

AXION CAPITAL DECARBONISATION GREEN FINANCE FRAMEWORK ASSESSMENT 2024



Document title: Second Party Opinion on Axion Capital Decarbonisation I's Green Finance Framework 2024

Prepared by: DNV Business Assurance Services UK Limited

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This assessment is valid so long as the evidence provided to DNV remains materially unchanged and remains applicable in the context of the financial instrument being assessed.

AXION CAPITAL DECARBONISATION | GREEN FINANCE FRAMEWORK ASSESSMENT 2024

DNV INDEPENDENT ASSESSMENT

Scope and objectives

Axion Capital Decarbonisation Sarl, managed by Axion Capital, is a Luxembourg securitization private limited liability company (henceforth referred to as “Axion” or “The Company”). Axion, through a segregated compartment, intends to issue debt instruments to enable investments into environmentally sustainable assets.

To accomplish the investment into environmentally sustainable assets the Company has created a Green Finance Framework (henceforth referred to as “the Framework”).

The debt Financing Instruments (including notes, bonds/private placements) that Axion will look to issue under this Framework are for the purpose of financing sustainable maritime transport projects and assets, that have a net environmental impact (e.g. a reduction of Green House Gas (GHG) carbon emissions and other pollutants) that contribute to the decarbonisation of the sector plus the financing of space spectrum radio waves. They are also intended to be in line with the International Maritime Organisation (IMO) decarbonisation guidance, the Poseidon Principles, activity 6.10 of the EU Taxonomy on Environmental Objectives and aligned with the International Capital Market Association’s (ICMA) Green Bond Principles.

For instance, through institutional investment funds, SVs with low-carbon projects with respect to maritime transportation and space spectrum, will be eligible for financing. Projects and assets that contain multiple innovative pioneering solutions to help make advances to decarbonise maritime transportation, will also be eligible for financing. This includes, for instance: the acquisition of hybrid-electric -powered short-sea cargo vessels with methanol fuel capability built in, investments and expenditures related to the improvement of existing electric vessels; and to space spectrum operations for the purpose of communication and maritime operations that use renewable energy sources and minimise energy consumption.

DNV acknowledges that while Axion has publicly stated its commitment towards sustainability, there are currently limited ESG disclosures for Axion to report its performance against for the ESG goals that have been set. Through the publication of Axion’s Green Finance Framework, the Company aspires to see the growth of suitable ESG disclosures to report against in this area.

DNV Business Assurance Services UK Limited (henceforth referred to as “DNV”) has been commissioned by Axion to provide a review of the Framework against the International Capital Market Association (“ICMA”) Green Bond Principles (GBP) 2021 (with June 2022 Appendix I). Our methodology to achieve this is described under the ‘Work Undertaken’ section below.

DNV has not been commissioned to provide independent assurance or undertake any other audit activities. No assurance is provided regarding the financial performance of any finance undertaken on the framework, the value of any investments in the notes/ bonds issued under the Framework, the alignment of the notes/ bonds with Regulatory requirements, or the long-term environmental benefits of the Framework. Our objective has been to provide an assessment that the notes/ bonds have met the criteria established, on the basis as set out below.

Responsibilities of the Management of Axion and DNV

The management of Axion Capital has provided the information and data used by DNV during the delivery of this review. DNV's statement represents an independent opinion, and it is intended to inform Axion's management and other interested stakeholders in the Note/ Bond, as to whether the ICMA GBPs 2021 (with June 2022 Appendix I) criteria have been met.

DNV's work has relied on the information and facts presented by Axion. DNV is not responsible for any aspect of the Eligible Project Portfolio referred to in this opinion, and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by Axion management and used as a basis for this assessment, were not correct or complete.

Basis of DNV's opinion

DNV has adapted its Green Finance Framework eligibility assessment methodology to create an Axion-specific Eligibility Assessment Protocol (henceforth referred to as "Protocol") – see [Schedule 2](#). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed, are grouped under the four Principles as outlined below:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a Green Bond or Note must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a Green Bond or Note should outline the process it follows when determining the eligibility of an investment using the proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that Green Finance should be tracked appropriately by the issuing organisation, that separate portfolios should be created when necessary, and that a declaration of how any unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to the investors should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

DNV's work constituted a high-level review of the available information based on the understanding that the information provided to DNV by Axion, was done in good faith. DNV has not performed an audit or other tests to check the veracity of the information provided to us.

