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Strategic focus and orientation

Insight into CLP's strategy and how that relates to its ability to create value.

The CEO's Strategic Review (page 10) is an example of our openness about CLP's strategy and how this aims to enhance future value for our shareholders.

Connectivity of information

The connections between the elements which are material to CLP's ability to create value over time.

For CLP "integrated reporting" means linking this Annual Report with all other information available to our stakeholders, including our online Sustainability Report and the wealth of information available on our website (www.clpgroup.com) and in our other publications. These give you a connected view of our performance on economic, social and environmental aspects of our activities. To help readers, we have highlighted those areas of this Annual Report where further information is available in the online Sustainability Report or on our website, by using the symbols  and .

Stakeholders' responsiveness

The quality of CLP's relationships with key stakeholders.

We make a point of explaining CLP relationships with key stakeholders such as shareholders, lenders, employees, customers and the wider community in which we operate. The nature of our business requires effective engagement with governments, politicians and key decision makers – the importance of this is recognised in the presentation of each of our key business streams (pages 38 to 63) of this Annual Report.

Integrated Reporting


In last year's Annual Report we moved towards the concept of integrated reporting, as envisaged by the International Integrated Reporting Council (IIRC – www.theiirc.org). The IIRC described Integrated Reporting as that which "brings together material information about an organisation's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates. It provides a clear and concise representation of how an organisation demonstrates stewardship and how it creates and sustains value".

CLP's mission is to produce and supply energy with minimal environmental impact to create value for shareholders, employees and the wider community. Given this, we believe that integrated reporting is appropriate as a means to explain to our stakeholders, especially our capital providers, how our strategy, governance, performance and prospects are intended to create value over the short, medium and long term.

In November 2012, the IIRC published a "Prototype Framework" to help businesses determine the best way to explain how they create value and to do so in a meaningful and transparent way. This Annual Report has been guided by the Prototype Framework. We have not followed the Framework rigidly. Instead we have adopted an approach contemplated by the Hong Kong Institute of Certified Public Accountants by identifying and focusing our reporting on matters that are material to our long-term sustainability and drawing what is necessary from the Framework to facilitate that reporting. For example, we have used the six "Guiding Principles", set out on this page, which the IIRC suggests should underpin the preparation of an integrated report. We have also followed the Prototype Framework by describing the various "capitals" on which our business depends: manufactured, financial, intellectual, relationship, human and environmental. These are all, in one form or another, inputs to CLP's business model.



Reliability

The information we give should be reliable.

Our governance processes, which are described in the Corporate Governance Report in this Annual Report (page 93) are essential to ensuring the honesty, accuracy and reliability of the information set out in the Annual Report and our online Sustainability Report. We apply the same level of discipline and quality control to the environmental and social information we disclose, as we do to our Financial Statements, since all are important to our stakeholders. 

Materiality and conciseness

Providing concise information that is material to assessing our ability to create value.

It is a challenge to describe a business of the size, geographic range, technological diversity and complexity of CLP in a succinct manner. In addition to this Annual Report, we use the online Sustainability Report and the information on our website to help stakeholders make their own choice about the breadth of information which they wish to access in order to make informed decisions about their capital allocation (in the case of investors and lenders) and their wider dealings with CLP.  

Comparability and consistency

Information is presented in a way that enables comparison with other organisations and on a basis which is consistent over time.

We use widely recognised benchmarks (such as in respect of our safety performance). We measure CLP's performance on matters such as tariff, customer turnover, investment returns and many other elements against wider market references whenever this creates a better understanding of our performance.