

Message from the Chief Governance Officer



David Simmonds
Chief Governance Officer

2023 was a busy year for CLP on corporate governance.

From our “2023 At a Glance” section in this Corporate Governance Report, we have highlighted some of the key focus of CLP’s corporate governance practices for 2023. These include our continuing efforts to gradually refresh our Board and Board Committees; implementing the findings from our last External Board Review exercise as well as keeping the market duly updated on the significant developments concerning the Group. Our commitment to these important initiatives is only possible with the support from the Board and the management leadership team.

In relation to the gradual refresh of our Board, work on this is continuing through to 2024 and we have commenced the search for a new Independent Non-executive Director with particular strength and experience on Audit & Risk Committees of comparable listed companies.

It would be remiss on our part not to thank former and outgoing Directors for their years of service and invaluable contributions to the Board and CLP. These include Mrs Fanny Law who retired at the 2023 AGM, Mrs Zia Mody and Mr Richard Lancaster who will be retiring at the 2024 AGM and Mr J.A.H. Leigh who will retire in March 2024.

In preparing for 2024, an important work involving our Board Members is the Group strategy review. Preparatory work on this has commenced with a series of business unit and strategy updates having been made to the Board during the second half of 2023.

The level of regulatory oversight of sustainability is expected to increase and a key aspect of this is the reporting on sustainability. Building on the double materiality methodology approach that we have adopted in our sustainability reporting, the “financially material” topics will be the focus of our sustainability reporting in this year’s Annual Report.

2023 has been a year of transition for CLP as we navigate through the challenges, risks and opportunities for our Group’s businesses. This is another good reminder that our corporate governance practices will need to evolve to ensure that they remain fit for purpose consistent with our shareholders’ expectations whilst being guided by our culture of “doing the right things right”.

2023 At a Glance

Board Succession

- At the beginning of 2023, we welcomed the appointment of Mrs Betty Yuen as a Non-executive Director and the appointment of Mr Andrew Brandler as the Vice Chairman of the Board both of which took effect on 1 January 2023.
- In June 2023, we announced the succession plans for CLP Holdings CEO and Mr T.K. Chiang's appointment on the Board took effect on the same date as he became CEO on 1 October 2023. As part of the CEO transition, our former CEO Mr Richard Lancaster remained on the Board as an Executive Director and he will step down from all his positions with CLP at the conclusion of the 2024 AGM.
- Ms Wang Xiaojun Heather was appointed as an additional Independent Non-executive Director in May 2023. In considering Ms Wang's appointment, the Nomination Committee recognised her extensive experience in human resources at the executive leadership level and that her skills, experience and background are well aligned with the Board's focus on organisational talent capability.

Board Committees Refresh

- The beginning of the year 2023 saw Mr Andrew Brandler took up the Chair position of the Finance & General Committee, Ms May Siew Boi Tan became the Chairperson of the Audit & Risk Committee and Mr Chunyuan Gu also joined the Human Resources & Remuneration Committee.
- Ms Wang Xiaojun Heather joined the Audit & Risk Committee and the Human Resources & Remuneration Committee in May when she joined the Board.
- The Sustainability Committee was reconstituted during the year with the appointment of Independent Non-executive Director Mr Chunyuan Gu as the Chairman of the Sustainability Committee on 1 October. The Committee became a Non-executive Directors and Independent Non-executive Directors only Committee with effect on 1 January 2024. Management Committee Members stepped down from the Committee and the terms of reference also provided that the composition will comprise Non-executive Directors only with at least three Independent Non-executive Directors.
- On 1 October 2023, Mr Andrew Brandler also joined the Human Resources & Remuneration Committee as a Member.

Implementing Findings from Board Review

- Two key initiatives were implemented from the 2022 External Board Review findings.
- Management Briefing sessions for the Board were introduced in 2023 and a total of 16 sessions were held during the year with a high level of attendance by Directors. The schedule of sessions with selected topics were provided to Directors in advance. The Directors' attendance at these sessions were optional and depending on their interest and availability, Directors would be able to decide which session they would like to attend. The topics covered at the Management Briefing sessions included business unit updates and key group functional updates.
- CLP Holdings Board Committee Chairs' updates to the CLP Holdings Board at Board meetings were introduced as a new standing agenda item for the Board meetings. The Committee Chairmen's update enabled Board Members to be briefed on matters of significance that were considered by the relevant Committees since the last Board meeting. This also had the effect of highlighting certain key issues to the Board's attention and assisting the Board to focus its discussion on the pertinent issues.

Governance Oversight – Key Announcements


- There were a number of material developments for the Group in 2023 which the Board exercised oversight of. We announced these to the market contemporaneously ensuring that the market is duly updated of these material developments. Highlights of these are set out below.
- CEO transition – The Board had been involved in the succession planning and approval for the CEO transition as well as the communications plan for the transition. The announcement for the transition was made in June and covered the transitional arrangements and appointments.
- Key developments for the Hong Kong Scheme of Control (SoC) Business – We issued an announcement in November which covered three important developments for the Hong Kong SoC Business as these were approved and agreed with the Hong Kong Government. These related to the Development Plan (2024-2028), the tariff for 2024 and the outcome from the Interim Review of the SoC.
- Profit warning – The Company made an announcement in January 2024 regarding the expected impairment of goodwill of EnergyAustralia's Customer business. The announcement of the expected impairment was based on management's preliminary assessment ahead of the formal results announcement for 2023. Given the impact, the announcement was made to inform the market on a timely basis and considering the size of the expected impairment, we also announced the expected total operating earnings and total earnings for 2023 based on the management accounts.



How our Purpose, Values, Strategy and Culture are aligned?



The CLP Code: Compliance and more




The Company has its own unique code namely The [CLP Code on Corporate Governance](#) (CLP Code). It is built on CLP’s own standards and experience while respecting the benchmarks set by The Stock Exchange of Hong Kong Limited (Hong Kong Stock Exchange). The CLP Code is on the CLP website and available on request. In 2023, we have updated the CLP Code to reflect the new requirements under the Corporate Governance Code (Corporate Governance Code), Appendix C1 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (Listing Rules). 

Our Code goes beyond the principles of good corporate governance and incorporates the code provisions on a “comply or explain” basis and certain recommended best practices as set out in the Corporate Governance Code. The only exception, however, concerns quarterly reporting, details of which are explained on page 97.




We have made **further enhancements to our corporate governance practices in 2023** and some of these are highlighted in **“2023 At a Glance”**.

Areas in which our Corporate Governance Practices exceed the Hong Kong Stock Exchange Corporate Governance Code

Our Board

- The composition of the Board and the Audit & Risk Committee exceed the independence requirements under the Listing Rules.
- A dedicated Sustainability Committee to oversee the management of all long and short term sustainability issues and is chaired by an independent director and comprises Non-executive Directors only.
- We conduct regular external and internal Board and Board Committee reviews and when completed, we publish a [summary](#) of the conclusions of the external Board review on the CLP website. 
- With the objective of minimising succession risk, the retirement age guideline in our Board Diversity Policy provides that where a Non-executive Director (other than the Chairman) has reached the age of 72 at the time of the relevant AGM, such Director will not be considered for re-election, however, this may be waived if the Board considers such Director has the skills, experience or capabilities that cannot be replaced at the relevant time.
- By reference to our Board Diversity Policy, we are committed to the gradual refresh of the Board and the Board Committees.
- We issue a formal letter of appointment for Non-executive Directors. The [model letter](#) is on our website and deals with a range of matters regarding a Director's appointment and responsibilities including an expected level of time commitment. 
- We have a set of bespoke Onboarding [Guidelines](#) for Directors with the key objective of assisting new Directors in their understanding of CLP's business, governance and Board and Committee dynamics. The Guidelines are available on the CLP website. 

Our disclosure

- The CLP Fair Disclosure Policy sets out the principles for the broad and non-exclusionary distribution of information to the public.
- The Continuous Disclosure Obligation Procedures guide the organisation in monitoring and disclosing potential inside information.
- The Continuous Disclosure Committee conducts regular assessment of potential inside information.
- We adopt a double materiality methodology to identify and report the sustainability-related issues that are financially material to us.
- We disclose our Senior Management's confirmation of compliance with the Listing Rules Model Code and CLP Code for Securities Transactions, in addition to similar disclosures by our Directors.
- We issue individual Board Committee reports in our Annual Report for the Audit & Risk Committee, Sustainability Committee, Nomination Committee and Human Resources & Remuneration Committee.
- Our Risk Management Report in the Annual Report sets out CLP's risk management framework and how CLP manages the Group's material risks.
- We announce our financial results within two months after the end of the financial year. The [Annual Report](#) is available on our website within the following fortnight with hardcopies sent to shareholders about two weeks after that. 
- We have published CLP's [Climate Vision 2050](#) since 2007 which sets out the blueprint of CLP's latest decarbonisation actions and with targets updated at regular intervals. 
- We disclose on our website [minutes of our AGM](#); in addition, any questions or topics that are not specifically addressed at the AGM, full answers are provided and disclosed. 

Our unique policies and practices

- ▶ CLP has established its own Corporate Governance Framework, the Value Framework and its own Code for Securities Transactions.
- ▶ We conduct a Group-wide Business Practice Review for our staff on a periodic basis to foster employees' understanding of our Code of Conduct under CLP's Value Framework. An important aspect of this is ensuring that our employees maintain a good understanding of CLP's culture and values.
- ▶ We have a CLP Procurement Values and Principles. This explains our procurement values and principles and we encourage all suppliers to abide by the same values and principles as ourselves, and to adopt the same standards of integrity and transparency in doing business with us.
- ▶ General Representation Letters are issued by our CEO and CFO to the Audit & Risk Committee as attestation of compliance.
- ▶ Our Audit & Risk Committee regularly examines the audit activity reviews conducted by the Internal Auditors. The Internal Auditors highlight the significant events and findings which require the Committee's attention and further examination, where appropriate.
- ▶ Members of our Audit & Risk Committee conduct meetings as between Members only prior to the full Committee meeting attended by management and the auditors; two of which are joined by the independent auditor.
- ▶ For the Group's continuing connected transactions (CCTs), we engage the Company's independent auditor, PwC, to undertake an agreed-upon procedures (AUP) engagement on the Group's CCTs pricing policies. The AUP findings are provided to the Independent Non-executive Directors as part of their consideration of the CCTs for the purposes of giving the required confirmation under Rule 14A.55 of the Listing Rules.

Compliance with the Corporate Governance Code and Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange

CLP's Approach to Corporate Governance

Throughout the financial year ended 31 December 2023, the Company had complied with the code provisions as well as applied all the principles in the Corporate Governance Code. CLP deviates from only one recommended best practice in the Corporate Governance Code – that an issuer should announce and publish quarterly financial results.