The work undertaken to form DNV's opinion included:

- The creation of an Axion-specific Protocol adapted to the purpose of the Bonds /Notes as described above, and in [Schedule 2](#) of this Assessment.
- An assessment of the documentary evidence provided by Axion on the Bonds /Notes supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology.

- Discussions with Axion, and a review of relevant documentation and evidence related to the criteria of the Protocol.
- Documentation of findings against each element of the criteria.

Our opinion as detailed below is a summary of these findings.

Findings and DNV's opinion

DNV's findings are summarized below, with further detail provided in [Schedule 2](#).

1. Principle One: Use of Proceeds

Axion has confirmed that an amount equivalent to the net proceeds of the Bonds/Notes raised under this Framework will be used to finance and/or (re)-finance projects and/or Eligible Assets as defined in the Framework. The 'Eligible Assets selected aim to deliver positive environmental benefits in the field of maritime transportation and the space spectrum.

Eligible Green Project categories as per ICMA classification include:

- Clean Transportation.
- Energy Efficiency.
- Climate Change Adaptation.

The green projects/assets will be equipped to derive energy and GHG efficiency savings, as well as other environmental features, such as:

- Short-sea vessels with hybrid-electric propulsion that have an Energy Efficiency Design Index (EEDI) of a minimum of 20% below the International Maritime Organisation (IMO) requirements and an Energy Efficiency Ship Index (EEXI) of a minimum of 10% below the IMO requirements, while they may also be fitted with other energy and carbon saving options as detailed in [Schedule 1](#).
- Investments and expenditures in electric short-sea vessels with methanol-powered generators and Eco-Wind Foils through which vessels will achieve an EEXI below 20% from the IMO requirements.
- Investments and expenditures related to environmentally friendly radio waves, light waves, and high-frequency beams for the maritime and telecoms sectors. This includes operations that use renewable energy sources such as solar power for powering communication infrastructures, and energy-efficient spectrum management systems.

Within the Framework, Axion has provided a list of example Eligible Green Projects (see [Schedule 1](#) of this opinion), the performance criteria for each Eligible Category (see [Schedule 2](#) for illustrative performance indicators), and details the potential environmental benefits from them.

Axion has also mapped its Eligible Projects to the applicable UN SDGs – specifically, SDG #7 (Affordable and Clean Energy), SDG #9 (Industry, Innovation, and Infrastructure), SDG #13 (Climate Action), and SDG #14 (Life Below Water). The Company has also outlined its alignment with the EU Taxonomy Environmental Objective of Climate Change Mitigation, and more specifically, the following EU Taxonomy Activities: 6.10 (Sea and coastal freight water transport, vessels for port operations and auxiliary activities) and 6.12 (Retrofitting of sea and coastal freight and passenger water transport). DNV recognises the environmental impact potential of the vessels, though deems any

vessels which do not align with the technical screening criteria (“TSC”) of the EU Taxonomy, as not aligned to the ICMA GBPs, and that these vessels should not be included within a Green Bond structure.

Axion has confirmed that under no circumstances will the Company allocate the proceeds of a Sustainable Financing Instrument, for any financing or refinancing related to - fossil fuels transportation, or projects where impact cannot be measured and evaluated. Where a vessel transports fossil fuels it shall be declassified.

DNV concludes that the eligible green project categories as described within the Framework, are consistent with those listed in the GBPs, and that such projects will provide clear environmental benefits.

2. Principle Two: Process for Project Selection and Evaluation

Based on the evidence reviewed it is DNV’s opinion, that Axion has put in place an appropriate decision-making process to select and evaluate the eligibility of the green projects to be financed by the Green Bond/Notes. Any eligible project must fall under one of the green projects categories and meet the respective criteria, as detailed in Schedule 1 of this opinion.

Axion has established various mechanisms to assess, identify, and manage project-related environmental risks. The Green Bond/Note Committee (henceforth referred to as the “GBNC”) has overall responsibility for identifying, reviewing, and assessing projects against the Framework’s criteria. The GBNC is chaired by the Chief Investment Officer and is comprised of members from the relevant departments including, Finance and Sustainability. The GBNC meets at least on a semi-annual basis to assess and evaluate potential eligible projects for selection.

The other responsibilities of the GBNC include:

- Reviewing and monitoring the Eligible Green Projects;
- The verification process and provision of annual reporting on the allocation and impact of the proceeds;
- Monitoring developments around best-market practice in Sustainable Finance, such as updated ICMA principles, EU Taxonomy, and other provisions and standards; and
- The management of unallocated proceeds and ensuring that the process is as set out in the Management of Proceeds section of the Framework and in this Opinion.

