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GREEN FINANCE FRAMEWORK

AXION CAPITAL DECARBONIZATION

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Introduction

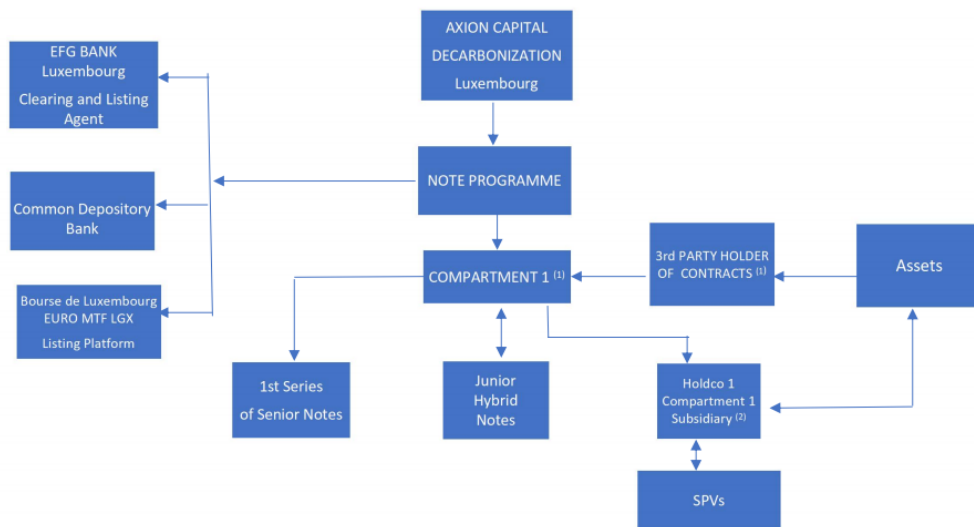
1. Application of the Green Finance Framework

This document sets out the Green Finance Framework under which Axion Capital Decarbonization I intends to issue debt instruments for the purpose of; (i) funding the construction of cleaner/more energy-efficient maritime transport vessels that align with the international maritime organization (IMO) requirements and the Poseidon principles, (ii) funding the acquisition of selected re-sale short-sea /ocean-going vessels that meet the IMO GHG tier iii environmental/emissions requirements and, (iii) funding related to the trade and operation of green spectrum radio waves for maritime and other telecom applications.

axion capital decarbonization will utilize the Luxembourg securitization law of 22 March 2004 as may be amended for the issuance of the green notes. Axion Capital Decarbonization s.à.r.l. is the note issuance arranger, and Axion Capital Decarbonization 1, is the issuer ("issuer"). The issuance of green notes aligns with Axion capita's commitment to sustainability, ensuring that the proceeds are invested in environmentally friendly maritime transport projects that will be attractive to institutional investment funds that have a mandate to invest in environmentally sustainable projects.

2. CORPORATE STRUCTURE

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Notes:

(1) The third-party contracts are assigned to Compartment 1

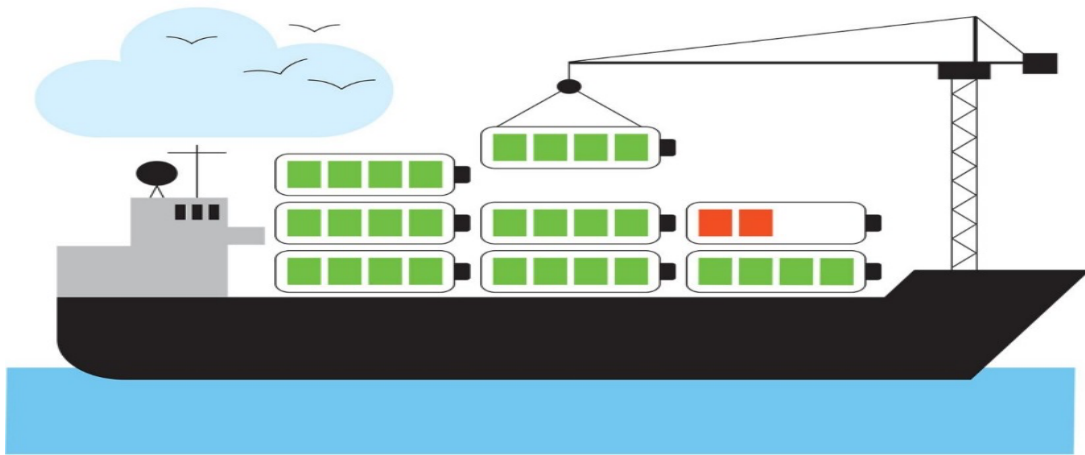
(2) Compartment 1's fully owned subsidiary (Marco 1) is assigned the contractual rights and obligations