Our Considered Reasons for not Issuing Quarterly Financial Results

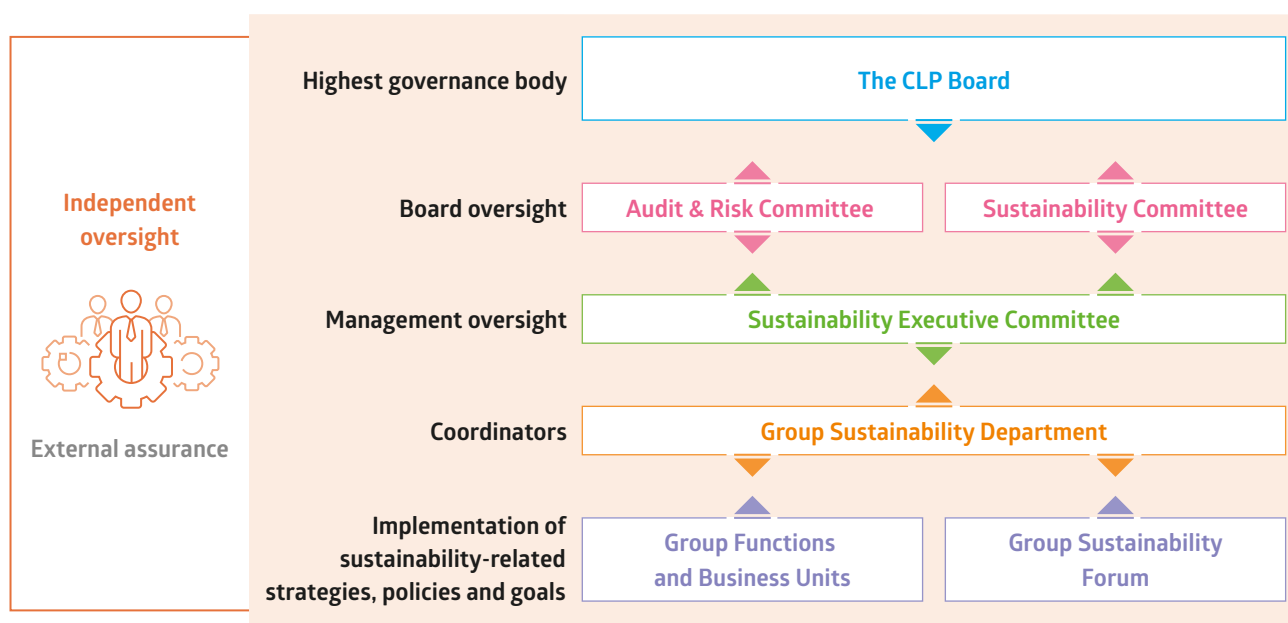
While CLP does issue quarterly statements which set out key financial and business information such as electricity sales, dividends and progress in major activities, we do not issue quarterly financial results for the following considered reasons:


- ▶ they do not bring significant benefits to our shareholders;
- ▶ they encourage a short-term view of the Company's business performance;
- ▶ CLP's activities do not run and need not be disclosed and judged on a three-month cycle; and
- ▶ preparation of quarterly reports is costly, including the opportunity cost of Board and management time spent on quarterly reporting.

CLP's Approach to Sustainability Reporting

Governance Structure

- Sustainability is at the heart of CLP's business strategy and the CLP Board has overall responsibility for CLP's sustainability reporting. The Directors' Report includes the "Board's Statement on Sustainability", which explains the Board's oversight of sustainability-related issues and how CLP approaches and manages the sustainability-related topics (page 175).
- Sustainability governance has been embedded in our corporate governance structure throughout the Group. Set out below is CLP's Sustainability Governance Structure.




- As one of the Board-level Committees, the Sustainability Committee has a primary role in overseeing the management of the Group's sustainability issues and is supported by the management-level Sustainability Executive Committee. As an oversight role, the Sustainability Committee was reconstituted with changes introduced in 2023 and is now chaired by an Independent Non-executive Director and comprises Non-executive Directors only, with five Independent Non-executive Directors including the Chairman. The Audit & Risk Committee, meanwhile, ensures appropriate assurance of the ESG data.
- Further information about CLP's sustainability management approach and how progress on sustainability-related goals and targets are reported and reviewed can be found in the Delivering Our Sustainability Agenda chapter, Risk Management Report, the Sustainability Committee Report and the Directors' Report of this Annual Report, as well as in the [Sustainability Report](#) published online at the same time as this Annual Report. 


Reporting Principles & Boundaries

- **Materiality** – Since 2018, materiality assessments have been carried out on the basis of examining how megatrends could impact the success of CLP's strategy in the medium- to long-term. In 2023, CLP provided a more detailed description of its sustainability-related impacts, risks and opportunities (IROs), and for the first time this process was reviewed and assured by CLP's non-financial auditor.
- **Quantitative and Consistency** – CLP's sustainability-related disclosures follow guidelines and recommendations from the SASB Standards for Electric Utilities & Power Generators, the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guide (ESG Reporting Guide) and the Global Reporting Initiative Reporting Standards (GRI Universal Standards 2021).





IFRS S1/TNFD – CLP also makes reference to emerging disclosure standards including International Financial Reporting Standards (IFRS) S1 – General Requirements for Disclosure of Sustainability-related Financial Information and the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD).

IFRS S2 – Between 2023 and early 2024, CLP conducted a review of CLP's Climate Vision 2050 with the aim of further accelerating its transition to a net-zero future. Climate-related disclosures are integrated into the latest edition of CLP's [Climate Vision 2050](#) publication and in the Annual Report, in which the disclosures make reference to IFRS S2 – Climate-related Disclosures. 

Sustainability-related KPIs / Greenhouse Gas Emissions – CLP Group's Sustainability-related KPIs are provided over a period of five years in the Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data on pages 288 to 291 of the Annual Report (Five-year Summary). Greenhouse gas emissions are reported with reference to World Resources Institute's (WRI) Greenhouse Gas Protocol.







- Boundaries** – As our business needs and focus evolve, scenarios may arise where our previously defined reporting scope was not able to fully capture the material impacts of our overall portfolio, and to better reflect these impacts, selected reporting scopes will be adjusted in different aspects. In 2023, assets added to the reporting scope included the Bobai wind farm, Hong Kong LNG Terminal Limited, Darlington Point Energy Storage and Riverina Energy Storage System II. Apraava Energy ceased to be a subsidiary from December 2022 and is now accounted for as a joint venture. For transparency, Apraava Energy's sustainability performance was reported separately in ESG Data Table section of the [Sustainability Report](#). 

Sustainability-related Disclosure in the 2023 Annual Report and 2023 Sustainability Report

- Details on how we report on the sustainability-related issues in accordance with the ESG Reporting Guide “comply or explain” requirements and related Listing Rules are set out below.
- We follow a thorough materiality assessment as the foundation for our sustainability strategy and reporting and this has been well received by our stakeholders and users of our reports. Our materiality assessment process enabled management to determine which material topics are likely to affect the Group's cash flows, access to finance or cost of capital in the short, medium and long term (financial materiality). Accordingly, the financial effects of those topics are disclosed in the Annual Report. Further information is in the Delivering Our Sustainability Agenda chapter on page 40.
- Topics with material impact to the nature and a wide range of stakeholders namely, customers, people, business partners and communities are discussed in CLP's online [Sustainability Report](#). It is published at the same time as the Annual Report and captures in detail the Company's delivery of social and environmental value in a rapidly changing environment. In addition, data related to financially material and impact material priorities are set out in the Five-year Summary on page 286. 
- With stakeholders' increasing interest in CLP's response to climate change and its impact on business, we have recently updated CLP's [Climate Vision 2050](#) standalone publication and this includes detailed discussion of our updated decarbonisation targets and transition plans. Key climate-related metrics are also included in the Annual Report and [Sustainability Report](#).  
- The table below sets out the financially material topics by reference to the aspects in the ESG Reporting Guide and discussions and data on these topics can be found in the corresponding chapters of this Annual Report. Aspects A3 (The Environment and Natural Resources) and B8 (Community Investment) in the ESG Reporting Guide are regarded as impact material priorities and these are discussed primarily in the [Sustainability Report](#) and are also covered in the “Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data” (page 288) of the Annual Report. 

Environmental

A1. Emissions (KPI A1.2 and KPI A1.5)

- | | |
|---|---|
| <ul style="list-style-type: none">  A Snapshot of CLP in 2023 (page 4)  Chairman's Statement (page 12)  CEO's Strategic Review (page 16)  Delivering Our Sustainability Agenda – Transition to Net Zero (page 49) | <ul style="list-style-type: none">  Delivering Our Sustainability Agenda – Community Stewardship (page 76)  Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288) |
|---|---|

Environmental

A2. Use of Resources (KPI A2.1 and KPI A2.3)

- A Snapshot of CLP in 2023 (page 4)
- Delivering Our Sustainability Agenda – Energy Security and Reliability (page 62)
- Delivering Our Sustainability Agenda – Community Stewardship (page 76)
- Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288)

A4. Climate Change

- A Snapshot of CLP in 2023 (page 4)
- Chairman's Statement (page 12)
- CEO's Strategic Review (page 16)
- Delivering Our Sustainability Agenda – Transition to Net Zero (page 49)
- Delivering Our Sustainability Agenda – Energy Growth Opportunities (page 57)
- Delivering Our Sustainability Agenda – Business Resilience (page 72)
- Governance (page 80)
- Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288)

Social

B1. Employment

- A Snapshot of CLP in 2023 (page 4)
- Chairman's Statement (page 12)
- Delivering Our Sustainability Agenda – A Safe, Future-Ready Workforce (page 66)
- Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288)

B2. Health and Safety

- A Snapshot of CLP in 2023 (page 4)
- CEO's Strategic Review (page 16)
- Delivering Our Sustainability Agenda – A Safe, Future-Ready Workforce (page 66)
- Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288)

B3. Development and Training


- A Snapshot of CLP in 2023 (page 4)
- CEO's Strategic Review (page 16)
- Delivering Our Sustainability Agenda – A Safe, Future-Ready Workforce (page 66)
- Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288)

B5. Supply Chain Management (KPI B5.1)

- A Snapshot of CLP in 2023 (page 4)
- Delivering Our Sustainability Agenda – Energy Security and Reliability (page 62)
- Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288)

B6. Product Responsibility (KPI B6.3)

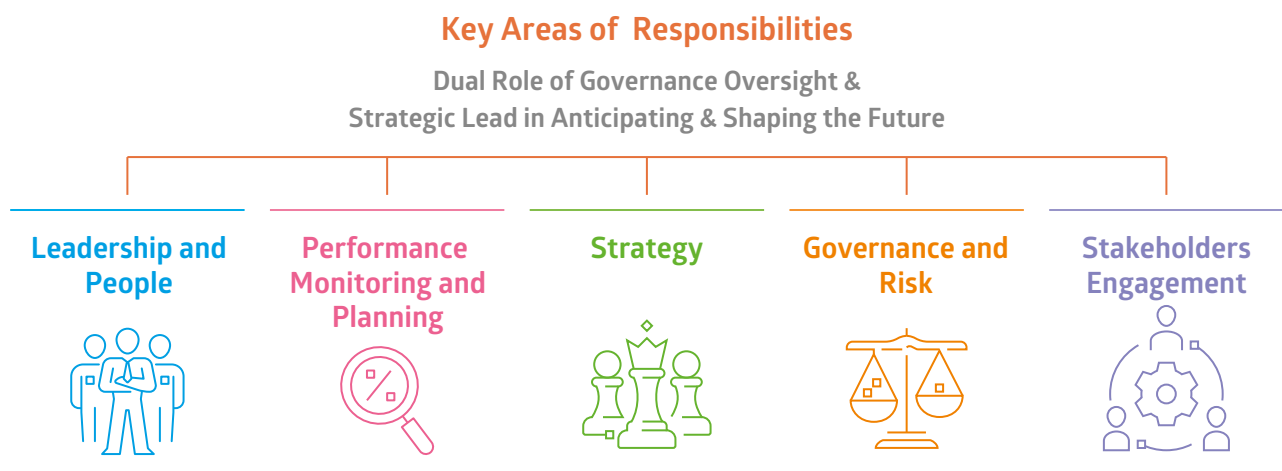
- A Snapshot of CLP in 2023 (page 4)
- CEO's Strategic Review (page 16)
- Delivering Our Sustainability Agenda – Energy Growth Opportunities (page 57)
- Delivering Our Sustainability Agenda – Energy Security and Reliability (page 62)
- Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288)

