

Corporate Reporting: Trying to reach a no-boilerplate nirvana

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*For ACGA 2016 Annual Conference
on 15 November 2016*



Founded in **1901**



Listed in **Hong Kong** as CLP Holdings in **1998**

CLP Holdings Limited

- Listed on the Hong Kong Stock Exchange (0002.HK).
- Operates a vertically-integrated electricity supply business serving 80% of Hong Kong's population.
- Holds investments in the energy sector in Chinese Mainland, India, Southeast Asia, Taiwan and Australia.
- Diversified portfolio of power generation assets include coal, gas, nuclear and renewables (wind, hydro, solar).

Boilerplate syndrome

“I didn't have time to write a short letter, so I wrote a long one instead.”

Mark Twain



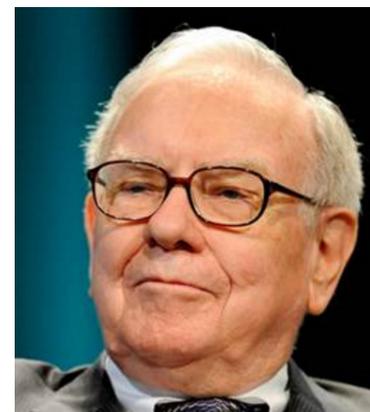
**What?
No boilerplate!**

**JUST
A ✓
IN A
BOX**

Taking something from one man and making it worse is plagiarism.

George A. Moore

“The whole drive to encourage **plain English** in disclosure documents is good news for me. For more than forty years, I’ve studied the documents that public companies file. Too often, I’ve been unable to decipher what is being said, or worse yet, had to conclude that nothing was being said.”

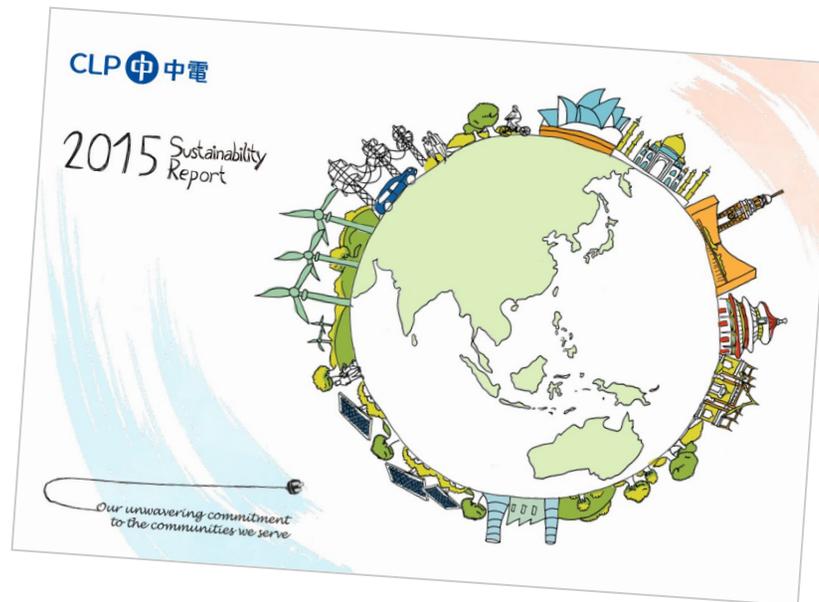
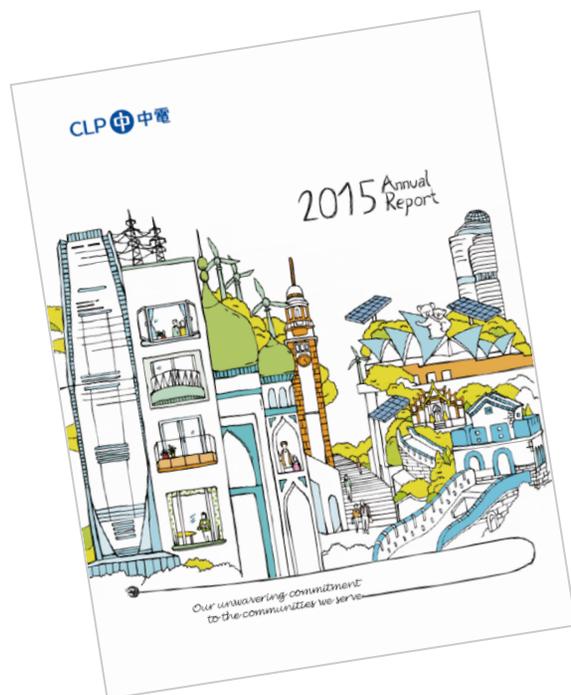


Warren Buffet

What CLP 中電

aims to achieve

by **Corporate Reporting?**



An Opportunity to tell our story



Reading a script is usually as exciting as reading a boilerplate legal document, so when you read one that makes you feel as if you're seeing the movie, you know it's something different.

