

Second-Party Opinion

Korea East-West Power Co. Ltd

Sustainability Bond

Evaluation Summary

Sustainalytics is of the opinion that the Korea East-West Power Co. Ltd Sustainability Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2017, the Social Bond Principles 2017 and the Sustainability Bond Guidelines. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds are aligned with those recognized by the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines as project categories with clear environmental benefits and which seek to achieve positive socio-economic outcomes for target populations. Sustainalytics considers that EWP’s investments will contribute to shifting EWP’s business model towards renewable energy production and away from fossil-fuel based electricity production. Moreover, Sustainalytics views EWP’s social investments as contributing to the growth of the Korean SME network, while providing benefits for the underprivileged local communities.



PROJECT EVALUATION / SELECTION EWP’s project evaluation and selection process is executed by the company’s Treasury Department along with the relevant teams and departments within EWP’s New Growth Technology Division, which are tasked to choose ‘Eligible Projects’ based on a clear set of eligibility and exclusionary criteria. Sustainalytics assesses this process as being in line with market practices.



MANAGEMENT OF PROCEEDS EWP’s management of proceeds will be overseen by EWP’s treasury team and the company has an internal process to segregate and track sustainability bond proceeds. This process is aligned with market practices.



REPORTING EWP commits to disclosing a comprehensive allocation and impact report on the company’s website annually comprising relevant transaction information along with environmental and social impact metrics. Sustainalytics highlights EWP’s commitment to provide investors with comprehensive impact reporting and anticipates the level of disclosure and detail to be aligned with current market practices.

Evaluation date	May 2018
Issuer Location	Ulsan, South Korea

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Introduction

Korea East-West Power Co. Ltd. (“EWP” or “the company”) together with its subsidiaries, produces and sells electricity in South Korea and internationally. EWP owns and operates five power plants besides its renewable energy facilities, with a total generating capacity of approximately 11,170MW. The company sells its electricity through its parent-company Korea Electric Power Corporation and is headquartered in Ulsan, South Korea. EWP has developed the Korea East West Power Co. Ltd Sustainability Bond Framework (the “framework”) under which it is considering to issue sustainability bonds and use the proceeds to finance and refinance the expansion of the company’s renewable energy facilities, its renewable energy investments and the support of small and medium enterprises, with a focus on job creation for local communities. The framework defines eligibility criteria in two areas:

1. Renewable Energy
2. Small-Medium Enterprise (SME) Financing and Support for Underprivileged Target Groups

EWP engaged Sustainalytics to review the Korea East-West Co. Ltd Sustainability Bond Framework and provide a second-party opinion on the alignment of the framework with the Green Bond Principles¹ (“GBP”), the Social Bond Principles² (“SBP”) and the Sustainability Bond Guidelines³ (“SBG”), as administered by the International Capital Market Association (the “ICMA”), and the framework’s environmental and social credentials. The framework has been published in a separate document⁴.

As part of this engagement, Sustainalytics held conversations with various members of EWP’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the framework. Sustainalytics also reviewed relevant public documents and non-public information. Following this engagement between EWP and Sustainalytics, some elements of the framework were clarified to ensure an alignment with the level of disclosure expected by ICMA’s Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines.

This document contains Sustainalytics’ opinion of the Korea East-West Co. Ltd Sustainability Bond Framework and should be read in conjunction with that framework.

¹ ICMA’s Green Bond Principles 2017 <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/GreenBondsBrochure-JUNE2017.pdf>

² ICMA’s Social Bond Principles 2017 <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/SocialBondsBrochure-JUNE2017.pdf>

³ ICMA’s Sustainability Bond Guidelines 2017 <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/SustainabilityBondGuidelines-JUNE2017.pdf>

⁴ Korea East-West Co. Sustainability Bond Framework available on EWP’s investors relations section of the company’s website: <https://www.ewp.co.kr/eng/subpage/contents.asp?cn=VOTUW4FO&In=V86EZ7EF&sb=INES58EW&tb=DRPU6T8>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Korea East-West Power Co. Ltd Sustainability Bond Framework

