

8 August 2023

The Board of Directors
CLP Holdings Limited
8 Laguna Verde Avenue
Hung Hom, Kowloon
Hong Kong

Dear Directors

Re: 2022 External Board Evaluation (“Board Progression Planning”) Exercise

Focus of the 2022 Board Review

In 2022, the Korn Ferry CEO & Board Practice Team conducted a comprehensive Board Review Exercise.

Similar to the approach that CLP’s Board took in 2019, the CLP Board elected to adopt a *Board Progression Planning* rather than a traditional Board Review exercise. This meant taking a forward-looking view and not just looking at the Board’s core governance role in overseeing performance.

The focus was on helping the Board to enhance its value-add in 2 critical areas:

- 1. Enhancing alignment on Strategic Issues, Priorities and the Path Forward**
- 2. Enhancing how the Board adds value in partnership with the Management Team**

The impact of the Board in these two areas were reviewed via a focus on the following 5 dimensions:

- Purpose: Role of the Board & where we spend our time
- People: Current & Future Board Composition
- Partnership: Board Culture & Partnership with Management
- Processes: Board & Committee Processes & Structure
- Impact: Board ‘s Value-Add on key Strategic Issues

Through this Board Progression Exercise, the CLP Board sought practical, actionable recommendations, which would enable the Board to progress and enhance their impact on key issues facing CLP.

The Process

The key data points used during the Board Review Exercise were:

- One-on-One dialogues with members of the Board of Directors.
- One-on-One dialogues with selected members of the Executive Management Team.
- A review of previous Strategy & Board Papers and selected Board Committee Papers.

The insights, together with key recommendations were then discussed with the Nomination Committee and the full Board on 6 April 2023 and 15 May 2023, respectively. The Board is now in the process of implementing key recommendations.

Key Insights

The key insights from the Board Review were as follows:

The Signature Strengths of the CLP Board

The Board Progression Planning process identified the following key signature strengths of the Board:

- A Board culture which continues to reflect the Chairman's values – high levels of integrity; respectful and cordial; a commitment to do what is right for the shareholders and the communities that CLP serves. This permeates through the organisation and builds a high level of trust.
- The Board composition has evolved – the Board has acted on the recommendations from the previous Board Progression Planning process conducted in 2019. CLP's new retirement policy has helped to facilitate board renewal in critical roles – the current Board brings valuable and relevant skill sets and experience to contribute to current and emerging strategic issues.
- The Board now has a greater focus on critical issues underpinning CLP's future success. In response to the recommendations from the previous process, the Board now spends more time on these issues through regular dialogues via additional Management briefings to Directors, Director Lunch & Learn sessions, as well as reformatted Board Strategy review sessions. The CLP Board is best-in-class in its corporate governance role.
- The CLP Board continues to do an effective job in delegating key work to Board Committees – a lot of the heavy lifting is done by the Board Committees.

Opportunities to Enhance the Board's Impact

The Board Progression Planning process identified opportunities for the Board to enhance its contribution and impact in the following areas:

- Board Composition / proactive Board Renewal – to leverage on the existing work that the Board has done and continue with a strategic refresh of the Board with a focus on candidates who can add value on emerging strategic issues.
- Board and Management Partnership – in recognition of the importance of a strong partnership between the Board and Management, it is important that both the Board and Senior Management continue to build on and further strengthen this partnership through regular and meaningful dialogue.

Please note that our insights and recommendations are subject to reliance on information provided by the Board, Directors and Company Secretariat, which has been verified to the best of Korn Ferry's ability.

Consistent with the purpose of our Board Progression Planning Exercise, our report and this letter have been prepared for the Company's Board of Directors and does not purport to provide information for the purposes and reliance of other stakeholders.

Yours faithfully



Graham Poston
Regional Practice Leader
CEO & Board Progression