



**WASTen Star**  
Holding, B.V.

# **Green Bond Framework**

**WASTen Star Holding, B.V.**

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## **1.**

### **Rationale for Green Financing**

The Green Finance Framework (the “Framework”) aims to support the decarbonisation of Czech economy as well as the development of modern environmentally – friendly innovative technologies with the lowest carbon footprint possible.

The company's goal is to finance "green projects" that are in line with the introduction of circular economy principles and the achievement of the Green Deal's goals in the area of renewable energy sources. The company aims its investments mainly in the territory of the Czech Republic, but in the future it is also preparing the financing of suitable projects in other Central European countries. All projects in which we will invest must meet the Green Bond Principles.

WASTen Star Holding B.V. cooperate closely with the WASTen cluster, z.s., and relies on the cluster's expert team when selecting projects. WASTen, z.s. brings together innovative companies, universities and other research organizations in the field of circular economy in the Czech Republic. Members of the cluster are 4 important Czech universities - VŠCHT in Prague, CZÚ in Prague, VŠB TU Ostrava and UJEP Ustí n.L. The expert team of the WASTen cluster is composed of widely recognized experts from academia and practice, who select economically viable projects that have a significant impact on climate protection.

The Company intends to align its funding strategy with its mission, its sustainability strategy and its objectives. This Framework has been established as an overarching platform under which Green Finance Instruments will be issued.

WASTen Star Holding B.V. secured financing from the bond issuance.

### **Basis of this Framework**

Throughout our environmental activities we strive to actively contribute to the Sustainable Development Goals (SDG), taking into account our activities but also the national priority goals of the Czech Republic.

This Framework is based on the International Capital Markets Association (“ICMA”) Green Bond Principles (“GBP”). These are sets of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of Green Finance Instruments.

The Framework has four core components:

- 1) Use of Proceeds
- 2) Process for Project Evaluation and Selection
- 3) Management of Proceeds
- 4) Reporting

This Framework also follows the recommendations of the Green Bond Principles.

## **2.**

### **Use of proceeds**

#### **I. Waste management**

##### **Activities:**

- 1) Waste prevention, reduction and recycling projects, including the development, operation and upgrade of recycling plants and associated activities for metals, plastic and paper.
  - proceeds may also be used to finance the secondary raw materials processing centre for chemical plastic recycling based on depolymerization (or thermochemical decomposition) and polybet technology.
  - the input waste plastic for depolymerization and polybet units will be mixed plastic sourced from municipal waste, which is difficult to mechanically recycle. Construction waste may also be used as an input for polybet units.
  - depolymerization units provide continuous operation of thermochemical decomposition where mixed plastics separated from municipal waste is chemically recycled mainly into process oil (85-90%), along with process gas and carbon residue.
  - the process oil obtained by depolymerization process will be used in the chemical industry for the production of new primary quality polyethylene and polypropylene plastic materials.
  - the depolymerization process leads to direct replacement of new fossil resources, and that the use of recycled hydrocarbons as raw inputs for plastic production can reduce the carbon footprint of plastic production by up to 40% as compared to conventional plastic production from oil. The carbon and environmental footprints of one tonne of secondary material produced by thermochemical recycling of post-consumer plastic waste are 250% and 500% lower than those of virgin plastics production, respectively. In addition, process gas from the thermochemical recycling is fed back to fuel the depolymerization process and the secondary raw materials processing centre.
  - Polybet technology processes mixed-waste plastics along with construction waste, waste sand, aggregates, glass, etc., as internal fillers, to produce a polymer concrete or composite mixture with a high variability of inputs and a wide range of applications with minimal absorbency.
- 2) The recycling of electronic waste will be accompanied by a robust waste management plan to mitigate associated risks.

