Principal Adverse Impact Statement

Infinity Recycling B.V.

Reporting Year: 2024

Date: June 30th, 2025

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Infinity Recycling B.V. – LEI: 724500GY9JNAFPGORI91

Summary

(a) Name of the financial market participant

Infinity Recycling B.V. ("IRC"), LEI code 724500GY9JNAFPGORI91, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Infinity Recycling B.V.

(b) Confirmation that principal adverse impacts are considered

IRC considers principal adverse impacts of its investment decisions on sustainability factors as part of its due diligence, engagement, and monitoring practices. These practices are embedded in its Sustainable Investment Policy ("SI Policy") and are applied throughout the investment lifecycle.

(c) Reference period of the statement

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2024 to 31 December 2024.

(d) Summary of the principal adverse impacts

In 2024, IRC expanded its portfolio across three funds: Circular Plastics Fund I SCSp (CPF), Circular Rotterdam B.V. (CR), and Circular Cleveland (CC). The number of portfolio companies increased from 4 to 8. One of these companies went bankrupt in September 2024. The remaining 7 companies continued to grow and advance their operations.

As a result, changes in principal adverse impact (PAI) indicators — especially greenhouse gas emissions and energy consumption — became more significant. Below a description of the portfolio activities in 2024:

- **Circular Plastics Fund I SCSp (CPF)**
  - CPF holds direct ownership stakes in Circular Cleveland (CC) and Circular Circular Rotterdam B.V. (CR)

- CPF made two new direct investments in 2024: BioBTX and Polystyvert[1]. This brought the total CPF portfolio to seven companies: Pryme, Itero, Clariter, DePoly, BioBTX, Polystyvert and Ioniqa. In addition, 4 follow-on investments were made in Pryme, Itero, Clariter (via conversion), and Ioniqa. Through its ownership in Circular Cleveland (CC), CPF gained indirect exposure to Alterra.

- The equity investment in Ioniqa was finalized in December 2023, with the deal closing on 15 January 2024. The company declared bankruptcy in September 2024, following a period of idle operations and technical improvements without production. Hence, Ioniqa's data have not been considered in the PAI indicators.

- Clariter was initially held through a convertible loan, originally signed in 2022 and increased in 2023. The loan was converted into equity in August 2024. In 2023, Clariter's data were reported separately due to its convertible structure. In 2024, principal adverse impact indicators have been calculated for the full year, reflecting IRC's exposure across both phases: pro-rata as a debt holding for the period prior to conversion, and as an equity holding from the moment of conversion.

- **Circular Rotterdam B.V. (CR)**
  - No changes were made to the portfolio in 2024. The existing investment in Pryme N.V., made in 2023, remained active throughout 2024 and was included in the PAI assessment for the reporting period.

- **Circular Cleveland (CC)**
  - CC made one investment in Alterra in Q4 2024. This investment was included in the PAI assessment for the period from 30 September to 31 December 2024.

At the end of the reporting period, IRC's total portfolio consisted of seven unique portfolio companies, based on consolidated data at the fund manager level.

IRC considers core indicators from Table 1 of the SFDR Delegated Regulation, alongside the following two additional indicators: (i) investments in companies without workplace accident prevention policies and (ii) investments in companies without carbon emission reduction initiatives.

Principal adverse impacts are identified and tracked through ESG & Impact Questionnaires, Life Cycle Assessments, data reviews, and regular engagement with investee companies. Mitigation efforts are captured in ESG & Impact Action Plans, which are monitored quarterly by IRC's Impact Committee.

[1] Polystyvert has changed its name in Upsolv in 2025

Engagement is a central tool in supporting portfolio companies to improve sustainability outcomes, particularly as they approach steady-state production. Where data gaps or risks are identified, IRC applies best effort estimates and discloses relevant assumptions. IRC aligns with responsible business conduct codes and internationally recognised standards, including the OECD Guidelines, UNGPs, and the UN Global Compact.

For the 2024 reporting year, no instances of significant harm were identified in the portfolio. Further details on each principal adverse impact and IRC's mitigation measures are presented in the sections below.

