KOWEPO 2023
Green Bond Report

2023 December

KOREA WESTERN POWER CO., Ltd.

KOWEPO Key ESG Strategy

KOWEPO's Vision 2035

In phase with the government's pledge to carbon neutrality, KOWEPO strives to expand the renewable energy businesses. Under KOWEPO's Vision 2035, the company has set up four strategic directions: "Improve competitive advantage through the best technical skills and quality," "Secure sustainability through creating future growth engines," "Social responsibility through Eco & Safe power," and "Improve public values based fairness and responsibility."

Mission	We contribute to the development of society and the public sector by production safe and clean energy through continuous innovation			
Vision	A global leader in green energy at the forefront of a new era			
Core Values	Passion for the Best	Challenge for Growth	Respect for Life & Safety	Trust Based on Win-win Cooperation

Strategic Direction & Managerial Objective

Improve competitive advantage through the best technical skills and quality

- ✓ Installed capacity of clean combined cycle power plants: **14.5GW**
- ✓ Amount of Sales: **KRW 8tn** (Debt ratio: 159%)

Social responsibility through Eco & Safe power

- ✓ Reduction of GHG emission: **61%**
- ✓ Industrial accident rate: **0%**

Secure sustainability through creating future growth engines

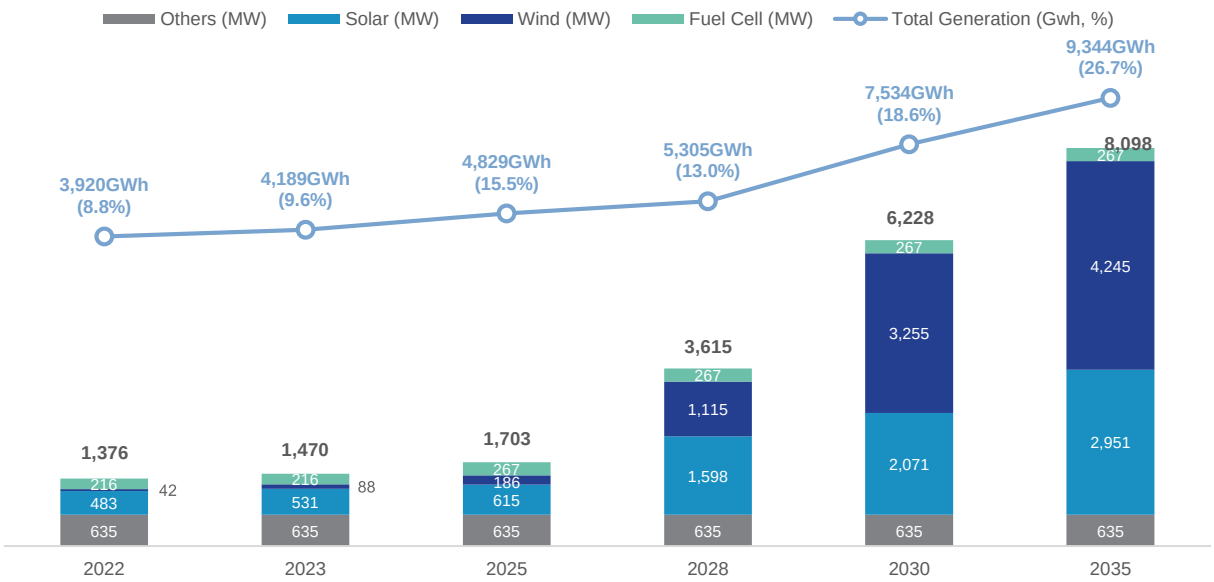
- ✓ Renewable energy generation: **27%**
- ✓ Commercialization **of hydrogen & ammonia-fueled** power generation
- ✓ Sales of overseas & new business: **KRW 1.7tn**

Improve public values based fairness and responsibility

- ✓ Integrity Evaluation: **1st Grade**
- ✓ Co-growth Evaluation: **Prime Grade**
- ✓ K-ESG score: **over 90**

KOWEPO's Renewable Energy Roadmap[1]

In response to shifts in the energy paradigm toward carbon neutrality, KOWEPO aims to increase renewable energy capacity up to 8,098MW by 2035. According to the KOWEPO's renewable energy roadmap, the company targets to invest KRW 2.1tn to renewable energy businesses, thus generating a total of 9,344GWh via renewable energy businesses by 2035, which accounts for 26.7% of the total generation.



