



Generate Capital PBC
Green Financing Framework
April 2022

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1. Introduction

Generate Capital, PBC (“Generate” or “the Company”) is a leading diversified sustainable infrastructure company focused on delivering affordable and reliable resource solutions to companies, communities and cities. Generate builds, owns, operates, and finances sustainable resource solutions for clean energy, transportation, water, waste, agriculture and digital infrastructure. With billions of dollars in permanent and flexible balance sheet capacity, a leading sustainable infrastructure operating platform and thousands of successful infrastructure projects and investments around the world, Generate delivers on the economic promise of sustainability.

Our History

Founded in 2014, Generate is a one-stop shop for pioneers of the infrastructure revolution, designed from day one to provide the different types of capital and services needed to help technology companies and project developers rebuild the world. Generate partners with leading project developers and solution providers to originate distributed infrastructure assets and investments in the power (e.g., enterprise solar, community solar, battery storage, microgrids, energy efficiency), mobility (e.g., e-bus fleets, forklift fleets) and waste, water and agriculture (e.g., waste-to-electricity, wastewater, controlled environment agriculture) markets. This programmatic, systemized origination and underwriting model helps manage the costs involved in doing small deals, provides organic scalability and delivers built-in risk management attributes. Generate’s differentiated team, strategy and structure enable the Company to scale to billions of dollars of infrastructure assets, while delivering attractive and uncorrelated risk-adjusted returns throughout the capital stack, including project capital, corporate equity and debt.

Operational Model

Our Infrastructure-as-a-Service model helps customers install new infrastructure and derive benefit from more sustainable resources at lower upfront cost and fewer operational risks. Generate’s approach reduces our customers’ expenses and improves reliability for energy, mobility, waste, water and other infrastructure projects. Our distributed asset operating system is industry-leading and delivers exceptional value to our stakeholders, providing a diversity of skills, tools and capabilities across sectors to put customers first while driving differentiated risk management and returns.

Risk Management

Generate maintains a robust investment approval process. When evaluating prospective investments, Generate considers environmental, social and governance (“ESG”) considerations among other risk factors as well as actions taken to mitigate or price those risks. Specific ESG-related factors are identified using the materiality standards developed by the Sustainability Accounting Standards Board (“SASB”).

Our ESG goals and exposures are captured through our Enterprise Risk Management (ERM) framework and resulting risk register, as well as our corporate Balanced Scorecard. Our ERM framework is a holistic, top-down and bottom-up view of the most significant risks to achieving our most important objectives. The Balanced Scorecard is the expression of those objectives through the financial, operational, environmental, safety, stakeholder and key initiative metrics we and the Board rely on to comprehensively track our overall performance. As a result, ESG receives input

and oversight at the management and Board levels, is fully integrated into how we manage and measure success at Generate, and factors into management and employee compensation.

As a company focused exclusively on sustainable infrastructure investing, Generate also prioritizes environmental and social issues in its operations and has developed controls to mitigate the risk of adverse incidents. We mitigate operational health and safety risks by implementing safety and compliance audits, providing formal safety training on a semi-annual basis, and requiring liability limitations that are sufficient to cover damage. We require counterparties responsible for asset management to accurately report on environmental and safety issues. The Asset Management team also engages in comprehensive tracking of permit compliance to reduce potential environmental incidents.

2. Generate’s Approach to Sustainability

Generate’s approach to sustainability starts with its values, which we pursue without compromise in order to build the trust that is our license to operate. The Generate Code is comprised of five core values that are embedded in everything we do.

- **INTEGRITY** We prioritize honesty and integrity above everything.
- **COLLABORATION** We create trust through transparency; we assist each other in achieving personal and professional growth.
- **EXCELLENCE** We relentlessly pursue a high standard for excellence, constantly working to be better than we have been.
- **INTELLECTUAL HONESTY** We are independent thinkers and encourage a diversity of viewpoints in search of genuine truths.
- **ACCOUNTABILITY** We take accountability for our own actions and decisions, and we strive to learn from each of our inevitable mistakes.

Since its founding in 2014, Generate’s vision has been to rebuild the world with sustainable infrastructure. Its incorporation as a Public Benefit Corporation (“PBC”) in 2021 formalizes the Company’s commitment to its mission and core values, reinforces Generate’s longstanding commitment to proving there is no tradeoff between financial results and sustainability performance, and institutionalizes the Company’s approach to consider stakeholders in decision-making. As a PBC, we are required to produce an impact report to measure our performance every two years.

