Hanwha Energy USA Green Financing Framework

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1. Background

Hanwha Energy USA Holdings Corporation (dba 174 Power Global) (the "**Company**" or "**Hanwha Energy USA**") is a U.S. based solar project development company arm of Hanwha Group, which is a Fortune Global 500 firm and is the 7th largest conglomerate in South Korea with primary businesses in the chemical, aerospace, mechatronics, solar energy and finance sectors.

The Company together with other affiliate companies in the Hanwha Group (namely, Hanwha Solutions Corporation (Hanwha Q Cells), which manufactures EVA+Back sheets, PV cells and modules), is able to provide an integrated photovoltaic value chain to its customers. While Hanwha Energy USA is an independent development business, it has access to all the resources, expertise and experience of Hanwha Group. As of May 2022, the total installed capacity of solar power projects and ESS developed and sold by the Company is approximately 1,500 MWdc and 550MWh, respectively, not including projects currently under operation. The total installed capacity of solar power projects currently being developed is approximately 5,500 MWdc and 7,800 MWh of ESS.

The Company aims to provide sustainable and eco-friendly electricity to surrounding locales through the utilization of affordable energy sources, and as part of doing so, focuses on project development businesses covering the supply of electricity through eco-friendly photovoltaic energy.

Along with the photovoltaic development businesses, the Company provides a total energy solution and platform based on Energy Storage System ("**ESS**"). Such technology refers to the preliminary storage of energy produced by other energy sources, including photovoltaic energy, and timely use of energy when needed, thereby improving energy efficiency and ensuring stable energy supplies. Hanwha Energy USA believes that this technology will act as an important energy infrastructure that leads to the achievement of greenhouse gas reduction while promoting low-carbon green growth.

Since photovoltaic projects tend to remain in a region for a long period of time once developed, Hanwha Energy USA takes the responsibilities of project environmental and social risks assessment and mitigation seriously. For example, from land procurement to acquisition of permits, the Company coordinates with federal, state, and municipal entities to assess and mitigate potential risks in order to minimize negative environmental and social impacts. A rigorous environmental study program is implemented in the early stage of development for every project, including studies to assess risks to waters of the U.S., wildlife, sensitive plants/ecosystems, cultural resources, noise or glare sensitive receptors, and socioeconomics. Where appropriate, applicable agencies are consulted and formal and/or informal opinions are obtained. Further, regardless of the requirements of authorities having jurisdiction, the Company implements a public involvement program that includes soliciting feedback through public meetings, mailings, and websites. Project design is tailored to meet the expectations of the community, where possible, and dialog is open with adjacent landowners.

Occupational health and safety risks during project implementation are carefully mitigated by selecting only engineering, procurement, and construction (EPC) contractors with stringent, documented health and safety protocols and a superior safety record.

2. The Hanwha Energy USA Green Bond Framework (the "Framework")

The Company intends to use this Framework as the basis to issue Green Bonds (including public and private placement format). This Framework is in line with ICMA's Green Bond Principles[1] and its four key pillars: (i) Use of proceeds; (ii) Process for project evaluation and selection; (iii) Management of proceeds, and (iv) Reporting.

a. Use of Proceeds

The proceeds of the issuance of each Green Bond ("**Proceeds**") will be used to finance and/or re-finance, in whole or in part, green projects which meet the eligibility criteria of the following eligible green project categories ("**Eligible Green Projects**"), as defined below. A maximum 3-year look-back period would be applied for refinanced projects.

Eligible Green Project Category	Eligibility Criteria	Key Environmental Objectives
Renewable Energy	▪ Development, construction, installation, operation, maintenance, and the procurement of components and parts of solar energy production units	Climate Change Mitigation
Energy Storage System and Grids	▪ Research and development ("R&D"), construction, manufacturing, installation, operation and maintenance and augmentation of energy storage systems and facilities ▪ Installation and operation of utility-scale batteries	
Green Hydrogen	▪ Production of green hydrogen using 100% renewable energy ▪ R&D, manufacturing, operation and maintenance of hydrogen charging systems to facilitate the development of hydrogen-fuelled mobility solutions	

Exclusion Criteria

For the avoidance of doubt, Hanwha Energy USA commits to not knowingly allocating the Proceeds to the following projects and assets:

- Nuclear energy related activities and assets; and
- Fossil fuel related projects and assets.

b. Process for Evaluation and Selection of Projects

Led by the Company's Business Planning and Strategy Team, Hanwha Energy USA has established an investment committee ("**Investment Committee**") comprised of representatives from the Development Team, Engineering Team, Operations & Maintenance Team, Legal Team and Project Finance Team for the selection and evaluation of the Eligible Green Projects.

