



SERMSANG
POWER CORPORATION



Green Financing Framework 2022

Important notice

This document (the “Green Finance Framework” or “Framework”) contains information on the Sermuang Power Corporation Public Company Limited’s alignment to the Green Loan Principles [and Green Bond Principles]. Depending on the language of the financial documentation, this Framework may be translated into other languages, as required in the local jurisdiction.

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Message from CEO

Over the past 7 years, The Company produces and distributes electricity from renewable energy in 5 countries, including Thailand, Japan, Mongolia, Vietnam and Indonesia, with a total PPA-equity of 232 megawatts by the end of September 2022.

For future business growth, the executives intend and determine to expand all types of renewable energy businesses to five countries which are in the ongoing operation, as well as other countries with potential for growth in the renewable energy businesses. Correspondingly, the Company aims to provide an accessible clean energy, allow the community to have well-being, improve and optimize energy consumption, support the use of renewable energy in order to reduce greenhouse gas emission, and cope with global climate change.

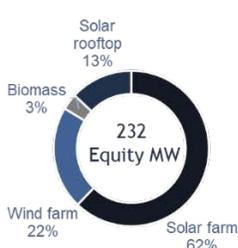
Introduction

In 2012, The Kraipisitkuls, the majority shareholders of the Company, have foreseen business opportunities in the renewable energy industry as from the government's policy to promote the production of renewable energy to those Very Small Power Producers (VSPP) and Small Power Producers. The family thereof submitted the request and offered the sale of electricity to the Electricity Generating

Authority of Thailand (EGAT) on behalf of Sermsang Co., Ltd. ("SPN"), which is the subsidiary of SSP. On June 7, 2013, SPN was considered to enter into the power purchase agreement with EGAT in the Solar Strengthening Project, and had the commercial operation date (COD) on February 2, 2015. On June 16, 2015, the shareholder group subsequently had the Company registered under the name of Sermsang Power Corporation PCL. (SSP) in order to restructure the Company group for its promptness upon the listing on the Market for Alternative Investment (MAI). The shareholder group thereby intended to conduct SSP's business by holding shares of subsidiaries and that of other companies to be registered (Holding Company), which operate their businesses for the production and distribution of electricity from the renewable energy and other relevant businesses. Later, on March 27, 2019, Sermsang Power Corporation PCL. moved from being listed on the Market for Alternative Investment (MAI) to the Stock Exchange of Thailand (SET) for the first day.

Currently, SSP has seven operational solar power plants generated for its commercial purposes and 12 solar power plants installed on the rooftop, located in Thailand, Japan, Vietnam, Mongolia, and Indonesia, both of which have an installed capacity of 194 megawatts. Furthermore, SSP has two solar power plants located in Japan, and one constructing and developing wind power plant located in Vietnam, both of which have an installed capacity of 102 megawatts; will be progressively operated for the commercial purpose within 2021 to 2023.

Our Portfolio



	Solar	Solar rooftop	Wind	Biomass
Operating Project	7	>60	2	1
Country				
PPA Equity MW	144.1	30.6	49.7	7.9

As of 30 September 2022

Sustainability Policy and Targets

Sernsang Power Corporation Public Company Limited and the group of companies that Sernsang Power Corporation Public Company Limited holds the shares have a determination to engage in the sustainable future development by operate the business with the responsibility towards economic, environmental, and social wises as well as the good corporate governance. The Company group intends to be a part in responding to the world’s Sustainable Development Goals (SDGs) by implementing the criteria of the organization’s sustainability assessment which covers economic, environmental, and social dimensions, as well as paying attention towards the satisfaction of needs and expectations of the stakeholders. The Company, thereby, realizes that there will be an opportunity for the improvement of work processes together with the business operation which covers every dimension of sustainability concerns and corresponds with the goal and international sustainability operating approach.

The Company group operates the work towards sustainability at the policy level in which the Board of Directors considers carrying out approaches, policies, strategies, and business operation frameworks in respect of sustainability, which cover the aspects of economy, social, environment, and governance. The foregoing operation approach is implemented in order to allow the Company to set up a standardized organizational regulation with decent approaches in compliance with its objective to be the organization which aims to build trust and sustainability to every group of stakeholders as well as both internal and external relevant agency units up to international standard. Subsequently, in the management level, there is a group of committees in charge of the corporate sustainability management, operating the work in accordance with the policy and goal set up from the policy level as well as assessing and reporting the operation progress.