Generate operates at the forefront of the broader shift away from monolithic, centralized, inflexible, and regulated infrastructure by building, owning, operating and financing sustainable resource infrastructure that adhere to what the Company calls the “4 Ds”:



DECENTRALIZED
from big, monolithic, and inflexible
to small, distributed, modular,
flexible, and resilient



DEMOCRATIZED
from regulated monopolies to
multiple options for customers



DIGITIZED
from analog to digital



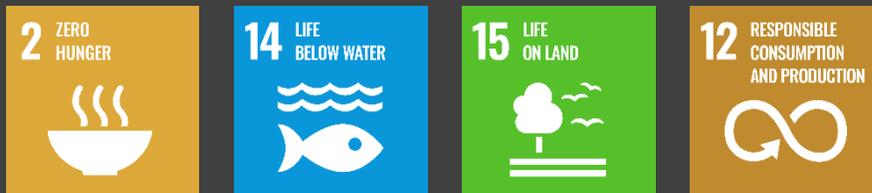
DECARBONIZED
from dirty to clean

These distributed infrastructure assets offer compelling economic value propositions to their customers, but their size and complexity preclude the participation of traditional capital sources. By exposing the structural inefficiency of the capital markets for small projects, Generate has established a leadership position in middle-market infrastructure and especially within behind-the-meter battery storage, community solar, energy efficiency, biogas facilities, composting infrastructure, electric buses and hydrogen-electric vehicle fleets.

Generate’s primary focus for investment activity is centered around a subset of five UN Sustainable Development Goals (“UNSDG”)¹. A particular emphasis on UNSDG 13 Climate Action underscores Generate’s goal to decarbonize the most carbon intensive sectors of the economy at scale. Generate’s specific UNSDG focus areas are as follows:



The Company also places emphasis on the following additional four UNSDGs in its investment activity:



As an operating company, Generate recognizes that it has an additional role in accelerating the global transition to net zero greenhouse gas emissions above and beyond supplying customers with cleaner resource infrastructure and providing partners with the capital and services to rebuild the world. While Generate’s assets create avoided emissions and reduce the Scope 2 emissions of customers, the Company does not consider those avoided emissions to count towards its own net

¹ Unlisted UNSDGs are also considered in the Company’s policies, corporate conduct and values, but are not where Generate focuses its investment activity.

zero goals. We will report on those goals and others and our progress as part of regular PBC reporting going forward.

While a focus on sustainability is at the core of Generate's investing strategy, social and governance considerations are also central to its operations. The Company has maintained an exemplary health and safety record across the projects it owns and operates, and is an active member of the communities in which it operates. Generate is also a co-founder of Renewables Forward, an initiative to accelerate diversity and inclusion throughout the clean energy industry, as well as the Women Leading on Climate initiative announced at COP26. In addition to its corporate form as a PBC, other key governance points include the independence and diversity of its Board of Directors, and the single class of Common Stock it maintains for all employees and shareholders.

3. Rationale for Issuance

Aligning interests for the benefit of stakeholders is a foundational principle at Generate that is reflected in our core values, governance, investment and operating strategy, and capitalization. Generate has always been committed to ensuring that our financial strategy fits with our values, mission and long-term orientation. Consistent with that strategy, Generate has developed this Financing Framework to support Green Financing Instruments (for example, bonds, convertible bonds, private debt placements, loans, preferred securities such as preferred equity) for Generate and its subsidiaries, which will be used to finance or refinance new or existing Eligible Green Projects (defined in Section 4) that align with our core ESG priorities. This Green Financing Framework (the "Framework") provides high-level details of our approach to the issuance of any Generate Green Financings, and investors should refer to relevant documentation for full details relating to any specific Financing transactions.

4. Alignment with Green Bond Principles and Green Loan Principles, 2021

The Green Bond Principles, 2021 ("GBP") are voluntary process guidelines published by the International Capital Markets Association for best practices when issuing green bonds. The Green Loan Principles ("GLP") are voluntary process guidelines published jointly by the Loan Syndications and Trading Association, the Loan Market Association and the Asia Pacific Loan Market Association for best practices when issuing green loans. The GBP and GLP recommend transparency and promote integrity in the sustainable financing market.

This Framework covers Generate's Green Financings and is aligned with the four core components of the GBP's and GLP's:

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

4.1 Use of Proceeds

"Eligible Projects" are investments and expenditures made by Generate or any of its subsidiaries and/or affiliates on any date beginning with the issuance date of any Green Financings and including the 24 months prior to any such issuance that meet the eligibility criteria outlined below.