DNV concludes that Axion has appropriately described the process for project evaluation and selection, i.e., how future issuances will be appropriately evaluated, selected, managed and reported on, within the Framework. We can also confirm that this is in line with the requirements as listed under the GBPs.

3. Principle Three: Management of Proceeds

DNV has reviewed the evidence provided and can confirm that Axion will appropriately track and monitor the allocation of the proceeds.

Axion has stated in the Framework that it will allocate the net proceeds of any Sustainable Financing Instrument to Eligible Projects that were originated, approved, financed, or have been completed within 16 months after the issuance date of the debt instruments.

Axion has stated in the Framework, that it has set-up a dedicated internal tracking process to monitor and account for the allocation of the proceeds.

Pending allocation of the net proceeds, Axion has confirmed that it will invest an amount equal to the balance of unallocated net proceeds into a treasury liquidity portfolio, which may serve as a temporary store for funds before disbursement. A Treasury Liquidity Portfolio will sit as cash and cash equivalents. Axion has also committed to not invest temporarily unallocated proceeds in GHG or other controversial activities. The net proceeds of any Sustainable Financing Instrument will be deposited in a separate bank account and will be earmarked and monitored by Axion.

DNV can confirm that the rules set by Axion for the management of proceeds, have are clearly defined and satisfy the requirements of the ICMA GBPs.

4. Principle Four: Reporting

DNV confirms Axion has committed to reporting on the allocation of the proceeds, and on the expected or (where possible) achieved impact. This information will be provided publicly and will be available from the investor relations section on Axion's website¹. This will be done on an annual basis until the proceeds are fully allocated, or any Green Bond/Note has reached maturity.

For impact reporting, Axion has provided a list of indicative impact indicators that Axion will report on. A full list of relevant metrics has been provided by Axion in Schedule 2.

We can confirm that Axion has outlined its commitment to have both its allocation and impact data independently verified by a third party, on an annual basis.

DNV concludes that Axion has made the appropriate plans to produce regular reporting on the allocation of proceeds, and on the environmental impact of future Sustainable Financing Instruments issuances.

¹ [Axion Capital – Investment Management](#)



Based on the information provided by Axion, and the work undertaken, it is within DNV's opinion that Bonds/Notes to be issued under the Green Finance Framework 2024 are aligned with the stated definition of "Green Bonds" and/or "Notes" as per the GBPs 2021 with 2022 Appendix.

for DNV Business Assurance Services UK Limited

London, 03 December 2024

A handwritten signature in blue ink, appearing to read "G Oakman".

George Oakman

Senior Sustainable Finance Consultant & Project Manager
DNV – Business Assurance Services

A handwritten signature in blue ink, appearing to read "N Hutson".

Niki Hutson


Head of Sustainable Finance & Lead Reviewer
DNV – Business Assurance Services

About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries.

SCHEDULE 1: DESCRIPTION OF ASSETS TO BE FINANCED UNDER THE FRAMEWORK




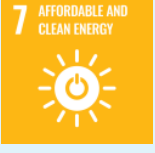

Axion has confirmed that the proceeds from this Green Financing Framework fall under the Eligible Green Categories as per ICMA Green Bond Principles. Axion has listed on the table below its Eligible Projects, with descriptions of the respective activities to be (re-)financed. Axion has also mapped out alignment to the EU and Common Taxonomies that the Eligible Project portfolio will contribute towards.

