



# KOREA EAST-WEST POWER CO.,LTD. 2024 GREEN BOND REPORTING PERIODIC REVIEW



**Document title:** Periodic Review on EWP's 2024 Green Bond Reporting

**Prepared by:** DNV Business Assurance Korea Ltd.

**Location:** Seoul, Republic of Korea

**Date:** 12 August 2024

**Ref. Nr.:** PRJN-790162

This statement is valid until the Report provided on June 2024 remains unchanged.

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### Disclaimer

Our assessment relies on the premise that the data and information provided by the client to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

### Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, which are based on the principles enclosed within ISO/IEC 17029:2019 - Conformity Assessment – General principles and requirements for validation and verification bodies, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirement, professional standards, and applicable legal and regulatory requirement. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

## DNV PERIODIC REVIEW OPINION

### Scope and Objectives

Korea East-West Power (henceforth referred to as "EWP" or "Issuer") issued Green Bond (hereinafter "BOND") with the total amount of 500 million USD in 2022.

Pricing Date	Type	Maturity Date	Currency	Amount	ISIN	Framework
2022.4.28	Green Bond	2025.05.06	USD	500mn	US5006EPAL52/ USY4836TCE92	2022 EWP's Green Bond Framework

DNV Business Assurance Korea Ltd (henceforth referred to as "DNV") has been commissioned by EWP to provide the review of EWP's 2024 Green Bond Reporting (henceforth referred to as "Report"). Our criteria and information covered to serve the purpose are described under 'Work Undertaken' shown below. The periodic review was made based on the information and documents provided by EWP as well as the interview conducted with responsible people. We do not provide any independent assurance or other type of audit activities.

In this report, no assurance is provided regarding the financial performance of the Issuer, the value of any investments in the BOND or the long-term green benefits arising from the nominated projects. Our main objective of these reviews has been to provide an assessment that the BOND has met the criteria established on the basis set out below.

### Responsibilities of the Management of EWP and DNV

The management of EWP has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform EWP management and other interested stakeholders in the BOND as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by EWP. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by EWP used as a basis for this assessment were not correct or complete.

### Basis of DNV's Opinion

DNV adapted our Sustainability Bond Principles methodology, which incorporates the requirements of the Green Bond Principles ("GBP"), to create an EWP-specific Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the BOND has been reviewed are grouped under the four Principles:

- Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to finance eligible activities. The eligible activities should produce clear green benefits.
- Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using a green bond proceeds, and outline any impact objectives it will consider.
- Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be managed should be made.

- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

## Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by EWP in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a Protocol, adapted to the purpose of the annual and impact report, as described above and in Schedule 3 to this Assessment;
- Assessment of documentary evidence provided by EWP on the report and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Review of published materials by EWP and EWP 's website;
- Discussions with EWP management, and review of relevant documentation and evidence related to the criteria of the Protocol;
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

## Findings and DNV's Opinion

DNV's findings are listed below:

1. **Principle One: Use of Proceeds.** EWP has reported use of the proceeds of the BOND to finance and refinance projects and assets including:

### *Green Project Categories*

- Renewable Energy – Solar and Wind Power
  - Energy Efficiency – Energy Storage System (ESS) Management Service Provider (MSP) and Improving Energy Efficiency of University Campus
- DNV reviewed the criteria for the project categories above and determined the nominated projects and assets are eligible in accordance with 2022 EWP Sustainability Bond Framework (henceforth referred to as "Framework")
2. **Principle Two: Process for Project Evaluation and Selection.** The BOND proceeds have been allocated to finance and refinance the assets as defined in Schedule 1. DNV has reviewed evidence that demonstrates that EWP's Sustainable Finance Working Group (SFWG) oversees the selection of eligible projects and their compliance with the eligibility criteria described in the Framework.
  3. **Principle Three: Management of Proceeds.** DNV has reviewed evidence showing how EWP traced the proceeds from the BOND, from the time of issuance to the time of disbursement. The full amount of the proceeds was deposited in EWP's Treasury Portfolio. Through its internal accounting system, the proceeds were monitored and checked regularly. EWP also confirmed to DNV that the unallocated net proceeds were used for the payment of all or a portion of outstanding indebtedness, and/or were temporarily invested in cash, cash equivalents, and short-term money market instruments in accordance with the Framework. DNV provides no assurance regarding the financial performance of the BOND, the value of any investments in the BOND, or the effects of the transaction.

