



# Green Financing Framework

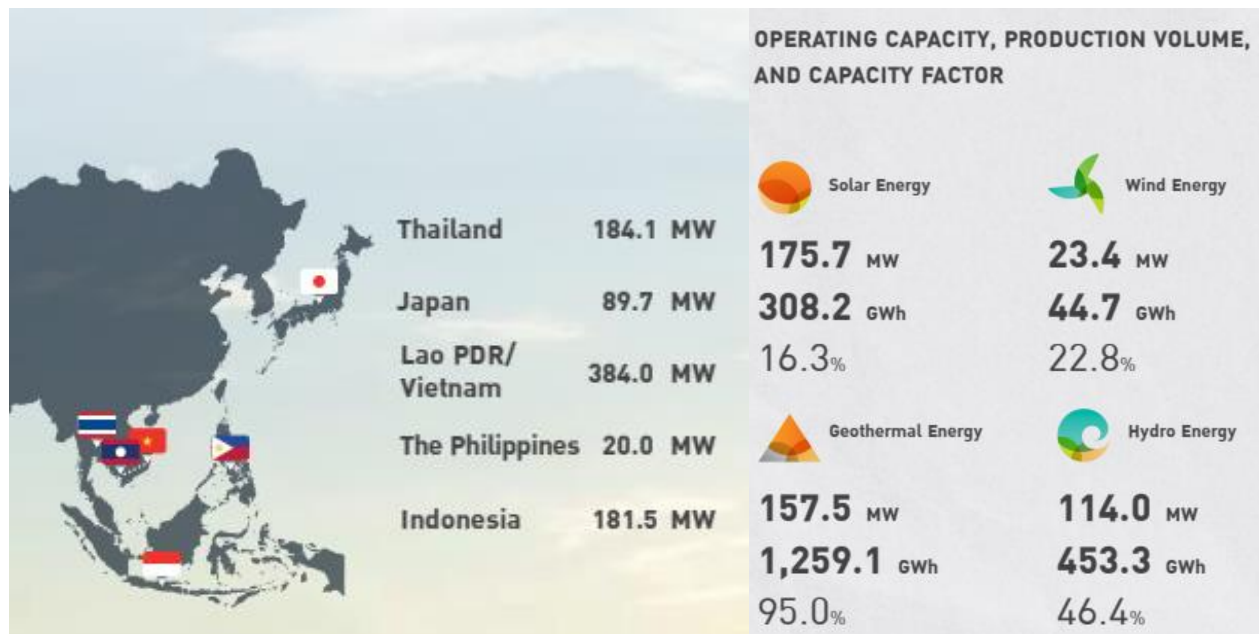
BCPG Public Company Limited



## Introduction

BCPG Public Company Limited (“BCPG”) is among Asia-Pacific’s leading companies in renewable energy with solar power, hydropower, wind power and geothermal power businesses in Thailand, Japan, Laos, the Philippines, and Indonesia. While committed to investing in and operating green power plants, we strive to enhance our business to fulfill consumers’ needs by diversifying into more types of renewable energy and seeking innovative products and services for more sustainable use of energy.

