



Green Bond Framework



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TABLE OF CONTENTS

Pg. 3	<u>About Wellington Microtech</u>
Pg. 5	<u>Additional Project Details</u>
Pg. 8	<u>Wellington Microtech Green Bonds</u>
Pg. 9	<u>Use of Proceeds</u>
Pg. 10	<u>Process for Project Evaluations and Selection</u>
Pg. 11	<u>Management & Proceeds</u>
Pg. 12	<u>Reporting</u>

ABOUT WELLINGTON MICROTECH




Wellington Microtech, LLC (“WM”) plans to construct and operate a 3,000 barrel per day (41.2 million gallon per year) biofuel microrefinery in Wellington, Utah, which will produce drop-in renewable diesel fuel, renewable hydrotreated naphtha, and renewable jet fuel. WM’s production of drop in renewable diesel means that it can replace 100% of traditional diesel (fossil fuel) without any engine modifications. Burning WM’s biofuels in place of petroleum fuels will result in a 75% reduction in greenhouse gas emissions as documented in both GREET modeling and a pathway application being prepared for filing with the EPA.

The facility will be designed to run initially on used cooking oil and distiller’s corn oil but is also capable of processing other waste products such as brown grease, plant oils and animal tallow. Shortly after commissioning of the facility, WM will run a feedstock mix of 1/3 used cooking oil, 1/3 distiller’s corn oil, and 1/3 brown grease. The technology has been tested to handle 23 different feedstocks, and each of the tested feedstocks resulted in high conversion yields of 95% or greater. The Offtake will be in the form of a long-term agreement with Shell. All fuel sales will be FOB California for WM to maximize Low Carbon Fuel Standard credits and rail will be the main mode of transport to further keep carbon emissions to a minimum.

WM estimates a construction timeline of 18 to 24 months and projects that the facility should be operational in early 2022. The project received an Approval Order for its air emissions permit on June 1, 2018. WM owns the project site in fee simple in part and is under contract to purchase the remainder of the desired real property. Zoning is complete and is recorded on title in the form of a conditional use permit. All needed permits are in place for the facility to operate.

WM’s mission is to reduce greenhouse gas emissions by producing the world’s finest biofuels in the most environmentally friendly and economically efficient manner possible.



SDG	SDG Goal	SDG Target Description
	<p>Affordable and Clean Energy</p>	<ul style="list-style-type: none"> • Increase substantially the share of renewable energy in the global energy mix
	<p>Industry, Innovation and Infrastructure</p>	<ul style="list-style-type: none"> • Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
	<p>Take Urgent Action to Combat Climate Change and Its Impacts</p>	<ul style="list-style-type: none"> • The project will help meet the stated target of improving institutional capacity on climate change mitigation, adaptation, and impact reduction.

ADDITIONAL PROJECT DETAILS

Unlike biodiesel, which must be blended with conventional petroleum diesel, WM's renewable diesel may be used as a true 100% replacement "drop-in" fuel with no blending. The fuel characteristics of the renewable diesel exceed current ASTM ULSD fuel standards in all respects including cetane rating, sulphur content, pour point, cloud point, and all emissions. Similarly, the renewable naphtha product is also a premium product. WM will be selling its renewable naphtha to the largest retail seller of alternative fuels on the West Coast to enhance their renewable/clean energy offerings to their clients. Renewable naphtha may be used as a blending stock in gasoline and flex fuel. The renewable jet fuel created at the facility is one of only a few technologies that is both ASTM-approved as well as MILSPEC-approved (US Military Certified). While WM's renewable jet is capable of being safely used without blending, as demonstrated by flights performed by the Secretary of the US Navy, all renewable jet fuels may only be blended at a 50/50 mix under current FAA guidelines. Further, ARA's renewable diesel has been approved as a neat, drop-in replacement diesel fuel and jet fuel by the Navy.