Summary

Sustainalytics is of the opinion that the Korea East-West Power Co. Ltd Sustainability Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2017, the Social Bond Principles 2017 and the Sustainability Bond Guidelines. Some of its key strengths are as follows:

Use of Proceeds:

- The use of proceeds categories of the Korea East-West Power Co. Ltd Sustainability Bond Framework are recognized as environmentally and socially impactful by the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines. Sustainalytics considers that EWP's investments will contribute to shifting EWP's business model towards renewable energy production and away from fossil-fuel based electricity production. Similarly, Sustainalytics views EWP's social investments as contributing to the growth of the South Korean SME network, while providing benefits for underprivileged local communities. For additional information on impact, please see Section 3.
- Sustainalytics highlights that EWP's use of proceeds will specifically exclude investments in the following areas:
 - large-scale hydro power projects with a generating capacity of above 25MW
 - nuclear energy
 - fossil-fuel based electricity production and related clean-up operations
 - SMEs operating in and not limited to alcohol, tobacco, gambling, weapons, munitions and fossil-fuel based energy production and related R&D activities

Project Selection Process:

- EWP's project evaluation and selection process is executed by the company's Treasury Department along with the relevant teams and departments within EWP's New Growth Technology Division, which are tasked to choose 'Eligible Projects' based on a clear set of eligibility and exclusionary criteria, as outlined above. Sustainalytics assesses this process as being in line with market practices.

Management of Proceeds

- EWP will deposit the sustainability bond proceeds in its Treasury Portfolio and track it internally. The management of proceeds will be overseen by EWP's treasury team and pending full allocation, all or a portion of the net proceeds may be used for the payment of all or a portion of the company's indebtedness, and/or be temporarily invested in cash, cash equivalents, investment grade securities or other marketable securities and short-term instruments or other capital management activities.

Reporting

- EWP commits to disclose a comprehensive allocation and impact report on its website annually. The (i) allocation reporting will comprise relevant transaction information including allocation per eligible asset category, examples of projects financed by the proceeds, along with their description and corresponding allocated amount (in USD), the allocated amount vs. total amount (in %) and the portion of financing and refinancing. EWP commits to publishing the report within a year's time from the issuance. With regards to the (ii) impact reporting, EWP commits to disclose a comprehensive set of environmental impact metrics such as the installed renewable energy capacity in MW, annual renewable energy production in MWh, annual GHG emissions avoided in tons of CO_{2e} etc., as well as relevant social metrics such as the number of SMEs financed, number of jobs created, number of beneficiaries, amount of social contribution spent and others. Sustainalytics highlights EWP's commitment to provide investors with comprehensive impact reporting and anticipates the level of disclosure and detail to be aligned with current market practices.
- EWP is committed to use the net bond proceeds to refinance projects with a maximum look back period of three years. Though Sustainalytics acknowledges that the market may view the refinancing of older projects to reduce the additionality of the green bond, Sustainalytics positively views EWP's efforts to transparently report on the portion of financing and refinancing projects and further encourages EWP to indicate the completion year of its projects.

Alignment with Green Bond Principles 2017, Social Bond Principles 2017 and Sustainability Bond Guidelines 2017:

Sustainalytics has determined that the Korea East-West Power Co. Ltd Sustainability Bond Framework aligns to the four core components of the Green Bond Principles 2017, the Social Bond Principles 2017 and the Sustainability Bond Guidelines. For detailed information please refer to Appendix 1: External Review Form.

Section 2: Sustainability Strategy of the Issuer

Contribution of framework to issuer's sustainability strategy and targets

Sustainalytics is of the opinion that EWP has articulated a strong commitment to transitioning away from fossil-fuel energy sources, in addition to investing in socially impactful SMEs. Sustainalytics is confident that EWP is well positioned to issue sustainability bonds due the company's strong governance over its sustainability commitments confirmed by⁵:

