 and most recently updated in January 2019 (the CLP Code) provides that Non-executive Directors (NEDs) of CLP Holdings Limited (CLP Holdings) are paid fees in line with market practice based on a formal independent review undertaken no less frequently than every three years. The last review took place in 2019, and, therefore, in 2022, a review (2022 Review) was due of the level of fees to be paid to NEDs for the three years commencing on the day following the 2022 Annual General Meeting (2022 AGM).
- II. The CLP Code explains the methodology which is used by CLP Holdings in calculating NEDs' remuneration. In this regard, no distinction is made between those NEDs who are categorised as independent and those who are not. Based on this methodology, the level of fees for the NEDs is recommended by the management, considered and endorsed by the Human Resources & Remuneration Committee and then submitted to the Shareholders for approval, in this case, at the 2022 AGM. This Review, prepared by management, constitutes the first stage in this process.
- III. The methodology used for determining the remuneration of CLP Holdings' NEDs rests primarily upon a calculation of the workload of NEDs arising from their duties on the Board and on Board Committees, measured in terms of the hours spent on those duties. An hourly rate is then applied, based on the typical hourly rate of fees charged to the Company by senior professional advisors. The resulting determination of the level of fees is then benchmarked against the fees paid to NEDs serving on other leading Hong Kong listed companies and with major utility companies listed in Hong Kong, the U.K., Australia and New Zealand, in order to ensure that CLP's methodology does not lead to a result which might be considered as unreasonable or out of line with market practice.
- IV. The established methodology has been used in this Review in all material respects, with the results then being benchmarked as stated above. As the data collected by CLP since 2004 shows there are year-to-year fluctuations in the time spent by NEDs which can be short-term, we will continue to adhere to the approach of the 2016 and 2019 Reviews by taking the average time spent by NEDs over a longer duration of three periods (i.e. nine years), rather than over the three years immediately preceding the review, in order to smooth out the effect of short-term fluctuations in workload.
- V. Research has also indicated that there has been an increase in the hourly rate of fees charged by the Company's senior professional advisors over the period since 2019. The average hourly fees charged by professional advisers increased from HK\$5,400 in 2019 to HK\$5,620 for 2022. The proposed increase in hourly rate is also slightly less than the increase in Hong Kong's Composite Consumer Price Index over the past 3 years.

- VI. The result of the application of CLP's methodology, including the benchmarking exercise, has led management to propose a justifiable and measurable increase in the remuneration of CLP Holdings' NEDs, as set out in paragraph 45 of this Review. This is in line with an ongoing increase in the workload shouldered by the Board and Board Committees in recent years, albeit now measured over a longer duration of the nine years, i.e., three review periods. It should also be noted that the proposal is conservative having regard to a trend of increasing workload. Similarly, the benchmarking against NED remuneration paid by leading listed companies in Hong Kong and selected utility companies listed in Hong Kong, the U.K., Australia and New Zealand is based on the current level of such remuneration (as disclosed by publicly available information as at 31 October 2021) and does not take into account any projected or likely increase in those fees over future years.
- VII. In line with the terms of the CLP Code, which provides for an independent review of the proposed level of NEDs' fees, J.S. Gale & Co have considered this Review, including relevant supporting information, and provided an opinion (Appendix A) to the effect that the methodology adopted by CLP is reasonable and appropriate, has been fairly and consistently applied in all material respects and that the resulting proposed level of fees is reasonable and appropriate having regard to current corporate governance practices in Hong Kong and the U.K.
- VIII. Further to CLP's commitment to the adoption of a transparent methodology for determining NEDs' remuneration, this Review will be placed on CLP's website.

## Introduction

1. This Review considers the level of fees presently paid to the NEDs of CLP Holdings and proposes changes to the level of those fees, to reflect the current workload of NEDs, having regard to the growing complexity of the businesses of the CLP Group and heightened regulatory and compliance requirements.
2. It is envisaged that, following consideration and endorsement by the Human Resources & Remuneration Committee and the Board of CLP Holdings, the proposed changes in fees will be put to Shareholders for approval at the next AGM, presently scheduled for 6 May 2022. It is also envisaged that, subject to that approval, the revised fees will take effect as from the day following the AGM.

## General Principles

3. The U.K. has served as a major point of reference for Hong Kong's company law and securities regulation, including developments in corporate governance practices. The Report of the Committee on the Financial Aspects of Corporate Governance of 1 December 1992 (the Cadbury Report) noted that the calibre of the non-executive members of the Board was of special importance in setting and maintaining standards of corporate governance<sup>1</sup>. The Report also noted that, on fees, there was a balance to be struck between recognising the value of the contribution made by NEDs and not undermining their independence. The demands which were being made on conscientious NEDs were significant and their fees should reflect the time which they devoted to the company's affairs. The Cadbury Report concluded that there was a case for paying for additional responsibilities taken on, for example, by chairmen of board committees. However, in order to safeguard their independent position, the Cadbury Report regarded it as good practice for NEDs not to participate in share option schemes and for their service as NEDs not to be pensionable by the company<sup>2</sup>.
4. The Final Report of the Committee on Corporate Governance of January 1998 (the Hampel Report) agreed with the Cadbury Report's recommendation that NEDs should not participate in share option schemes in case their independence was undesirably compromised. The UK Financial Reporting Council's "The UK Corporate Governance Code" last published in July 2018 (2018 UK Code) provided that "levels of remuneration for the chair and non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for all non-executive directors should not include share options or other performance-related elements"<sup>3</sup>.
5. The "Review of the role and effectiveness of non-executive directors" published in January 2003 (the Higgs Report) gave particular attention to matters relating to NEDs, including their remuneration. The Report noted that the remuneration of an NED should be sufficient to attract and fairly compensate high quality

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<sup>1</sup> Cadbury Report (1992) para. 4.10

<sup>2</sup> Cadbury Report (1992) para. 4.13

<sup>3</sup> UK Corporate Governance Code (2018) para. 34

individuals and that it might comprise an annual fee, a meeting attendance fee, and an additional fee for the chairmanship of committees. The Higgs Report considered that NEDs should have the opportunity to take part of their remuneration in the form of shares <sup>4</sup>. More specifically, the Higgs Report considered that <sup>5</sup>: -

- Remuneration for directors needed to be sufficient to attract and retain high calibre candidates but no more than was necessary for this purpose.
- The level of remuneration appropriate for any particular NED role should reflect the likely workload, the scale and complexity of the business and the responsibility involved.
- In practice, it might be helpful in assessing remuneration for NEDs to use as a benchmark the daily remuneration of a senior representative of the company's professional advisors.
- The risk of high levels of remuneration prejudicing independence of thought was real and should be avoided.
- Where an NED had extra responsibilities (such as membership or chairmanship of board committees), the total remuneration should reflect these.
- NEDs' fees should be more clearly built up from an annual fee, meeting attendance fees (including board committee meetings) and an additional fee for the chairmanship of committees.
- Additional reasonable expenses should be paid to NEDs to cover related costs incurred (such as travel and administrative costs).

The Cadbury Report's recognition of the time devoted by NEDs and, subsequently, the Higgs Report's recognition of the likely workload and the responsibility assumed by NEDs, continue to be reflected in the 2018 UK Code. The 2018 UK Code applies to accounting periods from 1 January 2019 and, as noted above, states that "levels of remuneration for the chair and all non-executive directors should reflect the time commitment and responsibilities of the role".

6. In Hong Kong, the Corporate Governance Code in Appendix 14 to the Listing Rules, includes the principle that an issuer should have a formal and transparent policy on directors' remuneration and other remuneration related matters and that the procedure for setting policy on executive directors' remuneration and all directors' remuneration packages should be formal and transparent. Levels of remuneration should be sufficient to attract and retain directors to run the company successfully, but companies should avoid paying more than is necessary for this purpose. No director should be involved in deciding that director's own

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<sup>4</sup> Higgs Report (2003) p. 8

<sup>5</sup> Higgs Report (2003) p. 56 para. 12.24 and p.57 para. 12.25

remuneration<sup>6</sup>. Under its recommended best practice, issuers generally should not grant equity-based remuneration with performance-related elements to Independent NEDs<sup>7</sup>. The Listing Rules note that an independent NED must not be financially dependent upon the issuer<sup>8</sup>.

### CLP's Approach

7. CLP has paid close regard to the principles, policies and standards of good corporate governance in the area of NEDs' remuneration, as expressed in the U.K. and Hong Kong sources referred to in the preceding paragraphs.
8. The main principles of CLP's own remuneration policies are that:-
  - (a) no individual or any of his or her close associates should determine his or 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.
9. These principles are set out in the CLP Code<sup>9</sup>. They are applied to the remuneration of the NEDs, with such modification or refinement as is necessary or appropriate to reflect the status and characteristics of NEDs (for example, the particular nature of their duties and that they are not employees of the Company).
10. The CLP Code provides that NEDs are paid fees in line with market practice based on a formal independent review undertaken no less frequently than every three years<sup>10</sup>. Following that review, the level of fees of the NEDs would be recommended by the management, reviewed by the Human Resources & Remuneration Committee (after considering the independent review) and then submitted to the Shareholders for approval<sup>11</sup>.
11. Based on that methodology, the fees presently payable to CLP's NEDs are as set out in Appendix B. These fees were approved by CLP's Shareholders at the AGM on 6 May 2019.
12. Given the provision of the CLP Code that NEDs' fees will be reviewed no less frequently than every three years, and that the previous review took place in 2019, the NEDs' fees now fall for review, amendment and adjustment and, if appropriate,

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<sup>6</sup> Listing Rules Appendix 14 Corporate Governance Code Part 2 Principle E.1

<sup>7</sup> Appendix 14 Corporate Governance Code Part 2 Recommended Best Practice E.1.9

<sup>8</sup> Listing Rules 3.13(8)

<sup>9</sup> CLP Code (2019) p. 34

<sup>10</sup> CLP Code (2019) p. 34

<sup>11</sup> CLP Code (2019) p. 35

endorsement by the Human Resources & Remuneration Committee and the Board before approval by the Shareholders.

### **CLP's Methodology**

13. The methodology adopted by CLP for proposing the level of NEDs' fees uses a model which determines the fees and other remuneration payable to NEDs by reference to two components: an hourly rate and the number of hours spent in the performance of their duties. In addition, NEDs are remunerated for chairing the Board and Board Committees and for service as Vice Chairman of the Board, in view of the additional role and responsibilities which these duties involve.
14. The hourly rate applied in CLP's methodology is a rounded average of the rates charged by partner level managers in firms providing professional services to CLP. The firms whose rates are applied for the purpose of this calculation are taken from professional services firms, accounting firms and corporate law firms. This reflects the fact that many of CLP's NEDs tend to have professional qualifications and past experience in the fields of accounting, law, and business administration. In this regard, the methodology is aligned with the view of the Higgs Report that the daily remuneration of a senior representative of the Company's professional advisors is a helpful benchmark in assessing NEDs' remuneration.
15. The number of hours spent by each of CLP's NEDs in the performance of their duties is estimated by reference to the different activities which they need to perform:-
  - Hours for meetings - a major element of the workload of the NEDs consists of attendance at Board and Board Committee Meetings. The methodology includes the hours spent in such meetings as one of the components in determining the total workload of NEDs. In this regard, the minutes issued after each Board and Board Committee meeting record the duration of that meeting. CLP does not pay a separate attendance fee to each Director for each meeting of Board or Board Committee which he/she attends. This is because meeting attendance rates of our Directors are high, and all Directors read their papers even when they are unavailable to attend meetings. In such cases, Directors frequently give their comments on the meeting agenda in advance of any meeting which they are unavailable to attend.
  - Hours for meeting preparation - in order to participate on an active and informed basis in deliberations at Board and Board Committee Meetings, NEDs are required to read pre-meeting documents, including agenda files and other documents related to the Meetings. For the purpose of its methodology, CLP has calculated the number of hours spent by the NEDs on meeting preparation by allowing two minutes for each A4 page of pre-meeting documents (based on an average person's reading speed <sup>12</sup> of 200

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According to Dr. Donald E. Wetmore of the Productivity Institute, 127 Jefferson Street, Stratford, CT 06615, U.S.A.

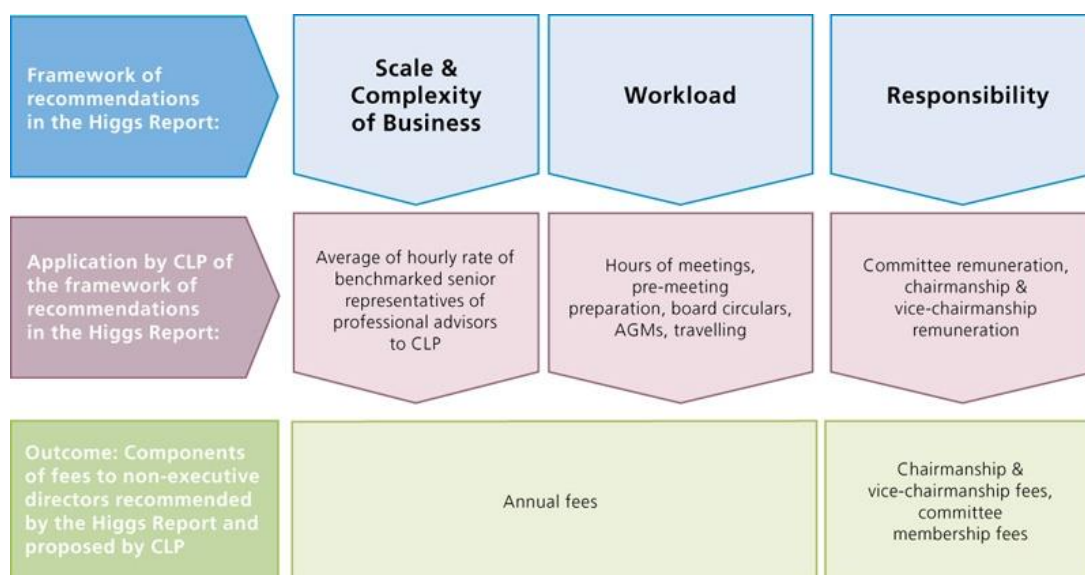


words per minute i.e., two minutes for one A4 page - which contains about 400 words). CLP maintains records of the volume of pre-meeting documentation supplied to Directors in respect of the Board and Board Committees on which they serve.

- Hours for reading Board Circulars - in addition to reading pre-meeting documents, NEDs are expected to read Board Circulars, which are distributed to each of the NEDs periodically. Board Circulars include regulatory updates, amendments or additions to CLP policies, as well as briefings on matters relevant to the conduct of CLP's affairs, so as to keep NEDs properly informed of CLP's regulatory environment and operations. The number of hours spent by NEDs on reading Circulars is calculated in the same way as that for hours spent on meeting preparation (i.e., based on average reading speed). For this purpose, records are maintained of the volume of Board Circulars issued to NEDs in relation to the Board and the Board Committees on which they serve.
  - Hours for attending the AGM - NEDs are expected to attend the AGM. The duration of the AGM since the adoption of the hybrid AGM format following the COVID-19 pandemic is now estimated to be approximately one hour.
  - Hours for travelling (locally) - it is estimated that one hour is required by each NED to travel to and from Board and Board Committee Meetings held in Hong Kong. Accordingly, the hours of traveling are calculated by multiplying a time of one hour by the number of Board and Board Committee Meetings that are expected to take place in each year. It should be noted that this one-hour travelling time assumption is conservative because CLP's Audit & Risk Committee meetings are mainly held in the Head Office located in Hung Hom, which requires a considerably longer travelling time. Most meetings have been held virtually during the COVID-19 pandemic but this is not expected to be a permanent arrangement. Physical meetings will resume when the situation permits and so it is considered reasonable, on a long-term planning basis, to continue to allow for travelling time.
16. CLP's methodology further reflects the workload and responsibility assumed by individual NEDs by taking into account the total number of working hours incurred in serving on Board Committees. In this regard, the calculation of those hours is made using the same principles described above. An exception to this is the Provident & Retirement Fund Committee. CLP considered that the workload of NEDs appointed to the Provident & Retirement Fund Committee was comparatively minimal. As a result, a nominal fee of HK\$10,000 has been adopted for those NEDs who serve on the Provident & Retirement Fund Committee. Another exception is the Finance & General Committee, as explained in paragraph 28 below.
17. CLP has adopted the recommendation of the Higgs Report to the effect that an additional fee should be payable for the chairmanship of committees. In CLP's

case, CLP has taken into account a survey of Directors' Remuneration conducted by New Bridge Street Consultants in July 2003, which concluded that fees for NEDs of an organisation were about 70% of the amounts payable to the chairman. On that basis, CLP has assumed an additional fee of approximately 40% for the chairmanship of the Board and Board Committees and 10% for the vice-chairmanship of the Board, above the fees payable to NEDs serving on the Board or corresponding Board Committees. CLP also considers the provision of uplifted fees for the chairmanship and vice-chairmanship of the Board is consistent with the principles of the 2018 UK Code which require levels of remuneration to reflect the time commitment and responsibilities of the role.

18. Having regard to the principle that levels of remuneration should be sufficient to attract and retain high calibre candidates needed to run a company successfully, but no more than is necessary for this purpose, CLP reviews the level of remuneration produced by the methodology described above, by benchmarking this against the fees paid to NEDs of other leading Hong Kong listed companies as well as fees paid to NEDs of utility companies listed in Hong Kong, the U.K., Australia and New Zealand.
19. CLP does not in any way assert that its methodology represents the only reasonable or appropriate approach to the determination of NEDs' fees. However, CLP considers that it is a methodology which is aligned with the recommendations of the Higgs Report, as the following table explains:-



## Application of CLP's methodology

20. With regard to the proposed level of fees for NEDs of CLP to be applied during the period of approximately three years commencing on 7 May 2022 until the day of the AGM to be held in 2025, CLP considers that the methodology previously applied to the determination of such fees remains relevant, reasonable and appropriate, having regard to good corporate governance practices, including as formulated in the sources referred to in paragraphs 3 to 6 of this Review. The detailed application of the methodology is, nonetheless, subject to a number of adjustments and exceptions, set out in paragraphs 22 to 32, to reflect the increase in applicable hourly rates and other circumstances and considerations.
21. In relation to the question of whether part of the NEDs' remuneration should be paid in shares or through a share option scheme, it was noted that both the Hampel Report<sup>13</sup> and the Higgs Report<sup>14</sup> recorded reservations about such an approach and furthermore, the 2018 UK Code<sup>15</sup> and the Recommended Best Practice under the Hong Kong Stock Exchange Corporate Governance Code<sup>16</sup> stated that NEDs' remuneration should not include share options or other performance-related elements. In the circumstances and having regard to the fact that the Company does not have, and has never had, a share option scheme, this Review does not propose to change the composition of NEDs' fees to include an element of payment in either shares or through share options.