The biorefinery will deploy processing technology developed by Applied Research Associates, Inc. ("ARA"), a large R&D firm and Department of Defense contractor, and is called "catalytic hydrothermolysis" or "CH." The CH process is an alternative carbon cracking technology which is much more cost-effective than conventional technologies and produces phenomenally uniform results. The technology also employs a feedstock clean-up step called "hydrothermal clean-up" or "HCU." This robust clean-up process is what differentiates the technology and allows WM to source 23 different types of wastes and oils to use as feedstocks to create renewable fuels. This process is highly efficient and mainly uses water at high pressure, temperature and turbulent flow to separate the condensed metals from the feedstocks allowing WM to be much less stringent in its selection of feedstocks to convert to renewable fuels than others in the market.

A CH reactor operates very much like a fluid catalytic cracker but is only a fraction of the cost to construct and operate. While fluid catalytic cracker units use heavy-metal catalysts, CH reactors use only supercritical water and no additional catalysts, obviating the need to replace the catalysts, which are very expensive and environmentally hazardous. A CH reactor is a super-high-functioning reactor which can be constructed and operated at a fraction of the cost of conventional technology.

Because of its high diesel and kerosene content, its minimal sulfur content, and its lack of heavy atmospheric tower bottoms, the effluent from the CH process can be readily refined into finished fuels. WM will be able to convert more than 80% of the feedstock processed in the Wellington facility into renewable diesel "drop-in" fuel on-site. The 20% balance of the renewable fuels converted will be renewable naphtha. As requested by its offtake partner, WM will also create renewable jet fuel.

The facility will be engineered to run efficiently from 50% to 110% of nominal capacity (3,000 bpd). This flexibility will give the facility the ability to operate efficiently within a wide range of production output.

WM has a Technology License Agreement in place with Chevron Lummus Global ("CLG") which gives them the exclusive right to deploy the ARA CH technology in refining biological feedstocks in Utah. CLG is nominee for CLG and ARA in their joint venture to develop a full suite of processing equipment to make biofuels.

WM will initially purchase feedstock from Cenex Harvest States (CHS), which is one of the largest feedstock aggregators in the United States as well as Agri Trading a regional aggregator. WM plans to purchase feedstock from additional aggregators to provide a geographic diversity. The facility will be designed to run initially and be commissioned on used cooking oil and distiller's corn oil, but is also capable of processing plant oils, animal tallow, and brown grease. Brown grease will be introduced shortly after commissioning. ARA's technology has been tested with all the foregoing materials and has produced excellent, consistent results with a total of 23 different feedstocks. WM will also be creating a vertically integrated sourcing of brown grease from the Salt Lake City region to augment and replace DCO and UCO versus procuring brown grease when it is deemed financially feasible. The use of brown grease (CI Score 14-18 gCO₂/MJ) allows WM to continue its pursuit of reducing carbon emissions. Recent legislation has made the dumping of brown grease and waste oils into landfills unacceptable because of its detrimental effects as it decays. WM can efficiently turn the brown grease into renewable fuels while also reducing greenhouse emissions emitted from waste decay.

Offtake for the renewable diesel and renewable naphtha is in the form of a long-term agreement with Shell. Shell will be buying 100% of all fuel produced and will pay WM for its RIN and LCFS less a small discount to the market. All fuel sales will be FOB California in order for WM to maximize its very low CI score through RIN and LCFS credits. WM will also receive a portion of Cap-at-the-Rack and LCFS Mean cost and will be eligible to retain the Blenders Tax Credit for Renewable Diesel and the Alternative Fuel Credit for Renewable Naphtha.

Weaver and Tidwell, LLP, the leading national biofuels consulting and compliance firm, completed an initial analysis of WM's project and has assigned preliminary RIN categories for the renewable diesel and naphtha products. The credits will be sold attached to the fuel. Based on modeling by a third-party GREET modeling consultant, the initial combined CI score for DCO (28 gCO₂/MJ) and UCO (16 gCO₂/MJ). Brown grease has similar attributes to UCO and should command a similar CI score. The CI scores have also been verified through an independent review conducted and completed by LifeCycle Associates.