Generate will allocate an amount equal to the net proceeds from any issuance of Green Financings to Eligible Projects (as defined below). In addition to direct project investments, Generate may from time to time enter into finance investments, acquisitions, financings, co-investments, joint ventures and loans to corporate entities funded under this Framework that shall derive >90% of their revenues from eligible activities under this Framework, and shall not involve the purchase of stock on the secondary market.

GBP Eligible Project Category	Eligibility Criteria and Example Projects	SDG Alignment
Renewable Energy	Investments, acquisitions, or financings related to the design, construction, and maintenance of on-site or off-site renewable energy sources, such as wind, wind-plus-storage, solar, solar-plus-storage or waste-to-energy (both electricity and renewable natural gas); or purchase of renewable energy pursuant to power purchase agreements or virtual power purchase agreements that are long term (5 years +).	 
Energy Efficiency	Investments, acquisitions, or financings related to energy efficiency projects and technologies that are designed to enable energy consumption and emissions reductions, such as energy efficient heating (excluding those powered by fossil fuels), cooling, ventilations, lighting, and electrical equipment. Additionally, investments, acquisitions or financings related to energy efficiency projects that enable energy use optimization, such as battery storage for smart grids that enable improved grid efficiency through measures such as demand reduction that can avoid the use of the least efficient generation resource or load balancing that can reduce transmission congestion and the associated inefficiencies, smart thermostats, load control systems, sensors and building information systems. Investments into mobile network transformation including but not limited to the replacement of conventional copper-based technology by fiber optic technology	
Pollution Prevention and Control	Investments, acquisitions, or financings focused on waste reduction and prevention, including waste-to-energy projects which produce energy, including renewable natural gas, clean electricity, and other valuable products from feedstock such as food waste, packaged waste, liquid waste, fats, oils and greases, source separated organics, or animal waste; and soil remediation. Investments, acquisitions, or financings aimed at reduction of air emissions and greenhouse gas control, such as R&D and other capital expenditures for carbon capture, use and storage and carbon dioxide removal projects such as point source capture, carbon transportation, direct air capture, mineralization, addition of biochar to soils, bioenergy and	

**GBP Eligible
Project Category**

Eligibility Criteria and Example Projects

**SDG
Alignment**

<p>Clean Transportation</p>	<p>carbon capture and storage (BECCS)², and enhanced weathering or ocean fertilization.</p> <hr/> <p>Investments, acquisitions or financings of the construction or development of clean transportation vehicles designed to reduce greenhouse gas emissions, such as electric vehicles and clean mass transportation, including electric rail and electric buses.</p> <p>Thresholds for low-emission vehicles:</p> <ul style="list-style-type: none"> • passenger vehicle <50gCO2/km • public transport (such as buses) <50gCO2/km • passenger / freight rail <25gCO2/t-km <p>Investments, acquisitions, or financings in associated infrastructure necessary for the operation of zero- and low-emission vehicles, such as charging stations.</p>	  
<p>Sustainable Water and Wastewater Management</p>	<p>Investments, acquisitions, or financings aimed at sustainable infrastructure for clean and/or drinking water and wastewater treatment.</p>	
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p>	<p>Investments, acquisitions, or financings that enhance ecosystem protection or restoration, including:</p> <ul style="list-style-type: none"> • Climate smart farm inputs such as biological crop protection • Fertilizers produced from waste products such as food waste, animal manure, industrial plant organic waste and municipal water treatment plant organics and excluding synthetic nutrients or pesticides • The development and application of climate smart agriculture for carbon capture and sequestration such as no till farming practices, permaculture, agroforestry, or technologies that optimize agricultural resource efficiency, such as GIS systems certified by at least one of the American Carbon Registry, Verra, Climate Action Reserve or Gold Standard 	 

² Commercial scale BECCS projects shall have: i) <100g CO2e/kWh of emissions, ii) waste or bioenergy feedstock certified by a third party, and iii) permanent carbon storage

GBP Eligible
Project Category

Eligibility Criteria and Example Projects

SDG
Alignment

- Investments in “Natural Carbon Sinks,” which are designed to create and restore natural sources of carbon capture, such as reforestation conservation projects, and investments in regenerative farming³
- Aquaculture projects certified by a recognized and credible third-party standard such as the Aquaculture Stewardship Council, Global G.A.P for Aquaculture, Best Aquaculture Practices (2 stars or more), or the Seafood Watch
- Agrivoltaics⁴
- Projects that improve resiliency in food systems such as Controlled Environment Agriculture including vertical farms, greenhouses, micro farms, and aquaculture using irrigation techniques such as soil, hydroponic, and aeroponic⁵

Green Buildings

Investments, acquisitions, financings or expenditures related to the design, development, construction, installation, operation, acquisition, maintenance, upgrades and associated costs of new or existing commercial or residential buildings that have received or are expected to receive at least one third-party sustainable certifications or verifications such as:

- LEED (Gold or above)
- BREEAM Excellent or above
- ENERGY STAR: Certification of 85 or greater

Investments that contribute to and enable green cities and communities such as investments into energy efficient digital communication infrastructure. Mobile network upgrades (to technologies such as 5G) or the modernization of broadband networks (e.g. fiber optic).