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<sup>13</sup> Hampel Report (1998) para. 4.8

<sup>14</sup> Higgs Report (2003) p. 57 para. 12.27

<sup>15</sup> 2018 UK Code para. 34

<sup>16</sup> Appendix 14 Corporate Governance Code Part 2 Recommended Best Practice E.1.9

## **Review Outcome for 2022**

### *Working Hours*

22. With regard to workload, the hours spent by NEDs in fulfilling their duties and responsibilities on the Board and on Board Committees (including hours of meetings, hours spent on preparation for meetings, reading of Board Circulars and travelling time for meetings) has been calculated as an average of the total number of hours spent by NEDs serving on the Board and Board Committees over a period of 9 years (the same as in the 2019 Review) in order to smooth out the effect of short-term fluctuations in workload. The following table sets out the total number of hours spent by Directors in serving on the Board and on Board Committees during each calendar year for the period from 2013 to 2021, together with the average of those hours over the 9-year period (2010 to 2018) used in the 2019 Review for comparison:-

### 2022 Review – Workload

Total Working Hours											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average for 2010 to 2018 (9 Years) (the 2019 Review)	Average for 2013 to 2021 (9 Years) (the 2022 Review)
<b>Board</b>	129.47	128.87	112.30	120.07	104.34	111.20	112.50	96.20	101.57	111.86	112.95
<b>Audit &amp; Risk Committee (known as the Audit Committee until January 2018)</b>	76.10	88.80	91.77	87.30	85.73	88.86	90.53	95.57	100.47	79.75	89.46
<b>Finance &amp; General Committee</b>	66.67	57.37	54.03	54.07	47.87	45.47	49.33	48.67	48.03	57.31	52.39
<b>Human Resources &amp; Remuneration Committee</b>	17.23	16.53	19.43	17.70	21.00	18.30	16.90	17.50	20.07	15.99	18.30
<b>Provident &amp; Retirement Fund Committee</b>	6.63	6.47	8.80	6.10	6.47	5.93	6.17	6.53	8.07	7.15	6.80
<b>Sustainability Committee</b>	15.77	24.10	16.50	15.53	21.14	15.73	20.10	20.17	22.30	17.37	19.04
<b>Nomination Committee</b>	4.03	4.50	4.87	4.56	4.17	7.03	7.80	7.07	4.10	3.89	5.35

23. It should be noted, however, that Directors usually also spend time participating in other activities including continuous professional development (as required under Appendix 14 of the Listing Rules), such as attending expert briefings or seminars, paying visits to local management and CLP's facilities in Hong Kong and abroad, and hosting Shareholders' visits. Under the current methodology time spent by Directors on these additional activities are not included in the calculation of Directors' workload and thus is not included in the above table.
24. The following is a highlight of the key observations from the 2022 workload review over the past nine-year period as against the 2019 Review:
- there has been a slight increase in the working hours of the Board;
  - moderate increases were recorded in the working hours of the Audit & Risk Committee, Human Resources & Remuneration Committee, Sustainability Committee and Nomination Committee;
  - the working hours of the Finance & General Committee reduced; and
  - there was a slight decrease in the working hours of the Provident & Retirement Fund Committee.

A detailed breakdown of the calculation of the hours allocated by Directors to service on the Board and Board Committees is attached as Appendix C.

#### *Hourly Rate*

25. For the purpose of determining the hourly rate to be applied and incorporated in the model for determining NEDs' fees for the period from 7 May 2022 until the AGM in 2025, it is proposed to apply an increase of HK\$220 to the hourly rate of HK\$5,400, which represents the average of the partner level rates currently charged to CLP by:-
- two human resources consulting services firms;
  - three accounting firms (not including the Company's Auditor); and
  - twenty-two law firms providing corporate legal advice (excluding J.S. Gale & Co).

The hourly rate of HK\$5,620 represents an increase of about 4% from that applied in the calculation of NEDs' fees as determined in 2019 and currently paid. Given that this increase has been calculated over 3 years and is slightly less than the increase in the Composite Consumer Price Index over that period, this increase is considered reasonable.

#### *Proposed Level of Fees*

26. On the basis of the average workload of NEDs over the period of 2013-2021, and applying an hourly rate of HK\$5,620 (see paragraph 25 above), the indicative level of fees payable to individual NEDs as members of the Board and Board

Committees would be as set out in the following table (which, for comparison purposes, also sets out the current level of such fees).

	Existing Fee for Members (from 7 May 2021 to AGM Date 2022) (HK\$)	Average Working Hours for 2013 to 2021 (9 years)**	Indicative Fees (based on 9 years average) (at hourly rate: \$5,620) (HK\$)	Indicative Fees (rounding to HK\$100) (HK\$)	Percentage Change
<b>Board</b>	634,100	112.95	634,752	634,800	0.11%
<b>Audit &amp; Risk Committee</b>	481,900	89.46	502,757	502,800	4.34%
<b>Finance &amp; General Committee</b>	319,400	52.39	294,428	294,400	-7.83%
<b>Human Resources &amp; Remuneration Committee</b>	99,800	18.30	102,825	102,800	3.01%
<b>Provident &amp; Retirement Fund Committee*</b>	10,000	6.80	38,193	10,000	N/A
<b>Sustainability Committee</b>	101,900	19.04	106,990	107,000	5.00%
<b>Nomination Committee</b>	28,700	5.35	30,050	30,100	4.88%

Remark:

\* A nominal fee of HK\$10,000 has been maintained for this committee.

\*\* Rounding to 2 decimal places.

27. The proposed fee increase for the Board of 0.11% is minimal. However, the methodology gives rise to some differences in fee adjustment for the Committees which are considered in the following paragraphs.
28. The indicative fees show a slight reduction in fees for the Finance & General Committee. This is driven by the reduction in the average working hours of the Committee over the nine-year period. Over the review period, this reduction can be attributed to the delivery of more succinct board papers and enhanced efficiency in the Committee's work especially from the period of 2017 onwards. Although there is a reduction in the average working hours over the nine-year period, in respect of the more recent three-year period, the working hours have increased over the preceding two-year period, i.e., the average total working hours for each of the past three years (2019-2021) is 48.67 hours as compared to the total working hours for 2017 (47.87 hours) and 2018 (45.47 hours) (please refer to table on workload in paragraph 22 above). This is in line with the expected pick up in workload for the Finance & General Committee in the 2019-2021 period and this is anticipated to continue after the 2022 Review. In these circumstances, Management considers it appropriate to hold the current fees for the Financial & General Committee unchanged.

29. There was also a slight decrease in the working hours of the Provident & Retirement Fund Committee, and Management propose that a nominal fee be continued to be maintained for this Committee which, in any event, is less than the indicative fees for this Committee based on its working hours.
30. The review methodology results in a modest increase in the proposed fees of the Audit & Risk Committee, Human Resources & Remuneration Committee, Sustainability Committee and Nomination Committee. Management considers that these increases are well justified because of the increasing demands on these committees in recent years. For the Audit & Risk Committee, in terms of increased oversight of risk management; for the Human Resources & Remuneration Committee, in terms of succession planning (both in the ordinary course and in anticipation of the business transformation related changes and demands such as innovation and technology); for the Sustainability Committee, in terms of the rising need to manage the longer-term emerging sustainability issues concerning the Group, in particular, on climate change; and for the Nomination Committee, in terms of the growing demand on the continuous review of the composition, refreshment and independence of the Board, the monitoring of the nomination criteria and the ongoing application of the Board Diversity Policy.
31. As with the reviews undertaken in 2013, 2016 and 2019, it is recommended to spread the proposed increase over a period of three years from 2022 to 2024, as opposed to a full increase in the first year and then flat in the subsequent years.
32. Accordingly, the revised level of remuneration payable to the NEDs of CLP Holdings for 2022 to 2024 as set out in paragraph 45 is proposed for approval by Shareholders at the forthcoming Annual General Meeting to be held on 6 May 2022.
33. It should be noted that the proposed level of fees is based on the average workload of Directors over the nine years from 2013 to 2021. It does not assume, or take into account, any continuing increase in the workload of Directors in the three years following 7 May 2022, during which any revised level of fees will take effect (save in respect of the Finance & General Committee as discussed in paragraph 28 above).



## Benchmarking

34. As mentioned above, CLP benchmarks the level of fees resulting from the calculation made in accordance with its methodology, against the remuneration paid to NEDs of leading listed companies in Hong Kong and selected utility companies listed in Hong Kong, the U.K., Australia and New Zealand. The objective is to ensure that the fees resulting from CLP's methodology are not significantly out of line with the fees paid by such other companies.
35. The table below (the information in which is based on publicly available information as at 31 October 2021) sets out the highest, lowest and average fees (excluding share options and excluding those who had received zero remuneration) for NEDs serving on the boards of:
- the companies listed on the Main Board which are constituent stocks of the Hang Seng Index (HSI) (excluding CLP Holdings);
  - the 34 companies listed on the Hang Seng HK 35 Index (excluding CLP Holdings) which comprises the 35 largest companies listed in Hong Kong market which derive the majority of their sales revenue (or profits or assets if more relevant) from areas outside Mainland China;
  - the 30 largest companies by capitalisation listed on the Main Board of the Hong Kong Stock Exchange (which is one of the principle reference sources in this review because CLP was ranked the 50<sup>th</sup> as of 31 October 2021);
  - 15 major utility companies listed in Hong Kong, the U.K., Australia and New Zealand (in each case, the fees, originally expressed in Pounds Sterling, New Zealand Dollars and Australian Dollars have been translated into Hong Kong Dollars at an exchange rate of £1 = HK\$10.72, NZD1 = HK\$5.59 and AUD1 = HK\$5.86 respectively, which were the exchange rates as of 29 October 2021); and
  - the 27 companies listed on the Hang Seng Composite Industry Index - Utilities (excluding CLP Holdings). This is an additional benchmark index used for the 2022 Review to compare the remuneration paid to the NEDs in the utilities sector of the Hong Kong stock market.
36. A list of the companies so benchmarked is set out in Appendix D. The average fees are calculated by dividing the total amount of full-year remuneration paid to all the NEDs (excluding share options and excluding those who had received zero remuneration) of the sample companies by the number of NEDs. For comparison purposes, the table also includes the current level of CLP NEDs' fees and the level of fees which would result from the application of the calculation based on the workload, hourly rate and exceptions described in paragraphs 22 to 33 above and after spreading the increase over a period of three years from 2022 to 2024.

<b>On individual basis</b>	<b>Highest Fee (HK\$)</b>	<b>Lowest Fee (HK\$)</b>	<b>Average Fee (HK\$)</b>
<b>Average for the 59 HSI Constituent Stocks (excluding CLP Holdings)*</b>	1,479,644	489,743	715,847
<b>Average for the 34 companies listed on the Hang Seng HK 35 Index (excluding CLP Holdings)*</b>	2,287,236	567,222	948,122
<b>Average for the 30 largest (by capitalisation) listed companies in Hong Kong*</b>	2,191,730	649,055	989,725
<b>Average for the 15 major utility companies listed in Hong Kong, the U.K., Australia and New Zealand (excluding CLP Holdings)*</b>	2,309,000	753,786	1,078,580
<b>Average for the 27 companies listed on the Hang Seng Composite Industry Index - Utilities (excluding CLP Holdings)*</b>	604,534	292,111	375,188
<b>CLP Holdings Limited - current level of fees**</b>	1,909,400	634,100	1,139,517
<b>CLP Holdings Limited - based on proposed fees for financial year 2022**</b>	1,929,800	634,400	1,145,750
<b>CLP Holdings Limited - based on proposed fees for financial year 2023**</b>	1,950,900	634,800	1,152,208
<b>CLP Holdings Limited - based on proposed fees for financial year 2024**</b>	1,972,300	635,200	1,158,767

\* Based on latest published annual reports of the respective companies (as at 31 October 2021)

\*\* Based on membership/chairmanship of the Board and Board Committees as at 31 December 2021

37. The table set out in paragraph 35 indicates that the average fee currently paid to CLP's NEDs (HK\$1,139,517) is:-
- considerably higher than the average paid to the NEDs of the 59 HSI Constituent companies (HK\$715,847);
  - somewhat higher than the average paid to the NEDs of the 34 companies listed on the Hang Seng HK 35 Index (HK\$948,122);
  - somewhat higher than the average paid to the NEDs of the 30 largest companies by capitalisation listed on the Main Board of the Hong Kong Stock Exchange (HK\$989,725);
  - slightly higher than the average paid to the NEDs of selected utility companies listed in Hong Kong, the U.K., Australia and New Zealand (HK\$1,078,580); and
  - considerably higher than the average paid to the NEDs of the 27 companies listed on the Hang Seng Composite Industry Index - Utilities (HK\$375,188).
38. If the fees of CLP's NEDs are adjusted according to CLP's methodology and with the exceptions as discussed above, the average fee to be paid during the years 2022 (HK\$1,145,750), 2023 (HK\$1,152,208) and 2024 (HK\$1,158,767) would be very much the same as paragraph 36, i.e.:
- considerably higher than the average paid to the NEDs of the 59 HSI Constituent companies;
  - somewhat higher than the average paid to the NEDs of the 34 companies listed on the Hang Seng HK 35 Index;
  - somewhat higher than the average paid to the NEDs of the 30 largest companies by capitalisation listed on the Main Board of the Hong Kong Stock Exchange;
  - Slightly higher than the average paid to the NEDs of selected utility companies listed in Hong Kong, the U.K., Australia and New Zealand; and
  - Considerably higher than the average paid to the NEDs of the 27 companies listed on the Hang Seng Composite Industry Index - Utilities.
39. However, it is noted that the average fee currently paid to CLP's NEDs (HK\$1,139,517) or proposed to be paid during the years 2022 (HK\$1,145,750), 2023 (HK\$1,152,208) and 2024 (HK\$1,158,767) would be much lower than the average of the highest fees of the comparable groups, except for one benchmarking group - the companies listed on the Hang Seng Composite Industry Index - Utilities (HK\$604,534), the average fee of which is considerably lower.
40. It should be noted that the information on the NEDs' fees used in the table set out in paragraph 35 has been obtained from publicly available sources as at 31 October 2021 (the latest practicable date for us to obtain, collate and analyse this information for the purposes of this Review). This information relates to the level of fees previously paid to NEDs and may not necessarily reflect fees applied as at the date of this Review, such as adjusted in the months following the publication of that information. It should also be noted that these fees will not reflect the

level of fees payable or envisaged to be payable by such companies during the coming three years through to 2025.

41. The proposal to amend the level of the NEDs' fees is part-way through a financial year, commencing on 7 May 2022 (the day after the 2022 AGM). The per annum level of fees will be applied through the payment year such that the fees will be payable from 7 May to 6 May in the next year (or, in the case of 2025, to the date of the 2025 AGM). Therefore, when these fees are applied to CLP's financial year, the fees payable from 1 January to 6 May will be lower than the fees payable from 7 May to 31 December. For the purposes of the benchmarking exercise, the fees anticipated to be payable (based on the current composition of the Board and the Board Committees) in each of CLP's financial years for 2022, 2023 and 2024 have been used. This is because CLP (and the companies in the benchmarking exercise) report their NEDs' remuneration in respect of financial years.
42. There are significant variations in the level of fees paid to NEDs within all of the indices benchmarked, and direct comparison with CLP is difficult due to differing structures of boards and board committees, differing allocations of fees for service on boards or board committees, as well as lack of uniformity in the detail and breakdown of the information provided by individual companies. However, taken as a whole, the above table does not indicate that the application of CLP's methodology for determining the level of NEDs' fees to take effect for the three years commencing from 7 May 2022 would lead to a level of fees which would be unreasonable, particularly when compared to other international listed utility companies.
43. To ensure an element of external verification of CLP's methodology and of the resulting level of NEDs' fees proposed to be payable with effect from 7 May 2022, J.S. Gale & Co have considered this Review, and have been given access to the supporting information used in its preparation. Whilst the choice of this methodology, its implementation and submission of the resulting recommended NED fees to CLP's Shareholders is a matter for CLP management, the Human Resources & Remuneration Committee and the Board; the approval of NEDs' fees is a matter for Shareholders' judgement. J.S. Gale & Co have provided an opinion, included in Appendix A, to the effect that the methodology is reasonable and appropriate, has been fairly and consistently applied in all material respects and that the resulting level of fees is reasonable and appropriate having regard to current corporate governance practices in Hong Kong and the U.K.
44. In line with CLP's commitment, expressed in the CLP Code, to the adoption of a transparent methodology for determining NEDs' remuneration, this Review will be placed on our website.

## Conclusion

45. In light of the foregoing, and in particular with regard to the increased workload of NEDs since the level of remuneration was previously determined in 2019, the increase in hourly rates being broadly in line with inflation, and following the Board's recommendation to implement the increase by spreading the increase over the next three years (as occurred in the 2013, 2016 and 2019 Reviews), it is proposed that, with effect from 7 May 2022, the day after the 2022 AGM, the fees per annum for service as NEDs of the Company, be as set out in the following table (which for reference purposes, also includes the list of fees currently payable):-

	Current Annual Fees HK\$	Proposed Annual Fees (w.e.f. 7 May 2022) HK\$	Proposed Annual Fees (w.e.f. 7 May 2023) HK\$	Proposed Annual Fees (w.e.f. 7 May 2024) HK\$
<b>Board</b>				
Chairman	887,700	888,200	888,700	889,200
Vice Chairman	697,500	697,900	698,300	698,700
Non-executive Director	634,100	634,400	634,800	635,200
<b>Audit &amp; Risk Committee</b>				
Chairman	673,100	688,200	703,700	719,500
Member	481,900	492,200	502,700	513,500
<b>Finance &amp; General Committee</b>				
Chairman	449,900	449,900	449,900	449,900
Member	319,400	319,400	319,400	319,400
<b>Human Resources &amp; Remuneration Committee</b>				
Chairman	140,700	142,300	143,900	145,500
Member	99,800	101,300	102,800	104,300
<b>Sustainability Committee</b>				
Chairman	141,500	145,500	149,700	154,100
Member	101,900	104,400	107,000	109,600
<b>Nomination Committee</b>				
Chairman	40,200	41,100	42,100	43,100
Member	28,700	29,400	30,100	30,800
<b>Provident &amp; Retirement Fund Committee*</b>				
Chairman	14,000	14,000	14,000	14,000
Member	10,000	10,000	10,000	10,000
<p>* A nominal fee has been maintained for the Chairman and Members of the Provident &amp; Retirement Fund Committee.</p> <p>Note: Executive Directors and management serving on the Board and Board Committees are not entitled to any Directors' fees.</p>				

46. It is recommended that the proposed fees be fixed at the level as set out in the table in paragraph 45 for the respective periods 7 May 2022 to 6 May 2023; 7 May 2023 to 6 May 2024; and 7 May 2024 until the date of the AGM in 2025. The proposed fees shall accrue on a daily basis, save that, subject to endorsement by the Human Resources & Remuneration Committee and the Board, and approval by the Shareholders, the method of calculation and the level of NEDs' fees may be revised prior to those dates if circumstances arise which indicate that those fees might no longer be considered as fair and reasonable in all the relevant circumstances relating to the Company's affairs, the nature, extent and liabilities associated with service as a NED or otherwise by reference to prevailing corporate governance standards and practices. In this regard, an assessment will be made as to whether the NEDs' workload has significantly changed to such an extent that the next fee review should be brought forward.



