



PUGET ENERGY
SUSTAINABLE FINANCING FRAMEWORK
MAY 2023

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1. COMPANY OVERVIEW

Puget Energy, Inc. (PE) is owned through a holding company structure by Puget Holdings LLC under the ownership of a consortium of long-term infrastructure investors. Puget Sound Energy, Inc. (PSE) is a wholly-owned subsidiary of PE and is the oldest and largest investor-owned electric and natural gas utility headquartered in Washington state.

Headquartered in Bellevue, Washington with a 6,000-square-mile service area stretching across 10 counties, PSE serves approximately 1.2 million electric and 900,000 natural gas customers. Our core operations include electricity generation, electric power transmission and distribution and natural gas distribution and storage.

The following provides a brief overview of PSE's operations. Please see our [2022 10-K filing](#) for additional operational information and our [2022 Environmental, Social and Governance \(ESG\) Report](#) for information regarding our sustainability efforts.

As of December 31, 2022, PSE-controlled generation capacity was 3,339 megawatts (MW) including hydroelectric (263 MW), coal¹ (370 MW), natural gas/oil (1,931 MW) and wind/solar/battery (775 MW), delivering 11,198,936 MWh of electricity on an annual basis. Firm-contracted generation capacity was 3,226 MW. Total energy production for owned and contracted resources and market purchases in 2022 was 26,543,199 MWh.

PSE is the Pacific Northwest's largest utility producer of renewable energy. We own and operate two large wind and one large wind and solar farm in Washington state: Wild Horse Wind and Solar Facility; Hopkins Ridge Wind Facility and our largest wind operation, Lower Snake River Wind Facility. In addition, we have long-term power purchase agreements (PPAs) for an additional 919 MW of wind, solar, and biomass power, 709 MW of which were added in 2022.

We own and operate two hydropower projects in western Washington: Baker River and Snoqualmie Falls. In addition, we have PPAs for an additional 955 MW (as of December 31, 2022), an increase of 163 MW since 2021.

PSE has been a supplier of alternative, lower-carbon and cleaner fuel for transportation for over 30 years. We supply compressed natural gas (CNG) to fueling stations around the Puget Sound region and our own CNG truck fleet. Our Tacoma Liquefied Natural Gas (LNG) facility, which began operation in 2022 and is jointly owned by PSE and PE subsidiary Puget LNG, LLC, provides a cleaner fuel alternative for maritime vessels and trucks. LNG use significantly reduces the total amount of pollutants and harmful particulates compared to existing fuels, such as bunker oil and diesel fuel, in addition to reducing overall greenhouse gas (GHG) emissions on a life cycle basis. Regarding our overall natural gas distribution system, PSE began integrating renewable natural gas (RNG) into our system more than 30 years ago, and in 2009 we became the first utility in the region to partner with a pipeline-quality landfill RNG project. In 2021 and 2022, we conducted hydrogen/natural gas blending pilot studies. We will continue to leverage our partnerships through the Pacific Northwest Hydrogen Association to support the decarbonization of both our electric and gas portfolios.

PSE is partnering with others to build transportation electrification infrastructure and removing equity barriers to increase access to electric vehicle charging options so all customers can benefit. PSE's Up & Go Electric program provides charging stations that PSE maintains and matches every public station charge with 100% renewable energy. The current pilot program includes support for service providers to low-income and disadvantaged communities. For more information on PSE's approach to transportation electrification, please visit our [Transportation Electrification Plan](#).

¹ We have been phasing out coal-fired electricity from our portfolio since shutting down Units 1 and 2 of the Colstrip power plant in Montana in January 2020 and eliminating half of the coal-fired generation from our PPA with TransAlta's Centralia, Washington coal plant when its Unit 1 shut down at the end of 2020. PSE has committed to transferring our remaining ownership interest in the Colstrip power plant, Units 3 and 4, to the plant operator by the end of 2025. The remainder of our coal-fired electricity PPA with TransAlta's Centralia, Washington coal plant will be eliminated when the plant shuts down Unit 2, its final unit, at the end of 2025.

The PSE Board of Directors has oversight of ESG issues, and the Audit and Compensation committees have specific ESG-related responsibilities. Our Chief Sustainability Officer (CSO) leads PSE's enterprise-wide sustainability strategy, and our net-zero carbon strategy is ultimately approved and driven by our CEO.

