



RATCH-Australia Corporation Pty Limited (“RAC”)

Green Financing Framework

July 2022



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Section 1 Introduction to RATCH-Australia Corporation

1.1) Company Overview

RATCH-Australia Corporation Pty Ltd (“RAC” or “Company”) is an experienced project developer and project owner within the Australian energy market. RAC owns a portfolio of generation assets with a capacity of 1.2GW. RAC has been developing, building and operating projects in Australia since 2011 including the in-house developed 227MW Collector Wind Farm in New South Wales and the 214MW Yandin Wind Farm in Western Australia (for which RAC owns a 70% stake) both of which commenced full operations in 2021.

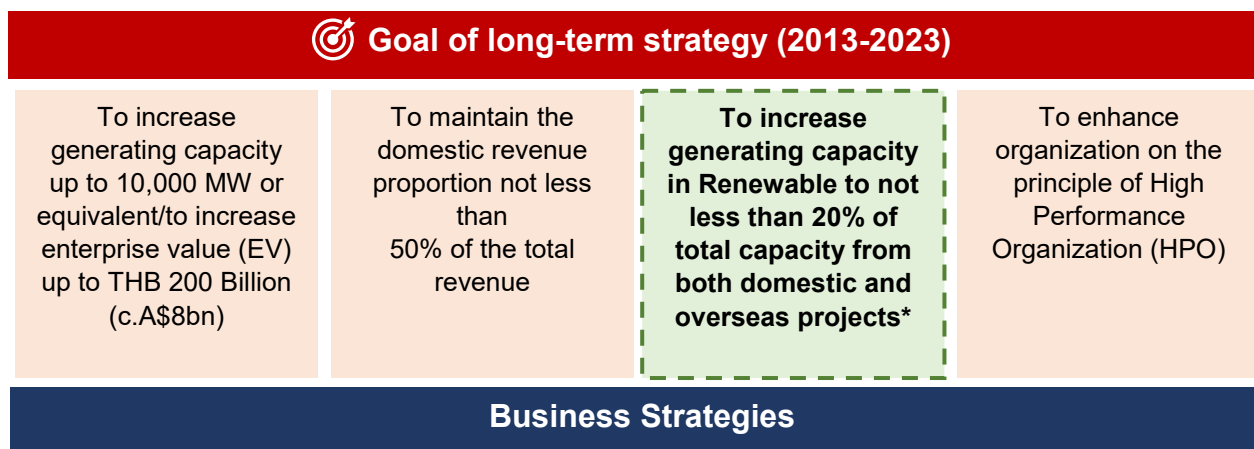
Since late 2018 RAC has also delivered the 180MW Mount Emerald Wind Farm and the 42.5MW Collinsville Solar Farm, both in Queensland. Together these projects represent successful deployment of more than \$1.3bn into greenfield renewable projects over three years.



The ultimate holding company of RAC is RATCH Group Public Company Limited (company number 0107543000031), a Thai-incorporated company (RATCH Group), which is listed on the Stock Exchange of Thailand with a market cap equivalent to around A\$3.3bn¹. The largest shareholder in the RATCH Group, with 45% ownership, is the Electricity Generating Authority of Thailand (EGAT).

The RATCH Group has more than 7GW of operational capacity in Thailand, Laos, Indonesia and China with an additional 1.2 GW of capacity under development and construction.

The RATCH Group sustainability strategy is integrated into the long-term business strategy to grow economic value and benefit society and the environment.



¹ 23 June 2022

Sustainability Strategies				
Optimize asset management efficiency and asset-related profitability	Focus on the development of new power plants in existing markets	Seek partners for the expansion of electricity business in new markets	Create added value through business expansion in related businesses	Enhance organizational capability

-  Operate business under sustainable development principles with responsibility for economy, society and the environment
-  Base business decision making on economic, health, safety, environment and social issues
-  Implement activities for sustainable results, for stakeholders' acceptance and trust
-  Interact regularly with stakeholders
-  Executives and employees follow regulations on occupational health, safety, security, as well as social and environmental responsibility
-  Operate businesses that benefit society; ensure occupational health and safety of employees, suppliers and community; prevent impacts on communities; control and reduce GHG in production process; and protect ecosystem and biodiversity

RAC is focused on delivering projects and initiatives aligned to the RATCH Group long-term strategy and in accordance with the Sustainability Strategies defined above. In particular RAC is well placed to positively contribute toward the RATCH Group’s renewable energy production targets through the continued investment in renewable energy generation projects in Australia.

