

Arrival

Green Bond Framework



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1. Overview

Arrival was founded in 2015 with a mission to make air clean by replacing all vehicles with affordable electric solutions that are produced by local Microfactories. Six years and over 2,400 employees later, we are leading the transition to EV's globally by creating products that are zero-emission, more desirable, more sustainable, and more equitable than ever before. Our in-house technologies enable our radical new method of design and production using rapidly-scalable, local Microfactories around the world. This method facilitates cities and governments in achieving their sustainability goals while also supercharging their communities. We are a technology company, a product company, a supply chain company, an automotive company, a mobility company, a fintech company, and a service company - all rolled into one with a shared goal of true sustainability. This vertically integrated business model is how we can have the radical impact our world needs today.

2. Arrival's Commitment to Sustainability

“The world we live in isn't the one we want; we're facing a drastic climate and ecological crisis that needs radical solutions”

Denis Sverdlov, Founder and CEO of Arrival

Arrival is revolutionizing the automotive industry by inventing a unique method of design and production of best-in-class electric vehicles that help remove the cost barrier to electrification. Motivated by the need for immediate climate action, Arrival is committed to developing affordable, zero emissions solutions for a **clean, circular, and equitable future**.

Our technologies have the ability to create radical impact on a wide scale through the reduction of global emissions from transportation. Radical impact is the guiding principle behind the design of our vehicles, production strategies, and Microfactories. Our best-in-class electric vehicles are expected to be price competitive, removing a key barrier to electrification.

Active Sustainability

Arrival has developed a proprietary portfolio of vertically integrated in-house technologies and combined it with a state-of-the-art assembly process to create an entirely new form of manufacturing facility. These Arrival Microfactories are rapidly scalable and have a small physical as well as environmental footprint. What's more, our Microfactories hire local talent, pay local taxes, and uplift local communities. With our Microfactory approach to manufacturing, we aim to create a best-in-class electric vehicle company developing multiple vehicle categories predominantly focused on the commercial market, a major source of urban pollution. Arrival has announced Van

and Bus Microfactories in the U.S., in Charlotte (North Carolina) and Rock Hill (South Carolina), alongside Bicester in the U.K.

Arrival's Vehicle Platforms



Our vehicles are designed to be circular, so they last longer, can be repaired more easily, and at the end of their first life cycle, can be reused or recycled. Our vehicles, and the innovative technologies and manufacturing methods underpinning their production, enable cities to achieve low carbon emissions and cleaner air for the communities that live in them. Beyond our environmental impact, we also work towards an equitable future by empowering local communities in a way that's **clean, circular, and equitable**.

Clean	Circular	Equitable
<p>Net zero Committed to The Climate Pledge, and to achieve net zero carbon emissions by 2040</p> <p>Zero tailpipe emissions Electrifying commercial vehicles for cleaner cities</p> <p>Low impact Measuring and minimizing environmental impact in our design and engineering processes</p> <p>Low carbon production Proprietary composite materials with in-mold color, removing the need for large footprint paint processes</p>	<p>Upgradable Updating software and hardware means our vehicles only get better from the day they're made</p> <p>Modularity Grid-based architecture enables reusable components in vehicles or other applications</p> <p>Zero waste to landfill Using only what we need in our Microfactories, with production offcuts recycled into vehicle components</p> <p>Environmental management system Aiming for ISO 14001 accreditation for all production sites</p>	<p>Accessible Inclusive by design, for the diversity of users</p> <p>Local supply chains Providing work for local talent and economic uplift for communities</p> <p>Transparency Implementing industry-leading supply chain traceability and code of conduct</p>

3. Rationale for Issuance

Through the issuance of our Green Bonds we aim to finance:

- i) the development, manufacture, maintenance, and operation of EV's for cleaner air and global climate action
- ii) the expansion of our renewable energy capacity through investments in renewable energy projects
- iii) the development and manufacture of sustainable composite materials that are utilized in the production of our vehicles.

4. Alignment with the Green Bond Principles

The Green Bond Principles, 2021 ("GBP"), as administered by the International Capital Market Association ("ICMA"), are voluntary process guidelines for best practices when issuing Green Bonds. The GBP recommends transparency, disclosure and promotes integrity in the Green Bond Market.

The Arrival Green Bond Framework is aligned with the four core components of the GBP:

- (i) Use of proceeds
- (ii) Process for project evaluation and selection
- (iii) Management of proceeds
- (iv) Reporting.

4.1 Eligible Green Projects

We intend to allocate an amount equal to the net proceeds from the sale of any Green Bond issuances to finance, refinance, or to make direct investments in, in whole or in part, one or more new or existing Eligible Green Projects. "Eligible Green Projects" include expenditures made by us or any of our subsidiaries beginning with the issuance date of any Green Bonds, or in the 24 months prior to any such issuance.

