



17 February 2020

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

Dear Directors

Re: 2019 External Board Evaluation (“Board Progression Planning”) Exercise

Focus of the 2019 Board Review

In 2019, the Korn Ferry CEO & Board Practice Team conducted a comprehensive Board Review Exercise.

The CLP Board recognised in 2019 that it is not immune from the rapidly changing and uncertain external environment. It too must be agile in adapting how it works.

As a result, the Board elected to adopt a *Board Progression Planning* rather than a traditional Board Review exercise in 2019 (see Appendix 1 for the key distinctions). This meant taking a forward-looking view and not just looking at the Board’s core governance role in overseeing performance.

As illustrated by Figure 1, the focus was on helping the Board to enhance its value-add in 2 critical areas:

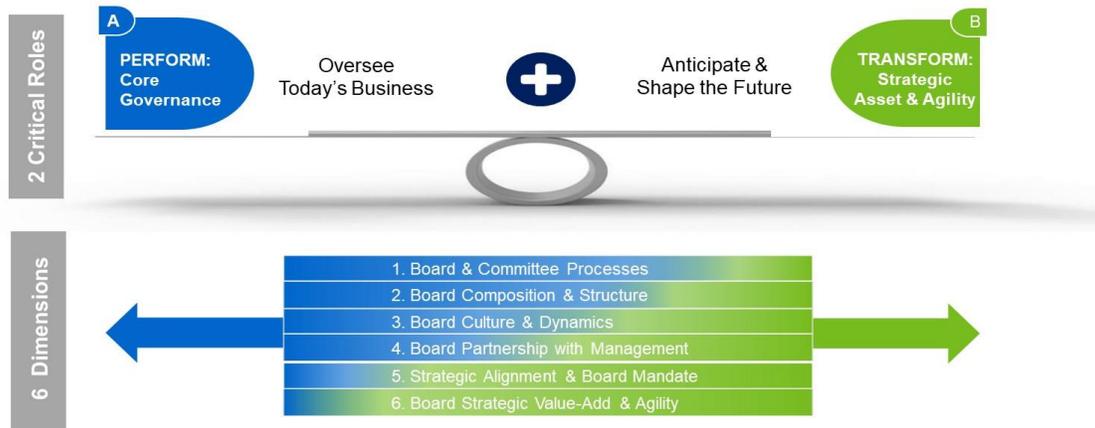
1. **The Board’s Core Governance role** – overseeing today’s business and ensuring alignment with the Code of Corporate Governance; and
2. **The Board’s role as a Strategic Asset in anticipating & shaping the future** – helping management to anticipate, shape and address strategic issues that are essential to CLP’s future success.

The impact of the Board in these two areas were reviewed via a focus on the following 6 dimensions:

- Board & Committee Processes
- Board Composition & Structure
- Board Culture & Dynamics
- Partnership between the Board and Executive Management Team
- Strategic Alignment & Board Mandate
- Board Strategic Value-Add & Agility