- In respect of the specific aspects of the ESG Reporting Guide set out below, CLP has not had any non-compliance with the relevant laws and regulations that would have a significant impact on CLP:
 - A1 **Emissions:** air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste;
 - B1 **Employment:** compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare;
 - B2 **Health and Safety:** providing a safe working environment and protecting employees from occupational hazards;
 - B4 **Labour Standards:** preventing child and forced labour;
 - B6 **Product Responsibility:** health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress; and
 - B7 **Anti-corruption:** bribery, extortion, fraud and money laundering.
- Those less material non-compliance cases relating to the specific aspects are covered in the Delivering Our Sustainability Agenda chapter.
- Outside of the specific aspects, there was one new material non-compliance case related to EnergyAustralia. In May 2023, the Australian Energy Regulator issued six infringement notices with a total fine of A\$406,800 for two failures by EnergyAustralia to accurately submit certain information required under the National Gas Rules to the Australian Energy Market Operator during the period from 1 July 2020 to 23 December 2021. The infringement notices have been paid.
- KPMG have conducted limited assurance on selected sustainability-related metrics as well as materiality assessment process and results as set out in the Five-year Summary and Delivering Our Sustainability Agenda chapter, in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board (IAASB). The [Sustainability Report](#) also includes an independent assurance report from KPMG. 

Our Board

The Board's Roles and Responsibilities

Our Board plays a critical role in ensuring that our corporate governance best serves the Company's interest in building a sustainable business. Under the leadership of our Chairman, the Board cultivates good governance as the cornerstone of our corporate culture.



Board's Focus

The Board recognises that effective oversight and leadership over the affairs of the Company are critical to promoting the success of the Company. The following summarises the Board's focus during the reported period (full-year 2023 and for 2024 up to the date of this Report) (the Period):

Strategy	
Group strategy and implementation	During the course of the Period, the Board received updates on the business and strategy for the individual business units and the Board discussed with management on the strategy, the risks and opportunities for the Group's business units including CLP China, CLPe, EnergyAustralia and Apraava Energy as well as the Group's strategic investments. These individual business updates on the business and strategy were part of the preparatory work for the Group strategy review which will be undertaken in 2024. The Board spent a significant time in overseeing CLP Power's work associated with the Development Plan and Interim Review under the SoC business.
Oversight of implementation – Management Briefing sessions	This was a newly introduced initiative for 2023. A total of 16 sessions were held during the year where management provided briefings to the Board on each of the business units and key group functions as represented by the Group Executive Committee Members. A selected topic was scheduled for the briefing sessions.
Governance and Risk	
Profit warning	The Board was kept updated by management on the process of the impairment assessment of EnergyAustralia's Customer business. The Board's consideration and review of the profit warning announcement was supported by the Audit & Risk Committee oversight of impairment assessment process.
Revision of CLP's Value Framework	The Board was briefed on the key changes to CLP's Value Framework, which reflects the aspirations and desired culture for our people and organisation.
Audit & Risk Committee activities	The Board received the important overview from the Chairperson of the Audit & Risk Committee on the Committee's review of financial statements and oversight of risk management and internal control systems ahead of management's presentation of the full-year and half-year financial statements.
Board Committees updates	As a standing practice introduced in 2023, the Board received updates on the key matters considered by each of the Board Committees at all of the Board meetings.
Leadership and People	
Executive leadership succession	With the support of the Nomination Committee, the Board reviewed, considered and approved the CEO succession arrangements and appointment as well as the communications plan. The work on the succession planning process had been undertaken for a period of time with the active engagement and inputs from Members of the Nomination Committee as well as the Non-executive Directors.
External Board Review	The Board openly discussed the findings of the external Board Review and considered each of the recommendations and action plan items.
Board and Board Committees refresh	As part of the Board and Board Committees refresh, the Board oversaw a number of changes to the composition and leadership of the Board and Board Committees, see "2023 At a Glance" on page 93.

Leadership and People	
Chairman's session	The Chairman held an annual meeting with the Independent Non-executive Directors only and a separate annual meeting with the Non-executive Directors only. Both of these sessions were on an open agenda format for the Independent Non-executive Directors and Non-executive Directors, as the case may be, to raise any matters of interest to the Group with the Chairman. One of the key topics discussed was on the CEO succession arrangements.
Performance Monitoring and Planning	
Results and dividends	<p>The Board approved the following: 2022 and 2023 Annual Reports; 2023 Interim Report; the quarterly statements; and the dividends for the financial years ended 31 December 2022 and 2023; as well as the business plan and budget. The Board also approved the profit warning announcement which included the preliminary key financial performance results of the Group for 2023 based on management accounts and this was released in advance of the formal results announcement.</p> <p>In approving the Annual Reports and Interim Report, the Board also approved the financial statements and ensured that the statements give a true and fair view of the financial position of the Group.</p>
Regular updates to the Board	<p>The Board considered the matters covered in the CEO's Report where the CEO highlighted key issues on safety and business updates for each of the Group's markets. This enabled the Board to keep abreast of the material issues and developments of the CLP Group.</p> <p>In between Board meetings, the Directors received the CLP Group management report that provided updates on the Group's key financial information as well as reports on health, safety and environment. In addition, Management Briefing sessions were held during the year as explained in the above.</p>
Stakeholders Engagement	
Investors' sentiment update	The Board was briefed on the investor feedback from the 2022 annual results roadshow and 2023 interim results roadshow. The Board gained valuable insights regarding the investors position and expectations as to CLP's financial performance.
Hong Kong business	The work on the Development Plan, 2024 tariff and Interim Review of the SoC business were the main focus for the Hong Kong business and the stakeholders support in this area was of equal importance. The Board spent a considerable time in the oversight of the approach in managing the Hong Kong business's key stakeholders.
Outside of the Boardroom	
Matters considered by the Board via circulation of Board Papers	<p>Outside the scheduled Board meetings, the Board received timely updates on, and considered, the following matters:</p> <ul style="list-style-type: none"> ➤ Overview of the Governance Framework and Growth Plan for Apraava Energy; ➤ CLP Holdings CEO succession and related arrangements; ➤ Brand image tracking topline results; ➤ Hong Kong tariff updates; ➤ EnergyAustralia business update; ➤ Tsing Yi incidents (Hong Kong business); ➤ Profit warning: impairment of goodwill of EnergyAustralia's Customer business; and ➤ Succession arrangements for the CFO.

Corporate Governance Report

Attendance at our Board meetings and the interaction between Senior Management and our Directors

The partnership between our Board and Senior Management is highly transparent and collaborative. In addition to our CEO who is an Executive Director, our Board meetings are typically attended by our Senior Management team.

To complement the Board's responsibilities and focus, the Board's work is well supported by the Board Committees; see "Board Committees" on this page.

Board and Board Committees meetings held during the Period

2023												2024	
Board													
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
	B			✓ +			B		B		I B		B
A	A F H S		A		A F H S	A H	F		A	F H S	N	A S	A F H S

Board Committees

Board


- B** Board
- I** Chairman and Independent Non-executive Directors as attendees only. The CEO and Vice Chairman were invited to join to discuss a specific topic on management succession
- +** Chairman and all Non-executive Directors and Independent Non-executive Directors
- ✓** AGM

Board Committees

- A** Audit & Risk Committee
- F** Finance & General Committee
- H** Human Resources & Remuneration Committee
- N** Nomination Committee
- S** Sustainability Committee

In addition, 16 Management Briefing sessions were held during the year, Directors have an open invitation to join these and attendance is entirely optional. Despite the attendance being optional, attendance on the part of Directors at these sessions were high and as a new initiative, these have been received well by the Directors.

Board Committees

The Board delegates some of its responsibilities, with appropriate oversight, to the respective Board Committees and the delegated Listing Rules Code Provisions corporate governance duties* are highlighted below. [Terms of reference and membership of all Board Committees](#) are disclosed in full on the websites of CLP and the Hong Kong Stock Exchange. 

Audit & Risk Committee (see full report on page 140)	Corporate governance, compliance and code of conduct*
Sustainability Committee (see full report on page 148)	Governance of sustainability-related issues*
Nomination Committee (see full report on page 153)	Governance of Board-level matters and professional development of Directors*
Human Resources & Remuneration Committee (see full report on page 157)	Professional development of management*
Finance & General Committee	See page 105 for responsibilities and work done during the Period

With the approval of the Board, the Provident & Retirement Fund Committee was re-constituted from a Board Committee to a management committee with effect from 1 April 2023.

Membership of Finance & General Committee

Mr Andrew Brandler (Chairman), Sir Rod Eddington, Mr Nicholas C. Allen, Ms May Siew Boi Tan, Ms Christina Gaw, Mr Chunyuan Gu, Mrs Betty Yuen, Mr T.K. Chiang and Mr Richard Lancaster.

Responsibilities and Work Done

This Committee reviews the financial operations of the Company which include Group-wide financial, accounting, treasury and risk management policies, major financing transactions, corporate plans and budgets and business performance. The Committee also reviews major acquisitions or investments and their funding requirements. In addition, the Committee reviews the implementation of the Company's strategy approved by the Board and the performance and business environment of the Company; and the Committee will also identify any matters that should be referred to the Board for review and further consideration.

The work performed by the Committee during the Period included the review and consideration of the following matters:

- ▀ the Company's interim and annual results and the dividends payable to shareholders for the financial years ended 31 December 2022 and 2023;
- ▀ the CLP Group Business Plan and Budget 2024-2028 including the dividends profile for those years;
- ▀ 2024-2028 Development Plan and 2023 Interim Review Update for the Hong Kong business;
- ▀ update on business and strategy for the Group's business units;
- ▀ strategic approach vis-à-vis EnergyAustralia;
- ▀ investment for specific projects in Mainland China, Australia and India;
- ▀ the investment in ERP Project (Enterprise Resource Planning);
- ▀ the extension of additional 10% energy import from Daya Bay;
- ▀ the CLP Group liquidity position, funding requirements, financing initiatives and cost of capital study; and
- ▀ CLP's foreign exchange translation risk and counterparty exposures.

The nature of the work of the Committee includes the consideration of transactional items which may arise from time to time and require the review and approval by the Committee via circulation of papers on a time sensitive basis.