We manage environmental compliance risk through our Corporate Environmental Policy and Environmental Management System (EMS). Our Corporate Environmental Policy lays out the company's commitments to environmental compliance, pollution prevention, continual improvement, internal awareness culture, stakeholder engagement and community outreach. PSE periodically reviews and enhances our EMS to reflect regulatory, facility and personnel changes. Beyond our EMS, PSE assesses environmental and social risks of high impact projects through its biodiversity and habitat protection and management programs covering fish and bird populations, wildlife habitats, vegetation, wetland management and cultural resources. When a high impact project is identified, PSE proactively reaches out to affected stakeholders, including Native American tribes, regulatory agencies, and other key stakeholders, to collect input and seek mitigation strategies over typically 10-year periods.



2. PSE'S PLAN TO GO BEYOND NET ZERO CARBON BY 2045

Washington state passed the Clean Energy Transformation Act (CETA) in 2019, the Climate Commitment Act (CCA) in 2021 and the Clean Fuel Standard (CFS) in 2021.

CETA applies to our electric business and requires the phase-out of coal power to serve Washington load by the end of 2025, a GHG neutral power supply by 2030, and a 100% renewable/non-GHG-emitting energy supply by 2045.

CCA puts a price on carbon for resources generated in Washington state or delivered to serve Washington's energy demand; the CCA aims to cap and reduce GHG emissions from Washington's largest emitting sources and industries with the objective of reducing state-wide carbon emissions by 95% by 2050.

CFS requires fuel suppliers to gradually reduce the carbon intensity of transportation fuels to 20% below 2017 levels by 2038.

As an electric and gas utility located in Washington state, we have a unique opportunity to contribute to a net zero carbon future. PSE supported the passage of CETA to enable the state to achieve its long-term climate goals, grow the economy and improve community health. Together, CETA, CCA and CFS usher in an unprecedented period of energy transformation, requiring rapid and sustained investment in renewable/non-emitting resources and associated infrastructure, such as smart grids and additional transmission.

Both CETA and CCA include environmental justice and energy equity as fundamental elements of energy transition. In 2021, PSE convened our inaugural Equity Advisory Group (EAG) to help seek perspectives from and broaden engagement with the communities we serve, specifically focusing on historically underrepresented populations, including frontline communities of low-income people and Black, Indigenous and People of Color (BIPOC). The group developed an equity lens focused on accessibility, affordability and accountability to frame their advice on clean electricity planning.

In 2021, we announced our bold goal and aspiration to be a Beyond Net Zero Carbon (BNZC) energy company by 2045. In addition to reducing our own GHG emissions to net zero, we will go beyond by enabling carbon reduction in other sectors across our region, such as low-carbon transportation.

To achieve this vision, we're pursuing a collection of commitments and aspirational goals to align with the state's goals as expressed in CETA, CCA and CFS:


- We're committed to reducing emissions from PSE electric and gas operations (methane leaks) and electric supply to net zero by 2030; by 2045, PSE will have a 100% carbon-free electric supply.
- We aspire to reach net zero carbon emissions for natural gas used in customer homes and businesses by 2045, with an aspirational interim target of a 30% emissions reduction by 2030.
- We will go beyond reducing emissions that we report by partnering with customers and industry to reduce carbon across sectors and across the state.

The transition to BNZC will require a concentrated effort in every aspect of our business and collaboration with regulators, customers and communities. We continue to monitor and pilot evolving technologies we can leverage to accelerate the decarbonization of our energy portfolio and ease the cost burden on customers. The illustration below shows the focal points of our current efforts along these lines.