- EWP's alignment with the South Korea government's "New and Renewable Energy 2030 Plan" as well as its explicit commitment to increase its renewable energy production capacity to 20% of its total energy mix by 2030. Additionally, EWP confirmed to Sustainalytics that the company follows the South Korean government's climate-related goals, vision, policy direction and sustainability commitments;
- To achieve its sustainability commitments along with South Korea's New and Renewable Energy 2030 Plan, EWP outlined a strategy to establish a 2030 companywide roadmap for GHG reduction with a target to decrease its carbon footprint by 10% by 2020⁶ and 20% by 2030. To implement this strategy, EWP committed to invest around KRW 4 trillion⁷ (USD 3.7 billion) and develop over 100 MW large-scale new and renewable energy generation facilities. The company also aims to supply the local market with new and renewable energy accounting for 5% of its total generation mix by the end of 2018;
- EWP's target to reduce fine dust air emissions by 77% by 2030⁸, in line with the new directives outlines by South Korea's Ministry of Environment;⁹
- EWP's 13% overall air emission reduction performance¹⁰ after having secured a reduction of 2.7 million tons of GHG emissions through the emissions trading system;
- EWP has been ranked on the first place in the Climate Change Competitiveness Index during the last 6 years and won the Award of Excellent Company by CDP for 3 consecutive years;
- EWP has created an internal corporate body called Win-Win Growth Committee focusing on supporting SMEs expand their operations and R&D capabilities. EWP estimates it will implement around 250 R&D SMEs-born R&D projects, discover another 80 R&D companies and reach KRW 1 billion (USD 1 million) in exports through its web of SME partners by 2030.

Overall, Sustainalytics is confident that EWP is well positioned to issue sustainability bonds and use the proceeds to meet its environmental and social targets and commitments. In addition, Sustainalytics is of the opinion that, although EWP is primarily a fossil-fuel based company, it has demonstrated a clear intention to bolster its renewable energy generation capacities and transition away from fossil-fuel based electricity production due to its renewable energy production capacity targets along with its planned investments. Given that the Korea East-West Power Co. Ltd Sustainability Bond Framework does not finance any fossil-fuel operations, Sustainalytics is of the opinion that the framework will support the company's investment efforts to rebalance its energy production mix away from fossil-fuel based electricity. Similarly, Sustainalytics is of the opinion that the framework will positively contribute towards advancing EWP's commitment to improve its socially impactful network of SMEs and help reduce social disparities in South Korea.

⁵ All sustainability-related data has been retrieved from EWP's 2017 Sustainability Report document available at: https://www.ewp.co.kr/eng/download/envIRON_2017.pdf

⁶ EWP's Environmental management chart available at:

<https://www.ewp.co.kr/eng/subpage/contents.asp?cn=0DDC1TXC&ln=M36J6SAX&sb=ZCZ7IBSU&tb=H11HETA>

⁷ <https://www.ewp.co.kr/eng/subpage/contents.asp?cn=0DDC1TXC&ln=M36J6SAX&sb=ZCZ7IBSU&tb=H11HETA>

⁸ Compared to 2015 baseline levels

⁹ Document retrieved from the United Nations Economic and Social Commission for Asia and the Pacific website http://www.unescap.org/sites/default/files/Session%201.1.%20Youngsook%20Yoo_ROK.pdf

¹⁰ Compared to the previous year

Well positioned to address common social risks associated with the projects

Sustainalytics recognizes that electricity production and SME financing may expose EWP to environmental and social risks such as: air pollution, water pollution, unintended air and water discharges, waste management risks, workers health and safety or deficient oversight of the partner SMEs. EWP follows South Korean environmental and social regulation and complies with all national policies and guidelines to mitigate environmental and social risks commonly associated with electricity production and SME financing. Besides following all laws and regulations in place in South Korea and overseas, EWP implemented the following structures¹¹ targeting enhanced environmental and social risk mitigation:

- EWP has an Environmental Management System supported by technological facilities for Air Quality Management, Water Quality Management, Waste Management, Chemicals Management, Noise and Soil Management and integrated programmes for the Recycling of Resources and the Recycling of Hot Wastewater;
- In order to reinforce its Environmental Management System, EWP implemented an environmental risk assessment mechanism built around two pillars called the (i) 'Inspection and Implementation of Environmental Diagnosis Process' followed by a (ii) 'Post-environmental management procedure'. Moreover, for EWP to comply with the South Korean chemical accident response policy, the company developed a third separate pillar called 'Off-site impact analysis and risk management planning', an emergency program created to preemptively tackle chemical accidents potentially affecting the environment or the communities where EWP has electricity generation facilities;
- In 2007, EWP achieved company-wide ISO 14001 certification for Environmental management¹², providing assurance that EWP implements a systematic approach to environmental protection and it fulfills its environmental-related compliance obligations.

