



PowerGuard 25–Year Insurance-Backed
Warranty Program for
Zhongli Talesun Solar Modules
Effective March 1, 2018 to March 1, 2019



Key Features



- Designed by PowerGuard Specialty Insurance Services, a program manager specializing in the design of unique insurance and risk management solutions for energy companies
- Insurance policy period: March 1, 2018 to March 1, 2019
- Covers Talesun modules sold and reported within the policy period for 25 years following the start date, subject to a \$300,000,000 Sales Volume Limitation (the value of panels eligible participation in warranty program)
- Insurance purchased through PowerGuard and insured by reputable insurers for enhanced bankability:
 - International Insurance Co of Hannover SE - AM Best Rating: A+ XV. www.inter-hannover.com
 - RSUI Indemnity Co- AM Best Rating: A+ XIII. www.rsui.com
 - *A.M. Best ratings are the references to an insurer's financial strength and ability to meet ongoing obligations to policyholders. A.M. Best Company is a worldwide insurance-rating and information agency with more than 100 years of history.*

Who is PowerGuard?



- PowerGuard Specialty Insurance Services – Formed in 2007.
- An Oak Hill Investment.
- Leading international provider specializing in the design and underwriting of unique warranty insurance products and solutions in the renewable energy industry, particularly Solar and Wind applications.
- Developed the Exclusive *PowerGuard Solar OEM Program* which now includes over 140 million individual Solar Panels.
- Excess of 50 Gigawatts of solar panels installed around the globe participate in the PowerGuard Program
- Banks around the world have financed Solar Projects using the PowerGuard Warranty Program
- PowerGuard has designed a warranty insurance program for Talesun.

Support from PowerGuard Team



- Internal Warranty Training Documents and Webinars
- External Warranty Documents and Webinars
- Deal Team Customer Support
- Deal Team Financial Institution Support
- Module Warranty Verification Website
- Client Web-based Portal
- Claims Support

Warranty Coverage Highlights



- Full 25 Years Coverage
- Immediate Coverage (NO Waiting Periods)
- Worldwide Coverage
- Non-Cancellable Policies
- Helps to meet banks and lenders requirements
- 3rd party Bankruptcy rights
- Based on Talesun's warranty statement
- A.M. Best Rating of "A" XIII
- Design Defect coverage
- Third Party Components Covered
- Online Verification System

Bankruptcy Coverage



- This insurance program is non-cancellable by the insurer for 25 years and provides third-party bankruptcy rights.
- This means that if Talesun ceases to exist after sale and proper registration of covered modules, Talesun's insurers must continue to compensate Talesun's Warranty Holders* for warranty claims against covered and reported modules for product quality and/or performance.
- Customers do not need to work through the Bankruptcy Trustees
- In the unlikely event of Talesun's insolvency, Talesun's Warranty Holders can file claims subject to policies' terms, conditions, self-insured retentions and exclusions
- Insurance companies must continue to pay Talesun's Warranty Holders for valid losses up to the limit of liability

*Warranty Holder is defined as any individual that is qualified to make a demand for remedy of damage in accordance with Talesun's warranty statement

Third Party Bankruptcy Rights



Insolvency

Your “Insolvency” shall not relieve us of our obligations under this “Policy”. In the event of your “Insolvency”, your “Warranty Holder” shall have the same rights and obligations under this “Policy” that you have, and the “Limit of Liability” of this “Policy” shall remain in the aggregate for all “Claims” and all “Warranty Holders” combined. However, under no circumstances shall we:

- a) Have any liability to the “Warranty Holder” beyond which we would have had to you but for your “Insolvency”.
- b) Be deemed to have assumed any obligations under the “Covered Warranty”
- c) Have any liability to the "Warranty Holder" within the "Self-Insured Retention" amount. Each "Claim" made pursuant to this Condition E.6 is subject to a separate “Self-Insured Retention”, regardless of any aggregate “Self-Insured Retention that may be part of this “Policy”.