Changes to Board Committees' Composition

With the retirement of Mrs Fanny Law and the appointment of Ms Wang Xiaojun Heather as an Independent Non-executive Director as well as the appointment of Mr T.K. Chiang as an Executive Director, there were a number of changes in the composition of the Board Committees during the Period, details of which are set out below:

- Mr Andrew Brandler was appointed as the Chairman of the Finance & General Committee effective 1 January 2023;
- with effect from 28 February 2023:
 - Mr Chunyuan Gu became a Member of the Human Resources & Remuneration Committee;
 - Ms May Siew Boi Tan took up the role as the Chairperson of the Audit & Risk Committee; and
 - Mr Nicholas C. Allen stepped down as the Chairman and remained as a Member of the Audit & Risk Committee;
- Mrs Fanny Law retired as a Member of the Audit & Risk Committee, the Human Resources & Remuneration Committee and the Sustainability Committee with effect from the conclusion of the 2023 AGM held on 5 May 2023;
- Ms Wang Xiaojun Heather was appointed as a Member of the Audit & Risk Committee and the Human Resources & Remuneration Committee effective 16 May 2023;
- with effect from 1 October 2023:
 - Mr T.K. Chiang was appointed as a Member of the Finance & General Committee and the Sustainability Committee;
 - Mr Richard Lancaster stepped down as the Chairman and remained as a Member of the Sustainability Committee;
 - Mr Chunyuan Gu was appointed as the Chairman of the Sustainability Committee; and
 - Mr Andrew Brandler was appointed as a Member of the Human Resources & Remuneration Committee;
- with effect from 1 January 2024, the Sustainability Committee was reconstituted as a Non-executive Directors only Committee with at least three Independent Non-executive Directors, and management Members stepped off the Committee and ceased to be Members; and
- the Board also approved the following changes to take effect beyond the Period:
 - Ms Christina Gaw will step down as a Member of the Finance & General Committee with effect from 27 February 2024;
 - Mrs Zia Mody will retire as a Member of the Human Resources & Remuneration Committee upon her retirement as an Independent Non-executive Director on conclusion of the 2024 AGM to be held on 3 May 2024; and
 - Mr Diego Alejandro González Morales to be appointed as a Member of the Finance & General Committee upon his appointment as a Non-executive Director with effect from 1 April 2024.

Directors' Attendance and Development

Our Directors attend to the affairs of the Group through their participation at the AGM, Board and Board Committee meetings, and perusal of Board papers.

In 2023, seven Board meetings were held and the overall attendance rate of Directors at Board meetings was 93.48% (2022: 93.33%). Details of Directors' attendance at the AGM, Board and Board Committee meetings (**attendance / held**) and development programme in the year 2023 are set out in the table on page 107.

As a new initiative, 16 Management Briefing sessions were held for the Board and attendance for Directors were optional. This is a considerable increase in time commitment on the part of the Directors and it was pleasing to see that these sessions were well attended by the Directors.

The CLP Holdings' Board approved the reconstitution of the Provident & Retirement Fund Committee from a Board Committee to a management committee with effect from 1 April 2023 and there was no committee meeting held before 1 April 2023.

	Board ¹	Audit & Risk Committee ²	Finance & General Committee	Human Resources & Remuneration Committee	Nomination Committee	Sustainability Committee	AGM ^{2,3}	Directors Development Programme
Non-executive Directors								
The Hon Sir Michael Kadoorie	6/7 ^(C)				1/1		✓	A, B, C
Mr Andrew Brandler ⁴	6/6 ^(VC)		5/5 ^(C)	1/1		3/3	✓	A, B
Mr J.A.H. Leigh	6/6						✓	A
Mr Philip Kadoorie	5/6					2/3	✓	A, B
Mrs Betty Yuen ⁵	6/6		4/5				✓	A, B
Independent Non-executive Directors								
Sir Rod Eddington	7/7		5/5				✓	A, B, C
Mr Nicholas C. Allen ⁶	6/7	6/6	5/5	4/4 ^(C)	1/1 ^(C)	2/3	✓	A, B
Mrs Zia Mody	4/7			3/4			✓	A
Ms May Siew Boi Tan ⁷	7/7	6/6 ^(C)	5/5	4/4	1/1	2/3	✓	A, B, C
Ms Christina Gaw	7/7		4/5			3/3	✓	A, B, C
Mr Chunyuan Gu ⁸	7/7	6/6	5/5	2/3		1/1 ^(C)	✓	A, B
Mr Bernard Chan	7/7					3/3	✓	A, B
Ms Wang Xiaojun Heather ⁹	4/4	3/3		2/3			-	A, B
Mrs Fanny Law ¹⁰	1/1	2/3		1/1		1/1	-	-
Executive Directors								
Mr T.K. Chiang ¹¹	2/2		2/2			1/1	-	A, B, C
Mr Richard Lancaster ¹²	5/5		5/5			3/3	✓	A, B, C

Notes:

- Included (a) an annual meeting where the Chairman met Independent and other Non-executive Directors in the absence of the Executive Directors and management; and (b) an annual meeting with the Chairman and the Independent Non-executive Directors as attendees only.
- Representatives of the independent auditor participated in every Audit & Risk Committee meeting and the AGM.
- Independent Non-executive Directors were available to take shareholders' questions specifically addressed to them during the AGM (of which there were none).
- Mr Andrew Brandler was appointed as the Vice Chairman of the Board and the Chairman of the Finance & General Committee both with effect from 1 January 2023. He was also appointed as a Member of the Human Resources & Remuneration Committee with effect from 1 October 2023.
- Mrs Betty Yuen was appointed as a Non-executive Director with effect from 1 January 2023 and she remained as a Member of the Finance & General Committee.
- Mr Nicholas C. Allen remained as a Member of the Audit & Risk Committee after stepping down as its Chairman with effect from 28 February 2023.
- Ms May Siew Boi Tan was appointed as the Chairperson of the Audit & Risk Committee with effect from 28 February 2023.
- Mr Chunyuan Gu was appointed as the Chairman of the Sustainability Committee and a Member of the Human Resources & Remuneration Committee with effect from 1 October 2023 and 28 February 2023 respectively.
- Ms Wang Xiaojun Heather was appointed as an Independent Non-executive Director, and a Member of the Audit & Risk Committee and the Human Resources & Remuneration Committee with effect from 16 May 2023.
- Mrs Fanny Law retired as an Independent Non-executive Director, and a Member of the Audit & Risk Committee, the Human Resources & Remuneration Committee and the Sustainability Committee with effect from the conclusion of the 2023 AGM held on 5 May 2023.
- Mr T.K. Chiang was appointed as an Executive Director, and a Member of the Finance & General Committee and the Sustainability Committee with effect from 1 October 2023.
- Mr Richard Lancaster remained as a Member of the Sustainability Committee after stepping down as its Chairman with effect from 1 October 2023.
- Chairmen of the Board and Board Committees and the Vice Chairman of the Board are indicated by (C) and (VC) respectively.

* Directors Development Programme

All Directors participate, at the Company's expense, in continuous professional development and training, with appropriate emphasis to develop and refresh their knowledge on industry-related updates. Our Directors Development Programme includes:

- A – reading regulatory and industry related updates
- B – meeting with local management and stakeholders, and visiting CLP's facilities and special projects with CLP's involvement; and
- C – attending expert briefings / seminars / conferences relevant to the business or director's duties. In addition, they have access to Chatham House (a leading independent policy institute based in London) publications and the opportunity to attend Chatham House events on topics relevant to our business.

Onboarding for new Director

The Company has in place a set of Onboarding Guidelines with the key objective of assisting new Director in understanding of CLP's business, governance and Board and Committee dynamics. This sets out a structured onboarding process that would serve as a roadmap for new Director to gain a better understanding of CLP and our business environment.

Our Onboarding Programme for the newly appointed Director is individually designed with the specific Director in mind having regard to the Director's unique background, skills, experience and perspective. Components of our Onboarding Programme include:

- an introduction session;
- face-to-face and one-on-one meetings with the Chairman of the Board, Chairman of the Board Committees and the Senior Management who work closely with the Board and Board Committees;
- access to information that provides a broad overview of the CLP Group;
- invitation to attend Board Committee meetings to assist with the understanding of the work carried out by various Board Committees; and
- visits to the major facilities of CLP and / or special projects with CLP's involvement.

As part of the onboarding sessions for the newly-appointed Independent Non-executive Director, Ms Wang Xiaojun Heather met with some of the Senior Management members and visited CLP facilities during August to October 2023 including visiting facilities in Mainland China and Australia and met with the operational management team.

Directors' Time and Directorship Commitments

Our Directors, Non-executive Directors in particular, have demonstrated a strong commitment to the CLP Board affairs and they are well aware that they are expected to have a sufficient time commitment to the Board. Directors have given certain confirmations and made disclosures about their other commitments.

■ Sufficient time and attention

- Directors have confirmed that they have given sufficient time and attention to the affairs of the Company for the year.


■ Other offices and commitments

- Directors disclose to the Company twice a year the number, identity and nature of offices held in Hong Kong or overseas listed public companies and organisations and other significant commitments, together with an indication of the time involved.

■ Other directorships

- None of our Directors, individually, held directorships in more than seven public companies (including the Company) as at 31 December 2023.

Our Executive Directors do not hold directorship in other public companies; however, they are encouraged to participate in professional, public and community organisations.

In respect of those Directors who stand for election or re-election at the 2024 AGM, all their directorships and board committee membership held in listed public companies in the past three years are set out in the Notice of AGM. [Other details of the Directors' biographies](#) are set out under Board of Directors on page 82 of this Annual Report and on CLP website. 

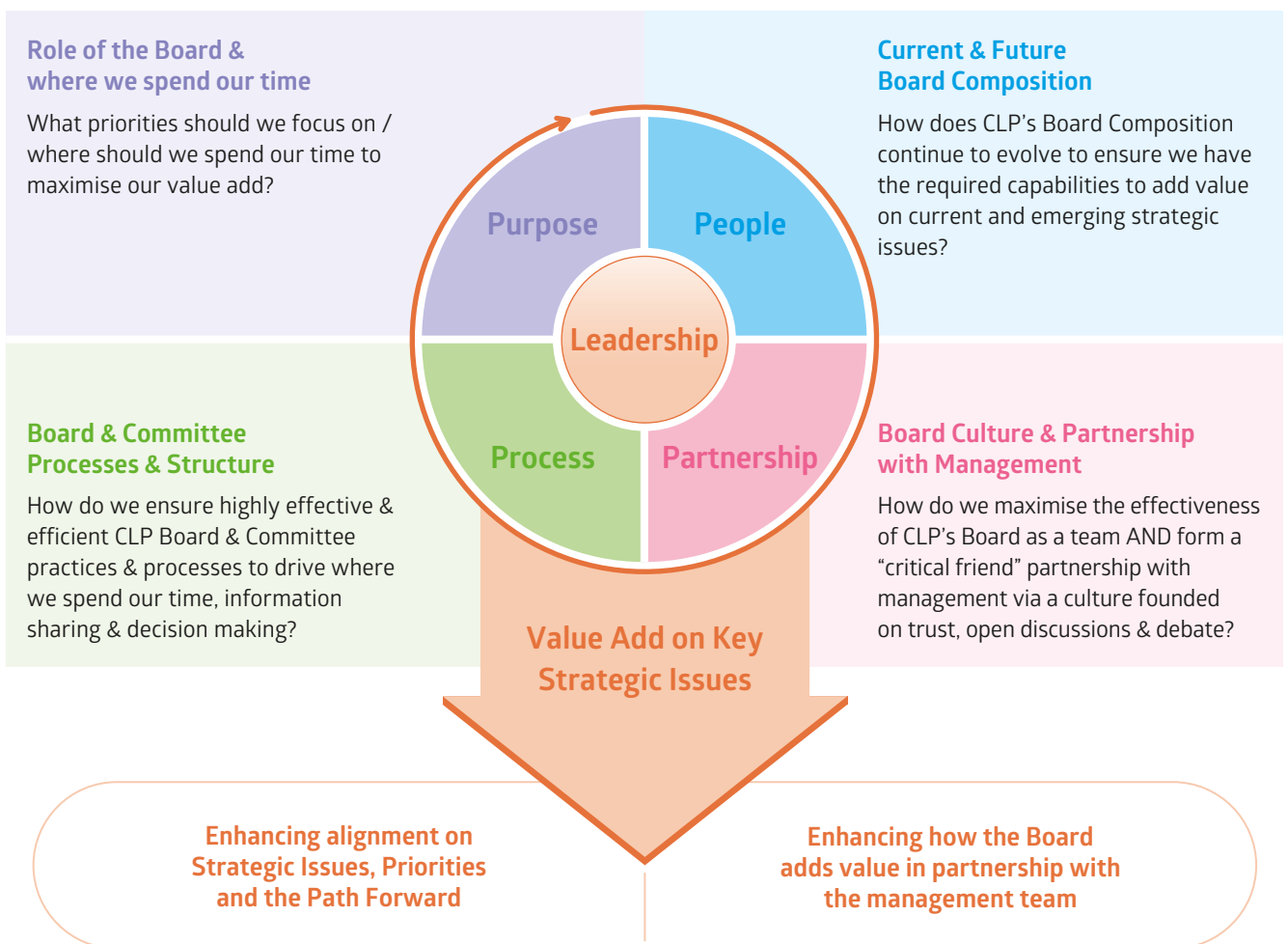
Board Evaluation – External Board Review

