CLP 中電

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The sustainability of our business requires a long term commitment to the communities in which we operate - the kind that delivers social, economic and environmental value to these communities, during both the up and down turns of the economic cycle. As a part of honouring this commitment, we must be accountable to our stakeholders. The practice of transparent reporting enables our stakeholders to judge for themselves whether we are delivering on this commitment.

Contents of Online Sustainability Report

In order to facilitate readers in finding detailed information in our online report, we have included here the main navigation of the online report. The related chapters between the two versions are coded with corresponding coloured dots. Readers viewing the pdf version of this report can connect to the corresponding online chapters using the hyperlinks.

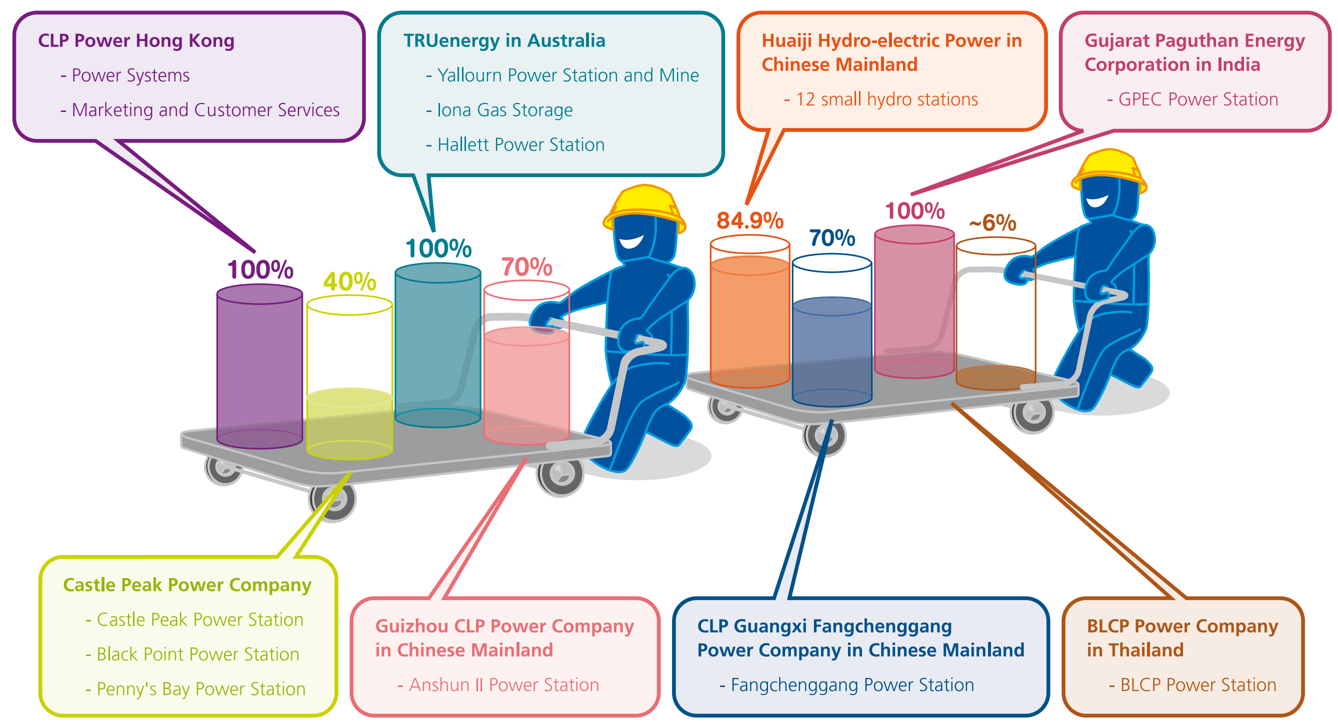
Scope of Report

CLP's 2008 Sustainability Report – In Essence (SRe) is an executive summary of the online Sustainability Report (SR). This shorter version provides readers with a succinct summary of the key issues while the online version covers content in greater depth and with more frequent updates. Our objective is to limit the length of the printed version to save paper, while providing details which our stakeholders would be interested in through the online version. Together with the Annual Report (AR)*, we provide broad coverage and depth on key issues that are important to our stakeholders.

This SRe covers CLP's sustainability issues for the calendar year 2008, as well as our outlook for 2009 and beyond. The performance data in the SR cover the operating entities in which we have a majority interest and/or operational control for the full reporting period, as listed below. We also give some qualitative information about initiatives of other facilities in our portfolio.

The reporting basis for performance data of these facilities is 100% and we do not adjust the data to reflect our equity share. All performance data are independently verified. Some statistical data derived from our overseas operations may not be strictly comparable because definitions vary.

Entities in which CLP has a majority interest and/or operational control in 2008



Remark:
CLP has operational control in all these facilities except Anshun II

In this SRe, we describe our plans and performance in managing the challenges we face in order to sustain our business in a responsible manner. Some of these challenges are global issues such as climate change, regional such as air quality, and location specific such as most of our community work. In developing the scope of our reports, we continued to engage our report stakeholders through focus group meetings and feedback we received through various means. The contents of this report were independently verified by SustainAsia Ltd.

Selected performance indicators from the Global Reporting Initiative's G3 Sustainability Reporting Guidelines are given in this printed SRe while the online SR covers the full G3 requirements. We received positive feedback for putting the more detailed performance statistics on the online SR instead of printing them out, and have continued to do so this year.

To facilitate reader access to additional information, we have highlighted those areas in the SRe where further detail is available in 2008AR, online SR, or on our website, by using the symbols  and  respectively. We hope you will enjoy reading our reports.

*The current Annual Report and Sustainability Report are published in March 2009 and cover the calender year of 2008.

The Hon. Sir Michael Kadoorie

Andrew Brandler

Many of our stakeholders will have come across the term "the triple bottom line" – the financial, social and environmental effects of a company's policies and actions, which determine its viability as a sustainable organisation.

Whilst at CLP we are not keen on jargon, and we recognise that differences of opinion exist as to the precise definition of "the triple bottom line", we believe that it is an expression which properly conveys the different ways in which a business must create value for its stakeholders if it is to survive and prosper over the longer term. It is also particularly relevant for a company such as CLP which involves the supply of electricity, an essential public service, to differing societies across the Asia-Pacific region, based on capital investment on a large scale, with returns being generated over many years. If we do not conduct our affairs in a manner which is financially sound, which delivers value to the societies we serve and responsibly manages the environmental impact of our activities, then sooner or later we shall lose the support of shareholders, lenders, governments, communities and other stakeholders on whom we rely.

Over the past decade, CLP has been paying increasing attention not only to our financial performance, the traditional measure by which any company and its management are judged, but to our social and environmental performance. As well as the active and attentive management and oversight of all three aspects of our business, we have greatly expanded the depth and breadth of our reporting to shareholders and other stakeholders. This Sustainability Report, coupled with our Annual Report issued simultaneously, is an example of this commitment – as is the wealth of additional information which we make available on our website.

Our experience has been that our decision to enhance our reporting has brought real benefits to CLP. Apart from discharging our responsibility to be honest and transparent in explaining to others the effects and implications of our actions, we have gained from the disciplines of measuring, collating and disclosing financial, social and environmental information, as well as from the feedback, critical or otherwise, we receive from informed and engaged stakeholders.

There has been some suggestion that the current financial and market turmoil, including its consequences in terms of credit squeeze, cash flow problems and falling corporate earnings may, or perhaps should mean, that companies focus less on the social and environmental aspects of their operations. We do not believe that this should be the case. Just as a three-legged stool remains stable on any surface, no matter how uneven, so a well-balanced company must rest on the three pillars of financial, social and environmental excellence.

We do think, however, that the current turmoil carries two useful lessons. The first is that prudent financial management, maintaining a strong balance sheet and the careful monitoring of cash flows is fundamental to a sustainable business. In recent years, the notion of sustainable development may have over-emphasised the importance of social and environmental responsibility, overlooking the fact that without a durable and profitable business model which creates shareholder value, the delivery of social and environmental value becomes impossible. The second lesson which lies within the current crisis is the importance of using money and resources more wisely. Rising fuel and other commodity prices, combined with liquidity constraints, serve as a reminder to CLP, as they do to any other company, of the need to husband capital, to make more sparing and efficient use of natural resources and to ensure that our social activities are targeted where we can deliver the highest return for our efforts.

Our Annual Report describes a year in which CLP delivered a strong financial performance in increasingly challenging circumstances. Our Sustainability Report explains CLP's environmental performance in 2008 and the contributions which we made to the communities in which we operate, in line with our commitment to good corporate citizenship. As the Sustainability Report records, there were successes and setbacks. For example, good progress continued to be made in improving the emissions performance of our Hong Kong generating plant. Our social initiatives became more wide-ranging and successful, benefitting people in all of the countries in which we are present. On the other hand, our performance on safety, an utmost priority at CLP, fell short of the standards which we set ourselves.

Our aim is to report successes and setbacks with equal honesty. As always, we welcome your feedback on our performance, and on the manner in which we report this to you, so that we can continue to improve on both.

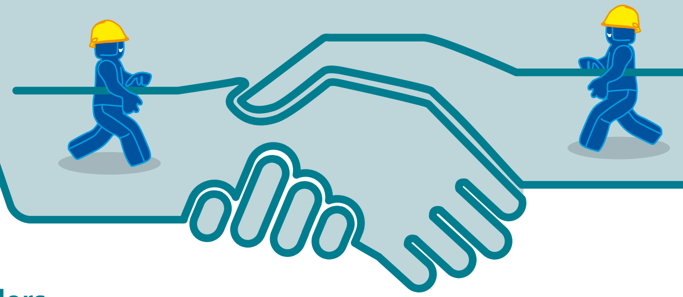
The Hon. Sir Michael Kadoorie
Chairman
CLP Holdings Limited

Hong Kong, 26 February 2009

Andrew Brandler
Chief Executive Officer
CLP Holdings Limited

Stakeholder Engagement

Engaging with stakeholders is key to how we anticipate, shape and adapt to changes in our business environment. In 2008, our focus was on climate change which is an urgent issue that affects our business. We also engaged our key stakeholders substantively on issues that mattered to them, such as air quality and renewable energy.