3. Rationale for issuing green bonds

In order to carry out Axion's mission of advancing sustainable maritime operations, axion devised the following strategy:

1. investments in sustainable projects. axion's investment in sustainable maritime projects through the issuance of green notes is guided by an industry-appropriate climate alignment assessment methodology that is by the Poseidon principles and section 6.10 of the EU taxonomy environmental objective. implementation is through the financing of new buildings and re-sale vessels that align with the 2023 imo GHG emissions strategy
2. building a network: by adhering to internationally recognized environmental standards and certifications, axion can further develop a robust network of partners and stakeholders across the globe in facilitating sustainable shipping operations;
4. integrating advanced marine propulsion technologies to advance sustainable maritime transport operations.

issuing green notes is a natural progression to enable axion capital decarbonization to finance the development and deployment of new low-carbon vessels.





Green Finance Framework

Axion Capital Decarbonization I's Green Finance Framework consists of the following key pillars:

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

For the avoidance of doubt, sustainable finance instruments issued under this Framework will be aligned with the following Principles and its subsequent updates:


- Green Bond Principles 2021 (with June 2022 Appendix I)¹ they are published by the International Capital Market Association (ICMA) ("ICMA GBP").
- the Poseidon principles
- the EU taxonomy environmental objective section 6.10

1. Use of proceeds

An amount equivalent to the net proceeds of Axion Capital decarbonization 1's green notes issued under this Framework will be used to finance or re-finance projects, collectively referred to as "Eligible Assets" that support the attainment of some of the United Nations Sustainable Development Goals (SDGs).

¹ ICMA Green Bond Principles, June 2021 (with June 2022 Appendix 1), <https://www.icmagroup.org/green-social-and-sustainabilitybonds/green-bond-principles-gbp/>

The following table outlines the eligibility categories for proceeds of the different types of Axion Capital Decarbonization I green NOTES:



ICMA GBP Category	Eligible Green Project Portfolio	Contribution to Environmental Objectives and SDGs²
Clean Transportation	<p>financing the construction of hybrid electric short-sea/ocean-going ships aligned with the EU taxonomy activity listed in section 6.10 and the acquisition of re-sale vessels that meet IMO TIER III requirement</p> <p>The short sea / ocean-going cargo vessel has an:</p> <ul style="list-style-type: none"> • Energy Efficiency Design Index (EEDI) value 20% below International Maritime Organization (IMO) requirements³; or • 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 limits⁵. 	<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 vessels</p> <p>SDG Contribution</p> 

² The reference to the EU Taxonomy is intended to illustrate the environmental impact of the financed projects. However, these projects are not committed to fully meeting the Substantial Contribution and Do No Significant Harm (DNSH) criteria as outlined in the Technical Screening Criteria of the EU Taxonomy Regulation. Our alignment with the EU Taxonomy is for guidance purposes only.