We undertook an External Board Review exercise in 2022 and this was led by a firm of consultants, Korn Ferry. The report and the recommendations for this External Board Review exercise had been put to the Chairman and the Board for consideration and was adopted at the Board meeting held in May 2023. Consistent with the approach taken in the previous review, the focus of this exercise was on today and the future for the Board and the Group with specific objectives on enhancing the alignment on strategic issues, priorities and the path forward; and how the Board adds value in partnership with the management team.


The Process

- ▀ one-on-one dialogues with members of the Board of Directors;
- ▀ one-on-one dialogues with selected members of the executive management team; and
- ▀ a review of previous Strategy & Board papers and selected Board Committee papers.

Focus of the 2022 Board Review



This exercise identified key signature strengths of the CLP Board including i) the Board culture continues to reflect the Chairman's values; ii) the evolution of the Board composition has continued; iii) the Board now has a greater focus on critical issues underpinning CLP's future success and iv) the CLP Board continues to do an effective job in delegating key work to Board Committees.

As with the previous practice, a [summary](#) report had also been made available on our website. 

Corporate Governance Report

The report also identified the opportunities to enhance the Board's impact through the two areas of refreshing the Board's composition and strengthening the partnership between the Board and management. With a view of achieving these objectives, a number of initiatives and actions were taken during 2023:

- the appointment of Ms Wang Xiaojun Heather as an Independent Non-executive Director with specific experience in organisation talent management and development in international markets and in Mainland China;
- Directors' visit to the Group's operations and facilities were recommenced;
- the introduction of the Management Briefing sessions for the Directors;
- the Finance & General Committee received a more regular update on the business units' strategy;
- preparatory work for the 2024 Group strategy review had commenced;
- the Sustainability Committee was repositioned with a stronger focus on the strategy for sustainability; and
- the Board received updates from each of the Board Committee Chairmen at every Board meeting.

Nomination and Appointment of Directors

Following the Nomination Committee's recommendations, the Board considered and appointed two new Directors in 2023: Ms Wang Xiaojun Heather as an Independent Non-executive Director; and Mr T.K. Chiang as an Executive Director. Mrs Betty Yuen's appointment as a Non-executive Director took effect on 1 January 2023 and the Board had considered her appointment in 2022.

Independent Non-executive Director Appointment

For the search process in the lead up to the appointment of Ms Wang Xiaojun Heather as an Independent Non-executive Director, CLP followed a formal and transparent procedure and is guided by CLP's Nomination Policy, which is disclosed in the Nomination Committee Report on page 153.

Executive Director Appointment

Through an extensive CEO succession planning process, Mr T.K. Chiang was identified as the CEO successor to Mr Richard Lancaster and the appointment as the CEO and an Executive Director was approved by the Board. The process was conducted with the active engagement and inputs from Members of the Nomination Committee as well as the Non-executive Directors.

Process for appointing a new Director

Key Considerations for a New Director Appointment

- Search for potential new Director candidate(s) is guided by the strategic needs of the Company and the Board.
- Director candidates would, ideally, have the relevant experience and background to contribute on CLP's emerging strategic issues.



Nomination Committee

- Considers the candidates based on merit having regard to the experience, skills and expertise as well as the overall board diversity.
- Makes recommendations to the Board as appropriate.



Board

- Approves appointment of a new Director.

Newly appointed Director is:

- subject to election by shareholders at the first general meeting following the appointment.

Additional Requirements

- appointment is made through a formal letter; and
- subject to the retirement age guideline in our Board Diversity Policy, eligible for re-election.



Shareholders

- Approve the election of a Board appointed Director at the Company's general meeting.

Proposed Election

- election for each Director is considered as an individual resolution at the general meeting.

* For existing Directors, they are subject to rotation at least once every three years and one-third of Board members are required to retire at the AGM and are eligible for re-election.

Why Board Diversity is Important to CLP

We recognise that Board diversity is an essential element contributing to the sustainable development of CLP.

CLP Board Diversity Policy adopted by the Board in 2013 (available on website)

The Policy incorporates:

- ▀ Code Provisions of the Corporate Governance Code
- ▀ Retirement Age Guideline (age 72) for Non-executive Directors (other than the Chairman)
- ▀ 30% target for female Director representation on the CLP Holdings Board – to be reviewed by the Nomination Committee annually
- ▀ Independence mechanism (for directors to express their views and feedback) will be reviewed by the Nomination Committee annually
- ▀ CLP Group Diversity and Inclusion Policy for Senior Management and Staff

Aspects of Diversity cover:

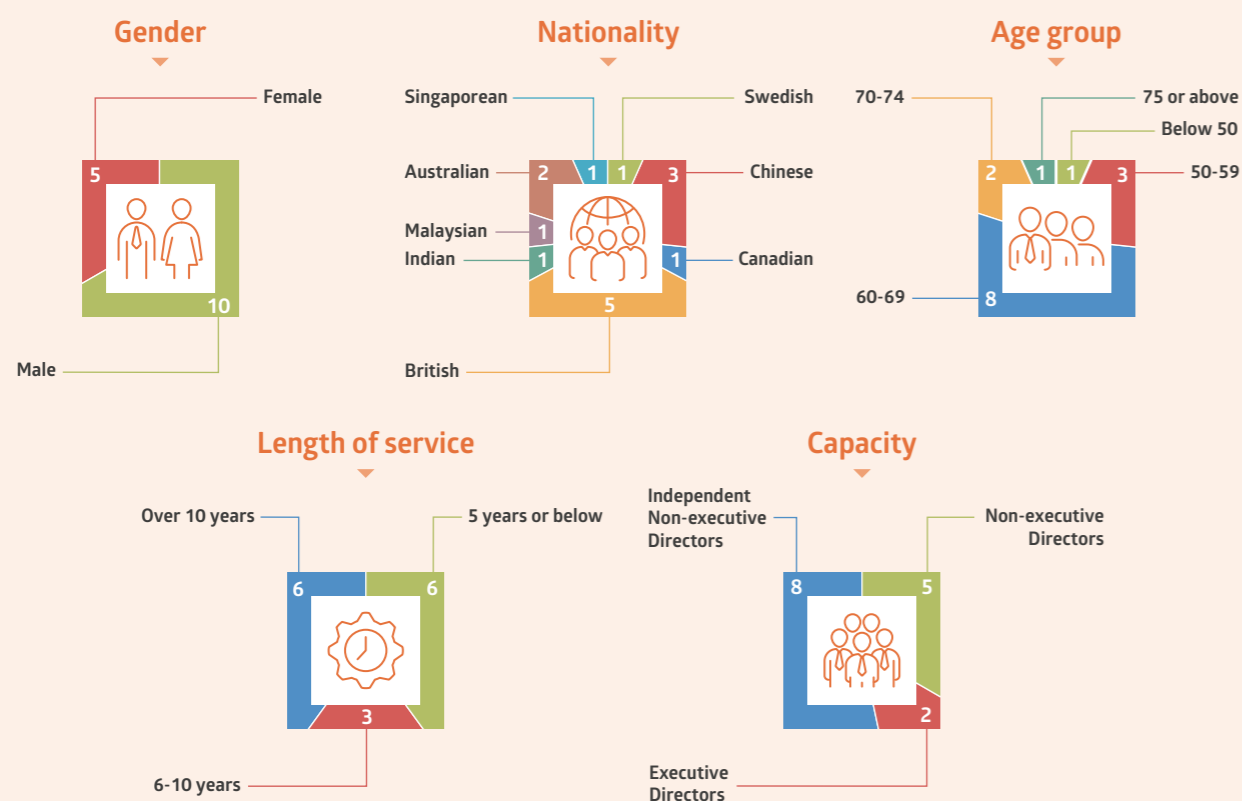
independence / gender / age / cultural and education background / professional experience / business perspectives / skills / knowledge / ethnicity / length of service

Our Board Diversity Policy also recognises that board diversity can be achieved without increasing the size of the Board and that a reduction in board size due to retirements without replacement can also be a way to further diversity. During the Period, our Board size increased from 14 to 15 due to the appointment of one additional Executive Director.

Board Composition & Diversity

Key highlights:

Female Representation of **33%** | Independent Non-executive Directors Representation of **53%**



Board Expertise

To ensure the Board continues to possess a balance of skills appropriate for the requirements of the business of the Group, an analysis of the skill set mix was considered by the Nomination Committee.

The table below highlights the breakdown of the skill set mix of our Directors and demonstrates the broad and diverse mix of experience and background relevant to CLP that the Directors bring to the Board and its Committees.

