Website Disclosure Circular Plastics Fund I, Circular Rotterdam and Circular Cleveland

Summary

The Circular Plastics Fund, Circular Rotterdam and Circular Cleveland (respectively "CPF", "CR" and "CC" jointly "Funds"), the funds managed by Infinity Recycling B.V. ("Infinity Recycling" or "IRC"), are Article 9 Funds under the Sustainable Finance Disclosures Regulation ("SFDR"). The Funds consider principal adverse impacts of their investment decisions on sustainability factors ("Principal Adverse Impacts") as part of their investment and decision-making process. CR was launched in 2023 as a co-investment vehicle targeting exclusively the investment in Pryme Cleantech. CC was launched in 2024 as a co-investment vehicle targeting exclusively the investment in Alterra. CR and CC rely on the governance structure / bodies implemented at Circular Plastics Fund level - including, but not limited to, the Impact Committee and the LPAC. Given the shared investment in Pryme Cleantech and indirect ownership in Alterra, the shared governance bodies and the same investment strategy and targets, no separate website disclosure has been drafted to avoid redundancy.

CPF's strategy to mitigate the principal adverse impacts of its activities is mostly focused on supervision by the sustainability officer appointed by Infinity Recycling's management, currently represented by the Head of Impact, and by means of diverse approaches. Among others:

1. *Engagement process*

   Engagement consists of closer monitoring and interaction between IRC's Head of Impact and the sustainability representative of the portfolio company. It is a possibility that IRC obtains a seat in the supervisory board of portfolio companies. Head of Impact meets periodically with CPF's Impact Committee and receives periodic advice.

2. *Periodically monitoring*

   For each portfolio company, mitigation and/or action plans, including timelines and targets whenever applicable ("ESG & Impact Action Plan")is formulated on which metrics the portfolio company should increase reporting efforts. In addition, all PASI metrics are monitored and evaluated periodically.

3. *Policy and Good Governance Establishment*

   The investees, under IRC's guidance, will establish and monitor sustainability policies, adhering to international standards and market practices.

CPF strives to improve the sustainability reporting capacity of its investees and make them aware of any material impacts related to their industry.

If Principal Adverse Impacts-related data are missing or any relevant risks / "red flags" are identified during the due diligence phase of the investment process, CPF will define the ESG & Impact Action Plan. The ESG & Impact Action Plan is communicated to the potential investee, used in the deal negotiations and becomes an integral part of the monitoring activities. Along with the appointment of a sustainability representative at the portfolio company, CPF periodically conducts

assessment of the portfolio companies' sustainability data and make recommendations on which metrics to improve.

The Principal Adverse Impact Statement covers the reference period from 1 January 2023 to 31 December 2023 and discloses the indicators for adverse impacts of Table 1 and selected indicators of Table 2 and 3 of Annex I of the SFDR Delegated Act.

No significant harm to the sustainable investment objective

The Funds are managed by Infinity Recycling, an organization committed to analyse each potential investment through an integrated logic, considering impact related factors from formation of investment strategy through to acquisition, analysis, management, development and divestment of its investments. To guarantee that the Fund's investments will not significantly harm any other sustainability factors, the Fund acknowledges and commits to follow IRC's Sustainable Investment policy ("SI policy"), which provides guidelines for integration of sustainability matters on both pre-investment phase and holding period.

Furthermore, the Fund includes in its investment process the consideration of positive and negative contributions to the following SDGs: 5 – Gender Equality, 9 – Industry, Innovation and Infrastructure and 13 – Climate Action, specifically by:

- Analysing potential investments according to the results of a lifecycle analysis ("LCA") conducted by an external expert;
- Including impact -related information requests in the due diligence phase; and
- Monitoring the Principal Adverse Sustainability Indicators of its investments in order to keep track of the overall efficiencies and impacts of the invested technologies.

The Principal Adverse Sustainability Indicators are taken into account during the entire investment process, they have been selected and identified according to several methodologies focused on the impacts of advanced recycling technologies which currently materialize or may possibly materialize over time in relation to the investment. IRC strives to improve the sustainability reporting capacity of its investees and make them aware of any material impacts related to their industry.

