



# Hawaiian Electric Company, Inc.

## Green Bond Framework

May 1, 2020

Incorporated in 1891, Hawaiian Electric and its operating utility subsidiaries, Hawaii Electric Light and Maui Electric are regulated public utilities that provide essential electric service to approximately 95 percent of Hawaii's population through the operation of five separate grids that serve communities on the islands of Oahu, Hawaii, Maui, Lanai and Molokai. The Company's mission is to provide innovative energy leadership for Hawaii, to meet the needs and expectations of customers and communities, and to empower them with affordable, reliable and clean energy. The Company is fully committed to reaching the state's goal of a 100 percent Renewable Portfolio Standard by 2045.

### 1. Eligible Projects

Proceeds obtained from the Company's green bond issuance shall be used to finance and/or refinance the eligible projects, a group of selected projects that offer tangible environmental benefits. Eligible projects generally fall into the categories specified in the table below:

| Area  | Description   | Categories  |
|---|---|---|
| Renewable Energy Generation and Battery Storage | Investments that help supply and store energy from renewable sources that will add to the State's Renewable Portfolio Standards (RPS) | Large Grid-Scale projects that qualify are projects that will add to Hawaii's RPS standards, which include: <ul style="list-style-type: none"><li>• Solar Farms</li><li>• Battery Energy Storage Systems connected to solar farms</li></ul> |

### 2. Project Evaluation and Selection

The Company's Treasury team is responsible for determining which projects are eligible for green bond proceeds. The Treasury team will verify the eligibility of such investments in collaboration with internal experts and project management teams. Eligible projects will be evaluated using financial and risk-based analyses as well as strategic considerations to determine which ones should be allocated proceeds. Eligible costs will include costs for these projects incurred up through the lookback period, which is up to 24 months before the date of closing of the green bond.

### 3. Management of Proceeds

The green bond proceeds will be deposited into the Company's general account and an amount equal to the net proceeds will be earmarked for eligible proceeds. The Company's Treasury department will establish and maintain a register of green bond projects to record on an ongoing basis the allocation of the net proceeds to eligible projects.

The Company will invest the balance of the net proceeds, at its own discretion, in cash or cash equivalents, or repay existing external short-term debt obligations of the Company, as per the Company's Treasury Policy.

## 4. Reporting

### Allocation Reporting

For the benefit of investors and the public, the Company will annually update a section of its website with respect to the use of proceeds and the Company's green bond program developments. The reports will include a complete list of eligible projects to which green bond proceeds have been allocated, a description of eligible programs, amounts allocated and the remaining balance of funds that have not yet been allocated.

### Impact Reporting

Both the allocation and impact reporting will be consolidated into one list and will be publicly available and published annually on the Company's website. Where feasible, the report will include qualitative and quantitative environmental performance indicators such as megawatt hours (MWh) generated and RPS percentage point contribution.

## 5. Sustainability Information

Please refer to the 2019-2020 Sustainability Report on the Company's website for more information on our commitment to sustainable operations and development. The report highlights programs and activities that Hawaiian Electric engages in to reduce the impacts of its operations on global warming and the company's progress toward reaching its renewable energy goals.

<https://www.hawaiianelectric.com/clean-energy-hawaii/sustainability-report>

Additionally, Hawaiian Electric's commitment to renewable energy is detailed on our website:

<https://www.hawaiianelectric.com/clean-energy-hawaii>



## APPENDIX

For the green bonds issued in 2020, the project that we are funding is the West Loch Annex Utility Scale Photovoltaic (“West Loch PV Project”), a 20 megawatt (“MW”) photovoltaic farm on property leased from the U.S. Navy near Pearl Harbor on the island of Oahu. The West Loch PV Project will provide low-cost renewable energy and reduce the overall reliance and use of fossil fuels in Hawaii.

| Project              | Cost of Project   | Design  | Location of Project  | Status                      |
|----------------------|---|---|--|-----------------------------|
| West Loch PV Project | \$51.4 million as of December 31, 2019. Costs will continue to come in or credits applied through 2020. | The West Loch PV Project involved the construction, installation, and operation of a 20 MW grid-tied, as-available, renewable PV generation system. | Located on approximately 102 acres of Navy property near Pearl Harbor on the island of Oahu. | Completed in November 2019. |

The news release for the project is below:

<https://www.hawaiianelectric.com/hawaiian-electric-us-navy-dedicate-west-loch-solar-project>

Additionally, the project is featured in Hawaiian Electric’s 2019-2020 Sustainability Report, pages 10-11:

<https://view.hawaiianelectric.com/2019-2020-sustainability-report/page/10-11>

### Project Evaluation

In this offering, the West Loch PV Project is an eligible “green” project. The West Loch PV Project will dramatically help the Company in achieving its Renewable Portfolio Standard goal of 100 percent renewable energy by 2045.

### Management of Proceeds

Since the West Loch PV project is completed and in service, the proceeds will be used to reimburse funds used for the payment of capital expenditures. The project was approved by the Hawaii Public Utilities Commission, and cost recovery has started.

### Allocation and Impact Reporting

Since the green bond proceeds will only fund the West Loch PV Project, there will not be a need to manage the allocation of the proceeds. The reporting of the project as funded by green bonds will be designated on the Company’s website.