#### **II. Renewable Energy**

Financing of the purchase, acquisition, development, manufacturing, construction, installation, operation, distribution and maintenance of renewable energy generation projects related to wind, solar, hydropower, biomass and hydrogen in accordance with the following criteria:

**Activities:**

- 1) Onshore solar photovoltaic generation and concentrated solar power (CSP) plants. CSP projects will be limited to those that generate at least 85% of the electricity from solar energy sources.
- 2) Hydropower projects financed under the Framework will be either: i) run-of-river without an artificial reservoir or with low storage capacity; or ii) have power density greater than 5 W/m<sup>2</sup> or emissions intensity below 100 gCO<sub>2</sub>e/kWh. Hydropower facilities that became operational after 2020 will have either: i) power density greater than 10 W/m<sup>2</sup>; or ii) life cycle carbon intensity below 50 gCO<sub>2</sub>e/kWh. Additionally, all new hydropower projects will undergo an environmental impact assessment conducted by a credible body to ensure that no significant environmental risks, negative impacts or controversies have been identified. New hydropower projects with significant environmental controversies and significant environmental risks will be excluded.
- 3) Energy storage projects such as fuel cells. Energy storage projects financed will be connected to renewables. Such projects may also include innovative energy storage projects, such as liquid salts, water energy storage or compressed air energy storage connected to renewable energy sources.
- 4) Manufacture of green hydrogen through electrolysis powered by renewable energy, and equipment for the production and use of green hydrogen.
- 5) Bioenergy produced from anaerobic digestion or composting of: i) agricultural and forestry residues; ii) sewage sludge; iii) biowaste such as bio soils and animal manure. Sewage sludge from fossil fuel operations and by-products and waste from industrial scale livestock production operations, as well as animal fats and oil are excluded.

**III. Circular Economy**

Financing projects in Eco-efficient Circular Economy Adapted Products, Production Technologies and Processes category of eco-efficient products and production activities that increase resource efficiency.

**Activities:**

- 1) Projects that extend the life cycle of products. This may include product reuse, repair, refurbishment and regeneration; integration of modular design or design for disassembly; and incorporation of take-back schemes or reverse logistics.

The criteria for the above activities will:

- Exclude activities that support refurbishment, reconditioning and repair of products specifically for use in the extraction of fossil fuels or that inherently rely on fossil fuels.
- Result in products being put back to their original use with minimal pre-processing

- 2) Production technologies that use recycled resources, such as bio-based materials. The production of bio-based materials will be limited to those certified under the Roundtable on Sustainable Biomaterials. We intend to finance the following technologies : i) bio-based sorbents, ii) waste sanitation.
- 3) Production of metal-based products with: inputs being scrap or recycled metal inputs. For the production of aluminium-based products, it will finance products where: i) at least 90% of the input is recycled or scrapped aluminium; or ii) 75-90% of the input is recycled or scrapped aluminium and the remaining virgin or primary aluminium has a carbon intensity below 2.5 tCO<sub>2</sub>e/tonne of aluminium. For the zinc and copper-based products may also be produced using 100% scrap or recycled zinc and copper.

WASTen Star Holding BV intends also to acquire already existing projects within the Framework sectors, but mainly in the field of renewable solar energy power plant. This acquisition means the refinancing of existing operational units. Before the acquisition is implemented a deep auditing process shall take place from the financial, environmental and social point of view according to standard good practice in the market. This process shall have three years look-back period for consideration.

### 3.

#### Evaluation and Selection

WASTen Star Holding B.V. closely collaborates with the WASTen cluster, a non-profit organization when selecting projects. In the project selection process, it relies on the expertise of the cluster's expert team. WASTen, the non-profit organization, brings together innovative businesses, universities, and other research organizations in the field of circular economy in the Czech Republic. The cluster's members include four prominent Czech universities: the University of Chemistry and Technology in Prague (VŠCHT), the Czech Geological Survey in Prague (ČZÚ), the VŠB - Technical University of Ostrava, and the Jan Evangelista Purkyně University in Ústí nad Labem (UJEP). The expert team of the WASTen cluster comprises widely recognized experts from academia and practice who select economically viable projects that have a significant impact on climate protection.

The expert team of the cluster has established criteria for the selection of suitable projects, the financing of which will have a significant impact on the environment and will be in line with EU taxonomy. Given the cluster's focus on waste and circular economy, the expert team initially concentrated on defining criteria for projects in the "Waste Management" sector. In accordance with EU taxonomy and the resulting legislation on waste management in the Czech Republic, projects that prevent waste generation, increase the efficient use of waste as secondary raw materials, and reduce landfilling will be financed.