If Principal Adverse Impacts-related data are missing or any relevant risks / "red flags" are identified during the due diligence phase of the investment process, IRC defines mitigation and/or action plans, including timelines and targets whenever applicable. The ESG & Impact Action Plan is communicated to the potential investee and used in the deal negotiations. The ESG & Impact Action Plan becomes an integral part of the monitoring activities and helps drive the investee's activities. Along with the appointment of a sustainability representative at the investee, IRC conducts periodically an assessment of the investee's sustainability data and make recommendations on which metrics to improve and actions to undertake.

Unless justified by external contingencies, the investees are expected to put their utmost efforts to achieve noticeable progress throughout the holding period. In the case the investee does not implement effective actions, IRC might impose sanctions, and, in most serious situations, possibly adopt disinvestment measures.

For more information on the Fund's integrated investment process please check IRC's Sustainable Investment ("SI") Policy and on the actions taken by the Fund to prevent principal adverse impacts of its investments on the Principal Adverse Impact Statement.

The Fund evaluates potential investees for compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This assessment includes identifying and addressing any potential breaches in a pre-investment action and mitigation plan. This plan serves as a basis for monitoring and periodic engagement between the Fund and its investees. The risks in social and employee matters are mitigated by the fact that the majority of investees are located in Europe, and therefore subjected to an exhaustive suite of minimum labour standards.

Sustainable Investment Objective

CPF was established to bring a return-driven approach to sustainable investing. As explained in the Impact Strategy, the impact goals are represented, among others, by *(i)* converting waste to commodities, *(ii)* developing a recycled feedstock by investing in advanced recycling technologies and *(iii)* connecting the value chain while promoting a circular plastic economy to ultimately create markets for end-of-life waste streams. By securing suitable waste streams and managing marketing of output through pricing options and structuring steady and scaled offtake contracts, IRC's goal is to bring the referred return driven approach to sustainability. By transforming waste into chemical feedstock, the Fund contributes to the solution of the plastic pollution crisis and, therefore, further enables the transition towards a profitable circular economy.

The sustainable objective of the Fund is measured against sustainability indicators and assessed in the context of the SDG 12 – Responsible Consumption and Production. The Fund continuously measures and monitors the extent of its respective contribution to SDG target 12.5.

Investment Strategy

The Fund's portfolio construction strategy is guided by optimizing the utilization of available waste streams and ensuring access to major petrochemical facilities to enhance operational efficiency and accelerate scale up.

The Fund was created to achieve environmental objectives followed by financial returns. Consequently, it adopts an integrated investment strategy that sets financial return goals alongside sustainability performance. The Fund's goal is to generate value by investing in advanced recycling companies which convert end of life plastics into virgin grade commodities. The Fund offers investors a differentiated opportunity to generate attractive returns whilst directly contributing to the reduction of the plastic waste burden on the environment. IRC is implementing the Fund's strategy by identifying companies with proven and scalable advanced recycling technologies, investing in them through value protective structures, working closely with management to accelerate the scaling up of the business and develop attractive exit opportunities.

The strategy is underpinned by a sophisticated ESG & Impact assessment and management system embedded within the full investment cycle. IRC works closely with the investees of its funds to implement and improve their ESG & Impact profile, policies and management systems.

Before investing, the Fund obtains an LCA analysis for the target company. If the LCA analysis is unfavourable and the technological solution does not generate a significant impact and/or reduction in GHG emissions, Infinity Recycling will not proceed with the investment unless mitigation actions can be implemented.

In addition, prospective investments are expected, during the holding period, to have Climate Risk Vulnerability Assessment and Environmental Impact Assessment as bottom line, along with a pollution control guide, in their impact assessment suite~~.~~

In order to guarantee that the strategy is implemented in the investment process on a continuous basis, the responsibility for the implementation of the policies into the investment strategy and process is ultimately allocated to the general partners of CPF.

Accountability and guidance are further established by means of a governance framework that has the objective of both *(i)* protecting and advancing the interests of the limited partners of the Fund and *(ii)* assuring compliance with all legal and regulatory requirements applicable the Fund's activities.