For the 2024 reporting period, no quantitative targets have been set for the principal adverse impact indicators. The portfolio is composed of early-stage and innovative companies, for which consistent and comparable data — particularly on environmental and social performance — remains limited. In this context, setting reliable or meaningful targets across PAI indicators, including GHG emissions and gender diversity, is not yet feasible. Nonetheless, the portfolio companies continue to strengthen their data collection and operational practices, and ongoing R&D investments are expected to contribute to improved environmental and social outcomes. We will reassess the feasibility of setting relevant targets in future reporting periods as data availability and portfolio maturity increase.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies						
Adverse sustainability indicator		**Metric**	**Impact 2024**	**Impact 2023**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	63 tonnes	6 tonnes	Scope 1 emissions increased by 57 tonnes in 2024. This change is primarily driven by the ramp-up of operations across portfolio companies: 14% are currently moving toward steady-state production, which means their facilities are scaling to run at full design capacity. This expansion involves construction, installation, and process testing—activities that naturally increase direct emissions (Scope 1). IRC anticipated this rise. Portfolio growth (see Summary) also contributed to the overall increase. **Sector context:** Chemical recycling technologies—unlike mechanical recycling—require process-intensive setups involving heat, pressure, and chemical	Despite being a minority investor, IRC actively supports companies in setting up internal systems to measure, monitor, and report Scope 1 emissions—those released directly from company-owned operations. This often starts during a resource-intensive period, when companies are still scaling up and emissions are rising due to on-site activities such as plant construction, equipment installation, and process testing. In 2024, IRC focused on early-stage support

					reactions. These systems often generate higher emissions during early phases but are designed to reduce lifecycle emissions over time by displacing fossil-based plastic production. This long-term climate benefit depends on continuous efficiency improvements and the implementation of ad-hoc decarbonization plans, tailored to each company's operational footprint and technology pathway.	rather than standardizing reporting immediately. Data collection practices currently vary, and emissions data is not yet verified by third parties. However, IRC emphasizes alignment with the GHG Protocol and helps companies gradually formalize their internal processes. As part of its due diligence process**,** IRC requires portfolio companies to conduct a screening-level Life Cycle Assessment (LCA) to estimate their environmental footprint and identify major emissions hotspots. This screening LCA is used to inform investment decisions and forms the baseline for future monitoring. Once a company reaches steady-state production, IRC will require: • Completion of a full, third-party Life Cycle Assessment (LCA); • A carbon reduction plan tailored to the company's

						operations and footprint; • Integration into a consistent fund-level reporting approach for comparability.
		Scope 2 GHG emissions	19 tonnes	27 tonnes	In 2024, Scope 2 emissions totalled 19 tonnes of CO_2e, down from 27 tonnes in 2023. Portfolio companies are still improving how they distinguish and report Scope 1 and 2 emissions. As a result, the year-on-year reduction may reflect refinements in calculation methods or reclassification, rather than a material change in electricity consumption or sourcing. **Sector context:** While chemical recycling enables high-impact solutions for hard-to-recycle plastics, its processes are electricity-intensive. However, these emissions can be significantly reduced over time through process optimization and sourcing of renewable energy as operations stabilize.	As companies expanded and increased electricity consumption in 2024, IRC supported them in managing Scope 2 emissions—those linked to purchased electricity or steam. IRC helped companies identify sources of inefficiency and begin tracking electricity usage in a structured way. While some companies have access to renewable electricity, others—due to local market constraints—are pursuing alternative low-carbon sources such as nuclear power. In one case, IRC agreed with company management to link executive incentives to operating without fossil-fuel-based energy. While reporting remains flexible, IRC encourages alignment with the GHG

						Protocol and helps companies explore options for switching to lower-carbon energy sources. Going forward, these emissions will be incorporated into formal carbon reduction plans as companies stabilize their operations and consolidate energy use.
		Scope 3 GHG emissions	1 tonne	0 tonnes	Scope 3 emissions increased by 1 tonnes in 2024. This increase is primarily the result of one company beginning to report indirect value chain emissions—such as those related to upstream inputs or downstream use of outputs—for the first time. The rest of the portfolio has not yet reported Scope 3 emissions. This reflects a broader market reality: among funds active in the industrial and circular economy space in the EU, detailed reporting of Scope 3 upstream emissions (such as those linked to plant construction or embodied materials) remains rare. IR's current position is therefore consistent with prevailing market practice. **Sector context:** Scope 3 emissions are typically harder to measure and report,	As other portfolio companies enhance their reporting capabilities, IRC expects reported Scope 3 emissions to continue rising. This trend reflects improvements in data quality and transparency rather than an actual increase in emissions across the portfolio. IR uses a phased approach to build Scope 3 data quality and coverage. As described under Scope 1, we require portfolio companies to conduct a screening-level Life Cycle Assessment (LCA) at the time of investment. This helps identify major emission sources—including relevant Scope 3 categories.