Sustainalytics holds a positive view over EWP's environmental and social risk mitigation processes due to the company's (i) comprehensive Environmental Management System, its (ii) extensive environmental risk assessment procedures, as well as (iii) the company-wide certification with the ISO 14001 environmental management system. Overall, Sustainalytics is confident that EWP is well positioned to identify, manage and mitigate the environmental and social risks associated with electricity production and SME financing.

Section 3: Impact of Use of Proceeds

Contribution of the renewable energy facilities to South Korea's energy mix and air quality

South Korea is currently securing around 7% of its energy consumption needs from renewable energy sources and has set a national target to increase the share of renewable energy to 20% by 2030¹³, according to the government's New and Renewable Energy Plan 2030. The Green Energy Strategy Institute, a research wing of the Korean Society for New and Renewable Energy¹⁴, estimates that South Korea's renewable energy share target is ambitious given the country's limited total solar PV and wind generation capacities of 6.6GW.

Sustainalytics considers EWP's current and projected investments in renewable energy facilities as instrumental to its contribution to South Korea's renewable energy targets. Sustainalytics sees EWP's renewable energy investments as a contributor to South Korea's decarbonization targets under the Paris Climate Agreement, which mandate that the country reduces its GHG emissions with 37% below business as usual emissions by 2030¹⁵.

Separately, South Korea's Ministry of Environment calculated that coal-based electricity production is the third most intensive source of fine particulate air pollution in South Korea, with 23 premature deaths from outdoor air pollution per 100,000 people¹⁶. As a result, the South Korea government will seek to decrease the share of

¹¹ All sustainability-related data has been retrieved from EWP's 2017 Sustainability Report document available at: https://www.ewp.co.kr/eng/download/environ_2017.pdf

¹² <https://www.ewp.co.kr/eng/subpage/contents.asp?cn=0DDC1TXC&ln=M36J6SAX&sb=ZCZ7IBSU&tb=H11HETA>

¹³ Document retrieved from the United Nations Economic and Social Commission for Asia and the Pacific website http://www.unescap.org/sites/default/files/Session%201-6.%20Sanghoon%20Lee_GESI.pdf

¹⁴ More information on the publications of the Korean Society for New and Renewable Energy available at: <http://journalsksnr.com/>

¹⁵ South Korea's Paris Climate Agreement targets: <https://climateactiontracker.org/countries/south-korea/pledges-and-targets/>

¹⁶ Document retrieved from the United Nations Economic and Social Commission for Asia and the Pacific website http://www.unescap.org/sites/default/files/Session%201.1.%20Youngsook%20Yoo_ROK.pdf

coal-based power generation and rebalance it with renewable energy sources through its next nationwide power demand-supply plan¹⁷. Sustainalytics is of the opinion that EWP's current and proposed renewable energy projects will contribute to reducing the company's reliance on coal-fired electricity production, having an indirect positive impact on the country's air quality.

Importance of SME financing for Research and Development in South Korea

South Korea is the OECD country with the second largest share of GDP allocated to research and development¹⁸ and is largely considered by the financial community as a world leader in innovation¹⁹. South Korea has created public and private economic incentives to enhance its national research and development capabilities, with R&D being typically carried out by large public and private companies, along with academia. Sustainalytics views EWP's efforts to deploy R&D financing towards the South Korean SMEs as a positive development, which is aligned with the company's larger strategy to support the local SMEs' competitiveness, to strengthen their core competencies and their overseas opening. Sustainalytics is of the opinion that EWP's SME financing initiatives will positively contribute to expand the country's high-added value R&D capacities, enhance South Korea's technological competitiveness and bolster the local network of SMEs, all contributing to an improved job market environment.