PATHWAY TO BEYOND NET ZERO

Near-Term/Ongoing


Planned or Potential Future



<ul style="list-style-type: none"> • Energy efficiency • Energy conservation • Demand response programs • PSE fleet electrification • EV charging stations 	<ul style="list-style-type: none"> • Green diesel • Coal power elimination • Utility scale solar/wind • H₂ pilot projects • Energy storage pilot projects 	<ul style="list-style-type: none"> • Maximize forest offsets potential on PSE land • Distributed energy resources (renewable and storage) 	<ul style="list-style-type: none"> • H₂ investment • Carbon capture, utilization, storage • Transmission capacity for renewables • Additional carbon offsets
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<ul style="list-style-type: none"> • Energy efficiency • Energy conservation • Methane leak reduction 	<ul style="list-style-type: none"> • Targeted electrification pilot • RNG support • H₂ pilot projects 	<ul style="list-style-type: none"> • Additional carbon offsets • H₂ investment
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<ul style="list-style-type: none"> • Fleet and marine vessel LNG • Installing EV charging stations 	<ul style="list-style-type: none"> • Maximize Forest offsets potential on PSE land 	<ul style="list-style-type: none"> • Fleet and marine vessel H₂ • Green diesel
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Advocacy/Public Policy



<ul style="list-style-type: none"> • Carbon pricing • Tariff innovation • Low carbon fuel incentives 	<ul style="list-style-type: none"> • Low and net zero fuel vehicles • Upstream methane emission reduction • Streamlined renewables siting policies
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For more information on our BNZC plans, please see [Pathway to Beyond Net Zero Carbon by 2045](#).

In March 2022, PSE formed an advisory group of regional, state and industry leaders to support our aspirational goal to be a BNZC company by 2045. This committee was chaired by former Washington State Governor Christine Gregoire² and members include former EPA Region 10 administrator, state and local elected officials and representatives from labor and commercial businesses. The committee engaged on PSE decarbonization challenges and future unknowns by providing counsel and recommendations to help move PSE further and faster toward a cleaner energy future while ensuring the company's energy resources help Washington state and its customers and communities reduce their carbon impacts.

² Former Governor Gregoire was responsible for issuing an executive order setting the first carbon emission reduction goals for our state and, as of February 2023, is also on PSE's Board of Directors.



3. CLEANER ENERGY AND EMISSION REDUCTIONS

– NEAR TERM ACTIONS

PSE conducts an integrated resource planning process to ensure we have the electric and gas supply and infrastructure necessary to deliver cleaner, safe and reliable energy for the subsequent 20 years and publishes an Integrated Resource Plan (IRP). Each IRP outlines the forecasted electric and gas resource demand and models resource supply scenarios, including conservation, resource procurement and major delivery infrastructure necessary to meet that demand. A progress report is issued in year two of the IRP to provide an interim update on resource needs.

PSE's near-term actions related to our natural gas system consist of continued work to minimize distribution system leaks, ongoing efforts around RNG and hydrogen development described in the Company Overview section and the planned energy efficiency activities that reduce consumption of electricity and natural gas.

ELECTRIC SUPPLY

PSE integrated CETA goals into our electric resource planning process, as reflected in our most recent electric [IRP published in 2021 \(2021 IRP\)](#). CETA requires us to prepare additional planning documents that we incorporate into our IRP process, including:

- A 10-year Clean Energy Action Plan that identifies specific actions we anticipate taking over the next decade toward meeting the goals of CETA, provided in Chapter 2 of our 2021 IRP; and
- A four-year [Clean Energy Implementation Plan \(CEIP\)](#)³, a near-term roadmap that includes specific, community-based actions we will take to meet CETA's milestones and outlines our expected resource investments and procurements

As part of our CEIP we identify interim targets that align with our plans to acquire additional renewable and non-emitting resources, which will help us meet the overarching goal of CETA—to reach 100% clean electricity delivery by 2045. This includes an interim target to source 63% of our electric supply from renewable or non-emitting resources by the end of 2025.

Specific CEIP targets for the 2022 through 2025 planning period are:

- Energy Efficiency: Load reduction of 536,717 MWh for 2022-23 and 536,717 MWh for 2024-2025⁴
- Demand Response: 23.7 MW in active demand response programs that incent customers to reduce consumption when the cost of power is high, when system reliability is jeopardized, or when the customer may have an incentive to increase or decrease electricity consumption behind the meter⁵
- Renewable Energy: 63% of retail sales in 2025; includes 800 MW of new utility-scale renewables and 80 MW of new distributed solar resources
- Other specific actions include distributed energy enablers (activities and technologies), grid modernization, and other activities to support our drive to carbon neutrality

³ Our first CEIP was submitted to the Washington State Utilities and Transportation Commission in December 2021

⁴ Subject to update in 2023 to reflect the 2024-2025 Biennial Conservation Plan per Washington Administrative Code (WAC) 480-100-640(11)

⁵ When we complete the program acquisition request for proposal process and develop program designs, we will learn much more about our service territory's true market potential, which will allow us to provide more details on our approach to achieving our demand response target in our 2023 biennial CEIP update.