					especially for early-stage companies. In the case of chemical recycling, they may include transport of plastic waste, supplier activities, or emissions from the use of end-products. These emissions become more material and trackable as companies reach commercial maturity and build stronger data systems.	Once a company reaches steady-state production, IRC will require: • Completion of a full, third-party Life Cycle Assessment (LCA); • A carbon reduction plan tailored to the company's operations and footprint; • Integration into a consistent fund-level reporting approach for comparability. While full reporting on Scope 3 emissions is not yet in place, this this phased approach enables a gradual expansion of data coverage as companies mature and develop more robust internal monitoring systems.
		Total GHG emissions	83 tonnes	33 tonnes	Total portfolio emissions increased by 50 tonnes in 2024. This reflects a combination of factors: companies progressing toward steady-state production, a rise in	In 2024, IRC implemented several GHG-related actions across both the pre- and post-investment phases.

					purchased electricity, and the first reported Scope 3 emissions from one company. Additionally, the portfolio nearly doubled in size during the year, increasing the total number of reporting entities (see Summary). This expansion had a significant impact on the total GHG figure. **Sector context:** Emissions tend to rise during the transition from early-stage R&D to industrial operations. However, chemical recycling technologies are expected to achieve greater climate benefits in the long run by reducing dependency on virgin fossil-based plastics and enabling scalable circularity.	**Pre-investment:** IRC applied an exclusion list for high-emission activities, primarily assessed through Life Cycle Assessments (LCAs) conducted during due diligence. It also evaluated whether target companies had emissions monitoring systems in place as part of its initial screening. **Post-investment:** IRC supported portfolio companies in developing emission quantification systems where needed. Once a company reaches steady-state production, a full LCA is expected. Quarterly emissions monitoring was maintained across the portfolio, providing early insight into emissions trends. IRC also conducted market analysis and tracked changes in investee policies related to emissions. While IRC explored setting maximum emission thresholds, this was deferred until companies reach full-scale production. In the meantime, emissions are

						assessed in relation to facility design capacity, with long-term emissions reduction integrated as a core fund objective. IRC also offset fund-level emissions in 2024. **Benchmarks:** IRC researched potential benchmarks for GHG performance in advanced recycling but found no reliable industry standards. The LCA continues to be the most appropriate tool for assessing and comparing emissions performance within the portfolio.
	2. Carbon footprint	Carbon footprint	5,4 tonnes/million EUR	5,1 tonnes /million EUR	IRC's carbon footprint increased in 2024, rising from 5,1 to 5,4 tonnes of CO_2e per EUR 1 million of enterprise value. This increase is primarily due to a rise in reported emissions across the portfolio, driven by several investee companies entering the steady-state production phase. This operational scaling involved higher energy consumption and direct process emissions, especially in companies transitioning from pilot to commercial activity. The increase also reflects portfolio growth (see Summary), with more companies reporting GHG emissions, including one company	IRC addressed this rise in carbon footprint by continuing to implement the same emissions-related actions described under the total GHG emissions indicator (See above). IRC will continue using LCAs as the primary tool to evaluate carbon intensity across its portfolio, particularly in the absence of reliable benchmarks for advanced recycling.

					reporting Scope 3 for the first time. While IRC's total capital invested also increased, reported emissions grew at a faster rate, resulting in a higher carbon intensity per unit invested.	
	3. GHG intensity of investee companies	GHG intensity of investee companies	Not relevant yet – see explanation	Not relevant yet – see explanation	This indicator is currently not applicable, as the vast majority of companies in the IRC portfolio are pre-revenue and therefore do not generate meaningful turnover against which to calculate emissions intensity. One company generating revenue was added to the portfolio at the end of Q3 2024; however, its inclusion does not materially affect the indicator for this reporting period. As such, the GHG intensity of investee companies cannot be reliably assessed at this stage.	As 14% of portfolio companies (by count), representing approximately 30% of NAV, are now approaching steady-state production, IRC expects revenue generation to begin in the near term. The fund plans to begin reporting on this indicator in the next reporting cycle, once a representative subset of the portfolio reaches commercial operations.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	IRC does not invest in companies active in the fossil fuel sector. This is ensured through the application of a formal exclusion list, which explicitly prohibits investments in businesses engaged in the exploration, extraction, production, or distribution of fossil fuels.	IRC continues to apply and fully comply with its exclusion list during the pre-investment due diligence phase. The exclusion criteria are systematically assessed and enforced as part of the IRC investment decision-making process.
	5. Share of non-renewable energy consumption	Share of non-renewable energy consumption and non-renewable energy production of	60%	70%	In 2024, the share of non-renewable energy consumption across the portfolio decreased from 70% to 60%. This improvement is primarily the	IRC considers energy mix as a key screening criterion in its investment decisions and continues to engage with portfolio