The management of WASTen Star Holding B.V. has reviewed and approved the proposed criteria during their meeting.

An overview of the proposed criteria for selecting projects in the "Waste Management" field is enclosed in **Attachment 1**.

The management of WASTen is fully aware of potential environmental and, if applicable, social risks associated with project implementation. As part of the recommendations from the expert group within the WASTen cluster for each recommended investment, a thorough analysis of its environmental risk will also be conducted in connection with the 'Do No Significant Harm' principle.

The 'Do No Significant Harm' principle ('DNSH') is anchored in the European Green Deal communication and further referred to in various legislation. In practice, it aims to prevent financing environmentally harmful projects, as committed to by the European Commission across EU financing.

The 'Do No Significant Harm' principle is referred to in Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (referred to as the 'taxonomy regulation'). Article 17 lists specific significant environmental objectives that an 'eligible' project must not harm. These objectives include:

- a) Climate change mitigation, where the activity leads to significant greenhouse gas emissions;
- b) Climate change adaptation, where the activity increases the adverse impact of existing and expected future climate conditions on the activity itself, or on individuals, nature, or assets;
- c) Sustainable use and protection of water and marine resources, where the activity harms the good status or good ecological potential of water bodies, including surface and groundwater, or the good environmental status of marine waters;
- d) Circular economy, including waste prevention and recycling, where the activity leads to significant material inefficiency or the inefficient use of natural resources, such as non-renewable energy resources, raw materials, water, and land, at one or more stages of the product life cycle, including aspects such as durability, repairability, upgradeability, reusability, and recyclability of products. The activity also leads to a significant increase in the generation, incineration, or disposal of waste, except for the incineration of non-recyclable hazardous waste, or may cause significant and long-term harm to the environment through the long-term disposal of waste;
- e) Pollution prevention and control, where the activity leads to a significant increase in emissions of pollutants into the air, water, or soil compared to the situation before the activity started; or
- f) Protection and restoration of biodiversity and ecosystems, where the activity significantly damages the good status and resilience of ecosystems, or damages the condition of habitats and species, including habitats and species of Union interest, in terms of their conservation.

EU Taxonomy is mandatory for identifying green investments in financial markets. Financial and investment operations are assessed to determine their environmental, climate, or social impact. If they have such an impact, they undergo an evaluation for climate, environmental, and social sustainability to minimize adverse effects and maximize benefits in terms of climate, environmental, and social dimensions.

All 'eligible' projects will fully comply with EU Taxonomy.

If a project exceeds the threshold of 20,000 tCO<sub>2</sub>eq/year, a detailed analysis must be conducted, including:

- A financial assessment of the calculated carbon footprint.
- A cost-benefit analysis considering the societal perspective (i.e., including the carbon footprint).

- Verification of alignment with EU climate mitigation targets for 2030 and 2050.

Certain types of projects, such as waste management facilities, are subject to a detailed analysis, including waste incineration facilities.

The 'Do No Significant Harm' analysis will also consider the impacts of climate change in the Czech Republic and related risks. The following key climate change-related risks in the Czech Republic have been identified:

- Long-term drought.
- Flooding and flash floods.
- Heavy precipitation.
- Increasing temperatures.
- Extremely high temperatures.
- Extreme winds.
- Vegetation fires.

The purpose of the 'Do No Significant Harm' principle is to ensure that activities do not significantly harm the circular economy, including waste prevention and recycling, i.e., they do not lead to significant material inefficiency or the inefficient use of natural resources or cause significant and long-term harm to the environment through long-term waste disposal. Compliance with the 'Do No Significant Harm' principle is ensured by:

- Ensuring that the action complies with the relevant national or regional waste management plan and waste prevention program in accordance with Article 28 of Directive 2008/98/EC, as amended by Directive (EU) 2018/851, and, where available, with the relevant national, regional, or local circular economy strategy.
- In the case of financing facilities for sorting, pre-treatment, and recycling of pre-sorted waste, it will be ensured that a minimum of 30% of sorted waste leads to subsequent material utilization, except for biogas plants and the management of non-recyclable hazardous waste.
- A key condition of the 'Do No Significant Harm' principle, which goes beyond legislation and applies to all construction work at the project level, is the readiness for reusing or recycling 70% of construction waste and building materials.
- Landfilling, including landfill technical protection, is excluded and cannot be considered as utilization; it is always waste disposal. Landfilling is explicitly excluded under Article 17 of Regulation 852/2020, which the legislation refers to in terms of the 'Do No Significant Harm' principle.

