



WHEN TRUST MATTERS



QCELLS 2024 GREEN BOND REPORTING PERIODIC REVIEW



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Prepared by: DNV Business Assurance Korea Ltd.

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This statement is valid until the Report provided on July 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

Hanwha Qcells America Holdings Corp. (henceforth referred to as “Qcells” or “Issuer”) issued Green Bond (hereinafter “BOND”) with the total amount of USD 400 million in July 2023.

Pricing Date	Type	Maturity Date	Currency	Amount	ISIN	Framework
7 July 2023	Green Notes	27 July 2028	USD	400mn	144A: US5006EPAL52 RegS: USY4836TCE92	2023 Hanwha Solutions Green Financing Framework

DNV Business Assurance Korea Ltd (henceforth referred to as “DNV”) has been commissioned by Qcells to provide the review of Qcells’ 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 Qcells 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 Qcells and DNV

The management of Qcells 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 Qcells 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 Qcells. 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 Qcells 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 Qcells-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 Qcells 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 Qcells 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 Qcells and Qcells' website;
- Discussions with Qcells 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.** Qcells has reported use of the proceeds of the BOND to finance projects and assets including:

Green Project Categories

- Renewable Energy
 - Construction of solar power components manufacturing plant
 - Equipment for producing solar power components

DNV reviewed the criteria for the project categories above and determined the nominated projects and assets are eligible in accordance with 2023 Hanwha Solutions Green Financing Framework (henceforth referred to as "Framework") and GBP 2021.

2. **Principle Two: Process for Project Evaluation and Selection.** The BOND proceeds have been allocated to finance the assets as defined in Schedule 1. DNV has reviewed evidence that demonstrates that Qcells' Green Finance Working Group (GFWG) 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 Qcells traced the proceeds from the BOND, from the time of issuance to the time of disbursement. Through its internal accounting system, the proceeds were monitored and checked regularly. Qcells also confirmed to DNV that any proceeds temporarily unallocated were placed in short-term liquid money instruments such as cash and market securities according to the exclusionary criteria and the Qcells' investment guidelines until allocation to


eligible green projects 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.** Qcells has confirmed that this Reporting will be updated in its website 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 environmental impacts.

On the basis of the information provided by Qcells 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 2021, 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 / 3 September 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 400 million (100% of the proceeds was allocated)
- **Refinancing Ratio:** 0% (All are new financing)

Project Description	Amount Allocated (USD mn)
Construction of solar power components manufacturing plants	296.2
Equipment for producing solar power components	103.8
Total Allocation	400.0

Schedule 2. Impact Reporting

- **Impact Breakdown:** Annual Number of Solar components Production

Solar Components ¹	Expected Annual Production Volume							
	2025				2026			
	Total		Green Bond Share		Total		Green Bond Share	
	kpcs	GW	kpcs	GW	kpcs	GW	kpcs	GW
Cell	257,921	2.73	43,706	0.46	313,638	3.34	53,148	0.57
Module	4,107	2.79	696	0.47	4,981	3.46	844	0.59

- **Impact Breakdown:** Annual Renewable Energy Production

Category	Amount
Expected No. of Module Produced ²	4,980,933
Average Total Capacity of Solar Unit ³ (W)	680
Maximum Module Efficiency ⁴ (%)	22.2%
Total Expected Renewable Energy Productions ⁵ (MWh)	181,188,972
Green Bond Share of Expected Annual Renewable Energy Production (MWh)	1,023,447

¹ Annual number of solar components produced under Hanwha Q CELLS Georgia

² Expected number of module produced at full capacity of plant in 2026

³ Expected total installed capacity of Q.PEAK DUO ML-G12S-BFG series solar unit: 670 –690 W

⁴ Maximum module efficiency of Q.PEAK DUO ML-G12S-BFG series

⁵ Total expected renewable energy production with max. expected degradation during the expected lifespan of 30 years

Schedule 3. Qcells-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 Bond Principles:</p> <ul style="list-style-type: none"> Green Use of Proceeds Bond Green Use of Proceeds Revenue Bond Green Project Bond Green Securitized Bond Loan instrument made available for Green project (Green use of loan proceeds) 	<p>Review of:</p> <ul style="list-style-type: none"> Hanwha Solutions Green Financing Framework (2023) Qcells Green Bond Reporting (2024) <p>Discussion with Qcells management (or a 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"> In July 2023, Qcells issued a USD 400 million of Green Notes with a tenor of 5 years.
1b	Sustainable Project Categories	<p>The cornerstones of Green 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"> Hanwha Solutions Green Financing Framework (2023) Qcells Green Bond Reporting (2024) Internal document of proceeds allocation by project type <p>Discussion with Qcells management (or a delegated entity)</p>	<p>According to the Framework, Qcells aims to use the proceeds for expenditures for, and refinancing of, the Company's renewable/clean business.</p> <p>The reviewed evidence shows that the proceeds were used for the following eligible projects in relation to renewable energy:</p> <ul style="list-style-type: none"> Construction of solar power components manufacturing plant Equipment for producing solar power components <p>Overall, DNV's assessment concludes that the projects contribute to achieving low-carbon economy and are in alignment with the Framework and GBP 2021.</p>
1c	Environmental benefits	<p>All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the Issuer.</p>	<p>Review of:</p> <ul style="list-style-type: none"> Hanwha Solutions Green Financing Framework (2023) Qcells Green Bond Reporting (2024) Internal document of project details with environmental impacts. <p>Discussion with Qcells management (or</p>	<p>DNV reviewed the data provided by Qcells to verify the environmental 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.</p>