	and production	investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources			result of a new investment in a company that relies predominantly on renewable energy sources. While this shift reflects a change in portfolio composition rather than operational transitions within existing companies, it demonstrates IRC's strategic intent to support cleaner energy profiles through investment decisions. **Sector context:** Chemical recycling processes—particularly those involving pyrolysis—are inherently energy-intensive and often require continuous, high-temperature operations. In early-stage companies, energy sourcing decisions are typically based on cost, availability, and existing infrastructure rather than emissions profiles. As these companies mature, there is greater opportunity to transition to renewable sources. IRC's investment strategy prioritizes companies with the potential to scale clean energy use as part of their long-term operations.	companies on opportunities to reduce reliance on non-renewable sources. While changes at the operational level remain challenging at this stage, IRC encourages progress through ongoing dialogue, strategic planning, and, where feasible, the alignment of management incentives with renewable energy adoption goals.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Not relevant yet – see explanation	Not relevant yet – see explanation	This indicator is not currently applicable, as as the vast majority of companies in the IRC portfolio are pre-revenue and therefore do not generate meaningful turnover against which to calculate emissions intensity. One company generating revenue was added to	With 14% of the portfolio (by count), representing approximately 30% of NAV, approaching steady-state production, IRC expects additional companies to begin generating revenue in the

					the portfolio at the end of Q3 2024; however, its inclusion does not materially affect the indicator for this reporting period. As a result, energy consumption intensity per unit of revenue cannot be meaningfully calculated for this reporting period. **Sector context:** All portfolio companies operate within the advanced recycling sector — an innovative field focused on the chemical and molecular recycling of plastics. As no dedicated sector classification currently exists for advanced recycling, these companies are typically compared to the waste management sector, which is classified as a "high impact climate sector" under the SFDR. These activities typically require significant energy input, especially during early-stage development and scale-up. However, in the absence of revenue data, it is not yet possible to calculate energy intensity metrics.	coming reporting cycle. Once this occurs, IRC will report on energy consumption intensity, beginning with the companies that reach commercial operations first. In the meantime, IRC continues to monitor energy use through quarterly emissions tracking and includes energy efficiency in its ongoing portfolio engagement.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%	One portfolio company is located near a designated biodiversity-sensitive area. As part of its environmental permitting process, the company conducted an extensive impact assessment to demonstrate that its activities do not harm the protected ecosystem. No adverse impacts have been identified to date.	Biodiversity-related risks are assessed during the due diligence process, including the proximity of proposed operations to protected or sensitive areas. IRC requires investee companies to comply with all relevant

					Aside from this case, none of the other portfolio companies operate in or near biodiversity-sensitive areas, and no activities have been identified as negatively affecting such areas. **Sector context:** IRC invests exclusively in advanced recycling technologies, where biodiversity risks are generally low and mostly limited to the facility level. Most portfolio companies lease their operating sites, which reduces their direct control over land management. Sensitive local ecosystems, where relevant, are typically managed by third parties such as landowners, municipalities, or national institutions like OD NZKG.	environmental permitting requirements. Biodiversity and water considerations are integrated into the due diligence questionnaire, and investee companies are engaged in ongoing discussions to ensure their activities do not adversely affect local ecosystems. If material risks or controversies arise, IRC escalates the issue to the Impact Committee. Unresolved issues may result in enhanced monitoring or, where necessary, divestment.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0 tonnes	0 tonnes	There was no change from the previous year. None of the portfolio companies reported direct emissions to water in 2024. **Sector context:** As IRC invests exclusively in advanced recycling technologies, water-related risks—particularly those linked to wastewater—are generally low and assessed at the facility level. Most portfolio companies lease their operational sites, and wastewater treatment is typically outsourced to licensed third-party providers operating under local regulatory	Water management and wastewater disposal are integrated into IRC's due diligence process. Where relevant, IRC ensures companies obtain the necessary permits and approvals for wastewater discharge and safe disposal. For example, one portfolio company was required to carry out further environmental assessments and secure regulatory clearance before implementing its wastewater plans.