PSE FLEET ELECTRIFICATION

We aim to be net zero emissions from the PSE transportation fleet by 2030. This includes electrifying fleet vehicles, as practicable dependent on available technology, using lower carbon fuels for fleet vehicles that cannot be electrified and offsetting any remaining emissions.

CLIMATE RESILIENCY

We are transforming our grid for a better energy future by updating and improving our infrastructure to create a grid that is more reliable and resilient in the face of climate change. Creating a modernized grid requires investing in new equipment, software and communication platforms, testing and deploying new technology and empowering customers with tools to make their own energy choices. Our [Grid Modernization Strategy](#) outlines our grid modernization plans.



4. OVERVIEW OF FRAMEWORK

In support of these commitments, PE established the following Sustainable Financing Framework (“Framework”) which complies with the Green Bond Principles 2021 (“GBP”), Social Bond Principles 2021 (“SBP”), and Sustainable Bond Guidelines 2021 (“SBG”) developed by the International Capital Markets Association, as well as the Green Loan Principles 2023 (“GLP”) and Social Loan Principles 2021 (“SLP”) developed by the Loan Syndications and Trading Associations (LSTA), Loan Markets Association (LMA) and Asia Pacific Loan Market Association (APLMA). This Framework is based upon the four core components of the principles as it relates to:

1. Use of Proceeds
2. Process for Evaluation and Selection
3. Management of Proceeds
4. Allocation and Impact Reporting

PE has developed the Framework under which PE or any of its subsidiaries including PSE (“the Company”), may issue Sustainable, Green or Social Instruments including Sustainability Bonds or Loans, Green Bonds or Loans, Social Bonds or Loans, or commercial paper (“Sustainable Financing Instruments”) to support our commitments. The loan instruments may include revolving credit facility and term loans (single or multi-tranche) and letters of credit. In the case of multi-tranche loans, only tranches financing eligible projects will be labeled as green, social or sustainable.





5.1 RATIONALE FOR ISSUANCE

Through the issuance of Sustainable Financing Instruments, PE aims to further our journey towards our sustainability goals, including investment in renewable energy to support a cleaner energy future that is safe, reliable and more equitable. We also see ourselves playing a key role in fostering the sustainable finance market by aligning our funding strategy with our sustainability goals. This Framework formalizes our financing commitments for our sustainable strategy going forward.

5.2 USE OF PROCEEDS

We intend to allocate an amount equal to the net proceeds from the sale of the Sustainable Financing Instruments to finance and/or re-finance Eligible Green or Social Projects (“Eligible Projects”) as outlined below. Each category under the Framework is intended to support the achievement of the corresponding applicable United Nations Sustainable Development Goals (“UN SDGs”)⁶.



Green Categories		Alignment to UN SDGs
Renewable Energy	<p>Construction, development, acquisition, expansion, operation, and maintenance of renewable energy projects that align with the CETA definition⁷ and the following criteria, including</p> <ul style="list-style-type: none"> • Wind, solar (photovoltaic), geothermal⁸, biomass that is derived from waste feedstock and hydropower⁹ (including pumped storage) • Long-term renewable energy power purchase agreements (> 5 years) • Investments that increase the share of low carbon electricity in the grid by directly connecting renewable energy, such as connection of renewable energy generation, energy storage systems and battery systems, to increase renewable energy feed-in to the grid <p>Construction, development, acquisition, expansion, operation and maintenance of transmissions and distribution infrastructure that complies with at least one of the following:</p> <ul style="list-style-type: none"> • Average system grid emissions factor below threshold of 100 gCO₂e/kWh measured on a life cycle basis, over a rolling five-year period; or • > 67% of newly enabled generation capacity below the generation threshold value of 100 gCO₂e/kWh measured on a life cycle basis, over a rolling 5-year period 	 

⁶ <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>





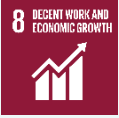

⁷ <https://app.leg.wa.gov/rcw/default.aspx?cite=19.285.030>

⁸ Geothermal projects must meet emissions threshold of <100gCO₂e/kWh

⁹ Hydropower projects must be run of river or > 25 MW. Projects in operation before 2020 must have a power density > 5 W/m²; projects in operation in 2020 or after must have a power density of > 10 W/m². Includes refurbishment of existing hydro facilities provided the size of the dam or reservoir is not increased. Power density requirements also apply to pumped storage. New pumped hydro projects will have associated environmental and social impact assessment by credible body indicating no significant risk, controversy or expected negative impact.

