



Outlook



CLP will continue to pursue initiatives to meet our targets set down in our Climate Vision 2050 manifesto. This will inherently lead to a continuation of renewable energy and other lower carbon generation development in our service areas, unless government policies become less supportive. For that matter, we are watching policy development closely. We will follow our commitment of not pursuing conventional coal-fired projects in developed countries and give careful consideration to all **economic**, **environmental**, and **social** factors before we do so in developing countries.

Hong Kong



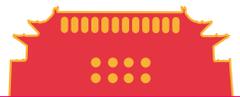
'Towards a Greener Pearl River Delta – a Roadmap for Clean Energy Generation for Hong Kong' issued in 2009, set out CLP's vision for our Hong Kong energy supply for the next 10 years. Our customers in Hong Kong have been receiving reliable energy supply from CLP for decades, and it is our **social** responsibility to continue this outstanding record. We will strive towards a cleaner fuel mix with additional emissions controls, in order to contribute towards improving Hong Kong's air quality and **environment**. We will also continue to support government initiatives such as developing charging infrastructure for electric vehicles, and promoting energy efficiency both within CLP and to our customers. All these will be done with sound **economic** contribution to our bottom line, in order to fulfill our responsibilities to shareholders and yet bearing in mind the tariff concerns of our customers.

Australia



The major challenge for our business in Australia will continue to be uncertainties surrounding the proposed carbon trading legislation, given its political uncertainty. Its current form severely limits the ability of brown coal-fired generators such as TRUenergy, to invest in new opportunities. Given the right **economic** incentives, coupled with **social** demands, the need to transition Australia to cleaner generation for a more sustainable **environment**, is likely to create opportunities for new investments, particularly in new gas-fired capacity, as well as renewable energy.

Chinese Mainland



In the Chinese Mainland, we are gradually repositioning CLP's presence away from coal-fired generation towards lower emitting generating sources, including natural gas, renewable energy and nuclear power. There are supporting policies in the Chinese Mainland which allow us to pursue these alternative energy sources economically. Furthermore, as the Chinese Mainland becomes a major economic force in the world, there will be increasing **social** pressure in China to move towards greater measures in **environmental** protection while it continues to pursue its **economic** development.

India



In India, we have the opportunity to build a balanced portfolio including a range of generation technologies and transmission projects. Government policies in India are supportive to **environmentally** friendly renewable energy but there is a clear **social** dimension to our projects in India in terms of energy security. Our growth in India will be consistent with the CLP Group's Climate Change Strategy and aligned with our values, but our proposals must be also be **economically** competitive. Winning our Jhajjar Power Station project is a clear demonstration of our efforts in trying to balance social, environmental and economic concerns.

In the rest of Asia, we will apply the same strategy of an integrated approach but with local-specific considerations on all economic, social and environmental aspects when reaching our business decisions.

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CLP has been devoting increasing efforts to sustainable development over the last decade. How could CLP ensure an optimal balance of economic, social and environmental interests in our investment portfolio? How could CLP engage and even earn support from all different stakeholders (e.g. shareholders, lenders and communities) to our long-term commitment to sustainable development?

When CLP considers new investments, it will undertake certain pre-investment requirements that look at environmental and social aspects as well as economic viability. More specifically, prior to being presented before the Investment Committee (IC) for approval (or pre-approval), all our potential new investment projects are assessed for social and environmental risks in addition to the typical business risks, with input from a number of functional units including Group Human Resources, Group Public Affairs and Group Environmental Affairs. At the IC meeting, relevant members of Senior Management have the opportunity to further query or elaborate on the assessment.

To earn support from our stakeholders, we need to earn their trust. Trying to balance the economic, social and environmental aspects is already a challenge. But trying to communicate our decisions when we have different types of projects ranging from small renewable energy projects to large baseload fossil-fuelled power plants, spanning over different markets in both regulated and de-regulated but mostly developing ones, under various political and regulatory regimes, is even more challenging. It is easy to appear inconsistent when 'one size does not fit all'. The only solution is to be honest and transparent.

Hence, to earn the trust of our stakeholders, we must communicate with them in an open and honest manner as well as on a regular basis. Sharing of expectations, challenges and experience is essential to fostering the mutual understanding and capacity for arriving at solutions that help strike the balance necessary for the sustainable development of both the community and our business.

Towards this end, this year we have presented a case study on the new coal-fired Jhajjar Power Station in India, in our 2009 Online Sustainability Report. In this case study, we summarise our key decision-making challenges so that our stakeholders can feedback to us their concerns and views on our process and decisions made.