The example investments noted above are for illustrative purposes and no assurance can be provided that disbursements for projects with these specific characteristics will be made by Generate or any of its subsidiaries.

Generate will not knowingly allocate proceeds from any issuance of Green Financings to the following:

- activities related to the exploration, production or transportation of fossil fuels (e.g., coal, oil and gas);
- consumption of fossil fuels for the purpose of power generation;

³ Excludes industrial scale meat production

⁴ Excludes livestock farming

⁵ Minimum 50% renewable energy usage for hydroponic and aeroponic projects

- large hydroelectric power generation (e.g., plants with a capacity of greater than 20 megawatts or dams with a height greater than ten meters);
- nuclear energy; or
- any other activity that we determine is ineligible for allocation of proceeds at the time of allocation.

4.2 Process for Project Evaluation and Selection

Generate analyzes the environmental and social impacts of its investments and assesses how we can mitigate impacts on communities in which we operate. Representatives from Generate's Accounting, Finance, Legal, Operations and Investments teams will evaluate and select Eligible Projects and annually assess their performance in compliance with this Framework. When evaluating prospective investments, the Generate deal team is required to produce an extensive Investment Memo which includes a dedicated section on environmental, social and governance considerations among other risk factors as well as actions taken to mitigate those risks. Specific ESG-related factors are identified using the materiality standards developed by SASB.

4.3 Management of Proceeds

Generate's Finance team will track the amount equal to the net proceeds from the sale of any Green Financings allocated to Eligible Projects using an internal tracking system. This system will show an allocation of an amount equal to the net proceeds for the full term of the associated Green Financing. Pending the allocation of such amount, the Finance team will temporarily invest an amount equal to the balance of the proceeds in accordance with our internal liquidity portfolio guidelines or in cash, cash equivalents and/or U.S. treasury securities or other marketable securities. In the case of divestment or if a project no longer meets the eligibility criteria listed above, the Generate Finance team will seek to reallocate the funds to other Eligible Projects during the term of the relevant Green Financing. Any payment of principal and interest on any Green Financing will be made from the Company's general corporate account and will not be linked to the performance of any Eligible Project.

Generate aims to fully allocate an amount at least equal to the net proceeds of each Green Financing within 24 months of issuance.

4.4 Transparency and Reporting

4.4.1 Allocation Reporting

Annually, until full allocation of the net proceeds from the issuance of any Green Financing, and on a timely basis in case of material developments in the list of Eligible Projects or proceeds allocation, Generate will publish a Green Financing Report on its website that will include, subject to confidentiality, competitive or similar considerations, the following:

- (i) the amount of net proceeds from the issuance of any Green Financing that have been allocated to one or more Eligible Projects either individually or by category;

- (ii) the list of Eligible Project categories with a selection of brief descriptions;
- (iii) estimated impact metrics, where feasible; and
- (iv) the outstanding amount of net proceeds from the issuance of any Green Financings yet to be allocated to Eligible Projects at the end of the reporting period.

4.4.2 Impact Reporting

Examples of the type of impact metrics that may be included in any Green Financing Report we publish include:

Eligible Project Category	Example Impact Metrics
Renewable Energy	<ul style="list-style-type: none"> • Renewable energy capacity sourced and developed (MW) • Emissions (including metric tons of CO₂e) avoided or reduced • Renewable energy produced (MWh)
Energy Efficiency	<ul style="list-style-type: none"> • Energy savings (i.e., MWh, GWh and GJ/ TJ) • Office location energy consumption/square foot • Emissions (including metric tons of CO₂e) avoided or reduced
Pollution Prevention and Control	<ul style="list-style-type: none"> • Total waste diverted from landfill (short tons or metric tonnes) • Renewable energy produced (MWh or MMBTU) • Emissions (including metric tons of CO₂e) avoided or reduced
Clean Transportation	<ul style="list-style-type: none"> • Number of electric charging stations installed • Number of electric or low carbon vehicles produced or financed • Carbon emissions per passenger kilometer avoided or reduced
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Total wastewater treated, reused or avoided (m³) • Estimated annual reduction in key wastewater parameters (volume, BOD/COD, solids)
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> • Total surface financed (hectares), with reference to specific certification schemes where relevant • Environmentally sensitive areas protected (acres)
Green Buildings	<ul style="list-style-type: none"> • Green building certifications • Total number of buildings certified • Total square feet certified • Percentage of overall company square feet certified

