

China Power Successfully Issues First National CCER Carbon Emission Reduction Bond

On April 25, 2024, China Power issued the first phase of its 2024 Panda Green Medium-Term Notes (Sustainable Linked), marking the successful landing of the first national CCER carbon emission reduction-linked bond, realizing carbon finance of CNY 2 billion. This 3-year bond achieves two "firsts" and one "lowest": it innovatively links the CCER development volume as a key performance indicator to the bond interest rate for the first time in China; it innovatively uses the first national carbon insurance in the CCER market as a risk protection; and it sets a new low for China Power's medium-term bonds and is also the lowest interest rate for public bonds of the same maturity ever issued by a centralized enterprise, with an interest rate of 1.3% lower than that of the original outstanding loans and a cumulative interest cost saving of approximately CNY 78 million over three years. On April 10, 2024, seven ministries of the State Council of the People's Republic of China, including the People's Bank of China issued the *Guiding Opinions on Further Strengthening Financial Support for Green and Low-Carbon Development*, proposing to explore and enrich financial products linked to carbon emission rights. This bond is linked to CCER carbon assets, sets GHG voluntary emission reduction performance targets and links them to bond interest rates, makes emission reduction commitments to the public and investors, and uses product innovation to achieve effective linkage between the bond market and the national voluntary emission reduction trading market. At the same time, the funds raised will be invested in the green industry sector, which is both a positive response to the guidelines and an exploration to help build the national CCER market. China Power will take the "carbon peaking and carbon neutrality" goals as a guide, further expand innovation, use green funds to support low-carbon technology innovation, and contribute the strength of the central energy enterprise to the implementation of the national climate change response strategy.