Tom Hanks

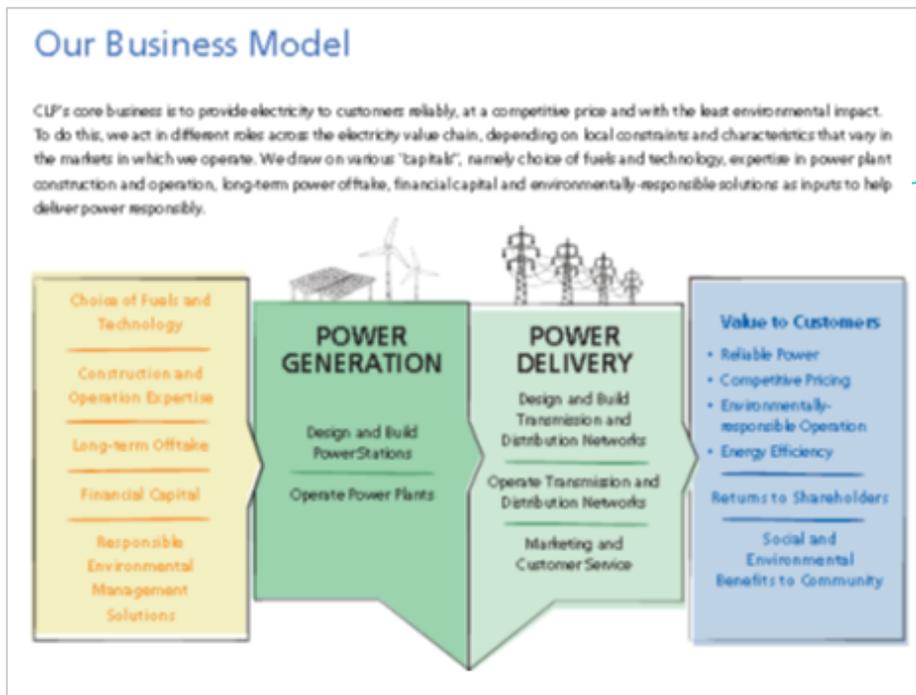
Providing the right information at the right time in a fair, balanced and understandable fashion

Trust through transparency

How CLP 中電

achieves those purposes?

By moving towards Integrated Reporting – how resources be allocated and how values be created?



Snapshot of CLP



By addressing issues from different stakeholders' perspectives

Shareholders



Care for the environment is one of the four 'key values' of our Value Framework that guide us in fulfilling our mission and turning our vision into reality. The Framework mandates us to responsibly manage the short-term and long-term impacts of our business on the environment. Since our business covers the entire energy supply chain, the scale of potential environmental issues that we need to manage depends on the type of generation, site specific conditions and the nature of the business.

Environmental Management Approach

Our Group Environmental Policy Statement, which is included in the CLP Value Framework and available on our website, sets out the principles that our business units must follow. The topics covered by the combination of our Group Environmental Policy Statement, standards and guidelines include compliance, use of resources such as materials, energy and water; impacts such as emissions, effluents and waste; and biodiversity. Through the Policy Statement, we commit to:

- Comply fully with all applicable environmental laws and regulations;
- Ensure that all key environmental impacts are identified and managed in a responsible manner;
- Use all resources, including fuel, water and other natural resources efficiently and conservatively, and increase the use of renewable resources;
- Continuously improve our environmental performance;
- Monitor and report the environmental performance of our business;
- Provide the training and resources necessary to meet our environmental responsibilities;
- Share our knowledge of environmental issues and management practices with others in our industry and our communities; and
- Support the development of effective government policy to address environmental issues.

To support the delivery of the principles laid out in the Group Environmental Policy Statement, our operationally controlled assets are required to develop their own site

specific Environmental Policy Statement, using the Group Environmental Policy Statement as a framework. Furthermore, we have developed and implemented internal environmental standards and guidelines to cover a range of material environmental issues.

In respect to regulations and compliance, CLP has two primary



Safety Comes First

Safety has always been a central pillar of how we conduct our business. For decades, a 'Safety Comes First' culture has guided CLP well. Today, we employ 7,302 people across the Asia-Pacific region and apply the same principles and values in all our businesses. Our goal is zero injuries in all our operations and safety is always our top priority whenever we do business.

