

26 January 2014

### **CLP statement on ex-gratia payment for standby duties**

CLP would like to make the following statement on the issue of the ex-gratia payment to employees for standby duties raised by a CLP union today:

CLP is committed to providing a safe and reliable electricity supply to the community. As part of this commitment, employees responsible for supporting power generation, power supply system and power engineering-related tasks occasionally have to undertake standby duties outside normal working hours, and report for duty swiftly to handle emergency situations that affect the city's electricity supply.

Employees are our most valuable asset and their well-being and workload is always a matter of concern to us. We constantly strive to both ensure supply reliability and maintain a good work-life balance of our employees.

A cross-functional team was set up last year to review and streamline the standby arrangements. Under the new arrangements, which are streamlined and more clearly defined, relatively fewer employees are required to undertake standby duties on a daily basis, and the standby frequency for some employees will also be reduced. The new standby arrangements will take effect from 1 February, 2014.

The company has also decided to offer a one-off ex-gratia payment to employees who have performed emergency standby duties over the past six years. Some 1,800 employees are entitled to receive the ex-gratia payment, which is unrelated to the standby allowances paid in the past.

To determine the amount of the ex-gratia payment, we have examined market practices and set the payment level for each employee using four factors: (1) Job Grade Related Salary (2) Standby Frequency (3) Work Intensity and (4) Number of Relevant Years. This process has been reviewed and endorsed by an independent actuarial consultant. Because of the way the payment is calculated, the amount paid to employees differs from individual to individual.

We have communicated with employees from different departments throughout the review process and informed of the relevant arrangements. A letter has been sent out to employees to explain in detail the new standby arrangements and the ex-gratia payment. Individual employees who have queries about the calculation of the ex-gratia payment can contact our Human Resources department directly.

CLP greatly appreciates the efforts of employees who undertake standby duties. The indispensable contribution that employees make in maintaining a safe and reliable electricity supply has always been recognised. We understand that some employees have different opinions about the new arrangements and we are happy to discuss this further with them.

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**About CLP Power Hong Kong Limited**

CLP Power Hong Kong Limited (“CLP Power”) is a Hong Kong utility subsidiary wholly owned by CLP Holdings Limited, a company listed on the Hong Kong Stock Exchange and one of the largest investor-owned power businesses in Asia. CLP Power operates a vertically integrated electricity supply business in Hong Kong, and provides a highly reliable supply of electricity and excellent customer service to 5.8 million people in its supply area.

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