

PERPETUAL
NEXT

Perpetual Next Conversions B.V.

Green Bond Framework

13 June 2023



Green Bond Framework

Introduction

About Perpetual Next Conversions

Perpetual Next Conversions B.V. (“PN Conversions” or the “Company”) is the bio-conversions business unit of Perpetual Next B.V., a Dutch registered climate technology group. PN Conversions builds, owns, and operates plants that convert low grade (food and animal by-product) waste into biogas and biomethane, in addition to producing renewable heat and power from wood waste using combined heat and power units (CHPs).

The Company is headquartered in the Netherlands and has three operating facilities: Moerdijk (biogas, Netherlands), Lelystad (district heating, Netherlands) and Trinity (biogas, UK).

Facilities

Moerdijk

The Moerdijk plant, located in the Netherlands, converts food waste to biogas. The plant uses low grade food waste, including expired food and rejected food that is labeled as not suitable for human or animal consumption and food waste from regional restaurants, as feedstock. By applying state of the art anaerobic digestion technology, the feedstock is upgraded to biogas. This biogas is then used to generate electricity and heat. The electricity is delivered to the local grid and the heat is transferred to companies in the Moerdijk business park. The digestate (what is left over after the anaerobic digestion) is used as a natural fertilizer.

Proceeds from the contemplated Green Bond will be applied to upgrade the facility to enable biomethane production. Following the upgrade, the biogas will be separated into biomethane and CO₂. The biomethane will be injected into the grid to replace fossil gas, while the CO₂ will be distributed separately.

Lelystad

The Lelystad plant, also located in the Netherlands, produces heat from garden waste. The plant uses the lowest grade wood waste to create renewable heat. The wood waste comes from landscaping and garden waste in the immediate vicinity of the municipality Lelystad, in addition to sick trees that had to be maintained or have been damaged in storms. All wood waste adheres to the stringent sustainability standards and certification criteria (NTA8080) to mitigate risks.

The Lelystad plant is optimized to utilize the renewable energy from the combustion process as efficiently as possible. The heat that is produced is used for district heating and is

delivered to Vattenfall, Ennatuurlijk and Green Solutions: The plant currently provides heat to 5.500 homes and six office buildings in the area, saving about 7.5 million Nm³ of fossil natural gas. In the future, even more households will be connected to the Lelystad heat network.

The plant's residual heat is used to produce hot water for a distributor for sustainable weed control and large-scale cleaning of production equipment in the food chain, minimizing energy losses.

Trinity

The Trinity plant, located in Ellesmere Port, UK, converts agricultural residues into biogas. The plant will use low grade animal residues, such as waste from slaughterhouses or animals that died from a natural death. Trinity has a unique position in terms of permitting, since it is one of the few facilities in the UK that can process all categories of slaughter waste. Therefore, the plant offers a total solution to the waste processing industry, converting animal residue to biogas.

Proceeds from the contemplated Green Bond will be applied to upgrade the facility with a new renderer and an additional anaerobic digestion facility at the plant. After completion, the plant will produce more than 8 million m³ biomethane per year, that will be injected directly into Ellesmere Port's natural gas grid. The digestate will be used as fertilizer and the CO₂ will be sold separately.