					frameworks. In some cases, companies do not generate wastewater at all, making this indicator less relevant in those contexts.	These risks are monitored through IRC's ESG questionnaire and through regular engagement with investee companies. If wastewater-related concerns arise and are not resolved, IRC's Impact Committee may escalate engagement or consider divestment if needed.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1,4 tonnes/million EUR	0,4 tonnes/million EUR	In 2024, IRC observed an increase of 1 tonnes/million EUR of hazardous waste generated across the portfolio. This rise is primarily attributable to a new investment made during the reporting year. The company in question produces higher levels of hazardous waste than others in the portfolio, leading to a noticeable impact on the portfolio-level indicator. **Sector context:** In advanced recycling, the generation of hazardous waste may be associated with industrial processes such as chemical pre-treatment, solvents, and by-products of plastic depolymerization. While some hazardous waste is unavoidable, it is typically well-regulated and managed under national environmental laws and licensing regimes. IRC's companies are subject to these rules and typically	IRC ensures that all investee companies comply with local regulations governing hazardous waste handling, treatment, and disposal. While IRC has limited control as a minority investor, it engages actively with portfolio companies to monitor waste volumes and promote waste minimization strategies where feasible. Going forward, IRC will work more closely with companies generating higher volumes of hazardous waste to identify opportunities for reduction.

					contract licensed third-party providers for disposal.	
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	No portfolio company was identified as having violated the UNGC Principles or OECD Guidelines in 2024. This reflects continuity with the previous reporting period. **Sector context:** The majority of IRC's portfolio companies are based in Europe and are therefore subject to robust labour, governance, and compliance frameworks. These jurisdictions provide a high baseline of legal and regulatory protections for workers and other stakeholders, reducing the likelihood of major breaches.	IRC applies the UNGC Principles and OECD Guidelines as benchmarks for assessing investee conduct. These standards are embedded into IRC's due diligence and monitoring framework. If potential breaches are identified pre-investment, IRC integrates relevant risks into the company's action and mitigation plan. This plan is then tracked through regular engagement. Should engagement fail to achieve the necessary behavioural change, the IRC Impact Committee may escalate the issue, with divestment considered as a final step.
	11. Lack of processes and compliance mechanisms to monitor	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or	100%	80%	The increase from 80% in 2023 to 100% in 2024 does not reflect a change in company-level practices — in both years, all companies lacked formal processes to monitor compliance with the	To address governance gaps, IRC advises companies to establish an Internal ESG Committee or appoints a sustainability contact

	compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises			UNGC and OECD Guidelines. The difference arises from the look-through and netting methodology applied at the entity level to avoid double-counting exposures to the same investee company held via multiple funds. In 2023, this netted exposure represented 80% of the total portfolio. In 2024, all investments were ultimately allocated to companies lacking these processes, and no netting adjustments reduced exposure, resulting in a 100% value **Sector context:** IRC invests exclusively in early-stage companies in the advanced recycling sector. These companies often do not yet have formalized governance structures in place at the time of investment. As a result, IRC takes an active role in helping to define and implement ESG practices during the growth phase.	person at each portfolio company. IRC also works with management to develop an ESG & Impact Action Plan, which is tracked over time. If a portfolio company is found to lack adequate governance procedures, IRC's Impact Committee may intervene by requiring the company to adopt relevant standards and align with best practices.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	10%	10%	In both 2023 and 2024, the unadjusted gender pay gap across IRC's portfolio stood at 10%. While there was no year-on-year change, the result reflects structural gender imbalances in the advanced recycling and industrial technology sectors.The current figura remains influenced by portfolio companies operating in male-dominated , engineering-heavy fields, where lower female representation—particularly in	IRC engages proactively with portfolio companies on gender pay disparity and broader diversity and inclusion goals. This includes highlighting pay gap data during engagement discussions and encouraging companies to: • Track and disclose gender-

					leadership and technical roles—contributes to persistent unadjusted pay gaps. **Sector context:** Gender diversity is a known structural challenge in industrial and deep tech sectors. Many early-stage companies operate in engineering-heavy fields with historically low female representation, particularly in leadership and technical roles. This results in wider pay gaps when calculated on an unadjusted basis, even in the absence of intentional discrimination.	disaggregated salary and representation data; • Set internal goals for female representation in management and technical roles; • Link diversity outcomes to governance or incentive mechanisms where appropriate. As a minority investor, IRC cannot impose structural changes directly but will continue to use its influence to push for improvements. A key focus will be to work with companies approaching steady-state production, where governance structures and hiring expand and can be more intentionally shaped.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	10%	0%	In 2024, IRC observed an increase in the average ratio of women to men on portfolio company boards, rising from 0% to 10%. This change is primarily the result of one new investment in a company that had diverse board structures in place at the time of investment. These	IRC consistently encourages its portfolio companies to strengthen gender diversity at both board and management levels. This message is reinforced through due diligence, the ESG action