Procedure for Evaluating and Selecting Projects for Financing: The expert team of the WASTen cluster will recommend suitable projects that optimally meet at least one main criterion of the Framework. Emphasis is placed on complying with the 'Do No Significant Harm' principle. Compliance with this principle is documented through DNSH analysis or a detailed analysis based on the carbon footprint.

The investment committee of WASTen Star Holding B.V. will assess the recommendations of the expert team of the cluster and consider the investment amount, the overall business model, potential financial and non-financial risks associated with the submitted project, and decide whether to finance the project. In case of uncertainties, the project may be returned for additional information, or its financing may be declined outright.

Selected and approved projects will be thoroughly and consistently monitored during project implementation and subsequent operational phases to ensure compliance with the DNSH principle.

### **Risk assessment**

Assessing the risks associated with a project is crucial for effective project management and investment decisions. To effectively manage these risks, Wasten Cluster has conducted comprehensive risk assessments, implemented risk mitigation strategies and monitored ongoing developments in waste management, environmental regulations, and market dynamics. The Wasten Cluster has reviewed the project Vrbička from the following risks point of view:

- **Regulatory and Compliance Risks:**

Changes in environmental regulations, waste management laws, or safety standards may impact the project's operations and require costly modifications or upgrades to remain compliant.

- **Market Risks:**

The project relies on the market demand for recycled or processed waste materials. Market fluctuations, shifts in consumer behavior, or changes in government policies can affect the demand for such products.

- **Technological Risks:**

The adoption of advanced technologies, such as waste separation and thermal depolymerization, may carry risks related to technology failures, operational challenges, and the need for ongoing maintenance and upgrades.

- **Financial Risks:**

The project involves substantial capital investment in equipment, technology, and infrastructure. Budget overruns, unexpected expenses, or difficulties in securing funding can pose financial risks.

- **Operational Risks:**

The day-to-day operations of the waste processing facility may face operational challenges, including equipment breakdowns, supply chain disruptions, or workforce issues.

### **Environmental Risks:**

The project's operations inherently involve handling waste materials, some of which may be hazardous. Mishandling or accidents can lead to environmental damage, legal liabilities, and reputational harm.

- **Market Competition:**

Competition from other waste management providers or emerging technologies could affect the project's market share and profitability.

- **Technological Obsolescence:**

Rapid advancements in waste management and recycling technologies may render the project's equipment and processes obsolete, requiring costly updates to remain competitive.

- **Resource Availability:**

The availability and cost of resources, such as waste feedstock, energy, and skilled labor, can affect the project's viability.

- **International Risks:**

The project's international cooperation efforts may be subject to geopolitical risks, trade restrictions, and currency fluctuations when dealing with foreign partners and markets.

- **Health and Safety Risks:**

Handling waste materials, especially hazardous or biological waste, presents health and safety risks to workers and the surrounding community. Adequate safety measures must be in place to mitigate these risks.

- **Community and Public Opposition:**

Local communities and environmental groups may oppose waste management facilities due to concerns about pollution, odors, noise, or other environmental and health impacts.

- **Supply Chain Risks:**

Reliance on a complex supply chain for waste collection and transportation may expose the project to disruptions, delays, or cost increases.

- **Currency and Exchange Rate Risks:**

For international projects, fluctuations in currency exchange rates can impact the project's financial performance and profitability.

- **Climate and Natural Disaster Risks:**

Natural disasters, such as floods, fires, or extreme weather events, can disrupt operations and damage infrastructure.