David Simmonds  
Company Secretary  
CLP Holdings Limited  
28 February 2022



**INDEPENDENT REVIEW OF NON-EXECUTIVE DIRECTORS'  
REMUNERATION OF CLP HOLDINGS LIMITED**

**2022 REVIEW**

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## Independent Review of Non-executive Directors' Remuneration of CLP Holdings Limited

### 2022 Review

#### 1. Background and scope of the independent review

Pursuant to the CLP Code on Corporate Governance (the "**CLP Code**") issued by CLP Holdings Limited ("**CLP**") on 28 February 2005 (most recently updated in January 2019) and CLP's previous corporate governance practices, an independent review on the remuneration payable to its Non-executive Directors ("**NEDs**") should be conducted at least every three years. The fees paid to the NEDs were last reviewed by CLP in 2019 (the "**2019 Review**") and, therefore, a review (the "**2022 Review**") is now due in regard to the level of fees to be paid to NEDs for the period of approximately three years commencing from 7 May 2022 (the day following the 2022 Annual General Meeting ("**AGM**") to the date of CLP's AGM in year 2025) (the "**Relevant Period**").

In this regard, the senior management of CLP has prepared an internal review of the fees payable to NEDs of CLP (the "**Management Review**") based on the same methodology adopted by CLP in the 2019 Review (the "**Model**"). The Model is aligned with the recommendations of the "Review of the Role and Effectiveness of Non-Executive Directors" published in January 2003 (the "**Higgs Report**").

The Model determines the proposed fees and other remuneration payable to NEDs of CLP by reference to two components: an hourly rate and the number of hours spent in the performance of their duties. In addition, NEDs of CLP are remunerated for an additional fee of about 40% or 10% for chairmanship of the board (the "**Board**") of directors of CLP (the "**Directors**") or any board committees of CLP (the "**Board Committees**") and vice-chairmanship of the Board respectively, in view of the additional role and responsibilities which these duties involve.

Having regard to the principle that levels of remuneration should be sufficient to attract and retain high-calibre candidates needed to run a company successfully, but no more than is necessary for this purpose, CLP then reviews the level of fees produced by the above methodology, by benchmarking them against the levels of fees paid to NEDs of other leading Hong Kong listed companies included within the Hang Seng Index and other Hong Kong indices, as well as fees paid to NEDs of utility companies listed on exchanges in Hong Kong, the U.K., Australia and New Zealand.

In order to determine whether CLP should adjust/maintain the levels of directors' fees payable to NEDs, including independent NEDs, who serve on the Board and Board Committees of CLP, J.S. Gale & Co ("**JSG**") has been engaged by CLP to conduct an independent review and provide an opinion (the "**Opinion**") on the following areas:-

- 1.1 whether the methodology applied in the Model represents a reasonable and appropriate approach in light of current corporate governance regulations and practices in Hong Kong and the United Kingdom ("**UK**");
- 1.2 whether the methodology applied in the Model is being fairly and consistently applied to all NEDs, including independent NEDs; and
- 1.3 whether the proposed fees (the "**Proposed Fees**") for the NEDs resulting from the calculation made in accordance with the methodology applied in the Model are appropriate and reasonable having regard to the current corporate governance practices in Hong Kong and the UK.

CLP has, based on the publicly available information regarding the level of directors' fees, benchmarked the Proposed Fees for the Relevant Period against the remuneration paid to NEDs of:

- 1.3.1 the 59 companies (excluding CLP) listed on the Main Board of HKSE which are constituent stocks of the Hang-Seng Index as of 31 October 2021 (the "**Hang-Seng Index Companies**");
- 1.3.2 the 34 companies (excluding CLP) listed on the Hang Seng HK 35 Index as of 31 October 2021 (the "**Hang-Seng HK 35 Index Companies**");
- 1.3.3 the 30 largest companies by capitalisation as of 31 October 2021 (the "**Thirty Largest HK Companies**") listed on the Main Board of the Stock Exchange of Hong Kong Limited ("**HKSE**");
- 1.3.4 15 major utility companies (the "**Utility Companies**") listed on the London Stock Exchange plc ("**LSE**"), HKSE, New Zealand Stock Exchange ("**NZX**") and Australian Stock Exchange ("**ASX**"); and
- 1.3.5 the 27 companies (excluding CLP) listed on the Hang Seng Composite Industry Index - Utilities as of 31 October 2021 (the "**Hang-Seng Composite Industry Index - Utilities Companies**")

(the "**Benchmarking Exercise**").

## 2. Management Review and supporting documents

We have reviewed the Management Review and the Model and have been provided with supporting information used for the preparation of the Management Review by CLP, details of which are set out in Appendix 1.

We note that the Management Review based many of its findings on various prominent UK reports on corporate governance (the "**Reports on Corporate Governance**") and we have considered the recommendations made in these Reports, namely the Report of the Committee on the Financial Aspects of Corporate Governance of 1 December 1992 (the "**Cadbury Report**"), the Final Report of the Committee on Corporate Governance of January 1998 (the "**Hampel Report**"), and

in particular, the Higgs Report and the UK Corporate Governance Code published by the UK Financial Reporting Council in July 2018 (the “**2018 UK Code**”).

In order to determine whether the methodology applied in the Model represents a reasonable and appropriate approach in light of the regulatory requirements on corporate governance in Hong Kong and the UK, we have reviewed the CLP Code and taken into account the relevant requirements and regulations under the Corporate Governance Code (the “**HK Code**”) which is set out in Appendix 14 to the Rules Governing the Listing of Securities on HKSE (the “**Listing Rules**”) and the 2018 UK Code.

In order to determine whether the Proposed Fees are appropriate and reasonable having regard to the current corporate governance practices in Hong Kong and in the UK, both CLP and ourselves have conducted statistical analysis benchmarking the highest, lowest and average of the fees currently paid to the NEDs for the years 2019 to 2021 (the “**Current Fees**”) and the Proposed Fees for its NEDs against the highest, lowest and average fees (excluding share options) for NEDs serving on the boards of (1) the Hang-Seng Index Companies; (2) the Hang-Seng HK 35 Index Companies; (3) the Thirty Largest HK Companies; (4) the Utility Companies; and (5) the Hang-Seng Composite Industry Index - Utilities Companies.

### 3. Summary of our Opinion

Set out below is a summary of our Opinion on the Management Review and the Model. Please refer to Appendix 2 for our detailed analysis.

Based on our review and by reference to (1) the Reports on Corporate Governance; (2) the regulatory requirements under the HK Code and the 2018 UK Code; (3) the practices adopted by the Hang-Seng Index Companies, the Hang-Seng HK 35 Index Companies, the Thirty Largest HK Companies; the Utility Companies and the Hang-Seng Composite Industry Index - Utilities Companies; and (4) the result of the Benchmarking Exercise, we are of the opinion that:

- 3.1 the methodology applied in the Model represents a reasonable and appropriate approach in light of current corporate governance regulations and practices in Hong Kong and the UK.
- 3.2 the methodology applied in the Model is being fairly and consistently applied in all material respects to all NEDs, including independent NEDs; and
- 3.3 the Proposed Fees for the NEDs for the Relevant Period (including the annual deferred payments proposed) are appropriate and reasonable having regard to the current corporate governance practices in Hong Kong and the UK.

### 4. Qualifications to the Opinion

- 4.1 In preparing this Opinion, we have relied on the accuracy and completeness of the information provided to us by CLP. To the extent such information is inaccurate or incomplete, this Opinion may also be inaccurate or incomplete.

- 4.2 To advise whether the methodology applied in the Model represents a reasonable and appropriate approach in light of current corporate governance regulations and practices in Hong Kong and the UK, our conclusion was solely made by reference to the Reports on Corporate Governance, the regulatory requirements under the HK Code and the 2018 UK Code and the market practices adopted by the Hang-Seng Index Companies, the Hang-Seng HK 35 Index Companies, the Thirty Largest HK Companies, the Utility Companies and the Hang-Seng Composite Industry Index - Utilities Companies.
- 4.3 To advise whether the Proposed Fees are appropriate and reasonable having regard to current corporate governance practices in Hong Kong and the UK, our conclusion was solely based on (1) the observations made from the supporting documents provided to us by CLP and the result of the Benchmarking Exercise; and (2) the assumption that there will not be any significant change in the fees payable to the NEDs serving on the boards of (i) the Hang-Seng Index Companies; (ii) the Hang-Seng HK 35 Index Companies; (iii) the Thirty Largest HK Companies (iv) the Utility Companies and (v) the Hang-Seng Composite Industry Index - Utilities Companies during the Relevant Period.
- 4.4 This Opinion is prepared solely for the use of CLP's management and the Board for the purpose of the 2022 Review. No other person or entity may rely on any part of this Opinion without our prior written consent, nor should this Opinion be relied upon for any other purpose. We hereby give our consent to CLP for publication of this Opinion in CLP's future annual reports and other corporate communications, as well as on CLP's website.



J.S. Gale & Co  
28 February 2022

## Appendix 1

### Supporting documents provided by CLP

1. a spread sheet containing the hourly rate of remuneration of senior representatives of professional business advisers to CLP;
2. a spread sheet containing the total number of Board and Board Committee meetings held in year 2007 to year 2021, including duration of each meeting, travelling time and the number of papers submitted at meetings and by circulars/resolutions to the Board and Board Committees throughout the years 2007 to 2021 (the "**Breakdown of hours spent by the Directors**"), together with averages of the durations spent in the years 2007 to 2021, a copy of which is set out in Appendix C to the Management Review;
3. a spread sheet containing the highest, lowest and average annual fees (excluding share options and excluding those who had received zero remuneration) for individual NEDs of the Hang-Seng Index Companies, a copy of which is set out in Appendix 3;
4. a spread sheet containing the highest, lowest and average annual fees (excluding share options and excluding those who had received zero remuneration) for individual NEDs of the Hang-Seng HK 35 Index Companies, a copy of which is set out in Appendix 4; and
5. a spread sheet containing the highest, lowest and average annual fees (excluding share options and excluding those who had received zero remuneration) for individual NEDs of the Thirty Largest HK Companies, a copy of which is set out in Appendix 5;
6. a spread sheet containing the highest, lowest and average annual fees (excluding share options and excluding those who had received zero remuneration) for individual NEDs of the Utility Companies, a copy of which is set out in Appendix 6;
7. a spread sheet containing the highest, lowest and average annual fees (excluding share options and excluding those who had received zero remuneration) for individual NEDs of the Hang-Seng Composite Industry Index - Utilities Companies, a copy of which is set out in Appendix 7; and
8. a spread sheet containing the proposed fees to be paid to the NEDs for the years 2022, 2023 and 2024.

## Appendix 2

### Detailed analysis of the Opinion

#### 1. **Model analysis by reference to the recommendations in the Reports on Corporate Governance**

The Cadbury Report, the Hampel Report, the Higgs Report and the 2018 UK Code provide authority for the Model to advocate the reflection of NEDs' time commitment and the assumption of additional responsibilities such as chairmanship of the Board and Board Committees and vice-chairmanship of the Board in their remuneration. The Reports on Corporate Governance generally do not encourage the inclusion of share options as part of NEDs' remuneration package. Certain extracts of the recommendations of the Reports on Corporate Governance can be found in paragraphs 3 to 6 of the Management Review.

**JSG's Comments:** We note that the Management Review based many of its findings on the Reports on Corporate Governance and in particular, the Higgs Report and the Model is aligned with the recommendations from the Higgs Report that (1) the remuneration of an NED should be sufficient to attract and fairly compensate high quality individuals and that it might comprise an annual fee, a meeting attendance fee, and an additional fee for the chairmanship of committees; and (2) the level of remuneration appropriate for any particular NED role should reflect the likely workload, the scale and complexity of the business and the responsibility involved.

#### 2. **Model analysis by reference to the corporate governance regulatory requirements and market practice of the comparable companies in Hong Kong and the UK**

##### 2.1 Regulatory requirements in Hong Kong

###### 2.1.1 Principles concerning the level and make-up of remuneration and disclosure

Section E.1.5 of the HK Code provides that an issuer should disclose information relating to its directors' remuneration policy and other remuneration related matters. There should be a formal and transparent procedure for setting policy on executive directors' remuneration and for fixing the remuneration packages for all directors. Levels of remuneration should be sufficient to attract and retain the directors needed to run the company successfully, but companies should avoid paying more than is necessary for this purpose. No director should be involved in deciding that director's own remuneration. Section E.1.9 of the HK Code recommends that an issuer generally should not grant equity-based remuneration with performance related elements to independent NEDs.

Under paragraph 24B of Appendix 16 of the Listing Rules, issuers are required to give a general description of the emolument policy and long-term incentive schemes of the group as well as the basis of determining the emoluments payable to their directors. Under paragraph 24 of the same Appendix 16, directors' fees and any other reimbursement or emoluments

payable to a director must be disclosed in full in the annual reports and accounts of the issuer on an individual and named basis.

Section B.1.2 of the HK Code in particular, provides, inter alia, that when making recommendations to the board on the remuneration of NEDs, the remuneration committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group.

#### 2.1.2 Functions and increased workload of NEDs

According to section A.6 of the HK Code, every director is required to keep abreast of his responsibilities as a director of an issuer and of the conduct, business activities and development of that issuer. Given the essential unitary nature of the board, NEDs have the same duties of care and skill and fiduciary duties as executive directors.

Section A.6.2 of the HK Code further provides that the functions of NEDs should include but should not be limited to the following:-

- (a) participating in board meetings of the issuer to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- (b) taking the lead where potential conflicts of interests arise;
- (c) serving on the audit, remuneration, nomination and other governance committees, if invited; and
- (d) scrutinising the issuer's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance.

**JSG's Comments:** In view of the provisions in sections A.6 and A.6.2 of the HK Code, the role of the NEDs is becoming increasingly important and the increased functions and responsibilities of NEDs under the regulatory requirements also increase the time commitment and workload of the NEDs.

We note from the Management Review that there has been a slight increase in the working hours of the Board. Also, moderate increases were recorded in the working hours of the Audit & Risk Committee, the Human Resources & Remuneration Committee, the Sustainability Committee and the Nomination Committee. On the other hand, the working hours of the Finance & General Committee were reduced and there was a slight decrease in the working hours of the Provident & Retirement Fund Committee. Overall, however, there were increases in the working hours of most Board and Committee members. We note that this increase is not only due to the growing complexity of the businesses of CLP but also the regulatory and compliance requirements under the HK Code.



## 2.2 Regulatory requirements in the UK

We note that some recommendations regarding the remuneration of NEDs in the Higgs Report have been adopted by the 2018 UK Code to form the major framework of corporate governance regulatory requirements in the UK. As in the case of the HK Code, the 2018 UK Code also recognises the importance of NEDs within a company and Principle Q of the 2018 UK Code contain similar provisions to Section E.1 of the HK Code.

Principle Q of the 2018 UK Code provides that there should be a formal and transparent procedure for developing policy on executive remuneration and for determining director and senior management remuneration. No director should be involved in deciding his or her own remuneration.

Provision 34 of the 2018 UK Code then sets out the main principles on the level and make-up of remuneration: levels of remuneration for NEDs should reflect the time commitment and responsibilities of the role. Remuneration for NEDs should not include share options or other performance-related elements.

## 2.3 Market practices of comparable companies in Hong Kong and the UK

In the current market, we have referred to the BDO Corporate Governance Review 2014 which reviewed the corporate governance practices of 238 large and mid-cap indices of the Hang Seng Composite Index. BDO concluded that nearly all such companies are consistently in full compliance concerning the establishment, role and functions of their remuneration committees. BDO also concluded that more companies are providing informative disclosure and transparency about the procedures for developing policies on executive and non-executive remuneration. In earlier years, we had found that many companies referred to "time spent" as a factor for determining non-executive remuneration without setting out (unlike CLP) a transparent methodology for converting time spent into actual remuneration.

To this extent, we believe the methodology adopted by CLP is at least comparable to, or better than, current market practices in Hong Kong.

## 3. Corporate governance approach of CLP and CLP's methodology

### 3.1 Corporate governance approach under the CLP Code

We note from the CLP Code that the main principles of CLP's own remuneration policies are as follows:-

- 3.1.1 no individual should determine his or her own remuneration;
- 3.1.2 remuneration should be broadly aligned with companies with whom CLP competes for resources;
- 3.1.3 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 CLP to its shareholders.



**JSG's Comments:** Having considered the Reports on Corporate Governance and the regulatory requirements under the HK Code and 2018 UK Code, we are satisfied that CLP, through its disclosure of its procedure in deriving each NED's annual remuneration package in its annual reports and its practice of conducting an independent review in this regard every three years, has taken note of the recommendations of the Reports on Corporate Governance and complied with the regulatory requirements provided for in the HK Code.

### 3.2 Methodology applied in the Model

The methodology applied in the Model adopted by CLP in year 2019 was aligned with the recommendation of the Higgs Report by determining the fees and other remuneration payable to NEDs by reference to two components: an hourly rate and the number of hours spent in the performance of their duties. In addition, NEDs are remunerated for an additional fee of about 40% and 10% for chairmanship of the Board or Board Committees and vice-chairmanship of the Board respectively, in view of the additional role and responsibilities which these duties involve.

The Management considers that the methodology previously applied in the Model remains relevant, reasonable and appropriate and the 2022 Review adopts the same methodology applied in the Model but the detailed application of the methodology is subject to a number of adjustments and alterations to reflect changes in the organisation of Board Committees, the increase in Directors' workload and other relevant developments which have occurred since the Current Fees were determined and approved in year 2019.

Furthermore, the Management Review revealed that the overall time spent by the NEDs in performing their duties on the Board and Board Committees during the period from 2013 to 2021 was broadly higher than the last review period from 2010 to 2018. Given the possible year-to-year fluctuations in the time spent by the NEDs, the management has recommended to maintain the approach of the 2019 Review by taking an average of time spent by Non-executive Directors over a longer period of three review periods (i.e. a total of 9 years), rather than over the 3 years immediately preceding the review, in order to smooth out the effect of short-term fluctuations in workload.

### 3.3 Components of the Methodology

#### 3.3.1 Application of hourly rate

As was the case in the 2019 Review, the annual remuneration of an NED is calculated by multiplying the proposed hourly rate by the average number of hours spent by an NED serving on the Board and Board Committees over years 2013 to 2021 plus an additional fee for every additional role and responsibility, namely the chairing of the Board or Board Committees as well as serving as the vice-chairman of the Board.

The proposed hourly rate of HK\$5,620 adopted in the 2022 Review is the average of the partner level rates previously charged by the respective firms (including two human resources consulting services firm, three accounting firms (not including CLP's auditors) and twenty-two law firms providing

corporate legal advice (not including JSG)). This is an increase of HK\$220 per hour above the hourly rate of HK\$5,400 used in the 2019 Review.

**JSG's Comments:** We note that the approach of using the daily remuneration of a senior representative of a company's professional advisors is recommended by the Higgs Report and we also note that most of CLP's NEDs tend to have professional backgrounds and experience in the fields of accounting, law, and business administration. We therefore agree with CLP's management that the similarity of the profiles of CLP's NEDs and the senior representatives of professional advisors used in the methodology renders it appropriate for CLP to use these hourly rates when determining the hourly rate used in the calculation of fees for its NEDs.