4. **Principle Four: Reporting.** EWP has confirmed that this Reporting will be updated in its website ([www.ewp.co.kr](http://www.ewp.co.kr)) with this DNV's assurance report. The Reporting includes a description of the project and value of the proceeds invested, as well as the associated qualitative and quantitative environmental impacts.

On the basis of the information provided by EWP and the work undertaken, it is DNV's opinion that the BOND meets the criteria established in the Protocol and that the projects are aligned with the stated definition of GBP, which is to "enable capital-raising and investment for new and existing projects with green benefits".

for DNV Business Assurance Korea Ltd.

Seoul, Republic of Korea / 12 August 2024



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#### About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

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## Schedule 1. Nominated Assets & the Proceeds Allocation

- Total Allocation: USD 232,790,073 (46.6% was used out of USD 500 million)
- Refinancing Ratio: 9.7%

(unit: USD<sup>1</sup>)

Category	Projects	Until 1Q 2022 (Refinancing)	2022 2Q- 2024 1Q	Total	% out of USD 500 million of proceeds
Renewable Energy	Solar Power	4,378,577	153,640,022	158,018,599	31.6%
	Wind Power	11,319,840	2,688,462	14,008,302	2.8%
	Renewable Energy (R&D)	-	393,050	393,050	0.1%
	Sum	15,698,417	156,721,534	172,419,951	34.5%
Energy Efficiency	ESS MSP	3,406,813	38,825,479	42,229,292	8.4%
	Improving Energy Efficiency of University Campus	3,466,701	14,674,129	18,140,830	3.6%
	Sum	6,870,514	53,499,608	60,370,122	12.1%
Total		22,568,931	210,221,142	232,790,073	46.6%

<sup>1</sup> KRW/USD: 0.0007861 as of 28 April 2022 (Source: Bloomberg)

## Schedule 2. Impact Reporting

- Total Exp. Energy Produced (Renewable Energy): 187,165 MWh/year
- Total Exp. CO2 Avoided (Renewable Energy): 99,645.90 tCO2e/year

Project Description	Installed Capacity (MW)	Exp. Energy Produced (MWh/year)	Exp. CO <sub>2</sub> Avoided (tCO <sub>2</sub> e/year)
Renewable Energy (Solar Power)	318.2	175,708.66	94,227.12
Renewable Energy (Wind Power)	165.4	11,456.19	5,418.78
<b>Total</b>	<b>483.6</b>	<b>187,165</b>	<b>99,645.90</b>

- Total Installed ESS Capacity (Energy Efficiency) : 172.4 MWh
- Total Exp. Energy Consumption Reduced (Energy Efficiency) : 6,119 MWh/year
- % of Energy Efficiency Improved: 17.3%

Project Description	Electricity Bills Saving (KRW 100mn)	Installed ESS Capacity (MWh)
Energy Efficiency (ESS MSP)	73.51	172.4

Project Description	No. Installed Efficiency Facilities	Exp. Energy Consumption Reduced (MWh/year)	% of Energy Efficiency Improved
Improving Energy Efficiency of University Campus	45,051	9,447	17.3%

### Schedule 3. EWP-specific Eligibility Assessment Protocol

#### 1. Use of Proceeds

Ref.	Criteria	Requirements	Works Undertaken	DNV Findings								
1a	Type of bond / loan	<p>The Bond and Loan must fall in one of the following categories, as defined by the Green/Social Bond Principles:</p> <ul style="list-style-type: none"> <li>Green/Social Use of Proceeds Bond</li> <li>Green/Social Use of Proceeds Revenue Bond</li> <li>Green/Social Project Bond</li> <li>Green/Social Securitized Bond</li> <li>Loan instrument made available for Green and Social project (Green and Social use of loan proceeds)</li> </ul>	<p>Review of:</p> <ul style="list-style-type: none"> <li>EWP Sustainability Bond Framework (2022)</li> <li>EWP Green Bond Impact Reporting (2024)</li> </ul> <p>Discussion with EWP management or delegated entity</p>	<p>The reviewed evidence confirms that the BOND falls in the category of the Green Use of Proceeds.</p> <ul style="list-style-type: none"> <li>On 28 April 2022, EWP issued USD 500 million green bond with a tenor of 5 years.</li> </ul>								
1b	Sustainable Project Categories	<p>The cornerstones of Sustainability Bond and Loan are the utilization of the proceeds of the bond and the loan which should be appropriately described in the legal documentation for the security.</p>	<p>Review of:</p> <ul style="list-style-type: none"> <li>EWP Sustainability Bond Framework (2022)</li> <li>EWP Green Bond Impact Reporting (2024)</li> <li>Documentation of project details including location, size, allocated amount and environmental impacts</li> </ul> <p>Discussion with EWP management or delegated entity</p>	<p>According to EWP's Framework, EWP aims to use the proceeds for promoting the use of renewable energy and increasing energy efficiency.</p> <p>The reviewed evidence shows that the proceeds were used for the following projects:</p> <table border="1" data-bbox="1332 1109 2085 1332"> <thead> <tr> <th>Type</th> <th>Location</th> </tr> </thead> <tbody> <tr> <td>Solar Power</td> <td>Korea and Australia</td> </tr> <tr> <td>Wind Power</td> <td>Korea</td> </tr> <tr> <td>Energy Efficiency</td> <td>Korea – 1) Energy Storage System Management Service Provider (ESS MSP) and 2) University Campus Energy Improvement</td> </tr> </tbody> </table> <p>Overall, DNV's assessment concludes that the projects contribute to achieving low-carbon economy and are in alignment with the</p>	Type	Location	Solar Power	Korea and Australia	Wind Power	Korea	Energy Efficiency	Korea – 1) Energy Storage System Management Service Provider (ESS MSP) and 2) University Campus Energy Improvement
Type	Location											
Solar Power	Korea and Australia											
Wind Power	Korea											
Energy Efficiency	Korea – 1) Energy Storage System Management Service Provider (ESS MSP) and 2) University Campus Energy Improvement											