***Taken verbatim from the 2018 PowerGuard Policy Form as purchased by Talesun**

Talesun's Covered Warranty Statement 1



- Limited Warranty of Material and Workmanship
 - 10 years for material and workmanship under Talesun's statement
- Limited Warranty of Output Power for 25 years
 - Year 1
 - Polycrystalline Modules - Within 1 year output will be no less than 97.5% of labeled power output
 - Monocrystalline Modules - Within 1 year output will be no less than 97% of labeled power output
 - During the next 24 years the degradation will be no more than 0.7% per year

Talesun's Covered Warranty Statement 2



- Double Glass Modules
- Limited Warranty of Material and Workmanship
 - 10 years for material and workmanship under Talesun's statement
- Limited Warranty of Output Power
 - Under Talesun's warranty - 30 years
 - Warranty policies only covers year 1-25
 - Talesun is responsible for remaining years
 - Polycrystalline Modules - Within 1 year output will be no less than 97.5% of labeled power output
 - During the subsequent years the degradation will be no more than 0.5% per year

Coverage of the Insurance



- The insurance company will pay for loss incurred:
 - To repair or replace or to furnish financial settlement for damage modules arising from a product defect or underperformance on an **actual cash value basis**
 - It is in accordance with the guarantees contained in Talesun's covered warranty
 - Subject to Self-Insured Retentions
 - Policy terms and conditions apply
 - Under no circumstances shall the coverage afforded by this policy exceed Talesun's Covered Warranty Terms

Insurance Companies



International Insurance Company of Hannover SE

- A.M. Best Rating “A+” XV
<http://www3.ambest.com/ratings/entities/CompanyProfile.aspx?ambnum=86486&URatingId=845972&AltNum=0>
- Warranty Period of Coverage: Years 1 through 10
- Limit of Liability for Defects and Performance: \$3,000,000
- <https://www.inter-hannover.com/>

RSUI Indemnity Company

- A.M. Best Rating “A+” XIII
<http://www3.ambest.com/ratings/entities/CompanyProfile.aspx?ambnum=12603&URatingId=546723&AltNum=0>
- Warranty Period of Coverage: Years 11 through 25
- Limit of Liability for Performance: \$1,000,000
- <http://www.rsui.com/>

PowerGuard's Panel Verification Website



PowerGuard has implemented an online verification system in which Warranty Holders may verify if the serial numbers of panels is eligible for participation in the warranty insurance program. PowerguardSNVerify.com

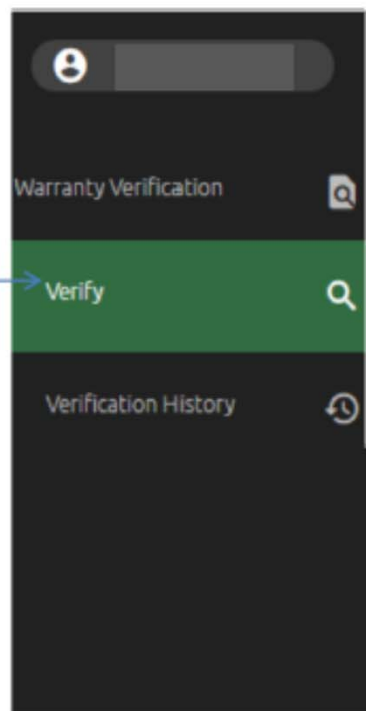
Please see additional document “Customer Guide to Search” for more details.



PowerGuard's Panel Verification Website



Step 1: Select
"Verify"



Select Panel Manufacturer *

Panel Manufacturer is required

A screenshot of a web form for selecting a panel manufacturer. The form has a dropdown menu with a down arrow on the right. Below the dropdown are two input fields: "Copy and Paste Serial Numbers List" and "Upload Serial Numbers CSV or Text File". A blue arrow points from the text "Step 2: Click on the down arrow to pick from a list of eligible panel manufacturers" to the dropdown arrow.

Step 2: Click on the down arrow to pick
from a list of eligible panel manufacturers
Step 3: Search Panels with 2 Options.
Option 1: Copy and Paste
Option 2: Upload CSV or Text File

PowerGuard's Panel Verification Website



- The system captures all serial number searches and stores the information. The verification number can be used as a reference number.



verifying...

Serial numbers received. Your verification number is 192db561-8d5c-44b5-b904-11ac4005f4be

PowerGuard's Panel Verification Website



- If the serial number is entered into the system and participating in the warranty program, a green arrow will show in the Matched column. If the serial number is not entered, there will be no green arrow.