### 3.3.2 Working hours of CLP's NEDs

We note from the Management Review that the number of hours spent by each of CLP's NEDs in the performance of their duties (both on serving the Board and Board Committees) during the years 2013 to 2021 is estimated by reference to the following activities: -

- (a) Hours for meetings;
- (b) Hour for meetings preparation;
- (c) Hours for reading Board circulars;
- (d) Hours for attending the AGM; and
- (e) Hours for travelling (locally).

A detailed breakdown of the calculation of the hours allocated by Directors in performing their duties is set out in the Breakdown of hours spent by the Directors (a copy of which is set out in Appendix C to the Management Review).

**JSG's Comments:** We have reviewed the Breakdown of hours spent by the Directors and have checked the calculations used by CLP, on the assumption that the information concerning the time spent by the Directors on various activities is correct. On this basis, the calculations are correct.

Further, we note that from paragraph 23 of the Management Review that not all the hours each individual NED spent performing their duties has been captured under the Methodology. For example, time spent attending briefings and seminars, or paying visits to local management in Hong Kong and abroad, or hosting shareholders' visits, was excluded.

### 3.3.3 Board Committees

We note from the Management Review that the methodology applied in the Model further reflects the workload and responsibility assumed by individual NEDs of CLP by taking into account the total number of working hours they

incur serving on Board Committees. According to the Management Review, there were two exceptions to this which concerned service on the Finance & General Committee and the Provident & Retirement Fund Committee.

The average working hours of the Finance & General Committee showed a slight reduction over the nine-year period from 2013 to 2021 when compared with the 2019 Review. The Management Review explains that this reduction can be attributed to the delivery of more succinct board papers and enhanced efficiency in the Committee's work especially from the period of 2017 onwards. However, the Management Review notes that, in respect of the more recent three-year period, the working hours have increased over the preceding two-year period, and that this is in line with the expected pick up in workload for the Finance & General Committee in the 2019-2021 period. As this is anticipated to continue after the 2022 Review, the Management Review states that it is considered appropriate not to adjust the current fees for the Financial & General Committee.

Although there was a slight decrease in the working hours of the Provident & Retirement Fund Committee, and the Management Review proposes that a nominal fee be maintained for this Committee which, we note, is less than the indicative fees for this Committee based on its working hour.

**JSG's Comments:** Taking into account the reasons set out in the Management Review, we are of the opinion that CLP's approach in maintaining the current fees for the Financial & General Committee is appropriate and reasonable having regard to the current corporate governance practices in Hong Kong and the UK.

Having regard to a slight decrease in the time spent by members of the Provident & Retirement Fund Committee since the 2019 Review, we are of the opinion that CLP's approach in continuing to apply a nominal fee for the Provident & Retirement Fund Committee is appropriate and reasonable having regard to the current corporate governance practices in Hong Kong and the UK.

#### 3.3.4 Additional fees for chairmanship of the Board and Board Committees and the vice-chairmanship of the Board

We note from the Management Review that CLP has taken into account a survey of Directors' Remuneration conducted by New Bridge Street Consultants in July 2003, which concluded that fees for NEDs of an organisation were about 70% of the amounts payable to the chairman. On that basis, CLP has assumed an additional fee of approximately 40% for the chairmanship of the Board and Board Committees and 10% for the vice-chairmanship of the Board above the fees payable to NEDs serving on the Board or corresponding Board Committees. CLP has also assumed that the workload of the vice-chairman of a Board Committee is no greater than that of a member of the Committee. Accordingly, no additional remuneration has been provided in the methodology with regard to the vice-chairmanship of any Board Committee.

**JSG's Comments:** We are of the opinion that CLP's approach of paying an additional fee for the chairmanship of the Board and Board Committees and the vice-chairmanship of the Board is in line with (1) the recommendations of the Cadbury Report and Higgs Report; and (2) the code provisions of the HK Code and the 2018 UK Code which both suggest that the level of remuneration for NEDs should reflect the time commitment and responsibilities of the role.

We are also of the view that the payment of an additional fee for extra responsibilities assumed is necessary to enhance fairness and consistency in the methodology applied in the Model as it recognises the need to compensate each individual NED for their additional responsibilities and is applied to membership and chairmanship of the Board and all Board Committees alike subject to the varying workloads of the Board and each Board Committee.

#### 3.3.5 Non-monetary remuneration - share options

We note from the Management Review that non-monetary remuneration such as share options is not a recommended element to include in the methodology of CLP.

**JSG's Comments:** We note CLP's view that non-monetary remuneration is not recommended. We are of the opinion that CLP's view is in line with (1) the recommendations of the Cadbury Report, Hampel Report and the 2018 UK Code; and (2) the recommended best practices set out in Section E.1.9 of the HK Code.

#### 3.4 Conclusion on whether the methodology applied in the Model represents a reasonable and appropriate approach

As mentioned above, the methodology applied in the Model is primarily based on the recommendations of the Reports on Corporate Governance and the regulatory requirements in Hong Kong and the UK. We are therefore of the opinion that the Model and the Management Review are prepared based on sufficient authority.

Having considered the Reports on Corporate Governance, the regulatory requirements under the HK Code and 2018 UK Code, we are of the opinion that the methodology applied in the Model is in line with the recommendations of the Reports on Corporate Governance, the HK Code and the 2018 UK Code.

**In view of the above, we conclude that the methodology applied in the Model represents a reasonable and appropriate approach in light of current corporate governance regulations and practices in Hong Kong and the UK.**

#### 4. Whether the Model is fairly and consistently applied to all the NEDs

##### 4.1 Application of the Model under the 2019 Review

The methodology applied in the Model in the 2019 Review was founded on two major components, namely an hourly rate and the average number of hours NEDs committed to their role and responsibilities.

We note from the Management Review that the Current Fees payable to the NEDs for the years 2019 to 2021 resulted from the calculation based on the Model under the 2019 Review by reference to the average of the total hours spent by NEDs in fulfilling their duties and responsibilities on the Board and on Board Committees (including hours of meetings, hours spent on preparation for meetings, reading of Board Circulars and travelling time for meetings) over the years 2010 to 2018 and it did not assume, or take into account, any continuous increase in the workload of Directors in the three years following the 2019 Review. The Current Fees were approved and became effective by CLP shareholders at its AGM held on 6 May 2019 and became effective on 7 May 2019.

**JSG's Comments:** We note from the annual reports of CLP for the years 2019 to 2021 that (1) each of the NEDs was remunerated at the Current Fees in accordance with their membership or chairmanship on the Board and the Board Committees (additional fees have been paid to NEDs' for their extra responsibilities assumed, namely an additional fee of approximately 40% for the chairmanship of the Board and Board Committees and 10% for the vice-chairmanship of the Board); and (2) there was no increase or decrease of the Current Fees paid to all the NEDs during the years 2019 to 2021, nor was there any special treatment for any of the NEDs including the independent NEDs for their remuneration.

**We are therefore of the opinion that the methodology applied in the Model has been applied fairly and consistently to all the NEDs including the independent NEDs during the years 2019 to 2021.**

#### 4.2 Application of the Model under the 2022 Review

**JSG's Comments:** We note from the Management Review that the Proposed Fees for the Relevant Period will be considered and endorsed by the Human Resources & Remuneration Committee and then submitted to the shareholders of CLP for approval at CLP's AGM, presently scheduled for 6 May 2022 ("**2022 AGM**"). CLP's management has further confirmed that (1) the Proposed Fees, if approved in the 2022 AGM, will be applied to all the NEDs for the three years from 7 May 2022 and each of the NEDs will be remunerated by Proposed Fees in accordance with their membership or chairmanship on the Board and Board Committees (additional fees will be paid to NEDs' for their extra responsibilities assumed, namely an additional fee of approximately 40% for the chairmanship of the Board and Board Committees and 10% for the vice-chairmanship of the Board); and (2) no special treatment for remuneration will be granted to any of the NEDs including the independent NEDs.

**In this regard, we are of the opinion that the Model adopted in the 2022 Review is consistent with the Model adopted in the 2019 Review and the methodology applied in the Model is being fairly and consistently applied in all material respects to all the NEDs including the independent NEDs during the 2022 Review.**

## 5. Application of the methodology in calculating the Proposed Fees

### 5.1 Hours spent by the Directors in serving on the Board and Board Committees

We have reviewed the total number of hours spent by Directors in serving on the Board and Board Committees during the years 2013 to 2021, together with the average of those hours set out in the table in paragraph 22 of the Management Review.

**JSG's Comments:** We note from such information that there has generally been an increase in the workload of NEDs of CLP, as measured by the time spent on their duties, compared to that applied in setting the Current Fees of NEDs of CLP. Management has maintained the approach of the 2019 Review by taking an average of time spent by Non-executive Directors over a longer period of the three review periods (i.e. a total of 9 years), rather than over the 3 years immediately preceding the review, in order to smooth out the effect of short-term fluctuations in work load.

As more information is now available since 2007, we consider that it is fair and reasonable to apply the methodology by reference to a longer period of the three review periods, rather than over the 3 years immediately preceding the review.

### 5.2 Proposed Fees for the Relevant Period

We note from the Management Review that there has been a slight increase in the working hours of the Board. Also, moderate increases were recorded in the working hours of the Audit & Risk Committee, the Human Resources & Remuneration Committee, the Sustainability Committee and the Nomination Committee. There is a slight reduction in the working hours of the Finance & General Committee, which is mainly attributed to the delivery of more succinct board papers and enhanced efficiency in this Committee's work. The Management recommended to maintain the current fees for this Committee unchanged as it is anticipated that the transaction opportunities for the Group and by extension the workload of this Committee may increase over the next few years.

We have also reviewed the information in paragraphs 26 and 45 of the Management Review which sets out the Current Fees, indicative fees and the Proposed Fees for the Relevant Period.

**JSG's Comments:** Although there has been a slight decrease in the working hours of the Finance & General Committee over the review period of 2013 to 2021 when compared with the 2019 Review, in respect of the more recent three-year period, the working hours have increased over the preceding two-year period, i.e., the average total working hours for each of the past three years (2019-2021) is 48.67 hours as compared to the total working hours for 2017 (47.87 hours) and 2018 (45.47 hours). This shows that there is a pick up in the workload for the Finance & General Committee in the 2019-2021 period. It is therefore anticipated by the management that the workload of this Committee will continue to increase over the next few years. We are of the opinion that CLP's approach in maintaining the current fees for the Financial & General Committee unchanged is in line with (1) the recommendations of the Higgs Report, which proposes that the level of remuneration for any particular NED should reflect the likely workload, the scale and complexity of the business and



the responsibility involved (paragraph 12.24 of the Higgs Report); and (2) the code provisions of the HK Code and the 2018 UK Code which both suggest that the level of remuneration for NEDs should reflect the time commitment and responsibilities of the role. We also note that the slight decrease in the working hours of the Finance & General Committee is only in the order of approximately 8.6%.

The Proposed Fees are based on a calculation made in accordance with CLP's methodology by multiplying an hourly rate of HK\$5,620 with the average number of hours spent by Directors on their duties during the years 2013 to 2021 (based on membership or chairmanship of the Board and Board Committees as of 31 December 2021). As noted above, this is over a longer period than used in previous reviews, and the hourly rate has been adjusted from HK\$5,400 to HK\$5,620. We have verified the calculation of the Proposed Fees by using the same calculation method adopted by CLP and confirmed that the Proposed Fees are accurately derived as set out in the table in paragraph 45 of the Management Review.

### 5.3 Proposed Fees to be taken on a Deferred Basis

We note from paragraph 45 of the Management Review that it is the intention of CLP's management to apply the results of the methodology over three annual increases instead of the usual one increase for the next three years, as in the 2019 Review.

**JSG's comments:** We understand that the total sum of the three deferred payments will be identical (save for rounding) to three times the indicative fees set out in the second final row of the table set out in paragraph 26 of the Management Review. We are of the opinion that this proposed method of payment accords with the Model and current corporate governance regulations and practices in Hong Kong and the United Kingdom.

## 6. Benchmarking Exercise and Analysis

### 6.1 Representativeness of the comparator companies in Hong Kong, the UK, Australia and New Zealand

In the Management Review, CLP has conducted statistical analysis benchmarking the highest, lowest and average of the Current Fees and the Proposed Fees for its NEDs against the highest, lowest and average fees (excluding share options and excluding those who received zero remuneration) for NEDs serving on the boards of (1) the Hang-Seng Index Companies; (2) the Hang-Seng HK 35 Index Companies; (3) the Thirty Largest HK Companies; (4) the Utility Companies; and (5) the Hang-Seng Composite Industry Index - Utilities Companies.

We note from CLP that:-

- 6.1.1 the highest, lowest and average of CLP's Current Fees per annum are calculated based on CLP's Current Fees per annum which, in turn, are based on the membership or chairmanship of the Board and Board Committees as of 31 December 2021;

- 6.1.2 the highest, lowest and average of CLP's Proposed Fees per annum are based on the level of fees (with the exception of the chairman of the Provident & Retirement Fund Committee, whose fees are nominal) resulting from the calculations made in accordance with CLP's methodology (by multiplying an hourly rate of HK\$5,620 by the average number of hours spent by Directors on their duties during the years 2013 to 2021 and taking into account the membership or chairmanship of the Board and Board Committees as of 31 December 2021);
- 6.1.3 the highest, lowest and average fees for the Hang-Seng Index Companies (as set out in Appendix 3) are based on the information set out in the latest published annual reports of the Hang-Seng Index Companies as of 31 October 2021 and the average fees for each of the Hang-Seng Index Companies are calculated by dividing the total amount of full year remuneration paid to all the NEDs of each company by the corresponding number of NEDs in that particular company (excluding share options and excluding those who received zero remuneration). That will mean if an NED for any reason did not serve in the position for a full year, the fees paid to him/her will not be taken into account for the purposes of the above calculations;
- 6.1.4 the highest, lowest and average fees for the Hang-Seng HK 35 Index Companies (as set out in Appendix 4) are based on the information set out in the latest published annual reports of the Hang-Seng HK 35 Index Companies as of 31 October 2021 and the average fees for each of the Hang-Seng HK 35 Index Companies are calculated on the same basis as set out in paragraph 6.1.3 above;
- 6.1.5 the highest, lowest and average fees for the Thirty Largest HK Companies (as set out in Appendix 5) are based on the information set out in the latest published annual reports of the Thirty Largest HK Companies as of 31 October 2021 and the average fees for each of the Thirty Largest HK Companies are calculated on the same basis as set out in paragraph 6.1.3 above;
- 6.1.6 the Highest, lowest and average fees for the Utility Companies (as set out in Appendix 6) are based on the information set out in the latest published annual reports of the Utility Companies as of 31 October 2021; and the average fees for each of the Utility Companies are calculated on the same basis as set out in paragraph 6.1.3 above;
- 6.1.7 the Highest, lowest and average fees for the Hang-Seng Composite Industry Index - Utilities Companies (as set out in Appendix 7) are based on the information set out in the latest published annual reports of the Hang-Seng Composite Industry Index - Utilities Companies as of 31 October 2021 and the average fees for each of the Hang-Seng Composite Industry Index - Utilities Companies are calculated on the same basis as set out in paragraph 6.1.3 above; and



6.1.8 the information on the NED fees paid by the Hang-Seng Index Companies, the Hang-Seng HK 35 Index Companies, the Thirty Largest HK Companies, the Utility Companies and the Hang-Seng Composite Industry Index - Utilities Companies have been obtained from publicly available sources. This information relates to the level of fees previously paid to NEDs and may not necessarily reflect current fee levels which may have been affected by adjustments made in the months following the publication of the annual reports. It should also be noted that these fee levels will not reflect the level of fees payable or envisaged to be payable by such companies during the coming three years through to year 2025.

**JSG's Comments:** We have assumed that the information and figures set out in Appendices 3 to 7, as provided to us by CLP, is correct.

We understand the Utility Companies were selected by CLP for comparison in the Benchmarking Exercise due to their similarity with CLP's business.

It is worth noting that the comparability and relevance of the Benchmarking Exercise may be affected by the differences in business and market environments and pay scales in Hong Kong, the UK, Australia and New Zealand. Nevertheless, given that the Utility Companies operate in the same industry, we believe they serve as a useful and relevant comparator group in our analysis below.

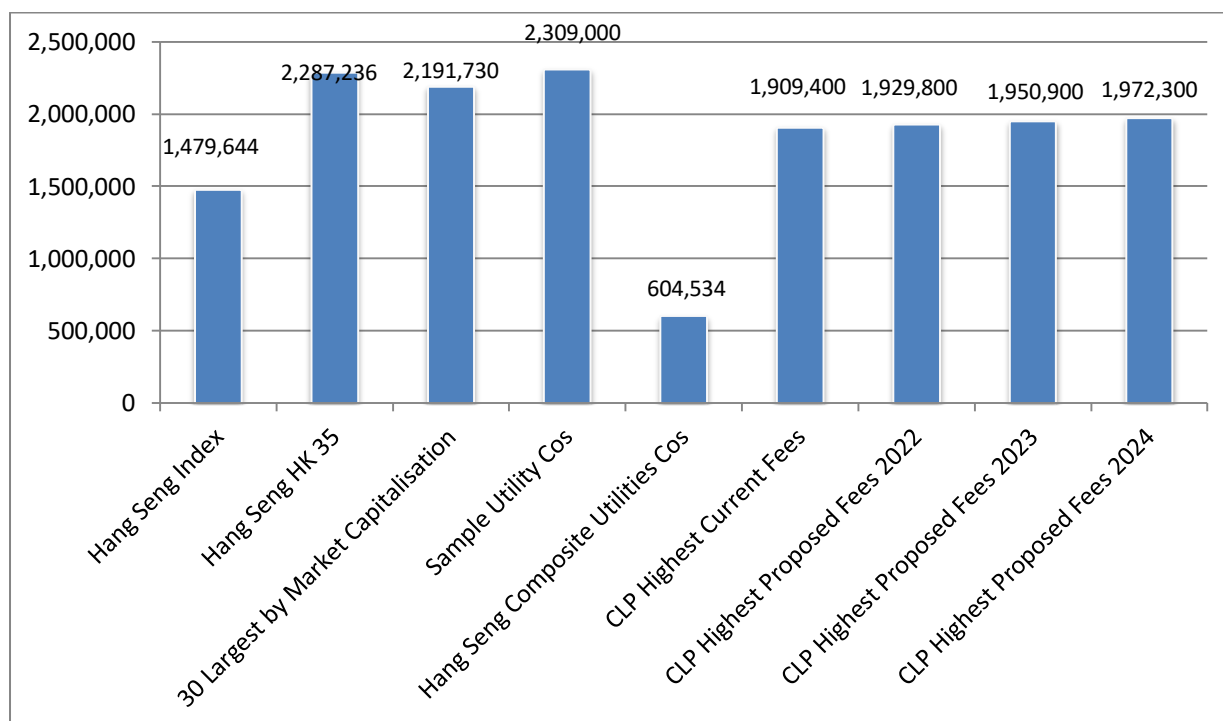
In view of the above, we are satisfied with the representativeness of CLP's selected comparator companies in Hong Kong, the UK, Australia and New Zealand.