³ [Marine Environment Protection Committee \(MEPC\) 75, 16-20 November \(virtual session \(imo.org\)\)](https://www.imo.org/en/pressroom/2019/11/2019111601.html)

⁴ [EEXI and CII - ship carbon intensity and rating system \(imo.org\)](https://www.imo.org/en/pressroom/2019/11/2019111602.html)

⁵ EU Taxonomy limits are defined in the Substantial Contribution Criteria for Climate Change Mitigation of activity 6.10

	<ul style="list-style-type: none"> Vessels are not dedicated to the transport of fossil fuels. <p>Additionally, the vessels may include the following options:</p> <ul style="list-style-type: none"> Wind propulsion Hybrid Battery-assisted propulsion Methanol readiness Hydrogen readiness 	
Energy Efficiency	<p>Financing, investments and/or expenditures related to efficiency improvement of existing hybrid vessels.</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)⁶; or Post-retrofitting with methanol generators and Eco-Wind⁷ the vessels attain an EEXI value minimum 20% below the EEXI IMO requirements⁸. Vessels are not dedicated to the transport of fossil fuels. 	<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>SDG Contribution</p> 
Climate change adaptation	<p>Financing investments and/or expenditures related to the trade and operation of green electromagnetic spectrum (radio waves, light waves, and high-frequency beams) that support efficient energy transmission and other</p>	<p>SDG Contribution</p> 

⁶ As demonstrated by computational fluid dynamics (CFD), tank tests or similar engineering calculations

⁷ [Econowind | Make shipping sailing again](#)

⁸ [EEXI and CII - ship carbon intensity and rating system \(imo.org\)](#)

	<p>sustainable technologies for maritime and telecom applications. Please refer to the images in Appendix 1.</p> <p>“Space Markets;” IS A part of Axion Capital’s FOCUS on <i>environmental sustainability</i> VIA the use of space connected technologies to support green initiatives. “Space Markets” combines the goals of environmental stewardship with the capabilities of space technology that is centered ON using space technology to support environmental sustainability on Earth and ensuring that space operations themselves are conducted in a sustainable manner. This market is critical for advancing global environmental goals, including monitoring climate change, managing natural resources such as spectrum, and reducing the environmental impact of earth and space activities such as responsible management of space debris.</p> <p>In particular, the Green Spectrum initiative's objective is to democratize the spectrum use globally to promote green markets by optimizing the use of limited resources, reducing energy consumption, and minimizing environmental impact.</p> <p>“Space Markets” supports the <i>deployment of technologies</i> that are crucial for environmental monitoring, sustainable urban</p>	
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	<p>development, and climate change mitigation. This contributes to a more sustainable and environmentally friendly space industry, aligning with broader green market goals.</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. 	
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Exclusion criteria:

- 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

2. Process for evaluation and selection

to evaluate and select which eligible projects will be financed through the green note issuance, Axion Capital Decarbonization i – in close collaboration with Axion Capital Decarbonization S.à.r.l. leadership team – has implemented an operating procedure that will guide the company during the deployment of the proceeds and their monitoring, evaluation, and reporting.

Furthermore, Axion Capital Decarbonization I, has put in place several programs to assess the identification and management of the material environmental risks related to the projects.

Axion Capital Decarbonization I has established a dedicated internal Green NOTE Committee (the "GNC") to identify and select the Green Eligible Projects. The GNC is composed of representatives from the Finance and Sustainability teams. It is chaired by the Chief Investment Officer. The committee is responsible for:

1. Reviewing, selecting, and validating the eligible green projects
2. monitoring the eligible green projects funded during the life of the green financing instruments
3. verifying and providing annual reporting on allocation and impact of the net proceeds raised through the green financing instruments
4. monitoring the ongoing evolution of the ICMA green bond principles, particularly in relation to disclosure and reporting, to ensure axion capital decarbonization 1 is in line with best market practices
5. managing unallocated proceeds to ensure they are held in cash, cash equivalents, or liquid marketable instruments until allocated to eligible projects
6. determining whether changes are necessary to the allocation of proceeds and identifying, mitigating, and managing environmental risks and impacts arising from the eligible green projects selected.
7. reviewing the applicability of the framework and reviewing the framework for updates due to changes in market standards, practices, guidelines, and corporate strategy

The committee, led by the Chief Investment Officer, will meet on a semi-annual basis, or more frequently as required, to review proposed allocations and ensure that these are in alignment with the Framework. Final decisions will be made by a vote of all parties.

