



**Gharb Paper and Carton (GPC)**

Green Securitization Framework

(Version 1.0)

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## GPC Green Securitisation

### 1. Company Structure and Sustainability Commitments

Gharb Paper and Carton (GPC) company, a subsidiary of Ynna Holding, was started in 1992 in Kenitra to manufacture all types of corrugated cardboard packaging, which is a result of Ynna Holding's diversification policy. GPC has 3 production units located in Gharb, Souss Massa Draa and Grand Casablanca regions. In 2005, GPC became the largest corrugated cardboard manufacturing unit in Africa with ability to meet the needs of industrial sectors (oils, sugars, beverages, dairy products, ceramics, textiles and leather, household appliances, etc.) and agricultural sectors packaging needs.

GPC commits to quality and innovative production approaches, in addition to the adoption of sustainable development policies on environment and energy efficiency. GPC earned its ISO 9001 certification in 2003. Further, the company is ISO 14001-certified allowing it to better control its environmental impacts as part of a long-term approach to sustainable development; and ISO 50001 certified enabling a definite improvement in the energy performance of its sites as well as a reduction in greenhouse gas emissions. In 2019, GPC's corrugated boards were FSC certified ratifying GPC's efforts to promote responsible and sustainable forest management throughout the world.

GPC undertakes its Corporate Social Responsibility (CSR) by integrating and adopting a sustainable development policy that includes environmental protection component and an energy efficiency component. GPC's Environment commitments include:

- Comply with standards, regulations and environmental protection legislation and other requirements in force: treatment of liquid, solid and gaseous effluents,
- Avoid the waste of resources and energy consumed.
- Reduce the impact of our effluent emissions (liquids, solids, and gases)
- Recycle wastepaper generated by cash registers and those collected by our partners throughout the Kingdom,
- Offer its customers packaging from responsible sources, thus respecting the principles FSC - management that integrates the social, economic, ecological, and cultural needs of present and future generations.

GPC's Energy Efficiency commitments include:

- Comply with the standards, regulations and legislation and other energy efficiency requirements in force.

- Improve the energy performance of production equipment by optimizing the consumption of electricity, fuel, compressed air, and water.
- Increase the level of qualification and awareness of staff to ensure the control of significant energy uses.

GPC's Social commitments include:

- A detailed Corporate Social Responsibility (CSR) charter.
- Highlight a framework to protect employees against forced labour, child labour, human trafficking, harassment, and discrimination.
- Highlight a framework to promote health and safety at work, freedom of expression and association.
- Safeguard the rights and interests of local communities and create job opportunities.

## **2. Rationale for GPC's Green Securitization**

According to Morocco's Green Ecosystem (Ministry of Trade and Industry), Morocco generates 26 million tons per year of solid, industrial, and household waste, equal to 15% on average recycled quantity. Industrial waste, which includes paper, cardboard, PET, plastic, glass, tires, batteries, wood, etc., is estimated at 7 million tons. Morocco consumes 980,000 tons of paper/cardboard per year and recycles some 230,000 tons/year. Paper / cardboard is therefore part of this industrial waste; with the latter, recycling accounting for a 24% share thanks to the establishment of a green, sustainable, and inclusive recycling industry.

In addition to reductions in carbon emissions, recycling paper locally allows for a larger share of domestic capacity and energy efficiency. It is estimated that 1 ton of recycled paper/cardboard waste consumes fewer resources than making paper from paper pulp from forest wood (2 to 3 times less water and energy). For reference, ADEME – France's agency in charge of energy transition - estimates that paper recycling helps avoid the emission of 390,000 tonnes of CO<sub>2</sub> each year in France. Emissions avoidance from paper recycling in France is equivalent to the annual emissions of 200,000 cars.