## 6.2 Benchmarking Exercise

We have also conducted the Benchmarking Exercise by benchmarking the highest, lowest and average of the Current Fees and the Proposed Fees for CLP's NEDs against the highest, lowest and average fees (excluding share options) for NEDs serving on the boards of (1) the Hang-Seng Index Companies; (2) the Hang-Seng HK 35 Index Companies; (3) the Thirty Largest HK Companies; (4) the Utility Companies; and (5) the Hang-Seng Composite Industry Index - Utilities Companies.

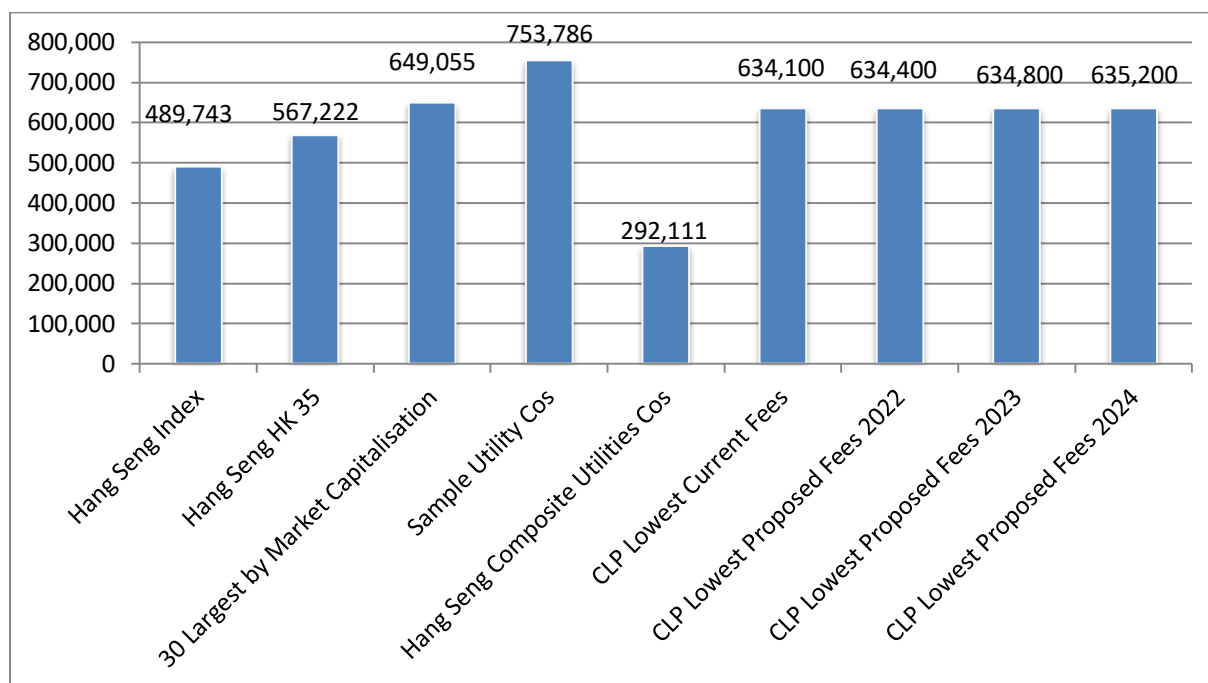
We set out below three bar charts showing (a) the average highest fees paid to NEDs by the above comparator groups; (b) the average lowest fees paid by the above comparator groups and (c) the average fees paid by the above comparator groups for comparison purposes.

### 6.2.1 Average Highest Fees Paid



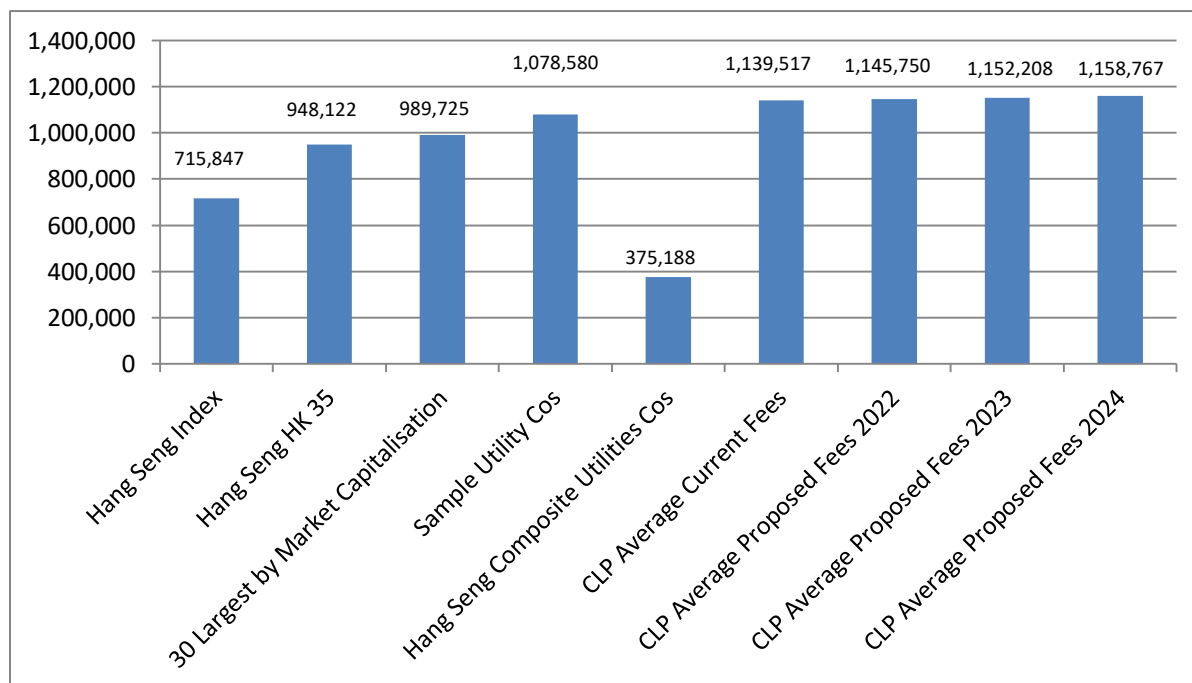
**JSG's comments:** When compared against the average highest fees paid to NEDs of the comparable groups, the highest Current Fees paid to CLP's NEDs of HK\$1,909,400 fall in the middle of the range. The highest Proposed Fees to be paid by CLP to its NEDs in the financial years in each of 2022 to 2025 would remain significantly lower than that of the average highest fees paid by the Hang Seng HK 35 Index Companies, Thirty Largest HK Companies and the Utility Companies.

## 6.2.2 Average Lowest Fees Payable



**JSG's comments:** Comparing the Average Lowest Fees paid to NEDs, the lowest Current Fees of HK\$634,100 paid to NEDs by CLP fall again in the middle of the range. The lowest Proposed Fees to be paid by CLP to its NEDs in the financial years over the period from 2022 to 2025 as a whole will be slightly lower than the lowest fees payable by Thirty Largest HK Companies and moderately lower than that of the Utility Companies.

### 6.2.3 Average Fees Payable



**JSG's comments:** Comparing the average fees payable to NEDs amongst the comparable group, it can be observed from the above chart that the average Current Fees of HK\$1,139,517 paid by CLP to its NEDs are somewhat higher than the comparable groups. As can be seen from the above chart, the average Proposed Fees to be paid by CLP to its NEDs in the financial years over the period from 2022 to 2025 as a whole will be in line with (and only slightly higher) than the average fees payable to the Utilities Companies, while being moderately higher than the Hang Seng HK 35 Index Companies and the Thirty Largest HK Companies.

We agree with CLP's management that there are significant variations in the level of fees paid to NEDs of leading Hong Kong, the UK, Australia and New Zealand listed companies, and direct comparison with CLP is difficult due to differing structures of boards and board committees, differing allocations of fees for service on boards or board committees, as well as lack of uniformity in the detail and breakdown of the information provided by individual companies. However, taken as a whole, the above charts do not indicate that the application of CLP's methodology for determining the Proposed Fees for the years 2022 to 2025 would lead to a level of fees which would be out of line or unreasonable when compared to the leading Hong Kong, the UK, Australia and New Zealand listed companies.

Nevertheless, given that CLP has included comparable companies in Hong Kong, the UK, Australia and New Zealand for this Benchmarking Exercise, we are satisfied with the representativeness of those selected comparator

companies and believe that they serve as useful and relevant comparator groups in the Benchmarking Exercise.

**In view of the above, we are of the opinion that adopting the methodology in calculating the Proposed Fees for the NEDs for the Relevant Period will maintain CLP's NED remuneration packages in line with companies of comparable size and with the market as a whole, and that the Proposed Fees are appropriate and reasonable having regard to the current corporate governance practices in Hong Kong and the UK.**

## **7. Conclusion**

To sum up, based on our review and by reference to (1) the Reports on Corporate Governance; (2) the regulatory requirements under the HK Code and the 2018 UK Code; (3) the practices adopted by the Hang-Seng Index Companies and the Utility Companies; and (4) the result of the Benchmarking Exercise, we are of the opinion that:-

- 7.1 the methodology applied in the Model represents a reasonable and appropriate approach in light of current corporate governance regulations and practices in Hong Kong and the UK;
- 7.2 the methodology applied in the Model is being fairly and consistently applied in all material respects to all NEDs, including independent NEDs; and
- 7.3 the Proposed Fees for the NEDs for the Relevant Period are appropriate and reasonable having regard to the current corporate governance practices in Hong Kong and the UK.

### Appendix 3

***Highest, lowest and average fees (excluding share options and those who received zero remuneration) for NEDs serving on the boards of Hang Seng Index Constituent Stocks (excluding CLP Holdings Limited) (as of 31 October 2021)***

No.	Company Name	Stock Code	Currency	Highest Fee	Lowest Fee	Average Fee	Highest Fee HKD	Lowest Fee HKD	Average Fee HKD
1	HSBC Holdings plc (5) (8)	5	GBP	1,552,000	144,440	409,493	16,643,012	1,548,910	4,391,238
2	Hang Seng Bank Limited (5)	11	HKD	1,296,000	660,000	930,600	1,296,000	660,000	930,600
3	Hong Kong Exchanges and Clearing Limited (5)	388	HKD	4,931,000	1,010,000	1,870,545	4,931,000	1,010,000	1,870,545
4	China Construction Bank Corporation - H Shares (7)	939	RMB	440,000	390,000	418,333	535,608	474,743	509,233
5	AIA Group Limited (5) (8)	1299	USD	828,315	183,000	297,479	6,441,971	1,423,228	2,313,557
6	Industrial and Commercial Bank of China Limited - H Shares (5) (7)	1398	RMB	520,000	410,000	468,000	632,991	499,089	569,692
7	Ping An Insurance (Group) Company of China, Ltd. - H Shares (5) (9)	2318	RMB	620,000	600,000	611,250	754,720	730,374	744,069
8	BOC Hong Kong (Holdings) Limited (5) (7)	2388	HKD	700,000	550,000	620,000	700,000	550,000	620,000
9	China Life Insurance Company Limited - H Shares (7)	2628	RMB	320,000	300,000	315,000	389,533	365,187	383,446
10	China Merchants Bank Co., Ltd. - H Shares (7)	3968	RMB	500,000	500,000	500,000	608,645	608,645	608,645
11	Bank of China Limited - H Shares (5) (7)	3988	RMB	635,000	450,000	536,000	772,979	547,781	652,467
12	The Hong Kong and China Gas Company Limited	3	HKD	900,000	400,000	733,333	900,000	400,000	733,333
13	Power Assets Holdings Limited (5) (8)	6	HKD	160,000	130,000	143,333	160,000	130,000	143,333
14	CK Infrastructure Holdings Limited	1038	HKD	180,000	75,000	121,556	180,000	75,000	121,556
15	Henderson Land Development Company Limited	12	HKD	2,050,000	150,000	740,625	2,050,000	150,000	740,625
16	Sun Hung Kai Properties Limited (5)	16	HKD	970,000	300,000	478,182	970,000	300,000	478,182
17	New World Development Company Limited (5)	17	HKD	9,800,000	300,000	2,000,000	9,800,000	300,000	2,000,000

(6)									
18	Hang Lung Properties Limited (6)	101	HKD	1,200,000	700,000	914,286	1,200,000	700,000	914,286
19	China Overseas Land & Investment Limited (5) (7)	688	HKD	500,000	500,000	500,000	500,000	500,000	500,000
20	Link Real Estate Investment Trust (5)	823	HKD	3,939,000	1,176,000	1,573,700	3,939,000	1,176,000	1,573,700
21	Longfor Group Holdings Limited	960	RMB	347,000	347,000	347,000	422,400	422,400	422,400
22	China Resources Land Limited (7)	1109	RMB	356,000	356,000	356,000	433,355	433,355	433,355
23	CK Asset Holdings Limited (5)	1113	HKD	410,000	350,000	374,000	410,000	350,000	374,000
24	Wharf Real Estate Investment Company Limited (5)	1997	HKD	450,000	250,000	383,250	450,000	250,000	383,250
25	Country Garden Holdings Company Limited	2007	RMB	386,000	240,000	309,333	469,874	292,150	376,548
26	Country Garden Services Holdings Company Limited (7)	6098	RMB	200,000	200,000	200,000	243,458	243,458	243,458
27	CK Hutchison Holdings Limited (5) (8)	1	HKD	410,000	220,000	262,000	410,000	220,000	262,000
28	Galaxy Entertainment Group Limited (7)	27	HKD	N/A	N/A	N/A	N/A	N/A	N/A
29	MTR Corporation Limited (5)	66	HKD	1,600,000	400,000	500,000	1,600,000	400,000	500,000
30	Geely Automobile Holdings Limited	175	RMB	161,000	161,000	161,000	195,984	195,984	195,984
31	Alibaba Health Information Technology Limited (5) (7)	241	RMB	553,000	300,000	384,333	673,161	365,187	467,845
32	CITIC Limited (5) (7)	267	HKD	660,000	380,000	543,333	660,000	380,000	543,333
33	WH Group Limited (7) (10)	288	USD	N/A	N/A	N/A	N/A	N/A	N/A
34	China Petroleum & Chemical Corporation - H Shares (5) (7)	386	RMB	350,000	350,000	350,000	426,052	426,052	426,052
35	Techtronic Industries Company Limited (6)	669	USD	893,000	84,000	215,429	6,945,040	653,285	1,675,431
36	Tencent Holdings Limited (6) (7)	700	RMB	1,010,000	757,000	892,200	1,229,463	921,489	1,086,066
37	China Unicom (Hong Kong) Limited (5)	762	RMB	444,000	409,000	428,750	540,477	497,872	521,913
38	PetroChina Company Limited - H Shares (5) (7)	857	RMB	398,000	320,000	353,600	484,481	389,533	430,434
39	Xinyi Glass Holdings Limited	868	HKD	300,000	300,000	300,000	300,000	300,000	300,000
40	CNOOC Limited (7)	883	RMB	1,042,000	846,000	933,000	1,268,416	1,029,827	1,135,732
41	China Mobile Limited (7)	941	HKD	470,000	455,000	461,667	470,000	455,000	461,667

42	Xinyi Solar Holdings Limited (7)	968	HKD	300,000	250,000	262,500	300,000	250,000	262,500
43	Hengan International Group Company Limited	1044	RMB	107,000	107,000	107,000	130,250	130,250	130,250
44	CSPC Pharmaceutical Group Limited	1093	RMB	338,000	89,000	164,667	411,444	108,339	200,447
45	Sino Biopharmaceutical Limited (5)	1177	RMB	352,000	320,000	344,000	428,486	389,533	418,748
46	BYD Company Limited - H Shares (5)	1211	RMB	200,000	200,000	200,000	243,458	243,458	243,458
47	Xiaomi Corporation - W (7) (8)	1810	HKD	500,000	500,000	500,000	500,000	500,000	500,000
48	Budweiser Brewing Company APAC Limited (5) (7)	1876	USD	104,000	81,000	88,667	808,829	629,953	689,578
49	Sands China Ltd. (7)	1928	USD	230,000	200,000	212,000	1,788,756	1,555,440	1,648,766
50	AAC Technologies Holdings Inc. (5)	2018	RMB	882,000	417,000	675,600	1,073,650	507,610	822,401
51	ANTA Sports Products Limited (5)	2020	RMB	1,079,000	120,000	733,000	1,313,456	146,075	892,274
52	WuXi Biologics (Cayman) Inc. (5) (6) (7)	2269	RMB	200,000	198,000	199,000	243,458	241,023	242,241
53	Shenzhou International Group Holdings Limited (7)	2313	RMB	136,000	136,000	136,000	165,551	165,551	165,551
54	China Mengniu Dairy Company Limited (7)	2319	RMB	261,000	150,000	194,400	317,713	182,594	236,641
55	Li Ning Company Limited (6)	2331	RMB	270,000	250,000	265,000	328,668	304,323	322,582
56	Sunny Optical Technology (Group) Company Limited (6)	2382	RMB	1,667,000	84,000	479,750	2,029,222	102,252	583,995
57	Meituan - W (6) (7)	3690	RMB	500,000	500,000	500,000	608,645	608,645	608,645
58	Haidilao International Holding Ltd. (7)	6862	RMB	929,000	810,000	888,333	1,130,862	986,005	1,081,359
59	Alibaba Group Holding Limited - W (11)	9988	RMB	N/A	N/A	N/A	N/A	N/A	N/A

GBP1=HKD 10.72359

USD1=HKD 7.7772

RMB1=HKD 1.21729

(exchange rate as at 29 October 2021)

<b>HIGH</b>	16,643,012	1,555,440	4,391,238
<b>LOW</b>	130,250	75,000	121,556
<b>AVERAGE</b>	1,479,644	489,743	715,847



#### Appendix 4

**Highest, lowest and average fees (excluding share options and those who received zero remuneration) for NEDs serving on the boards of Hang Seng HK 35 Index Constituent Stocks (excluding CLP Holdings Limited) (as of 31 October 2021)**

No.	Company Name	Stock Code	Currency	Highest Fee	Lowest Fee	Average Fee	Highest Fee HKD	Lowest Fee HKD	Average Fee HKD
1	CK Hutchison Holdings Limited (5) (8)	1	HKD	410,000	220,000	262,000	410,000	220,000	262,000
2	The Hong Kong and China Gas Company Limited	3	HKD	900,000	400,000	733,333	900,000	400,000	733,333
3	HSBC Holdings plc (5) (8)	5	GBP	1,552,000	144,440	409,493	16,643,012	1,548,910	4,391,238
4	Power Assets Holdings Limited (5) (8)	6	HKD	160,000	130,000	143,333	160,000	130,000	143,333
5	PCCW Limited (5) (8)	8	HKD	630,000	250,000	338,000	630,000	250,000	338,000
6	Hang Seng Bank Limited (5)	11	HKD	1,296,000	660,000	930,600	1,296,000	660,000	930,600
7	Henderson Land Development Company Limited	12	HKD	2,050,000	150,000	740,625	2,050,000	150,000	740,625
8	Sun Hung Kai Properties Limited (5)	16	HKD	970,000	300,000	478,182	970,000	300,000	478,182
9	New World Development Company Limited (5) (6)	17	HKD	9,800,000	300,000	2,000,000	9,800,000	300,000	2,000,000
10	Swire Pacific Limited (5) (7)	19	HKD	1,170,000	633,000	911,400	1,170,000	633,000	911,400
11	Galaxy Entertainment Group Limited (7)	27	HKD	N/A	N/A	N/A	N/A	N/A	N/A
12	MTR Corporation Limited (5)	66	HKD	1,600,000	400,000	500,000	1,600,000	400,000	500,000
13	Sino Land Company Limited	83	HKD	380,000	200,000	302,000	380,000	200,000	302,000
14	Hang Lung Properties Limited (6)	101	HKD	1,200,000	700,000	914,286	1,200,000	700,000	914,286
15	WH Group Limited (7) (9)	288	USD	N/A	N/A	N/A	N/A	N/A	N/A
16	Hong Kong Exchanges and Clearing Limited (5)	388	HKD	4,931,000	1,010,000	1,870,545	4,931,000	1,010,000	1,870,545