The RATCH Group outlines its environmental responsibility principles in its Corporate Sustainability Development Policy as summarized below:

- Ensure environmental and biodiversity management meet relevant laws and regulations; invest in, develop and improve the environmental management system; and seek new measures and approaches to lift the management efficiency and better control the environmental quality.
- Invent and seek approaches to reduce resource and energy consumption and the emission of pollutants, waste and GHG, to prevent, control and reduce impacts on the environment, community and society as best as possible.
- Set the targets of GHG emission, power generation and business operations; define the approach to assess climate-changed risks and impacts on the operations and business; seek measures to reduce GHG emission; and search for mitigation measures for stable and sustainable business growth.

* The Company is in consideration to increase generating capacity in Renewable from not less than 20% to not less than 25% of total capacity from both domestic and overseas projects

Section 2 Green Financing Framework

In order to achieve the commitments described above, and green financing that will deliver environmental benefits to support the RATCH Group’s vision, goals and sustainability strategies, RAC has created a Green Financing Framework and will make publicly available on its website.

The Green Financing Framework articulates how RAC intends to raise Green Loans and Green Bonds to finance or refinance new and existing projects with environmental benefits.

This Green Financing Framework (“the Framework”) has been developed in alignment with the following guidelines:

- the Green Bond Principles (“GBP”), issued by the International Capital Market Association (ICMA) in June 2018²; and
- the Green Loan Principles (“GLP”) issued by the Loan Market Association (LMA) in May 2020.³

Below is a detailed disclosure of the Company’s approach to four core components:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of Proceeds
4. Reporting

Green financing instruments issued under this Framework may take the form of bonds, hybrid instruments, bank and other institutional debt (“Green Debt”). RAC will aim to adhere to best practices in the market and will review the Framework’s alignment to updated versions of the Green Bond Principles and Green Loan Principles as and when they are released. As such, this Framework may be updated and amended in the manner described in Section 4 (“Amendments to this Framework”) below.

The RAC Green Financing Framework also follows the recommendations of the ICMA Green Bond Principles / LMA Green Loan Principles regarding “External Review”.

2.1) Use of Proceeds

RAC is committed to disclose the relevant Eligible Green Projects to be utilized for the respective Green Debt to be issued. The net proceeds of Green Debt will be used to finance or refinance in whole or in part any Eligible Green Projects as defined below and may include new projects with disbursements after the issuance of the Green Debt or existing projects with commercial operation







² In alignment with ICMA Green Bond Principles, June 2018, <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

³ In alignment with LMA Green Loan Principles, May 2020, <https://www.lsta.org/content/green-loan-principles/>

(or acquisition closing) starting not earlier than 1 January 2018. The portion of the respective issuance that is not yet allocated to Eligible Assets at such time will be disclosed separately.

2.1.1) Eligible Green Project Categories

Eligible Green Projects include projects or assets in the following eligible categories:

Eligible Green Categories	Alignment with ICMA GBP / LMA GLP	Eligible Projects Description	Alignment with UN SDGs / Environmental Benefit
<p>Renewable Energy</p> 	<p>Renewable Energy</p>	<p>Expenditures to support the development, installation, operation and connection of renewable energy, including:</p> <ul style="list-style-type: none"> • Wind power • Solar power • Battery storage 	 
<p>Waste Water Management</p> 	<p>Sustainable wastewater management</p>	<p>Improvement in waste water quality, usage and disposal</p>	 

2.1.2) Exclusions

For the avoidance of doubt, any expenditure related to the following activities will be excluded from Eligible Green Projects:

- Fossil fuel power generation projects;
- Generation of nuclear power;
- Biomass plants, waste to energy power plants and geothermal plants with CO₂ emission level of more than 100g CO₂ /kWh

2.2) Process of Project Evaluation and Selection

For the governance of RAC’s Green Financing Framework, the Company has set up a Green Debt Committee (“Committee”) consisting of the following members:

- RAC CEO
- RAC EGM Finance
- RAC EGM Assets

- RAC Company Secretary & Legal Counsel

The selection of Eligible Projects, evaluating and screening projects is the responsibility of the Committee. The decision as to the selection of Eligible Projects will be documented and maintained.