By monitoring and ensuring the selection of appropriate sustainability metrics, the Impact Committee of the Fund further assists the Investment Committee in overseeing investments, while the Limited Partners Advisory Committee ("LPAC") of CPF serves as further sustainability governance. For more information on the Funds integrated investment process please check IRC's SI Policy.

Proportion investments

The Fund aims to make investments in 10-14 companies working with waste valorisation technologies that convert end of life plastic waste into virgin grade commodities, and it will use 100% of its committed capital to achieve that goal.

Since waste valorisation technologies are directly related to the achievement of the Sustainable Objective, and the Fund will take action to guarantee its investments will not significantly harm any other environmental and social objective, the minimum share is equivalent to 100%.

Monitoring of sustainable investment objective

The sustainability indicators selected in light of the Fund's sustainable objective and the binding elements (including targets) of the funds' investment strategy.

Once the investment is closed, the Fund might appoint a representative on the board of directors / supervisory board of the portfolio company from amongst the Managing Partners and the Head of Investments. The professional who sits on the board is also responsible for leading the monitoring of the investment. The Fund also has formal information rights as part of the shareholder's agreement, which include but are not limited to receiving monthly management accounts and operational updates, board information packs, quarterly ESG & Impact key performance indicators and the annual unaudited accounts. Infinity Recycling also requires that portfolio companies undertake relevant impact/ESG obligations which are set out in the investment agreement. Progress on these is also reported within the periodical updates.

During the initial period after the investment, IRC is in frequent contact with portfolio companies management to oversee the work towards any short-term targets set in the pre-investment agreement.

Methodologies

IRC's team is determined to deliver long term, sustainable investment performance and reach their sustainable investment objective. As such, ongoing identification, analysis and management of sustainability risks and opportunities is undertaken as part of the active portfolio management of IRC's investments. Any gaps and risks identified in the monitoring phase shall be followed up with management and further incorporated in the ESG & Impact Action Plan as control measure. Also, IRC can decide to disinvest as ultimate remedy.

For instance the Technical Screening Criteria for recycling technologies under the EU Taxonomy regulation are not published yet and the investment value could decrease if unforeseen stricter screening criteria (or other legislation) are introduced for companies using such technologies. Hence, IRC might run the risk that it cannot meet its sustainable commitments and as a result held accountable in court by its investors for not meeting these commitments.

As each company of each fund is assessed on a case-by-case basis taking into account material risks in this industry in combination with the company's ESG risk exposure practices and disclosures, and IRC engages with its investments companies intensively, IRC is of the opinion that if there is an indication of activities not in line with upcoming legislation IRC is capable to respond to these risks timely.

CPF has selected and will monitor certain indicators ("Sustainability Indicators"), aimed at measuring the attainment to its Sustainable Objective. Specifically:

i. The amount of investees' spending in research and development
ii. The realized process capacity of each of the investees' plants and the process capacity enabled by the funds' investment
iii. Zero involvement in activities stated in the International Finance Corporation Exclusion List
iv. PAI indicators are also used as sustainability indicators to measure the attainment of the impact of the sustainable investments

The Fund's attainment to the Sustainable Objective is also assessed in the context of the SDG 12 – Responsible Consumption and Production. SDG target 12.5 is to substantially reduce waste generation through prevention, reduction, recycling, and reuse by 2030.

In addition to the above CPF also uses the SASB materiality matrix to identify other/additional sustainability risks that could have an impact on the funds. This tool is used in parallel to Infinity Recycling's SI policy to ensure market-based data are taken into consideration as well.

By integrating sustainability risks in the investment decisions and taking measures such as engagement and disinvestment IRC expects the likely impacts of sustainability risks on the return of the funds to be medium to low.

These risks highlight the importance of implementing sustainable practices and policies to ensure that development is equitable, resilient, and supports a prosperous future for all people and the planet. In addition, it is important to acknowledge that the above mentioned are only examples of sustainability risk and do not solely determine the risk profile of the investment. The relevance, severity, materiality and time horizon of these factors can differ significantly by investment.