					companies reflect a stronger baseline commitment to gender-inclusive governance. **Sector context:** Board diversity remains a challenge in the advanced recycling and industrial sectors, where leadership teams have traditionally lacked female representation. IRC views gender-balanced governance as a key driver of long-term business performance and resilience, particularly as companies scale.	plan, and ongoing engagement. The improvement in 2024 demonstrates the impact of intentional investment choices and dialogue with company leadership. Going forward, IRC will continue advocating for inclusive board structures and aims to raise the portfolio-wide average further in the next reporting cycle.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	IRC does not invest in companies involved in the manufacture or sale of controversial weapons.	IRC enforces its exclusion list during the screening and due diligence process, ensuring that any company involved in controversial weapons is excluded from investment consideration.
Indicators applicable to investments in sovereigns and supranationals						
The fund does not invest in sovereigns or supranationals. This section is not applicable.						
Indicators applicable to investments in real estate assets						
The fund does not invest in real estate assets. This section is not applicable.						

Other indicators for principal adverse impacts on sustainability factors

Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	90%	80%	In 2024, 90% of IRC's portfolio companies did not have carbon emission reduction initiatives aimed at aligning with the Paris Agreement, compared to 80% in 2023. This increase reflects new investments in early-stage companies that, while pursuing individual climate-related efforts, do not yet have formal or structured initiatives that meet the criteria for alignment with the Paris Agreement **Why this indicator was selected:** IRC's mission to scale chemical recycling solutions is inherently aligned with long-term climate goals. However, early-stage companies may lack formal carbon reduction initiatives in their initial growth phases. This indicator helps IRC assess which investees are already engaging in carbon planning and where additional support is needed.	IRC engages with all portfolio companies to evaluate whether formal carbon reduction measures are in place and encourages the development of tailored strategies as companies mature. This includes: • Identifying emissions hotspots during the transition to steady-state production; • Promoting the use of Life Cycle Assessments (LCAs) as a tool to inform decarbonization planning; • Favouring future investments in companies with climate-conscious operational strategies.

						As more portfolio companies stabilize operations, IRC expects this indicator to continue trending downward.
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	0,00%	0,00%	There was no change from the previous year. All companies in the portfolio either had workplace accident prevention or health and safety policies in place at the time of investment, or agreed to implement such policies as a precondition for IRC's investment. **Why this indicator was selected:** IRC invests in companies performing complex industrial processes with inherent risks to employee safety. Ensuring proper health and safety management is essential in mitigating operational and reputational risk, particularly in early-stage, scaling companies. This indicator is material to IRC's strategy and impact goals.	IRC screens for workplace accident prevention and health and safety policies during the pre-investment due diligence phase. Companies lacking such procedures must commit to implementing them prior to closing the investment. Ongoing compliance is monitored through regular engagement and ESG performance reviews.
Any other adverse impacts: IRC has not identified or assessed any additional adverse impacts on sustainability factors beyond those disclosed in Tables 1 and the selected indicators from Tables 2 and 3. No further indicators have been deemed material for the reference period.						

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

1. Policy Approval and Review Process

The policy for identifying and prioritising principal adverse impacts on sustainability factors is integrated into IRC's Sustainable Investment Policy ("SI Policy"). The policy was last approved by the General Partners of IRC's funds on **31st March 2024**. It is reviewed at least annually and updated where necessary to reflect changes in sustainability regulation, best practice, or IRC's investment focus. The policy was reviewed in 2024, and no material changes were made compared to the previous reporting period.

2. Organisational Responsibilities

The responsibility for applying this policy is allocated across several governance functions. The General Partners of the funds are ultimately accountable for implementation. Day-to-day coordination and analysis are led by the Head of Impact, with oversight and support from the Impact Committee. This committee advises on the selection of relevant indicators and on integrating findings into the investment decision-making process. The Limited Partner Advisory Committee (LPAC) provides an additional channel for oversight on sustainability-related matters.

3. Methodologies for Identifying and Prioritising Impacts

IRC identifies principal adverse impacts at multiple stages of the investment process using distinct tools for both the pre-investment and holding phases.

