



PIF Green Finance Framework Preamble

The Public Investment Fund (the “Fund” or “PIF”) has developed a green framework for financing drawn from the concept of the Circular Carbon Economy (“CCE”), which was launched by the Kingdom of Saudi Arabia during its Presidency of the G20 in 2020. The CCE was endorsed and adopted by G20 member countries to address the challenges of greenhouse gas (GHG) emissions through four main methods based on the 4Rs Emissions Principles – Reduce, Reuse, Recycle and Remove.

Subsequently, the Kingdom has launched the “Circular Carbon Economy National Program” to draw a comprehensive roadmap, which includes technological localization and advancement through the implementation of the CCE concept. The program is a result of joint efforts by different stakeholders who worked on developing and implementing mechanisms covering all technical, administrative, engineering, and normative aspects in order to achieve the strategic objectives – such as sustainable social and economic growth, promoting integrated climate-change solutions and ensuring global leadership in the field of the CCE.

Based on the CCE approach, green finance projects are generally classified based on the management of emissions as depicted below:

- i. Emission Reduction (Avoidance): Contribute to climate action by avoiding the release of GHGs into the atmosphere.
- ii. Emission Reuse or Recycle: Abatement from a point source by capturing emissions and performing any of the below actions:
 - a. reusing them without changing their chemistry
 - b. recycling them, or products containing GHGs, into similar or different products with different chemical characteristics
 - c. storing them
- iii. Emission Removal: Process for carbon removal from the atmosphere whether through nature-based solutions (e.g., planting trees) or carbon removal technology (e.g., direct air capture).

As the sovereign wealth fund (“SWF”) of the Kingdom of Saudi Arabia, PIF is aligned with the overall CCE approach by focusing on emission control through its Green Finance Framework. This framework will mainly focus on the “Emission Reduction (Avoidance)” category (Section 2.2 – Eligible Green Projects).

PIF’s Green Finance Framework will contribute to achieving both the Kingdom’s objectives of implementing the CCE concept and meeting the United Nations’ Sustainable Development Goals (“SDGs”). This is executed by allocating funding to projects in line with the following SDGs: Clean Water & Sanitation (SDG 6), Affordable & Clean Energy (SDG 7), Sustainable Cities & Communities (SDG 11), Responsible Consumption & Production (SDG 12) and Life on Land (SDG 15).