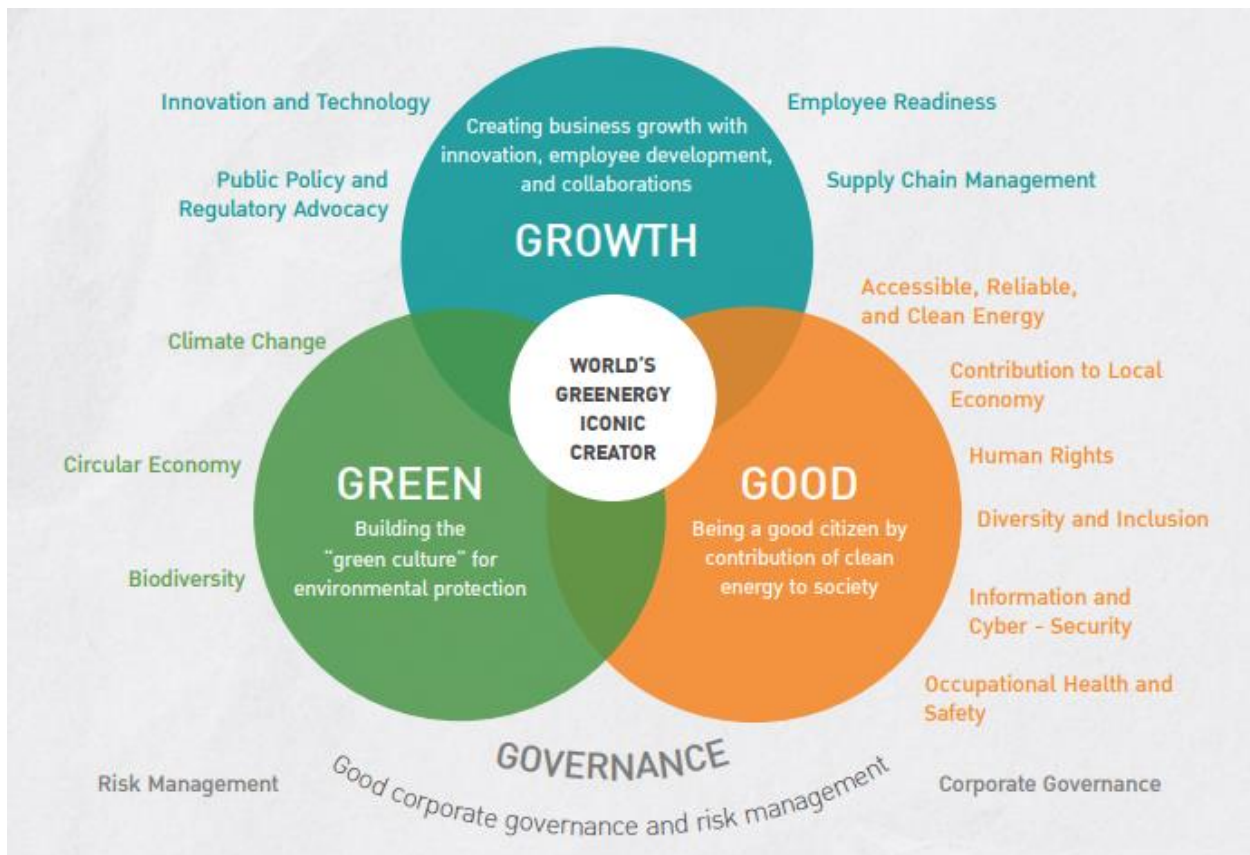
With the increasing demand for clean energy, both at the global and national levels, coupled with the declining cost of renewable energy production, consumers have been able to have more access to renewable energy. Additionally, the transformation of the power business, from centralized to decentralized, as well as the use of digital technology in energy management, have prompted BCPG to take lead in business adaptation along with the global transformation through the collaboration with partners from several sectors. We create a business landscape whereby innovation plays a crucial part in a sustainable way of new energy utilization, constituting the “Democratization of Energy” where everyone has freedom to use and manage their own energy.





## BCPG Sustainable Business Development Policy

To strive for a sustainable corporate culture and achieve Sustainable Development Goal (SDG) targets, BCPG Group has launched a sustainable business development policy. The policy focuses on creation of values in three dimensions: economic value or **Growth**, social value or **Good**, and environmental value or **Green**, all under the foundation of good governance. The policy, approved on April 17, 2018, contains the following details.



## **GOOD CORPORATE GOVERNANCE**

Operate and manage businesses with transparency and good governance, a stringent anti-corruption policy and comprehensive risk management of the entire value chain.

## **COLLABORATION WITH ALL SECTORS TO PROMOTE SUSTAINABLE DEVELOPMENT**

Both in terms of law and regulation, strengthen public awareness, collaborate with government sector, business sector, community, and civil society to promote sustainable development through the encouragement of law and regulation formulation, and reinforce awareness on environment and energy conservation.

## **ENHANCING COMMUNITY ENERGY SECURITY**

Promote and support development of the local economy and community development with a focus on shared value creation through assistance on providing community accessibility to sustainable and reliable energy sources.

## **MINIMIZING ALL ENVIRONMENTAL IMPACTS**

Minimize all environmental impacts of the businesses and integrate the move with the principle of “circular economy” to reduce resource consumption and waste.

## **RESPONSES TO CUSTOMERS’ NEEDS AND PROTECTION OF CUSTOMERS’ PRIVATE DATA**

Manage responses to customers’ needs with the highest possible efficiency, protect individual data privacy including online with state-of-the-art technology and the best possible data security systems.