## 4.

### Management of proceeds

WASTen Star Holding B.V. created a "treasury committee", composed of company management and external experts with extensive experience in the banking sector and financial markets. The task of the "treasury committee" will be to regularly monitor the status of green bond investments in individual projects, supervise their allocation and regularly inform investors about the allocated amounts using a dedicated investment register.

Wasten Star Holding B.V. together with the technology suppliers shall set up a detailed construction schedule with precise timetable. This schedule shall consist of the basis tool for funds release to implement the project.

The structure of the project implementation is such that the Wasten Star Holding B.V. shall set up a Special Purpose Vehicle (SPV) as a 100% owned daughter company. The SPV shall conclude the technology supplying contracts with its suppliers. The respective contracts must be approved by Wasten Star Holding B.V.

All allocated investments will be monitored and reported by individual bonds, or by tranches if the bond is divided into several tranches.

Each investment will be monitored in detail to see if it meets the approved work schedule and if there are no violations of approved financial milestones and environmental goals.

The funds shall be deposited on the account of Wasten Star Holding B.V. and shall be disbursed via the SPV to suppliers according to the approved works implementation schedule and timetable. The outflows shall be monitored by Wasten Star board as well as by Special Monitoring Committee (SMC) composed from construction supervisors and auditing bodies on a monthly basis and must be in compliance with the schedule and timetable.

Each bond, or tranche of the bond, will be credited to a special bank sub-account and will be kept in a special analytical sub-account in the company's accounting.

If it happens that an "eligible" project for certain reasons does not meet the requirements for investment, because the implementation deviated from the originally approved criteria, and the funds will have to be allocated to another project, the company will notify all investors of this fact within 1 month at the latest. The Schedule must contain detail description of works to be implemented in the given period of time as well as the proceeds to be drawn. A note from this monitoring shall be delivered on a regular basis.

The changes in or exceptions from the schedule must be submitted by the supplier for consideration and approval to the board and SMC by written and must be justified in due form. This process must be done in the utmost transparent manner.

At the end of every quarter there shall be organized an enlarged meeting between Wasten Star Holding B.V., SMC and FINZIA representative together with the concerned supplier of technology to assess the real progress of works. A detail review report from this meeting shall be delivered.

The information shall be handed over to the investor via FINZIA Securities.

The turnover balance of the proceeds drawn shall be under constant monitoring and tracking executed by established monitoring bodies. The balance of unused funds shall be transparently presented by the monitoring bodies in accordance with the approved schedule and timetable.

With regards to the stage of preparation of the pilot project as well as other work-in-process projects in the field of renewable energy we shall be able to allocate overall issuance funds within 36 months from the issuance of Green Bonds

### **Management of temporarily unallocated funds**

Any temporarily unallocated funds will be temporarily held in accordance with WASTen Star Holding, B.V.'s standard liquidity management policy, which is fully in line with market practice.

### **External verification of management**

The management of financial resources will be externally verified by an auditor in order to verify the internal method of monitoring and allocation of funds from the proceeds of the Green Bond. Verification of management will take place once a year.

## **5. Reporting**

WASTen Star Holding B.V. fully acknowledges that accurate reporting on the utilization of financial resources and their expected environmental impacts is a fundamental component of the Green Bond Principles. It is essential to establish and subsequently monitor indicators for both the distribution and return of financial metrics, as well as the environmental impacts of individual projects.

As previously mentioned in the Project Assessment and Selection section, WASTen Star Holding B.V. closely collaborates with the WASTen cluster and relies on the expert team within the cluster for project selection. The cluster's expert team has formulated criteria for the selection of suitable projects, the financing of which will have a significant environmental impact and align with EU taxonomy. Given the cluster's focus on waste and circular economy, the expert team initially concentrated on criteria for 'Waste Management' projects. Each selected 'eligible' project must undergo a thorough selection process and meet specific selection criteria. Compliance with these selection criteria will be regularly monitored by the cluster's treasury committee and reported to the issuers.