During **pre-investment** (due diligence), IRC uses:

- ESG & Impact Questionnaire completed during due diligence;
- Life Cycle Assessments (LCA) to assess environmental impacts of technologies;
- Desk research, including the Sustainability Standards Board (SASB), and third-party data analysis;
- In-depth review of Data Room documentation and operational information;
- Interviews with management and (where possible) site visits.

During the **holding phase**, IRC continues to monitor and reassess impacts through:

- The Impact & ESG Tool, which tracks performance against selected KPIs and action plans;
- The Sustainable Risk Assessment Tool, which evaluates potential ESG-related risks at company and fund level;
- Periodically meetings with each portfolio company to discuss operational updates, ESG performance, and any emerging adverse impacts.

Across both phases, IRC uses these tools to identify adverse impacts that are currently present or could reasonably be expected to materialise. Impacts are prioritised based on their expected probability of occurrence, severity, and potential irreversibility. Higher priority is assigned to systemic or long-term risks that could materially affect people or the environment.

The selected PAIs are documented in internal review materials and, where appropriate, reflected in either ESG & Impact Action Plans or investment documentation (e.g. Shareholder Agreements) as needed.

4. Margin of Error

Where data is incomplete or unavailable, IRC applies best-effort estimates based on peer benchmarks, publicly available proxies, or technical assessments. IRC recognises that these estimates may include a margin of error, which varies depending on the data source, sector, and company maturity. These limitations are disclosed to investors alongside the methodology used.

5. Data Sources

IRC relies on a combination of internal and external data sources, including:

- Company-provided documentation and data;
- Responses to the ESG & Impact Questionnaire;

- Public reports and third-party research;
- Benchmarking tools and proxy data where direct information is unavailable.

The underlying data is primarily provided by the portfolio companies. IRC performs sample checks for internal consistency and plausibility; however, the fund does not independently verify all data and does not assume responsibility for possible inaccuracies. No third-party audit or external assurance has been conducted on the reported data to date.

When direct data is not available, proxy sources are used with clear documentation and justification. In all cases, IRC aims to ensure that assessments are made on a transparent and best-efforts basis.

Engagement policies

As IRC is not an institutional investor, Article 3g of Directive 2007/36/EC of the European Parliament and of the Council does not apply to Infinity Recycling. However, Infinity Recycling maintains a constructive engagement approach with its portfolio companies regarding sustainability practices. Engagement is embedded in the Sustainable Investment Policy and has remained consistent across reporting periods. No material changes were made in 2024.

This approach entails:

- Active and continuous engagement with portfolio companies to ensure adherence to IRC's ESG & Impact requirements and the adoption of better practices. This is carried out through ESG performance monitoring and, where appropriate, collaboration with other investors;
- Encouraging companies to establish ESG & Impact subcommittees and monitor relevant KPIs;
- Periodic assessment of progress on principal adverse impacts. If insufficient improvement is observed, IRC may escalate through revised engagement strategies or, in serious cases, consider disinvestment upon recommendation of the Impact Committee.

Further details are outlined in IRC's Sustainable Investment Policy.

References to international standards

IRC adheres to several collective commitments, responsible business conduct codes, and internationally agreed sustainability standards, including the **UN Global Compact Principles**, the **OECD Guidelines for Multinational Enterprises**, and the **UN Guiding Principles on Business and Human Rights**. IRC is also a signatory to the **UN Principles for Responsible Investment (PRI)** and uses the **UN Sustainable Development Goals (SDGs)** as a reference framework. These are integrated into the Sustainable Investment Policy (SI Policy) and guide its investment due diligence and engagement practices. Once portfolio companies have reached a steady state of production, IRC will refer to the objectives of the Paris Agreement to define appropriate decarbonisation pathways. IRC'S alignment with these international frameworks have remained consistent during the 2024 reporting year and no material changes were made.

1. Indicators used to measure adherence and alignment

IRC considers the following principal adverse impact indicators (PAIs) as key metrics to assess its alignment with responsible business conduct codes and international standards:

- **GHG emissions and energy use**: PAIs #1–6
- **Hazardous waste and environmental pollution**: PAI #8 and #9

- **Social safeguards and labour practices**: PAIs #10–11
- **Gender-related metrics**: PAIs #12–13
- **Optional indicators**: such as carbon reduction initiatives and workplace accident prevention policies

These indicators are selected based on their material relevance to IRC's sector focus and are used to assess portfolio companies' alignment with international frameworks including the OECD Guidelines, UNGPs on Business and Human Rights, and the SDGs. IRC focuses on the SDGs where it can exert meaningful influence as a minority investor. These include SDGs 5, 8, 9, 11, 12, and 13.