Eligibility criteria are outlined on page 6 & 7:

GBP Category	Eligible Green Projects and Example Projects	SDG ^[1] Alignment
Clean Transportation	<p>Expenditures related to the design, development, manufacturing, maintenance, and operation of electric vehicles (EV's) and associated infrastructure</p> <p>Example projects may include, but are not limited to:</p> <ul style="list-style-type: none"> • Manufacturing and assembly of EV's • Design and development of modular battery packs • End-of-life recycling and reuse of EV's <p>Intended environmental benefit</p> <ul style="list-style-type: none"> • By developing further variants of electric vehicles, Arrival can accelerate the adoption of electric vehicles to reduce air pollution and carbon emissions. In addition, Arrival is developing platforms dedicated to new markets, for example, low cost variants for markets outside Europe and the U.S. 	<p>7- Affordable and Clean Energy</p> <p>11- Sustainable cities and communities</p> <p>13- Climate Action</p>

Renewable Energy	Expenditures related to the construction, development, acquisition, maintenance, and operation of renewable energy projects	7- Affordable and Clean Energy 13- Climate Action
	Example projects may include but are not limited to:	
	<ul style="list-style-type: none"> • Power purchase agreements (PPAs) that are long term and provide additionality to the grid • On-site renewable energy projects and energy storage installations. 	
	Intended environmental benefit	
	<ul style="list-style-type: none"> • The generation and use of renewable energy in Arrival vehicles and Microfactories reduce environmental impacts such as carbon emissions associated with energy generation. 	
Eco-efficient and/or circular economy adapted products, production technologies, and processes	Expenditures related to the manufacturing, development, and investments into the design of eco-efficient products and production technologies.	12- Responsible Consumption and Production 13- Climate Action
	Example projects may include, but are not limited to:	
	<ul style="list-style-type: none"> • Manufacturing and development of sustainable thermoplastic composite materials. 	
	Intended environmental benefit	
	By developing and using these composite materials, that are low impact in production, can be recycled or reused, and which use widely available raw materials, Arrival aims to prevent waste and prolong vehicle life, as well as reduce the carbon emissions associated with vehicle production.	

We will not knowingly allocate proceeds from the issuance of our Green Bonds to greenhouse gas intensive projects inconsistent with the delivery of a low carbon economy or activities involving the exploitation of human rights. We will allocate the proceeds to projects as soon as practicable.

4.2 Process of Project Evaluation and Selection

We regularly analyze the environmental and social impacts of our businesses and assess how we can mitigate impacts on communities in which we operate. Selected members of our Finance, Automotive, Strategy, and Sustainability departments will review and select projects that align with our Green Bond framework. Final allocation decisions will be reviewed and approved by the CFO.

4.3 Management of Proceeds

The Sustainability, Accounting, and Finance departments will track actual amounts of net proceeds from the sale of any Green Bonds spent on Eligible Green Projects. Pending allocation, proceeds may be temporarily invested in cash, cash equivalents, and/or held in accordance with Arrival's internal liquidity policy. Any payment of principal and interest on any Green Bonds will be made from our general corporate account and will not be linked to the performance of any Eligible Green Project.

In the event Arrival issues convertible bonds and the bond converts before allocation was completed, Arrival will continue the commitment to allocate an amount equal to the net proceeds as soon as practicable but no later than the original maturity date of the convertible bond.

4.4 Reporting

4.4.1 Allocation Reporting

Annually, until all the proceeds have been fully allocated, and on a timely basis in case of material developments, we will publish a Green Bond Report, on our Investor Relations website.

The report will include:

- i) The amount of net proceeds allocated to each Eligible Green Project either individually or by category, subject to confidentiality considerations
- ii) Expected impact metrics, where feasible
- iii) A selection of brief project descriptions, and
- iv) The outstanding amount of net proceeds to be allocated to Eligible Green Projects at the end of the reporting period.

4.4.2 Impact reporting

Examples of expected impact metrics may include, where feasible:

Project Category	Example Key Performance Indicator
Clean Transportation	<ul style="list-style-type: none"> • Number of electric vehicles manufactured • Reduction in carbon emissions as compared to production of fossil fuel equivalents • Passenger kilometers travelled (e.g. by electric bus) • MWh capacity of HVBM's (High Voltage Battery Modules) produced
Renewable Energy	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided in tons of CO₂ equivalent • Annual renewable energy generation in MWh (equivalent) • Capacity of renewable energy plant(s) constructed or rehabilitated in MW
Eco-efficient and/or circular economy-adapted products, production technologies, and processes	<ul style="list-style-type: none"> • Tons of waste prevented due to recycling of materials • Amount of CO₂ savings through use of sustainable composite materials compared to metal components

5. External Review

We expect that our Green Bond Report will be accompanied by:

- i) Assertions by management that an amount equal to the net proceeds of an offering of bonds was allocated to Eligible Projects, and
- ii) An attestation report from an independent accountant in respect of the independent accountant's examination of management's assertion conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

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