Note: [1] Power generation numbers reflect the KOWEPO's shareholding ratio

Green Bond Reporting Overview

Key Issuance Metrics

Issuer	Korea Western Power Co., Ltd
Issuer rating	Aa2 (Moody's) / AA (S&P) / –
Instrument	Senior Unsecured Green Bond
Use of Proceeds	Under KOWEPO's Green, Social and Sustainability Financing Framework
ISIN	XS2489897343
Pricing date	21 June 2022
Size	USD 300 million
Format	Public Offering, RegS Only
Maturity	28 June 2025

Allocation & Impact Summary

*" KOWEPO has allocated **USD 230.4 mn**[1], or **77%** of total proceeds of green bond to **40** projects committed across **3** categories. "*

Expected to Reduce[2]:

310,563.1

tCO_2 equivalent per year

Expected to Generate[2]:

741,245.8

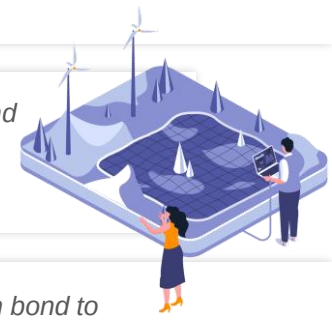
MWh of renewable energy per year

*KOWEPO has allocated **USD 103.4mn** of green bond to **29** domestic and overseas photovoltaics power projects*

Energy Installed Capacity: 468.9MW[2]

*KOWEPO has allocated **USD 124.2mn** of green bond to **9** domestic and overseas wind power projects*

Energy Installed Capacity: 130.2 MW[2]



*KOWEPO has allocated **USD 2.9mn** of green bond to **2** domestic ESS dedicated to photovoltaics power energy*

Energy Installed Capacity: 28.5 MW

Note: [1] USDKRW: 1,293.65 (as of 21st June 2022, Bloomberg)
[2] Considering KOWEPO's green bond share for each projects;

Allocation & Impact Reporting

Allocation Summary Total allocation: USD 228.7mn

Project Description	Amount Allocated (USD k)[1]		
	Jul.19~Jun. 22	Jun.22 ~ 23 YTD	Total
Renewable Energy – Solar Power	81,750.8	21,686.6	103,437.4
Renewable Energy – Wind Power	115,455.3	8,735.0	124,190.4
Energy Efficiency – ESS	2,893.3	--	2,893.3
Allocation Total[2]	200,099.4	30,421.7	230,521.1

Impact Summary_Renewable Energy

Project Description	Capacity[3] (MW)	Renewable Energy Production[3] (MWh)	GHG Emissions Avoided[3] (tCO2e)
Solar Power	468.9	610,505.7	289,230.8
Wind Power	130.2	130,740.1	21,332.3
Renewable Energy Impact Total	599.1	741,245.8	310,563.1

* Impact Calculation Methodologies[4]:

- The solar and wind power projects funded through KOWEPO's Green Bonds help to displace electricity generated from fossil fuels
- In accordance with the EIB guidelines, the GHG emissions avoided have been calculated as the product of the energy production in MWh by the country specific baseline for the carbon intensity of the national grid for intermittent electricity generation.