Ref.	Criteria	Requirements	Works Undertaken	DNV Findings
				Framework.
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the Issuer.	<p>Review of:</p> <ul style="list-style-type: none"> <li>EWP Sustainability Bond Framework (2022)</li> <li>EWP Green Bond Impact Report (2023)</li> <li>Documentation of project details including location, size, allocated amount of proceeds and environmental impacts (including Korea Government issued electricity bills)</li> </ul> <p>Discussion with EWP management or delegated entity</p>	<p>DNV reviewed the data provided by EWP to verify the impacts, including the accuracy of the calculation, and concludes that nothing comes to our attention that the impact calculation is made inappropriately.</p> <p>The calculation was verified by the DNV Business Assurance Korea's GHG verification team by referring to international guidelines such as the European Investment Bank (EIB) guidelines.</p>
1d	Refinancing Share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	<p>Review of:</p> <ul style="list-style-type: none"> <li>EWP Green Bond Impact Reporting (2024)</li> <li>EWP Sustainability Bond Framework (2022)</li> <li>Documentation of project details including location, size, allocated amount of proceeds and environmental impacts (including Korea Government issued electricity bills)</li> </ul> <p>Discussion with EWP management or delegated entity</p>	<ul style="list-style-type: none"> <li>Total Allocation: USD 232,790,073 (46.6% was invested out of USD 500 million)</li> <li>Refinancing Ratio: 9.7% (allocation by 1Q 2022 – three years)</li> </ul>

## 2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Works Undertaken	DNV Findings
2a	Investment-decision process	<p>The Issuer of a Green Bond and Loan should outline the decision-making process it follows to determine the eligibility of projects using Green Bond and Loan proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> <li>A process to determine how the projects fit within the eligible Green Projects categories identified in the Green Bond Principles and Green Loan Principles;</li> <li>The criteria making the projects eligible for using the Green Bond proceeds;</li> <li>The environmental sustainability objectives, and</li> <li>Complementary information on process by which the issuer identifies and manages perceived environmental risks associated with the relevant project</li> </ul>	<p>Review of:</p> <ul style="list-style-type: none"> <li>EWP Sustainability Bond Framework (2022)</li> <li>EWP Green Bond Impact Reporting (2024)</li> <li>Meeting Report of SFWG (2022)</li> </ul> <p>Discussion with EWP management or delegated entity</p>	<p>EWP has confirmed to DNV that the project evaluation and selection process has been conducted in accordance with the Framework.</p> <p>Sustainable Finance Working Group (“SFWG”) was convened to oversee the selection of Eligible Projects and their compliance with the eligibility criteria described in the Framework.</p>
2b	Issuer/borrower’s environmental and social and governance framework	<p>In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green Bond and Loan investors may also take into consideration the quality of the issuer’s overall framework and performance regarding environmental sustainability.</p>	<p>Review of:</p> <ul style="list-style-type: none"> <li>EWP Sustainability Bond Framework (2022)</li> <li>EWP Green Bond Impact Reporting (2024)</li> <li>EWP Sustainability Policy</li> </ul> <p>Discussion with EWP management or delegated entity</p>	<p>EWP website well describes its effort for sustainable development, by describing ethical management, social contribution, and environment-friendly policy.</p> <p><a href="https://ewp.co.kr/eng/subpage/content.html?pc=H11HETAZCZ7IBSU M36J6SAX0DDC1TXC">https://ewp.co.kr/eng/subpage/content.html?pc=H11HETAZCZ7IBSU M36J6SAX0DDC1TXC</a></p> <p>In particular, the Issuer presents 9 strategic direction in three sectors as follows:</p>