Green Categories		Alignment to UN SDGs
Energy Efficiency	<p>Systems or technologies that increase energy efficiency and/or reduce energy consumption, such as smart grid¹⁰ technology, smart sensors, and automation systems (e.g., advanced metering infrastructure; advanced distribution management system)</p> <p>Enhancements and/or upgrades to transmission lines, base stations, equipment or assets to avoid energy losses or reduce energy consumption</p> <p>Programs to support customer energy efficiency incentive programs such as weatherization, caulking, insulation upgrades, and window replacements. Programs related to home appliances are excluded, except for replacement of traditional furnaces and air conditioning equipment with electric heat pumps.</p>	 
Clean Transportation	<p>Acquisition, upgrade and roll out of dedicated low-carbon transport assets including:</p> <ul style="list-style-type: none"> • Zero-emission vehicles • Supporting clean transportation infrastructure, including electric vehicle charging stations and the associated power delivery and distribution systems for charging stations 	
Climate Change Adaptation	<p>Investments related to enhancing resiliency and hardening in transmission and distribution networks to mitigate and adapt to the impact of climate change and extreme weather-related events and impacts e.g., severe windstorms, icing, wildfires, flooding, heat events, etc.</p> <p>Investments for advanced monitoring equipment, information support systems, climate observation and early warning systems</p> <p>Vulnerability assessments will be undertaken and adaptation plans developed for these investments, where applicable. Excludes any investment to transmission and distribution infrastructure that is directly connecting or expanding direct connection of power generation sources with GHG emissions > 100 gCO₂e/kWh</p>	 
Biodiversity Conservation	<p>Measures supporting the protection and restoration of biodiversity and terrestrial, aerial and aquatic local ecosystems including:</p> <ul style="list-style-type: none"> • Natural habitat protection initiatives for biodiversity enhancement • Preservation of rare plant and animal species • Protection of fish passage, spawning and local species habitats • Investment in assets to increase fish, avian and other protected animal populations 	 
Water and Wastewater Management	<p>Construction, acquisition, upgrade and/or maintenance of technologies or equipment that minimize water use and/or improve water use efficiency such as:</p> <ul style="list-style-type: none"> • Collection, recycling or reuse of water, rainwater or wastewater • Water loss monitoring and management systems • Water metering to support conservation initiatives including wastewater controls at station sites and operating facilities • Excludes any water or wastewater projects associated with fossil fuel-related facilities 	

¹⁰ Smart grid elements may include the advanced use of digital information relating to electricity use, costs, prices, time-of-use, nature of use, and storage and delivery signals to allow end use load device automation, controlling and managing electricity demand, managing congestion, voltage control, operating reserves and frequency regulation. Load device automation increases the overall efficiency of the system and voltage optimization allows for a reduction in voltage where it does not affect the end use, resulting in reduced overall energy use. Smart grid investments are fundamental to integration of demand response and distributed energy resources and enhanced grid reliability.

Green Categories		Alignment to UN SDGs
Pollution Prevention and Control	Systems, technologies and equipment that reduce air pollutant emissions and control GHG emissions such as the retrofit of transmission infrastructure for low-carbon gases	
Green Innovation	Investment in development of low-carbon technologies and pilot and innovative projects, such as RNG, green hydrogen and low carbon fuels. Such fuels will have a lifecycle GHG emissions of < 100 gCO ₂ e/kWh.	  
Social Categories		Alignment to UN SDGs
Socio-economic Advancement	<p>Expenditures and investments related to enabling opportunities for diverse business enterprises (small-and-medium sized businesses¹¹ that are minority-owned, women-owned, veteran-owned, and/or LGBTQ-owned), highly impacted communities¹², vulnerable populations¹³ and tribal governments¹⁴ such as:</p> <ul style="list-style-type: none"> • Procurement of products and services from eligible diverse suppliers • Programs that are designed and delivered to provide energy equity to highly impacted communities and vulnerable populations, such as bill assistance 	 

We will not knowingly allocate proceeds from any issuance of Sustainable Financing instruments to activities related to the exploration, production or transportation of fossil fuels (i.e., coal, oil and natural gas), or the consumption of fossil fuels for the purpose of power generation.