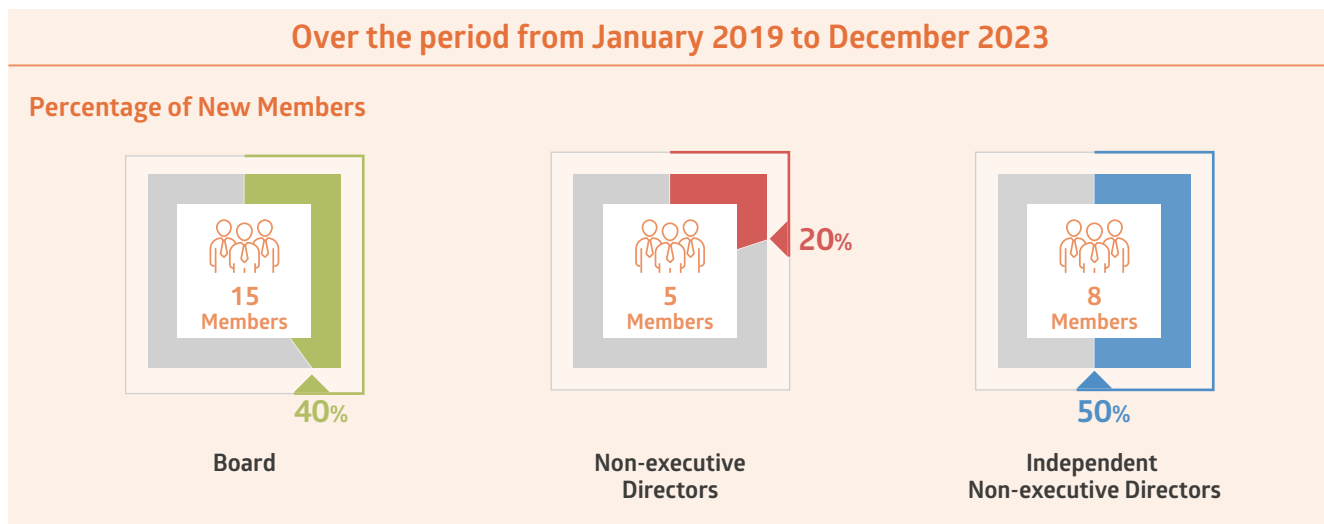
Expertise	Relevance to CLP	No. of Directors (Full Board of 15)
Board / board committees leadership	Board and governance leadership experience are regarded as a strategic asset to the Board and Board Committees	9
CLP market experience (Hong Kong / Mainland China (including Greater Bay Area) / Australia / India / Taiwan Region and Thailand)	Facilitates the review of CLP's business and financial operations and investments in the respective region	15
Company executive	Provides insights into executive leadership and the management of CLP's business and operations	11
Global market experience	Provides insights into the global economic trends and opportunities that CLP can explore	15
Other industries	Brings in other expertise applicable across different industries	13
Other listed board roles	Brings in good practices as a board and / or board committee member of listed companies	11
Public administration	Brings in experience in the areas of regulatory and stakeholder engagement	1
Related industry experience (Infrastructure / Power / Property / Retail)	Facilitates the review of CLP's business operations and investment opportunities in the related industries	15
Risk & compliance	Risk and compliance as key governance responsibilities of the Board	11
Technology	Provides insights into the technological developments and the governance of cyber risks	4
Professional		10
▀ Accounting	Brings in oversight, advisory and operational experience in the respective field of profession	4
▀ Engineering		4
▀ Legal		2

Note: Multiple professional background and experience may apply to a Director.

How the Board has been refreshed

One initiative to enhance the Board’s diversity is to gradually refresh the composition of the Board.

As part of our continuing efforts to gradually refresh our Board, the Board saw two new appointments and one retirement since January 2023. We believe that this is an important balancing act of bringing experienced Directors with fresh ideas and experience aligned with CLP’s strategic priorities and ensuring that the Board remains well represented by Directors with a good degree of CLP corporate knowledge, background and history. The diagram below shows how the Board has been refreshed over the past five years.



Disclosure of Conflict of Interest and Independence of Directors

Conflicts

Directors are requested to declare their and their connected entities’ direct or indirect interests, if any, in proposals or transactions to be considered by the Board at Board meetings and withdraw from the meetings as appropriate. In addition, where there are actual or potential conflict of interests, restrictions on access to agenda materials will be put in place. In 2023, none of the Directors were required to withdraw from Board meetings in these circumstances.

The Company follows guidelines at each financial reporting period to obtain confirmations from Directors in respect of any transactions of the Company or its subsidiaries which are related to Directors or their connected entities.

In addition, identified significant related party transactions are disclosed in Note 32 to the Financial Statements.

Independence

For the year ended 31 December 2023, the Company received written confirmations from all of the Independent Non-executive Directors regarding the independence of each of them and their immediate family members.

Among the Independent Non-executive Directors of the Company, none of them has held cross-directorship with other Directors.

Our view on independence

The Company maintains the view that a Director’s independence is a question of fact and this is formally recognised in the Board Diversity Policy. The Board is committed to assessing this on an ongoing basis with regard to all relevant factors concerned, including the ability to continually provide constructive challenge for management and other Directors; to express one’s own views independent of management or other fellow Directors; and the gravitas inside and outside the boardroom. These attributes and desired behaviour have been demonstrated by our Independent Non-executive Directors as circumstances require.

Mechanisms for ensuring independent views and input


The Company has established channels through formal and informal means whereby Independent Non-executive Directors can express their views in an open and candid manner, and in a confidential manner, should circumstances require.

Communication channels for Independent Non-executive Directors:

- ▀ dedicated meeting session between Independent Non-executive Directors and the Chairman only (before Board meeting);
- ▀ board evaluation conducted by external consultant once every 3 years and internal survey conducted in the intervening period;
- ▀ Independent Non-executive Director as Chairman of various Board Committees – Committee Chairman can update Board Chairman as necessary; and
- ▀ other informal meetings outside the boardroom.

The Audit & Risk Committee has been asked to provide feedback and the Nomination Committee has been delegated with the authority to review the implementation and the effectiveness of the independence mechanism on an annual basis.

Taking into account all of the circumstances described in this section, the Company considers all of the Independent Non-executive Directors to be independent.

[Details of all Directors and their biographies](#) including, if any, relationship between the members are disclosed on pages 82 to 89 and on our website. 

Directors' Shareholding Interests

Directors' interests in CLP's securities as at 31 December 2023 are disclosed in the Directors' Report on page 174. All Directors have confirmed, following specific enquiry by the Company, that throughout the year ended 31 December 2023 they have complied with the required standard set out in the Model Code and the CLP Code for Securities Transactions. The CLP Code for Securities Transactions is largely based on the Model Code set out in Appendix C3 of the Listing Rules and is on terms no less exacting than those in the Model Code.

Management and Staff

CLP recognises the importance of diversity not just at the Board level but throughout the CLP Group. Our respect for people and diversity are embedded in CLP's Code of Conduct and our Board Diversity Policy has also incorporated the CLP Group Diversity and Inclusion Policy for Senior Management and Staff.

One of the key tasks of CLP's management and staff is the successful implementation of strategy and direction as determined by the Board under the leadership of our Chairman. This includes promoting and "living" the good corporate culture set by our Board over the years. In doing so, they must apply business principles and ethics which are consistent with those expected by the Board, CLP's shareholders and other stakeholders, and these have been documented in our Code of Conduct.

A key fundamental feature of CLP's corporate governance is a culture of "doing the right things right", this "tone" is set at the top of the organisation at the Board level and is embedded throughout our Value Framework, Code of Conduct, CLP Code and the Whistleblowing Policy.

Subsidiary Board Governance

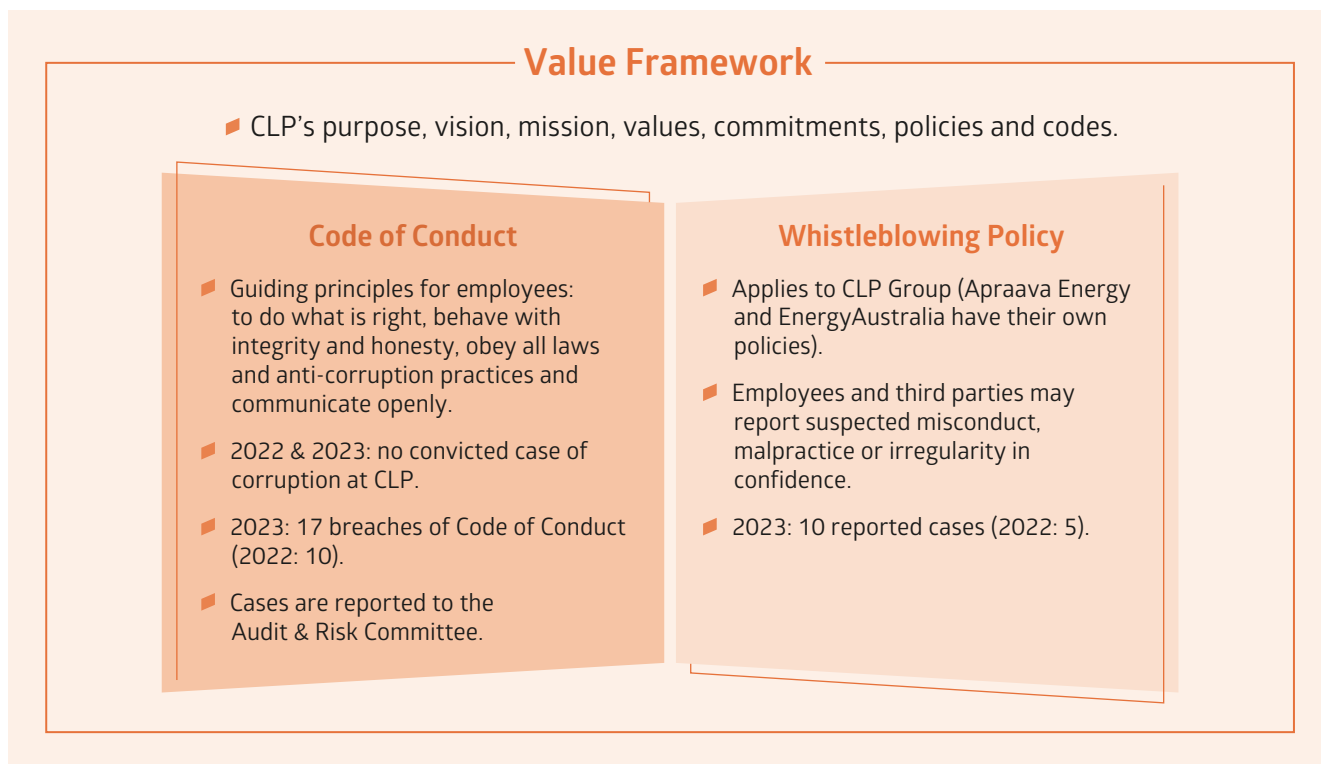
The subsidiary board governance plays an important part to ensure that at the management level, the culture set at the Holdings Board level is observed and followed and that the expected standard of business principles and ethics will be consistently applied at the subsidiary board and management level. A number of the subsidiary board positions are taken up by our mid-management leaders where their legal responsibilities at the subsidiary board level are aligned with their accountability in their business or functional capacity.

The mid-management subsidiary directors are of a certain level of seniority who are familiar with the CLP culture and have a solid understanding of their obligations and responsibilities as a corporate director and an organisational leader. These subsidiary level directors are expected to lead by example and help guide and oversee our people to ensure that the right culture is not just observed but is applied in how we conduct our business.

Role of Management and Staff in Promoting Good Corporate Governance Practices

Our CEO has the overall responsibility for carrying out the strategy and direction set by the Board and for managing the Group's business. The delegation of authority by the Board to the Committees, Senior Management and management are prescribed in the form of a "Company Management Authority Manual".

Management and staff adhere to various Group policies that reflect the values and corporate culture of CLP.



Ongoing Training

In addition to setting the right tone at the top, we recognise the importance of communicating effectively with our staff, and the need to cascade down the key messages and expectations of what are expected from them to ensure that everyone will work together to contribute to a good corporate governance culture.

In an increasingly challenging and uncertain environment, where organisations could potentially be more vulnerable to the heightened risk of fraud, we have rolled out a Fraud Risk Awareness e-training to all CLP staff including all new joiners as part of the mandatory induction training programme. The e-training focused on the importance of identifying different forms of potential fraud, and on how CLP staff can prevent, detect, respond to, and report cases of fraud.

We have also launched e-learning programmes on CLP Corporate Governance Framework and Internal Controls to reiterate the basic governance framework, principles and standards required for an effective system of management controls.

All the above-mentioned e-training are available on the CLP intranet for staff to understand, learn and refresh anytime as they see appropriate.

Securities Dealing

Our Management and Staff are subject to CLP Securities Dealing Restrictions.