The procedure to select eligible projects undertakes the following steps:

1. List and review of all projects by the GNC including information on the start date and the current status.
2. Exclusion of projects where environmental or social risk has not yet been fully assessed, or where the expected impact is low.
3. Assessment of projects vis-à-vis the list of Axion Capital Decarbonization I's strategic objectives and selection criteria. Selection of projects where results can be measured/tracked.
4. Validation of the list of eligible projects and their associated impact (including KPIs) by relevant stakeholders, including senior managers and team leads.
5. Once a Green Eligible Project is selected by the GNC, the Issuer will monitor and follow up on each Green Eligible Project and will

maintain a register (the “Green Finance Register”) to keep track of the Green Eligible Projects.

This process will continue to be supported by Axion Capital Decarbonization S.à.r.l. the parent company, including the leadership, the finance, and the sustainability teams.

The traceability of decision-making will be documented through formal meetings on an annual basis with the Green Bond Committee. This will provide updates to the register of eligible projects. Any updates will be publicly communicated at www.axioncapital.lu

3. Management of proceeds

An amount equivalent to the net proceeds from the Axion Capital Decarbonization I’s Green note issuance will be earmarked and progressively allocated to eligible green projects the Axion Capital Decarbonization I project portfolio will be dynamic with eligible assets maturing and new eligible assets being added.

Axion Capital Decarbonization’s goal is to fully allocate the net proceeds of a green note issuance within 36 months of issuance.

Axion Capital Decarbonization I will set up an internal tracking system within its treasury management to facilitate the allocation process during the lifetime of the green NOTES issued. The net proceeds will be deposited in a separate bank account and will be earmarked and tracked appropriately by the Issuer. Temporary unallocated funds, funds will be kept as liquidity at the Axion Capital Decarbonization I level. Furthermore, Axion Capital Decarbonization I commits not to invest temporarily unallocated proceeds in GHG or other controversial activities⁹.

If an Eligible Asset no longer qualifies according to the Eligible Green Project criteria, or in case of project postponement, cancellation, or divestment, Axion Capital Decarbonization I commits to substitute any Eligible Assets that no longer qualify and reallocate the proceeds as soon as practical (once qualifying substitution assets have been identified) within a maximum period of 12 months. Axion Capital Decarbonization I will track the use of proceeds of the green NOTES using internal information systems.

Pending the full allocation of the net proceeds, Axion Capital Decarbonization I will hold and/or invest an amount equal to the balance

⁹ 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.

of net proceeds not yet allocated in A treasury liquidity portfolio. Unallocated net proceeds can be held in cash, treasury bills, other short-term and liquid instruments, at Axion Capital Decarbonization I's own discretion.

4. Reporting

Axion Capital Decarbonization I will report publicly on the use of Axion Capital Decarbonization I Green note proceeds within one year of issuance and annually thereafter until note maturity.

furthermore, developments related to the notes and to eligible projects – including in cases of ESG controversy – will be reported in the investor relations section of the Issuer's website.

Allocation reporting

The allocation reports will be shared on the Axion Capital Decarbonization S.à.r.l. [website www.axioncapital.lu](http://www.axioncapital.lu) and will include:

- List and description of the projects funded
- The total amount of net proceeds allocated to 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

Impact reporting

The Impact Report will provide information on the associated environmental impact metrics and outcomes of the Green Finance Instruments, subject to the availability of suitable information and data, in accordance with the ICMA Harmonized Framework for Impact Reporting. Below are examples of impact indicators that may be reported:

- Number of clean vessels supported (categorized e.g. electric, hybrid, battery-powered, Eco-Wind, green methanol, bio-LNG, Ammonia, etc.)
- Estimated reduced/avoided GHG emissions (tonnes CO₂e) per year
- Energy Efficiency Design Index (EEDI) of Vessels financed
- Per vessel impact of particulate matter, sulfur oxides (SO_x), nitrogen oxides (NO_x), 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
- SO_x scrubbers if introduced

- SO_x emission reduction (%) compared to before project implementation
- Vessel Annual Efficiency Ratio (AER) consistent with the Poseidon Principles

5. External review

Second Party Opinion

Axion Capital Decarbonization I has obtained a Second Party Opinion of the eligibility of the Green Finance Framework relative to relevant market standards, hereunder the ICMA GBP 2021 (with June 2022 Appendix I), from DNV. The second-party opinion is available in the investor relations section of our website together with this Framework.