CLP's shareholders visit programme

Employees

To enhance management communication, we organised a CEO briefing for over 200 senior managers across the Group in May 2008 through video conferencing.

We launched the "Climate Change Staff Campaign" in 2008 to enhance our colleagues' understanding of our Climate Vision 2050 and promote green initiatives at all levels.

We conducted a Group-wide Employee Opinion Survey in Hong Kong in 2008 to measure the level of employee engagement, an attribute which correlates strongly with long term business success. The results for our Hong Kong business reflected a highly committed workforce.

CLP hosted a number of Group-wide conferences in 2008 such as the Group Operations Conference, Group IT Forum, and CLP-JV Environmental Synergy Conference where employees shared experiences and best practices, and gained insight on developments and innovation in the industry.

Customers

CLP launched a new "CLP Green Living" Website in June 2008 to enhance our customers' and the public's understanding of climate change and energy conservation. A Carbon Calculator is available to help our customers determine their level of carbon emissions.

Shareholders

We communicate with our shareholders through formal corporate communications, such as our Annual Report and Quarterly Statements, Sustainability Report, Annual General Meeting, roadshows, briefings and plant visits. We also maintain information on the CLP website, and a shareholders' hotline and email contact.

Non-Governmental Groups

CLP engages with environmental groups and other non-governmental and professional organisations. We hold briefings, meetings, workshops and visits to enable our stakeholders to have a better understanding of our business and projects, while allowing us to understand and take into consideration their environmental and social concerns.

Policy Related Stakeholders

CLP collaborates with national and international policy related stakeholders in advocating policies. Our activities in climate change policy advocacy are mainly carried out internationally through the World Business Council for Sustainable Development. Locally we engage with national governments on a range of policy areas. Our Annual Report and both this short and online Sustainability Report have more information on policy advocacy.

Report Stakeholders

Our report stakeholders have provided us invaluable suggestions since the inception of our Sustainability Report, both in terms of content and structure. We share our reporting experience with fellow reporters regularly by speaking in conferences, lectures and seminars organised by external third parties, as well as through individual contacts. These sharing activities allow us to make improvements to our report every year. The feedback we received in 2008 has been very encouraging and we continue to welcome feedback from our readers and stakeholders.

Air Quality

CLP considers the management of air emissions a high priority. Fuel type and quality, as well as the technologies we use, determine the type and amount of emissions from power generation. We therefore take great care to consider these factors when making our choices.

Secure Natural Gas Supply to Hong Kong

It is urgent for CLP to secure a timely natural gas supply replacement because our current source from the Yacheng gas field is insufficient for meeting the 2010 emissions reduction targets.

In August 2008, the Memorandum of Understanding (MOU) on cross border energy supply between the Government of Hong Kong SAR and the Central People's Government provided new options for securing natural gas supply to Hong Kong from 3 sources: new gas fields planned in the South China Sea; the second West-to-East Gas Pipeline from Turkmenistan; and an LNG terminal in Shenzhen. CLP is now working with the Government of Hong Kong SAR, National Development and Reform Commission and other mainland parties on the implementation of the MOU. CLP announced in early 2009 that it will work with PetroChina and Shenzhen Gas to jointly develop an LNG terminal in Shenzhen as part of the eastern section of the Second West-to-East Natural Gas Pipeline project. West-to-East pipeline gas and LNG, along with further pipeline gas supplies from the South China Sea are all crucial for CLP to maintain its supply reliability and meet the 2010 emissions targets.

Energy Efficiency - Customers

While higher energy efficiency can potentially reduce electricity sales or sales growth in the short-term, this is outweighed by the long-term benefits - saving resources and postponing the need for new energy infrastructure.

Since 1999, CLP has carried out about 700 energy audits for our large commercial and industrial customers in Hong Kong, including 90 in 2008. We also extended our energy efficiency services to Hong Kong owned manufacturers in Guangdong through a new subsidiary company, CLP Energy Services and Technology (Shenzhen) Limited. TRUenergy in Australia also offers energy efficiency advice to low-income households and customers experiencing financial hardship through its Customer Welfare Programme.

Energy Efficiency - Facilities

CLP's greatest opportunity to save energy lies in improving the performance of our power plants. We are using high-efficiency supercritical steam technology for our coal-fired power station at Fangchenggang in the Chinese mainland. Our facilities across our portfolio review and implement plant efficiency improvement works on a regular basis. The design of our green substations in Hong Kong continued to focus on energy conservation as a main theme.

Fangchenggang supercritical plant in Guangxi, China

Performance

Hong Kong

In 2008, emissions of sulphur dioxide (SO_2), nitrogen oxides (NO_X) and particulates from all 3 power stations were all below the regulated base caps. Total emissions in 2008 fell by approximately 30%, 21% and 16% respectively compared to 2007 levels. This was due mainly to the increased consumption of gas at Black Point Power Station and our low NO_x refurbishment programme at Castle Peak Power Station. Lower electricity sales compared to 2007 also contributed to the reduction. To date, CLP Power has achieved significant reductions relative to 1990 in its total emissions of SO_2, NO_x and particulates by 70%, 80% and 79% respectively, despite an increase of total electricity sales of approximately 80%.

Asia-Pacific

In 2008, emissions from CLP's other power stations were generally similar to previous years, with the exception of a major improvement in the SO_2 emissions at Anshun II in the Chinese mainland. After the commissioning of the upgraded flue gas desulphurisation (FGD) equipment, Anshun II's SO_2 emissions decreased by more than 65% compared to 2007. As a part of our endeavors towards performance improvement, we will continue to retrofit other plants in the Chinese mainland with FGD, and commence with additional NO_x reduction facilities where appropriate.

Q: There is vast scientific literature on the impact of air pollution on health. However three studies of "natural experiments" stand out as *prima facie* evidence of health benefits when pollutant levels are reduced.

- In Utah, the closure of the steel mills in the 1980s led to lower hospital admissions for children and reduced mortality
- In Dublin, the ban on coal sales in September 1990 was followed by a large reduction in mortality from heart and lung disease in the city
- In Hong Kong, restriction of the sulphur content of fuels on 1 July 1990 was followed by reduction in primary school children's respiratory problems, respiratory complaints from their mothers and by a reduction in deaths from all causes in people aged 46 and over with about 600 deaths per year avoided

In view of the public health evidence from these analyses of interventions what part can CLP play in helping the Hong Kong community rapidly achieve the health gains which are available from improved air quality management?

Professor Anthony Hedley
Chair Professor in Community Medicine
University of Hong Kong

A: CLP certainly shares the community's concerns for public health and its desire for better air quality. After all, we breathe the same air. Our job is to provide a reliable supply of electricity to our customers in Hong Kong while at the same time trying to reduce our emissions at every step of our operation as effectively as we can.

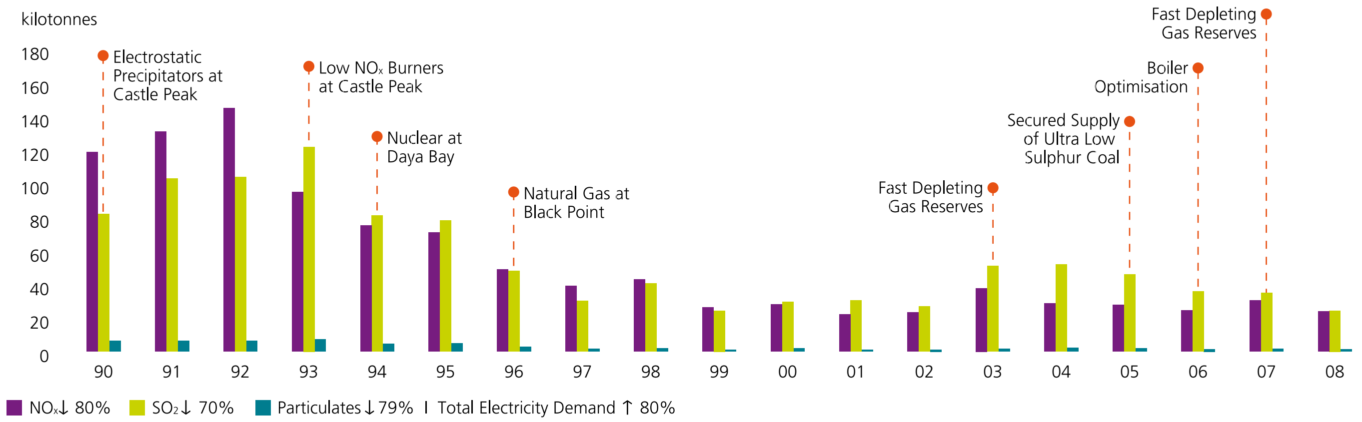
CLP's environmental performance in Hong Kong is underpinned by the use of cleaner fuels such as natural gas and nuclear power, adopting the latest available technology and equipment, and generating power with high efficiency. We also help our customers save energy through our energy efficiency services.

Our emissions have dramatically reduced by up to 80% since the introduction of nuclear power and natural gas, and more recently ultra-low sulphur coal in Castle Peak Power Station. This performance was achieved notwithstanding the challenges presented by the need to meet increasing demand for electricity by 80% over the same period. In 2008, our performance was further improved by 16-30% over the previous year across all air emissions following a project to improve the performance of our low NO_x burners and the increased use of gas in Black Point Power Station. Meanwhile, we are retrofitting our Castle Peak 'B' Plant with state-of-the-art technology that will sharply reduce SO_2, NO_x and particulate emissions. Plans are underway to increase the availability of natural gas for use as a fuel for power generation which will help further reduce emissions in the future.