GPC alone recycles 30% of the paper and cardboard waste collected in Morocco, through a sustainability approach which focuses on Solid Waste Management and Energy Efficiency. More specifically the strategy includes:

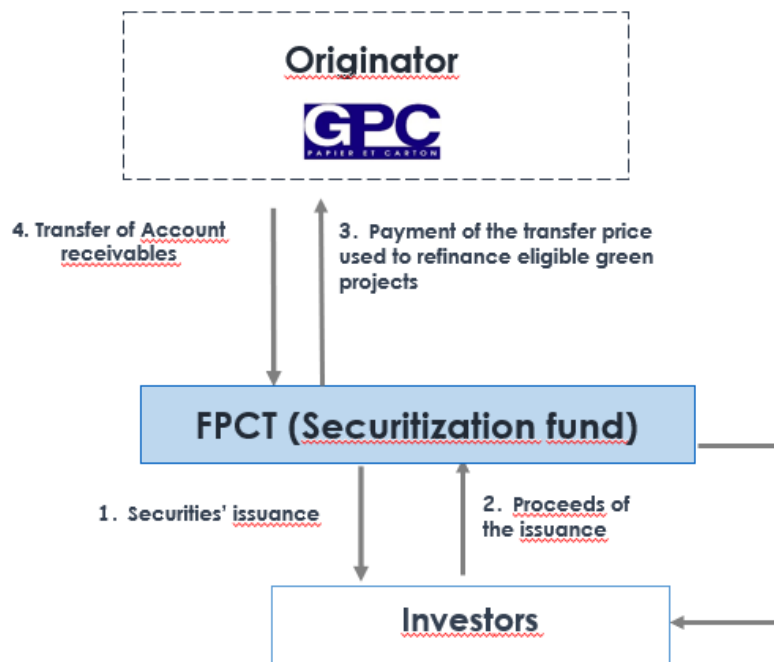
- Paper / Cardboard Recycling: Enabled through its successful bid to synergize and reduce transport by installing a paper / cardboard recycling unit in Kenitra. This

proximity to Kenitra - AFZ, Mohammedia and Agadir- further allowed vertical integration of its corrugated cardboard factories which previously imported almost all its recycled reels from Europe.

- Treatment of liquid effluents: A water pre - treatment and recycling station (Supercell) worn to the process was installed at the paper/cardboard recycling unit. This pre-treatment station allows the recovery of 1/3 of treated water (clarified water) and reused in the process of production.
- Energy efficiency and low carbon policy: GPC is committed to an energy efficiency approach to both reduce its energy bill but also participate in the reduction of GHG emissions. This included optimization projects for thermal and electrical energy, and projects to target GHG reduction (realization of the carbon balance sheet). These have yielded energy savings gains with incremental efficiency in paper/cardboard recycling.

GPC's Kenitra recycling unit recovers at least 70,000 tonnes of waste to produce around 60,000 tonnes of corrugated paper and packaging paper. The corrugated paper intended for boxes is roughly 50,000 tons per year. This production replaces part of the recycled coils imported from Europe, i.e., 45% of its total recycled consumption in 2022, estimated at 110,000 tonnes, which equates to 546,554 kg CO<sub>2</sub>eq avoided by maritime freight.

In line with its own commitment and approach to sustainability and Morocco's ambitions under the New Development Model, GPC therefore plans to issue, via a securitization fund, bonds to finance new eligible projects/assets and refinance existing eligible projects/assets including CAPEX Investment in select climate-friendly projects in Morocco. In fact, a securitization can be defined as "green" when any asset-backed security yields proceeds raised to finance new eligible projects/assets and refinance existing eligible projects/assets including loans for existing green infrastructure that meet the Eligibility Criteria of GPC Green Securitisation Framework. The securitization fund will act as the issuing entity as the transaction will be securitized by GPC's trade receivables. The proposed transaction size is **MAD 60 million (about \$6,00 million)**. The transaction will be labelled by Morningstar Sustainalytics in accordance with the Green Bond Principles June 2022, with Annexe 1 updated in June 2022 developed by the [International Capital Markets Association](#) (ICMA), [Climate Bonds Standard](#) (V4.0, 2023, Green Securitisation Briefing, August 2018) and with the [Guide on Green, Social and Sustainability Bonds of Morocco](#) (AMMC, 2021). Below is an illustration of the securitization structure :










GPC monitors the main and significant environmental impacts associated with water pollution, depletion of resources (energy, water, etc.), generation of solid waste, and atmospheric releases; by analysing the environmental aspects during the life cycle of production activities, and products and services development. Over and above the anticipated positive environmental impacts illustrated in this framework, GPC monitors its socio-economic impacts.