- We appreciate that some of our staff may in their day-to-day work have access to potential inside information.
- Our Senior Management and selected members of staff, “Specified Individuals”, are subject to securities dealing restrictions in the CLP Code for Securities Transactions.
- Securities Transactions: All members of the Senior Management have confirmed, following specific enquiry by the Company, that throughout the year ended 31 December 2023 they have complied with the required standard set out in the Model Code and the CLP Code for Securities Transactions.
- Shareholding in CLP shares: Save for the interest disclosed by Mr Richard Lancaster in the Directors’ Report on page 194, the other members of the Senior Management did not have any interests in CLP Holdings’ securities as at 31 December 2023.

Senior Management Training and Development

We have a formal procedure in place for reporting the training and continuous professional development of Senior Management. Members of Senior Management have access to a variety of training activities. These include access to online learning and information resources, formal executive development programmes at leading business schools and executive briefings on matters of topical interest provided through our strategic partnerships with organisations such as Chatham House, IMD and The Economist. We also make selective use of independent executive assessment and coaching processes to assist with identifying individual development needs and provide input to our succession planning decisions.

Participation in Training and Continuous Professional Development of Senior Management and Company Secretaries in 2023

Senior Management and Companies Secretaries	Attending formal executive development / training programme	Attending expert briefings / seminars / workshops / conferences relevant to the business or their duties	Participating as speakers at events	Access to web-based learning resources
Mr T.K. Chiang ¹	■	■	■	■
Mr Richard Lancaster	■	■	■	■
Mr Nicolas Tissot	■	■	■	■
Mr Derek Parkin	■	■	■	■
Mr Law Ka Chun Joseph ²	■	■	■	■
Mr Chen Tao Roger ³	■	■	■	■
Mr Mark Collette	■	■	■	■
Mr Alex Keisser ⁴	■	■	■	■
Mr David Simmonds ⁵	■	■	■	■
Mr Michael Ling ⁶	■	■	■	■

Notes:

- 1 Mr T.K. Chiang was appointed as Chief Executive Officer with effect from 1 October 2023.
- 2 Mr Law Ka Chun Joseph was appointed as Managing Director – CLP Power with effect from 1 July 2023.
- 3 Mr Chen Tao Roger was appointed as Managing Director – China and has become a member of Senior Management with effect from 1 July 2023.
- 4 Mr Alex Keisser was appointed as Chief Officer – International Business and has become a member of Senior Management with effect from 1 October 2023.
- 5 During 2023, Mr David Simmonds, the Chief Strategy, Sustainability and Governance Officer, also the Joint Company Secretary, served as the Vice-President, the Chairman of the Membership Committee and the Company Secretaries Panel, he also led the Competition Law Interest Group and was a member of the Investment Strategy Task Force of the Hong Kong Chartered Governance Institute. Mr Simmonds is a committee member of the Standing Committee on Company Law Reform. He was also a frequent speaker at seminars and has fulfilled the relevant professional training requirements under the Listing Rules.
- 6 During 2023, Mr Michael Ling, the Joint Company Secretary, was a frequent speaker at seminars and has fulfilled the relevant professional training requirements under the Listing Rules.

Organisation's Gender Diversity

The importance of gender diversity at the CLP Holdings Board level is extended throughout the organisation. We believe a diverse workforce and an inclusive culture supports high performance and CLP's ability to operate effectively in the many communities in which it operates. CLP has set targets to encourage more women into the workforce, and policies to support employees to balance work and home-life commitments. Considering the nature of our business and the markets we operate in, addressing gender diversity is a Group-wide priority to ensure a sustainable workforce and to deliver a wider, positive social and economic contribution. Long-term aspirational Group-wide gender diversity targets have been set, reflecting UN Sustainable Development Goals, these are:

- ▀ **Women in Leadership target:** to achieve gender balance in leadership positions by 2030 against a 2016 baseline of 22%; and
- ▀ **Women in Engineering target:** for 30% of engineers to be female by 2030 compared to a 2016 baseline of 9%.

As indicated in the table on page 71, the gender diversity across the Group for 2023 has been largely consistent with that of 2022. The Group is committed to promoting diversity and inclusion across the organisation.

Shareholders Engagement

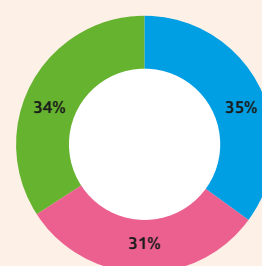
Shareholding as at 31 December 2023

Size of Registered Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
500 or below	2,468	13.78	759,220	0.03
501 – 1,000	3,372	18.83	2,704,332	0.11
1,001 – 10,000	8,175	45.64	34,392,906	1.36
10,001 – 100,000	3,459	19.31	99,708,528	3.95
100,001 – 500,000	366	2.04	73,875,433	2.92
Above 500,000	72 ¹	0.40	2,315,010,151	91.63
Total	17,912²	100.00	2,526,450,570³	100.00

Notes:

- 1 Information on the [10 largest registered shareholders](#) in the Company is set out on our website. 
- 2 Actual number of investors is much greater as many shares are held through intermediaries including Central Clearing and Settlement System of Hong Kong (CCASS).
- 3 55.90% of all our issued shares were held through CCASS.
- 4 The Listing Rules required 25% public float was maintained throughout the year and up to 26 February 2024.

Shareholding by Category⁴




- Interests associated with the Kadoorie Family – our single largest shareholder group
- Institutional investors – mainly based in North America, UK, Europe and Asia
- Retail investors – mostly based in Hong Kong


The scale of our shareholders' investment is reflected in the market capitalisation of CLP Holdings which stood at HK\$163 billion as at 31 December 2023.

Shareholders' Rights

Shareholders are one of our key stakeholders and from a corporate governance perspective, the rights of our shareholders are well recognised and these include:

- the right to receive declared dividends and to vote and attend general meetings; and
- the [right to convene general meetings and to put forward proposals](#) – details of which can be found in our explanatory notes to the Notice of AGM and on our website or on request. 

CLP's Dividends Policy

We create long-term value to our shareholders through dividend payments. [CLP's Dividends Policy](#), adopted by the Board in February 2019, aims to provide reliable and consistent ordinary dividends with steady growth when supported by our earnings whilst ensuring that a solid financial position can be maintained to fund our business growth. In line with our established practice, our ordinary dividends are paid four times a year in each of the quarters. CLP's Dividends Policy is available on the CLP website. 

The Company's performance- and dividend-related dates for 2024 are set out in Information for Our Investors on page 302.


2023 Hybrid AGM

The 2023 AGM was held in a hybrid format on 5 May 2023. Shareholders had the option of attending the physical AGM at the Principal Meeting Place (with prior registration to ensure the orderly attendance having regard to the size of the venue) or participating through the online AGM.

Most of our Directors (including our Chairman), Senior Management and our independent auditor attended the physical meeting. Our Chairman, The Hon Sir Michael Kadoorie played host and delivered his speech.

The opportunity for shareholders to attend the AGM and to send their questions in advance of the AGM and in real-time through the online platform allowed shareholders to express their views.

Highlights of the 2023 Hybrid AGM

- All registered and non-registered shareholders who joined online could view a live webcast of the AGM, pose questions and cast votes in near real-time through the online platform. To ensure the online AGM was conducted effectively, a chat response function was available on the online platform to address procedural questions from shareholders.
- New call in function was introduced on the online platform allowing shareholders joining online to ask questions verbally.
- An attendance of around 700 shareholders, 60% of which participated physically and 40% participated online.
- A high level of votes approving the following major items:
 - the election and re-election of Directors ranging from about 83% to 98%; and
 - the general mandate to issue new shares of up to 5% of shares in issue only, at a price not being at a discount of more than 10% to a benchmarked price (about 98%) and to repurchase shares of not more than 10% shares in issue (over 99%).
- Through the online platform, shareholders posed various questions and most of these questions were addressed during the meeting; and [questions not taken at the AGM](#) were answered in writing and made available on the Company's website. 

Communication with Shareholders


Multiple channels of communication and engagement

Our approach to shareholders communication and engagement include:

Channels	2023 Highlights
Hybrid AGM	<ul style="list-style-type: none"> Chairman keynote speech Shareholders had option to join the AGM online or in person Shareholders can vote in near real-time through the online platform High voting approval rate on resolutions considered
Investor Meetings (Led by CEO, CFO and Investor Relations Department)	<ul style="list-style-type: none"> Conducted over 130 investor meetings Non-deal roadshows with investors from Asia, Australia, Middle East, UK and North America
Analyst Briefings (Led by CEO, CFO and Director – Investor Relations and attended by investment community)	<ul style="list-style-type: none"> Covering the Company's interim and annual results
Shareholders' Visit Programme	<ul style="list-style-type: none"> The Programme was recommenced in 2023 following a suspended period during Covid 12 tours were held and 211 shareholders participated in the visits in 2023 For each visit, shareholders had the opportunity to engage directly with a CLP representative and the hosts included CLP Holdings Board Members and members of the management team
Reports and Announcements	<ul style="list-style-type: none"> Annual Reports, Interim Reports and online Sustainability Reports  Quarterly statements Key announcements made: retirement and appointment of Independent Non-executive Directors; information in relation to EnergyAustralia; succession arrangements for the CEO and appointment of Non-executive Director
CLP Group Website 	<ul style="list-style-type: none"> CLP's approach on corporate governance and sustainability Policies and codes Information on AGM including meeting proceedings and minutes Updates of recent financial information and latest investor information Analyst briefings materials Publications and media releases
CLP Group Investor Relations app	<ul style="list-style-type: none"> Allows users to access the latest updates of CLP Users can also access information such as upcoming investor events, financial calendar and share price data at their convenience

These channels allow us to receive feedback from our shareholders and investment community. In addition, we have the shareholders' hotline as well as dedicated investor relations and company secretary email accounts for taking enquiries and for receiving information requests from shareholders (see Information for Our Investors on page 302).

Reviewing and enhancing shareholders communication

The Audit & Risk Committee is responsible for the annual review of the implementation and effectiveness of the [Shareholders' Communication Policy](#), which is available on our website. The most recent review was undertaken in October 2023 and the implementation and effectiveness of the Policy was confirmed. 

Group Internal Audit

CLP's Group Internal Audit (GIA) department plays a major role in monitoring the internal governance of the CLP Group. The head of the department, Senior Director – GIA, leads a well-resourced department of 23 highly qualified professional staff.

The Senior Director – GIA reports directly to the Audit & Risk Committee and administratively to the CFO and has direct access to the Board through the Chairperson of the Audit & Risk Committee. The Senior Director – GIA has the right to consult the Audit & Risk Committee without reference to management.

Independent Auditor

The Group engages PwC (Certified Public Accountants and Registered Public Interest Entity (PIE) Auditor) as our external independent auditor and we regard their independence as a fundamental governance principle.

How the Group ensures the independence of the external auditor:

- The lead audit partner for CLP is subject to rotation every seven years (as per The International Federation of Accountants rules on independence of external auditors).
- As part of the rotation, the current lead audit partner was first appointed for the 2021 financial year-end audit and she did not have any prior involvement in the CLP Group audit.
- PwC is required to give an annual confirmation on their independence.
- The Audit & Risk Committee will assess PwC's independence in considering their re-appointment.

In addition, PwC will not be engaged to perform non-audit work unless the non-audit work meets the criteria suggested in the Listing Rules and has been pre-approved by the Audit & Risk Committee or its delegates. There must be clear efficiencies and value-added benefits to CLP from the work being undertaken by PwC, with no adverse effect on the independence of their audit work, or the perception of such independence.