Serial Number	Matched
X08160400403134	✓
X08160400404583	✓
X08160400404604	✓
X08160400405613	✓
X08160400406428	✓
X08160400406502	✓
X08160400406527	✓
X08160400406542	✓

PowerGuard's Panel Verification Website



- Customers can download a file showing all serial numbers that were matched and unmatched

Total	17
Matched	17 Download Verified Report
Not Matched	0 Download Unmatched Report

PowerGuard's Panel Verification Website



- Customers can view their past searches

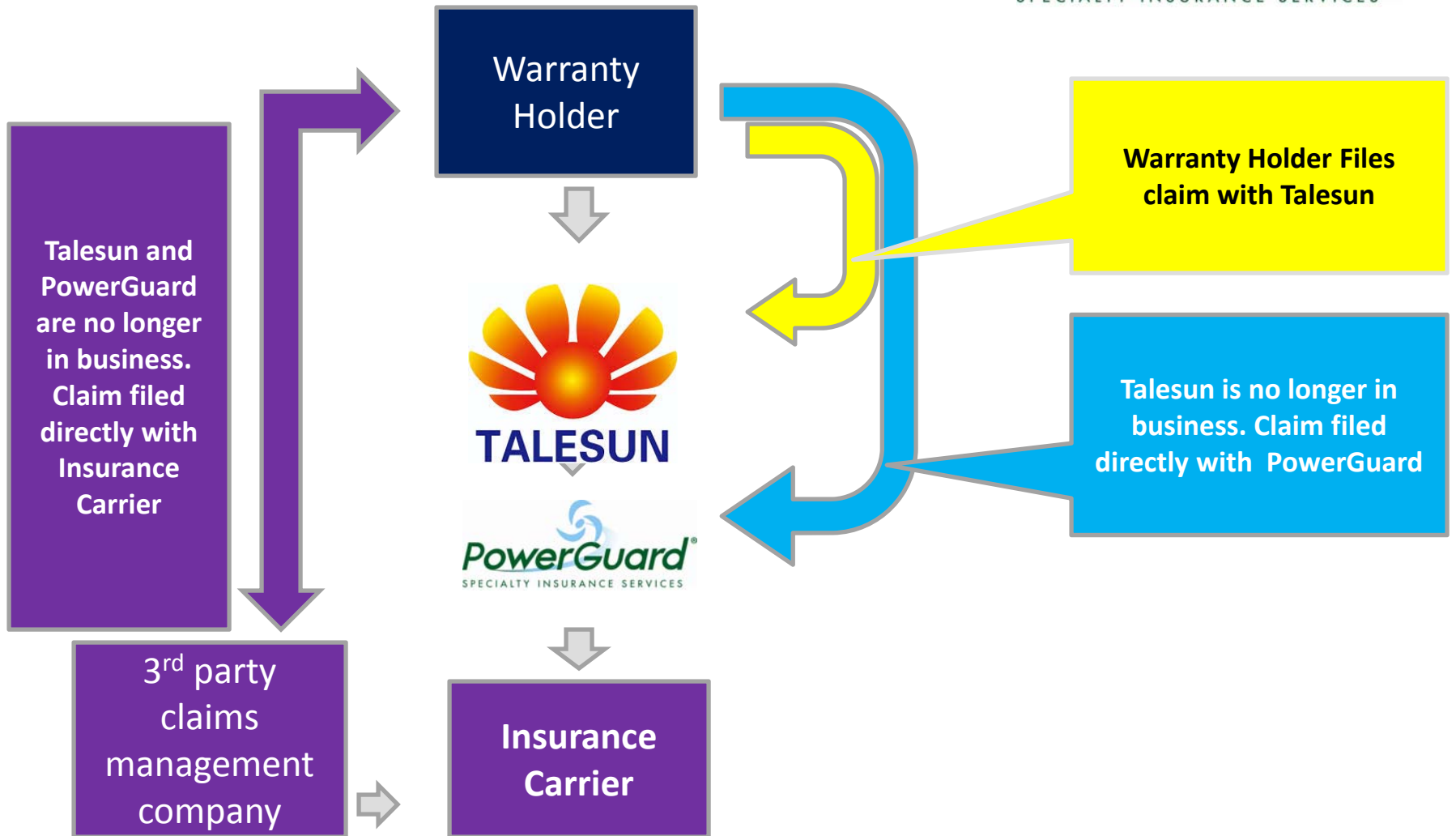
The screenshot shows a web application interface. On the left is a dark sidebar with three menu items: 'Warranty Verification' (with a magnifying glass icon), 'Verify' (with a magnifying glass icon), and 'Verification History' (with a circular refresh icon and a green highlight). The main content area is titled 'Verification History'. Below the title, there is a filter section: 'Filter by Verification Date' with a range selector for 'Start Date' and 'End Date'. Below the filter are two buttons: 'RESET' and 'APPLY'. A table below displays verification records with columns: 'Verification Number', 'Manufacturer', 'Verified Date(UTC)', and 'Verified Date'. The first row is highlighted in light green and shows a long alphanumeric ID, 'Trina' as the manufacturer, and two timestamps from 03/13/2018. The second row shows another alphanumeric ID, 'Trina', and two timestamps from 03/13/2018.

