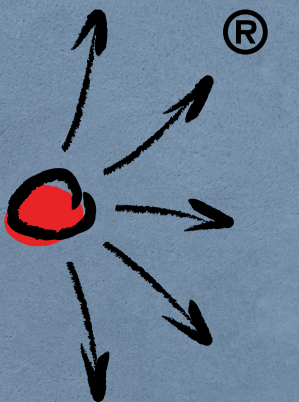




**advanced power**



# Focused on the Future: Advanced Power's 2022 ESG Report



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**Thomas Spang**  
**Chief Executive Officer**

I am pleased to introduce Advanced Power's second annual Environmental, Social, and Governance (ESG) Report. After issuing our initial report in 2021, the team's enthusiasm for each 2022 accomplishment that might be suitable for this year's report was unmistakable. The Advanced Power team truly is "Focused on the Future," and it is my great privilege to share that progress today.

The success of every team is based on a commitment to a common, greater purpose, and a vision for the future that resonates. In early 2022, Advanced Power's Board and Senior Management Committee reiterated the company's mission, vision, and core values to the workforce, along with goals and objectives for the year ahead. This is a governance action we take every year but it has added importance, post-pandemic, with our workforce having fully returned to the office.

Our vision of advancing a sustainable energy future has been long embraced by the existing workforce, along with our core values of safety, environmental responsibility, community involvement, ethics, and value creation. However, the connection created with new employees was notable. Many joined Advanced Power over the past 18 months, and it has been rewarding to see how our vision for the future continues to resonate with them.

Of course, achieving these long-term aspirations is dependent on action. In 2022, Advanced Power's commitment to environmental responsibility shone brightly through the completion of Cutlass Solar, the first solar facility developed in Texas, and the first to be actively managed post-construction by the Advanced Power team. Cutlass Solar represents the beginning of an 8-gigawatt pipeline of renewable and low-carbon projects in development.

We laid the financial foundation for that pipeline of projects through the sale of Cutlass Solar II and the close of a \$60 million corporate growth facility. Both important actions underscore our commitment to further renewable energy growth – not only for our company, but also for many regions and communities that will benefit from clean, reliable, and more affordable energy.

Helping to meet the needs of communities is at the heart of all our power projects, and our continuing commitment to social responsibility demonstrates this. We know that every step toward advancing a sustainable energy future begins and ends with people. Attracting and retaining the best people is crucial. We believe the best people possess more than the right education and experience; they also come with a heart for doing good. So, whether they are pulling weeds in downtown Boston, Mass., taking a stand for children in Dover, New York, or supporting a community park dedicated to veterans in Wellsville, Ohio, our exceptional people and our partners are all in it together.

I encourage you to delve into Advanced Power's 2022 ESG Report. While I'm thrilled with our progress in the past year, I lead a team fully aware that advancing a sustainable energy future requires continuing perseverance and a laser focus on what's to come. I am excited for that future, the great progress, and the success which, no doubt, lie ahead.

A handwritten signature in black ink, appearing to read "Tom", is positioned above a horizontal line. The signature is fluid and cursive.