Contribution towards underprivileged communities in South Korea

EWP confirmed to Sustainalytics that the company may use around 1% of its total net bond proceeds to finance social contributions for underprivileged local communities surrounding its facilities in South Korea in order to support local economic growth, as outlined in EWP's social contribution programme called "Happy Energy Dream". EWP also confirmed that the common framework regulating the underprivileged status in South Korea, as defined by the National Ministry of Employment and Labor and the Ministry of Health and Welfare, ensures that vulnerable low-income groups may become targeted groups under Korea East-West Power Co. Ltd Sustainability Bond Framework. Eligibility extends to any household with a monthly income below the 60th percentile of the national average, to people of and over 55 years old, to disabled people, people unemployed for a period longer than six months, to homeless people and to people with a credit rating limiting to access financial services.

Sustainalytics considers that this pillar provides a comprehensive framework targeting large segments of the most socially and economically vulnerable communities in South Korea. Although charity and donations are not covered by the ICMA Green Bond Principles, the Social Bond Principles or the Sustainability Bond Guidelines, Sustainalytics is of the opinion that the limited extent of the use of proceeds allocated towards these activities (around 1% of the total) is acceptable under the current market practices and would support EWP in its mission to be a responsible actor in the communities where it has operations. As such, Sustainalytics considers that EWP's social contributions and investments will primarily contribute to reduce social disparities and facilitate access to public services of the most vulnerable communities exposed to social exclusion in South Korea.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This sustainability bond mostly advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	SDG 7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.2.1 Renewable energy share in the total final energy consumption
Small-Medium Enterprise (SME) Financing and	SDG 8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation,

¹⁷ Document retrieved from the United Nations Economic and Social Commission for Asia and the Pacific website http://www.unescap.org/sites/default/files/Session%201.1.%20Youngsook%20Yoo_ROK.pdf

¹⁸ Information retrieved from <https://data.oecd.org/rd/gross-domestic-spending-on-r-d.htm>

¹⁹ Information retrieved from Bloomberg <https://www.bloomberg.com/news/articles/2018-01-22/south-korea-tops-global-innovation-ranking-again-as-u-s-falls>

Support for Underprivileged Target Groups		entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
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Conclusion

EWP has developed a Sustainability Bond Framework under which it intends to issue sustainability bonds and use the proceeds to finance or refinance ‘Eligible Projects’ related to (i) Renewable energy and (ii) Small and Medium Enterprise (SME) Financing and Support for Underprivileged Target Groups. To strengthen its eligibility criteria, EWP added exclusionary criteria specifically excluding investments in (i) large scale hydro power projects with a generating capacity of over 25 MW, (ii) nuclear energy, (iii) fossil fuel-based electricity production and related clean-up operations, and (iv) SMEs operating in business sectors such as, but not limited to, alcohol, tobacco, gambling, weapons, munitions, and fossil-fuel based energy production and related R&D activities.

Sustainalytics considers that the ‘Eligible Projects’ funded by the proceeds of the sustainability bonds will provide a meaningful contribution to help shift EWP’s business model away from coal-based electricity production to renewable energy. Moreover, EWP’s SME financing initiatives will positively contribute to enhance South Korea’s job market environment.

Separately, although social contributions, charity and donations are not considered eligible under the Green Bond Principles, Social Bond Principles or the Sustainability Bond Guidelines, Sustainalytics considers that that the limited extent of the use of proceeds allocated towards these activities (around 1% of the total) is acceptable under the current market practices and would support EWP in its mission to be a responsible actor in the communities where it has operations. Sustainalytics is of the opinion that these social contributions will primarily contribute to reduce social disparities and facilitate access to public services of the most vulnerable communities exposed to social exclusion in South Korea.

Based on the above, Sustainalytics considers that EWP is well positioned to issue sustainability bonds and that the Korea East-West Power Co. Ltd Sustainability Bond Framework is credible, robust and aligns with the four pillars of the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines.