CLP is supportive of the community's effort of moving towards adopting higher air quality objectives based on internationally recognised health standards, and we will do our best to contribute to this goal.

Richard Lancaster
Chief Operating Officer
CLP Power

Total Air Emissions from CLP Power Hong Kong



CLP conducts energy efficiency audits for customers

Q: What is CLP's comment on the environmental performance of its joint venture namely Shandong Zhonghua Power Company, Ltd.? Any suggestion in respect of its environmental work in 2009?

Mr. Zhang Qiwen
General Manager
Shandong Zhonghua Power Company, Ltd.

A: Shandong Zhonghua Power Company, Ltd., one of our earlier investments in the Chinese mainland, contributed a lot to emissions reduction in 2008. The successful completion of FGD retrofit projects in 2008 at the Shiheng and Liaocheng power stations significantly reduced SO_2 emissions. We will continue to work with the joint venture to commission FGD at Heze Power Station in 2009 and pursue other projects for improving the environmental performance of the joint venture.

Ko Yu Ming
Managing Director – China

Climate Change

For CLP, our challenge is to balance legitimate needs for secure, low-cost energy with real concerns about global climate change and other impacts to the environment. In order to meet our emissions reduction targets, CLP is taking a substantial departure from business-as-usual. The chart below summarises CLP's carbon dioxide emissions from direct combustion since 1990.

Q: Other than supplying renewable energy, what other plans does CLP have for the mitigation of carbon emissions in the future?

Ms. Maria J. Pereira
City Director - Hong Kong
Clinton Climate Initiative

A: Renewable energy is our first and important step in heading towards a lower carbon generation portfolio. We are doing much more to achieve our carbon emissions intensity reduction targets.

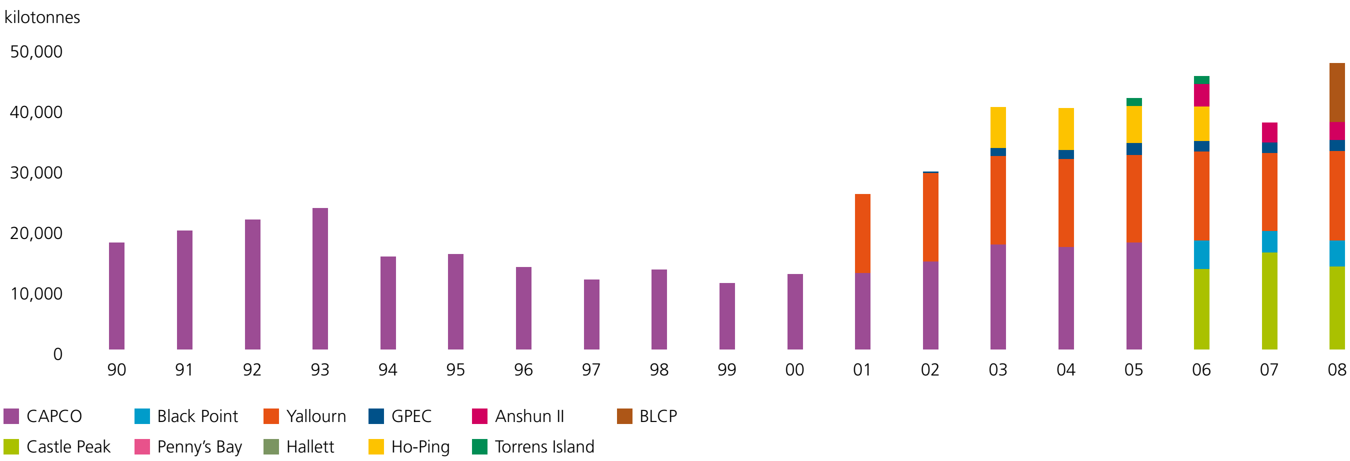
On the power generation side, we are actively pursuing nuclear power and increasing the use of natural gas to substitute coal. On the technology side, we are studying clean coal technologies which will allow coal to continue meeting urgent energy demands with a reduced carbon footprint. In this respect, carbon capture and storage will undoubtedly be the single most important technology in the medium- to long-term. On the energy efficiency side, CLP now provides help to our customers in Hong Kong, Australia, and recently the Chinese mainland. We also remain highly active in our participation in the climate change debate on the international level, through the World Business Council for Sustainable Development, as well as in the local markets in which we operate.

In mid-2008, we established a new business unit, Carbon Ventures, solely dedicated to the pursuit of opportunities along the "low-carbon value chain" across the Group.

In depth information can be found in our online Sustainability Report and our Climate Vision 2050.

Jeanne Ng
Director – Group Environmental Affairs

CLP Group CO_2 Emissions from Direct Combustion



Note:
In 2008, Fangchenggang's CO_2 data were not verifiable (this is its first year of reporting) and therefore not included.

CLP Carbon Ventures

CLP established a new business unit, Carbon Ventures, in June 2008. Carbon Ventures focuses on opportunities in renewable energy, emissions trading and low-carbon technology and services. CLP Research Institute, which was created in CLP to support our company's tradition of technological innovation, environmental stewardship and customer service, will be operating closely with Carbon Ventures, providing technical support on upcoming technologies.

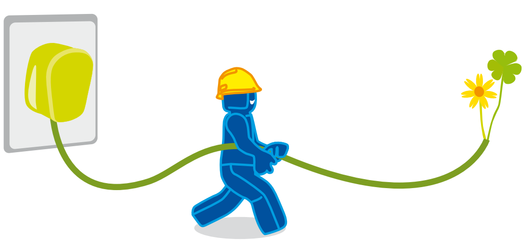
In December 2008, Carbon Ventures signed a Memorandum of Understanding with Atlantis Resources Corporation to develop commercial-scale tidal current renewable energy generation projects across Asia-Pacific.

Renewable Energy

As of December 2008, our small renewable energy generation capacity had increased to 817MW on equity basis, which is equivalent to 6.5% of our total equity based generation capacity.

In 2008, we commenced development on our fourth wind farm in India, and 2 hydro and 3 wind power projects in the Chinese mainland.

Through TRUenergy in Australia, we are exploring high performance concentrated solar photovoltaic technology. TRUenergy also entered into a strategic commitment on geothermal energy with Petratherm, a leading developer of geothermal technology in Australia and overseas.



Q: Given that the viability of renewable energy projects depends on revenue accruing out of sale of Certified Emission Reductions (CERs) and considering that the renewable energy portfolio now constitutes more than 5% of CLP's installed generation capacity, how does CLP view the risks associated with the CER market post 2012 Kyoto regime?

Mr. Avinash P. Rao
Deputy General Manager, Renewables
CLP Power India

A: Not all renewable energy projects depend solely on the sale of CERs. Some, such as some small hydro projects, may be viable without CERs. And in the medium to long term, the cost of some renewable energy technologies, wind turbines in the Chinese mainland for example, should decline and it is possible that the lower cost could meet grid parity.

However the majority of renewable energy projects in developing Asia rely on the CER revenue accretion in order to meet investment benchmarks. As such the Clean Development Mechanism (CDM) established under the Kyoto Protocol can continue to play a meaningful role in promoting renewable energy investments. However, for this to happen we need to see a long-term and credible carbon price. This requires both an early decision on a post-Kyoto regime and improvements to the CDM to produce greater stability and predictability in CER values which have proven to be highly volatile.

In the past three quarters, the December 2009 European Union Allowances (EUAs) declined from a level of €30.53 on 1 July 2008 to just €8.20 on 12 February 2009 (EUAs are future contracts on carbon dioxide emissions traded on the European Climate Exchange and are regarded by most carbon markets participants as a key benchmark for carbon prices). The volatility and decline in CER prices erodes the importance of the CDM as a means of providing a significant and durable revenue stream to support renewable energy projects. The consequence is that project promoters, including CLP, and lenders are discounting CER revenues in their project evaluations. Instead, they increasingly rely on national policies, such as enhanced tariffs, tax incentives and mandatory off-take obligations, to make renewable energy projects financially viable.

Giuseppe Jacobelli
Group Director - Carbon Ventures

Q: The world is now facing a financial crisis; will CLP reduce its investment on green energy development? Will your future green energy development be affected as well?

From left :
Mr. Li Nin Chun
Mr. Tsang Yiu Chung
Ms. Cheung Wing Sze
Mr. Chong Chu Man
Ms. Cheung Tsz Ki
Young Power Award Champion
Young Power Programme 2008
Fung Kai Liu Man Shek Tong
Secondary School

A: In only a few years CLP has made very good progress in expanding our investments in renewable energy generation from a very small base. We first met our target of having 5% of our generation portfolio in renewable energy by 2010, at the end of 2007. Our next target is an even more ambitious 20% non-carbon emitting generation by 2020. When we set this target we realised that with it came an unwavering commitment to depart from "business-as-usual"; so I think it is unlikely our expansion into renewable energy and clean technologies will slow down as a result of the current financial crisis. You can see that our Chairman and CEO have discussed in the opening message of this report how CLP would not reduce our approach to the environmental aspects of our operations.

However, while you should feel confident that CLP will continue to invest more of its funds in the clean energy sector, the pace and magnitude at which we will make these investments will be influenced by policies and support of governments around the Asia-Pacific region. Green energy is still not commercially viable in Asia on its own, so it is necessary that local and international policies and incentives exist to support its development. In that sense your question is a very good one, because especially in times of economic down turn, governments often find it difficult not only to steer away from short-sighted investment policies but also embark on the less travelled path of investing more efficiently and wisely for the long term. This is therefore a challenging question, but at least based on what we have seen so far, we are optimistic that in most countries, government policy will not be negatively affected by the severe global recession we now face. Indeed, looking at the economic stimulus plan that has recently been announced in the USA, government policy and support for renewable energy may even be strengthened as a consequence of the economic problems before us. We can hope that the result will be similar in countries in the Asia-Pacific region. We really do need governments to share in the long-term commitment to clean energy, to achieve a more stable and sustainable low carbon future.