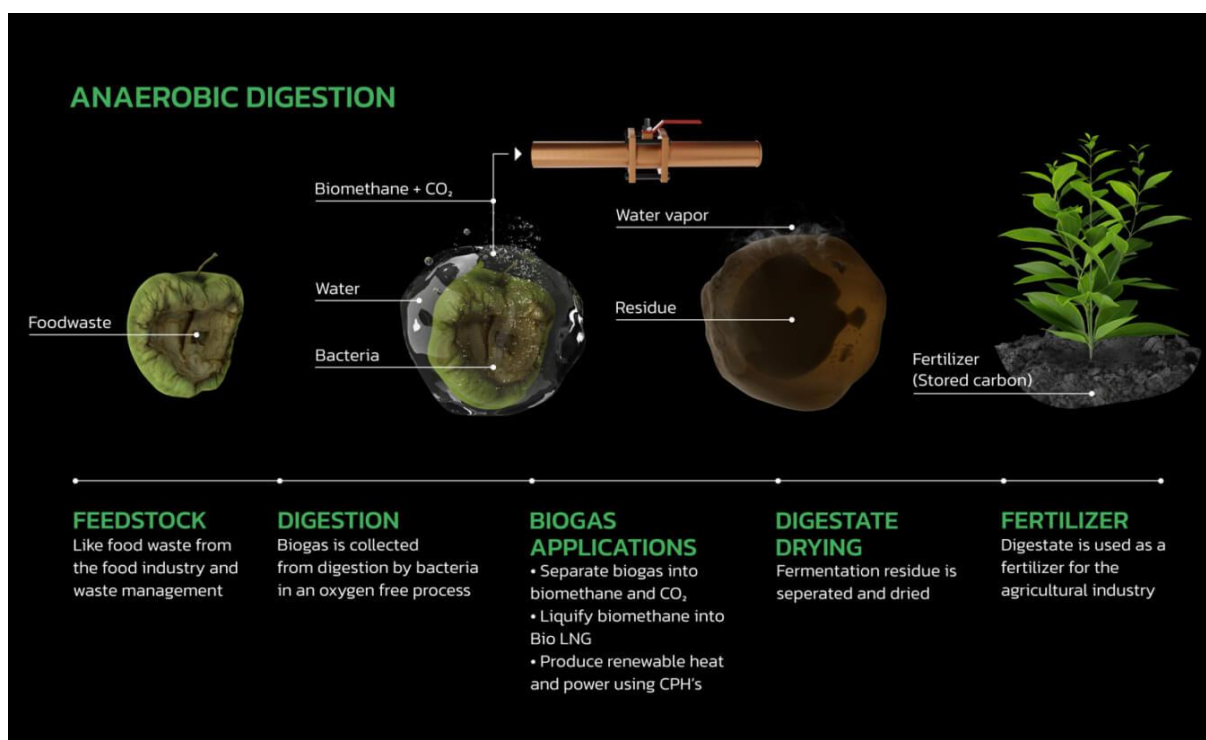
Portfolio development

PN Conversions is actively seeking to add additional bio-conversion plants to its portfolio. Proceeds from the contemplated Green Bond can be applied to acquire existing or to build new bio-conversion plants in Europe.

The anaerobic digestion process

The anaerobic digestion process works as follows:

1. Organic waste streams, such as food waste from the food industry, are fermented by bacteria in an oxygen-free environment. Biogas is produced from the fermentation process.
2. Biogas is separated into biomethane and CO₂.
3. Biomethane can be injected into the existing natural gas grid or it can be liquefied (Bio LNG).
4. The residual product (digestate) of biogas production is a natural fertilizer in agriculture.



Anaerobic digestion is carbon neutral because it contains only organic material. The carbon released when green gas is burned is equal to the carbon absorbed when the organic material grew.

The sustainable impact from PN Conversions' business

PN Conversions is a developer and operator of biogas and renewable district heating facilities, driving a substantial sustainability impact. Through the conversion of organic waste into renewable biogas, the Company significantly reduces greenhouse gas emissions and promotes a circular economy by diverting waste from low end applications, e.g. landfills. This renewable biogas serves as a low-carbon alternative to traditional fossil fuels, reducing reliance on non-renewable energy sources and contributing to the global fight against climate change.

In addition to its biogas operations, PN Conversions operates a renewable district heating facility that provides sustainable, clean and reliable heating solutions. By utilizing renewable energy sources through biomass, the Company minimizes environmental impact and helps combat global warming and air pollution caused by combustion-based fossil heating systems. The facility contributes to reducing carbon emissions associated with heating, improving local air quality, and advancing the transition to a sustainable energy future.

Overall, through its biogas and renewable district heating operations, PN Conversions is at the forefront of addressing climate change, promoting renewable energy adoption, and fostering a sustainable and low-carbon economy. The Company's commitment to sustainability resonates through its substantial greenhouse gas reductions, waste

management efforts, and provision of clean heating solutions, making a positive impact on both the environment and the communities it serves.

Social and environmental risks

While PN Conversions' biogas and renewable district heating operations offer significant sustainability benefits, it is important to address potential social and environmental risks associated with these activities.

Socially, community acceptance and engagement present a potential risk. Local communities may express concerns about odour emissions, noise levels, or visual impacts of the facilities. PN Conversions proactively communicates, engages with stakeholders, and implements best practices and state of the art technology in facility design and operation to minimize any negative impacts and build trust with the communities.

Environmentally, responsible sourcing of feedstock for biogas production is crucial. Ensuring a sustainable supply chain and avoiding environmental harm are priorities. PN Conversions implements strict waste sourcing protocols, partners with reliable suppliers, and adheres to stringent environmental standards to mitigate risks and maintain the sustainability of its operations. The company also conducts thorough environmental impact assessments and implements measures to protect biodiversity and ecosystems throughout the life cycle of its facilities.

By addressing these social and environmental risks, PN Conversions demonstrates its commitment to sustainable practices, responsible waste management, and engagement with stakeholders. The company strives to maximize positive impacts while minimizing any potential adverse effects associated with its biogas and renewable district heating operations.