WM's EPC estimates a construction timeline of 18 to 24 months and projects that the facility should be operational in early 2022. WM received an Approval Order for its air emissions permit on June 1, 2018. WM owns the project site in fee simple in part and is under contract to purchase the remainder of the desired real property. Zoning is complete and is recorded on title in the form of a conditional use permit. The site construction can start 15 days after funding.

The biorefinery is designed to run 3,130 bpd of fats, oil and grease and should produce approximately 2,400 bpd of hydrotreated, full-spec renewable ULSD and 600 bpd of hydrotreated renewable naphtha. All fuel gas byproducts will be captured, re-routed, and consumed as burner feed. WM will also have the capability of adjusting processing and fractionation conditions in order to make renewable jet fuel, which will be made available upon agreement. The ARA/CLG technology is one of seven technologies globally to be approved to create sustainable aviation fuel.

WM's renewable ULSD product will be substantially higher in quality than current ASTM standards. Sulfur content will approach 0 ppm and cetane will be approximately 70. The same is true of WM's renewable naphtha, which will also be very low in sulfur and will feature octane of 45-48. This product



may be used by a fuel wholesaler in blending with denatured fuel-grade ethanol to produce the world's first and only 100% biofuel flex fuel (E-85). Alternatively, the renewable naphtha product might be used as a very high-quality reformer feed or gasoline blending stock.

WELLINGTON MICROTECH GREEN BONDS

WM Green Bond funds will be used exclusively to finance the construction and the initial operation of the biofuel production facility. Ongoing operation will be funded by project cash flows. Construction will take place over 24 months from the funding date.

The WM facility will be wholly dedicated to the production of **renewable energy**. The facility will receive biological waste oils and will process them into renewable fuels. A portion of the energy required for processing will be generated from fuel gases created in the biorefining process. Wastewater that would otherwise be discharged into local sewers and landfills will be treated at the facility. Accordingly, the project also fits into the Green Project category of **wastewater management**.

As previously mentioned, use of WM's renewable fuels will result in a reduction of life-cycle GHG emissions of 75%. Accordingly, the project also matches with the Green Project categories of **pollution prevention and control** as well as **clean transportation**. The facility's fuels will reduce vehicular emissions by approximately 320,000 metric tons of CO₂ annually, which is the equivalent to taking approximately 70,000 cars off the road annually and 700,000 cars off the road per decade.

This Green Bond Framework aligns with the International Capital Market Association's Green Principles and Climate Bonds Initiative's Climate Bonds Standard, and is presented using the four core components:

1. Use of Proceeds
 - a. Renewable Energy: WM will produce renewable diesel, renewable jet, and renewable naphtha.
 - b. Pollution Prevention and Control: WM's fuel will reduce vehicular emissions by 75% compared with petroleum fuels.
 - c. Clean Transportation: WM fuel will result in the reduction of harmful emissions.
 - d. Wastewater Management: WM will treat wastewater that would otherwise enter local sewer systems or landfills.
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Further discussion of each item is set forth below.

USE OF PROCEEDS

Wellington Microtech will issue Green Bonds for the sole purpose of building and operating one biofuel production facility in Wellington, Utah. We will establish a Green Bond Register to record on an ongoing basis the allocation of the net proceeds from our Green Bond issuance to the biofuel facility. The net proceeds from each Green Bond issuance will be deposited in the general operating accounts and an amount equal to the net proceeds will be earmarked for allocation to the biofuel facility in accordance with the Green Bond Framework.

WM anticipates that Green Bond proceeds will be fully allocated within 18-24 months of the Green Bond issuance. Any portion of the net proceeds of Green Bonds that have not been allocated to the biofuel facility in the Green Bond Register will be invested in cash or liquid securities in accordance with WM's normal liquidity management policy. The Green Bond Register will contain relevant information to identify each Green Bond and the assets relating to it, including the asset's location, financed amount, and the applicable eligibility category.

Green Project categories relating to the biorefinery include renewable energy and pollution prevention and control.