Impact Summary_Energy Efficiency

Project Description	Capacity (MW)	Energy Efficiency Improved (%)
ESS 1	19.5	7.6%
ESS 2	9.0	3.5%
Energy Efficiency Impact Total	28.5	--

* Impact Calculation Methodologies:

- Energy efficiency improved: Additional power generation with ESS / Power generation without ESS (PV only)

Note: [1] USDKRW: 1,293.65 (as of 21st June 2022, Bloomberg);
[2] Refinancing ratio: 87.5% (1st Jul 2019 – 20th June 2022 / 21st June 2022 – 2023 YTD)
[3] Considering KOWEPO's green bond share for each projects;
[4] EIB Projected Carbon Footprint Methodologies, January 2023

KOWEPO's Framework Overview

Green, Social and Sustainability Financing Framework

KOWEPO's Green, Social and Sustainability Financing Framework (the "Framework") updated in June 2022 is align with Green Bond Principles (2021), Sustainability Bond Guidelines (2021) published by the International Capital Markets Association ("ICMA"), as well as the (iii) Green Loan Principles 2021 and (iv) Social Loan Principles 2021 jointly published by the Loan Market Association ("LMA"), Asia Pacific Loan Market Association ("APLMA") and Loan Syndications and Trading Association ("LST").

Eligible Projects	• All of the net proceeds from KOWEPO's Green, Social and Sustainability bond issuances will be used to finance and/or re-finance, in whole or in part, new and/or existing assets within one eligible categories as defined below. • The lookback period for refinancing Eligible Green and Social Assets is **36 months.**	
	< Green Categories > ✓ Renewable Energy ✓ Eco-friendly Hydrogen ✓ Energy Efficiency	**< Social Categories >** ✓ Socio Economic Advancement and Empowerment ✓ Small-Medium Enterprises Financing
Evaluation and Selection of Projects	• **Sustainable Working Group ("SWG"),** comprised of members from various departments, is to oversee the works related to the Framework. • The list of Eligible Projects will be managed by KOWEPO's Budget and Financing Office.	
Management of Proceeds	• KOWEPO intends to fully allocate the net proceeds into Eligible Projects within **24 months** after launch of a Sustainable Financing Instrument on the best effort basis. • In case of divestment or cancellation of an allocated asset, or if an allocated project no longer meets the eligibility criteria, KOWEPO shall reallocate the proceeds to other Eligible Projects **on a timely basis.**	
Reporting	• Within one year of the Green or Sustainability Bond issuance, and until full allocation of the proceeds, KOWEPO will disclose publicly the information of allocation reporting and impact reporting. Upon material changes of projects allocated and a replacement has been made, KOWEPO will also update investors via an allocation update report: https://www.iwest.co.kr/eng.	

DNV' Second Opinion on the Framework

DNV

"… It is DNV's opinion that the KOWEPO's Green and Sustainability Financing Framework meets the criteria established in the Protocol and are ***aligned with the GBP, SBP, SBG, GLP, and SLP 2021****."*

Case Study

Case Study 1: Jangheung Wind Power

- **Investment from Jul.19 – 23YTD:** **USD 60.9mn**
- **Capacity:** **18MW**
- **Description:** Total capacity of Jangheung Wind Power is 18MW, comprised of six units of 3MW wind power plant each. Construction commenced in February 2020, and commercial operation began in September 2021
- **Project Significance:** The project introduced **domestically manufactured 3MW-class turbines for the first time in Korea**, providing an opportunity to further advance domestic wind turbine production and operational technologies.
- **Share Structure:** KOWEPO 100%
- **(E) Annual CO2 avoided[1]:** 10,406.0tCO2/year

Case Study 2: Oman Manah Solar Power Project

- **Investment from Jul.19 – 23YTD:** **USD 906.4k**
- **Capacity:** **500MW**
- **Description:** The Manah Solar Power Project in Oman aims to set up a 1,000 MW solar power plant in Manah. The project is separated into two projects, Manah 1 (500 MW) and Manah 2 (500 MW), and KOWEPO secured the Manah 1 Project. Construction will begin in February 2024 with completion planned for March 2025.
- **Project Significance :** KOWEPO secured **the first large-scale renewable energy project in Oman**.
- **Share Structure:** KOWEPO 50%, EDF-R 50%