2 PN Conversions' Green Bond Framework

PN Conversions' Green Bond Framework is developed based on the EU taxonomy for sustainable economic activities and is aligned with the ICMA Green Bond Principles. The Framework has been reviewed by Position Green, who issued a Second Party Opinion to it in June 2023. PN Conversions intends to follow best market practice as the standards develop, and will communicate in a transparent manner on the following eligible categories:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

Use of Proceeds

Eligible Green Projects

Project category	EU Taxonomy activity	Eligible Green Projects and Capital Expenditures	Eligibility criteria
Anaerobic digestion	Anaerobic digestion of bio-waste	<ul style="list-style-type: none"> - Construction and operation of dedicated facilities for the treatment of separately collected bio-waste through anaerobic digestion with the resulting production and utilisation of biogas and digestate and/or chemicals. 	<ul style="list-style-type: none"> - Monitoring and contingency plan in place to minimise methane leakage. - The biogas is used directly for the generation of electricity or heat or upgraded to bio-methane for injection in the natural gas grid, or used as vehicle fuel or as feedstock in chemical industry. - The bio-waste that is used for anaerobic digestion is source segregated and collected separately. - The produced digestate is used as fertiliser or soil improver, either directly or after composting or any other treatment. - The share of food and feed crops used as input feedstock, measured in weight, as an annual average, is less than or equal to 10% of the input feedstock.
Biogas	Production of heat/cool from bioenergy	<ul style="list-style-type: none"> - Construction and operation of facilities that produce heat exclusively from biomass, biogas or bioliquids, and excluding production of heat from blending of renewable fuels with biogas or bioliquids 	<ul style="list-style-type: none"> - Agricultural biomass used complies with the criteria in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001. - Forest biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 6 and 7 - The greenhouse gas emission savings from the use of biomass are at least 80% in relation to the GHG emission saving methodology and relative fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001 - Where the installations rely on anaerobic digestion of organic material, the production of the digestate meets the criteria 1 and 2 of Section 5.7 of Annex I to Directive (EU) 2021/2139, as applicable
	Electricity generation from bioenergy	<ul style="list-style-type: none"> - Construction and operation of electricity generation installations that produce electricity exclusively from biomass, biogas or bioliquids, excluding electricity generation from blending of renewable fuels with biogas or bioliquids 	<ul style="list-style-type: none"> - The greenhouse gas emission savings from the use of biomass are at least 80% in relation to the GHG emission saving methodology and relative fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001 - Where the installations rely on anaerobic digestion of organic material, the production of the digestate meets the criteria 1 and 2 of Section 5.7 of Annex I to Directive (EU) 2021/2139, as applicable
District heating	Cogeneration of heat/cool and power from bioenergy	<ul style="list-style-type: none"> - Construction and operation of installations used for cogeneration of heat/cool and power exclusively from biomass, biogas or bioliquids, and excluding cogeneration from blending of renewable fuels with biogas or bioliquids 	<ul style="list-style-type: none"> - Agricultural biomass used complies with the criteria in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001. - Forest biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 6 and 7 - The greenhouse gas emission savings from the use of biomass are at least 80% in relation to the GHG emission saving methodology and relative fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001

Scope of investments

An amount equal to the net proceeds from the issuance of the Green Bonds will be dedicated to financing or refinancing of the Company's investments in Eligible Green Projects related to anaerobic digestion of bio-waste, production of heat/cool from bioenergy, electricity generation from bioenergy and cogeneration of heat/cool and power from bioenergy. The eligibility criteria comply with the EU classification system for sustainable economic activities (the "EU Taxonomy").

The net proceeds will be used to finance the development, acquisition, renovation, improvement, upgrading of projects, and other related and supporting costs and expenditures aligned with the Eligible Green Projects.

Geographical scope

Investments in Eligible Green Projects will be limited to projects in Western Europe, Poland, Nordics, UK and Ireland. By narrowing the geographical scope to these regions and countries, PN Conversions can mitigate a range of risks including regulatory complexities, political uncertainties, legal challenges, cultural differences, market variations, and operational complexities.

Criteria for acquisitions

If the proceeds from the Green Bond is used to buy shares in a company or in any other way obtain an ownership stake in another company, at least 90% of the activity in the acquired company must be aligned with the Eligible Green Projects. The Company may also acquire companies, such as feedstock providers or other relevant entities, that contribute to a value chain that is aligned with the Eligible Green Projects.