Eligible Green Project	Eligibility Criteria
Renewable Energy	Production of renewable energy products
Pollution Prevention	Reduction of air emissions, greenhouse gas control and reduction
Clean Transportation	Reduction of harmful emissions
Wastewater Management	Wastewater treatment

PROCESS FOR PROJECT EVALUATION AND SELECTION

The project was selected because it fits the criteria of a renewable fuel producer under both the federal Renewable Fuel Standard (RFS) and California's Low Carbon Fuel Standard (LCFS). In order to be eligible for both RFS and LCFS, the project must produce renewable fuels from biomass feedstocks, e.g., waste oils, etc. The renewable fuels must also meet ASTM fuel standards for commercial fuels.

Wellington Microtech has retained the services of Weaver and Tidwell, LLP, a leader in the area of quality assurance and advisory services for renewable fuel projects. Weaver has informed project management that the biorefinery will be eligible to generate both Renewable Identification Number credits (RINs) and LCFS credits by virtue of the processing technology used, as well as the choice of feedstocks and finished product quality.

Weaver has determined that WM's renewable diesel will qualify for a D4 RIN with a 1.7x Equivalence Value ("EV") multiplier, based on their analysis of the project and the RFS regulations. WM's renewable naphtha will qualify for a D5 RIN with a 1.5x EV multiplier. Third-party modeling, based on the California Air Review Board's publications, including its GREET Modeling 3.0 software, indicates that the project's carbon intensity ("CI") scores will be very low. The initial assessment shows a CI estimate close to 23-24 gCO_{2e}/MJ respectively. These estimates represent an approximate reduction of 75% of the lifecycle GHG emissions from the weighted average petroleum baseline of 91.24g CO_{2e}/MJ. Final CI scores may not be issued until the facility is constructed and operational, but the modeling values have been very encouraging, comparing favorably to other renewable fuel processing technologies and plants. An additional assessment will be done as brown grease is added to the feedstock mix and recent calculations indicate that the total CI score will be approximately 20 gCO₂/MJ, which represents an approximate reduction of 78% in lifecycle GHG emissions.

The facility will take in feedstocks by rail and ship finished products out by rail. Feedstocks will initially be used cooking oil and distiller's corn oil, both of which qualify as waste oils under RFS and LCFS. The feedstock will be processed through equipment engineered by CLG and ARA, the licensor of the technology deployed. Finished products will include renewable diesel, jet, and naphtha, all of which will be shipped via rail and consumed within the State of California.

The project and project site were carefully reviewed and selected by WM's management team. The site was selected for its superior rail access, abundance of on-site utilities, available local labor force, and achievable permitting attributes. WM's management team have decades of experience in commercial and industrial project development, construction, and management, including more than five decades of combined refining experience.

MANAGEMENT OF PROCEEDS

The net proceeds of the WM Green Bond will be tracked by the issuer and lending and investment operations for Green Projects will be subjected to a formal internal process. A third-party audit of the Green Bond account will be conducted quarterly or annually, and the findings will be reported.

WM will employ internal accounting controls based on best accounting practices, including separation of duties, access controls, physical audits, standardized documentation, trial balances, periodic reconciliations, and approval authority. Unallocated Green Bond net proceeds may be temporarily placed in the liquidity reserve and managed accordingly by WM.

No Green Bond proceeds will be used for fossil energy production, nuclear energy generation, weapons and defense, potentially environmentally harmful resource extraction, gambling or gaming operations, or the cultivation or distribution of tobacco.

The flow of funds will be controlled by UMB, our Trustee.

REPORTING

All bond proceeds will be used in the construction of the WM renewable diesel project. Detailed information regarding construction costs and other breakouts will be contained in the project budgets, which will be part of the bond prospectus.

Impact reporting will be made on an annual basis to bond holders. Key performance indicators will include greenhouse gas emission avoidance, as reported to the California Air Review Board. This may be further illustrated by equivalency reporting, such as cars removed from the road, coal tons not burned, gasoline tankers removed from the road, and barrels of oil not consumed annually. This information will also be reported on the project's website: www.wellingtonmicrotech.com.