Stefan Robertsson
Group Director – Corporate Finance and Development

Technologies for Low Carbon Generation

Through a collaboration between TRUenergy's Iona Gas Facility and the Cooperative Research Centre for Greenhouse Gas Technologies (CO2CRC), a study on examining the potential for CO_2 storage at geological sites converted from producing gas fields is in progress. TRUenergy's Iona facility injects and stores natural gas for use as needed and the study is utilising Iona data to examine geological and subsurface engineering aspects of storing CO_2 .

In 2008, TRUenergy also completed a demonstration project which it co-funded for a new technology in drying high moisture Victorian lignite. The test results are not encouraging, and further development in the technology is unlikely. CLP will continue to seek opportunities to make contributions to developing technologies that will allow more efficient use of coal.

Policy Advocacy

Energy and environmental policies are critical to stabilising global greenhouse gas emissions, and to the development of CLP's low carbon business. CLP engages regularly with policy makers, government advisors and other stakeholders, on the urgent need for new policies. Implementing the appropriate policies and measures to provide that next level playing field is critical for the world to achieve a low carbon future. This is particularly pressing since investment decisions made today can impact us for the next half century and our ability to make the needed reductions by 2050 to avoid the serious consequences of climate change.

Changdao wind farm in Yantai City, China

International

A new international agreement will commence in 2013, after the expiration of the first "Kyoto" period (2008-2012). Recognising our greenhouse gas emissions reduction targets can only be met with the support of appropriate government policies, our message to policy makers is:

- We need clear and stable regulatory frameworks that reward investors for developing low-emission power generation
- Policy must account for the costs and benefits of emissions reductions, sending a clear price signal
- More substantial funding is needed for development and demonstration of large scale low emission technology, over and above the policies and price signals

Support is also needed to help people with limited incomes, existing fossil-fuel power generators, and developing countries to make the transition to a low-carbon economy.

Q: How can CLP make further contributions, in terms of technology and finance, in promoting the adoption of renewable energy in their own systems by the general public?

Mr. Lam Long Chau
Director of Estates
Estates Office
Hong Kong Baptist University

A: CLP facilitates grid connection of small renewable systems to minimise the need of costly energy storage whilst maintaining reliable supply to the customers. In addition, CLP sponsors and supports research (for example, development of wind resources map for Hong Kong, trial of different photovoltaic technologies and solar boosted heat pump, etc.) which enhance public knowledge on the applicability of renewable energy. CLP also helps local schools and NGOs introduce renewable energy into their curriculums and educational facilities.

Chow Tang Fai
Director - Marketing & Customer Services
CLP Power

Boxing Biomass Heat and Power Plant, Shandong, China

World Business Council for Sustainable Development

CLP participated in the UNFCCC's COP 14 meeting in Poznan, Poland in December 2008 as a member of the World Business Council for Sustainable Development (WBCSD). Through such events, CLP and other member companies can participate in international policy debates and deliver a sound business perspective to policy makers.

The latest report of the WBCSD's Electricity Utilities Sector Project entitled "Power to Change – A business contribution to a low-carbon electricity future", to which CLP provided substantial input, was cited repeatedly by the Executive Secretary of the UNFCCC in Poznan.

CLP was one of 9 companies who contributed to the content of this WBCSD report

Q: Guohua is a subsidiary company of the coal supplier, China Shenhua Energy, whilst it is also the largest joint venture partner of CLP in the Chinese mainland. In this regard, what will be the impact of any of their future cooperation on Climate Vision 2050, which set out CLP's commitments in combating the challenge brought by climate change?

Mr. Qin Dingguo
Party Committee Secretary and
General Manager
Bejing Guohua Electric Power Corporation

A: CLP is committed to achieving its carbon intensity reduction targets and has therefore been very selective in pursuing further expansion in coal-fired plants. For the Guohua expansion, we estimate that the overall carbon efficiency of CLP will be improved after the expansion due to the addition of larger and newer units, especially the addition of the two ultra-supercritical units at Suizhong Power Station currently under construction. This technology increases the combustion efficiency of the plant, thus helping to reduce the fuel required as well as air pollutant and carbon emissions per unit of electricity generated.

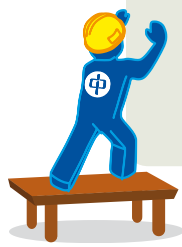
Ko Yu Ming
Managing Director – China

Q: How critical does TRUenergy believe that alternative renewable sources of power generation, such as geothermal, are to future energy delivery in Australia?

Mr. Terry Kallis
Managing Director
Petratherm

A: Australia will need a portfolio of different types of energy generation to ensure ongoing energy security and to reduce greenhouse gas emissions to the levels required by the Federal Government targets. Many forms of renewable generation are still in their infancy and have very high development costs even though some of these technologies are estimated to have low running costs once operational. For this reason, Government targets such as the Renewable Energy Target are required to stimulate such technological development. Due to Australia's natural abundance of geothermal resource, geothermal energy is an important part of Australia's future generation portfolio. However, many development issues still remain including the issue of linking geothermal energy to transmission infrastructure. We support the geothermal industry as evidenced by our investment in the Paralana project with Petratherm.

Richard McIndoe
Group Director - Managing Director Australia



Hong Kong

In 2007-2008, CLP sponsored a climate policy study conducted by Civic Exchange and the Singapore Institute of International Affairs (SIIA), which included the publication of a book on climate change policy issues in Asia entitled "Climate Change Negotiations – Can Asia Change the Game?". The book was released in November 2008 and promoted at the UNFCCC COP14 in Poznan, Poland.

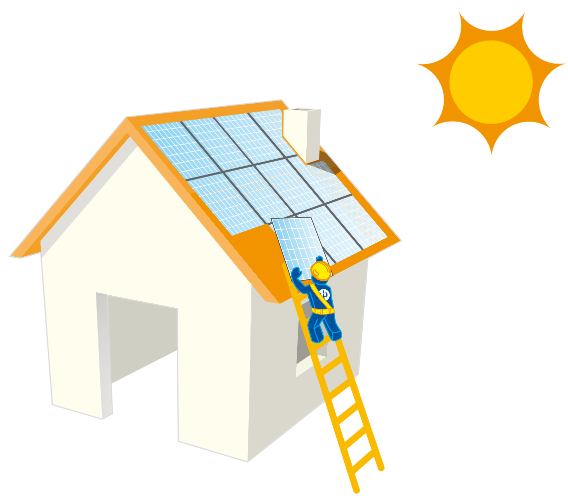
CLP Technology Roadmap: Key technologies to transform CLP's portfolio into a low-carbon one

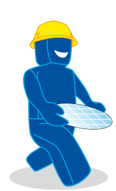
Australia

In 2008, TRUenergy made significant contributions to government reviews and provided thought leadership in the public policy debate. Key policy areas where we made submissions included the Garnaut Climate Change Review, the Australian Government's papers on the Carbon Pollution Reduction Scheme and various other policy instruments.

Carbon Disclosure Project

In May 2008, we responded to the Carbon Disclosure Project 6 (CDP6), which we have been doing since its inception and in September 2008, our CDP6 response was rated by ASrIA as the "Most Comprehensive Response" in Asia ex-Japan. All our past and current responses to CDP are available on our Group website.





Safety is everyone's top priority at CLP

We believe every injury is avoidable. All those who work in our facilities are entitled to a safe working environment. This applies to everyone irrespective of whether they are direct employees or employed by contractors on our sites.

Safety Performance - Contractor

We are disappointed to report 3 contractor fatalities in 2008, 1 at our Fangchenggang Power Station in the Chinese mainland in April, and 2 at our Ho-Ping Power Station in Taiwan in December.

Fangchenggang Power Station

To address the causes behind the fatal accident from a diving operation at Fangchenggang, we have put in place specific initiatives to address diving operations, and to strengthen contractor management and risk assessment:

- The Deputy Station Manager (Maintenance) or his delegate will be appointed Responsible Officer (RO) to supervise and control the diving operation, carry out diver and equipment quality check, and approve method statement and rescue plan
- Diving operations procedures have been revised and implemented to incorporate all recommendations from the accident investigation report

We recognise the importance of improving safety accountabilities and culture at Fangchenggang. For this, we have:

- Conducted employee survey to assess staff's understanding of safety accountabilities and conveyed the concept through staff communication meetings
- Implemented a safety work plan which includes on-going initiatives such as communication sessions, improvement of house-keeping programme, hazard and operability (HAZOP) study on high risk tasks, and reforming of the station Safety, Health and Environment (SHE) team
- Tightened site check on contractor against required standards and established contractor prequalification. Formal framework agreement will be established for contractor services

Ho-Ping Power Station

One serious incident happened at Ho-Ping during the maintenance of coal mills in December 2008, resulting in two contractor fatalities. We are actively investigating this incident and will report the findings in our next report.

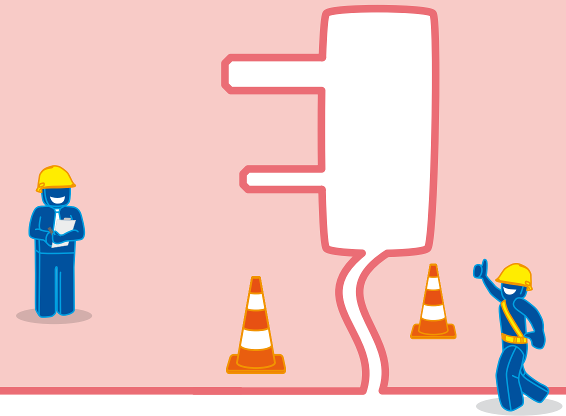
Yang_er Hydro Station

In 2008, we also suffered a contractor traffic fatality at the construction site of the newly acquired Yang_er hydro station in the Chinese mainland around the close of acquisition before we were able to implement our safety standards at this site. To date, we have reformed the site's organisation with a new competent contractor and more robust measures are in place.

