

2020 At a Glance

Value Framework – Refreshed

The CLP Value Framework has been a strong foundation for our Corporate Governance. It articulates multiple layers of our corporate identity and culture, namely:

“Vision, Mission, Values, Commitments and Policies & Codes.”

Background:

The Value Framework was first introduced in 2003 and reflects time-honoured principles and commitments that have been integral to CLP’s success for 120 years.

Consistent with our approach of continuous review and improvement to our governance practice, in 2020, we made key changes to the Value Framework by fully integrating our Sustainability Principles in order to underscore the fundamental role of sustainability in our long-term development.

Other Key Changes:

- Integrating “Future Culture” into the Value Framework.
- Updating our Mission to “provide sustainable energy solutions”.
- Strengthening innovation values and commitments.

The Sustainability Committee considered and endorsed the refreshed Value Framework; for more details, please refer to the Sustainability Committee Report.

Hybrid AGM

When COVID-19 hit Hong Kong in early 2020 and prior to the Government introducing the social distancing requirements for AGMs, we were able to draw from our experience in running a Hybrid AGM in 2019 to prepare for our 2020 AGM with social distancing measures in place.

What the Hybrid platform offered:

- Registered and non-registered shareholders were able to view the AGM live and to pose questions.
- Registered shareholders were able to vote online.
- The convenience of posing questions online.

Social distancing measures undertaken:

- A limit of 50 shareholders attending the AGM in person was imposed.
- As our AGMs have been well attended historically, we asked our shareholders to register their interest in attending as the 50 spaces were balloted in advance ensuring that the attendance on the day would be fair and orderly.

Follow up to External Board Review Recommendations

We implemented the following recommendations from our 2019 external Board Review:

- Non-executive Director search for candidates who can add value on emerging strategic issues** – we were able to identify two candidates with strong experience in Mainland China and the Greater Bay Area and they were subsequently appointed as our new Independent Non-executive Directors.
- Further strengthening the Sustainability Committee’s role of overseeing the impact of longer-term sustainability issues on the Group’s strategy** – the Sustainability Committee held extended meetings with dedicated sessions on innovation and digitalisation, and another session on climate change that included a briefing from a leading external climate change expert.
- Reviewing the approach to the strategic talent agenda** – the Human Resources & Remuneration Committee has enhanced the oversight of strategic talent and succession planning with specific briefings on talent development at the organisational level and succession planning at the senior management level.
- Access to Board Committee Papers** – Directors can now access all Board Committee minutes.

COVID-19 and a Challenging Risk Environment

COVID-19 brought about many challenges for CLP on the corporate governance front, these included COVID-19 related risks in the following areas:

- Completing the financial year-end closing process in early 2020 as COVID-19 hit Mainland China and Hong Kong.
- The convening of our 2020 AGM.

In addition to COVID-19, the risks that the CLP Group are faced with have become increasingly challenging and complex, these are some of the key risks that we have been actively monitoring in 2020:

- Board level** – the Board examined the risks associated with the acceleration of energy transition, and digital technologies, along with the impact of changing geo-political dynamics and the rise of more protectionist trade and investment policies; the Board also considered the potential opportunities that could be captured from these developments.
- Audit & Risk Committee** – this Committee closely monitored risk items that evolved rapidly during the course of the year, including geo-political related risks, regulatory risks, the bushfires in Australia and cybersecurity.
- Sustainability Committee** – this Committee had a dedicated session to gain a deeper understanding of the risks (and opportunities) relating to innovation, technology developments and the increasing adoption of digital technologies; and another dedicated session on climate change with a briefing by a leading expert on how the progress of CLP’s climate action was perceived.