Ref.	Criteria	Requirements	Works Undertaken	DNV Findings
				<p>Production of clean energy:</p> <ul style="list-style-type: none"> <li>• Create a pleasant air environment</li> <li>• Strategic plans for climate change</li> <li>• Improve water quality and expand resource circulation</li> </ul> <p>Partnership with community:</p> <ul style="list-style-type: none"> <li>• Create participatory-type environmental monitoring</li> <li>• Communication with stakeholders</li> <li>• Pursue social values</li> </ul> <p>Establishment of Sustainable System</p> <ul style="list-style-type: none"> <li>• Establish a comprehensive preventive management system</li> <li>• Lead the environmental technology development</li> <li>• Strengthen environmental management focusing on people</li> </ul>

### 3. Management of Proceeds

Ref.	Criteria	Requirements	Works Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub- portfolio or otherwise tracked by the Issuer in an appropriate manner and attested to by a formal internal process that will be linked to the Issuer's lending and investment operations for Green Projects.	<p>Review of:</p> <ul style="list-style-type: none"> <li>• EWP Sustainability Bond Framework (2022)</li> <li>• EWP Green Bond Impact Reporting (2024)</li> <li>• Documentation of project details including location, size, allocated amount and environmental impacts</li> <li>• ERP Snapshot</li> </ul> <p>Discussion with EWP management or delegated entity</p>	<p>EWP has confirmed with DNV that internal ERP system was used to track the green bond proceeds.</p> <p>DNV can confirm that the net proceeds of the Bond was deposited in EWP's Treasury Portfolio. An amount equivalent to the net proceeds was allocated for the financing and/or refinancing of existing or new Eligible Projects. EWP's treasury team has tracked the proceeds raised from the Bond to be allocated to Eligible Projects.</p>

<b>3b</b>	Tracking procedure	So long as the Green Bonds and Loans are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	Review of: <ul style="list-style-type: none"> <li>• EWP Sustainability Bond Framework (2022)</li> <li>• EWP Green Bond Impact Reporting (2024)</li> <li>• Documentation of project details including location, size, allocated amount and environmental impacts</li> <li>• ERP Snapshot</li> </ul> Discussion with EWP management or delegated entity	EWP has confirmed with DNV that the proceeds of the BOND have been traced, from the time of issuance to the time of disbursement, and the net balance has been reduced in line with its financing schedule. At the end of each financial year, the outstanding balance of the BOND was reviewed.
<b>3c</b>	Temporary holdings	Pending such investments or disbursements to eligible Green and Social Projects, the Issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Review of: <ul style="list-style-type: none"> <li>• EWP Sustainability Bond Framework (2022)</li> <li>• EWP Green Bond Impact Reporting (2024)</li> </ul> Discussion with EWP management or delegated entity	EWP has confirmed with DNV that unallocated net proceeds were used for the payment of all or a portion of outstanding indebtedness, and/or were temporarily invested in cash, cash equivalents, and short-term money market instruments in accordance with EWP's normal liquidity management policy.

#### 4. Reporting

Ref.	Criteria	Requirements	Works Undertaken	DNV Findings
<b>4a</b>	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, Issuers should provide at least annually a list of projects to which Sustainability Bond proceeds have been allocated including <ul style="list-style-type: none"> <li>• when possible with regards to confidentiality and/or competitive considerations</li> </ul>	Review of: <ul style="list-style-type: none"> <li>• EWP Green Bond Impact Reporting (2024)</li> <li>• Website</li> </ul> Discussion with EWP management or delegated entity	EWP has prepared the Green Bond Reporting 2024, which will be uploaded on its website. DNV has reviewed the Report and confirms that it includes the project types, amount of proceeds allocated, as well as the associated quantitative environmental impacts, which have been summarized in Schedule 1 and 2 above.  EWP is committed to publishing the Report on an annual basis until the proceeds are fully allocated.

Ref.	Criteria	Requirements	Works Undertaken	DNV Findings
		<ul style="list-style-type: none"> <li>a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.</li> </ul>		