Warranty Claims Reporting



- **In the event of any loss or damage that may lead to a possible claim, Talesun or Warranty Holders (in the event that Talesun is insolvent) shall**
 - As soon as reasonably practicable notify PowerGuard and the insurance company in writing and send written Notice of Claim after the loss or damage.
 - Take all reasonable steps to preserve and salvage the Covered Solar Energy Collection Equipment insured and to minimize the loss.
 - Control all necessary repairs, provided however that such repairs are performed in a proper, reasonable and economical manner.
- **Payment of claim may not be required nor shall action lie against the insurance company until:**
 - Talesun *or Warranty Holders (in the event that Talesun is insolvent)* has fully complied with all the terms of this policy.
 - Talesun *or Warranty Holders (in the event that Talesun is insolvent)* has demonstrated that it has or that it will incur losses as evidenced by contracts, loan agreements, qualified estimates or invoices, to repair or replace damaged Covered Solar Energy Collection Equipment with equipment or parts in an amount that is in excess of the Self Insured Retention.
 - The repairs or replacements covered hereunder have been substantially undertaken.
- The claim must be valid as per Talesun warranty terms and satisfy Talesun's RMA procedures including satisfactory proof of defect and third party test reports
- The modules must be sold during the policy period and its serial numbers must have been reported to the insurance companies
- **Claims may be adjusted by an independent claims adjustment company appointed by the insurance company and in accordance with the terms of the Policy.**

Claims Process



Notable Definitions



- **Actual Cash Value** : Means the price at the time of purchase of covered solar Energy Collection Equipment reduced by an amount equal to 4% of that price per each 365 day period following the date of purchase until the conclusion of the twenty-fifth period or replacement cost, whichever is less.
- **Claim:** Means a demand make for payment for loss under this policy.
- **Covered Solar Energy Collection Equipment :**
 - **Includes** : photovoltaic cells, panels and modules that are sold during the Policy Period and for which Talesunhas filed serial numbers with insurance company.
 - **Does not include** : foundation, support apparatus or footings; cabinet, compartment, conduit or ductwork; vehicle or any equipment mounted on a vehicle; low-voltage or high-voltage cables, wires or lines and related equipment carrying electricity from the covered solar energy collection equipment to points external of the covered solar energy collection equipment or data.

Notable Definitions



- **Covered Warranty:** means a warranty issued to a Warranty Holder during the Policy Period and accepted by the insurer in writing.
- **Limit of Liability:** is the maximum amount payable by the insurance company for all insurable losses
- **Loss:** means the amounts incurred in the fulfillment of your Covered Warranty that arises from a valid demand for remedy made to you
- **Product Defect :** means a unit or a part of a component that breaks; ceases to perform the function; fails to conform to technical specifications; is not produced in any material respect in accordance with technical specification; or is not free of defect in material or workmanship.
- **Self-Insured Retention:** means the amount that is your responsibility which you shall bear before any payment is made by the insurance company. Self-Insured Retention amounts erode the Limit of Liability.

Notable Exclusions of the Insurance



- Any loss arising from a warranty that has not been accepted by the insurance companies
- Any loss arising from direct physical damage
- Any liability for bodily injury and property damage
- Consequential or incidental loss of any kind (loss of revenue, etc)
- Any loss or damage arising from those events specifically excluded under your covered warranty
- Any loss or damage arising from the interruption of service from any covered solar energy collection equipment
- Any loss or damage or expense arising from a willful, tort, or wrongful act, or negligence.
- Any loss where the defect was known to you prior to the sales of the module
- Any loss arising from thin-film and BIPV technologies
- Any loss to or arising from microinverters or optimizers
- Any loss from coloration, discoloration, or module appearances
- Other exclusions are listed in the insurance policies.



Thank you !