Appendices

Appendix 1: External Review Form

Section 1. Basic Information

Issuer name:	Korea East-West Power Co. Ltd
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	Korea East-West Power Co. Ltd Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	June 2018
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	June 2018

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to the Korea East-West Power Co. Ltd Sustainability Bond Framework available in the Second Party Opinion document above and at:
<https://www.ewp.co.kr/eng/subpage/contents.asp?cn=VOTUW4FO&ln=V86EZ7EF&sb=INES58EW&tb=DRPU6T8>

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

Proceeds under the framework will be used to finance or finance, in whole or in part, existing (refinancing) and future projects related to (i) Renewable Energy and (ii) Small and Medium Enterprise (SME) Financing and Support for Underprivileged Target Groups. To strengthen its eligibility criteria, EWP added an exclusionary list specifically excluding (i) large scale hydro power projects with a generating capacity of over 25 MW, nuclear energy, fossil-fuel based electricity production and related clean-up operation, SMEs financing operating in business sectors such as, but not limited to, alcohol tobacco, gambling, weapons, munitions, and fossil fuel-based energy production and related R&D activities.

Sustainalytics has a positive view of EWP's use of proceeds, with eligible project categories aligning with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines. Sustainalytics believes that EWP's use of proceeds will help shift the company's business model away from fossil-fuel based electricity generations towards renewable energy. Moreover, EWP's SME financing initiatives will positively contribute to enhance the country's job market environment.

Based on the above, Sustainalytics considers that EWP is well positioned to issue sustainability bonds and that the Korea East-West Power Co. Ltd Sustainability Bond Framework is credible, robust and aligns with the four pillars of the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input checked="" type="checkbox"/> Other (<i>please specify</i>): SME financing for research and development, around 1% of the use of proceeds will go to social contributions towards underprivileged communities in South Korea |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

EWP's project evaluation and selection process is executed by the company's Treasury Department along with the relevant teams and departments within EWP's New Growth Technology Division, which are tasked to choose 'Eligible Projects' based on a clear set of eligibility and exclusionary criteria, as outlined above. Sustainalytics views this process as being in line with market practices.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

EWP will deposit the sustainability bond proceeds in its Treasury Portfolio and track it internally. The management of proceeds will be overseen by EWP's treasury team and pending full allocation, all or a portion of the net proceeds may be used for the payment of all or a portion of the company's indebtedness, and/or be temporarily invested in cash, cash equivalent, investment grade securities or other marketable securities and short-term instruments or other capital management activities.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds

- Other *(please specify)*:

Additional disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other <i>(please specify)</i> : |

4. REPORTING

Overall comment on section (if applicable):

EWP commits to disclosing a comprehensive allocation and impact report on its website annually. The (i) allocation reporting will comprise relevant transaction information including the allocation per eligible asset categories, examples of projects financed by the proceeds, along with their description and corresponding allocated amount (in USD), the allocated amount vs. total amount (in %) and the portion of financing and refinancing. EWP commits to publish the report within a year's time from the issuance. With regards to the (ii) impact reporting, EWP commits to disclose a comprehensive set of environmental impact metrics such as the installed renewable energy capacity in MW, annual renewable energy production in MWh, annual GHG emissions avoided in tons of CO_{2e} etc., as well as relevant social metrics such as the number of SMEs financed, number of jobs created, number of beneficiaries, amount of social contribution spent and others. Sustainalytics highlights EWP's commitment to provide investors with comprehensive impact reporting and anticipates the level of disclosure and detail to be aligned with current market practices.

Use of proceeds reporting:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information reported:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input checked="" type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (please specify): installed capacity in MW, Annual GHG emissions avoided in CO _{2e} , annual renewable energy production in MWh, Annual RPS purchase, the number of SMEs financed, amount of R&D financing, number of jobs created, number of beneficiaries from target group, amount of social contribution spent. |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): company website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

EWP's Sustainability Report 2017 https://www.ewp.co.kr/eng/download/environ_2017.pdf
EWP's website <https://www.ewp.co.kr/eng/main/main.asp>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |

Other (*please specify*):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Consultant Review:** An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second Party Opinions" may fall into this category.
- ii. **Verification:** An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- iv. **Rating:** An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialized research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

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