We benchmark our safety performance by measuring our Lost Time Injury Rate (LTIR) and Total Recordable Injury Rate (TRIR). They refer to the number of lost time injuries or recordable injuries measured over 2,000,000 working hours of exposure,

which is equivalent to a round 100 persons working for one year.

In 2015, we recorded 16 cases of LTI in our major assets or assets under operational control. The TRIR of CLP Employees and contractors fell from 0.204 to 0.25 last year. However, one fatality happened in 2015 when a worker was electrocuted while carrying maintenance work on site at a privately-owned asset Diagnostic of Him Province in Mainland China.

The table below summarises the overall safety performance of our major controlled assets and assets under our control in 2015 for both employees and contractors.

Location	2015				2014			
	LTIR	LTIR	TRIR	TRIR	LTIR	LTIR	TRIR	TRIR
CLP Holdings	0	0.00	0.52	0	0.00	0.00	0	0.00
Hong Kong	0	0.00	0.07	1	0.02	0.11	4	0.04
Australia	6	0.28	0.42	3	0.14	0.42	0	0.28
Mainland China	0	0.00	0.00	0	0.00	0.46	1	0.02
India	2	0.54	0.54	0	0.00	0.71	3	0.08
Total	8	0.10	0.16	4	0.05	0.26	16	0.07

In 2015, we issued a number of supporting guidelines and developed an e-learning package to assist our regional business units to implement the Health, Safety, Security and Environment (HSSE) Management System Standard that we rolled out in the previous year. The Standard enables our regional organisations to incorporate the HSSE requirements into their business programmes. This allows us to continue to maintain high standards in health, safety, security and environmental areas of our operations as we expand.

Our Organisation and Resources

To successfully implement our investment strategy, we must ensure that we are effectively organised, adequately resourced, and equipped with the necessary capabilities. We continuously review our organisation to ensure that it supports our investment strategy and the continued efficient and safe

operations of our business. In addition, we need the operational ability to adapt to an increasing and volatile business environment and meet the challenges presented by the accelerating pace of technological and digital disruption. The table below and on page 100 details of our employee distribution at the end of 2015.

Region	Age Distribution by Region (%)		
	18-29	30-39	40-49
Hong Kong	0.1	12.2	20.7
Mainland China	0.0	16.8	23.9
India	0.0	22.0	42.1
Australia	0.0	25.0	24.5

Environment

Employees

Community



People are at the heart of CLP's corporate values, as enshrined in our Value Framework first published in 2003. In our pursuit of sustainable development for the future, we put special emphasis on our relationship with people across a wide spectrum of internal and external stakeholders. They include our customers, shareholders, business partners, supplier, employees, policy makers and the wider community.

The recent adoption of 17 Sustainable Development Goals (SDGs) aimed at addressing poverty, hunger, climate change and other global problems by 2030 at the United Nations Sustainable Development Summit has provided the international community with a clear direction on the transformative steps that are urgently needed for sustainable development.

As a responsible energy provider, we participated in the United Nations Private Sector Forum in New York in September 2015 to understand more about the roles of businesses in contributing to the SDGs. Based on the adopted goals, we have developed our new Sustainability Principles, which will succeed our Sustainability Framework (for more details, please refer to our Sustainability Report 2015). In line with the SDGs, CLP will continue to develop community initiatives, business solutions and stakeholder engagement strategy to make people's lives – and the world – better.

Climate Action and International Engagement

CLP recognises our role to play in helping the world achieve the SDGs, especially those on combating climate change, and ensuring access to sustainable and affordable electricity. In just over a decade, CLP has developed over 3,000MW of renewable energy in our generation portfolio. At the same time, we invest in the cleanest coal-fired technology to generate electricity in markets such as India and China, where affordable electricity remains a concern.

CLP has been proactively engaging different sectors in the area of climate action and promoting the use of renewables and energy efficiency, both internationally and in the communities where we operate. The highlight last year was the attendance by CEO Richard Lancaster at some of the side events at COP21 in Paris during which he shared our view of a low carbon future and reform of the electricity market in China. He also reiterated the importance of clarity and predictability in the area of energy policy across nations at the World Business Council for Sustainable Development (WBCSD) Paris Council Meeting.

Our other engagement efforts included participating in the Low Carbon Technology Partnership Initiative (LCTPI), which is led by WBCSD, the International Energy Agency and the

Shareholder Value and Engagement

Our goal is to create long-term and sustainable value for shareholders who are the ultimate owners of the Company. To do that, we seek to invest in businesses and projects which leverage our core capabilities and provide long-term returns. We strive to maintain a healthy balance sheet, uphold our values in managing our businesses, and frequently communicate with our shareholders on important issues. We recognise that we are the stewards of our shareholders' investments in the Company and we value their trust and confidence.