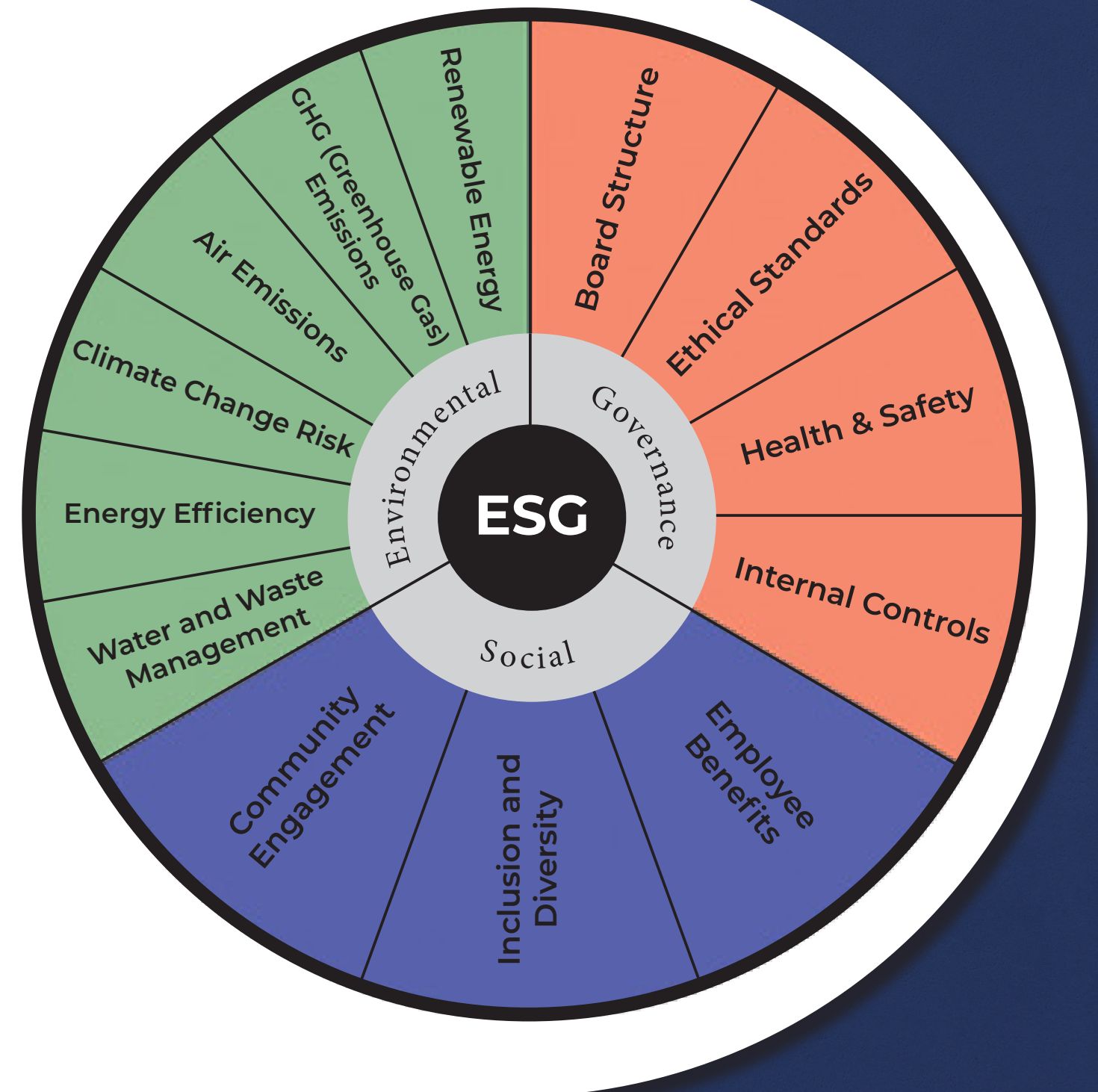


Advanced Power's Environmental Stewardship, Social Responsibility, and Corporate Governance ("ESG") policy and annual report detail our company commitment to responsible business practices. At Advanced Power, we consistently integrate ESG considerations into every business area.

These ESG considerations include, but are not limited to:

- Renewable Energy
- GHG (Greenhouse Gas) Emissions
- Air Emissions
- Climate Change Risk
- Energy Efficiency
- Water and Waste Management
- Community Engagement
- Inclusion and Diversity
- Employee Benefits
- Board Structure
- Ethical Standards
- Health & Safety
- Internal Controls

Strategic principles for ESG integration include a) building ESG considerations into our organization to better inform decision-making; b) engaging in ESG initiatives that add value to our partners, suppliers, employees, and shareholders; and c) utilizing modern technologies to improve the environmental performance of our assets.





## The Values that Drive Us

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Founded in 2000, Advanced Power's mission is to be an experienced developer, manager, and owner of modern power infrastructure. We are advancing a sustainable energy future by integrating environmental and social responsibility into our core corporate strategy, which is all driven by robust corporate governance. We are bringing reliable energy to places that need it, providing economic benefits and jobs to communities, while making massive contributions to the reduction of CO<sub>2</sub> emissions.

With a clear vision for cleaner energy, we continue to seek better pathways to the future by operating our business with solid ESG principles as shared throughout this report. Our success is rooted in a culture of high integrity, where open, honest, and transparent communication keeps our partners, customers, and stakeholders thoroughly informed. Accordingly, we remain steadfast in our five core values:

**Safety** is a top priority. We are uncompromising in our commitment to the health and safety of our employees, suppliers, and the communities we serve. We require individual accountability and expect all employees and contractors at our offices and at our project sites to adhere to our safety standards and actively participate in and support the advancement of our health and safety practices.

**Environmental Responsibility** is essential to our decision-making. At our core, we are committed to rapidly reducing global emissions by displacing inefficient, heavily emitting power plants with low and no-carbon power infrastructure. We protect the environment by ensuring full compliance with environmental permits and obligations. We intend to thrive by improving the environment.

**Ethics** are the foundation upon which the rest of the business is built. 'Open,' 'honest' and 'transparent' are key words used daily. We expect all our employees and stakeholders to act with the highest ethical standards.

**Community Involvement** is a long-term commitment. We believe it is our responsibility to enhance the communities we serve. We do that, on a fundamental level, through creating jobs, sourcing local materials, generating tax revenues and, by being a good neighbor. Our support focuses on the improvement of community resources, environmental betterment, and support for STEM related education.

**Value Creation** is critical to all our stakeholders. By empowering our employees, we create opportunities for our partners, suppliers, shareholders, and those same employees to participate in the creation of a sustainable energy future. We seek value-creation opportunities throughout the life of our assets by being entrepreneurial, innovative, and flexible, focusing on the three pillars of value creation: financial, commercial, and technical.





## The Board of Directors

Advanced Power's Board of Directors is made up of six seasoned energy professionals who share decades of global experience in energy planning and development. The leading role of a Board of Directors is to perform the duties of strategic planning and oversight which are the backbone of successful business planning.