During the year, PwC provided the following audit and permissible audit related and non-audit services to the Group:


	2023 HK\$M	2022 HK\$M
Audit	42	42
Permissible audit related and non-audit services		
Audit related services (including Sustainability Report limited assurance, Continuing Connected Transactions limited assurance, limited assurance over regulatory reviews and reporting, audits of CLP's provident funds and auditor's attestation)	7	12
Non-audit services (including tax advisory and other services)	1	–
Total	50	54

(For these purposes, **permissible audit related and non-audit services provided by PwC** include any entity under common control, ownership or management with PwC or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally.)

The fees of PwC and other non-principal external auditors are shown in Note 5 to the Financial Statements.

For the year ended 31 December 2023, the fees for permissible audit related and non-audit services accounted for 14% and 2% of the total fees respectively.

Other Stakeholders

Good governance requires due regard to the impact of business decisions (including impact on people, the environment and the economy), both on shareholders and on other key stakeholders. This Annual Report and our online [Sustainability Report](#) explain how we discharge our responsibilities to employees, customers, lenders, the environment and the communities in which we operate. 

Risk Management and Internal Control Systems

Effective risk management and internal control systems help the organisation anticipate its risk exposure, put controls in place to counter threats, and effectively pursue the set objectives. They are therefore an essential part of an organisation's operation and governance processes. This section explains (and contains cross references) the key features of our risk management and internal control systems.

Risk Management Framework

CLP's overall risk management framework is overseen by, and is the responsibility of, the Board, through its Audit & Risk Committee, and comprises four key elements.

Risk Management Philosophy	Risk Governance Structure	Risk Management Process	Risk Appetite
<p>CLP recognises that risk management is the responsibility of everyone within CLP and thus it is integrated into the business and decision-making process in which both risks and opportunities are viewed holistically.</p>	<p>Clear roles and responsibilities are assigned to multiple layers within the organisation. This structure facilitates risk identification and escalation.</p>	<p>Through an integrated top-down and bottom-up risk review process, which enables risks identification and prioritisation throughout the Group, management maintains an open and effective communication channel to enable the timely escalation of material risk and adequate supervision of risk mitigation.</p>	<p>The nature and extent of the risks that the Group is willing to undertake in pursuit of its strategic and business objectives.</p>

The way we manage risk is set out in the Risk Management Report on page 127.

Internal Control Framework

CLP's structure of internal control is based on the internationally recognised COSO (Committee of Sponsoring Organisations of the Treadway Commission) 2013 integrated framework.

CLP Internal Control Framework

Our internal control systems are designed to manage rather than eliminate the risk of failure in achieving our strategic and business objectives, and can only provide reasonable, but not absolute, assurance against material loss or misstatement.

Board and Audit & Risk Committee Review

- ▀ Responsible for the Group's risk management and internal control systems
- ▀ Review effectiveness of these systems covering management's assessment on:
 - ▀ Key business operations
 - ▀ Changes in material risks
 - ▀ Key internal controls
 - ▀ Audit and compliance issues



Independence Assurance

- ▀ Risk-based approach, concentrating on areas with significant / emerging risks or areas with major changes or strategic importance
- ▀ Assurance on the adequacy and effectiveness of internal controls

CEO and Group Executive Committee

- ▀ Review the effectiveness of risk management and internal control systems and report to the Board
- ▀ Ensure that robust risk management and internal control systems are established and functioning effectively
- ▀ Continuous monitoring and oversight

Group Functions

(Finance, Risk Management, Internal Control, Tax, Operations, Digital, Legal, Human Resources and Sustainability)

- ▀ Establish relevant Group-wide Policies and Procedures
- ▀ Oversee the risk and control activities relevant to respective functions

Risk and Control Owners

(Business Units, Functional Units and individuals)

- ▀ Responsible for the design, implementation, and maintenance of risk management and internal control systems within relevant area or responsibility
- ▀ Establish and communicate policies, standards, procedures, and guidelines to staff concerned, which reflect the business objectives, values and corporate culture of the Group

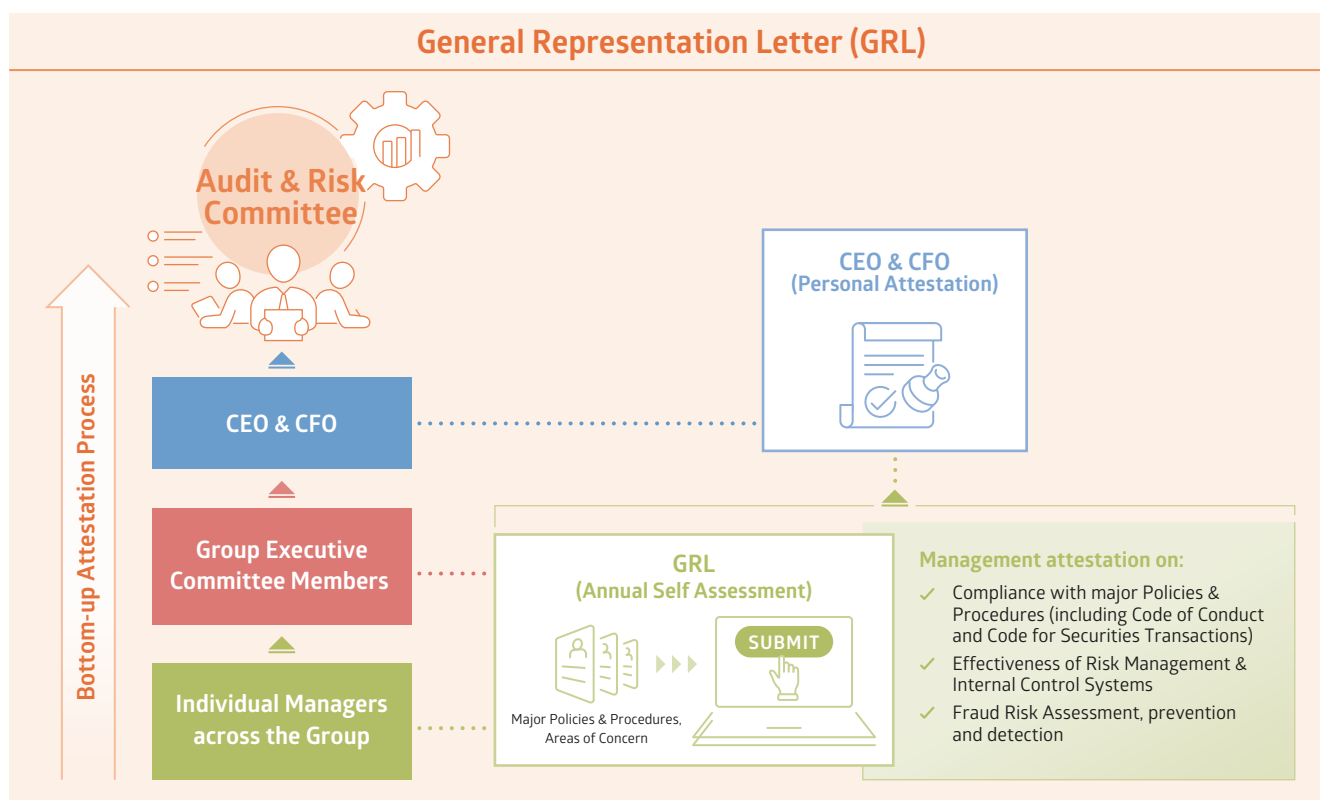
Management Assurance on Risk Management and Internal Control Systems

Management and designated staff evaluate the control environment and conduct risk assessments on business and processes. Material risks and associated controls, including mitigation when needed, are continually reviewed and updated. The Board is regularly informed of significant risks that may have an impact on CLP’s performance.

Integrated Assurance through Reporting and Attestation		Control Objectives		
		Operations	Reporting	Compliance
CEO and Group Executive Committee				
Regular management briefings	<ul style="list-style-type: none"> Covers briefings to the Board on the Group’s and individual business units’ risks and opportunities, operational and financial performance. 	✓	✓	
Management Attestation – General Representation Letter	<ul style="list-style-type: none"> Attestation on: compliance with our Code of Conduct, major policies and procedures; discharging duties on risk management and internal controls; the prevention, identification and detection of frauds. 	✓	✓	✓
Group Internal Audit				
Internal Audits Reports	<ul style="list-style-type: none"> Audit reports: independent appraisal on compliance with policies and procedures, and evaluation of the effectiveness of the overall controls. Special review reports: focus on new business areas and emerging risks. 	✓	✓	✓
Group Functions				
Risk Management Report	<ul style="list-style-type: none"> Compiles Quarterly Group Risk Management Report, that is reviewed and approved by the Group Executive Committee. 	✓	✓	✓
Internal Control Review Process	<ul style="list-style-type: none"> Covers the scoping of significant processes and controls, assessment on controls design and operating effectiveness. High risk key controls are tested annually while lower risk key controls are tested on a rotational basis. Key controls are also tested by the independent auditor where relied on for the audit. Follows the substance of the requirements under the Sarbanes-Oxley Act on internal controls over financial statements. 		✓	
Follow-up on outstanding audit issues	<ul style="list-style-type: none"> Internal audit issues identified and associated remedial actions are followed up and the progress is reported periodically. 	✓	✓	✓
Legal and Regulatory Compliance Report	<ul style="list-style-type: none"> Covers key regulatory compliance issues and legal cases for each region of the Group. 		✓	✓

Management Assurance
Board / Audit & Risk Committee (ARC)

CLP's General Representation Letter Process



Effectiveness of Risk Management and Internal Control Systems


Through the Audit & Risk Committee's review, the Board is responsible for the Company's risk management and internal control systems and for reviewing their effectiveness.

The review process

Five times a year, the Audit & Risk Committee reviews management's findings and the opinion of GIA regarding the Company's risk management and internal control systems. The reviews cover management's assessment of the internal controls of key business operations, changes in material risks, internal control and compliance issues (both financial and non-financial) and significant issues arising from internal and the external audit reports.

For the year ended 31 December 2023, the Board considered the risk management and internal control systems of the Group to be effective and adequate. No significant areas of concern that might affect shareholders were identified.

Inside Information

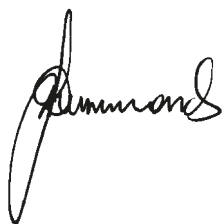
We have our own [Continuous Disclosure Obligation Procedures](#) which set out the procedures and controls for handling and dissemination of inside information. The Procedures are on the CLP website. Our Continuous Disclosure Committee (established in 2016) conducted regular assessment of potential inside information. The members of the committee include the CEO, CFO, the Joint Company Secretaries and the Director – Investor Relations. Please also see "Our disclosure" on page 96. 

Corporate Governance – Continuing Evolution

As part of good governance, we do review and assess our own corporate governance practices and policies to ensure that these will continue to be value enablers for the business. We hope this Corporate Governance Report has been able to demonstrate that.

Shareholders who wish to make enquiries with the Board can contact the Company Secretaries via our designated shareholders' hotline (852) 2678 8228, email at cosec@clp.com.hk or by posing questions at our general meetings. Requests for formal engagement with our management and / or Directors are also welcome.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Simmonds', written in a cursive style.

David Simmonds

Chief Governance Officer

Hong Kong, 26 February 2024