In situations where we enter a project that has already started, such as Yang_er, implementation of CLP's safety standard and culture is particularly challenging. We are addressing these situations with increased efforts.

Safety Performance - Employee

In 2008, we achieved zero Disabling Injury Incidence Rate (DIIR) for GPEC, BLCP, and Ho-Ping. TRUenergy recorded a drop in DIIR, while there was an increase in Hong Kong and the Chinese mainland.



Disabling Injury Incidence Rate (DIIR) for Employees

No. of disabling injuries per 100 employees. The disabling injuries include both lost time injuries (LTI) and restricted work cases (RW)	2008	2007	2006
Hong Kong (CLP HK)	**0.19**	0.05	0.02
Australia (TRUenergy)	**0.60**	0.91	0.56
India (GPEC)	**0**	0	0
Southeast Asia + Taiwan (BLCP + Ho-Ping)	**0**	0	0
Chinese Mainland (Huaiji, Anshun II, Fangchenggang, Boxing)	**0.44**	0	0

Note:
Data include operational facilities only

Group Safety Strategy

We are taking a renewed and more active approach to safety, with principles and policies that are fully implemented across the CLP Group.

CLP's Safety Principles and Policies

In order to realise our goal of achieving zero injuries in CLP, we have established Group-wide safety principles and policies which are supplemented by standards and guidelines. We produced a corporate brochure entitled "Safety Comes First at CLP" to elaborate on these requirements. The serious incidents that occurred in 2008 have highlighted the need to issue and implement the new safety policies and procedures as soon as possible. These are part of the Group Safety Plan, which was implemented through:

- Conducting CLP Group Executive Safety Leadership Workshops
- Conducting safety culture survey at our new facilities
- Developing a Safety and Health IT Platform
- Developing partnership approach with main contractors through safety workshops
- Conducting SHE Peer Review audits
- Enhancing incident investigation processes through coaching, peer review and sharing
- Providing Lead Auditor Training
- Promoting safety awareness and improvements through quarterly Safety Synergy Forum

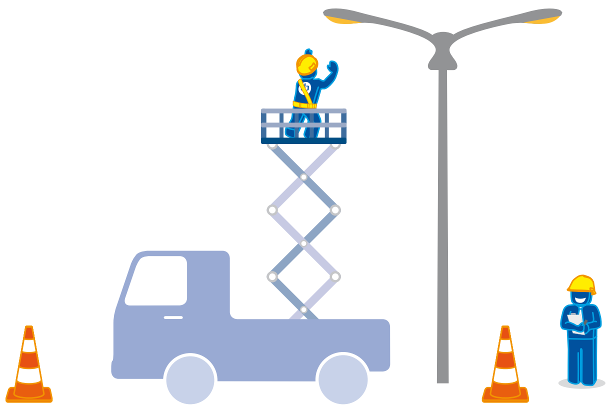
Safety, Health and Environment Peer Review Audit at GPEC, India

CLP's corporate brochure on safety

Subsidiary Initiatives

CLP applies the same high standard across the Group, but there are health and safety initiatives that are specifically relevant to a particular location. The following are examples of our location specific safety initiatives.

CLP colleagues in action on Safety, Health and Environment day



William Mocatta, Vice Chairman, pays a safety visit to Black Point

Hong Kong

- CLP Power Safety Conference 2008 to share valuable safety experiences and hold discussions on key safety topics
- Combined Emergency Management Team and Crisis Management Team Drill to prepare our staff and contractors to respond effectively in case of emergencies
- Safety Resources Centre to provide safety resources for our contractors
- CLP Power SHE DAY 2008 to promote safety, health, and environmental awareness
- Behaviour-based Safety Observation to promote safety culture through observations and sharing
- Safety Incentive Scheme to systematically capture and recognise safety efforts contributed by the employees
- Contractor CEO Forum to create a Safety, Health, Environment and Quality (SHEQ) sharing platform for top management of our contractors
- Employee Influenza Vaccination Programme offered for free to company employees

Chinese Mainland

- Stepped up site safety inspection by incorporating best practices to rectify sub-standard safety measures and reward excellence in contractor safety performance at Jiangbian Hydro
- Trained staff and conducted an overall inspection of plant equipments at Huaiji Hydro
- Held "Establish Safe and Civilised Community" event with a local school to promote health and safety awareness of electricity at Huaiji County

Colleague in TRUenergy with appropriate safety harness

CLP facility heads attended the Group Executive Safety Leadership Workshop 2008

Australia

- Enhanced health and safety culture at Yallourn Power Station to ensure team leaders and managers take lead role in health and safety initiatives
- Hosted a CEO Safety Summit at Yallourn Coal Mine for staff and contractors to promote safety awareness to the "interdependent" state
- Held Contractor Safety Forum at Iona Gas Storage Facility
- Incorporated TRUenergy's Safety Health and Environment Management System elements into the newly acquired Hallett Power Station
- Trained new operations team on all safety requirements and continued with Behaviour-based Observations at Tallawarra Power Station

India

- Continued with the SHE triangle approach in which departmental engineer, members of the SHE department, and contract supervisor shall be present and participate in full during any SHE training or toolbox talks
- Conducted training on Five Star NOSA SHE Management System Elements and other safety trainings for more than 150 employees and contractor staff in 2008
- Explained SHE guidelines and expectations thoroughly to contractors before awarding the contract
- Continued with NOSA benchmarking programme

Southeast Asia & Taiwan

- Conducted a review at Ho-Ping Power Station, Taiwan on CLP's requirements against its current Safety Management System to align with CLP Group's approach
- Expanded near miss reporting and investigation programme to enhance effectiveness of BLCP Thailand's Safety reporting programme
- Continued with NOSA benchmarking programme at Ho-Ping and accreditation programmes of OHSAS 18001 at BLCP

CLP requires employees to be fully equipped with safety harness

Community Investment

"Plant a Tree, Love the Earth" is a regional effort to plant 1 million trees over 5 years.
From left to right: Planting saplings in India; planting mangrove seedlings in Thailand; and tree audit activity in Hong Kong

At CLP, care for the community is a long-standing corporate value. We see ourselves as part of the local community wherever we operate and participate in community programmes through which we can make a meaningful difference. We report here a few key initiatives that we carried out in 2008.

Climate Care Staff Campaign

CLP actively prepares our people to deliver our commitment stated in our Climate Vision 2050. We launched the Group-wide Climate Care Staff Campaign in 2008 to promote green initiatives at work, at home and at an individual level.

The Campaign included a Climate Care Ideas Competition to solicit creative climate-friendly ideas from our colleagues, and animated episodes called the "Learn and Play" series on the company intranet to enhance colleagues' understanding of our Group Climate Strategy and environmentally-friendly work and living practices. The Climate Care Ideas Competition drew a total of 700 submissions (about 12% Group-wide staff participation), and over 3,000 staff members visited our educational website.

Q: How does CLP choose which organisations to sponsor each year? Will emergency funds like disaster relief be an item in your annual plan?

Mr. Simon Wong
Community Relations Director
Hong Kong & Macau Command
Community Relations Department
The Salvation Army

A: To play our part as a responsible corporate citizen, we continue to invest resources and efforts in the areas of community health, environment, and youth and education that can support a constructive development of our communities.

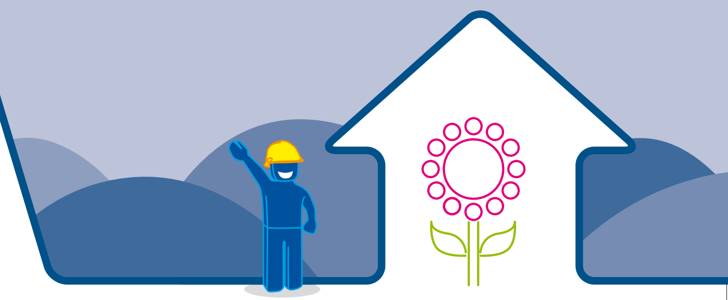
In 2008, we supported more than 300 projects and events in Hong Kong through partnerships, sponsorships and self-initiated programmes and remained an active donor to support charitable organisations.

Our determination to help the needy in a timely and effective manner is also a driving force behind our philanthropic giving. In February and May 2008, we undertook initiatives to organise disaster relief programmes for the China snowstorm and Sichuan earthquake, in which CLP was committed to making matching donations to every dollar raised by staff across the Group.

Our ultimate goal is to maintain a fair balance of initiatives in giving that can help different segments of the communities.

Jane Lau
Director – Group Public Affairs

Regional Tree Planting Programme



In 2008, we initiated a plan to plant 1 million trees over 5 years around the region where we have operations. This commitment is underpinned by a series of care and wellness programmes to ensure that the trees not only grow in good health but also benefit the ecological, social and economic landscapes in their living environments. It also supports our Climate Vision 2050 and provides opportunities to engage the community with a range of hands-on experiences.

Q: What did you do to ensure a high survival rate for CLP's 5-year Regional Tree Planting Programme?

Mr. Ken So Kwok Yin
Conservation Manager
The Conservancy Association

A: We aim to produce a well-planned and structured programme to ensure that trees were planted on schedule and with a high survival rate. Planning began with the local forestry/agricultural authorities in Hong Kong, Guangdong, Sichuan, India and Thailand to establish the objectives of tree planting and their contribution to the local ecological and social environment.

We would plant seedlings which show a relatively higher adaptability to the surrounding environment. Seedlings were checked for quality before planting and planted in the right season. After planting, we commenced auditing work to check the growing conditions and survival rates, and to obtain feedback from local communities as part of our ongoing programme.

