



GREEN FINANCE FRAMEWORK

PSI Sustainable SA
January 2023

Introduction

Established in 2022, the PSI Sustainable SA was setup to provide its clients with sustainable, tailor-made and reliable financial instruments. Being located in Luxembourg offers the regulatory and legal prerequisite to provide globally established sustainable financial debt market solutions. The conception, realization and administration of the investment vehicles is implemented by our experienced local team.

This document describes the overarching approach by PSI Sustainable SA for the issuance of 'Sustainable Asset Backed Securities'.

PSI Sustainable SA is a securitisation platform under the Luxembourg securitisation law of 2004, issuing securitisation products with a strong and explicit sustainable focus according to this framework and embedded in its articles of incorporation.

Climate change, social inequality and other sustainable issues are massive challenges for all industries and our society as a whole. The environmental, social and governance risks worldwide are impactful for everybody and have to be addressed collaboratively throughout all industries. However, to really create an impact regarding the achievement of the goals formulated in the UN's Agenda 2030, there is the need to close a massive investment gap.

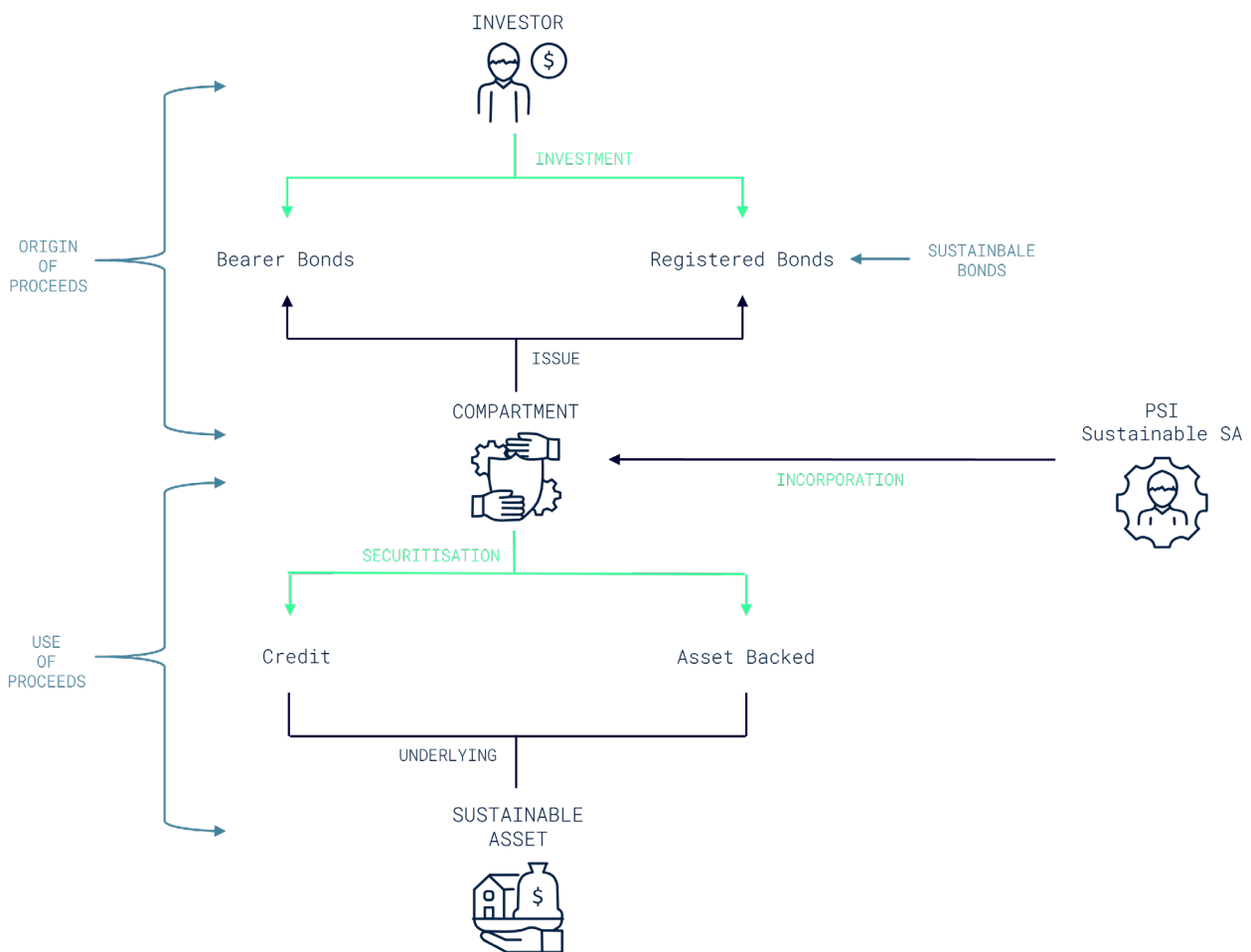
Being a specialized company with great interest in sustainable and future-oriented projects, we have set ourselves the goal of creating a positive ecological and social impact by creating sustainable investment opportunities for semi- and institutional investors.