The Advanced Power Board conceptualizes the development of the overall business strategy, setting company goals and long-term objectives, and oversees the decisions made by the Senior Management Committee (SMC) in pursuit of these strategic objectives.

By overseeing all corporate activities, including an on-going assessment of the performance of the company and its Risk Management Committee's plans and actions, the Board serves to protect the interests of Advanced Power's shareholders and uphold the company's commitment to ESG.



**Carlos Riva**  
Chairman



**Tom Spang**  
Executive Director



**Jonathan Winslow**  
Executive Director



**Martin Giesen**  
Non-Executive Director



**Peter Ramm**  
Non-Executive Director



**Martin Bashall**  
Non-Executive Director and Secretary





# The Senior Management Committee

The SMC is responsible for the day-to-day management of the business. It includes senior executives who share a collective 160 years of experience in development, engineering, construction, asset management, legal, and human resources expertise.

The SMC develops business strategy and makes the significant decisions needed to implement that strategy. They meet regularly to assess progress on strategic issues and corporate objectives affecting the business and the overall workforce. Meeting regularly supports an on-going dialogue from multiple perspectives, which determines which approach will best meet challenges or emerging issues. The SMC is directly accountable to the Board of Directors.



**Tom Spang**  
CEO



**Jonathan Winslow**  
COO, Development



**Chuck Davis**  
President, Asset Management



**Wendy Irwin**  
Vice President, Business Operations



**Todd Magura**  
CFO



**Andrew Degon**  
Senior Vice President, Engineering and Construction



**Kelly Huffman**  
General Counsel



Advanced Power has effective, overlapping procedures in place to manage risk and help guide the company's progress. For both Advanced Power activities and activities at projects where Advanced Power is the asset manager on behalf of a broader ownership group (Carroll County Energy, Cricket Valley Energy Center, South Field Energy, and Cutlass Solar), we use a system of board governance, senior management engagement, legal approvals, and accounting controls, making sure the business is operated in a manner that aligns with our core values using the highest ethical and legal standards.

All contracts require an ascending level of approval, depending on their importance and cost. Once the business undertakes new obligations (whether via contract or governmental approval), those obligations are managed by different functional leads, with other additional accounting and subject area approvals required for expenditures.

The asset management team manages operational and commercial risk for each project company. Its activities are monitored by project level boards composed of representatives of each ownership group.

Advanced Power's Board helps provide significant guidance to senior management. Senior management is engaged daily with activities throughout the business, both through reviews of ongoing activities and direct responsibility for material transactions.

The business and each of the projects under AP management is audited annually by external auditors to confirm that accounting and business controls are followed. In addition, all employees are required to read and acknowledge the employee handbook on an annual basis, and the human resources department provides regular training on various aspects of the company's business.





## Safety as a Core Value

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The keystone to our success is the safety of our people and those that work at our facilities. The Board and the SMC ensure that employees are provided with the appropriate information, instruction, and training to do their jobs safely. This is achieved by constantly reviewing key safety metrics, promoting health and safety awareness, encouraging proactive management, and focusing on continuous improvement and generally making certain the safety conversation remains open.

We conduct annual, quarterly, and monthly formal safety reviews. Yearly reviews are performed by looking at safety procedures for each development project site, and monthly progress reviews are conducted at each of our construction sites. These reviews cover health, safety, and environmental performance, where safety metrics are reviewed, incidents discussed, and safety actions noted. At operating sites, quarterly compliance and risk reviews are conducted and documented by the Operations team. These reviews look back at performance over the previous quarter, which helps the Operations team set expectations for the quarter ahead. Our Asset Management team performs quarterly Safety Reviews where safety metrics and incidents are discussed. Each quarter our Board's HSE Sub-Committee reviews safety metrics, incidents, and lessons learned.



## Security for our Stakeholders

Cybersecurity is often viewed as merely a technology issue, but at Advanced Power, this is very much a safety concern. Cybersecurity plays a critical role in protecting systems, networks, and programs. We have taken the necessary steps to fortify our cyber defenses to ensure our partners' and customers' data is protected. We are currently working with a third-party contractor to establish and implement its Center for Internet Security cybersecurity framework. This framework consists of 18 technical and process controls that will help improve our cybersecurity readiness in a measurable way. On top of this, Advanced Power employees are provided with regular cybersecurity training, taking cybersecurity one step further by providing the necessary knowledge and critical thinking skills to identify any cyber risk that they may face.







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As the Advanced Power team works toward a vision of advancing a sustainable energy future, we are well aware of changes taking place in the world. Public policy, technology, global, political, economic, and social realities all influence our direction in the types and locations of energy facilities we develop. We are forward-focused and our progress in 2022 reflects that.

Having a forward focus means that as technology evolves and the energy landscape changes, so do we. We are proud that our thermal facilities are recognized as among the cleanest and most efficient in the U.S.