The projects proposed will be reviewed by the Investment Committee through a three-step approval process, which includes:

[1] https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf

- Pre-Deal Request Committee ("**Pre-DRC**") which mainly evaluates the economic feasibility and environmental impacts in order to study the possibility of project developments;
- Deal Review Committee ("**DRC**") which focuses on reviewing and approving the main contracts, including interconnection and power purchase agreement, and
- Global Investment Committee ("**GIC**") which conducts the final reviews and approvals at the Hanwha Energy's headquarters

For project(s) which receive final approval to be earmarked as Eligible Green Project(s), Hanwha Energy USA's Business Planning and Strategy Team will coordinate with the Development Team to continuously monitor and check whether the project developments remain in line with the Framework.

The Company is committed to implementing thorough environmental assessment programs in the early stages of development for every project, with the goal of managing and mitigating the relevant environmental and social risks. Hanwha Energy USA would, when necessary, work or engage with relevant agencies to reduce the projects' possible negative environmental and social repercussions. Additionally, the Company implements a public engagement program to solicit and meet community expectations on relevant project designs.

Hanwha Energy USA carefully selects competent contractors with stringent health and safety records and protocols for mitigating occupational health and safety concerns throughout the project execution.

c. Management of Proceeds

A dedicated ledger (the "**Ledger**") will be established to record the allocation of Proceeds. The Business Planning / Strategy Team will track the Proceeds via a formal internal process to ensure linkage to Eligible Green Projects.

The Ledger will contain but not be limited to the following information:

- Green Bond details: pricing date, maturity date, principal amount of proceeds, coupon, ISIN etc.
- Allocation of Proceeds:
  a. The Eligible Green Projects List, including for each Eligible Green Project, the Eligible Green Project category, project description, Company's ownership percentage, total project cost, amount allocated, settled currency, etc.
  b. Amount of unallocated Proceeds (and forms of temporary treatment if available)

Any proceeds temporarily unallocated will be placed in short-term liquid money instruments such as cash and market securities according to the Company's investment guidelines.

The Investment Committee will meet at least annually post-issuance to review the allocation of proceeds and ensure eligibility of the allocated portfolio. In any case which an allocated project becomes ineligible under this Framework (e.g., project sell-off, encountering material environmental and social controversies during the project tenor), the Investment Committee will reallocate the relevant bond proceeds into other Eligible Green Projects on a timely basis.

The Company aims to fully allocate the proceeds into Eligible Green Projects within 2 years after such issuance on the best effort basis.

d. Reporting

On an annual basis until full allocation of proceeds to Eligible Green Projects and on a timely basis in case of material changes, the Company will provide a dedicated green bond report, which will be available on the Company's official website, with the following aspects:

- **Allocation Reporting**
    a. The amount and percentage of proceeds allocated to each Eligible Green Project Category
    b. When possible, a list of Eligible Green Projects financed and descriptions, project locations, amount allocated, etc.
    c. Selected examples of Eligible Green Projects financed
    d. Amount of unallocated proceeds

- **Impact Reporting**

The Company will provide reporting on the environmental benefits of the Eligible Green Projects potentially with the following impact indicators. In addition, calculation methodologies and key assumptions will be disclosed.

Eligible Green Project Categories	Potential Impact Indicators
Renewable Energy	By each type of renewable energy: ▪ Installed capacity of renewable energy (MW) ▪ Annual CO_2 emissions reduced or avoided (tons) ▪ Annual renewable energy production (MWh)
Energy Storage System and Grids	▪ Renewable energy capacity connected (MW) ▪ Annual CO_2 emissions reduced or avoided (tons)
Green Hydrogen	▪ Installed capacity of hydrogen production (MTs per day) ▪ Annual CO_2 emissions reduced or avoided (tons)

3. External Review

Hanwha Energy USA has appointed Sustainalytics to assess this Green Bond Framework and its alignment with the ICMA's Green Bonds Principles and issued a Second Party Opinion accordingly.

The Framework and SPO will be available under a dedicated section of the Company's official website https://174powerglobal.com/company/#green-bond.