For the Company group to accomplish their goal in sustainably operate the business, in 2021, we had an arrangement and analysis of key sustainability concerns in relation to business operation through the selection process of key concerns from the needs and expectations of each group of stakeholders together with the key concerns that affect the Company group according to their data of business operation related

to sustainability through internal data analysis e.g. sustainability concerns from the operating model and direction of the Company group, and through external data analysis e.g. sustainability concerns of companies in the renewable energy industry, sustainability trends in Thailand and abroad, and sustainability concerns from the reporting guidelines of the Collaborative Organization on Sustainability Reporting Standard Edition (GRI Standards); as well as Sustainable Development Goals of the United Nations (SDGs). The Company group implemented the foregoing sustainability concerns to formulate strategies, policies, and procedures in responding to the key sustainability concerns of the Company group.

The materiality topics regarding sustainability of the Company are divided into 3 dimensions

1. Economic Dimension

- Planning to cope with climate change to control the rise of global average temperature
- Promoting a good image, transparency in business operation, reduction of corruption in any positions and bribery in all forms.



2. Environmental Dimension

- Providing health care and safety to stakeholders and reducing environmental impact
- Optimizing the management of water resources together, wastewater management, and realization of the impact on stakeholders
- Improving and enhancing energy efficiency and promoting the use of renewable energy to reduce greenhouse gas emission
- Producing and managing waste, reducing amount of waste, and adding value to the waste
- Developing innovation and technology through the continuous improvement of efficiency by managing energy and greenhouse gas emission
- Planning of operation to cope with change and promoting a low-carbon society
- Managing sustainable ecosystem through the reduction of natural habitat loss and preservation of biodiversity



3. Social Dimension

- Developing capacity in health risks management, aiming to reduce number of accidents and operational casualties
- Promoting continuous, inclusive, and sustainable economic growth by creating equal opportunities to access careers to society and every employee in all learning and skill development levels as well as proper, safe, and stable work environments
- Supporting small entrepreneurs and employment from local communities
- Improving the well-being and building good relationships of communities and societies
- Supporting job creation, environment, and safety to the communities



Green Finance proceeds are made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible Green Projects. Our green loans and bonds are aligned to the four core components of the Green Loan Principles (GLP) and Green Bond Principles (GBP):

- i. Use of Proceeds
- ii. Process for Project Evaluation and Selection
- iii. Management of Proceeds
- iv. Reporting

Use of Proceeds

The eligible categories for the use of proceeds are aligned with those recognized by the Multilateral Development Bank (MDB) climate mitigation framework (the MDB framework) and the IFC Definitions and Metrics for Climate Related Activities that are based on the MDB framework, the Green Bond Principles and Green Loan Principles. The use of proceeds will contribute to advance the following UN Sustainable Development Goals:

- SDG 7: Ensure access to affordable, reliable, sustainable and modern energy
- SDG 13: Take urgent action to combat climate change and its impacts

Use of proceeds can be allocated to both CAPEX (capital expenditures) and OPEX (operational expenditures) of the following eligible activities, as well as acquisition costs for an entity which holds such project activities and physical assets, or share thereof. Please note that for refinancing the look-back period is 24 months.

Eligible Project Category	Eligible Criteria and Examples	UN SDG Alignment
Renewable energy	<ul style="list-style-type: none"> • Renewable energy electricity generation and energy storage <ul style="list-style-type: none"> ○ Wind ○ Solar (concentrated solar power, photovoltaic power) ○ Biomass or biogas ○ Ocean power (e.g., wave, tidal, ocean currents, salt gradient) ○ Hydropower plants ○ Waste to energy power ○ Others renewable energy power 	SDG 7: Affordable and clean energy SDG 13: Climate Action
Climate-Related Products	<ul style="list-style-type: none"> • Manufacture and sale of finished products that when used result in energy efficiency in others' operations <ul style="list-style-type: none"> ○ energy-efficient lighting systems, HVAC systems, appliances ○ insulation materials ○ and other energy-saving technologies. • Manufacture and sale of finished products that when used enable others to decrease, store or eliminate GHGs <ul style="list-style-type: none"> ○ Carbon capture and storage 	SDG 13: Climate Action

Process for Project Evaluation and Selection

Sernsang Power Corporation has designed and implemented a process to ensure that only projects aligned with the criteria set out above will be selected as Eligible Projects and Activities for Green Finance eligibility. In addition, the projects will be aligned with the Company's sustainability development policy.