We strive to achieve this task through supporting projects leading our planet to a greener, more social and generally more sustainable future through a sustainable securitisation process. PSI Sustainable SA and its affiliated specialized service providers possess all tools needed to provide services and products contributing to these goals.

By committing to the UN's Agenda 2030 and its Sustainable Development Goals (SDG), PSI Sustainable SA creates positive impact by issuing sustainable financial instruments and increasing the attractiveness of the market for sustainable securitisation. This leads to a higher chance of realization and success of sustainable projects, which finance ecological projects throughout all industries and regions, creating investment opportunities to help close the aforementioned investment gap.

Securitisation process

In full compliance with the Luxemburg securitisation law of 2004, PSI Sustainable SA issues compartments, that act as securitisation and investment vehicles for investors and clients. **The compartments raise capital through issuance of sustainable financial instruments, whose proceeds are allocated to an eligible sustainable project according to this framework.** This process enables the compartments to raise funds, that are securely invested (ring-fenced) in specific eligible sustainable projects as defined hereinafter. **The whole process and all cash-flows will be diligently tracked and transparently reported on by the board of directors.**



Origin of proceeds

Investment into the compartment

Green Bearer or Registered Bonds

A sustainable debt security issued by the compartment to investors, that entitles the investors to a fixed or variable interest rate (depending on the terms of the issue) in return for providing the investment. PSI Sustainable SA ensures, that all raised investments (proceeds) are allocated securely and ring-fenced to the specific eligible sustainable project as described in the respective terms of the issue.

Use of proceeds

Underlying of the compartment

Credit

The compartment enters into a loan agreement with an eligible sustainable project. Depending on the terms in a secured or unsecured way and with fixed or variable interest.

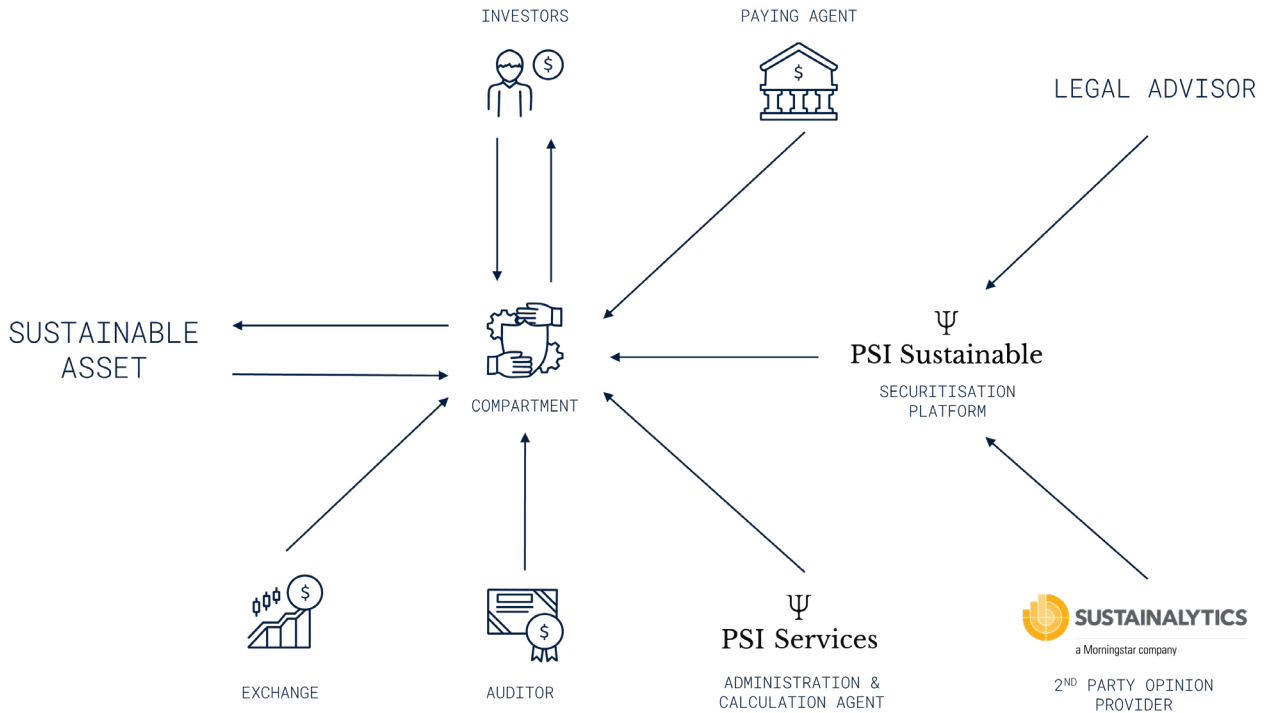
Asset Backed

The compartment executes direct investments into a real asset, becomes the direct owner of the specific eligible sustainable asset.