Ref.	Criteria	Requirements	Works Undertaken	DNV Findings
			a delegated entity)	
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.	Review of: <ul style="list-style-type: none"> Hanwha Solutions Green Financing Framework (2023) Qcells Green Bond Reporting (2024) Discussion with Qcells management (or a delegated entity)	<ul style="list-style-type: none"> Total Allocation: USD 400 million (100% allocated) Refinancing Ratio: 0% (No refinancing)

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Works Undertaken	DNV Findings
2a	Investment-decision process	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: <ul style="list-style-type: none"> A process to determine how the projects fit within the eligible Green Projects categories identified in the Green Bond Principles and Green Loan Principles; The criteria making the projects eligible for using the Green Bond and Loan proceeds; The environmental sustainability objectives, and Complementary information on process by which the issuer identifies and manages 	Review of: <ul style="list-style-type: none"> Hanwha Solutions Green Financing Framework (2023) Qcells Green Bond Reporting (2024) Discussion with Qcells management (or a delegated entity)	Qcells has confirmed to DNV that the project evaluation and selection process has been conducted in accordance with the Framework. Constituent team members of Green Financing Working Group (GFWG) ⁶ initially proposed eligible business and projects and the GFWG as a whole made a final decision on the selection of eligible projects in accordance with the Framework. The aforementioned members were involved in the decision-making for both the green bond issuance in July 2023 and the one in August 2024.

⁶GFWG is composed of Accounting Team, Planning Team, Legal Team, Environment & Safety Team, International Finance Team, and Finance Team

Ref.	Criteria	Requirements	Works Undertaken	DNV Findings
		perceived environmental and social risks associated with the relevant project		
2b	Issuer/borrower's environmental and social and governance framework	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 and social sustainability.	Review of: <ul style="list-style-type: none"> Hanwha Solutions Green Financing Framework (2023) Qcells Green Bond Reporting (2024) Hanwha Solutions Sustainability Report (2024) Discussion with Qcells management (or a delegated entity)	Qcells established to reach Net Zero by 2050 to limit the global temperature increase below 1.5°C. Based on this commitment, the Issuer has developed a detailed strategy to reduce climate-related risks: <ul style="list-style-type: none"> Aim to reduce Scope 1 and 2 GHG emissions by 35% by 2030 and by 60% by 2040 (base year of 2018), and achieve Net Zero by 2050. To reduce Scope 1 and 2 emissions and achieve Net Zero goals, various measures of energy efficiency improvement are taken: switching to electricity generated from renewable energy sources, converting to by-product hydrogen-based fuel, and integrating carbon capture and utilization (CCU). As for the supply chain management, Qcells offers ESG consulting and supplementary training to major suppliers, aimed at identifying weaknesses and areas for improvement based on ESG assessments. To mitigate social risks, Qcells ensures that its module products are free from conflict minerals. The Issuer also commits to conducting regular supply chain due diligence and assessments to minimize the risks associated with conflict minerals.

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.	Review of: <ul style="list-style-type: none"> Hanwha Solutions Green Financing Framework (2023) Qcells Green Bond Reporting (2024) Documentation of project details including location, size, allocated amount and environmental impacts 	Qcells has confirmed with DNV that internal ERP system (a dedicated ledger) was used to track the green bond proceeds. DNV can confirm that an amount equivalent to the net proceeds was allocated for the financing and/or refinancing of existing or new eligible projects. Qcells' GFWG has tracked the proceeds from the Bond to ensure that they would be allocated to eligible projects.

			<ul style="list-style-type: none"> • ERP Snapshot <p>Discussion with Qcells management or delegated entity</p>	
3b	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.	<p>Review of:</p> <ul style="list-style-type: none"> • Hanwha Solutions Green Financing Framework (2023) • Qcells Green Bond Reporting (2024) • Documentation of project details including location, size, allocated amount and environmental impacts • ERP Snapshot <p>Discussion with Qcells management or delegated entity</p>	Qcells 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.
3c	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.	<p>Review of:</p> <ul style="list-style-type: none"> • Hanwha Solutions Green Financing Framework (2023) • Qcells Green Bond Reporting (2024) • Bank statement_money market <p>Discussion with Qcells management or delegated entity</p>	Qcells has confirmed with DNV that any proceeds temporarily unallocated were placed in short-term liquid money instruments such as cash and market securities according to the exclusionary criteria and Qcells' investment guidelines until allocation to eligible green projects.

4. Reporting

Ref.	Criteria	Requirements	Works Undertaken	DNV Findings
4a	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	<p>Review of:</p> <ul style="list-style-type: none"> • Qcells Green Bond Reporting (2024) • Hanwha Solutions Website <p>Discussion with Qcells management or</p>	Qcells 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.

Ref.	Criteria	Requirements	Works Undertaken	DNV Findings
		have been allocated including <ul style="list-style-type: none"> • when possible with regards to confidentiality and/or competitive considerations • a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact. 	delegated entity	The related information will be uploaded in the following website: https://www.hanwhasolutions.com/en/sustainability/sustainable-management