¹¹ Small-and-medium sized businesses will meet either of the criteria outlined by Washington State Legislature or Officer of the United States Trade Representative. “Small businesses” refers to any business entity, including a sole proprietorship, corporation, partnership, or other legal entity, that is owned and operated independently from all other businesses, and that has 50 or fewer employees. Qualifying small businesses must be properly licensed ‘for profit’ businesses having 3-year average gross annual receipts not exceeding \$30.4 million, in line with the definitions outlined by the Washington State Legislature and Washington State Office of Minority & Women’s Business Enterprises, respectively. “Small-and-medium sized” businesses employ fewer than 500 employees per the Officer of the United States Trade Representative.

¹² “Highly impacted communities” means communities that are highly impacted by fossil fuel pollution and climate change in Washington as identified by the Department of Health following a cumulative impact analysis, in line with the CETA definition

¹³ “Vulnerable populations” means communities that experience a disproportionate cumulative risk from environmental burdens due to: (a) Adverse socioeconomic factors, including unemployment, high housing and transportation costs relative to income, access to food and health care and linguistic isolation; and (b) Sensitivity factors, such as low birth weight and higher rates of hospitalization in line with the CETA definition

¹⁴ “Tribal Governments” are defined in line with the Washington State Legislature’s definition where “Indian Tribe” means any federally recognized Indian tribe whose traditional lands and territories are included in parts of Washington.

5.3 PROCESS FOR PROJECT SELECTION AND EVALUATION

The Company has established an ESG/Sustainability Executive Committee (ESG Committee) which will be responsible for the review and recommendation of investments that will qualify as Eligible Projects. The ESG Committee consists of the Chief Sustainability Officer (chair), Chief Operating Officer, VP Clean Energy Strategy and Planning, VP External Affairs, VP Energy Supply, Chief Human Resources Officer, and the Treasurer. The ESG Committee will review and approve Eligible Projects that align with our Framework.

Eligible Projects will be evaluated for alignment with this Framework, the Company's sustainability objectives and internal policies and guidelines including environmental and social risks in line with company-level environmental and social policies and procedures. We regularly analyze the environmental and social impacts of our businesses and assess how we can mitigate impacts on communities in which we operate. Additionally, we conduct extensive due diligence when evaluating potential new opportunities and monitoring of our investment plan.

Final allocation will be reviewed and approved by the ESG Committee.

5.4 MANAGEMENT OF PROCEEDS

The net proceeds from a Sustainable Financing Instrument will be deposited to the Company's general account and will be earmarked for allocation to Eligible Projects in accordance with the Framework. All relevant information regarding the issuance of Sustainable Financing Instruments and the Eligible Projects financed by such Sustainable Financing Instruments will be kept in a Sustainable Financing Register. Any projects that become no longer eligible will be substituted as soon as practical once an appropriate substitution option has been identified, on a best-efforts basis.

Net proceeds may be used for investments associated with Eligible Projects made by the Company in the 24 months preceding the issuance of a Sustainable Financing Instrument. The Company intends to utilize net proceeds within 36 months of each issuance. Prior to allocation, net proceeds of a Sustainable Financing Instrument issuance may be utilized, in part or in full, for repayment of short term indebtedness such as credit facilities or commercial paper, or held in cash or cash equivalents in line with liquidity policies.

5.5 ALLOCATION AND IMPACT REPORTING

The Company commits to publishing an annual report addressing the allocation of funds and impact reporting, where feasible, to ensure transparency for investors and stakeholders alike. This report will be made available on the [Sustainability Reporting](#) page of our website.

The Company will engage a third party to complete an annual verification of its allocation of net proceeds issued to Eligible Projects until full allocation.