Annual verification

An independent external reviewer with relevant expertise will on an annual basis provide a limited assurance report confirming that the projects receiving allocation from Green Finance Instruments are eligible in line with the criteria of this Green Finance Framework. The limited assurance report will also cover the impact metrics and outcomes of the Green Finance Instruments. The external reviewer(s) will be chosen by Axion Capital Decarbonization I in accordance with the voluntary guidelines for external reviews developed by the ICMA and may at the discretion of be Axion Capital Decarbonization I "changed subject to fulfilling the requirements set out in this Framework.

The amount of net proceeds from Green Finance Instruments that have been allocated to Green Projects financing and investments will be subject to review by an independent auditor as part of Axion Capital Decarbonization I's annual financial audit, similar to other financial covenants.

Legal disclaimer

This Green NOTE Framework (the "Framework") does not constitute or form part of and should not be construed as any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of Axion Capital Decarbonization I in any jurisdiction or an inducement to enter into investment activity nor should it or any part of it, or the fact of its distribution, form the basis of, or be relied on in connection with, any purchase, sale or subscription for any securities of Axion Capital Decarbonization I or be relied on in connection with any contract or commitment or investment decision whatsoever. Neither the Framework nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under

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Any NOTES or other debt instrument that may be issued by Axion Capital Decarbonization I from time to time, shall be offered by means of a separate prospectus or offering document (including any supplement thereto) in accordance with all applicable laws (including any selling restrictions). Any decision to purchase any such securities should be made solely on the basis of the information contained in any such prospectus or offering document (including any supplement thereto) provided in connection with the offering of such securities, and not on the basis of this Framework.