## **CREATIVE BUSINESS GROWTH WITH ENVIRONMENTALLY FRIENDLY INNOVATIONS**

Consistently develop businesses with creative green innovations and technology compatible with the business strategy of maximizing value.

## **DEVELOPING ORGANIZATIONAL CAPABILITY THROUGHOUT THE VALUE CHAIN**

Increase organizational competitiveness and sustain growth through development of employees, promotion of business partnership and development of competitive advantage for BCPG’s joint ventures and contractors across the value chain.

## **RESPECT FOR DIVERSITY AND SAFEGUARDING OF HUMAN RIGHTS**

Strive to become a reputed organization that embraces diversity and operates with zero discrimination

## BCPG Sustainable Development

BCPG Group realizes business ethics and responsibility to create and fortify sustainable development in line with the UN Sustainable Development Goals (SDGs), five of which directly correspond to strategies and activities pursued by the Group.

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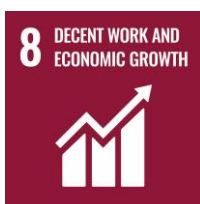
### Affordable and Clean Energy for Everyone



As clean energy is the core business of BCPG, all investment in businesses under the Company's mission are designed for development of affordable and clean energy for everyone in the society and direct promotion of a higher share of clean energy of the overall energy consumption.

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### Decent Work and Economic Growth



BCPG's businesses involve the hiring of employees of the Company, joint ventures and contractors, and communities in the vicinity, involving directly the economic growth at both small-scale community level and the larger scale of the national level.

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### Industry, Innovation



The identity of the Group is an innovative organization able to effectively deploy technology and creativity for business development. With this identity, BCPG Group tirelessly focuses on and promotes investment on innovations to support the development of infrastructure relying on clean and reliable energy.

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### Sustainable Cities and Communities



One of the Group's missions is the deployment of renewable energy and innovations to develop and nourish sustainability with a renewable or circular economy concept. Modern consumers can generate and consume their own power, as well as exchanging among consumers optimizing energy consumption, especially whenever energy surplus becomes available. This changing energy platform is the beginning of the development of a Smart Community, of which high-potential infrastructure of clean energy is the critical part to cope with future settlement of human beings capable of encountering changes to become sustainable.

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### Climate Action



Generating power from renewable sources to replace energy from fossil fuels is crucial to the reduction of greenhouse gas emissions. The businesses of the Group are therefore significantly involved in the efforts to mitigate impacts of climate change.

## Green Financing Framework

This Green Financing Framework is developed in alignment with

- Green Bond Principles (“GBP”) 2021<sup>1</sup> published by the International Capital Market Association (“ICMA”);
- ASEAN Green Bond Standards (“ASEAN GBS”) <sup>2</sup> published by the ASEAN Capital Markets Forum (“ACMF”);
- Green Loan Principles (“GLP”) 2021<sup>3</sup> published by the Loan Market Association (“LMA”), the Loan Syndications and Trading Association (“LSTA”), and the Asia Pacific Loan Market Association (“APLMA”)

Further, BCPG may pursue having some of the green bonds issued under this framework certified by relevant organizations, including the Climate Bonds Initiative (“CBI”), in which the green bonds will also be in alignment with the Climate Bonds Standard V3.0<sup>4</sup>.



The Green Financing Framework is presented through the following key pillars:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External Review

The Green Financing Framework may, from time to time, be updated and expanded as the market practices evolve.

### 1. Use of Proceeds

An amount equivalent to the net proceeds of the Green Bonds issuance or Green Loans financing (together, “Green Financing Instruments”) will be exclusively used to finance or refinance, in whole or in part, new or existing investments in “Eligible Green Projects” of BCPG and its affiliates in the “Eligible Green Categories” as described below:







Eligible Green Categories	Scope and definition for Eligible Green Expenditure	Examples of Projects
<p><b>Renewable Energy</b></p>  	<p>Investments or expenditures for the acquisition, expansion, renovation, construction, development and/or installation of new and existing renewable energy production facilities</p>	<ul style="list-style-type: none"> <li>• Wind Power Project</li> <li>• Solar Power Project</li> <li>• Hydro Power Project</li> </ul> <p><u>For hydropower facility in operation before 2020</u></p> <p>Power density &gt; 5W/m<sup>2</sup> ; or GHG emissions intensity &lt; 100g CO<sub>2</sub>e/kWh</p> <p><u>For hydropower facility commencing operating in 2020 or after</u></p> <p>Power density &gt; 10W/m<sup>2</sup> ; or GHG emissions intensity &lt; 50g CO<sub>2</sub>e/kWh</p> <ul style="list-style-type: none"> <li>• Geothermal Power Project</li> </ul> <p>GHG emissions intensity &lt; 100g CO<sub>2</sub>e/kWh</p>