Involved parties

To ensure a diligent and transparent process throughout the securitisation and life-cycle phase, PSI Sustainable SA collaborates with credible partners throughout all business activities. The following graph depicts the involved parties, for each compartment actors might differ and can be requested at any time at PSI Sustainable SA board of directors.

Involved parties



Investors:

Organisations or individuals that want to engage in ESG issues to create positive impact.

Securitisation Platform:

Securitisation platform incorporates compartments under the Luxemburg securitisation law of 2004.

Exchange:

Stock exchange & securities exchange, possibly specialised on sustainable securities.

Sustainable Asset:

Eligible sustainable projects according to this framework.

Paying Agent:

Subscription & redemption of the financial instruments and other activities in relation to the instruments, e.g. interest payments.

Legal Advisor:

Legal advisor, who provides support in all legal matters.

Administration and Calculation agent:

Specialised calculation and administration agent for the Compartments and the Assets, PSI Services SA.

2nd Party Opinion Provider:

Specialised 2nd party opinion provider, Sustainalytics.

Auditor:

Review, audit and certification of the accounts and financial records of the compartments and the company.

Compartment:

Securitisation and investment vehicles for investors and clients.

Framework

The proceeds from financial instruments issued by PSI Sustainable SA will contribute to one or more SDG through raising investments for projects with a sustainable impact. The securitised assets as well as the proceeds from the issues will be evaluated and assessed by PSI Sustainable SA board of directors to be aligned with this framework initially and on an ongoing basis.

This framework is designed to be aligned with the latest version of the Green Bond Principles issued by the International Capital Markets Association (ICMA) and the Green Loan Principles issued by the Loan Market Association (LMA) and partners in 2021 and covers all issued financial instruments by PSI Sustainable SA.

The framework provides guidelines in the following four key areas:

1. Use of proceeds
2. Project Evaluation / Selection
3. Management of Proceeds
4. Reporting

1. Use of Proceeds




The proceeds from the issued financial instruments will be used to finance or refinance, in whole or in part, any eligible sustainable project as defined in this framework and within the taxonomy of the SDG. The investments into the eligible sustainable project are also defined within the individual terms of issue of each compartment.

PSI Sustainable SA assures its investors that any added project category aligns with the Green Bond Principles as set out by the ICMA or an equivalently sophisticated standard.

PSI Sustainable SA explicitly **does not accept** projects that are involved in operations such as activities related to:

- Exploration, production, distribution and transportation of fossil fuels
- nuclear, nuclear related technologies and uranium mining, except for measures that mitigate environmental hazards in the existing structure
- deforestation and degradation of forests
- production and trade of weapons
- production, processing and sales of tobacco
- production, processing and sales of alcohol
- production of cosmetics with the help of animal testing
- gambling
- pornography
- human rights or labor law violations
- corruption and bribery

The list of **eligible green projects** includes projects or assets in the following categories:

SDG	Sector	Projects	Labels
  	Renewable energy	<ul style="list-style-type: none"> - Onshore wind energy - Offshore wind energy - Solar (photovoltaic) energy - Hydropower <ul style="list-style-type: none"> • Limited to Small-scale (<25 MW) • Run-of-river (without artificial reservoirs or with low storage capacity) • Life-cycle carbon intensity below 50g CO2e/kWh • Power density greater than 5W/m2 	
		<p>It will be ensured an environmental and social impact assessment by a credible body is required for all new hydropower plants projects. Further, no project will be financed where significant ESG risks, expected negative impact or controversy can be identified.</p>	



Clean transportation

- E-mobility infrastructure
 - Electrified private transport
 - Electrified public transport
 - Electrified freight rail
- Electric or hydrogen passenger & freight vehicle
- Zero emission public transportation



Building efficiency

- Energy efficiency for commercial, private and public buildings
 - Improvement through retrofit, upgrade renovation or refurbishment
 - Achieving a 20% improvement in energy efficiency from the moment of investment (cash flow to the project) as the baseline achieving a sustainable certification like BREEAM (Excellent or better), LEED (Gold or better), DGNB (Gold or better)
- Construction of commercial, private and public buildings
 - Achieving a sustainable certification like BREEAM (Excellent or better), LEED (Gold or better), DGNB (Gold or better)

BREEAM®



Land use & marine resources

- Natural ecosystem protection & restoration
 - Reforestation with sustainable management plan certified by PEFC or FSC and tree species well-adapted to the site conditions
 - Sustainable agriculture certified with a Label such as EU organic product label, RSB, RTRS, or UTZ