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

Figure 1: Board Progression Planning Framework



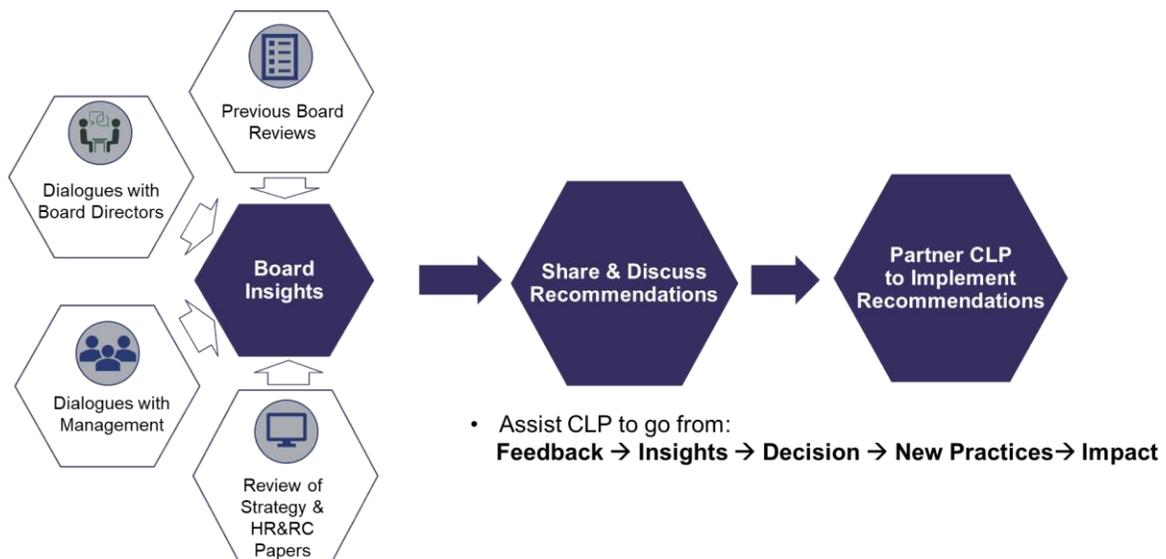
The Process:

Figure 2 highlights the Board Progression Planning process. The key data points used were:

- One-on-One dialogues with all 14 members of the Board of Directors.
- One-on-One dialogues with all 12 members of the Executive Management Team.
- A review of previous Strategy & Board Papers and selected Board Committee Papers.

The insights below were discussed with the Nomination Committee and the full Board on 21 October 2019 and 9 December 2019, respectively. The Board is now in the process of implementing key recommendations.

Figure 2: Overview of Board Progression Planning process



Key Insights:

The key insights from the Board review were as follows:

The Signature Strengths of the CLP Board

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

- A Board culture which reflects the Chairman's values – high levels of integrity; respectful and cordial; a commitment to do what is right for the shareholders and the communities that CLP serves. This permeates through the organisation and builds a high level of trust.
- The CLP Board is best-in-class in its corporate governance role.
- The CLP Board does an effective job in delegating key work to Board Committees – a lot of the heavy lifting is done by the Board Committees.
- The Board and its Committees are run in a highly efficient manner with clear and tight agendas.
- There is an effective partnership between Board and Management that is transparent and collaborative.
- There is highly effective and frequent communication (formal and informal) and a strong partnership between the CEO's Office and the Family Office, facilitating the speed of decision making.
- There has been increased 2-way dialogue and a sense of inclusion on key issues at the F&GC since the last comprehensive Board Review.

Opportunities to Enhance the Board's Impact

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

- Greater focus and brainstorming on critical issues underpinning CLP's future success – through a reformatting of the Board Strategy review session and strengthening the Sustainability Committee's role on overseeing longer-term emerging sustainability issues.
- Board composition / proactive board renewal – through a Non-executive Director search with a focus on candidates who can add value on emerging strategic issues.
- Strengthen access to information – granting access to Board Committee papers on a Director request basis.
- Strategic talent agenda – review and refine the current approach to strategic workforce and succession planning.

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

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

Yours faithfully



Graham Poston
Regional Practice Leader
CEO & Board Progression

Appendix 1: Board Progression Planning - key distinctions

Traditional Board Review	Board Progression
Focus only on compliance, governance and oversight of today's business	A value-adding process on how the Board can be a strategic asset
See the Board as a Committee	Treat the Board as a high-performing team
A static, backward-looking assessment of last year's Board performance	A catalyst - building a Board that can help anticipate & shape the future
Process focused	Behaviour focused - the culture of the Board & partnership with Management
An academic exercise separate from the organisation's strategic agenda	Practical insights - how the Board can add value on real strategic issues

Not an evaluation or audit of last year's Board performance.
 Practical, actionable recommendations to shape CLP's future success.