Regular reports on the allocation of funds from 'green bonds' will be provided annually, as of March 31st of the previous period. The report will include a list of projects funded by 'green bonds,' the total allocated amount, the currently allocated amount, alignment with the fund disbursement schedule, and alignment of project revenues with the planned schedule. A project becomes part of the Financial Report as soon as it is approved and receives initial funding for its implementation. If the conditions change during the project's implementation, causing it to no longer meet WASTen

Star Holding, B.V.'s criteria, the project will be excluded from 'green bonds' funding, either temporarily or permanently, and will be removed from the Financial Report. A separate Financial Report will be issued for each bond, containing either a single project or multiple projects financed by a single bond.

The report will also contain information on the fulfillment of established project impact criteria. The impact reporting will include ex-ante estimates of expected annual results anticipated upon project completion and full capacity operation. The impact report will also include information on the estimated lifespan and/or economic lifespan of the project, providing essential data for assessing the overall project impact during its lifetime.

Projects that have completed their implementation and are in full operation will be regularly monitored for actual compliance with established criteria, and the results will be compared to the ex-ante estimates. The verification of the actual project impact will be conducted by an independent expert team from the WASTen cluster and will be included in the Impact Report.

An overview of the main and supplementary criteria for selecting 'eligible' projects in the waste management and resource efficiency sector can be found in **Appendix No. 1**.

The approved criteria aim to capture and illustrate the environmental benefits and sustainability of projects in this sector. Basic and additional sustainability indicators are designed to facilitate quantitative reporting at the project level. Greenhouse gas (GHG) emissions reduction is a significant environmental benefit of waste management and resource recovery interventions through the prevention, minimization, reuse, recycling, energy production from waste replacing higher-emission energy sources, and mitigation of GHG emissions from waste landfill. These projects (such as composting; waste reduction, recycling, and reuse; landfill gas capture and collection; anaerobic digestion; waste-to-energy processes, etc.) are significantly motivated by GHG reduction, and approaches to estimate these emissions exist.

## **Formal Aspects of Financial Reporting**

The cluster's management has decided to prepare and approve a template for financial reporting, which will facilitate investor orientation in the provided information and enable the standardization of information for impact reporting. The unified template is included in Appendix No. 2.

Financial Reports and Impact Reports will be presented to investors in the 'green bonds' of WASTen Star Holding, B.V., published on the company's website, and made available in public databases that compile information on 'green bonds.'"

## **Attachment 1**

## **An overview of the proposed criteria for selecting projects in the area of "Waste Management"**

### **Main criteria:**

#### **Projects in the area of prevention, minimization, reuse and recycling of waste:**

- Reduction of the volume of generated waste by the implementation of the project in % or in t/year.
- Increase in the volume of recycled or reused waste by implementing the project in % or in t/year.
- Increase in the volume of produced secondary raw materials by implementing the project in % or in t/year
- Reducing the volume of greenhouse gases from waste management by implementing the project in t CO<sub>2</sub>/year

#### **Projects in the field of energy utilization of waste:**

- Annual energy production from non-recyclable waste in energy and emission efficient energy production facilities in MWh or GJ.
- Greenhouse gas emissions from energy production from waste by project implementation in tCO<sub>2</sub>/year

#### **Projects in the field of waste collection and separation:**

- Annual volume of separated and further used waste in t

## **Other Indicators**

### 1) Resource efficiency/reduction in raw materials used in manufacturing Indicators:

- KG of raw material per produced unit before and after
- Added monetary value created using waste

### 2) Improved access to municipal waste collection (including separation)

- Number of people or % of population with access to waste collection under the project
- Area with improved regular (daily, weekly or bi-weekly) waste collection service
- How many fractions of waste were separated before and after the project
- The absolute amount or % of residual non-separated waste before and after the project

### 3) Improved municipal waste treatment or disposal services Indicators:

- Number of people or % of population provided with improved municipal waste treatment or disposal services

### 4) Improved recycling programmes

- Number of people benefitting from selective collection of recyclables
- Number of informal recyclers integrated into a formal system

### 5) Manufacturing for the circular economy Indicators:

- Tons of waste reduced
- Products changed to increase waste reduction
- Tons of secondary raw materials or compost produced