In 2022, we began active management of Cutlass Solar, this 140 MWdc solar project is located in the metro Houston area. Our commitment to environmental responsibility is also reflected in our Texas and Desert Southwest solar pipeline and in the development of state-of-the-art thermal facilities where baseload energy supplies are needed to displace high-volume, aging coal plants.

Staying abreast of growing energy needs, modern technologies, and coal displacement opportunities is central to our development efforts and commitment to environmental responsibility.



## Renewables, Reliability and Resilience Energy Resources Working in Tandem

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There has been a collective shift in the energy landscape brought about by efforts to mitigate the effects of a changing climate. While global CO<sub>2</sub> emissions declined during the COVID-19 Pandemic, according to the International Energy Administration's 2021 Global Energy Review on CO<sub>2</sub> Emissions, they increased sharply in 2021 as the world reopened its collective economies.

Policymakers, investors, developers, and power consumers are turning to renewable power generation as the primary solution to thwarting a global crisis. As clean energy targets are established and green technologies become more cost effective, solar, wind, and battery storage dominate the interconnection queues of most, if not all, Independent System Operators (ISOs) and North American Electric Reliability Corporation (NERC) power regions.

The many benefits of solar production are well documented and include:

- Low to zero fuel and water use
- Minimum waste and discharge
- Low requirement of expensive and expansive infrastructure such as fuel pipelines
- Adaptability to distributed generation with renewables
- Enhancement of healthier communities through lower ecological damage
- Zero-GHG and other air emissions

While there are also trade-offs associated with certain aspects of renewable energy sources, during the development process, and later during the engineering and construction phase, our team focuses on mitigation:

- Targeting optimal land plots such as abandoned industrial sites and inactive farmland
- Comprehensive permitting to protect vulnerable species and their habitats
- Avoiding heavily forested areas and replanting cleared trees
- Requiring continuous and intensive due diligence by our sourcing teams for the panel and inverter production facilities, including independent inspections of provider's facilities.
- Eliminating sourcing from unethical geographic locations.

As rapid growth and investment in renewables fund the research and development required to minimize the challenges of integrating intermittent generating sources into the grid, a steady, stable supply of uninterrupted power remains crucial to meeting the needs of a region.

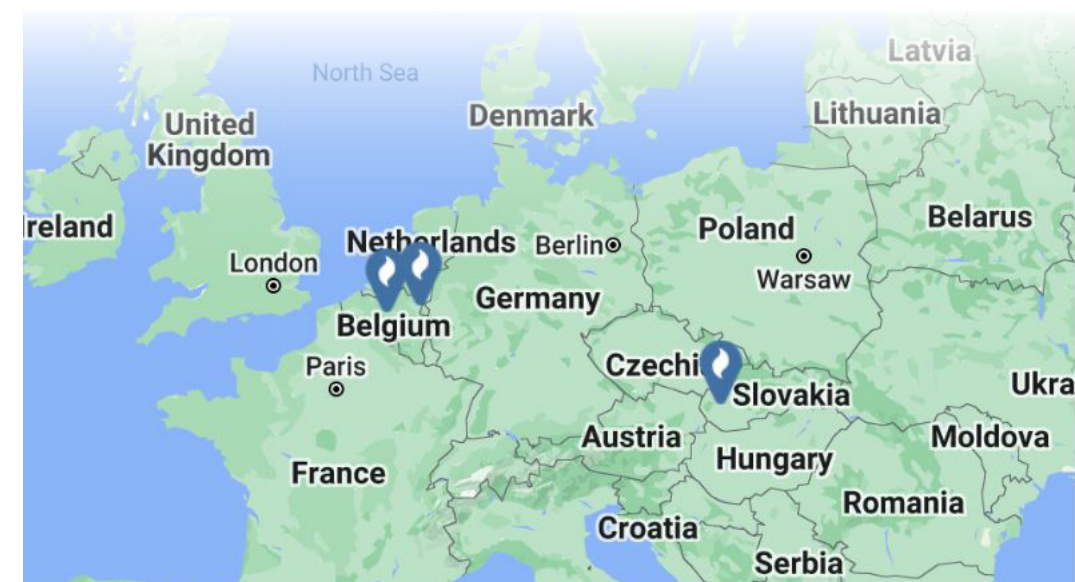
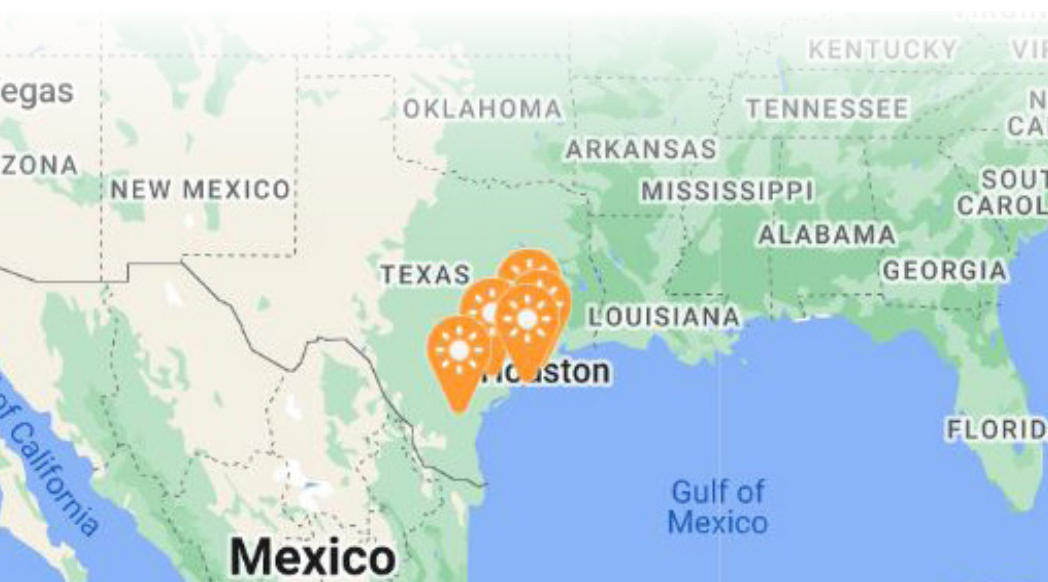
The transition to a completely renewable and fully reliable power grid remains decades away, while plans for mass electrification of the transportation and heating sectors are urgently pursued. In the U.S., the need remains for reliable, domestically available fuel supplies shielded from the impact of global events.