The table below describes the key parties involved and their role.

Parties	Description
<b>Originator</b>	Gharb Paper and Carton
<b>Issuing entity/Purchaser</b>	Securitization Fund (special purpose vehicle)
<b>Investors</b>	Qualified investors under the Moroccan Law.
<b>Cash Flows/repayment sources</b>	Trade receivables
<b>Use of Proceeds</b>	To finance new eligible projects/assets and refinance existing eligible projects/assets that meet the eligibility criteria of GPC's Green Securitisation Framework.

The table below provides an overview of GPC's strategic commitments, highlighting key areas of focus to reduce its carbon footprint, contribute to global sustainability

efforts, and support the achievement of the Paris Agreement climate goals through alignment with relevant Sustainable Development Goals (SDGs):

Eligible Categories	Description and Sustainability Focus	Sustainable Development Goal (SDG) Alignment
Renewable energy	Including production, transmission, appliances and products	      
Energy efficiency	Such as in new and refurbished buildings, energy storage, district heating, smart grids, appliances and products	
Pollution prevention and control	Including reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and energy/ emission-efficient waste to energy	
Sustainable water and wastewater management	Including sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation	
Climate change adaptation	Including efforts to make infrastructure more resilient to impacts of climate change, as well as information support systems, such as climate observation and early warning systems	
Circular economy adapted products, production technologies and processes	Such as the design and introduction of reusable, recyclable and refurbished materials, components and products; circular tools and services; and/or certified eco-efficient products	
Green buildings	That meet regional, national or internationally recognised standards or certifications for environmental performance	

### 3. GPC Green Securitization Framework

The Green Bond Principles are a set of voluntary guidelines that recommend transparency as well as disclosure. They aim to promote integrity in the green bond market by clarifying the approach for labelling a securitisation as green.

Therefore, in alignment with the [Green Bond Principles \(June, 2022\)](#) this Green Bond Framework is articulated around the five following pillars, which will apply to the issuance.

### 3.1. Use of Proceeds

Under this Framework, GPC will allocate an amount equal to the net proceeds of the bond to finance and / or refinance Eligible Projects and Assets. These are projects or assets that result in positive environmental or sustainable impacts according to the list of provided by the Green Bond Principles (June 2022).

More specifically, the proceeds of bonds issued under this Green Securitisation Framework will be used to finance new eligible projects/assets and refinance existing eligible projects/assets that meet the eligibility criteria defined below. Where possible, the Eligible Projects and Assets will be certified under the [Pollution and Prevention Control](#) of the Climate Bonds Standard.

The table below outlines the scope of the eligible assets and activities to be financed and/or refinanced under this Green Securitised Framework. These align with ICMA's indicative list of green project categories and **are assessed at the facility level as part of a unified project framework:**

**Table 1. List of Nominated Projects and Assets based on a facility level assessment:**

Project Category	Green Pulp Project	Description of Project
Aligning the Kenitra facility's emissions intensity with the TPI's below 2-degree scenario by 2030	Recycling Infrastructure for Paper and Cardboard Waste in the Kenitra Facility	Construction and operation of a state-of-the-art recycling unit in Kenitra, reducing the need for long-distance maritime transport and cutting over 765,576 kg of CO2 emissions. This project advances the circular economy, supports sustainable practices, and aligns with global climate goals.

Under this Green Securitisation Framework, GPC confirms and commits through its *bilan carbone*, its intention to refinance the Kenitra facility (*based on a facility-level assessment*) to achieve key aspects of its long-term decarbonization strategy; and ensure the facility's carbon intensity aligns with pathways like the [Transition Pathway Initiative's \(TPI's\) below 2-degree scenario](#).



