

Hanwha Energy USA

Type of Engagement: Annual Review

Date: June 28, 2023

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Introduction

On June 21, 2022, Hanwha Energy USA Holdings Corporation (“Hanwha Energy USA” or the “Company”) issued a USD 300 million Senior Unsecured Green Bond aimed at financing and refinancing renewable energy, energy storage system and grids, and green hydrogen. In May 2023, Hanwha Energy USA engaged Sustainalytics to review the projects funded through the issued Green Bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Hanwha Energy USA Green Financing Framework (the “Framework”). In 2019, Sustainalytics provided Second Party-Opinions on the Framework¹ which was followed by a SPO update² in May 2022.

Evaluation Criteria

Sustainalytics evaluated the projects funded in 2022 based on whether the projects:

1. Met the use of proceeds and eligibility criteria outlined in the Framework; and
2. Reported on at least one key performance indicators for each use of proceeds criteria category of the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Renewable Energy	<ul style="list-style-type: none"> Development, construction, installation, operation, maintenance, and the procurement of components and parts of solar energy production units 	By each type of renewable energy: <ul style="list-style-type: none"> Installed capacity of renewable energy (MW) Annual CO₂ emissions reduced or avoided (tons) Annual renewable energy production (MWh)
Energy Storage System and Grids	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Renewable energy capacity connected (MW) Annual CO₂ emissions reduced or avoided (tons)
Green Hydrogen	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Installed capacity of hydrogen production (MTs per day) Annual CO₂ emissions reduced or avoided (tons)

¹ The 2022 Hanwha Energy Green Financing Framework is available on Hanwha Energy USA’s website at: https://174powerglobal.com/wp-content/uploads/Hanwha-Energy-USA-Green-Financing-Framework-May2022_vF.pdf

² The Second Party-Opinion provided by Sustainalytics in 2022 is available on Hanwha Energy USA’s website at: https://174powerglobal.com/wp-content/uploads/Hanwha-Energy-USA-SPO_Sustainalytics-May2022_vF.pdf

Issuer’s Responsibility

Hanwha Energy USA is responsible for providing accurate information and documentation relating to the details of the details of the projects that have been funded, including description of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the use of proceeds of Hanwha Energy USA’s Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Hanwha Energy USA employees and review of documentation to confirm the conformance with the Hanwha Energy USA Green Financing Framework.

Sustainalytics has relied on the information and the facts presented by Hanwha Energy USA with respect to the Nominated Projects. Sustainalytics is not responsible, nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Hanwha Energy USA.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of the Hanwha Energy USA’s 300 million Senior Unsecured Green Bond, are not in conformance with the Use of Proceeds and reporting criteria outlined in the Hanwha Energy USA Green Financing Framework. Hanwha Energy USA has disclosed to Sustainalytics that the proceeds of the Green Bond were fully allocated as of July 29, 2022.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the Green Bond in 2021 to determine if projects aligned with the use of proceeds criteria of the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the Green Bond in 2021 to determine if reporting was done in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

Appendix

Appendix 1: Reported allocation and impact³ of the 2022 green bond proceeds

In June 2022, Hanwha Energy USA raised USD 300 Million through issuance of green bond. 100% of bond allocation were used towards financing and refinancing a pool of 32 solar projects. The refinancing ratio is 3.7% of their total project pool that falls within the eligibility criteria outlined in the Framework.

Table 3: Allocation Reporting

Use of Proceed category	Eligible Green Projects	Allocation Amount (In USD million)
Renewable Energy	Pure PV projects	150.00
Renewable Energy	PV projects embedded with ESS	104.93
Energy Storage System and Grid	Pure ESS projects	45.07
Total		300

Table 4: Impact Reporting

Use of Proceed category	Eligible Green Projects	Environmental Impact Reported			
		Expected Reduction of Carbon Dioxide Emissions (In tons of CO ₂ per year)	Energy installed capacity in photovoltaic plants (In MWdc)	Energy installed capacity in energy storage systems (In MWh)	Renewable energy generated (Megawatt hours)
Renewable Energy	Pure PV projects	98,236	4,342	NA	276,092
Renewable Energy	PV projects embedded with ESS	40,953	1,698	2,654	113,381
Energy Storage System and Grid	Pure ESS projects	3,212	NA	2,505	NA
Total		142,401	6,040	5,159	389,473

³ The Impact reporting period is July 30, 2021 to July 29, 2022, as communicated by Hanwha Energy.

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