We have also solicited expert support from local government forestry and agricultural units, enabling participants to learn more about tree growth and its impact on the local socio-economic environment.

The tree planting programme serves as a conduit to unite local authorities and communities to gain and share experience. We respect local cultures and values in formulating our plans and implementing them to address the local needs.

Zoe Lee
Group Public Affairs Manager

We have already reached our 2008 regional target of planting over 250,000 trees in different locations in the first year with a good survival rate:

- In Hong Kong, CLP planted 60,000 trees at Fu Tei in Tuen Mun to help restore the landscape destroyed by hill fires
- In Heyuan, Guangdong, CLP planted 110,000 trees in Longchuan County, the area around Dongjiang River, the source of 70% of Hong Kong's fresh water supply, in an effort to maintain the environmental integrity of the area and preserve water quality
- In Sichuan, 56,000 trees found their home on the mountain slopes of Jiulong County to help reduce soil erosion, hence protecting villages below from landslides
- In Gujarat, India, CLP joined hands with a local school to plant 3,000 trees around the vicinity, encouraging the younger generation to be more conscious about the environment
- In Khanom, Thailand, we laid 24,500 mangrove seedlings in swamps. The mature plants will provide a natural habitat for aquatic life and eventually enrich the environmental and economic value of the local communities, particularly fishermen

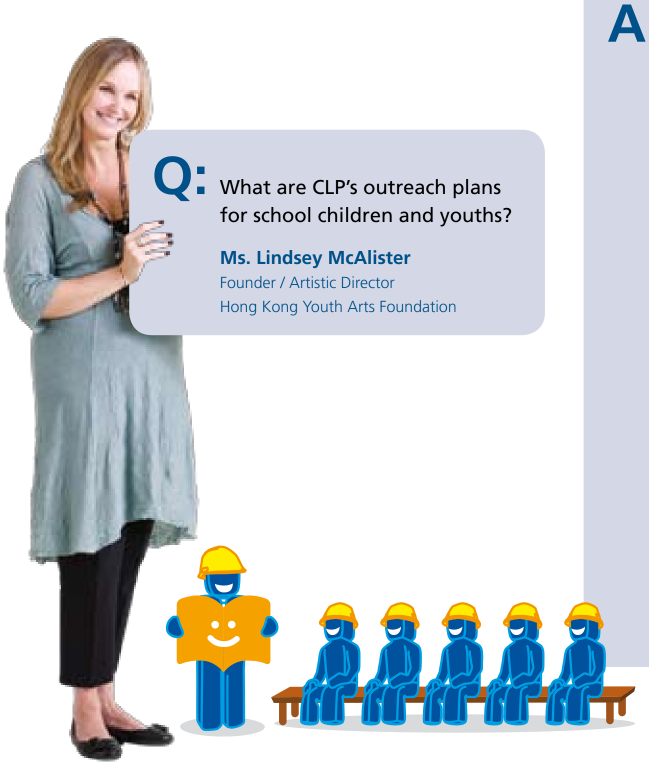
Care for the Elderly - Active Mind

Partnering with the Hong Kong Council of Social Service, CLP's "Care for the Elderly" aims at helping Hong Kong's deprived senior citizens. During 2008, we organised over 160 promotional events and functions for some 20,000 elderly people. The project also raised more than HK$1 million dollars, which includes over HK$600,000 from the general public in addition to CLP's matching donation, between September 2007 and March 2008 for over 5,300 deprived elderly people to receive cognitive assessment and memory training to thwart the onset of dementia. Sixty CLP staff were trained as "memory training ambassadors" to facilitate social workers and occupational therapists to conduct the memory training. Around 70% of those who were suspected to have early cognitive impairment and completed the memory training showed improvements after its conclusion. CLP will continue our efforts in 2009 to further enhance this programme.

Young Power Programme

Our signature education programme, Young Power Programme (YPP), a partnership with Junior Achievement Hong Kong, just celebrated its 10th anniversary in 2008. In the 2008 programme, 50 outstanding students from 10 secondary schools participated in this summer activity. CLP nominated 20 young engineer ambassadors to provide them with a 6-week intensive training and mentorship programme. The students were inspired by insights about energy efficiency, sustainable development and climate change. The participating teams shared their knowledge with students back in their schools through a variety of activities of their own creation, including quizzes, games and exhibitions. The winning team – Fung Kai Liu Man Shek Tong Secondary School – eventually stood out with a proposal to achieve energy self-sufficiency by the year 2050 through an innovative home model that combined new energy sources and energy savings. We awarded the winning team with a three-day trip to Beibu Gulf in Guangxi to visit CLP's supercritical power plant in Fangchenggang. Plans are underway to make YPP a regional programme.

Over the past 10 years, about 1,000 students from more than 90 secondary schools have participated in the YPP that provides students with an inspiring journey in summer to learn more about the power industry and sustainable development.



Q: What are CLP's outreach plans for school children and youths?

Ms. Lindsey McAlister
Founder / Artistic Director
Hong Kong Youth Arts Foundation

A: CLP has been working with the staff and teachers of local and international schools and academic institutions in Hong Kong to support their design of school curriculum and activities on sustainability and the environment through knowledge and experience sharing.

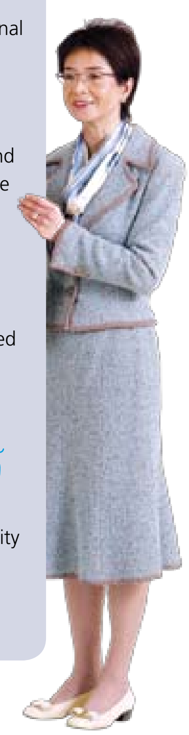
Our executives often conduct talks and lectures in institutions, schools and youth conferences on topics ranging from energy to environment, climate change to renewables, and fuel sourcing to environmental management.

Besides, the visitation programmes of CLP have been well received as an extended activity for students. ElectriCity, which is CLP's flagship educational facility in Hong Kong, provided an overview of Hong Kong's power generation business and energy conservation. It has so far attracted over 150,000 visitors since it was first opened 8 years ago.

Last year, we further initiated a new online, interactive platform on environmental education in Hong Kong – PowerU – for students and the general public to learn more about sustainability and climate change.

Through all these outreach efforts, we gave both students and teachers more insight into about the power industry and their share of responsibility in contributing to sustainable development.

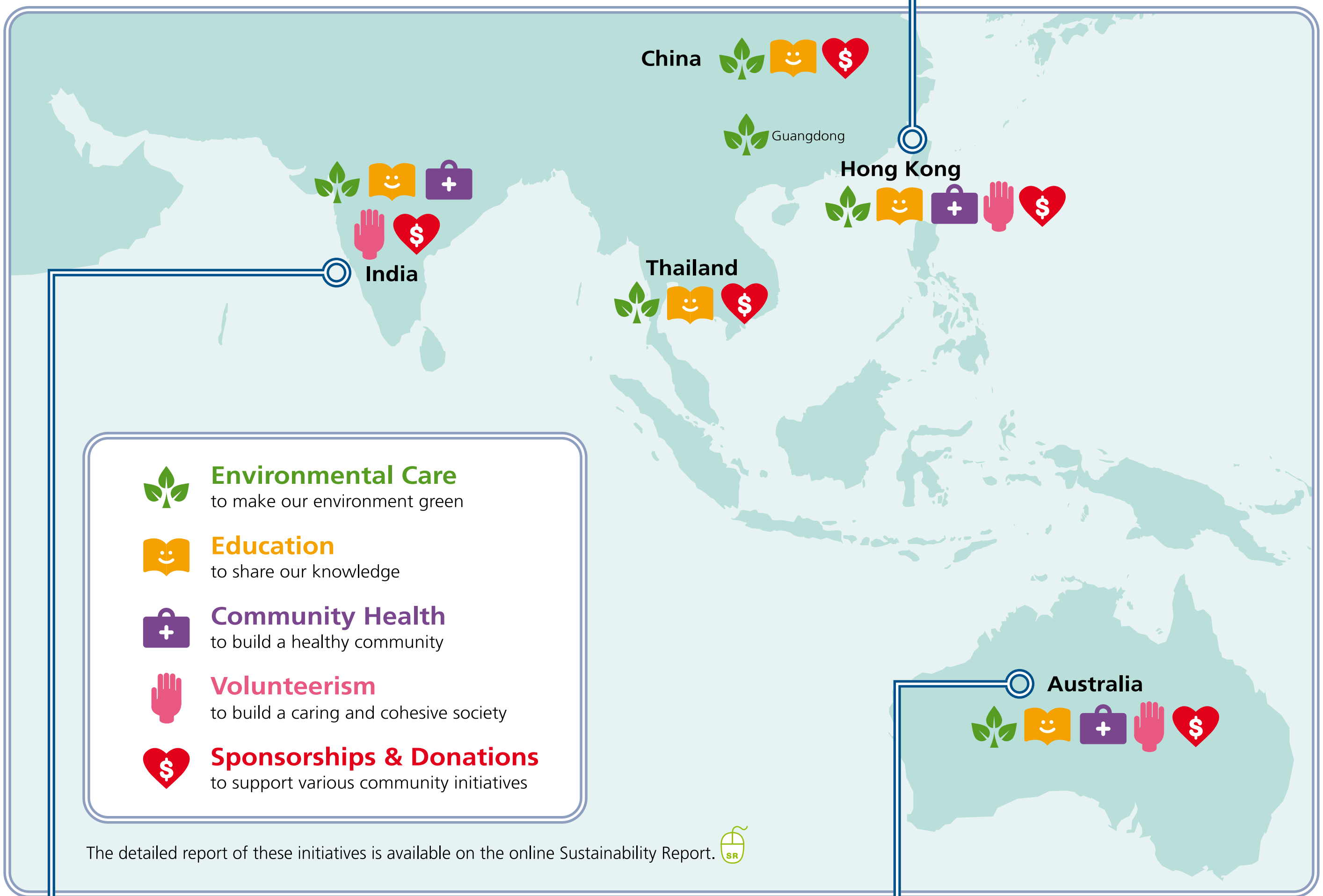
Jane Lau
Director – Group Public Affairs



Apart from the key programmes we report here, colleagues at different locations undertook various initiatives that have contributed to the well-being of our communities as shown in the map below:

Arts and cultural activities are some of the major focuses of CLP's sponsorship and donation efforts. We have been an exclusive sponsor of the Hong Kong Sinfonietta's "CLP Light Classics Concert" for 5 years, which aims to make classical music popular among children and parents.