Delivering Value to Shareholders

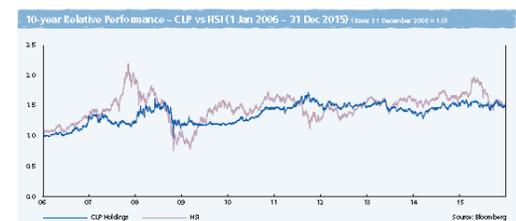
Through Share Price Performance

CLP continued to demonstrate its characteristics as a defensive stock in 2015, which marked a year of high volatility for the Hong Kong market. Relative to its starting position on 1 January, the Hang Seng Index (HSI) fluctuated from a loss of 13% to a gain of 20%, finishing the year down by 7%. In contrast, CLP's share price was comparatively stable and the stock ended the year with a modest decline of 2%.

In 2015, the average closing price of CLP's shares was HK\$66.53, an increase of more than 5% when compared with the average of 2014. The stock recorded its highest closing price of HK\$69.75 on 27 February and the lowest closing price of HK\$62.20 on 2 September. It ended the year at HK\$65.85, outperforming the HSI.



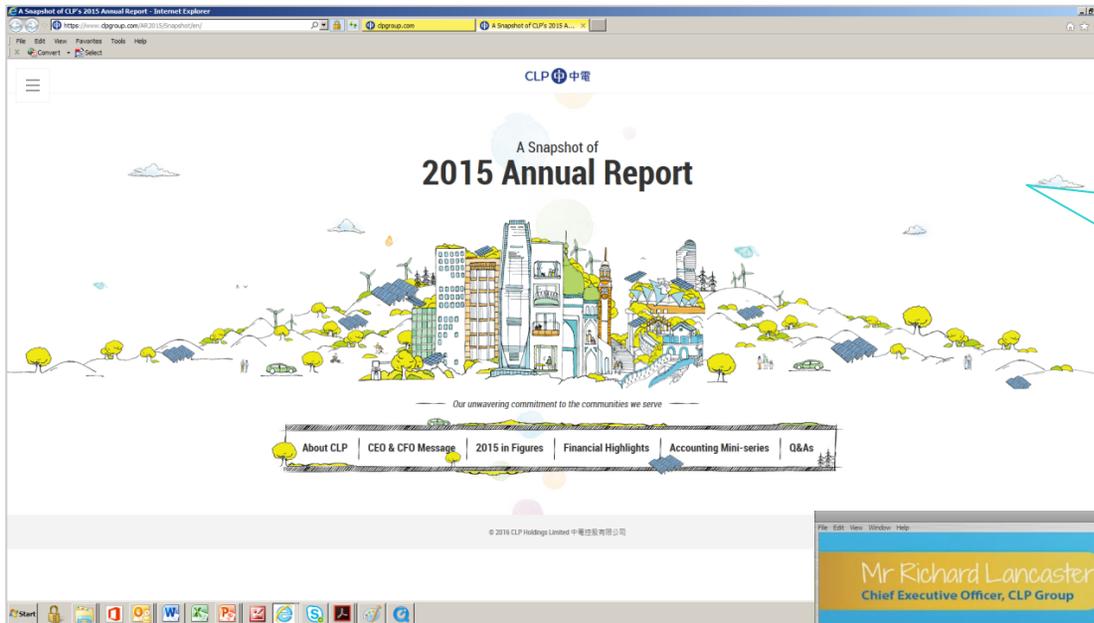
The trend shown in the 10-year Relative Performance chart below represents the share price changes compared with the closing price 10 years ago.



20 CLP Holdings 2015 Annual Report



By using innovative means



Online Snapshot of Annual Report

Video embedded in Sustainability Report online



Why CLP 中電

goes beyond

compliance in reporting?

There is Value in it to CLP

- Enhanced access to capital
- Enhanced discipline and accountability from transparency
- Builds and maintains trust
- Builds and enhance brand recognition
- Better relationships with regulators



- An integral element in effective shareholder communications
- Better assessment of risk (especially long term, social and environmental risks)
- Reinforces the right corporate culture
- Increase employee engagement
- Gain “operating license” from communities
- Enhance reputation



Beyond Compliance

“It is hard to overstate the importance of reputation in a market economy....Rules cannot substitute for character.”

Alan Greenspan



— Our unwavering commitment to the communities we serve —