Eligible ICMA category	Description of Eligible Project Portfolio to be Financed	Alignment with EU and Common Ground Taxonomies ²	Alignment with the UN SDGs
<p>Clean Transportation</p>	<p>Financing, investments and/or expenditures related to SVs for the construction of Hybrid-Electric & Short-Sea/Ocean Going vessels, where Axion is able to demonstrate alignment with the Climate Change Mitigation Substantial Contribution Criteria of EU Taxonomy Activity 6.10.</p> <p>The shortsea cargo vessel complies with one of the following:</p> <ul style="list-style-type: none"> • Its Energy Efficiency Design Index (EEDI) value 20% below International Maritime Organization (IMO) requirements³; or • The Energy Efficiency Existing Ship Index (EEXI)⁴ value equivalent to reducing the EEDI reference line by at least 10% below the EEXI IMO requirements and a yearly average GHG intensity that does not exceed EU Taxonomy limits. Specifically, these are: <ul style="list-style-type: none"> ○ 76.4 g CO₂e/MJ from 1 January 2026 until 31 December 2029; ○ 61.1 g CO₂e/MJ from 1 January 2030 until 31 December 2034; ○ 45.8 g CO₂e/MJ from 1 January 2035 until 31 December 2039; ○ 30.6 g CO₂e/MJ from 1 January 2040 until 31 December 2044; ○ 15.3 g CO₂e/MJ from 1 January 2045. <p>Furthermore, Axion has confirmed that the vessels are not dedicated to the transport of fossil fuels.</p> <p>Additionally, the vessels may include the following options:</p> <ul style="list-style-type: none"> • Wind propulsion • Battery-assisted propulsion • Methanol readiness • Hydrogen readiness 	<p>Contribution to an EU Taxonomy Environmental Objective Climate Change Mitigation</p> <p>EU Taxonomy Activity 6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities</p> <p>Common Ground Taxonomy C3.2 Manufacture of low-carbon transport fleets and vessel</p>	

² Axion has committed to alignment with the Climate Change Mitigation Substantial Contribution Criteria under activity 6.10 of the EU Taxonomy "Sea and coastal freight water transport, vessels for port operations and auxiliary activities". In any case, assets do not align with the EU Taxonomy activity, DNV can confirm it will not be aligned with the ICMA GBP and therefore should not be financed under a Green Bond.

³ [Marine Environment Protection Committee \(MEPC\) 75, 16-20 November \(virtual session \(imo.org\)\)](#).

⁴ [EEXI and CII - ship carbon intensity and rating system \(imo.org\)](#).

<p>Energy Efficiency</p>	<p>Financing, investments and/or expenditures related to efficiency improvement of existing hybrid vessels.</p> <p>The vessels comply with one of the following:</p> <ul style="list-style-type: none"> • The shortsea cargo vessel has a reduction of fuel consumption by a minimum of 15% (in grams of fuel per DWT per nautical mile)⁵; or • Post-retrofitting with methanol generators and Eco-Wind the vessels attain an EEXI value minimum 20% below the EEXI IMO requirements⁶. <p>Where in all cases, vessels are not dedicated to the transport of fossil fuels.</p>	<p>Contribution to an EU Taxonomy Environmental Objective Climate Change Mitigation</p> <p>EU Taxonomy Activity 6.12. Retrofitting of sea and coastal freight and passenger water transport</p>	  
<p>Climate Change Adaptation</p>	<p>Financing investments and/or expenditures related to the trade and operation of green spectrum (radio waves, light waves, and high-frequency beams) that support efficient energy transmission and other sustainable technologies for maritime and telecom applications.</p> <p>This includes:</p> <ul style="list-style-type: none"> • Financing operators that manage spectrum for energy-efficient communications, leveraging renewable energy sources such as solar energy for powering communication infrastructures. • Supporting energy-efficient spectrum management systems for maritime and telecommunications operations that minimize energy consumption. 		 

⁵ As demonstrated by computational fluid dynamics (CFD), tank tests or similar engineering calculations.

⁶ [EEXI and CII - ship carbon intensity and rating system \(imo.org\)](https://www.imo.org/en/About/Pages/EEXI-and-CII---ship-carbon-intensity-and-rating-system.aspx).