In Hong Kong, the Tai O rewiring programme that offered free rewiring service to villagers after a super typhoon was one of many services self-initiated by the CLP Volunteer Team. Their efforts are recognised by the CLP Voluntary Service Matching Fund, which gives $20 for every hour of voluntary service contributed by staff and their families to registered community and service groups.



Environmental Care
to make our environment green

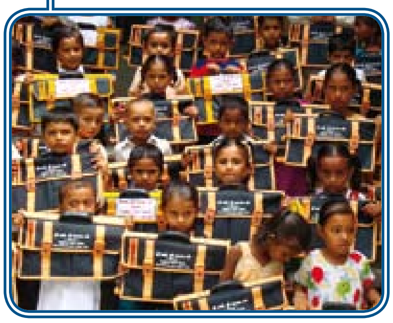
Education
to share our knowledge

Community Health
to build a healthy community

Volunteerism
to build a caring and cohesive society

Sponsorships & Donations
to support various community initiatives

The detailed report of these initiatives is available on the online Sustainability Report.



In India, GPEC's educational initiatives encompass an array of activities to reduce school drop-outs and help the poor. For the School Enrolment Campaign organised by the Government of Gujarat, GPEC provided newly enrolled students from villages with schoolbags and educational kits.

In Australia, the fourth annual TRUenergy Yallourn Fun Run helped raise A$43,000 for the Gippsland Cancer Care Centre, taking the total of funds raised since 2004 to almost A$145,000. The event attracted more than 650 participants from the local community.

Goals and Progress

Implement the Group Climate Strategy – Climate Vision 2050

2008

- Formed CLP Carbon Ventures to capture opportunities along the "low-carbon value chain"
- Generated Certified Emission Reductions from Datong and Nanao II wind projects in the Chinese mainland
- Received Clean Development Mechanism approval for our Weihai and Changdao wind farms, and Yang_er hydro plant in the Chinese mainland
- Advocated national and international climate change policies
- Invested in the development of concentrated solar photovoltaic and geothermal technologies
- Commenced collaboration on the development of tidal energy technology with Atlantis
- Continued towards reducing CLP's Group equity CO_2 intensity. As at 31 December 2008, our CO_2 intensity was 0.84kg CO_2/kWh
- Raised non-carbon emitting generation capacity (by equity) to 12.3%

2009 and beyond

- Work towards reducing the equity CO_2 intensity of our power generation portfolio towards 0.2kg CO_2/kWh by 2050
- Increase our non-carbon emitting generation capacity (by equity) to 20% by 2020
- Continue to reduce reliance on conventional coal-fired generation

Ensure the capacity of renewable energy in CLP's power generation portfolio is at least 5% (equity basis) by 2010

2008

- Increased renewable energy capacity (excluding hydro plants larger than 100MW) to 6.5% (817MW) of our generation capacity (by equity). Total renewable energy capacity (by equity) was 8.4% (1,066MW)
- Commissioned Weihai II, Rongcheng, and Datong wind farms and Boxing biomass combined heat and power plant in the Chinese mainland
- Acquired Yang_er hydro plant in the Chinese mainland
- Completed ground investigations and a trial foundation test at the proposed site for the offshore wind project in Hong Kong

2009 and beyond

- Continue to develop renewable energy projects
- Continue to invest in the development of renewable energy technologies
- Complete the environmental feasibility assessment for the offshore wind farm study in Hong Kong

Take further steps towards assuring the availability of natural gas in Hong Kong by early next decade

2008

- Took forward the Memorandum of Understanding (MOU) between the Government of Hong Kong SAR and the Central People's Government on cross border energy supply
- Commenced discussions under the MOU with counterparts at the National Development and Reform Commission and other mainland parties
- Commenced negotiations with PetroChina and Shenzhen Gas to jointly develop a new LNG receiving terminal in the mainland to supply natural gas to Hong Kong

2009 and beyond

- Continue to work towards securing sufficient gas supply through the MOU by 2013, when our gas supply from the Yacheng gas field is predicted to deplete

Take forward our plan to raise the environmental performance of our coal-fired plant in Hong Kong, including the installation of Flue Gas Desulphurisation (FGD) and NO_X reduction facilities

2008

- Worked on over 100 permits and approvals, with over 1,500 staff dedicated to retrofit and commission of large equipment over 5 storeys high, while still meeting the daily electricity demand of our Hong Kong customers
- Completed relocation of existing facilities to make space for new equipment
- Commenced delivery and installation of equipment items for FGD and NO_X reduction facilities on site

2009 and beyond

- Obtain permit approvals from government departments
- Meet target dates of phased commissioning in 2010 and 2011

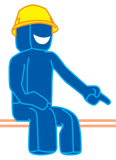
Operate our business with zero injuries and extend the disabling injury incident-free period beyond the existing best record for each facility and business unit

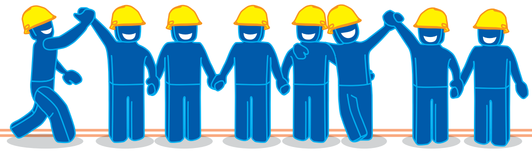
2008

- Suffered 1 contractor fatality at Fangchenggang, China, investigation of which was completed and measures in place, and 2 at Ho-Ping, Taiwan which are currently being investigated
- Suffered a contractor traffic fatality at the construction site of the newly acquired Yang_er hydro station in the Chinese mainland before CLP was able to implement its safety standards
- Achieved good safety performance in some divisions with Black Point in Hong Kong achieving 11 years without a lost itme injury to their employees, GPEC in India 10 years and Iona in Australia 9 years
- Avoided disabling injury at the construction site of Jiangbian hydro station which is located at a challenging location
- Completed internal peer reviews of safety management systems at 4 facilities and 12 safety compliance audits at high risk sites
- Renewed Safety Policy to establish consistency across the Group, while enhancing capability of executives on safety leadership and skills

2009 and beyond

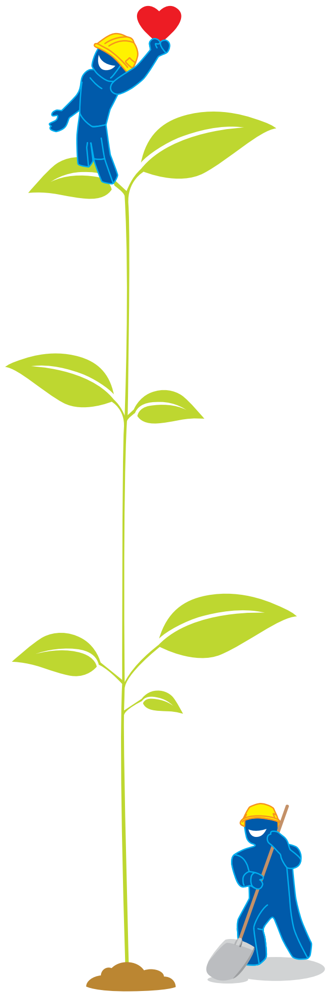
- Achieve a 50% improvement over 2008 safety performance by 2010
- Continue the safety plan initiatives including new standards implementation, capability development and survey
- Continue the rolling internal peer reviews and audits at our majority owned and/or operational control facilities
- Establish a Safety and Health IT platform to support regional safety management
- Implement Group Crisis Management Policy including Group-wide drill





Community Investment Highlights

Promoting good corporate citizenship is an ongoing effort across the CLP Group. We do this through investment in initiatives that can produce positive impact on community development, particularly in the areas of education, health and environment. We also encourage staff volunteering service to support local communities. We see the growing challenge of climate change and will actively promote the awareness of environmental concerns and care for our Earth among both internal and external stakeholders.



2008

- Supported a wide spectrum of programmes to promote environmental care, education and community health
- Launched our 5-Year Regional Tree Planting Programme and planted 250,000 trees
- Ran the Young Power Programme for the tenth year in Hong Kong
- Supported projects to raise the literacy level of rural children and reduce the number of school drop-outs in India
- Introduced a series of online and printed education materials to promote the awareness of climate change amongst staff and in the public
- Supported disaster relief activities for Sichuan earthquake and China's snowstorm as well as staff volunteering activities in the region

2009 and beyond

- Expand the Young Power Programme regionally and continue to support local education projects
- Add more sites to our regional tree planting programme and promote its value to sustainability
- Increase staff volunteering activities across the Group, particularly in the areas of health and education

Key GRI Performance Indicators

CLP's Sustainability Report (SR) includes elements and indicators recommended in the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines, an international framework on sustainability reporting. We selected key indicators as listed below from the GRI G3 Guidelines to provide readers a quick overview of our performance. Independently verified performance data of each of our facilities within the scope of reporting are available in the online SR. Our online SR provides GRI A+ level coverage per the G3 Guidelines.

