



Mini-marathon at Black Point Power Station

CLP provides a safe, healthy and fulfilling work environment for our employees, with fair remuneration, fair management and opportunities for learning and professional development.

CLP's workforce is characterised by:–

- Stability and loyalty (an average turnover of 3% and an average length of service of 15 years); and
- A high level of technical and professional skills.

These characteristics reflect CLP's background as a longstanding Hong Kong utility and the need for experience, continuity and skills to ensure the ongoing quality and reliability of electricity supply to our

customers. In recent years, we have also been acquiring the human resources skills necessary to support the successful development of the Group's businesses outside Hong Kong.

Strategies

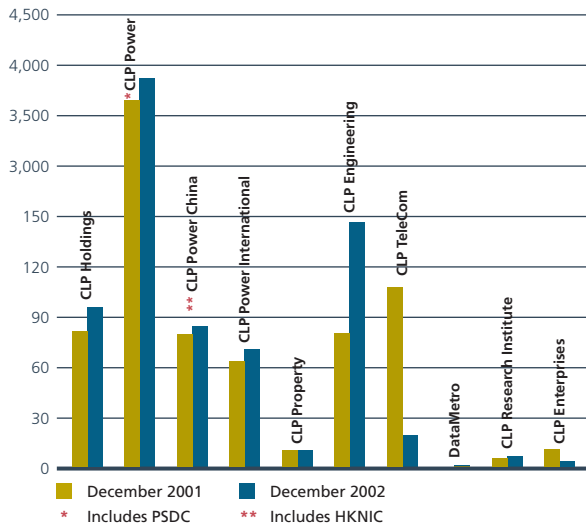
CLP's human resources strategy is to continue to build a winning organisation which shares a common vision and values. To achieve this, we must:–

- Build up our talent pool and leadership strength;
- Enhance the performance culture; and
- Align shared vision and values through constant communication.

In 2002, a range of human resources initiatives were taken to further these goals.

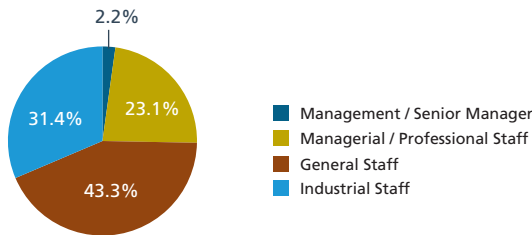
Employees in the CLP Group

Total employees as at 31 December 2002 was 4,303

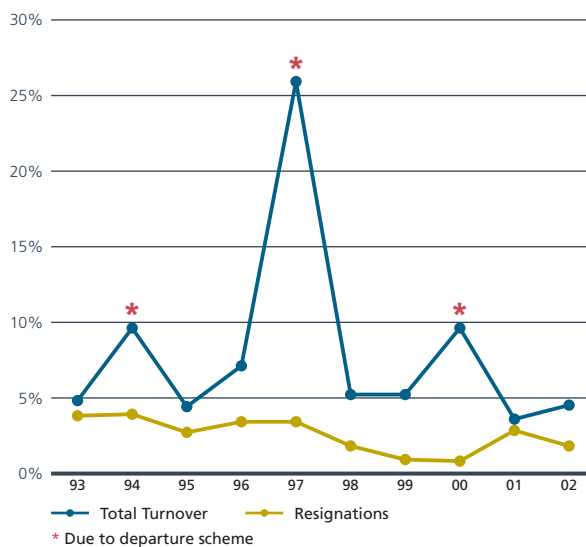


Employees by Category

Total: 4,303



Employee Turnover



Leadership and Talent Development

CLP's leadership and talent development is designed to ensure:-

- Optimal leadership strength and a diversified pool of young talent; and
- Possession of skills and human resources for business excellence and evolving business needs.

Our policy to invest in future leaders is expressed in CLP's Management Development and Succession Planning. This features early identification of high potential individuals through a set of structured processes and clearly defined criteria. In 2002, around 100 potential future leaders were identified and their career development was closely reviewed by Senior Management, under the direction of the Group Managing Director, who meet three times a year to review the succession arrangements and progress of high potential individuals. Internal successors have been identified for 70% of key management positions.

Other activities to enhance management development and leadership skills are in place:-

- Development Centre, a systematic process to assess development needs, helps our future leaders identify areas that need focused development. In 2002, 44 potential future leaders went through the assessment process and their development plans are continuously monitored;
- Critical job experience and exposure acquired through job rotation and special assignment are identified and planned for potential future leaders; and
- Executive development programmes, such as Leadership Development Programme and Accelerating Management Programme, are in place for our younger professionals. In 2002, our executive training amounted to 1,249 man-days (2001: 786 man-days).

The annual performance assessment of every member of staff identifies his or her training and development needs, which are then systematically followed up. In 2002, 30,930 man-days were allocated to staff training and development (2001:23,947 man-days).

Talent Acquisition

In 2002, we launched the CLP Executive Programme. This is designed to attract and develop future leaders through a structured programme of mentoring, job rotation, cross-functional project assignments and tailored career development.

Eight young professionals (from over 870 applicants), with business experience and a master's degree from leading universities, were recruited through a worldwide talent acquisition programme. They will go through a fast-track programme to develop both functional expertise and broader corporate and general management skills.

We have also continued the CLP Internship Programme (CIP) which encourages students to join CLP for a summer or 12-month secondment. The students are guided by a dedicated mentor and are given specific project assignments, deliverables and learning objectives. The CIP has an excellent reputation with local universities and students. In 2002, more than 50 interns joined CLP on this Programme, a tenfold increase compared to five years ago.

Reward for Performance

CLP fosters a performance-oriented organisation. Our "pay-for-performance" remuneration system consists of two components – base compensation and annual incentive. Base compensation is reviewed annually, taking into consideration the competitive market position, market practice and individual performance. Staff receive an annual incentive determined by the achievement of pre-set individual, functional, corporate and CLP Group objectives. This has replaced the previous fixed bonus and allowances. The incentive award ranges from zero to twice the target award.

Major benefit programmes were also revised to support our pay philosophy. A Defined Contribution Retirement Scheme was established in 2000 and, by 2002, all of our eligible employees participated in this Scheme. The Scheme allows employees to take an active part in planning their retirement life by making investment choices appropriate to their own personal preferences. A Provident Fund Sub-Committee was established, with three employee representatives elected as members, to review and monitor the performance of relevant service providers and to reflect employees' views and suggestions. Investment education seminars were organised for staff.

Other major benefit programmes such as medical cover and annual leave policies were further revised in 2002 to align with market practices.

Shared Vision

In May 2002, we launched "My Workplace", an Intranet web page, as a one-stop shop for all information that relates to CLP's employees wherever they are employed in the Group.

In addition to the established channels such as Joint Consultative Committees and team briefings, roadshows were used as a two-way communication tool to enhance understanding between Management and employees on specific issues. A number of large scale roadshows were conducted in 2002 to communicate key messages and common concerns to our staff, including business direction goals, remuneration review and value framework. These efforts further consolidated a shared vision which enhances teamwork and the quality of our collective effort.