More specifically, GPC commits and plans to address its dependence on fossil fuels through several strategic actions aimed at increasing energy efficiency and transitioning to renewable energy sources. Key initiatives include:

1. **Biomass Cogeneration:** GPC intends to replace heat production from fossil fuels with decarbonized heat generated from biomass. This shift is expected to reduce greenhouse gas emissions linked to heat production by approximately 306 tCO<sub>2</sub>e per year, which represents 0.3% of total emissions. Biomass sourcing, however, is contingent upon the availability of these materials within Morocco. To ensure sustainability, GPC evaluates local production levels and prioritizes the use of regionally sourced by-products.
2. **Use of Renewable Energy:** GPC aims to implement renewable energy solutions, such as a photovoltaic power plant, to replace fossil fuel energy. This transition could potentially reduce emissions by 21,753 tCO<sub>2</sub>e per year, accounting for 25% of total emissions.
3. **High-Temperature Heat Pumps:** GPC is exploring innovative technologies like high-temperature heat pumps, although these are not yet widely deployed in the paper industry due to concerns about operating costs and market price variability.
4. **Improvement of Energy Efficiency:** GPC's continuous improvement actions will be taken to enhance energy efficiency, including the recovery of waste heat and the installation of systems to utilize rainwater for non-potable uses.
5. **Awareness and Training:** GPC plans to raise awareness among employees and stakeholders about the importance of reducing fossil fuel dependency and promoting sustainable practices.

These actions collectively aim to mitigate the risks associated with fossil fuel dependency and contribute to a more sustainable operational model for GPC's Kenitra facility.

To achieve this, GPC plans to undertake specific investment actions, categorized under different scopes of emissions as outlined in the plan below:

Scopes of Emissions	Specific Actions	Investment Amount MAD
Scope 1 Emissions	<ul style="list-style-type: none"> <li><b>Installation of a biomass boiler:</b> This aims to reduce direct emissions from energy consumption.</li> </ul>	MAD 5,300,000
Scope 2 Emissions	<ul style="list-style-type: none"> <li><b>Photovoltaic power plant:</b> Implementing solar energy to reduce reliance on fossil fuels.</li> <li><b>Detection and sealing of compressed air leaks:</b> This action focuses on improving energy efficiency by minimizing waste.</li> </ul>	MAD 52,500,000

With these investments, GPC commits to aligning the Kenitra facility's emissions intensity with the TPI's below 2-degree scenario by 2030, which will ensure GPC achieves an intensity of 0.353 tonnes of CO<sub>2</sub> per tonne of pulp, paper and paperboard produced as per the targets below.

	2022		2025		2030	
	kg-E-CO <sub>2</sub> /tp	t-E-CO <sub>2</sub> /tp	kg-E-CO <sub>2</sub> /tp	t-E-CO <sub>2</sub> /tp	kg-E-CO <sub>2</sub> /tp	t-E-CO <sub>2</sub> /tp
(Scope 1 & 2)	708	0.709	530	0,530	308	0,308
TP	60,348	60,349	60,348	60,349	60,348	60,349

Exclusions:

- Waste-to-energy activities where removal of recyclables prior to incineration cannot be ensured.
- Biomass or bio-fuel renewable energy projects of non-sustainable origin.
- Projects with high environmental or social risks or that cause material harm to achieving GPC's sustainability and SDG commitments.
- Fossil fuel energy
- Investments related to pure Internal Combustion Engines
- Gambling
- Tobacco
- Alcohol
- Weapons

### 3.2. Process for Project Evaluation and Selection

An Environmental Social Governance and Corporate Social Responsible committee has been established by GPC. This Committee is responsible for overseeing the selection and evaluation of projects and assets for green bond issuance. The Committee is also responsible for the review, the update and the implementation of the processes described in this Securitised Green Bond Framework. In selecting eligible projects and assets, the Committee will ensure assessment, compliance and alignment of eligible projects and assets against the eligibility criteria in this Green Securitised Framework; in addition to applicable laws and regulations, and the GPC's sustainability strategy, policies and processes including the *bilan carbone* and other risk management protocols.

The Committee is spearheaded by GPC's Managing Director and includes member(s) of the Human Resources department, Learning Development team, and Environmental Health Safety specialists. The committee meets periodically once every quarter.

Once approved by the Committee, the selected projects and assets are then recorded in a Fund (Securitised Green Bond Register), which will then be used by the Treasury to keep track of the full list of eligible projects and assets as well as their respective earmarked amounts.

