Hanwha Energy USA
dba 174 Power Global

Hanwha Energy USA Holdings Corporation Green Bond Framework

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1. Background

Hanwha Energy USA Holdings Corporation (the "**Company**" or "**Hanwha Energy USA**") is the U.S.-based solar project development 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.

Together with other affiliate companies in the Hanwha Group (namely, Hanwha Solutions Corporation and its Qcells Division, which manufactures photovoltaic system components like EVA sheets, cells and modules), the Company is able to provide an integrated solar power and Energy Storage Systems (ESS) 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.

The Company operates solar power plants in the U.S., Mexico, Japan, Vietnam, Malaysia, and India, and is building additional solar power plants in Spain and Italy. The Company aims to provide green and affordable electricity to surrounding locals. .

The Company also operates independent ESS businesses as well as solar energy-connected ESS businesses in the U.S., Italy, and Australia ESS are technological setups designed to store energy produced by other energy sources, including photovoltaic energy, and timely use the 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 to reduce greenhouse gas emissions while promoting sustainable growth.

Since its start in 2007, Hanwha Energy has diversified its business portfolio to evolve into a retail energy business that offers a comprehensive set of energy solutions. In October 2024, Hanwha Convergence was integrated into Hanwha Energy, which now operates the Convergence Business Division. This division provides total smart factory solutions based on digital transformation (DT) technology.

Since solar power and ESS projects tend to remain for a long period of time once developed, Hanwha Energy USA takes project environmental and social risks assessment and mitigation seriously. 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 socioeconomic and environmental risks (as regards water, wildlife, sensitive plants/ecosystems, cultural resources, noise or glare sensitive receptors). 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. Where possible, project design is tailored to meet the expectations of the community, 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")

Hanwha Energy USA intends to use this Framework as the basis to issue Green Bonds (including public and private placement format). This Framework is in line with the ICMA's Green Bond Principles 2021 (with June 2022 Appendix I)[1] and its four key pillars: (i) Use of proceeds; (ii) Process for project evaluation and selection; (iii) Management of proceeds, and (iv) Reporting.

I. 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, projects which meet the eligibility criteria of the following eligible green project categories ("**Eligible Green Projects**"), as defined below:

Eligible Green Project Type	Eligible Green Project Category	Eligibility Criteria	Key Environmental Objective(s)
Renewable Energy	Solar Energy	▪ Development, construction, installation, operation, maintenance, or 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	
Energy Efficiency	Energy-efficient Data Centre	▪ Development, construction, installation, operation, maintenance, or procurement of energy systems that support new data centres that are designed to achieve an annualized PUE targets of 1.30 or below. ▪ Development, construction, installation, operation, maintenance, or procurement of energy systems that support existing data centres that have an annualized design PUE of 1.30 or below	Climate Change Mitigation

The Company is committed to communicate refinancing look-back period in prior to any issuance. A maximum 2-year look-back period would be applied for refinanced projects.

Exclusion Criteria

Hanwha Energy USA commits to not knowingly allocating the Proceeds to the following projects and assets:

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

[1] https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/

II. 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:

- 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 USA'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.

Each meeting of the Investment Committee will be properly documented in written format.

III. 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)

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

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 until allocation to Eligible Green Projects. For the avoidance of doubt, investment of unallocated proceeds will also abide to the Exclusion Criteria of the Framework.

The Company committed to fully allocate the proceeds into Eligible Green Projects within 24 months after any respective issuance.

IV. Reporting

The Company is committed to provide a dedicated green bond report with the following aspects:

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 following reporting sections:

- **Allocation Reporting**
  - The amount and percentage of proceeds allocated to each Eligible Green Project Category
  - When possible, a list of Eligible Green Projects financed and descriptions, project locations, amount allocated, etc.
  - Share of financing vs refinancing
  - Selected examples of Eligible Green Projects financed
  - 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, reporting methodology and calculation assumptions will be disclosed.

Eligible Green Project Category	Potential Impact Indicator(s)
Solar 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	▪ Installed capacity of energy system (MW) ▪ 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)
Energy-efficient Data Centre	▪ Annual CO_2 emissions reduced or avoided (tons) ▪ Design or operating PUE ▪ Energy reduction rate compared to baseline (%)

Allocation reporting will be provided annually at least until allocation of proceeds, and on a timely basis in case of material changes; Impact reporting will be provided annually until full bond maturity.

Any relevant green bond reports will be made available under a dedicated section of the Company's official website.

3. External Review

I. Second Party Opinion

Hanwha Energy USA has appointed S&P Global to assess this Green Bond Framework and its alignment with the ICMA's Green Bonds Principles and issued a Second Party Opinion ("SPO") accordingly.

This Framework and SPO Report will be made available under a dedicated section of the Company's official website.

II. Post-transaction External Review

The Company will seek independent and external review for each green bond report, with review scope covering both allocation reporting and impact reporting section as applicable.

The external review will be performed by a qualified external reviewer with relevant expertise, such as an auditor or an environmental consultant.

Green bond report(s) and relevant post-transaction external review report(s) will be made available under a dedicated section of the Company's official website.