Waste and pollution control

- Recycling
 - Construction and improvement of recycling facilities
 - Mechanical process of recycling specific materials, electronic waste only with a robust waste management process in place
- Sustainable waste management
 - Infrastructure such as anaerobic digester with assurance of the segregation of recyclables before incineration



Information & communications technology

- Information and communication infrastructure, including but not limited to
 - Energy efficiency data centers with a PUE less than 1.5 and powered with renewable energy or cooled naturally



Transport infrastructure & accessibility

- Construction, refurbishment, maintenance and operation of transport infrastructure contributing to
 - Barrier-free access to public transport
 - Public transport
 - Zero carbon emission transport
 - Active mobility infrastructure
 - Pedestrian infrastructure

2. Project Evaluation / Selection

PSI Sustainable SA is managed by its board of directors, who is directly responsible for overseeing the process of selecting, evaluating and monitoring eligible sustainable projects. Due to the nature of the corporate structure of a securitisation platform, each new compartment issued under this framework will be individually evaluated by the board of directors and all proceeds will be allocated specifically to the eligible project specified in the respective terms of issue. Every new project submission will therefore have to be accepted in the form of resolution by the board of directors, which ensures a diligent approach to the evaluation of new compartment issues and project submissions with respect to the compliance to this framework.

For each new project a diligent analysis of environmental and social risks will be performed. The process is aligned to risk management systems, based on the four core components: Identification, Assessment, Mitigation and Monitoring.

The assessment of each new project will further ensure the conformity with the eligibility criteria, including aligning with the eligible categories, use of proceeds and the objective of creating a positive impact according to the SDG.

Furthermore, the board of directors is responsible for:

- Reviewing and updating the content of the Sustainable Finance Framework and managing any future updates of this document.
- Revoking the label provided by this framework for compartments that no longer comply with the eligibility criteria or which the board of directors has otherwise determined should not be capitalised under this framework.
- Preparing allocation and impact reports in accordance with the framework.

3. Management of Proceeds

The board of directors will ensure that all proceeds from the issued financial instruments will be transparently tracked for each compartment separately. For each compartment, the management of proceeds has to be tracked separately and transparently according to each compartment's terms and conditions with respect to the specific eligible sustainable project.

The proceeds from each issue will be invested as soon as the cash flow is received by the compartment, latest 4 weeks after the money is credited to the account.

For each compartment, the board of directors will make sure an individual process is implemented, that enables PSI Sustainable SA to track all proceed management processes through a diligent and transparent system.

4. Reporting

Reporting published by PSI Sustainable SA is intended to illustrate the fulfilment of commitments made to each transaction, in terms of allocation of investments, compliance with the eligibility criteria, and wherever possible the presentation of transversal impact indicators. For each compartment, funding a multitude of projects, PSI Sustainable SA might only report on a selection of projects to ensure clear and well-structured reports.

Depending on the structure of the respective issue, the reporting will include all necessary information to evaluate the allocation of investments and its impact in an appropriate timeframe.

PSI Sustainable SA will make and keep publicly available reporting on the allocation of net proceeds to the eligible sustainable project portfolio and wherever feasible reporting on the impact of the sustainable project portfolio.

Allocation Reporting

PSI Sustainable SA will, at least, report on an aggregated annual basis:

- The number of issued compartments.
- The total amount of investments in eligible sustainable projects.
- A short description of the assets and projects that are financed.
- The balance of unallocated proceeds.

Impact Reporting

Where and when feasible, depending on selected asset types, PSI Sustainable SA may report on the environmental impacts resulting from the investments in eligible sustainable projects. Subject to confidentiality agreements, competitive considerations, or a large number of underlying projects limiting the amount of detail that can be made available, the information may be presented on an aggregated portfolio or category basis. PSI Sustainable SA will use applicable and credible metrics dependent on the structure of the underlying as well as the relevant industry.

Category	Potential Impact Metrics (Examples)
Renewable energy	Annual greenhouse gas (GHG) avoided Annual renewable energy produced Capacity or renewable energy plants constructed in MW
Clean transportation	Annual GHG avoided Annual energy savings Zero emission kilometers created
Building efficiency	Annual GHG avoided Savings in energy demand
Land use & marine resources	Annual GHG avoided Contributions to avoid deforestation Number of trees planted
Waste and pollution control	Annual GHG avoided Quantity of waste recycled Quantity of waste diverted from landfills Reduction of single-plastic used
Information & communications technology	Annual GHG avoided Recycled supplies used
Transport infrastructure & accessibility	Annual GHG avoided Active mobility infrastructure created

External Review and Verification

PSI Sustainable SA has engaged Sustainalytics as a second party opinion provider to perform an independent review of this framework, to confirm its alignment to the Green Bond Principles defined by the ICMA.

The framework will be reviewed whenever changes are made by the board of directors or at least annually.