The Group sets a policy on environmental protection by taking into account the environmental safety in all business processes from the project development until the commencement of operations according to the guideline as follows:

1. Survey and Initial Environmental Examination Report: The Business Development and Engineering Department of the Group shall survey areas with the community personnel to assess potential impacts on the environment and hire an external juristic person to prepare a preliminary environmental impact assessment as part of the report for construction project assessment.
2. Establishment of systems and rules for operations: The Engineering Department of the Group shall cooperate with contractors or relevant agencies in the establishment of systems and rules to prevent construction or business operations from affecting the environment and the surrounding communities, both directly and indirectly.
3. Disposal of Toxic Sewage from Projects: The Group has a policy to outsource toxic waste from projects, such as solar panels and damaged or expired equipment. The project staff collect toxic waste in the designated place. Then, an external juristic person takes the toxic waste out of the factory for disposal in the permitted area.
4. Systematic environmental management: There is a follow-up evaluation and review for continuous development

The Group also strengthens and promotes the participation of communities and relevant stakeholders with openness for their opinions and advice with transparency and constructiveness, while treating them equally with respect to their differences and support for the development of quality of life and the community strength. It cooperates with government agencies, industrial associations, business partners, and civil societies, and other stakeholders towards their participation in the development and/or application of good industrial sustainability standards and practices and/or other sectors. [The Company has established a Green Finance Working Group (GFWG) consisting of finance team and business development team to oversee the process with other departments providing information as required.] Throughout the project evaluation and selection process, the GFWG will coordinate with various support groups.:

- The GFWG will propose the project to be financed/refinanced by Green Financing Instruments in coordination with other support groups such as the Operations team, Business Development team, Sustainability team, Legal team, and third-party advisers (if any).
- The short-listed projects will be reviewed by the Company's management based on the policy in section "Use of Proceeds".
- The projects reviewed and proposed by the Company's management will be approved by the Board of Directors.
- The finance team will keep records on all Eligible Green Projects that have been reviewed and will be funded by each Green Financing Instrument issued.
- If a project is determined to be qualified, it will be labeled as such and placed to the Green Financing Instruments Register, as further stated in section 3 "Management of Proceeds".

Management of Proceeds

To manage the proceeds of green loans/bonds, Sermasang Power Corporation will establish, manage and maintain a Green Financing Instruments Register. The Company intends to allocate the net proceeds from its green finance instruments to the Eligible Green Portfolio, selected in accordance with the pre-defined eligibility criteria and project evaluation and selection process presented above.

[The Register will contain relevant information, including:

- Details of each green finance instrument: key information such as transaction date, principal amount of proceeds, settlement date, ISIN number etc.
- Details of Use of Proceeds, including:
 - Summary detail of any specific green project(s) to which the proceeds of the green finance have been earmarked
 - Amount of green finance proceeds committed to any specific green project(s)
 - The remaining balance of net proceeds which have not yet been allocated to Eligible Green Projects

The net proceeds from Green Financing Instruments will be placed in a general bank account, with an amount equal to the net proceeds reserved for distribution to Green Projects.

The balance of the general bank will be included in SSP's liquidity reserve and managed in accordance with our cash management policy. Any unallocated funds, SSP will invest the balance of the net proceeds, at its own discretion, into bank deposits, investment funds, money market funds or liquid marketable instruments until all net revenues from Green Financing Instruments have been distributed to eligible projects.

Reporting

Sermasang Power Corporation publishes a Sustainability Report annually and will report on the allocation of net proceeds and associated environmental benefits/impacts annually until the proceeds of each green finance instruments have been fully allocated, and as necessary in the event of material changes or in case of substitution of eligible green projects. This report will be made available on Sermasang Power Corporation's website.

1. Allocation reporting

Sermasang Power Corporation will provide the following information annually for green finance raised and outstanding during the period:

- Aggregated amount of allocation of the net proceeds to the eligible green projects, at category and sub-category level, with a description of selected case studies if feasible
- Balance of any unallocated proceeds of the green finance funds
- Examples of eligible projects (subject to confidentiality disclosures where required)

2. Impact Reporting

Where possible, Sermsang Power Corporation will report annually on the anticipated environmental sustainability, climate mitigation and/or biodiversity benefits resulting from eligible projects. Subject to the nature of eligible projects and availability of information, Sermsang Power Corporation aims to include, but is not limited to, the following “impact indicators.”

Eligible Project Category	Impact Indicators
Renewable energy	<ul style="list-style-type: none"> • Installed capacity (MW) • Annual renewable energy generation (MWh/y) • Tonnes of CO2 avoided (tCO2eq/y)
Climate-Related Products	<ul style="list-style-type: none"> • Tonnes of CO2 avoided (tCO2eq/y) • Energy savings (MWh/y)