The Committee will select Eligible Green Projects that meet the criteria for use of proceeds described above. Projects must also comply with all applicable laws and regulations, and the Company's policies and guidelines.

The Committee will review and approve annually the projects complying with the environmental objectives and falling under one or more of the use of proceeds projects categories outlined above.

The Committee will review the allocation of the proceeds annually to ensure the maximum allocation of Green Debt proceeds and facilitate ongoing Green Debt reporting.

Additionally, the Committee will carry out an analysis of climate and environmental issues specific to each investment decision. The RAC Finance Department will control and validate the allocation of the proceeds to Eligible Green Projects.

2.3) Management of Proceeds

RAC anticipates Green Debt will be issued in connection with a specific Eligible Green Projects and the allocation and tracking of the Green Debt proceeds will be done by the Committee. The net proceeds of Green Debt will be transferred to the nominated RAC bank account. The Company has an internal system, which will be used to monitor, establish and account for the allocation of the proceeds for such Eligible Green Projects. The balance of the net proceeds (if any) will be periodically adjusted to match allocations to Eligible Green Projects made during the life of the financing instruments. If for any reason some projects are no longer eligible, RAC will use its best efforts to substitute such projects as soon as is practical, once an appropriate Eligible Green Project for substitution has been identified by the Committee.

Pending the full allocation of the net proceeds to Eligible Green Projects, any unallocated funds will be managed per RAC's policy, at its own discretion and invested in temporary liquid instruments (cash and/or invest in other short-term liquid instruments). RAC will aim to fully allocate the proceeds to the Eligible Green Projects within 2 years of the issuance date.

Any interest and investment income earned on the above mentioned separately designated cash and investment accounts can be applied to defray costs incurred for the Eligible Green Projects and/or any reasonable administration costs associated with the management and administration of the Green Debt.

2.4) Reporting

RAC plans to disclose the allocation of the amount equal to the net proceeds, on an annual basis, as at 30 June. These reports will be made available to investors on RAC's website annually, no

later than 30 September each year. The Company plans to disclose examples of Green Debt Projects that have been financed or refinanced by the net proceeds of Green Debt where appropriate and subject to confidentiality arrangements.

2.4.1) Allocation report

Where feasible, the Committee will aim to report the following information:

- The percentage of an amount equal to the net proceeds allocated to Eligible Green Projects (% financed by Green Debt)
- The percentage of financing/refinancing of projects
- Descriptions of the projects
- Balance of the unallocated proceeds

2.4.2) Impact report

Where feasible, the Committee will aim to report annually on the estimated environmental and social impacts arising from the implementation of the Eligible Green Projects.

In the case of partial ownership of a project/asset, the Committee will aim to report on the pro rata share of impact or provide the share of financing from the Green Debt proceeds as a percentage of total project financing if total project impact is being reported.

The impact reporting will also provide information on the methodology and assumptions used for calculation of the impact metrics.

Examples of impact metrics that could be disclosed:

Eligible Green Categories	Examples of impact indicators
Renewable Energy	<ul style="list-style-type: none"> • Expected annual renewable energy generation (MWh/y) • Reduced and/or avoided GHG emissions (in t. CO_{2e} /year)
Waste water Management	<ul style="list-style-type: none"> • Reduced usage • Improved utilization and quality

Section 3 External Review

RAC plans to engage a Second Party Opinion Provider, or an external reviewer, to provide the assessment on the alignment of the allocation of funds with the Framework's criteria. The verification report will be made available to investors on the relevant section of RAC's website annually.

Section 4 Amendments to this Framework

The Committee will review this Framework on a regular basis, including its alignment to updated versions of the Green Bond Principles and Green Loan Principles, as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of RAC and the independent third party viewer. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an External Reviewer. The updated Framework, if any, will be published on RAC's website and will replace this Framework.