SCHEDULE 2: AXION GREEN FINANCE FRAMEWORK ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of Financing Framework	The Sustainable Framework should make clear what financial instruments are to be defined as eligible for green financing.	<p>In addition to reviewing the evidence below, we interviewed senior managers at Axion.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Axion’s Green Finance Framework 2024 	<p>DNV can confirm that the Bond/Note proceeds will be used to finance projects aligned with Axion’s Eligible Projects as defined in Schedule 1.</p> <p>Those investments fall in the eligible ICMA categories of:</p> <ul style="list-style-type: none"> Clean Transportation, Energy Efficiency, and; Climate Change Adaptation. <p>We can confirm the Framework aligns with the ICMA definition for “Use of Proceeds”.</p>
1b	Green Project Portfolio Categories	The cornerstone of a Green Bond/Notes is the utilisation of the proceeds which should be appropriately described in the legal documentation.	<p>In addition to reviewing the evidence below, we interviewed senior managers at Axion.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Axion’s Green Finance Framework 2024 	<p>DNV can confirm that Axion’s Eligible Projects has appropriately described the proposed utilisation of the proceeds. The Eligible Projects will comprise of investments in the eligible GBP categories of “Clean Transportation”, “Energy Efficiency”, and “Climate Change Adaptation”.</p> <p>Axion aims to align its Eligible Projects with the UN SDGs, and the EU and Common Ground Taxonomies, where appropriate.</p> <p>Axion has confirmed it will exclude investments for financing, if they fall under any of the following:</p> <ul style="list-style-type: none"> R&D for fossil fuel-based technologies. Satellite construction. Projects where impact cannot be attributed or measured (monitored, reported, evaluated). Vessels or ships transporting fossil fuels.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>The specific utilisation of the proceeds for each issuance, and the relevant legal documentation, will need to be further assessed on an individual basis to ensure alignment with the Framework.</p> <p>We can confirm that the Green Project categories and indicative projects as outlined in the Framework are aligned with the ICMA categories.</p>
1c	Environmental benefits	All designated Green Project categories should provide clear environmental benefits, which, where feasible, will be quantified or assessed by the issuer.	<p>In addition to reviewing the evidence below, we interviewed senior managers at Axion.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Axion’s Green Finance Framework 2024 • Axion Capital Financing Decarbonization Ocean Transportation 	<p>Axion has confirmed that the net proceeds raised under this Framework will be used to fund lower-carbon maritime transport and Green Spectrum projects, as defined in Schedule 1. The Framework outlines the environmental benefits that will be realised by the relevant projects.</p> <p>The environmental benefits derived from the use of proceeds have been stated to support the path to net zero and climate mitigation through the reduction of carbon greenhouse gas (GHG) emissions. The maritime transport and other projects are stated by the client, to be equipped to derive energy and GHG carbon efficiency savings, as well as other environmental features, such as:</p> <ul style="list-style-type: none"> • Short-sea vessels equipped with hybrid-electric propulsion that have an Energy Efficiency Design Index (EEDI) of 20% below the International Maritime Organisation (IMO) requirements and an Energy Efficiency Ship Index (EEXI) of 10% below the IMO requirements. These may also be fitted with other energy and carbon-saving options like wind and battery-assisted propulsion, with methanol and hydrogen readiness. • Investments and expenditures in electric short-sea vessels equipped with methanol generators and Eco-Wind through which vessels will achieve an EEXI below 20% from the IMO requirements. • Investments and expenditures related to environmentally friendly radio waves, light waves,

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>and high-frequency beams for the maritime and telecoms sectors. This includes operations that use renewable energy sources such as solar power for powering communication infrastructures, and energy efficient spectrum management systems.</p> <p>Axion has demonstrated its commitment to working towards these benefits, through specifying which of the UN SDGs the proposed Eligible Project Portfolio will contribute towards – specifically these include:</p> <ul style="list-style-type: none"> • Goal #7: Affordable and Clean Energy. • Goal #9: Industry, Innovation, and Infrastructure • Goal #13: Climate Action. • Goal #14: Life Below Water. <p>Additionally, Axion has confirmed that it will consider alignment with the EU Taxonomy’s Environmental Objective of “Climate Change Mitigation” through the following EU Taxonomy Activities, where relevant:</p> <ul style="list-style-type: none"> • 6.10: Sea and coastal freight water transport, vessels for port operations and auxiliary activities. • 6.12: Retrofitting of sea and coastal freight and passenger water transport. <p>DNV notes that, in the case of the investment in vessels, only where they align with the EU Taxonomy activities listed above, are they to be aligned with the ICMA GBP.</p> <p>Finally, Axion has indicated that where relevant, projects aligned with the Common Ground Taxonomy’s article C3.2 “Manufacture of low carbon transport fleets and vessels” will also be eligible under the Use of Proceeds section of the Framework.</p> <p>Based on the evidence reviewed, it gives DNV the opinion that the proceeds will be used to provide environmental</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				benefits, which align with wider Axion goals and aligns with the requirements as set out by the GBPs.

2. Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	The issuer of a Green Finance Framework should outline the decision-making process it follows to determine the eligibility of projects using Bond proceeds.	<p>In addition to reviewing the evidence below, we interviewed senior managers at Axion.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Axion’s Green Finance Framework 2024 	<p>Based on the evidence reviewed, it is DNV’s opinion that Axion has put in place an appropriate decision-making process and management structure to evaluate and select projects and assets to be financed.</p> <p>For the eligible projects and assets to be considered for financing, they must fall within the Eligible Project Portfolio. Further details are outlined in Schedule 1.</p> <p>To oversee and support the Project evaluation and selection process, Axion has established the Green Bond/Note Committee (“GBNC” or “The Committee”) to identify and select Green Eligible Projects and ensuring the allocations are aligned with the Framework. The GBNC will be meeting at least semi-annually or more often as required. The Committee will be chaired by the Chief Investment Officer and will comprise members of other internal departments, such as Finance and Sustainability.</p> <p>The responsibilities of the GBNC include the following:</p> <ul style="list-style-type: none"> Assessing, identifying, and approving Eligible Green Projects. Overseeing Eligible Green Projects. To provide allocation and impact reporting on the net proceeds raised under this Framework, on an

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>annual basis as outlined in Section 4: Reporting of this opinion and the Framework.</p> <ul style="list-style-type: none"> Tracking the development of Sustainable finance, including the ICMA GBP to ensure that Axion is in line with established market practices. Administering any unallocated funds. To decide on changes in the proceeds' allocation and identifying and managing environmental risks and impacts as a result of the allocation. Reviewing and updating the framework. <p>The GBNC will follow the steps as outlined below, to select assets and projects;</p> <ul style="list-style-type: none"> Maintain a log that provides information on projects, which tracks their progress. Decide on projects to exclude from financing raised under this Framework where the anticipated impact is low, or where the potential impact of the project has not been fully determined. Assess the selected projects against Axion's objectives and selection criteria. Approve the eligible projects alongside their expected impact. Following the commencement of a Green Eligible Project to monitor the progress of each project and maintain a register (the "Green Finance Register") that tracks its progress and status. <p>DNV can conclude that based on the evidence provided, Axion has clearly outlined the decision-making process in place to determine the eligibility of green assets to be financed by the Bonds/Notes raised as outlined within the Framework, and that this aligns with the requirements as set out by the GBPs.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2b	Issuer's environmental performance	In addition to the information disclosed by the issuer on its Bond/Note process, criteria and assurances, investors may also take into consideration the quality of the borrower's overall performance regarding environmental sustainability.	<p>In addition to reviewing the evidence below, we interviewed senior managers at Axion.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Axion's Green Finance Framework 2024 • Axion Website ESG (Link) 	<p>DNV can confirm that the GNC's decision-making process is in line with Axion's wider sustainability strategy and decarbonisation objectives.</p> <p>Based on the evidence reviewed, the Sustainable Financing Instruments raised will fuel pioneer investments in the fields of maritime transportation and space radio spectrum.</p> <p>Axion is seeking to take an active role in accelerating the decarbonisation of the shipping sector by channelling investments into ships powered by electricity, methanol, and other carbon-saving and pollution-prevention innovations. These investments will lead to significant carbon emission and pollution reductions as detailed in Schedule 1.</p> <p>While Axion has limited information on its ESG performance, it has publicly stated the Company has goals to reduce its impact on the planet, support responsible growth, and avoid greenwashing. It will look to report on this, as and when public disclosures are relevant for the Company to report on. The Company has stated that through its Green Bond/Note Framework, it hopes that this will enable the growth of relevant ESG disclosures it can report on, to demonstrate the Company's environmental performance and the associated disclosures.</p> <p>We can confirm that the Company has in line policies related to Social and Governance, and wider Corporate Social Responsibility (CSR).</p> <p>Axion has set out a commitment to advancing sustainable maritime operations which is aligned with Axion's wider sustainability strategy and commitments.</p>