GRI Reference	Performance Indicators	Year 2008	Year 2007	Year 2006	Units
Economic Performance					
EC1	Total revenue	**54,297**	50,789	45,702	HK$ million
	Electricity business in Hong Kong	**30,191**	29,684	29,293	HK$ million
	Energy business outside Hong Kong	**23,822**	20,879	16,143	HK$ million
	Others	**284**	226	266	HK$ million
	Total earnings	**10,423**	10,608	9,900	HK$ million
	Total assets, including leased assets (as at 31 December)	**132,831**	136,277	131,091	HK$ million
	Shareholders' funds (as at 31 December)	**63,017**	63,901	55,838	HK$ million
	Dividends per share	**2.48**	2.48	2.41	HK$
	Return on equity	**16.4**	17.7	18.6	%
Environmental Performance					
EN3	Coal consumed (for power generation)(1)	**475,383**	447,163 (1)	411,061	TJ
	Gas consumed (for power generation)	**105,821**	93,763 (2)	143,094	TJ
	Oil consumed (for power generation)	**6,518** (3)	908	1,385	TJ
EN6	Capacity of renewable energy in power generation portfolio (equity basis)(4) (5)	**6.5**	>5	2.6	%
	Renewable energy capacity (equity basis)(4) (5)	**817**	582	286	MW
	Capacity of total renewable energy in power generation portfolio (equity basis)(4)	**8.4**	-	-	%
	Total renewable energy capacity (equity basis)(4)	**1,066**	-	-	MW
EN8	Total make up water consumed for power generation(6)	**36.99**	35.16	40.77	Mm^3
EN16	Carbon dioxide emissions (CO_2) (from direct combustion)(6) (7)	**47,276** (8)	37,505	45,215	kT
EN20	Nitrogen oxides emissions (NO_x)	**53.3** (8)	63.6	53.5	kT
	Sulphur dioxide emissions (SO_2)	**78.0** (8)	140.5	117.7	kT
	Particulates emissions	**8.2** (8)	7.8	7.9	kT
EN21	Total water discharge (from power generation)	**17.35**	17.33 (9)	17.08	Mm^3
Social Performance					
LA1	Total Employees	**5,717**	5,695	6,087	number
	Hong Kong	**4,165**	4,238	4,212	number
	Chinese Mainland	**525**	420	383	number
	Australia	**856**	890	1,260	number
	India	**143**	119	116	number
	Other locations	**28**	28	116	number
	Total part-time staff and interns	**117**	142	198	number
LA7	Fatality (employees only)(6)	**0**	0	0	number
	Days lost/charged (employees only)(6)	**109**	39	5	number
LA10	Training per employee	**5.9**	6.5	5.0	average man days
LA12	Employees receiving regular performance and career development reviews	**100**	100	100	%
SO2	Convicted case of corruption	**0**	0	0	case
SO8	Breach of Code of Conduct	**8**	9	8	case

Notes:

(1) Includes auxiliary fuel oil used in Yallourn. 2007 data revised to include auxiliary fuel oil used in Yallourn.

(2) Updated to reflect alignment of calculation and reporting methodologies of gas consumed data in Hong Kong.

(3) Does not include distillate consumed at Hallett.

(4) "Equity basis" includes all majority and minority share facilities.

(5) Excluding hydro plants with capacity larger than 100MW.

(6) BLCP is not included in 2007 data and Huaiji is not included in 2007 and 2008 data because independently verified data were not available.

(7) Includes data for Yallourn and Hallett in CO_2e.

(8) Fangchenggang not included because independently verified data were not available.

(9) Data revised to include wastewater discharge from Anshun II.

Overall Assurance and Verification

The assurance and verification process for our Sustainability Report is multi-fold. Both quantitative data and qualitative statements are verified by independent third parties. On the data side, verified information includes Group CO_2 emissions intensity, renewable energy and non-carbon emitting generation capacities in our power generation portfolio. Independently verified performance statistics are available in the online Sustainability Report A copy of the verification statements of each can be made available upon written request. The qualitative information in this Sustainability Report is also verified by an independent third party. The verification statement is shown below.

Assurance and Verification of this Report

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SustainAsia Ltd has been commissioned by CLP Holdings (CLP) to provide independent verification of CLP's 2008 Sustainability Report – In Essence (this Executive Summary), which is a summary of the online report. This Executive Summary is issued along with CLP's 2008 Annual Report.

Scope of verification and methodology

The verification process was performed over the January – February 2009 period and its objective was to provide an independent opinion on the accuracy and robustness of the information presented in this Executive Summary, and on its consistency with CLP's online Sustainability Report 2008.

SustainAsia's scope of verification was limited to the qualitative information presented in this Executive Summary and excluded quantitative indicators and financial information.

SustainAsia selected a representative sample of qualitative statements in the draft report (English version) for verification, through applying AccountAbility's Five Part Materiality Test. The verification was conducted through desktop review of report content, online questionnaires, documentation review and interviews of designated CLP personnel.

As a result of this process, SustainAsia has made some observations and suggested minor adjustments and amendments to the original draft Executive Summary. We have also made recommendations to improve CLP sustainability management and reporting system.

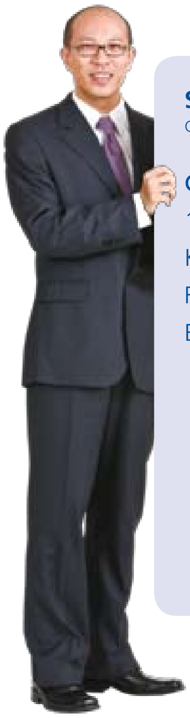
Conclusion

Within the scope of our assignment, we have assessed the qualitative statements sampled from this Executive Summary and verified their accuracy. We believe they offer a highlight of CLP's sustainability challenges consistent with the online Sustainability Report 2008.

Christophe Bongars
Chief Executive Officer, SustainAsia Ltd

Hong Kong, 27 February 2009

How can you contact us?



Simeon Cheng
Group Environmental Manager

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We invite you to give feedback on our report and performance. You may use our online feedback form, the feedback form that accompanies this SRe or your own chosen format.

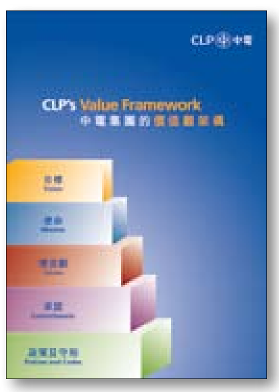
Electronic version of this SRe and related CLP publications can be downloaded from www.clpgroup.com. We encourage you to save paper by using electronic versions where practical. If you would like a paper copy of this SRe or related CLP publications, kindly send a written request to Simeon Cheng by email, fax or post.

We pledge to donate HK$60 to a charitable organisation for each shareholder who elects to receive corporate communications electronically, and for each feedback that we receive on the Sustainability Report. Total donation amounted to HK$191,000 was made in 2008 to the Hong Kong Association for Specific Learning Disabilities (HKASLD). This donation was applied to the HKASLD's "Play Classroom" project which is designed to develop an enjoyable environment for dyslexic children to learn and improve their visual, auditory, motor coordination and memorising skills.

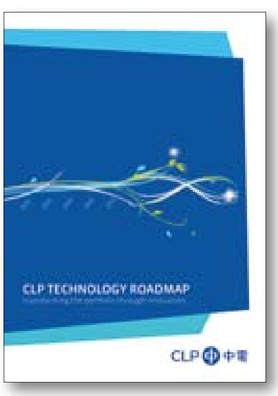
Related CLP Publications

CLP Holdings 2008 Annual Report

CLP Group
Online 2008 Sustainability Report
www.clpgroup.com/sustainability



CLP's Value Framework



CLP Technology Roadmap

CLP's Climate Vision 2050
– Our Manifesto on Climate Change

TRUenergy
2007 Social and Environmental Report
www.truenergy.com.au

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CLP 中電

Readers' Feedback

Your feedback is important in helping us improve our sustainability performance as well as future reporting. Please take a few minutes to give us your views and return this form by fax or mail. If you wish to revert your comments online, an electronic version is available at our website www.clpgroup.com/sustainability

For every person who provides feedback, we will donate HK$60 to the Hong Kong Breast Cancer Foundation, up to a maximum total of HK$100,000. In our 2008 Annual Report, CLP has separately pledged a donation of HK$60 to the same organisation for each shareholder who elects for electronic communication instead of his or her previous choice of printed form.

1. Your view of our:

Reporting Quality	☐ Excellent	☐ Good	☐ Fair	☐ Poor
Performance	☐ Excellent	☐ Good	☐ Fair	☐ Poor

2. If you ticked "Excellent" or "Good", what did we do best? (you may choose more than one)

Reporting Quality ☐ Conciseness ☐ Design & Layout ☐ Readability ☐ Credibility

Others: ____________________

Performance ☐ Air Quality ☐ Climate Change ☐ Community ☐ Safety

Others: ____________________

3. If you ticked "Fair" or "Poor", what do we need to improve most? (you may choose more than one)

Reporting Quality ☐ Conciseness ☐ Design & Layout ☐ Readability ☐ Credibility

Others: ____________________

Performance ☐ Air Quality ☐ Climate Change ☐ Community ☐ Safety

Others: ____________________

4. Your view of our content:

Depth	☐ Suitable	☐ Too detailed	☐ Too brief
Coverage	☐ Suitable	☐ Too broad	☐ Too narrow

5. Any other comments/suggestions?

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Please send your comments to:

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Email: SRfeedback@clp.com.hk

In September 2009, we will send a feedback summary along with our responses to those who provide feedback. If you would like a response, please provide your contact information or send an email to SRfeedback@clp.com.hk

Name: ____________________

Email: ____________________

Mailing Address: ____________________

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香港乳癌基金會
HK Breast Cancer
Foundation

Hong Kong Breast Cancer Foundation (HKBCF) is a charity dedicated to education, support service and advocacy on breast cancer in Hong Kong. HKBCF's "Free Mammography Screening Financial Assistance Program for Low-income Female" aims to provide low-income women access to timely, high-quality mammogram screening and diagnostic services, as well as knowledge of breast healthcare. The project will benefit around 400 low-income women aged between 40 and 59.

Tel : (852) 2525 6033 Fax : (852) 2525 6233 www.hkbcf.org