Natural gas, paired with state-of-the-art combined-cycle technology, can fill this reliability gap in a far cleaner and more efficient manner than coal and oil. Advanced Power's combined cycle gas turbine (CCGT) generating facilities are among the cleanest and most efficient operating on the power grid.

**Compared to a typical coal plant, modern CCGT facilities produce 65% fewer CO<sub>2</sub> emissions per MWh.**

Existing U.S. energy infrastructure, steadily built and updated with millions of miles of transmission lines, substations, fuel pipelines, and other crucial infrastructure, has been evolving over the last 100 years through constant investment, construction, and development. Using modern CCGTs maximizes the use of over a century's worth of infrastructure, allowing for renewable energy adoption at a sustainable pace while sustaining reliability. It does so by merging low land use and the same constant availability as coal with much lower discharge, waste, and water use.

Reliability and primarily cost is why, even today, most of the world's population consumes dirty coal-based electricity. There is a non-deniable need for renewables, but until we have a reliable zero-carbon grid, CCGTs will still be needed to provide the reliable power generation we need to keep the lights on.





## Momentum in Solar

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Advanced Power is a leader in the movement for more efficient and sustainable energy. We continue to demonstrate this by successfully broadening and diversifying our asset base by developing, investing, and managing utility-scale solar projects in the US.

Our latest success is Cutlass Solar, a 140-MWdc solar photovoltaic electric generating facility on 700 acres in Fort Bend County, Texas. Cutlass Solar is bringing clean power to state electricity markets and serving the centers of Houston and Freeport. It is one of the financing industries most significant, limited-recourse merchant solar financings and is the first of Advanced Power's 1.5 GW advanced stage solar development pipeline projects to reach financial close and start construction. The idea of developing utility-scale solar projects was born out of our 2018 market study and grew in alignment with our vision of advancing a sustainable energy future.

Despite extreme challenges created by the COVID-19 pandemic and Winter Storm Uri, our team successfully adapted. Together with our co-investors, ENEOS and Fuyo Leasing, with which we proudly share ownership of Cutlass Solar, we began construction in April of 2021. Bechtel is providing engineering, procurement, and construction services. On July 15th, 2022, Cutlass Solar began selling power into the ERCOT electricity markets as a merchant-only generator.

But for us, solar development does not stop there. It is just the beginning. Our Solar Pipeline includes five projects in active development.