Criteria for refinancing

The proceeds from the Green Bonds may only be applied to refinance debt related to Lelystad (commissioned in 2018) of EUR 9.4m and Moerdijk (acquired in 2022) of EUR 6.4m. Refinancing will not surpass approximately 25% of the total use of the net proceeds

Exclusions

Use of proceeds will not be used to finance neither investments to generate fossil energy or nuclear energy, nor investments linked to research and/or development within weapons and defence, potentially environmentally negative resource extraction, gambling, or tobacco.

Process for Project Evaluation and Selection

All eligible projects shall adhere to the eligibility criteria outlined in the "Use of Proceeds" section above and must comply with the Eligible Green Project criteria, and any applicable national laws and regulations. PN Conversions will endeavor to ensure that the amount of Eligible Green Projects at all times exceed the total amount of available net proceeds from the Green Bonds.

To oversee the governance of the Green Bond Framework and ensure a robust project evaluation process, Perpetual Next Conversion will establish an internal Green Finance Committee, including CEO, other senior management/board members and relevant internal competence. The committee will convene on an annual basis, or more frequently if required, to review and assess eligible projects. The Green Finance Committee must approve any spending of the net proceeds from the Green Bonds.

The responsibilities of the Green Finance Committee include, but are not limited to:

- Conducting thorough assessments of project proposals to determine their alignment with the Green Bond Principles, the Company's environmental objectives, and the eligibility criteria outlined in the framework.
- Evaluating the potential environmental impact of each project, considering factors such as greenhouse gas emissions reduction, renewable energy generation, waste management, and resource efficiency.
- Assessing the feasibility, scalability, and long-term sustainability of projects to ensure their viability and contribution to the transition towards a greener economy.
- Monitoring and reporting on the progress, implementation, and environmental performance of financed projects throughout their lifecycle.

The Green Finance Committee will collaborate closely with relevant departments and stakeholders within the Company to gather necessary project information, conduct due diligence, and ensure transparent decision-making processes. Additionally, external expertise, such as independent consultants or third-party verifiers, may be engaged to provide specialized assessments or audits, further enhancing the credibility and transparency of the project evaluation and selection process.

By establishing a dedicated committee and implementing a robust evaluation framework, PN Conversions reaffirms its commitment to enable industries and companies in the geographical target area to become circular and fossil free.

Management of Proceeds

The Company will adopt a portfolio-level approach to manage the proceeds from the Green Bonds. The use of these net proceeds will be thoroughly tracked internally.

A green financing register will be maintained to transparently track the use of proceeds and serve as a basis for reporting. Eligible green projects may be added or removed from the portfolio based on their alignment with the defined criteria.

Where the net proceeds cannot be immediately allocated, they may be invested in short term money market instruments or held as cash..

All relevant information regarding the issuance of Green Bonds and projects financed will be monitored and kept in the Company's accounting systems.

Reporting

PN Conversions will report on the allocation of net proceeds and associated environmental impact. The reporting will be conducted within one year from the first borrowing date and on an annual basis as long as there are outstanding Green Bonds.

The green financing report will be published as a part of the Company's ongoing financial reporting or as a standalone report and will be made available in English on the Company's website.

Annual reporting

- The total amount of green financing bonds outstanding
- The total amount of allocated net proceeds per project category
- A list of projects financed including a brief description
- The proportion of net proceeds used for financing versus refinancing, and any balance of unallocated net proceeds

Project category	Examples of potential key performance indicators
Anaerobic digestion	<ul style="list-style-type: none"> - CO2 savings (tonnes CO2/year) - Biomethane production (m³/year) - Yield from feedstock (Nm³ CH₄/ton ww) - Waste processing (tonnes/year) - Fertilizer production (tonnes/year) - Quantity of recycled streams (tonnes/year) - Waste reduction (tonnes/year) - Quantity of water reduction (tonnes/year)
Biogas	<ul style="list-style-type: none"> - CO2 savings (tonnes CO2/year) - Renewable thermal energy generation (MWh/year) - Renewable electricity generation (MWh/year) - Yield from feedstock (Nm³ CH₄/ton ww) - Waste processing (tonnes/year) - Fertilizer production (tonnes/year) - Quantity of recycled streams (tonnes/year) - Waste reduction (tonnes/year) - Quantity of water reduction (tonnes/year)
District heating	<ul style="list-style-type: none"> - CO2 savings (tonnes CO2/year) - Renewable energy generation (MWh/year) - Yield from feedstock (Nm³ CH₄/ton ww) - Waste processing (tonnes/year) - Fertilizer production (tonnes/year) - Quantity of recycled streams (tonnes/year) - Waste reduction (tonnes/year) - Quantity of water reduction (tonnes/year)

3. External Review

Position Green has provided a Second Party Opinion to this Green Bond Framework. The Second Party Opinion and this framework is available on the Company's webpage.