<sup>1</sup> [Green Bond Principles \(icmagroup.org\)](https://www.icmagroup.org/green-bonds/green-bond-principles/)

<sup>2</sup> <https://www.theacmf.org/initiatives/sustainable-finance/asean-green-bond-standards>

<sup>3</sup> [Green Loan Principles - LSTA](#)

<sup>4</sup> <https://www.climatebonds.net/2019/12/climate-bonds-launches-version-3-international-climate-bonds-standard-universal>

Eligible Green Categories	Scope and definition for Eligible Green Expenditure	Examples of Projects
<b>Energy Efficiency</b>  	Investments or expenditures in infrastructure, equipment, technology, processes that reduces energy consumption of underlying asset, technology, product, or system(s) e.g. new and refurbished buildings, energy storage, district heating, smart grids, appliances, and products	<ul style="list-style-type: none"> <li>Automation and intelligence in the power transmission network and related system</li> <li>Smart district cooling system</li> <li>Heating, ventilation, and air conditioning system upgrades</li> <li>High-performing lighting systems</li> <li>Installation of energy monitor systems and appliances</li> <li>Energy Storage System</li> </ul>
<b>Green Buildings</b>   	Investments or expenditures in the construction or refurbishment of commercial, residential buildings (new or existing)	<ul style="list-style-type: none"> <li>Commercial or residential buildings with at least any of the following certifications:               <ul style="list-style-type: none"> <li>EDGE (Certified),</li> <li>BREEAM (Very Good or higher),</li> <li>LEED (Gold or above),</li> <li>Green Mark (Gold or above), or equivalent or higher level of certification</li> </ul> </li> <li>Buildings that achieve a minimum 20% improvement in energy use and/or carbon emissions compared to a mandated local or regional baseline or code</li> </ul>
<b>Pollution Prevention and Control</b> 	Investments or expenditures in infrastructure, equipment, technology, processes related to reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy	<ul style="list-style-type: none"> <li>Energy Recovery Projects including Energy/Emission-Efficient Waste to Energy Projects</li> </ul>

**Exclusions:**

For the avoidance of doubt, any project related to the following activities will be excluded from Eligible Green Assets:

- Exploration, production or transportation of fossil fuel;
- Generation of nuclear power;
- Activities/projects associated with child labor/forced labor

**2. Process for Project Evaluation and Selection**

The Finance team will coordinate with various support groups throughout the project evaluation and selection process:

- Finance team, in collaboration with various support groups, including Operation team, Business Development team, Legal team, and third party advisors (if any), will propose the project/expenditure to be financed/refinanced by Green Financing Instruments
- The Company’s management will review the short-listed projects based on the defined Eligible Green Categories listed in section 1 “Use of Proceeds”
- The Board of Directors will approve the projects reviewed and proposed by the Company’s management

- Finance team will maintain notes and records of all Eligible Green Projects reviewed and to be funded by each Green Financing Instruments issued
- Project/expenditure determined as eligible will be marked accordingly and added into the Green Financing Instruments Register, further described in section 3 “Management of Proceeds”
- Finance team is responsible to maintain and update the Green Financing Instruments Register and facilitate regular reporting of each Green Financing Instruments issued in alignment with section 4 “Reporting”

Projects are evaluated and selected based on, but not limited to a) Green Financing Framework, b) BCPG’s vision and mission, c) technical, financial, and commercial feasibility, and d) risks assessment.

### 3. Management of Proceeds

The net proceeds from Green Financing Instruments will be deposited in a general bank account and an amount equivalent to the net proceeds will be earmarked for allocation to the Eligible Green Projects, in accordance with BCPG’s Green Financing Framework.