17	ASM Pacific Technology Limited (5)	522	HKD	500,000	300,000	410,000	500,000	300,000	410,000
18	Techtronic Industries Company Limited (6)	669	USD	893,000	84,000	215,429	6,945,040	653,285	1,675,431
19	Link Real Estate Investment Trust (5)	823	HKD	3,939,000	1,176,000	1,573,700	3,939,000	1,176,000	1,573,700
20	MicroPort Scientific Corporation (6) (7)	853	USD	44,000	38,000	42,000	342,197	295,534	326,642
21	SJM Holdings Limited (5) (8)	880	HKD	2,100,000	600,000	1,340,000	2,100,000	600,000	1,340,000
22	CK Infrastructure Holdings Limited	1038	HKD	180,000	75,000	121,556	180,000	75,000	121,556
23	CK Asset Holdings Limited (5)	1113	HKD	410,000	350,000	374,000	410,000	350,000	374,000
24	Wynn Macau, Limited (6) (10)	1128	HKD	1,325,000	850,000	1,075,000	1,325,000	850,000	1,075,000
25	AIA Group Limited (5) (8)	1299	USD	828,315	183,000	297,479	6,441,971	1,423,228	2,313,557
26	ESR Cayman Limited (7)	1821	USD	85,000	65,000	74,000	661,062	505,518	575,513
27	Budweiser Brewing Company APAC Limited (5) (7)	1876	USD	104,000	81,000	88,667	808,829	629,953	689,578
28	Sands China Ltd. (7)	1928	USD	230,000	200,000	212,000	1,788,756	1,555,440	1,648,766
29	Swire Properties Limited (7)	1972	HKD	843,000	575,000	674,500	843,000	575,000	674,500
30	Wharf Real Estate Investment Company Limited (5)	1997	HKD	450,000	250,000	383,250	450,000	250,000	383,250
31	WuXi Biologics (Cayman) Inc. (5) (6) (7)	2269	RMB	200,000	198,000	199,000	243,458	241,023	242,241
32	MGM China Holdings Limited (7) (8)	2282	HKD	1,086,000	652,000	832,500	1,086,000	652,000	832,500
33	BOC Hong Kong (Holdings) Limited (5) (7)	2388	HKD	700,000	550,000	620,000	700,000	550,000	620,000
34	Smoore International Holdings Limited (5) (7)	6969	RMB	N/A	N/A	N/A	N/A	N/A	N/A

GBP1=HKD 10.72359

USD1=HKD 7.7772

RMB1=HKD 1.21729

(exchange rate as at  
29 October 2021)

<b>HIGH</b>	16,643,012	1,555,440	4,391,238
<b>LOW</b>	160,000	75,000	121,556
<b>AVERAGE</b>	2,287,236	567,222	948,122

## Appendix 5

**Highest, lowest and average fees (excluding share options and those who received zero remuneration) for NEDs serving on the boards of the thirty largest companies by market capitalisation listed on the Main Board of the Hong Kong Stock Exchange (as of 31 October 2021)**

No.	Company Name	Stock Code	Currency	Highest Fee	Lowest Fee	Average Fee	Highest Fee HKD	Lowest Fee HKD	Average Fee HKD
1	Tencent Holdings Limited (6) (7)	700	RMB	1,010,000	757,000	892,200	1,229,463	921,489	1,086,066
2	Alibaba Group Holding Limited - W (11)	9988	RMB	N/A	N/A	N/A	N/A	N/A	N/A
3	Meituan - W (6) (7)	3690	RMB	500,000	500,000	500,000	608,645	608,645	608,645
4	China Construction Bank Corporation - H Shares (5) (9)	939	RMB	440,000	390,000	418,333	535,608	474,743	509,233
5	AIA Group Limited (5) (8)	1299	USD	828,315	183,000	297,479	6,441,971	1,423,228	2,313,557
6	China Mobile Limited (7)	941	HKD	470,000	455,000	461,667	470,000	455,000	461,667
7	HSBC Holdings plc (5) (8)	5	GBP	1,552,000	144,440	409,493	16,643,012	1,548,910	4,391,238
8	JD.com, Inc. - W (11)	9618	RMB	N/A	N/A	N/A	N/A	N/A	N/A
9	Hong Kong Exchanges and Clearing Limited (5)	388	HKD	4,931,000	1,010,000	1,870,545	4,931,000	1,010,000	1,870,545
10	Xiaomi Corporation - W (7) (8)	1810	HKD	500,000	500,000	500,000	500,000	500,000	500,000
11	NetEase, Inc. (11)	9999	RMB	N/A	N/A	N/A	N/A	N/A	N/A
12	WuXi Biologics (Cayman) Inc. (5) (6) (7)	2269	RMB	200,000	198,000	199,000	243,458	241,023	242,241
13	Baidu, Inc. - W (11)	9888	RMB	N/A	N/A	N/A	N/A	N/A	N/A
14	Prudential plc (5)	2378	USD	287,000	165,000	229,778	2,232,056	1,283,238	1,787,028
15	Kuaishou Technology - W (7)	1024	RMB	N/A	N/A	N/A	N/A	N/A	N/A
16	Ping An Insurance (Group) Company of China, Ltd. - H Shares (5) (10)	2318	RMB	620,000	600,000	611,250	754,720	730,374	744,069

17	CNOOC Limited (7)	883	RMB	1,042,000	846,000	933,000	1,268,416	1,029,827	1,135,732
18	Industrial and Commercial Bank of China Limited - H Shares (5) (7)	1398	RMB	520,000	410,000	468,000	632,991	499,089	569,692
19	ANTA Sports Products Limited (5)	2020	RMB	1,079,000	120,000	733,000	1,313,456	146,075	892,274
20	XPeng Inc. - W (5) (7)	9868	RMB	69,000	69,000	69,000	83,993	83,993	83,993
21	BYD Company Limited - H Shares (5)	1211	RMB	200,000	200,000	200,000	243,458	243,458	243,458
22	China Merchants Bank Co., Ltd. - H Shares (7)	3968	RMB	500,000	500,000	500,000	608,645	608,645	608,645
23	Sun Hung Kai Properties Limited (5)	16	HKD	970,000	300,000	478,182	970,000	300,000	478,182
24	Manulife Financial Corporation (5) (6) (8)	945	CAD	269,935	138,342	164,853	1,700,488	871,500	1,038,512
25	Techtronic Industries Company Limited (6)	669	USD	893,000	84,000	215,429	6,945,040	653,285	1,675,431
26	Budweiser Brewing Company APAC Limited (5) (7)	1876	USD	104,000	81,000	88,667	808,829	629,953	689,578
27	Hang Seng Bank Limited (5)	11	HKD	1,296,000	660,000	930,600	1,296,000	660,000	930,600
28	Li Auto Inc. - W (7)	2015	RMB	N/A	N/A	N/A	N/A	N/A	N/A
29	Geely Automobile Holdings Limited	175	RMB	161,000	161,000	161,000	195,984	195,984	195,984
30	BeiGene, Ltd. (5) (6)	6160	USD	250,000	59,000	89,625	1,944,300	458,855	697,032

GBP1=HKD 10.72359

USD1=HKD 7.7772

RMB1=HKD 1.21729

CAD1=HKD 6.29962

(exchange rate as at  
29 October 2021)

<b>HIGH</b>	16,643,012	1,548,910	4,391,238
<b>LOW</b>	83,993	83,993	83,993
<b>AVERAGE</b>	2,191,730	649,055	989,725

## Appendix 6

**Highest, lowest and average fees (excluding share options and those who received zero remuneration) for NEDs serving on the boards of a list of sample major utility companies listed in HK, UK, Australia and New Zealand (excluding CLP Holdings Limited) (as of 31 October 2021)**

No.	Company Name	Stock Code	Currency	Highest Fee	Lowest Fee	Average Fee	Highest Fee HKD	Lowest Fee HKD	Average Fee HKD
1	The Hong Kong and China Gas Company Limited	3	HKD	900,000	400,000	733,333	900,000	400,000	733,333
2	Power Assets Holdings Limited (5) (6)	6	HKD	160,000	130,000	143,333	160,000	130,000	143,333
3	CK Infrastructure Holdings Limited	1038	HKD	180,000	75,000	121,556	180,000	75,000	121,556
4	Drax Group plc	LSE: DRX	GBP	250,000	55,000	100,000	2,680,898	589,797	1,072,359
5	SSE plc (5)	LSE: SSE	GBP	400,000	72,000	140,500	4,289,436	772,098	1,506,664
6	Centrica plc (5)	LSE: CNA	GBP	343,000	73,000	128,833	3,678,191	782,822	1,381,556
7	National Grid plc (5) (6)	LSE: NG NYSE: NGG	GBP	622,000	91,000	164,111	6,670,073	975,847	1,759,860
8	AGL Energy Limited	ASX: AGL	AUD	597,000	241,000	306,086	3,500,814	1,413,226	1,794,890
9	APA Group (5)	ASX: APA	AUD	511,400	221,400	278,067	2,998,855	1,298,292	1,630,586
10	AusNet Services Limited	ASX: AST	AUD	495,000	198,000	249,500	2,902,685	1,161,074	1,463,070
11	Spark Infrastructure Group (5)	ASX: SKI	AUD	309,060	152,500	198,484	1,812,331	894,262	1,163,914
12	Contact Energy Limited (7)	NZX: CEN ASX: CEN	NZD	270,750	148,783	177,540	1,514,191	832,081	992,909
13	Infratil Limited	NZX: IFT	NZD	256,800	129,250	168,565	1,436,175	722,841	942,711
14	Mercury NZ Limited (5) (7)	NZX: MCY ASX: MCY	NZD	165,730	106,000	120,673	926,858	592,813	674,872
15	Meridian Energy Limited (5) (7)	NZX: MEL ASX: MEZ	NZD	176,037	119,200	142,525	984,501	666,636	797,080

GBP1=HKD	10.72359	<b>HIGH</b>	6,670,073	1,413,226	1,794,890
AUD1=HKD	5.86401	<b>LOW</b>	160,000	75,000	121,556
NZD1=HKD	5.59258	<b>AVERAGE</b>	2,309,000	753,786	1,078,580

(exchange rate as at  
29 October 2021)

## Appendix 7

**Highest, lowest and average fees (excluding share options and those who received zero remuneration) for NEDs serving on the boards of Hang Seng Composite Industry Index – Utilities Constituent Stocks (excluding CLP Holdings Limited) (as of 31 October 2021)**

No.	Company Name	Stock Code	Currency	Highest Fee	Lowest Fee	Average Fee	Highest Fee HKD	Lowest Fee HKD	Average Fee HKD
1	The Hong Kong and China Gas Company Limited	3	HKD	900,000	400,000	733,333	900,000	400,000	733,333
2	Power Assets Holdings Limited (5) (8)	6	HKD	160,000	130,000	143,333	160,000	130,000	143,333
3	KunLun Energy Company Limited (5)	135	RMB	270,000	270,000	270,000	328,668	328,668	328,668
4	China Everbright Environment Group Limited	257	HKD	470,000	465,000	468,750	470,000	465,000	468,750
5	Guangdong Investment Limited (7)	270	HKD	770,000	700,000	723,800	770,000	700,000	723,800
6	Beijing Enterprises Water Group Limited	371	HKD	150,000	120,000	126,000	150,000	120,000	126,000
7	China Gas Holdings Limited (5) (7)	384	HKD	792,000	440,000	661,200	792,000	440,000	661,200
8	Beijing Enterprises Holdings Limited (7)	392	HKD	345,000	345,000	345,000	345,000	345,000	345,000
9	China Resources Power Holdings Co., Ltd. (7)	836	HKD	470,000	470,000	470,000	470,000	470,000	470,000
10	China Water Affairs Group Limited	855	HKD	3,063,000	60,000	612,222	3,063,000	60,000	612,222
11	Huaneng Power International, Inc. - H Shares (5) (7)	902	RMB	300,000	300,000	300,000	365,187	365,187	365,187
12	China Longyuan Power Group Corporation Limited - H Shares (7)	916	RMB	143,000	143,000	143,000	174,072	174,072	174,072
13	Datang International Power Generation Co., Ltd. - H Shares (5) (7)	991	RMB	967,000	137,000	303,000	1,177,119	166,769	368,839
14	CK Infrastructure Holdings Limited	1038	HKD	180,000	75,000	121,556	180,000	75,000	121,556
15	Towngas China Company Limited	1083	HKD	500,000	500,000	500,000	500,000	500,000	500,000
16	China Resources Gas Group Limited (7)	1193	HKD	250,000	250,000	250,000	250,000	250,000	250,000
17	China Everbright Greentech Limited (7)	1257	HKD	300,000	300,000	300,000	300,000	300,000	300,000

18	Canvest Environmental Protection Group Company Limited (5) (7)	1381	HKD	240,000	180,000	192,000	240,000	180,000	192,000
19	China Tian Lun Gas Holdings Limited (5)	1600	RMB	132,000	60,000	95,500	160,682	73,037	116,251
20	VPower Group International Holdings Limited (7)	1608	HKD	2,746,000	216,000	848,500	2,746,000	216,000	848,500
21	CGN New Energy Holdings Co., Ltd. (7)	1811	USD	52,000	52,000	52,000	404,414	404,414	404,414
22	CGN Power Co., Ltd. - H Shares (5) (9)	1816	RMB	N/A	N/A	N/A	N/A	N/A	N/A
23	China Power International Development Limited (7)	2380	RMB	266,000	266,000	266,000	323,799	323,799	323,799
24	HK Electric Investments and HK Electric Investments Limited	2638	HKD	380,000	70,000	130,000	380,000	70,000	130,000
25	ENN Energy Holdings Limited (5) (6)	2688	RMB	483,000	483,000	483,000	587,951	587,951	587,951
26	Zhongyu Gas Holdings Limited	3633	HKD	250,000	250,000	250,000	250,000	250,000	250,000
27	Xinyi Energy Holdings Limited (7)	3868	HKD	230,000	200,000	210,000	230,000	200,000	210,000

USD1=HKD 7.7772  
 RMB1=HKD 1.21729  
 (exchange rate as at 29 October 2021)

<b>HIGH</b>	3,063,000	700,000	848,500
<b>LOW</b>	150,000	60,000	116,251
<b>AVERAGE</b>	604,534	292,111	375,188



## Current level of fees payable to CLP's Non-executive Directors

	Current Fees per annum HK\$
<b>Board</b>	
Chairman	887,700
Vice Chairman	697,500
Non-executive Director	634,100
<b>Audit &amp; Risk Committee</b>	
Chairman	673,100
Member	481,900
<b>Finance &amp; General Committee</b>	
Chairman	449,900
Member	319,400
<b>Human Resources &amp; Remuneration Committee</b>	
Chairman	140,700
Member	99,800
<b>Sustainability Committee</b>	
Chairman	141,500
Member	101,900
<b>Nomination Committee</b>	
Chairman	40,200
Member	28,700
<b>Provident &amp; Retirement Fund Committee*</b>	
Chairman	14,000
Member	10,000
<p>Note: Executive Directors and management serving on the Board and Board Committees are not entitled to any Directors' fees.</p> <p>* A nominal fee is payable to the Chairman and Member of the Provident &amp; Retirement Fund Committee.</p>	

Breakdown of Calculation of Hours Spent by Directors Serving on CLP Holdings Board and Board Committees from 2007 to 2021

1. Number of hours spent by Directors to attend Board and Board Committee meetings held in 2007 to 2021 are as follows:

		Total No. of Hours of Meetings														
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
(a)	Board (plus AGM, and 1 EGM in 2014)	18.50	21.00	16.00	16.00	19.00	21.50	17.50	20.50	16.50	23.00	17.00	19.00	17.50	17.00	13.50
(b)	Audit & Risk Committee (known as the Audit Committee until January 2018)	8.50	11.00	12.50	12.00	17.00	17.00	17.00	18.00	17.00	16.00	14.50	13.00	16.50	14.50	14.00
(c)	Finance & General Committee	9.50	17.50	17.00	15.00	12.50	17.50	15.50	12.50	11.00	9.50	10.00	9.00	9.50	8.50	9.00
(d)	Human Resources & Remuneration Committee	4.50	2.50	2.00	3.50	2.00	5.00	4.50	4.00	4.50	4.00	4.00	4.00	3.50	4.50	5.50
(e)	Provident & Retirement Fund Committee	3.00	1.50	3.00	2.00	2.00	2.00	2.00	2.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
(f)	Sustainability Committee	5.00	4.50	4.00	5.00	5.00	5.00	6.50	6.00	6.50	5.00	5.50	4.50	6.50	6.00	6.50
(g)	Nomination Committee	0.00	0.00	0.00	0.00	0.00	1.50	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	1.00

2016 Review Average for 2007 to 2015 (9 Years)	2019 Review Average for 2010 to 2018 (9 Years)	2022 Review Average for 2013 to 2021 (9 Years)
18.50	18.89	17.94
14.44	15.72	15.61
14.22	12.50	10.50
3.61	3.94	4.28
2.28	2.11	2.11
5.28	5.44	5.89
0.50	0.94	1.33

2. It is estimated that one hour is required by Directors on traveling to and from Board and Board Committee meetings, details are as follows:

		Total No. of Traveling Hours														
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
(a)	Board (plus AGM, and 1 EGM in 2014)	6.00	7.00	6.00	6.00	7.00	7.00	6.00	7.00	6.00	7.00	6.00	6.00	7.00	7.00	6.00
(b)	Audit & Risk Committee (known as the Audit Committee until January 2018)	4.00	4.00	4.00	4.00	6.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
(c)	Finance & General Committee	7.00	10.00	9.00	7.00	7.00	8.00	8.00	7.00	7.00	6.00	6.00	5.00	6.00	6.00	6.00
(d)	Human Resources & Remuneration Committee	2.00	1.00	1.00	2.00	1.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00
(e)	Provident & Retirement Fund Committee	2.00	1.00	3.00	2.00	2.00	2.00	2.00	2.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
(f)	Sustainability Committee	2.00	2.00	2.00	3.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00
(g)	Nomination Committee	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	1.00

