

maxeon

ELIGIBLE GREEN EXPENDITURES
PROGRESS REPORT

August 2022

Management's Assertions Regarding Disbursements for Eligible Green Expenditures

(see [Appendix for Use of Proceeds in our Prospectus](#))

Maxeon Solar Technologies, Ltd. ("Maxeon") is responsible for the completeness, accuracy and validity of the Maxeon Eligible Green Expenditure Progress Report below (the "Report").

Maxeon's management asserts that the remaining \$11.3m of \$190.3 million net proceeds from the July 17, 2020 issuance of the \$190.3 million aggregate principal amount of our 6.50% green convertible senior notes due 2025 (the "Green Bonds") pursuant to a prospectus (the "Prospectus") was disbursed by the Company during the period from July 1, 2021 through June 30, 2022 (the "Reporting Period").

Summary Table

Green Bonds Issuance Date:	July 17, 2020
Type of Security:	6.50% green convertible senior notes due 2025
Total Net Proceeds ¹ :	\$190.3m
Reporting Period:	July 1, 2021 through June 30, 2022
Eligible Green Expenditures during the Reporting Period:	\$11.3m

Breakdown of Eligible Green Expenditures

- PCA* OPEX: **\$11.3m**

* "PCA" means the Product Collaboration Agreement with SunPower Corporation.

Amounts are in United States dollars (USD) and rounded.

1. Total net proceeds as previously reported was \$185 million based on estimated issuance cost which was lower based on the actual charge.

	Prior Allocation July 17, 2020 - June 30, 2021	New Allocation July 1, 2021 - June 30, 2022	Total
Amount Allocated	\$179m	\$11.3m	\$190.3m
Proceeds Pending Allocation	\$11.3m	-	-

MAXEON'S LONG TERM TARGETS FOR ESG 2025 / 2030



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ESG Long-Term Targets

Maxeon established its Environmental, Social and Governance (ESG) long-term targets in 2021, which is available [here](#).

The Eligible Green Expenditures highlighted in this report contributed to the environmental, social and governance long-term targets:

- Maximise Maxeon's use of renewables and continue to be a leader in conservation
- Improve energy and emission intensity by 20% by 2030
- Implement traceability of supply chain on blockchain such that information is available within 4 hours
- Extend solar panels warranty to 40 years at 25% efficiency

Notes to Eligible Green Expenditure Progress Report

“**Eligible Green Expenditures**” is defined in the Prospectus as “capital expenditures and research and development expenditures related to the development or manufacture of products, key components and machinery primarily dedicated to solar energy generation by us or any of our subsidiaries.”

Note 1: Eligible Green Expenditures Criteria

Solar energy investments, including expenditures relating to:

Implement initiatives, technology and automation to reduce our operational carbon footprint and are continuously striving to lower our own energy consumption, greenhouse gas (GHG) emissions, water consumption and waste.

- Research and Development of next generation solar technology and performance relating to:
 - Continuously innovate our cell and modulization technology
 - Operating costs of Singapore R&D and testing center with team of solar technologists and engineers
 - Ongoing innovation research projects collaboration with SERIS and NUS

FOCUS ON INNOVATION: SERIS & NUS COLLABORATION

As part of our efforts to promote sustainability, Maxeon is currently collaborating on two research projects together with the Solar Energy Research Institute of Singapore (SERIS) at the National University of Singapore (NUS) to develop Urban Solar solutions and quantify levelized cost of electricity (LCOE) for Maxeon’s solar panels.



Notes to Eligible Green Expenditure Progress Report

Note 2: Metrics

Capacity:

- Reporting Period: July 1, 2021 through June 30, 2022
- Clean Energy provided: 864.4 MW
- Through the installation of our Maxeon solar solutions, we enabled the avoidance of an estimated 8,864,714 tCO₂e during the reporting period.

Restatement for 2021:

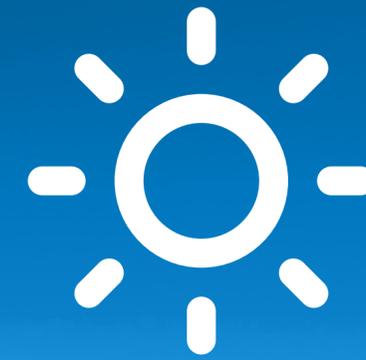
- Reporting Period: 17 July 2020 through June 30, 2021
- Clean Energy provided: 984 MW
- Through the installation of our Maxeon solar solutions, we enabled the avoidance of an estimated 10,491,732 tCO₂e² during the reporting period.

Note 3: Disbursement Status

- As of June 30, 2021, \$179m³ of the \$190.3 million total net proceeds of the Green Bonds has been disbursed to the Eligible Green Expenditures.
- With the new disbursement of \$11.3 million in 2022, the full \$190.3 million Green Bonds will be fully committed.
- We are attaching an external assurance report.

2. Note: Restatement of emissions avoidance (tCO₂e) for Green Expenditures Progress Report 2021 metrics due to an update in calculation methodology to apply emission factors based on market share. Emission factors are referenced from Institute for [Global Environmental Strategies \(IGES\)](#).

3. As of June 30, 2021, Eligible Green Expenditure during the Reporting Period as \$179m and the breakdown of Eligible Green Expenditures as follows: i. PCA* OPEX \$26.9m, ii. PCA CAPEX \$2.9m, iii. Patent \$100m and iv. CAPEX \$49.2m.