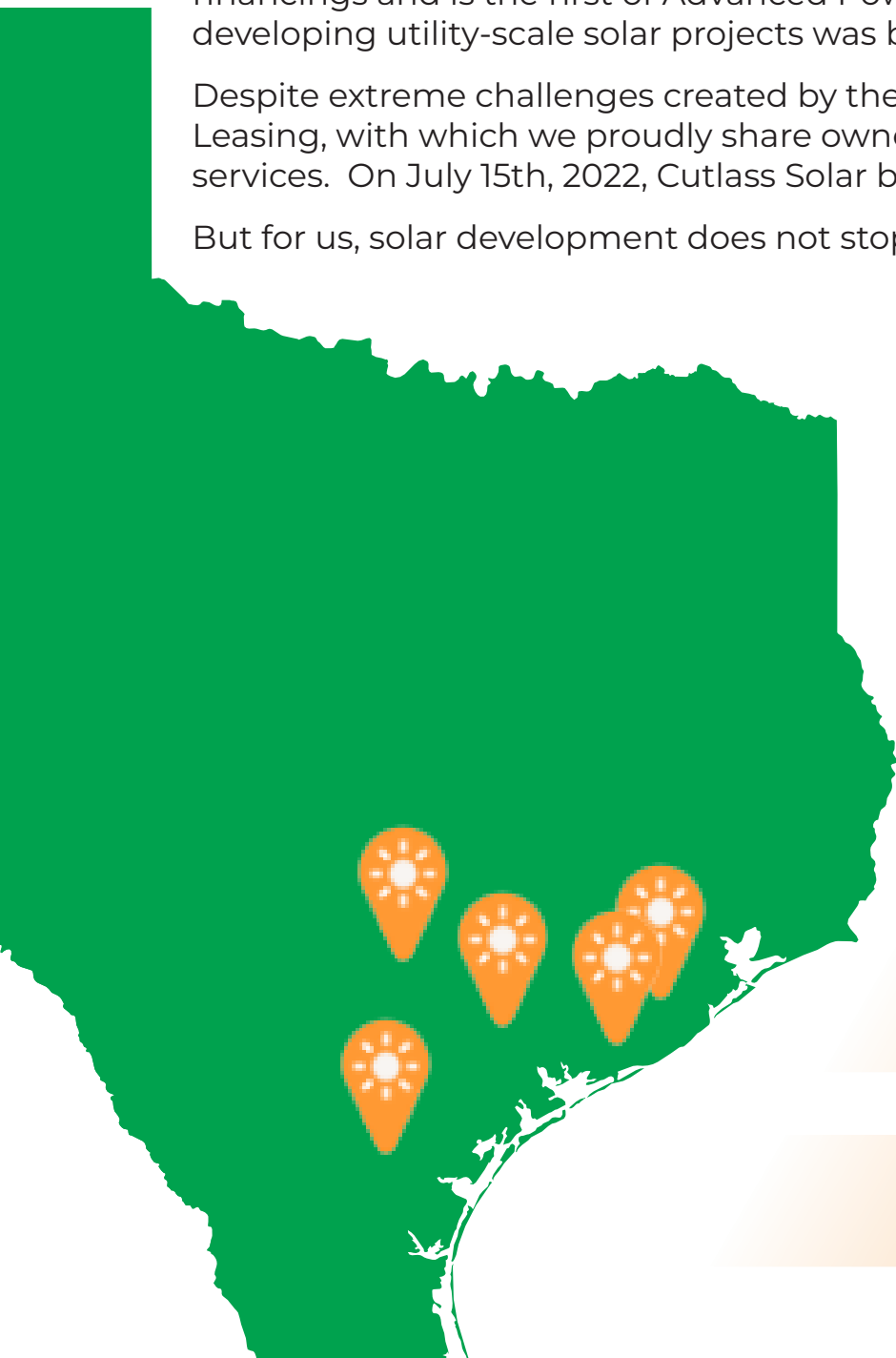
- Elio Energy 190 MWdc

- Eldora Energy 238 MWdc

- Oriana Solar 232 MWdc

- Talitha Energy 189 MWdc

- Alina Energy 245 MWdc









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### Emissions Data

Advanced Power's fleet of generation facilities deploys the latest technology in low and zero-emissions electricity production. Our CCGT and solar assets assist in driving the energy transition by taking the place of less efficient resources and avoiding the associated higher level of emissions. Avoiding higher emissions levels while providing the same level of grid reliability as coal or oil burning units is why the US has been able to continuously drop its carbon emissions in recent years. Below are Advanced Power's 2022 avoided carbon emissions compared to competing units.

*Modern CCGT assets have the ability to generate the same amount of reliable 24/7 energy as a coal- or oil-fired facility, but with 65% fewer emissions.*