GPC will maintain a dedicated cash account for managing the proceeds and allocating them to new green projects.

If during the life of a green bond, a project or asset ceases to fulfil the eligibility criteria described in the Framework, GPC will remove the project or asset from the Register and re-allocate the amount to other projects and assets that are eligible according to the processes and criteria described in this Framework.

### 3.3. Management of Proceeds

GPC intends to allocate the proceeds of this transaction to refinancing and financing the eligible projects and assets selected in accordance with the evaluation and selection process presented above. The proceeds will be raised by the securitization

fund (SPV) which acts as the issuing entity in the proposed transaction, over the transaction tenure, and transferred to GPC which will allocate based on the eligibility criteria defined in this Framework.

GPC intends to adopt an internal tracking mechanism where the proceeds from the green bond issuance will not be separated into a distinct cash account but are pooled with other company funds. To ensure transparency, GPC will set up an internal ledger or sub-ledger system to track the allocation of proceeds specifically to eligible green projects. Each disbursement towards eligible green projects or assets will be recorded and tracked, ensuring that the amount allocated matches the green bond proceeds.

Pending allocation GPC will allocate an amount equal to the net proceeds of the bond, at its discretion, in its treasury liquidity portfolio, in cash or other short-term and liquid instruments, including any balance of net proceeds not yet allocated to eligible Projects and Assets, in line with the Company's liquidity and liability management policies. GPC has established a 36-month look-back period for its refinancing activities as aligned with market practice.

Unallocated proceeds will, on a best effort basis, be invested in eligible Green, Social, or Sustainability Bonds that do not include any activity listed on the exclusion list or greenhouse gas-intensive projects that are inconsistent with the delivery of a low-carbon and climate-resilient economy.

Treasury department will oversee the management of proceeds and track the allocation using the relevant bond register. The Financial Auditor will review the allocation as part of standards reporting on the soundness of the annual financial reports.

### 3.4. Reporting

The Capital Markets Authority of Morocco requires green bond issuers to provide information on the allocation of proceeds and impacts of the bonds issued.

GPC intends to report to investors within one year from the date of issuance and annually thereafter, for the lifetime of the bond.

The allocation report will provide information on:

- the total amount of proceeds allocated to eligible projects and assets.
- the balance of unallocated proceeds
- The amount or the percentage of new financing and refinancing

The annual report will also provide information on the environmental and social impacts of the bonds. Examples of key indicators that may be reported on a portfolio basis include:

- For Kenitra paper mill: estimated energy savings (GWh), estimated emissions avoided (tCO<sub>2</sub>eq),
- For Kenitra paper mill: estimated reduction in water usage (litres per hour)

GPC will complete a diagnosis of its CO<sub>2</sub> emissions to establish a baseline and have a benchmark to estimate emissions avoided and quantify improvements in climate action. The Project Evaluation and Selection Committee established by GPC, will track progress against emission intensity targets, ensuring alignment with the TPI scenario of limiting global warming to below 2°C.

GPC's reports will be made available to bondholders and published on the company's website once per year. Additionally, other reporting requirements as guided by AMMC will apply, such as AMMC request to publish reports on Maghreb Titrisation website.

### 3.5. External review

GPC will engage an external reviewer to verify the alignment of this Framework and any of the bonds labelled under it with the Green Bond Principles (June 2022). Where possible, Certification under the Climate Bonds Standard (Waste Criteria, V.4.0, 2023) will be pursued and an Approved Verifier will be selected for this purpose.

The verification reports will be submitted to the Autorité Marocaine du Marché des Capitaux (AMMC) and will be published on the GPC's and Maghreb Titrisation's websites (and others as required by AMMC). In addition, in line with the requirements

of the Climate Bond Standard (when relevant), post-issuance verification will be undertaken within eighteen months (18 months) of issuance of each bond. Post-Issuance reports will also be made available on GPC's website and Maghreb Titrisation website (and others as required by AMMC).

#### **4. Version Control**

This Framework may be regularly reviewed (every eighteen months initially), changed, and updated. A version control system will be maintained by GPC and each version of this Framework will be made available on the company's website (and others as required by AMMC including Maghreb Titrisation website) prior to the issuance of the first bond.