5. External Review

5.1 Second Party Opinion

Generate has retained Sustainalytics to provide a Second Party Opinion (SPO) on the environmental and social benefits of this Green Financing Framework as well as the alignment to the GBP. The SPO can be found on Sustainalytics' website.

5.2 Assurance

Until the net proceeds of a Green Financing issuance has been fully allocated, the Company expects that any annual report described above under Section 4.4 will be accompanied by (i) an assertion

by Generate's management as to the amount of the net proceeds from the sale of any Green Financings that have been allocated to Eligible Projects; and (ii) a verification from an independent accountant or an independent third-party consultant with experience in ESG research and analysis assessing that the allocation of an amount equal to the net proceeds of a Green Financing issuance has been allocated in compliance with the Eligible Projects criteria set forth in this Framework.

Disclaimer

This Framework is for informational purposes only and contains general information about the activities of Generate and its subsidiaries that does not purport to be complete. The information contained herein has been compiled as of the respective dates specified herein, and, except as required by law, Generate undertakes no obligation to update the information contained in this Framework, and the delivery of this Framework will not under any circumstances create any implication that Generate has updated the information contained herein. This document represents current Generate policy and intent and is not intended to, nor can it be relied on, to create legal relations, rights or obligations.

This Framework does not constitute an offer to sell or the solicitation of an offer to buy or subscribe any security, and it is neither a prospectus nor an advertisement. If any such offer or solicitation is made, it will be done so pursuant to separate and distinct documentation in the form of a prospectus, offering memorandum or other equivalent document and a related pricing term sheet and any decision to purchase or subscribe for any securities pursuant to such offer or solicitation should be made solely on the basis of such offering documents and not this Framework. Nothing contained herein shall form the basis of or be relied upon in connection with, or act as an inducement to enter into, any contract or commitment whatsoever. This Framework is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would require any registration or licensing within such jurisdiction.

This Framework is not and may not be relied upon as investment, legal, or tax advice, and it is not intended to provide the basis for any evaluation of any investment. The merit and suitability of an investment in Generate or its securities should be independently evaluated, and any person considering such an investment in Generate or its securities is advised to obtain independent advice as to legal, tax, accounting, financial, credit and other matters prior to making an investment.

This Framework contains information based on certain assumptions considered reasonable under the circumstances and there can be no assurance that such assumptions will prove to be accurate. In addition, certain factual statements made herein are based on information from various sources prepared by other parties and have not been independently verified by Generate. Neither Generate nor any other person undertakes any obligation to amend, correct or update the information contained in this Framework or to provide the recipient with access to any additional information that may arise in connection with this Framework. No representation or warranty, express or implied, is given in respect of any of the information contained herein.

Forward-Looking Statements

Certain statements in this Framework constitute forward-looking statements within the meaning of the federal securities laws and reflect Generate's intent, belief or current expectations, primarily with respect to, but not limited to: (1) economic outlook, (2) capital expenditures, (3) cost reduction, (4) legislation and regulation, (5) cash flows, (6) operating performance, (7) litigation, and (8) related industry developments (including trends affecting Generate's business, financial condition and results of operations). When used herein, the words "will," "may," "aim," "target," "project," "anticipate," "believe," "estimate," "expect," and similar expressions are generally intended to identify forward-looking statements. Such forward-looking statements, including the intended actions and

performance objectives of the relevant party referenced herein, involve known and unknown risks, uncertainties, and other important factors that could cause the actual results, performance, or achievements of such party to differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements. The risks and uncertainties that may affect Generate's operations, performance and results and the forward-looking statements include, but are not limited to, those set forth in any offering memorandum. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the management of Generate on future events.

All forward-looking statements in this Framework speak only as of the date hereof, and the occurrence of unanticipated events or any other events since that time which could render such statements inaccurate are not reflected therein. Generate and its affiliates expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions, or circumstances on which any such statement is based except as required by law. Furthermore, nothing contained herein is, or should be relied upon as, a promise or representation as to the future performance of generate. Differences between past performance and actual results may be material and adverse.