ON THE ROAD LENDING

PROPOSED BOND ISSUANCE FEBRUARY 2021

SUSTAINABILITY BOND ISSUANCE FRAMEWORK
On the Road Lending ("OTRL") is a US-based nonprofit, headquartered in Dallas, Texas, which is part of a family of businesses, On the Road Companies (the "Companies"), with a mission to build a more prosperous America for working families.

In 2019, the Companies launched a new green/social venture, On the Road Garage, to provide a workforce development initiative around automotive technology and advanced collision repair. This commercial enterprise fills a talent gap in a high-wage/high-growth industry and is training vulnerable populations so that they can either accept opportunities for employment or launch their own businesses. The properties are sustainably retrofitted to reduce energy consumption and emissions. On the Road Garage is also woman-owned and managed. It will lease its facilities from On the Road Lending.
OTRl has developed the OTRL Sustainability Bond Issuance Framework ("the "Framework") under which it intends to issue sustainability (green and social) bonds. It will use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that aim to reduce the carbon footprint and energy consumption at the Companies’ properties. (Refinancing will include two properties acquired in 2020). The Framework defines eligibility criteria in six green categories:

1. Green Buildings
2. Resource Efficiency & Management
3. Clean Transportation
4. Climate-Change Adaptation
5. Pollution Prevention & Control
6. Biodiversity & Conservation
Social Categories

Within the social eligibility criteria, there are two categories within the Framework:

1. Employment generation

2. Socioeconomic advancement and empowerment
SUSTAINABILITY BOND PRINCIPLES

Sustainability Bonds are a hybrid designation for projects that have both environmental (green bonds) and social elements (social bonds).

The components for this initiative follow the Green Bond Principles outline:

- **Use of Proceeds**
- **Process for Project Evaluation and Selection**
- **Management of Proceeds**
- **Reporting**
Within the Green Buildings category, OTRL intends to allocate bond proceeds to the purchase, development, renovation or improvement of industrial/commercial properties within its On the Road Garage program in markets across the US. These buildings will be designed, built, and or renovated to either achieve LEED GOLD certification or at least a 30% energy efficiency improvement, compared to the building’s baseline performance under ASHRAE 90.1, or similar methodology. In circumstances where the buildings have been vacant for some time and a comparison with an operating business is not possible, the improvement will be against market data for businesses within the collision industry or local municipality building emissions baseline standards. We have purchased two buildings already in Dallas, TX that have been retrofitted for energy efficiency improvement.
USE OF PROCEEDS – GREEN USE

Within the Resource Efficiency and Management category OTRL intends to improve energy or water efficiency and to make other environmentally beneficial improvements to the improvements and land, such as LED lighting, cool roofs, smart meters, energy storage, xeriscaping/drought-tolerant landscaping, sustainable draining systems and water and energy-saving technologies and materials. The target metric for this category is a 30% minimum performance improvement threshold for energy and water efficiency parameters. Our first two properties have replaced mercury vapor and fluorescent lighting with LED.
The Clean Transportation category includes investments in infrastructure to accommodate electric vehicle charging stations and repairs.
Within the Climate-Change Adaptation category, OTRL intends to utilize permeable paving in some of its parking areas to address runoff (and, where possible to use 100% post-consumer plastic pavers, to promote recycling).
The Pollution Prevention and Control category references OTRL’s waste diversion efforts. The Garage properties will include water-based paint booths, rather than solvent-based, which have minimal waste and recycle 95% of their heat. Additionally, equipment components, shipping cardboard, and discarded automotive parts will continue to be repurposed for use within the facilities, rather than sent to the landfill. Our first two properties have largely been renovated already.
Within the Biodiversity and Conservation category, OTRL may allocate proceeds to tree planting, xeriscaping, and ecological restoration activities on some sites to preserve biodiversity and native ecosystems. (These will likely be small portions of these commercial properties at entry points, driveways, or within parking areas).
USE OF PROCEEDS - SOCIAL USE

Target populations whom will benefit from the social use of proceeds are:

1. Low- to moderate-income people (designated by the US Census Bureau’s ACS median household income statistics)

2. People with disabilities

3. Women and/or sexual and gender minorities

4. Marginalized populations

5. Veterans

6. Survivors of abuse or disasters

On the Road Lending | Sustainability Bond Issuance Framework
Within the Employment Generation category, OTRL intends to utilize proceeds to fund expansion of the Garage’s apprenticeship programs in multiple markets nationally, which includes EV repair and Advanced Driver Assistance Systems. The social metric used for the sustainability bond is a 60% completion rate of the apprenticeship programs nationally among the populations referenced herein. These apprenticeship programs range from one to four years in duration. Participants are paid employees during this time, with benefits, and incur no costs for participation. When they complete the training, they will have completed industry-recognized certifications and be immediately employable at greater than a living wage, within a high-growth, high-earning field.
The **Socio-Economic Advancement and Empowerment** category reflects the entire purpose of our businesses. OTRL may utilize proceeds for the benefit of apprentices in other ways, such as purchasing tools for them that can become assets for their future employment.
### PROCESS FOR PROJECT EVALUATION

OTRL’s senior management team will oversee the project evaluation and selection process to ensure alignment with the eligible sustainability project criteria outlined in the Framework. All project participants, including architects, engineers, and contractors are informed of the principles adopted herein so that each project is aligned.

### MANAGEMENT OF PROCEEDS

OTRL has tracked environmental and social metrics since inception. The CFO will oversee management of proceeds. The finance team has adopted the approach outlined by the Partnership for Carbon Accounting Financials to manage the proceeds’ progress toward its sustainability goals.

OTRL intends to fully allocate net proceeds within 24 months of issuance. In the interim, proceeds may be invested in short-term funds that are aligned with the sustainability goals outlined herein. Allocation of proceeds will be tracked within the company’s enterprise accounting system. At this time we envision roughly two-thirds of proceeds allocated to real estate purchase and renovation, with one-third for the apprenticeship program.

### REPORTING

OTRL is committed to providing allocation and impact reporting on an annual basis throughout the bond term. These reports will be publicly available via the Company’s website and on the BNY Quantum Green Platform. OTRL will engage a third party to conduct an annual verification of its allocation of net proceeds to eligible projects until full allocation. Allocation reporting will include information on eligible green/social projects, amounts allocated to eligible green/social projects and the balance of unallocated proceeds. Impact reporting will provide information on the green and social categories outlined herein, such as the annual energy saved, annual emissions reduced, or annual apprentices trained.
PROPOSED BOND STRUCTURE

Up to US$100 million, potentially in two tranches

US dollar denominated

Tax-exempt

Minimum series or tranche US $10 mm
Minimum denomination of note US $25,000

10-year term with 24-month placement period

Anticipated offering date: February 2021

Placement Agent: BNY Mellon
2nd Party Reviewer: Sustainalytics

On the Road Lending | Sustainability Bond Issuance Framework
While we will report many measurements, there will be three key outcomes independently assessed each year.

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