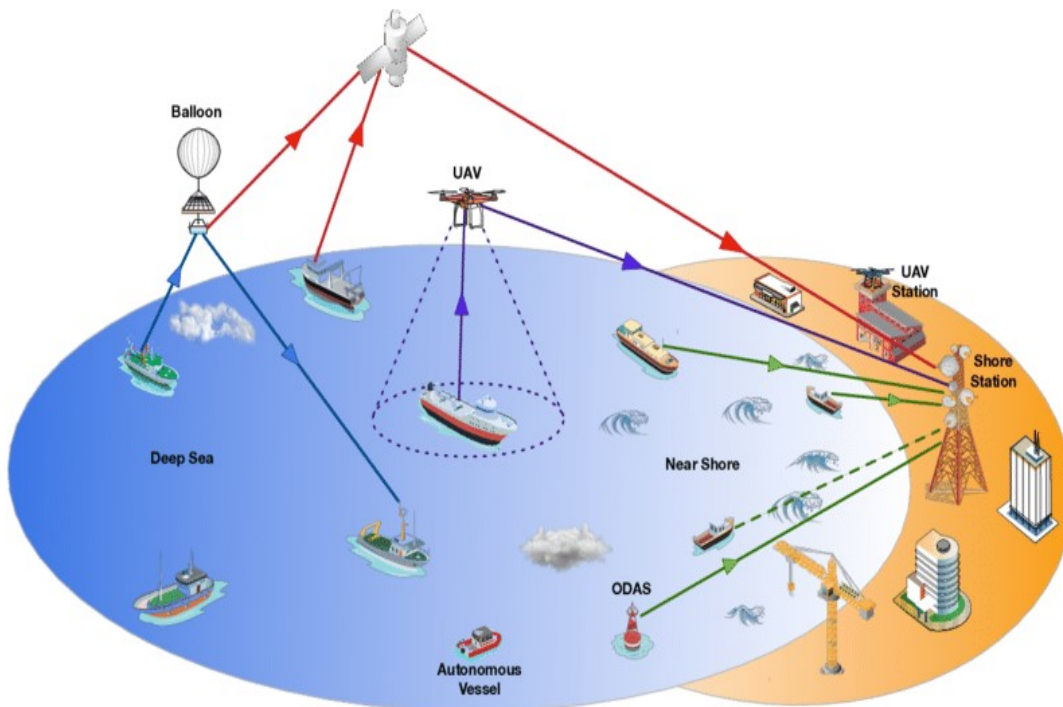
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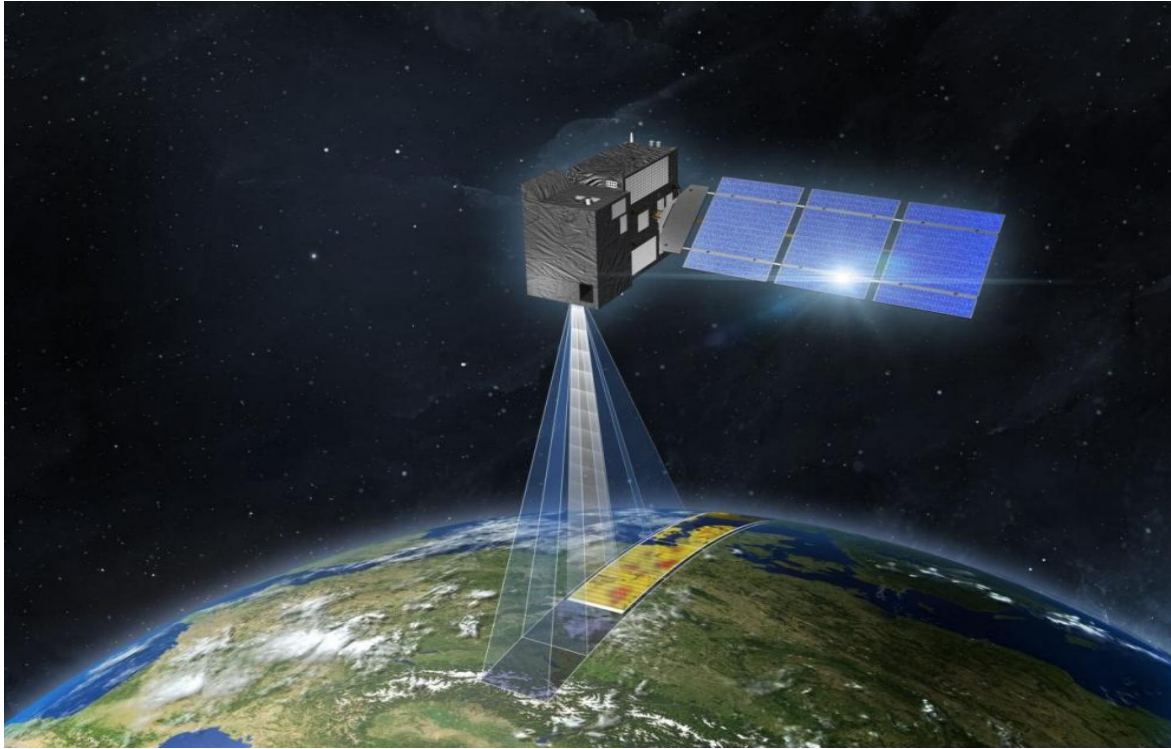
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This Framework may contain statements about plans, objectives, goals, strategies, future events or performance and expectations that are forward-looking statements, and which are based upon various

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Appendix 1: Green Electromagnetic Space Spectrum





Image

https://www.skyperfectjsat.space/en/news/detail/ips_inc_and_sky_perfect_jsat_corporationprovide_satellite_broadband_service_in_the_philippinescontri.html

