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CLP Power Secures JPY15 Billion through Emission Reduction-linked Term Loan Facility

CLP Power Hong Kong Limited (CLP Power) has successfully closed a JPY15 billion (HK\$1 billion) syndicated emission reduction-linked term loan facility in Japan, marking its first environmental, social and governance (ESG)-linked facility secured in the Japanese financial market.

The general syndication of the transaction was closed on 22 March 2022, marking CLP Power's fourth direct cross-border loan from regional and city banks based in Japan as it strives to diversify its debt portfolio through arranging a wide range of financial instruments in various geographical regions to achieve cost efficiency. The latest facility, which will be used for general corporate purposes, comes after CLP Power arranged three separate cross-border loans of JPY12 billion in 2013, JPY26 billion in 2014, and US\$125 million in 2015 in the country.

The terms of the latest facility included performance targets linked to levels of air emissions, including sulphur dioxide, nitrogen oxides and respirable suspended particulates, within a reducing annual maximum output level. ESG features have been included in almost all newly-arranged financing facilities by CLP Power's regulated business, including the HK\$4.4 billion of emission reduction-linked facilities arranged by CLP Power and Castle Peak Power Company Ltd. in 2021.

Mr Nicolas Tissot, Chief Financial Officer of CLP Holdings Limited, said, "We are definitely seeing a growing interest in sustainable financing from investors and banks as a result of a sharper consideration of ESG factors, alongside financial factors, in their investment decision-making process. This is absolutely in line with CLP's commitment to work with our key stakeholders, including capital providers, to carry out more socially-responsible, sustainable financing to support our decarbonisation investments as part of our Climate Vision 2050."

Mr T K Chiang, Managing Director of CLP Power Hong Kong Limited, said, "CLP Power has been actively supporting the Hong Kong Government's goals to achieve carbon neutrality by 2050. As we continue to decarbonise our portfolio of generation assets and evolve our business model to support our customers to improve energy efficiency, we are glad to see more capital flow being channelled into sustainable financing to fund our decarbonisation plans."

For the transaction, MUFG Bank, Ltd. (MUFG) was granted the first sole mandate with multiple exclusive roles including the Sole Mandated Lead Arranger, Bookrunners and Underwriters, Sole Sustainability Coordinator, Sole Swap Bank and Facility Agent. The transaction received overwhelming market response, leveraging MUFG's extensive distribution network and in-depth understanding in the credit appetite of Japanese investors.

Mr Tony Lee, MUFG's Head of Global Corporate Banking, East Asia, said, "This emission reduction-linked financing accentuates MUFG's commitment to support our clients in achieving their ESG objectives, and we are privileged to collaborate with CLP Power in its decarbonisation journey to create a positive environmental impact. This landmark transaction also demonstrates our ability to leverage our extensive network in the Japanese financial market to deepen the investor bandwidth for our clients."

Mr Augusto King, MUFG's Managing Director, Co-Head of DCM, Asia-Pacific, said, "MUFG is honored to act as the sole leading bank to arrange this debut Samurai syndicated emission reduction-linked term loan facility for CLP Power. The facility was innovatively structured to mobilise capital from Japan to support the company's energy transition. As ESG commitments and performance receive greater attention in Asia's capital markets, we will continue to support like-minded clients in advancing their sustainability priorities with tailored solutions leveraging our global coverage network and capabilities."

About CLP Power Hong Kong Limited

CLP Power Hong Kong Limited ("CLP Power") is the 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 services to six million people in its supply area. In 2021, CLP celebrated the 120th anniversary of its founding in Hong Kong with a commitment to continue to move forward with the community based on a shared vision of a better tomorrow.

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