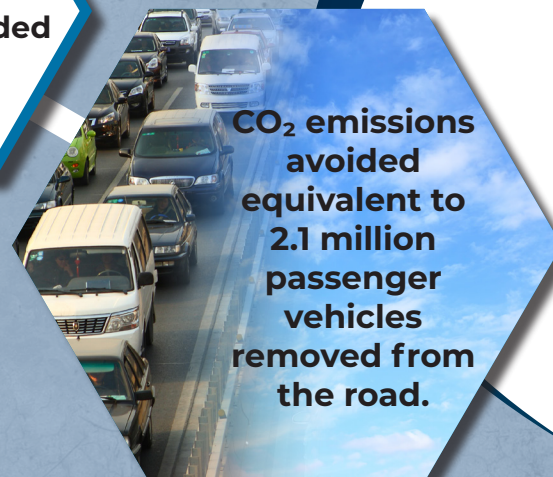
MWh Produced  
18,368,530



2,681,818 Homes  
Supplied with  
Power

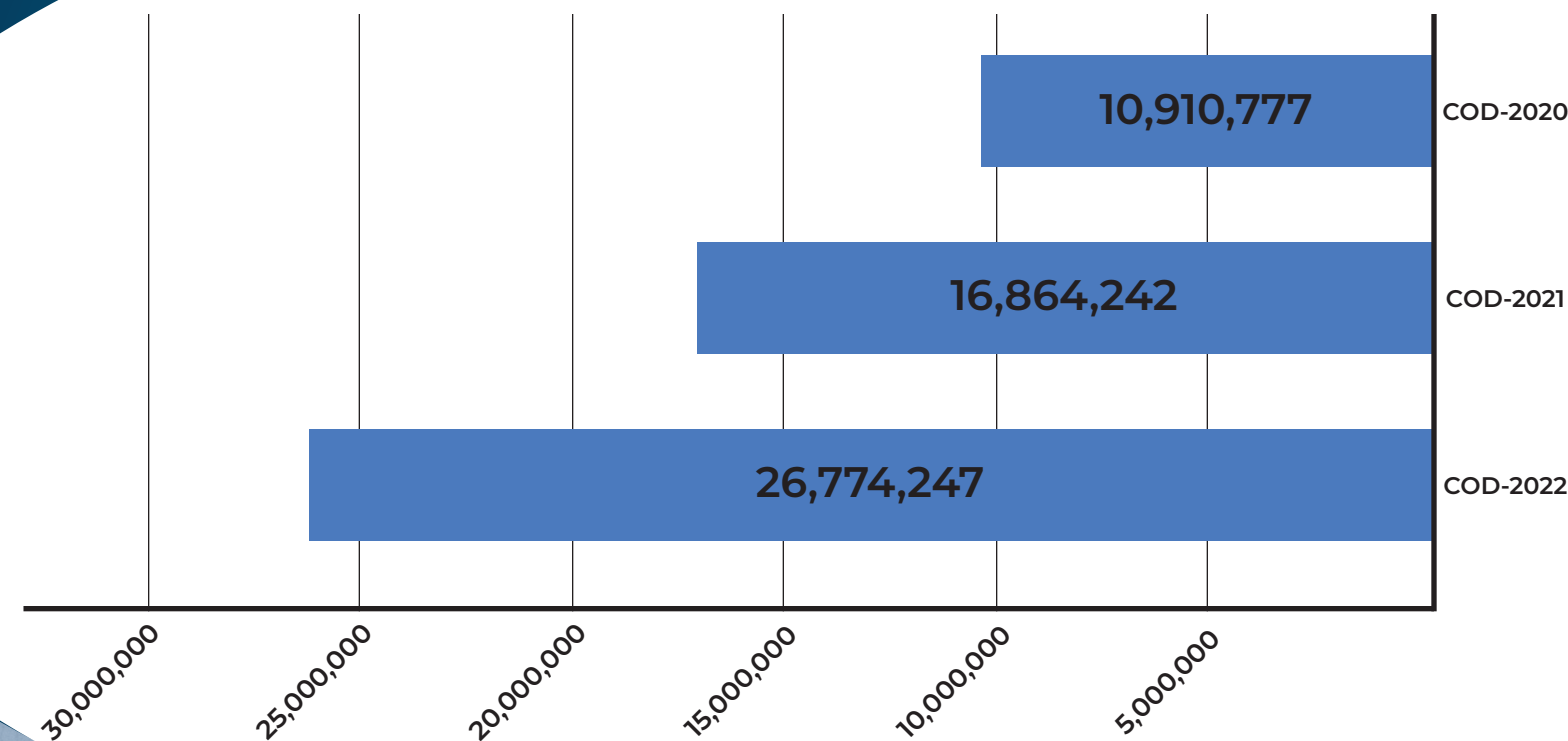


9,910,005 Metric  
Tons of CO<sub>2</sub>  
emissions avoided  
this year



CO<sub>2</sub> emissions  
avoided  
equivalent to  
2.1 million  
passenger  
vehicles  
removed from  
the road.

Metric Tons of CO<sub>2</sub> Avoided  
Since Commercial Operations





Our culture is deeply rooted in our strong business relationships. We are committed to all those that we work with. Whether they be our employees or the communities we serve, people are the backbone of our continued success.

Community involvement and giving back is a core value that we live by. By working with the communities, we build trust, while encouraging transparency and open communication. We pride ourselves on being good neighbors and work to ensure that wherever we do business, we become a welcome addition to the community.

Our commitment is to be a reliable source of support to local organizations, where we source local materials, generate tax revenues, and create jobs. Each project creates hundreds of well-paying construction jobs and results in permanent positions for operations, managers, engineers, and experts in safety, health, and the environment.

At each project site, we contribute tax revenue and charitable donations of time and money to help support the community. Through our projects' Payment in Lieu of Taxes ("PILOT") Agreements, we provide significant benefits to the local community. The tax revenue supports local schools, towns, counties, and states. To further our support beyond this program, our site managers and employees continue to have a hands-on approach to ensure we do the right thing by seeking out more ways to help the community.



PILOT Program and Charitable donations



**\$5.1** million in contributions this year across all our projects



Volunteering and Giving Back  
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2022 At a Glance...



April 2022

Cricket Valley Energy Center (CVEC) proudly supports the Dover Little League. The youth sports group enables children to play baseball, while getting exercise, and building positive relationships with teammates and coaches. Don Ross, Facility Manager, and Samantha White, Plant Administrator, were invited to the field to accept a plaque on behalf of CVEC for the donation made. A banner representing CVEC was proudly displayed near the entrance to the field.