2016 Review Average for 2007 to 2015 (9 Years)	2019 Review Average for 2010 to 2018 (9 Years)	2022 Review Average for 2013 to 2021 (9 Years)
6.44	6.44	6.44
4.89	5.56	5.89
7.78	6.78	6.33
2.11	2.67	3.11
2.11	2.11	2.11
2.33	2.67	3.00
0.44	0.89	1.33

3. The number of hours spent by Directors on pre-meeting preparation is based on an average person's reading speed of 200 words per minute, i.e. two minutes for A4 page - about 400 words per A4 page to go through agenda files of Board and Board Committee meetings, details are as follows:

		Total No. of Pages of Agenda Files														
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
(a)	Board	943.00	1156.00	1219.00	1129.00	1263.00	1638.00	1458.00	1515.00	1592.00	1479.00	1469.00	1656.00	1492.00	1479.00	1318.00
(b)	Audit & Risk Committee (known as the Audit Committee until January 2018)	996.00	812.00	1012.00	1100.00	1390.00	1456.00	1465.00	1839.00	1893.00	1839.00	1776.00	1816.00	1797.00	2010.00	2180.00
(c)	Finance & General Committee	636.00	882.00	1537.00	907.00	1109.00	1122.00	1065.00	1097.00	1057.00	956.00	879.00	836.00	844.00	917.00	887.00
(d)	Human Resources & Remuneration Committee	136.00	75.00	95.00	174.00	129.00	210.00	280.00	263.00	344.00	301.00	418.00	332.00	306.00	298.00	310.00
(e)	Provident & Retirement Fund Committee	85.00	53.00	130.00	108.00	110.00	68.00	68.00	74.00	84.00	63.00	74.00	58.00	63.00	76.00	107.00
(f)	Sustainability Committee	147.00	205.00	174.00	216.00	349.00	203.00	218.00	453.00	202.00	226.00	323.00	247.00	292.00	335.00	354.00
(g)	Nomination Committee	0.00	0.00	0.00	0.00	0.00	75.00	33.00	35.00	33.00	43.00	38.00	67.00	73.00	64.00	54.00

2016 Review Average for 2007 to 2015 (9 Years)	2019 Review Average for 2010 to 2018 (9 Years)	2022 Review Average for 2013 to 2021 (9 Years)
1323.67	1466.56	1495.33
1329.22	1619.33	1846.11
1045.78	1003.11	948.67
189.56	272.33	316.89
86.67	78.56	74.11
240.78	270.78	294.44
19.56	36.00	48.89

		Total No. of Hours Spent on Reading Agenda Files														
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
(a)	Board	31.43	38.53	40.63	37.63	42.10	54.60	48.60	50.50	53.07	49.30	48.97	55.20	49.73	49.30	43.93
(b)	Audit & Risk Committee (known as the Audit Committee until January 2018)	33.20	27.07	33.73	36.67	46.33	48.53	48.83	61.30	63.10	61.30	59.20	60.53	59.90	67.00	72.67
(c)	Finance & General Committee	21.20	29.40	51.23	30.23	36.97	37.40	35.50	36.57	35.23	31.87	29.30	27.87	28.13	30.57	29.57
(d)	Human Resources & Remuneration Committee	4.53	2.50	3.17	5.80	4.30	7.00	9.33	8.77	11.47	10.03	13.93	11.07	10.20	9.93	10.33
(e)	Provident & Retirement Fund Committee	2.83	1.77	4.33	3.60	3.67	2.27	2.27	2.47	2.80	2.10	2.47	1.93	2.10	2.53	3.57
(f)	Sustainability Committee	4.90	6.83	5.80	7.20	11.63	6.77	7.27	15.10	6.73	7.53	10.77	8.23	9.73	11.17	11.80
(g)	Nomination Committee	0.00	0.00	0.00	0.00	0.00	2.50	1.10	1.17	1.10	1.43	1.27	2.23	2.43	2.13	1.80

2016 Review Average for 2007 to 2015 (9 Years)	2019 Review Average for 2010 to 2018 (9 Years)	2022 Review Average for 2013 to 2021 (9 Years)
44.12	48.89	49.84
44.31	53.98	61.54
34.86	33.44	31.62
6.32	9.08	10.56
2.89	2.62	2.47
8.03	9.03	9.81
0.65	1.20	1.63

4. The number of hours spent by Directors on Board and Committee circulars is based on an average person's reading speed of 200 words per minute, i.e. two minutes for A4 page - about 400 words per A4 page to go through those circulars, details are as follows:

		Total No. of Pages of Circulars														
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
(a)	Board	638.00	931.00	968.00	681.00	956.00	1054.00	1721.00	1526.00	1102.00	1223.00	971.00	930.00	1148.00	687.00	1144.00
(b)	Audit & Risk Committee (known as the Audit Committee until January 2018)	16.00	41.00	361.00	38.00	44.00	117.00	158.00	105.00	170.00	120.00	181.00	280.00	244.00	242.00	234.00
(c)	Finance & General Committee	230.00	148.00	77.00	159.00	267.00	136.00	230.00	39.00	24.00	201.00	77.00	108.00	171.00	108.00	104.00
(d)	Human Resources & Remuneration Committee	12.00	15.00	0.00	0.00	2.00	0.00	12.00	23.00	14.00	20.00	2.00	7.00	6.00	2.00	7.00
(e)	Provident & Retirement Fund Committee	6.00	0.00	14.00	7.00	44.00	20.00	11.00	0.00	0.00	0.00	0.00	0.00	2.00	0.00	15.00
(f)	Sustainability Committee	28.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.00	0.00	56.00	0.00	26.00	0.00	0.00
(g)	Nomination Committee	2.00	2.00	7.00	10.00	13.00	4.00	28.00	40.00	53.00	34.00	27.00	24.00	41.00	28.00	9.00

2016 Review Average for 2007 to 2015 (9 Years)	2019 Review Average for 2010 to 2018 (9 Years)	2022 Review Average for 2013 to 2021 (9 Years)
1064.11	1129.33	1161.33
116.67	134.78	192.67
145.56	137.89	118.00
8.67	8.89	10.33
11.33	9.11	3.11
4.00	7.11	10.00
17.67	25.89	31.56

		Total No. of Hours Spent on Reading Circulars														
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
(a)	Board	21.27	31.03	32.27	22.70	31.87	35.13	57.37	50.87	36.73	40.77	32.37	31.00	38.27	22.90	38.13
(b)	Audit & Risk Committee (known as the Audit Committee until January 2018)	0.53	1.37	12.03	1.27	1.47	3.90	5.27	3.50	5.67	4.00	6.03	9.33	8.13	8.07	7.80
(c)	Finance & General Committee	7.67	4.93	2.57	5.30	8.90	4.53	7.67	1.30	0.80	6.70	2.57	3.60	5.70	3.60	3.47
(d)	Human Resources & Remuneration Committee	0.40	0.50	0.00	0.00	0.07	0.00	0.40	0.77	0.47	0.67	0.07	0.23	0.20	0.07	0.23
(e)	Provident & Retirement Fund Committee	0.20	0.00	0.47	0.23	1.47	0.67	0.37	0.00	0.00	0.00	0.00	0.00	0.07	0.00	0.50
(f)	Sustainability Committee	0.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.27	0.00	1.87	0.00	0.87	0.00	0.00
(g)	Nomination Committee	0.07	0.07	0.23	0.33	0.43	0.13	0.93	1.33	1.77	1.13	0.90	0.80	1.37	0.93	0.30

2016 Review Average for 2007 to 2015 (9 Years)	2019 Review Average for 2010 to 2018 (9 Years)	2022 Review Average for 2013 to 2021 (9 Years)
35.47	37.64	38.71
3.89	4.49	6.42
4.85	4.60	3.93
0.29	0.30	0.34
0.38	0.30	0.10
0.13	0.24	0.33
0.59	0.86	1.05

5. Total number of hours spent by Directors on Board and Committee meetings includes total number of hours of meetings, total number of traveling hours as well as total number of hours spent on reading agenda files and circulars, details are as follows:

		Total Working Hours														
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
(a)	Board	77.20	97.56	94.90	82.33	99.97	118.23	129.47	128.87	112.30	120.07	104.34	111.20	112.50	96.20	101.57
(b)	Audit & Risk Committee (known as the Audit Committee until January 2018)	46.23	43.44	62.26	53.94	70.80	74.43	76.10	88.80	91.77	87.30	85.73	88.86	90.53	95.57	100.47
(c)	Finance & General Committee	45.37	61.83	79.80	57.53	65.37	67.43	66.67	57.37	54.03	54.07	47.87	45.47	49.33	48.67	48.03
(d)	Human Resources & Remuneration Committee	11.43	6.50	6.17	11.30	7.37	15.00	17.23	16.53	19.43	17.70	21.00	18.30	16.90	17.50	20.07
(e)	Provident & Retirement Fund Committee	8.03	4.27	10.80	7.83	9.14	6.94	6.63	6.47	8.80	6.10	6.47	5.93	6.17	6.53	8.07
(f)	Sustainability Committee	12.83	13.33	11.80	15.20	18.63	13.77	15.77	24.10	16.50	15.53	21.14	15.73	20.10	20.17	22.30
(g)	Nomination Committee	0.07	0.07	0.23	0.33	0.43	5.13	4.03	4.50	4.87	4.56	4.17	7.03	7.80	7.07	4.10

2016 Review Average for 2007 to 2015 (9 Years)	2019 Review Average for 2010 to 2018 (9 Years)	2022 Review Average for 2013 to 2021 (9 Years)
104.54	111.86	112.95
67.53	79.75	89.46
61.71	57.31	52.39
12.33	15.99	18.30
7.66	7.15	6.80
15.77	17.37	19.04
2.18	3.89	5.35

**Highest, lowest and average fees (excluding share options and those who received zero remuneration) for NEDs serving on the boards of Hang Seng Index Constituent Stocks (excluding CLP Holdings Limited)**  
**(as of 31 October 2021)**

No.	Company Name	Stock Code	Currency	Highest Fee	Lowest Fee	Average Fee	Highest Fee HKD	Lowest Fee HKD	Average Fee HKD
1	HSBC Holdings plc (5) (8)	5	GBP	1,552,000	144,440	409,493	16,643,012	1,548,910	4,391,238
2	Hang Seng Bank Limited (5)	11	HKD	1,296,000	660,000	930,600	1,296,000	660,000	930,600
3	Hong Kong Exchanges and Clearing Limited (5)	388	HKD	4,931,000	1,010,000	1,870,545	4,931,000	1,010,000	1,870,545
4	China Construction Bank Corporation - H Shares (7)	939	RMB	440,000	390,000	418,333	535,608	474,743	509,233
5	AIA Group Limited (5) (8)	1299	USD	828,315	183,000	297,479	6,441,971	1,423,228	2,313,557
6	Industrial and Commercial Bank of China Limited - H Shares (5) (7)	1398	RMB	520,000	410,000	468,000	632,991	499,089	569,692
7	Ping An Insurance (Group) Company of China, Ltd. - H Shares (5) (9)	2318	RMB	620,000	600,000	611,250	754,720	730,374	744,069
8	BOC Hong Kong (Holdings) Limited (5) (7)	2388	HKD	700,000	550,000	620,000	700,000	550,000	620,000
9	China Life Insurance Company Limited - H Shares (7)	2628	RMB	320,000	300,000	315,000	389,533	365,187	383,446
10	China Merchants Bank Co., Ltd. - H Shares (7)	3968	RMB	500,000	500,000	500,000	608,645	608,645	608,645
11	Bank of China Limited - H Shares (5) (7)	3988	RMB	635,000	450,000	536,000	772,979	547,781	652,467
12	The Hong Kong and China Gas Company Limited	3	HKD	900,000	400,000	733,333	900,000	400,000	733,333
13	Power Assets Holdings Limited (5) (8)	6	HKD	160,000	130,000	143,333	160,000	130,000	143,333
14	CK Infrastructure Holdings Limited	1038	HKD	180,000	75,000	121,556	180,000	75,000	121,556
15	Henderson Land Development Company Limited	12	HKD	2,050,000	150,000	740,625	2,050,000	150,000	740,625
16	Sun Hung Kai Properties Limited (5)	16	HKD	970,000	300,000	478,182	970,000	300,000	478,182
17	New World Development Company Limited (5) (6)	17	HKD	9,800,000	300,000	2,000,000	9,800,000	300,000	2,000,000
18	Hang Lung Properties Limited (6)	101	HKD	1,200,000	700,000	914,286	1,200,000	700,000	914,286
19	China Overseas Land & Investment Limited (5) (7)	688	HKD	500,000	500,000	500,000	500,000	500,000	500,000
20	Link Real Estate Investment Trust (5)	823	HKD	3,939,000	1,176,000	1,573,700	3,939,000	1,176,000	1,573,700
21	Longfor Group Holdings Limited	960	RMB	347,000	347,000	347,000	422,400	422,400	422,400
22	China Resources Land Limited (7)	1109	RMB	356,000	356,000	356,000	433,355	433,355	433,355
23	CK Asset Holdings Limited (5)	1113	HKD	410,000	350,000	374,000	410,000	350,000	374,000
24	Wharf Real Estate Investment Company Limited (5)	1997	HKD	450,000	250,000	383,250	450,000	250,000	383,250
25	Country Garden Holdings Company Limited	2007	RMB	386,000	240,000	309,333	469,874	292,150	376,548
26	Country Garden Services Holdings Company Limited (7)	6098	RMB	200,000	200,000	200,000	243,458	243,458	243,458
27	CK Hutchison Holdings Limited (5) (8)	1	HKD	410,000	220,000	262,000	410,000	220,000	262,000
28	Galaxy Entertainment Group Limited (7)	27	HKD	N/A	N/A	N/A	N/A	N/A	N/A
29	MTR Corporation Limited (5)	66	HKD	1,600,000	400,000	500,000	1,600,000	400,000	500,000
30	Geely Automobile Holdings Limited	175	RMB	161,000	161,000	161,000	195,984	195,984	195,984
31	Alibaba Health Information Technology Limited (5) (7)	241	RMB	553,000	300,000	384,333	673,161	365,187	467,845
32	CITIC Limited (5) (7)	267	HKD	660,000	380,000	543,333	660,000	380,000	543,333
33	WH Group Limited (7) (10)	288	USD	N/A	N/A	N/A	N/A	N/A	N/A
34	China Petroleum & Chemical Corporation - H Shares (5) (7)	386	RMB	350,000	350,000	350,000	426,052	426,052	426,052
35	Techtronic Industries Company Limited (6)	669	USD	893,000	84,000	215,429	6,945,040	653,285	1,675,431
36	Tencent Holdings Limited (6) (7)	700	RMB	1,010,000	757,000	892,200	1,229,463	921,489	1,086,066
37	China Unicom (Hong Kong) Limited (5)	762	RMB	444,000	409,000	428,750	540,477	497,872	521,913
38	PetroChina Company Limited - H Shares (5) (7)	857	RMB	398,000	320,000	353,600	484,481	389,533	430,434
39	Xinyi Glass Holdings Limited	868	HKD	300,000	300,000	300,000	300,000	300,000	300,000
40	CNOOC Limited (7)	883	RMB	1,042,000	846,000	933,000	1,268,416	1,029,827	1,135,732
41	China Mobile Limited (7)	941	HKD	470,000	455,000	461,667	470,000	455,000	461,667
42	Xinyi Solar Holdings Limited (7)	968	HKD	300,000	250,000	262,500	300,000	250,000	262,500
43	Hengan International Group Company Limited	1044	RMB	107,000	107,000	107,000	130,250	130,250	130,250
44	CSPC Pharmaceutical Group Limited	1093	RMB	338,000	89,000	164,667	411,444	108,339	200,447
45	Sino Biopharmaceutical Limited (5)	1177	RMB	352,000	320,000	344,000	428,486	389,533	418,748
46	BYD Company Limited - H Shares (5)	1211	RMB	200,000	200,000	200,000	243,458	243,458	243,458
47	Xiaomi Corporation - W (7) (8)	1810	HKD	500,000	500,000	500,000	500,000	500,000	500,000
48	Budweiser Brewing Company APAC Limited (5) (7)	1876	USD	104,000	81,000	88,667	808,829	629,953	689,578
49	Sands China Ltd. (7)	1928	USD	230,000	200,000	212,000	1,788,756	1,555,440	1,648,766
50	AAC Technologies Holdings Inc. (5)	2018	RMB	882,000	417,000	675,600	1,073,650	507,610	822,401
51	ANTA Sports Products Limited (5)	2020	RMB	1,079,000	120,000	733,000	1,313,456	146,075	892,274

**Highest, lowest and average fees (excluding share options and those who received zero remuneration) for NEDs serving on the boards of Hang Seng Index Constituent Stocks (excluding CLP Holdings Limited)**  
**(as of 31 October 2021)**

No.	Company Name	Stock Code	Currency	Highest Fee	Lowest Fee	Average Fee	Highest Fee HKD	Lowest Fee HKD	Average Fee HKD
52	WuXi Biologics (Cayman) Inc. (5) (6) (7)	2269	RMB	200,000	198,000	199,000	243,458	241,023	242,241
53	Shenzhou International Group Holdings Limited (7)	2313	RMB	136,000	136,000	136,000	165,551	165,551	165,551
54	China Mengniu Dairy Company Limited (7)	2319	RMB	261,000	150,000	194,400	317,713	182,594	236,641
55	Li Ning Company Limited (6)	2331	RMB	270,000	250,000	265,000	328,668	304,323	322,582
56	Sunny Optical Technology (Group) Company Limited (6)	2382	RMB	1,667,000	84,000	479,750	2,029,222	102,252	583,995
57	Meituan - W (6) (7)	3690	RMB	500,000	500,000	500,000	608,645	608,645	608,645
58	Haidilao International Holding Ltd. (7)	6862	RMB	929,000	810,000	888,333	1,130,862	986,005	1,081,359
59	Alibaba Group Holding Limited - W (11)	9988	RMB	N/A	N/A	N/A	N/A	N/A	N/A
			GBP1=HKD 10.72359			HIGH	16,643,012	1,555,440	4,391,238
			USD1=HKD 7.7772			LOW	130,250	75,000	121,556
			RMB1=HKD 1.21729			AVERAGE	1,479,644	489,743	715,847

GBP1=HKD 10.72359  
USD1=HKD 7.7772  
RMB1=HKD 1.21729  
(exchange rate as at 29 October 2021)

**NOTES**

- Figures rounded up/down to nearest whole unit.
- Converting the average fees from foreign currencies to HKD, the non-rounded average fees in foreign currencies are used.
- The average highest fee, average lowest fee, average average fee are calculated by using the non-rounded figures.
- HKD average fee calculated by multiplying the average fee in original currency with the exchange rate (in cases in which it makes a difference).
- Directors who did not serve for the whole year are excluded.
- Share options and share-based compensations / insurance premium are excluded.
- Directors not receiving any remuneration are excluded.
- Emoluments for the duties in subsidiaries, branches and associates are excluded.
- The directors' remuneration is inclusive of income tax, assumed to be paid by the company.
- Not applicable as figures less than US\$1 Million are not shown in the Annual Report.
- Disclosure of individual directors' remuneration is not required due to exemption under Rule 19C.11 of the Hong Kong Listing Rules.