2. Methodology and data sources

IRC aims for the highest level of reporting while adhering to recognised frameworks including the UNPRI, SASB, the SFDR, and the EU Taxonomy. IRC evaluates alignment using a combination of company-reported data (via ESG & Impact Questionnaires, board documentation, and direct dialogue), third-party ESG research and regulatory screening tools, Life Cycle Assessments (LCAs) and sector benchmarks for GHG and circularity metrics, and internal assessments of company policies (e.g. health & safety, diversity, climate initiatives). IRC applies a look-through methodology to attribute impacts to the ultimate investee companies, including where portfolio exposure occurs via intermediary fund structures. To avoid inflating impact, overlapping exposures to the same investee companies are netted at the company level, ensuring each company's adverse impact is only counted once in entity-level indicators. Coverage includes 100% of the portfolio, with best-efforts made to address gaps where reporting is limited. Methodologies vary by indicator but are guided by alignment with sector materiality and long-term environmental and social impact potential. Forecasting of future alignment (e.g. decarbonisation potential) is based on the company's stated strategies, technology characteristics, and operational plans. One portfolio company went bankrupt in September 2024. This company was at an early stage of development and had not yet implemented processes to track environmental and social KPIs; consequently, no environmental and social data is reported for this company for the reporting period January to September 2024. More information on IRC's adherence to international standards can be found in its Sustainable Investment Policy (SI Policy), particularly in Chapter 2.1 (Regulations and Standards) and Chapter 4 (Collaborations).

3. Use of forward-looking climate scenarios

IRC applies a forward-looking view on climate alignment by evaluating the potential for portfolio companies to contribute to net-zero transitions through plastic-to-chemical and circular economy technologies. While IRC does not currently use a third-party scenario provider, it considers company-level emissions reduction potential in relation to the goals of the Paris Agreement and European decarbonisation targets. IRC estimates its portfolio could deliver approximately 70% GHG reductions compared to fossil-based production and more than 0.5 million tonnes of avoided CO_2 emissions during the IRC lifetime.

4. Explanation in the absence of a formal scenario

IRC has not adopted a formal, third-party forward-looking climate scenario to model portfolio-wide alignment. This is due to the early-stage nature of the portfolio and the technology-specific character of each company. However, IRC assesses alignment on a case-by-case basis using company data, LCA results, and alignment with SDG 13 and the objectives of the Paris Agreement.

Historical comparison

This is IRC's third annual PAI disclosure and covers the 2024 reporting year. The comparison presented here reflects changes observed relative to 2023. While two years of historical data is available at this stage, IRC will continue to build its time series reporting in line with Article 10 over subsequent years.

1. Volatility of indicators

Given the small size of IRC's aggregated portfolio across its three funds, the addition of a single new investment can meaningfully affect several PAI indicators. Such fluctuations are expected at this stage. However, the 2024 selection process intentionally prioritised companies with existing sustainability practices, with the aim of setting a positive example for other investees.

2. Data quality and reporting improvements

Several companies in the portfolio improved their reporting practices in 2024, particularly on Scope 3 emissions and energy use. These improvements do not necessarily reflect actual increases in negative impact, but rather an enhanced ability to identify and disclose information that may previously have gone unreported. IRC anticipates that as reporting standards mature, further changes in disclosed indicators may occur without corresponding shifts in real-world outcomes.

3. Transition to steady-state operations

An increasing number of portfolio companies are approaching steady-state production. This is a key inflection point at which companies achieve operational efficiency and are better positioned to deliver measurable environmental performance. As expected, this transition is associated with a short-term rise in emissions (e.g. Scope 1 and 2), which IRC monitors closely. IRC is working with these companies to implement carbon reduction plans as they stabilise operations.

4. Evolution of energy mix

IRC considers energy mix a key lever for reducing emissions across its portfolio. In 2024, improvements were observed in this area, both through the onboarding of companies already sourcing renewable energy and through targeted engagement with existing investees. IRC will continue to support the transition away from non-renewable sources as part of its long-term decarbonisation strategy.

5. Methodological consistency and use of insights

No material changes were made to the methodology, data sources, or scope of PAI calculations between 2023 and 2024. PAI trends are reviewed internally by IRC's Impact Committee and are used to inform engagement priorities, adjust ESG data requests, and guide ongoing sustainability conversations with portfolio companies.