March 1st, 2022

South Field Energy (SFE) provided a donation to the Beaver Local Schools which was used to help send the entire fourth grade class to Camp Fitch.



May 20th, 2022

Carroll County Energy (CCE)'s health and safety manager, Tim Smith, presented a donation to Fred Barnett, Fox Township Volunteer Fire Department Chief. The donation will be used to purchase new turnout gear, including updated helmets, fireproof coveralls and coats, and fireproof boots.



July 1st, 2022

South Field Energy (SFE) contributed funding to the restoration of the Veteran's Memorial Park in Wellsville, OH. The restoration was recently completed and is a great tribute to the local veterans that made the ultimate sacrifice for our nation.



September 16th, 2022

Carroll County Energy (CCE) is partnering with Monroe Township and Encino Energy to help replace an aging playground in Carroll County. With the support of community-minded organizations like CCE and Encino Energy, the grant application has been approved, and the project is now moving forward. The township expects the new playground will be open to the public by the middle of 2023.



September 22nd, 2022

Cricket Valley Energy Center (CVEC) had the opportunity to sponsor a miniature golf event to benefit the Community Action Partnership for Dutchess County. Community Action Partnership, or CAP, is a non-profit organization that provides programs, services, information, and resources to low-income residents of Dutchess County. CVEC was represented by two employees with their families playing a round of mini golf and networking with the many local businesses in attendance.

For more community involvement stories please check our project websites:



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Boston Office

In September, Advanced Power helped to support the Rose Kennedy Greenway Conservancy. This organization manages all aspects of the Rose Kennedy Greenway in Boston, including horticulture, programming, public art, maintenance, and capital improvements. During the volunteer day, the team took to the garden, aiding their Greenway horticulturist with mulching, picking weeds, and helping clean up the park area in downtown Boston.





Advanced Power’s successful development of cleaner energy projects is benefiting future generations through decarbonization and reliable energy. Yet it is our people, in the here and now, who are delivering those benefits.

An engaged workforce is at the heart of Advanced Power’s success, and leadership understands its own critical role in fostering a company culture where enthusiasm thrives. A positive culture of collaboration exists through work that requires cross-functional interdependencies. Senior management also leads training, external offsites and activities which foster personal and professional commitment to teammates and the company goals we all support.

We monitor the job market to ensure we are providing core compensation, benefits, and competitive incentives that enhance morale and a positive work-life balance. Our objective is a workforce fervently invested in company achievements and each other. In turn, employees, based on years of service, are rewarded through their own investment in a growing company.

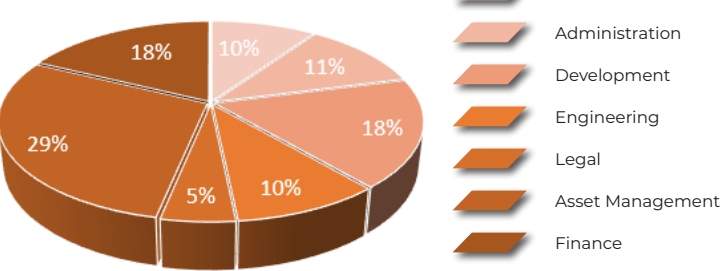
As our company succeeds, we reinvest in the organization and in the talent behind that success. The result has been consecutive years of growth. In 2022, our workforce has grown by 19 percent, despite the “Great Resignation” that followed the COVID pandemic.

A sustainable energy future requires a sustainable talent pool. We are actively planning for further growth; growth in our workforce and within our industry. Competition for industry talent is already significant, so our actions include:

- Attracting young adults to a career in energy through high school and college outreach initiatives
- Heightening our focus on workforce training to support career development for existing talent
- Soliciting employee feedback through formal employee surveys and informal channels, then acting appropriately on that feedback
- Bringing the workforce together as people and a team through additional engagement activities
- Increasing awareness of the importance of Diversity, Equity, and Inclusion through company-wide training

We are proud to have a workforce of like-minded individuals who are committed to our vision, the energy future, and each other.

Advanced Power Team Structure









# Final Thoughts...

We hope that this report has given readers true insight into Advanced Power’s business practices and company culture, showing how we remain committed to sustainability, in our pursuit of a cleaner energy future. We are incredibly grateful for the relationships we have cultivated, encouraged by the flexibility and enthusiasm of our employees. We are addressing the challenges of climate change, through an open, honest, and transparent culture. We have a proven record of accountability to our stakeholders and partners, as we continue to run our business ethically and responsibly. We are proud to be advancing a sustainable energy future.



**Maggie Upham**  
Environmental, Health and Safety Associate



**Janine Saunders**  
Communications Manager



**Harsh Agarwal**  
Senior Associate, Finance



**Jack Sloyan**  
Director and General Manager, Commercial



**Kelly Huffman**  
Vice President, General Counsel



**Eric Noreen**  
Senior Associate, Development



**Aaron Gasson**  
Administrative Assistant and Graphic Design