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of Green Bonds /Notes should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked in an appropriate manner and attested to by a formal process that will be linked to the borrower's lending and investment operations for Green Projects/Assets.	<p>In addition to reviewing the evidence below, we interviewed senior managers at Axion.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Axion's Green Finance Framework 2024 	<p>Axion has confirmed that amounts at least equivalent to the net proceeds arising from the issuance of Sustainable Financing Instruments under the Framework will be used to finance, refinance, or invest in the Eligible Green Projects as defined in the Framework.</p> <p>Axion has stated that it aims to allocate amounts equivalent to the net proceeds to eligible projects or assets that were originated, approved, financed, or completed within 16 months after the issuance date.</p> <p>Axion has committed to setting up a robust internal tracking system to facilitate the allocation and tracking process during the lifetime of any Green Bond./Note. To facilitate this purpose, the net proceeds will be placed in a distinct bank account and will be internally tracked by Axion's Finance/Treasury department.</p> <p>DNV can confirm that Axion has committed to appropriately managing the proceeds arising from issuances of Sustainable Financing Instruments in line with the requirements of the GBPs.</p>
3b	Tracking procedure	So long as the Green Bonds/Notes are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or Bond disbursements made during that period.	<p>In addition to reviewing the evidence below, we interviewed senior managers at Axion.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Axion's Green Finance Framework 2024 	<p>Axion has confirmed that amounts equivalent to the net proceeds will be earmarked and progressively allocated to Eligible Green Projects within the pre-defined allocation window. As eligible assets and projects are maturing, Axion will be adding new eligible assets and projects.</p> <p>Axion has clarified that in instances where an Eligible Green Project asset is deemed to be no longer qualifying or is no longer available to invest in these proceeds will be reallocated within 12 months.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				DNV concludes that there is a clear process in place for the tracking of the proceeds which accounts for any disbursements, and that this is in line with the requirements of the GBPs.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects/Assets, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>In addition to reviewing the evidence below, we interviewed senior managers at Axion.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Axion's Green Finance Framework 2024 	<p>In circumstances where net proceeds cannot immediately be allocated to an Eligible Project, an amount equal to the balance of unallocated net proceeds may be held and/or invested in a treasury liquidity portfolio. This includes cash, treasury bills, and other short-term and liquid investments.</p> <p>Axion has confirmed that unallocated proceeds will not be temporarily invested in GHG or other controversial activities⁷.</p> <p>DNV can confirm that Axion has appropriately disclosed how it will manage any unallocated proceeds from its Sustainable Financing Instruments, and we can confirm that this is in line with the requirements of the GBPs.</p>

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which the Bond /Note proceeds have been allocated including - where possible, with regards to confidentiality and/or competitive considerations - a brief description of the projects and the	<p>In addition to reviewing the evidence below, we interviewed senior managers at Axion.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Axion's Green Finance Framework 2024 	<p>Axion has confirmed its commitment to reporting publicly on the Green Bond/Note allocation and impact of the proceeds raised under this Framework within a year of any Bond/Note issuance, and on an annual basis afterwards until full allocation or until the Green Financing Instruments have reached maturity.</p> <p>This reporting will be available to investors and the wider public through Axion's website.</p>

⁷ GHG or other controversial activities refer to investments in companies that derive their revenue from the energy production through fossil fuels such as coal, lignite, oil fuels or any other fossil fuels.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>amounts disbursed, as well as the expected environmental impact.</p>		<p>Allocation reporting will provide information on at least the following subjects:</p> <ul style="list-style-type: none"> • A list and description of the projects funded. • The total amount of net proceeds allocated to the selected projects. • Percentage of refinancing at eligible category level (%). • The share of allocated proceeds vs unallocated proceeds (%). • The type and amounts of temporary placements in which unallocated funds are kept. <p>Impact reporting will provide information and data on selected environmental impact indicators relating to the outcomes of the Green Financing Instruments. Impact reporting will be in accordance with ICMA's Harmonized Framework for Impact Reporting and will be subject to the availability of the information.</p> <p>Some example impact indicators are presented below:</p> <ul style="list-style-type: none"> • Number of clean vessels supported (These are to be categorized by fuel type e.g. electric, hybrid, battery-powered, Eco-Wind, green methanol, bio-LNG, Ammonia etc.) • Energy Efficiency Design Index (EEDI) of Vessels financed. • Per vessel impact of particulate matter, sulphur oxides (SOx), nitrogen oxides (NOx), and total carbon dioxide equivalents (CO2e) emissions avoided • GHG emissions avoided due to retrofits and use of alternative fuels, given in tCO2e • Energy saving benefit (%) compared to before project implementation • SOx scrubbers if introduced • SOx emission reduction (%) compared to before project implementation • Vessel Annual Efficiency Ratio (AER) consistent with the Poseidon Principles

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>Axion has confirmed its intention to externally verify the annual impact report to a limited assurance level via an external provider that has relevant expertise in the sector, and to confirm the eligibility of projects receiving allocations. The allocation of proceeds will be reviewed by Axion's independent auditor as part of the annual financial audit.</p> <p>We can confirm that Axion has committed to reporting on the allocation of Bonds and its environmental impacts and that this is in line with the requirements as set out under the GBPs.</p>