Clean Energy provided:
864.4 MW



Avoided emissions:
8,864,714 tCO₂e

Appendix

Use of Proceeds as set forth in the Prospectus

We estimate that the net proceeds to us from this offering will be approximately \$177.2 million (or approximately \$191.7 million if the initial purchasers fully exercise their option to purchase additional notes), after deducting the initial purchasers' discounts and commissions and our estimated offering expenses.

The gross proceeds of this offering will be deposited into an escrow account. In order to cause the escrow agent to release the proceeds to us, on or prior to the latest possible date that would have been the mandatory redemption date following a Maxeon spin-off failure, we must deliver an officer's certificate to the escrow agent certifying that, as of the date of such officer's certificate, the Maxeon spin-off has been consummated.

The gross proceeds of this offering will be deposited into an escrow account. If the distribution date for the Maxeon spin-off occurs on or before the date that is three months after the first date that notes are issued in this offering, then, upon release of the proceeds from the escrow account, we intend to use (i) approximately \$40.0 million of the net proceeds to fund the aggregate forward purchase price for the prepaid forward transaction described below, (ii) a portion of the net proceeds to fund some or all of the repayment of a promissory note outstanding in a principal amount of \$100.0 million to SunPower that was issued in exchange for certain intellectual property necessary for the operation of the Maxeon Business and (iii) the remainder of the net proceeds for general corporate purposes. However, if the distribution date for the Maxeon spin-off does not occur on or before the date that is three months after the initial issuance of notes in this offering, or if on any earlier date we deliver notice to the trustee and the escrow agent for the notes that we will not consummate the Maxeon spin-off, then the proceeds, together with existing cash on hand, will be used to fund the mandatory redemption of the notes, as described under the caption "Description of Notes—Mandatory Redemption." We intend to allocate an amount equal to the net proceeds to finance or refinance, in whole or in part, existing and new Eligible Green Expenditures.

Eligible Green Expenditures

"Eligible Green Expenditures" means capital expenditures and research and development expenditures related to the development or manufacture of products, key components and machinery primarily dedicated to solar energy generation by us or any of our subsidiaries.

Process for Evaluation and Selection

We have formed a Green Bond Team (including representatives from the finance team and the executive sponsor of our sustainability initiatives) which will assess Eligible Green Expenditures to ensure they are related to activities that adhere to our sustainability, corporate governance, regulatory, environmental and health and safety policies as well as our corporate values. The Green Bond Team intends to prioritize allocations to expenditures incurred after the Maxeon spin-off.

The Green Bond Team will determine the eligibility of expenditures and finalize an allocation of an amount equal to the net proceeds to Eligible Green Expenditures. We intend to allocate an amount equal the net proceeds of this offering to Eligible Green Expenditures within 36 months of the date of issuance.

Management of Proceeds

Pending allocation of an amount equal to the net proceeds to Eligible Green Expenditures, we intend to use the net proceeds of this offering as set forth above. Our finance team will internally track amounts allocated to projects constituting Eligible Green Expenditures. We may re-allocate to other expenditures constituting Eligible Green Expenditures in our discretion.

Payment of principal of and interest on the notes will be made from our general funds and will not be directly linked to any Eligible Green Expenditures.

If the Maxeon spin-off has not been consummated on or before the Maxeon spin-off deadline date, then we will redeem the notes, as described under the caption "Description of Notes—Mandatory Redemption" and no amounts will be allocated to Eligible Green Expenditures.

Reporting

Until the maturity date of the notes (or unless earlier redeemed in full as described under the caption which "Description of Notes—Mandatory Redemption"), until such time as an amount equal to the net proceeds of this offering has been fully allocated to Eligible Green Expenditures, we will publish annual update reports on our website will be available to investors within one year from the date of issuance of the notes. These reports will include assertions by management on the amount allocated to Eligible Green Expenditures and the amount pending allocation, if any.

Where reasonable, these reports will include sustainability metrics describing the environmental outcomes and impacts of our Eligible Green Expenditures including, but not limited to, measures of increased production capacity for solar panels and solar energy and, where applicable, estimates of avoided carbon emissions.

After an amount equal to the net proceeds is allocated to Eligible Green Expenditures, we will obtain an assurance report from a qualified independent external reviewer in respect of its examination of management's assertions.

Further Information

The Green Bond Principles, June 2018 are a set of voluntary guidelines for the issuance of green bonds developed by a committee made up of issuers, investors and intermediaries in the green bond market and are intended to promote integrity in the Green Bond market through guidelines that recommend transparency, disclosure and reporting. The Green Bond Principles have four components:

- use of proceeds for qualifying projects with environmentally sustainable benefits;
- disclosure and use of a process for project evaluation and selection;
- management of proceeds through a formal process to ensure they are allocated to qualifying projects;
- reporting on the use of proceeds, including on the projects for which funds have been used and their expected impact.

We anticipate that this offering will be in alignment with the Green Bond Principles as in effect on the date of this offering.

We also believe that the Eligible Green Expenditures to which an amount equal to the net proceeds will be allocated will support United Nations Sustainable Development Goal #7, Affordable and Clean Energy.

Information contained on our website is not and should not be deemed a part of this offering memorandum or any other documents incorporated by reference herein.

Independent Limited Assurance Report over Maxeon Solar Technologies Ltd (“Maxeon”) Green Bond Framework assurance and Post-issuance assurance

[Click here](#) to download the EY document.