5.5.1 ALLOCATION REPORTING

With respect to the allocation of proceeds from Sustainable Financing activity, our report will include:

1. The amount of net proceeds allocated to each Eligible Project either individually or by category;
2. The balance of unallocated proceeds that remain outstanding at the end of the reporting period;
3. The share of proceeds used for financing vs refinancing; and
4. Brief descriptions of selected Eligible Projects.

5.5.2 IMPACT REPORTING

Where feasible, the Company will include qualitative and/or quantitative impact metrics relating to Eligible Projects financed. Examples of impact metrics, which may vary from year to year, include the following:

Project Category	Example Key Performance Indicator
Renewable Energy	<ul style="list-style-type: none"> • New/total distance of transmission lines developed (in km) • Capacity of new owned renewable energy generation facilities • Capacity for new (or recommissioned) renewable energy facilities under PPA • Capacity of renewable energy plant(s) served by transmission system (MW) • Renewable capacity connected to the grid (MW) • Annual GHG emissions reduced/avoided (in tCO₂e) • Distributed energy resources added (MW)
Energy Efficiency	<ul style="list-style-type: none"> • Annual efficiency improvements (%) and energy losses avoided (MWh) • Annual energy savings in GWh (electricity) and GJ (other energy savings) • Reduction in absolute/relative energy usage (in %) • Annual GHG emissions reduced/avoided (in tCO₂e)
Clean Transportation	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided (in tCO₂e) • Number of eligible vehicles deployed • Number of electric vehicle charging stations installed
Biodiversity Conservation	<ul style="list-style-type: none"> • Total amount of surface area supported through biodiversity programs • Number of biodiversity conservation projects financed
Climate Change Adaptation	<ul style="list-style-type: none"> • Distance in kms of transmission and distribution network that has undergone climate risk assessment • Number of adaptation projects completed per adaptation plan
Water & Wastewater Management	<ul style="list-style-type: none"> • Volume of water saved/reduced (in m³) • Annual amount of wastewater avoided, reused
Pollution Prevention and Control	<ul style="list-style-type: none"> • Amount of waste reduced/diverted from landfills (tons) • Number of recycling projects financed • GHG emission reductions (tons or intensity) • Non-GHG air pollutant emission reductions (tons or intensity)
Socioeconomic Advancement and Inclusion	<ul style="list-style-type: none"> • Number/percentage of SME/diverse suppliers supported



AMENDMENTS TO THIS FRAMEWORK

The ESG Committee will review this Framework on a regular basis, including its alignment to updated versions of the GBP, SBP, GLP and SLP as and when they are released. 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 the Company and the independent second party opinion (SPO) provider or another external reviewer.

5.6 EXTERNAL REVIEW

PE obtained a SPO from Sustainalytics on this Framework, indicating alignment with the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Green Loan Principles and Social Loan Principles. The SPO will be made publicly available on the Company's website Sustainability section.

An external verification of the allocation of the Sustainable Financing Instrument proceeds will be carried out by the Company's external auditor or another external reviewer on an annual basis until allocation of proceeds. The Company will seek a limited assurance over the allocation of proceeds.



DISCLAIMER

The information and opinions contained in this Framework are provided as of the date of this Framework and are subject to change without notice. None of PE, its subsidiaries or any of its affiliates assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current PE policy and intent and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by PE and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by PE as to the fairness, accuracy, reasonableness or completeness of such information.

This Framework may contain “forward-looking statements” about future events and expectations. Forward-looking statements are generally identified through the inclusion of words such as “aim,” “anticipate,” “believe,” “drive,” “estimate,” “expect,” “goal,” “intend,” “may,” “plan,” “project,” “strategy,” “target” and “will” or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No assurance can be given that any goal or plan set forth in forward-looking statements in this Framework can or will be achieved, and readers are cautioned not to place undue reliance on such statements which speak only as of the date of the Framework, and PE does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.

This Framework is provided for information purposes only and does not constitute a recommendation regarding the purchase, sale, subscription or other acquisition or disposal of any debt or other securities of PE, any member of PE or any securities backed by a security or insurance product of PE. This Framework is not and is not intended to be, and does not form part of or contain an offer to sell or an invitation to buy, or a solicitation of any offer or invitation to buy, any securities.