**SOURCE**

Adapted from HKEX, Hang Seng Indexes and individual companies' websites

**Highest, lowest and average fees (excluding share options and those who received zero remuneration) for NEDs serving on the boards of Hang Seng HK 35 Index Constituent Stocks (excluding CLP Holdings Limited)**  
**(as of 31 October 2021)**

No.	Company Name	Stock Code	Currency	Highest Fee	Lowest Fee	Average Fee	Highest Fee HKD	Lowest Fee HKD	Average Fee HKD
1	CK Hutchison Holdings Limited (5) (8)	1	HKD	410,000	220,000	262,000	410,000	220,000	262,000
2	The Hong Kong and China Gas Company Limited	3	HKD	900,000	400,000	733,333	900,000	400,000	733,333
3	HSBC Holdings plc (5) (8)	5	GBP	1,552,000	144,440	409,493	16,643,012	1,548,910	4,391,238
4	Power Assets Holdings Limited (5) (8)	6	HKD	160,000	130,000	143,333	160,000	130,000	143,333
5	PCCW Limited (5) (8)	8	HKD	630,000	250,000	338,000	630,000	250,000	338,000
6	Hang Seng Bank Limited (5)	11	HKD	1,296,000	660,000	930,600	1,296,000	660,000	930,600
7	Henderson Land Development Company Limited	12	HKD	2,050,000	150,000	740,625	2,050,000	150,000	740,625
8	Sun Hung Kai Properties Limited (5)	16	HKD	970,000	300,000	478,182	970,000	300,000	478,182
9	New World Development Company Limited (5) (6)	17	HKD	9,800,000	300,000	2,000,000	9,800,000	300,000	2,000,000
10	Swire Pacific Limited (5) (7)	19	HKD	1,170,000	633,000	911,400	1,170,000	633,000	911,400
11	Galaxy Entertainment Group Limited (7)	27	HKD	N/A	N/A	N/A	N/A	N/A	N/A
12	MTR Corporation Limited (5)	66	HKD	1,600,000	400,000	500,000	1,600,000	400,000	500,000
13	Sino Land Company Limited	83	HKD	380,000	200,000	302,000	380,000	200,000	302,000
14	Hang Lung Properties Limited (6)	101	HKD	1,200,000	700,000	914,286	1,200,000	700,000	914,286
15	WH Group Limited (7) (9)	288	USD	N/A	N/A	N/A	N/A	N/A	N/A
16	Hong Kong Exchanges and Clearing Limited (5)	388	HKD	4,931,000	1,010,000	1,870,545	4,931,000	1,010,000	1,870,545
17	ASM Pacific Technology Limited (5)	522	HKD	500,000	300,000	410,000	500,000	300,000	410,000
18	Techtronic Industries Company Limited (6)	669	USD	893,000	84,000	215,429	6,945,040	653,285	1,675,431
19	Link Real Estate Investment Trust (5)	823	HKD	3,939,000	1,176,000	1,573,700	3,939,000	1,176,000	1,573,700
20	MicroPort Scientific Corporation (6) (7)	853	USD	44,000	38,000	42,000	342,197	295,534	326,642
21	SJM Holdings Limited (5) (8)	880	HKD	2,100,000	600,000	1,340,000	2,100,000	600,000	1,340,000
22	CK Infrastructure Holdings Limited	1038	HKD	180,000	75,000	121,556	180,000	75,000	121,556
23	CK Asset Holdings Limited (5)	1113	HKD	410,000	350,000	374,000	410,000	350,000	374,000
24	Wynn Macau, Limited (6) (10)	1128	HKD	1,325,000	850,000	1,075,000	1,325,000	850,000	1,075,000
25	AIA Group Limited (5) (8)	1299	USD	828,315	183,000	297,479	6,441,971	1,423,228	2,313,557
26	ESR Cayman Limited (7)	1821	USD	85,000	65,000	74,000	661,062	505,518	575,513
27	Budweiser Brewing Company APAC Limited (5) (7)	1876	USD	104,000	81,000	88,667	808,829	629,953	689,578
28	Sands China Ltd. (7)	1928	USD	230,000	200,000	212,000	1,788,756	1,555,440	1,648,766
29	Swire Properties Limited (7)	1972	HKD	843,000	575,000	674,500	843,000	575,000	674,500
30	Wharf Real Estate Investment Company Limited (5)	1997	HKD	450,000	250,000	383,250	450,000	250,000	383,250
31	WuXi Biologics (Cayman) Inc. (5) (6) (7)	2269	RMB	200,000	198,000	199,000	243,458	241,023	242,241
32	MGM China Holdings Limited (7) (8)	2282	HKD	1,086,000	652,000	832,500	1,086,000	652,000	832,500
33	BOC Hong Kong (Holdings) Limited (5) (7)	2388	HKD	700,000	550,000	620,000	700,000	550,000	620,000
34	Smoores International Holdings Limited (5) (7)	6969	RMB	N/A	N/A	N/A	N/A	N/A	N/A

GBP1=HKD 10.72359

USD1=HKD 7.7772

RMB1=HKD 1.21729

(exchange rate as at 29 October 2021)

<b>HIGH</b>	16,643,012	1,555,440	4,391,238
<b>LOW</b>	160,000	75,000	121,556
<b>AVERAGE</b>	2,287,236	567,222	948,122

**NOTES**

- Figures rounded up/down to nearest whole unit.
- Converting the average fees from foreign currencies to HKD, the non-rounded average fees in foreign currencies are used.
- The average highest fee, average lowest fee, average average fee are calculated by using the non-rounded figures.
- HKD average fee calculated by multiplying the average fee in original currency with the exchange rate (in cases in which it makes a difference).
- Directors who did not serve for the whole year are excluded.
- Share options and share-based compensations / insurance premium are excluded.
- Directors not receiving any remuneration are excluded.
- Emoluments for the duties in subsidiaries, branches and associates are excluded.
- Not applicable as figures less than US\$1 Million are not shown in the Annual Report.
- Emoluments charged to the Group through the corporate allocation agreement are not included.

**SOURCE**

Adapted from HKEX, Hang Seng Indexes and individual companies' websites

**Highest, lowest and average fees (excluding share options and those who received zero remuneration) for NEDs serving on the boards of the thirty largest companies by market capitalisation listed on the Main Board of the Hong Kong Stock Exchange (as of 31 October 2021)**

No.	Company Name	Stock Code	Currency	Highest Fee	Lowest Fee	Average Fee	Highest Fee HKD	Lowest Fee HKD	Average Fee HKD
1	Tencent Holdings Limited (6) (7)	700	RMB	1,010,000	757,000	892,200	1,229,463	921,489	1,086,066
2	Alibaba Group Holding Limited - W (11)	9988	RMB	N/A	N/A	N/A	N/A	N/A	N/A
3	Meituan - W (6) (7)	3690	RMB	500,000	500,000	500,000	608,645	608,645	608,645
4	China Construction Bank Corporation - H Shares (5) (9)	939	RMB	440,000	390,000	418,333	535,608	474,743	509,233
5	AIA Group Limited (5) (8)	1299	USD	828,315	183,000	297,479	6,441,971	1,423,228	2,313,557
6	China Mobile Limited (7)	941	HKD	470,000	455,000	461,667	470,000	455,000	461,667
7	HSBC Holdings plc (5) (8)	5	GBP	1,552,000	144,440	409,493	16,643,012	1,548,910	4,391,238
8	JD.com, Inc. - W (11)	9618	RMB	N/A	N/A	N/A	N/A	N/A	N/A
9	Hong Kong Exchanges and Clearing Limited (5)	388	HKD	4,931,000	1,010,000	1,870,545	4,931,000	1,010,000	1,870,545
10	Xiaomi Corporation - W (7) (8)	1810	HKD	500,000	500,000	500,000	500,000	500,000	500,000
11	NetEase, Inc. (11)	9999	RMB	N/A	N/A	N/A	N/A	N/A	N/A
12	WuXi Biologics (Cayman) Inc. (5) (6) (7)	2269	RMB	200,000	198,000	199,000	243,458	241,023	242,241
13	Baidu, Inc. - W (11)	9888	RMB	N/A	N/A	N/A	N/A	N/A	N/A
14	Prudential plc (5)	2378	USD	287,000	165,000	229,778	2,232,056	1,283,238	1,787,028
15	Kuaishou Technology - W (7)	1024	RMB	N/A	N/A	N/A	N/A	N/A	N/A
16	Ping An Insurance (Group) Company of China, Ltd. - H Shares (5) (10)	2318	RMB	620,000	600,000	611,250	754,720	730,374	744,069
17	CNOOC Limited (7)	883	RMB	1,042,000	846,000	933,000	1,268,416	1,029,827	1,135,732
18	Industrial and Commercial Bank of China Limited - H Shares (5) (7)	1398	RMB	520,000	410,000	468,000	632,991	499,089	569,692
19	ANTA Sports Products Limited (5)	2020	RMB	1,079,000	120,000	733,000	1,313,456	146,075	892,274
20	XPeng Inc. - W (5) (7)	9868	RMB	69,000	69,000	69,000	83,993	83,993	83,993
21	BYD Company Limited - H Shares (5)	1211	RMB	200,000	200,000	200,000	243,458	243,458	243,458
22	China Merchants Bank Co., Ltd. - H Shares (7)	3968	RMB	500,000	500,000	500,000	608,645	608,645	608,645
23	Sun Hung Kai Properties Limited (5)	16	HKD	970,000	300,000	478,182	970,000	300,000	478,182
24	Manulife Financial Corporation (5) (6) (8)	945	CAD	269,935	138,342	164,853	1,700,488	871,500	1,038,512
25	Techtronic Industries Company Limited (6)	669	USD	893,000	84,000	215,429	6,945,040	653,285	1,675,431
26	Budweiser Brewing Company APAC Limited (5) (7)	1876	USD	104,000	81,000	88,667	808,829	629,953	689,578
27	Hang Seng Bank Limited (5)	11	HKD	1,296,000	660,000	930,600	1,296,000	660,000	930,600
28	Li Auto Inc. - W (7)	2015	RMB	N/A	N/A	N/A	N/A	N/A	N/A
29	Geely Automobile Holdings Limited	175	RMB	161,000	161,000	161,000	195,984	195,984	195,984
30	BeiGene, Ltd. (5) (6)	6160	USD	250,000	59,000	89,625	1,944,300	458,855	697,032

GBP1=HKD 10.72359

USD1=HKD 7.7772

RMB1=HKD 1.21729

CAD1=HKD 6.29962

(exchange rate as at 29 October 2021)

<b>HIGH</b>	16,643,012	1,548,910	4,391,238
<b>LOW</b>	83,993	83,993	83,993
<b>AVERAGE</b>	2,191,730	649,055	989,725

**NOTES**

- Figures rounded up/down to nearest whole unit.
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- The average highest fee, average lowest fee, average average fee are calculated by using the non-rounded figures.
- HKD average fee calculated by multiplying the average fee in original currency with the exchange rate (in cases in which it makes a difference).
- Directors who did not serve for the whole year are excluded.
- Share options and share-based compensations / insurance premium are excluded.
- Directors not receiving any remuneration are excluded.
- Emoluments for the duties in subsidiaries, branches and associates are excluded.
- The emoluments received from shareholders are not included.
- The directors' remuneration is inclusive of income tax, assumed to be paid by the company.
- Disclosure of individual directors' remuneration is not required due to exemption under Rule 19C.11 of the Hong Kong Listing Rules.

**SOURCE**

Adapted from HKEX and individual companies' websites



*Highest, lowest and average fees (excluding share options and those who received zero remuneration) for NEDs serving on the boards of a list of sample major utility companies listed in HK, UK, Australia and New Zealand (excluding CLP Holdings Limited) (as of 31 October 2021)*

No.	Company Name	Stock Code	Currency	Highest Fee	Lowest Fee	Average Fee	Highest Fee HKD	Lowest Fee HKD	Average Fee HKD
1	The Hong Kong and China Gas Company Limited	3	HKD	900,000	400,000	733,333	900,000	400,000	733,333
2	Power Assets Holdings Limited (5) (6)	6	HKD	160,000	130,000	143,333	160,000	130,000	143,333
3	CK Infrastructure Holdings Limited	1038	HKD	180,000	75,000	121,556	180,000	75,000	121,556
4	Drax Group plc	LSE: DRX	GBP	250,000	55,000	100,000	2,680,898	589,797	1,072,359
5	SSE plc (5)	LSE: SSE	GBP	400,000	72,000	140,500	4,289,436	772,098	1,506,664
6	Centrica plc (5)	LSE: CNA	GBP	343,000	73,000	128,833	3,678,191	782,822	1,381,556
7	National Grid plc (5) (6)	LSE: NG NYSE: NGG	GBP	622,000	91,000	164,111	6,670,073	975,847	1,759,860
8	AGL Energy Limited	ASX: AGL	AUD	597,000	241,000	306,086	3,500,814	1,413,226	1,794,890
9	APA Group (5)	ASX: APA	AUD	511,400	221,400	278,067	2,998,855	1,298,292	1,630,586
10	AusNet Services Limited	ASX: AST	AUD	495,000	198,000	249,500	2,902,685	1,161,074	1,463,070
11	Spark Infrastructure Group (5)	ASX: SKI	AUD	309,060	152,500	198,484	1,812,331	894,262	1,163,914
12	Contact Energy Limited (7)	NZX: CEN ASX: CEN	NZD	270,750	148,783	177,540	1,514,191	832,081	992,909
13	Infratil Limited	NZX: IFT	NZD	256,800	129,250	168,565	1,436,175	722,841	942,711
14	Mercury NZ Limited (5) (7)	NZX: MCY	NZD	165,730	106,000	120,673	926,858	592,813	674,872
		ASX: MCY							
15	Meridian Energy Limited (5) (7)	NZX: MEL	NZD	176,037	119,200	142,525	984,501	666,636	797,080
		ASX: MEZ							
			GBP1=HKD 10.72359			HIGH	6,670,073	1,413,226	1,794,890
			AUD1=HKD 5.86401			LOW	160,000	75,000	121,556
			NZD1=HKD 5.59258			AVERAGE	2,309,000	753,786	1,078,580

**NOTES**

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- The average highest fee, average lowest fee, average average fee are calculated by using the non-rounded figures.
- HKD average fee calculated by multiplying the average fee in original currency with the exchange rate (in cases in which it makes a difference).
- Directors who did not serve for the whole year are excluded.
- Emoluments for the duties in subsidiaries, branches and associates are excluded.
- New Zealand based company listed on both the New Zealand and Australian stock exchanges.

**SOURCE**

Adapted from HKEX, Hang Seng Indexes, MSCI Inc., S&P Dow Jones Indices LLC, Renew Economy, London Stock Exchange, Australian Stock Exchange, New Zealand's Exchange and individual companies' websites

**Highest, lowest and average fees (excluding share options and those who received zero remuneration) for NEDs serving on the boards of Hang Seng Composite Industry Index – Utilities Constituent Stocks (excluding CLP Holdings Limited) (as of 31 October 2021)**

No.	Company Name	Stock Code	Currency	Highest Fee	Lowest Fee	Average Fee	Highest Fee HKD	Lowest Fee HKD	Average Fee HKD
1	The Hong Kong and China Gas Company Limited	3	HKD	900,000	400,000	733,333	900,000	400,000	733,333
2	Power Assets Holdings Limited (5) (8)	6	HKD	160,000	130,000	143,333	160,000	130,000	143,333
3	KunLun Energy Company Limited (5)	135	RMB	270,000	270,000	270,000	328,668	328,668	328,668
4	China Everbright Environment Group Limited	257	HKD	470,000	465,000	468,750	470,000	465,000	468,750
5	Guangdong Investment Limited (7)	270	HKD	770,000	700,000	723,800	770,000	700,000	723,800
6	Beijing Enterprises Water Group Limited	371	HKD	150,000	120,000	126,000	150,000	120,000	126,000
7	China Gas Holdings Limited (5) (7)	384	HKD	792,000	440,000	661,200	792,000	440,000	661,200
8	Beijing Enterprises Holdings Limited (7)	392	HKD	345,000	345,000	345,000	345,000	345,000	345,000
9	China Resources Power Holdings Co., Ltd. (7)	836	HKD	470,000	470,000	470,000	470,000	470,000	470,000
10	China Water Affairs Group Limited	855	HKD	3,063,000	60,000	612,222	3,063,000	60,000	612,222
11	Huaneng Power International, Inc. - H Shares (5) (7)	902	RMB	300,000	300,000	300,000	365,187	365,187	365,187
12	China Longyuan Power Group Corporation Limited - H Shares (7)	916	RMB	143,000	143,000	143,000	174,072	174,072	174,072
13	Datang International Power Generation Co., Ltd. - H Shares (5) (7)	991	RMB	967,000	137,000	303,000	1,177,119	166,769	368,839
14	CK Infrastructure Holdings Limited	1038	HKD	180,000	75,000	121,556	180,000	75,000	121,556
15	Towngas China Company Limited	1083	HKD	500,000	500,000	500,000	500,000	500,000	500,000
16	China Resources Gas Group Limited (7)	1193	HKD	250,000	250,000	250,000	250,000	250,000	250,000
17	China Everbright Greentech Limited (7)	1257	HKD	300,000	300,000	300,000	300,000	300,000	300,000
18	Canvest Environmental Protection Group Company Limited (5) (7)	1381	HKD	240,000	180,000	192,000	240,000	180,000	192,000
19	China Tian Lun Gas Holdings Limited (5)	1600	RMB	132,000	60,000	95,500	160,682	73,037	116,251
20	VPower Group International Holdings Limited (7)	1608	HKD	2,746,000	216,000	848,500	2,746,000	216,000	848,500
21	CGN New Energy Holdings Co., Ltd. (7)	1811	USD	52,000	52,000	52,000	404,414	404,414	404,414
22	CGN Power Co., Ltd. - H Shares (5) (9)	1816	RMB	N/A	N/A	N/A	N/A	N/A	N/A
23	China Power International Development Limited (7)	2380	RMB	266,000	266,000	266,000	323,799	323,799	323,799
24	HK Electric Investments and HK Electric Investments Limited	2638	HKD	380,000	70,000	130,000	380,000	70,000	130,000
25	ENN Energy Holdings Limited (5) (6)	2688	RMB	483,000	483,000	483,000	587,951	587,951	587,951
26	Zhongyu Gas Holdings Limited	3633	HKD	250,000	250,000	250,000	250,000	250,000	250,000
27	Xinyi Energy Holdings Limited (7)	3868	HKD	230,000	200,000	210,000	230,000	200,000	210,000
				USD1=HKD 7.7772	<b>HIGH</b>		3,063,000	700,000	848,500
				RMB1=HKD 1.21729	<b>LOW</b>		150,000	60,000	116,251
				(exchange rate as at 29 October 2021)	<b>AVERAGE</b>		604,534	292,111	375,188

**NOTES**

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- Directors who did not serve for the whole year are excluded.
- Share options and share-based compensations / insurance premium are excluded.
- Directors not receiving any remuneration are excluded.
- Emoluments for the duties in subsidiaries, branches and associates are excluded.
- The emoluments received from shareholders are not included.

**SOURCE**

Adapted from HKEX, Hang Seng Indexes and individual companies' websites