BCPG will establish a Green Financing Register to record on an ongoing basis the allocation of net proceeds from our Green Financing Framework to Eligible Green Projects. The Green Financing Register will contain relevant information to identify each Green Bond or Green Loans and the Green Assets relating to it, including the country, category, and nature of the Green Assets. The Green Financing Instruments Register will be monitored by BCPG’s Finance team and will be updated on a semi-annual basis.

Any unallocated net proceeds from Green Financing Instruments will be:

- held in cash or cash equivalents; or
- invested in short and liquid marketable securities which are consistent with the delivery of a low carbon and climate resilient economy; or
- applied to temporarily reduce indebtedness of a revolving nature, where the original loan of which is consistent with the delivery of a low carbon and climate resilient economy, before being redrawn for investments or disbursements to Eligible Green Projects.

BCPG intends to allocate the full amount of proceeds within the next 24 months following the issuance or drawdown of Green Financing Instruments.

### 4. Reporting

BCPG will publish a report on BCPG’s website <https://www.bcpoggroupp.com/en/investor-relations/ir-home>, at least annually until the full allocation of proceeds starting 1 (one) year from the date of Green Bond issuance or Green Loans financing, detailing the progress of the Green Financing Instruments. The report will include an allocation report as well as impact report.

#### Allocation Reporting:









The allocation report will provide:

- A list of Eligible Green Projects financed by Green Financing Instruments
- The amount of proceeds allocated to each Eligible Green Categories
- The amount of new financing versus refinancing
- The remaining balance of net proceeds which have not yet been allocated to Eligible Green Projects



## Impact Reporting:

Where feasible, the impact report may provide information on environmental impacts of the Eligible Green Projects. BCPG aims to include in the reporting the indicators outlined in the table below, subject to the availability of information and baseline data.

Eligible Green Categories	Example of Projects	Impact Indicators
<b>Renewable Energy</b>  	<ul style="list-style-type: none"> <li>• Wind Power Project</li> <li>• Solar Power Project</li> <li>• Hydro Power Project</li> <li>• Geothermal Power Project</li> </ul>	<ul style="list-style-type: none"> <li>• Annual GHG emissions reduced/avoided (in tonnes of CO<sub>2</sub> equivalent)</li> <li>• Annual renewable energy generation (in MWh)</li> <li>• Capacity of renewable energy plant(s) constructed or rehabilitated (in MW)</li> </ul>
<b>Energy Efficiency</b>  	<ul style="list-style-type: none"> <li>• Automation and intelligence in the power transmission network and related system</li> <li>• Smart district cooling system</li> <li>• Heating, ventilation, and air conditioning system upgrades</li> <li>• High-performing lighting systems</li> <li>• Installation of energy monitor systems and appliances</li> </ul>	<ul style="list-style-type: none"> <li>• Annual energy savings (in MWh)</li> <li>• Annual GHG emissions reduced/avoided (in tonnes of CO<sub>2</sub> equivalent)</li> <li>• Minimum energy efficiency improvement achieved (%)</li> </ul>
<b>Green Buildings</b>   	<ul style="list-style-type: none"> <li>• Commercial or residential buildings</li> <li>• Buildings that achieve a minimum 20% improvement in energy use and/or carbon emissions compared to a mandated local or regional baseline or code</li> </ul>	<ul style="list-style-type: none"> <li>• Number, type, and rating of green building certifications obtained</li> <li>• Total Gross Building Area (GBA) or Gross Floor Area (GFA) of green buildings</li> <li>• Annual energy savings (in MWh)</li> <li>• Annual GHG emissions reduced/avoided (in tonnes of CO<sub>2</sub> equivalent)</li> </ul>
<b>Pollution Prevention and Control</b> 	<ul style="list-style-type: none"> <li>• Energy Recovery Projects including Energy/Emission-Efficient Waste to Energy Projects</li> </ul>	<ul style="list-style-type: none"> <li>• Annual energy generation from non-recyclable waste in energy/emission-efficient waste to energy facilities (in MWh)</li> <li>• Energy recovered from waste (minus any support fuel) (in MWh of net energy generated p.a.)</li> </ul>

## 5. External Review

BCPG has appointed DNV to act as an external verifier of this Green Financing Framework to provide opinion on the alignment of the Green Financing Framework to the GBP, ASEAN GBS, and GLP. The Second Party Opinion, together with this Green Financing Framework, is available on BCPG's website (<https://www.bcpvgroup.com/en/investor-relations/ir-home>).