As a minimum standard, IRC identifies and mitigates principal adverse impact by not investing in companies that are involved in activities with a high occurrence of adverse impact (e.g. controversial weapons) and/or that breach the UN Guiding Principles and OECD Guidelines for Multinational Enterprises. If the latter is the case, companies are directly excluded from the investment universe. Within the investment process, Principal Adverse Impacts are identified and selected by the following, earlier mentioned, methodologies:

- ESG & Impact Questionnaire with Red Flag identification;
- Life Cycle Assessment ("LCA") analysis;
- Desk research on company data;
- Extensive review of (Virtual) Data Room documentation and follow-up assessment if needed;
- Site visits; and
- Interviews with management and key staff of the target company.

These methodologies identify Principal Adverse Impacts which currently materialize or may possibly materialize over time in relation to the investment, also taking into consideration its severity and potential irremediable character.

Further prioritization of the Principal Adverse Impacts occurs through documenting, reviewing and discussing all issues and risks in regard to sustainability matters. This process is carried out by the Investment Committee of CPF, which assesses the Principal Adverse Impacts in the due diligence phase, prior to the agreement. The Principal Adverse Impacts are incorporated in the preliminary ESG & Impact Action Plan determined for the target company, so that they are mitigated.

Data sources and processing

The Fund collects, via direct engagement, regular information from all portfolio companies on their positive impacts, GHG footprints and other relevant ESG & Impact metrics both quantitative and qualitative.

The data are collected via the ESG & Impact Questionnaire within the investment process and originates from target/portfolio companies. Any additional data source ranges from the internal datasets of the investee companies, interviews with employees and management, to publicly available information found on the internet. In the holding period, the data are collected via direct engagement with the portfolio companies on quarterly basis.

Limitations to Methodologies and Data

Currently, CPF is actively searching data services to further solidify current data collection efforts. Once all data have been aggregated into the Principal Adverse Impact Statement, the Impact Committee will further ensure data quality and process the information.

If complete, reliable and timely data cannot be obtained, CPF will make assessments and estimates on the basis of information from other sources. CPF will disclose such assessments and estimates and the reasons for having to make such complementary assessments and estimates to end investors.

Data and methodological limitations relevant to CPF's operations and impact oversight are not unique to the fund, but represent common challenges for measuring, interpreting and reporting ESG & Impact relevant information. These limitations do not affect the attainment of the sustainable investment objective of the Fund, given the processing efforts and continuous engagement of CPF.

Due diligence

IRC incorporates an investment process for its funds that is spread across six consecutive phases: Origination, Screening, Due Diligence, Execution, Monitoring and Exit.

During the full due diligence stage, CPF completes its assessment of the target company and works with external consultants to manage their efficient engagement and ensure they cover the areas they were mandated for.

Based on the full due diligence findings the team also *(i)* completes the valuation of the business, *(ii)* finalises the business plan and sets short and long-term post-investment targets (i.e. financial and non-financial related) and *(iii)* develops an exit plan including target exit year and valuation as well as most likely exit route.

The due diligence findings and the metrics from the valuation form the basis for discussions with the target company (management and shareholders) and potential co-investors regarding the structure of the deal and, if applicable, red flags are raised on relevant topics based on the probability of occurrence and the severity of the referred topics, including their potentially irremediable character (“Red Flags”).

If Principal Adverse Impacts-related data are missing or any important risks or “red flags” are identified during the due diligence phase of the investment process, CPF defines mitigation and/or action plans, including timelines and targets whenever applicable. The ESG & Impact Action Plan is communicated to the potential investee and used in the deal negotiations. The ESG & Impact Action Plan becomes an integral part of the monitoring activities and help drive the investee’s activities. Along with the appointment of a sustainability representative at the investee, CPF conducts a quarterly assessment of the investee’s sustainability data and make recommendations on which metrics to improve and actions to undertake.

The full due diligence findings are summarised in the Investment Memorandum. Once IRC reaches agreement with all relevant parties on the key terms of the investment, the Investment Memorandum is finalised and submitted to the Investment Committee to approve finalising the negotiations for closing the deal.

The Investment Committee is involved informally throughout the full due diligence process, which is discussed at the Investment Committee weekly calls. This ensures that Red Flags are discussed imminently and that CPF does not continue spending resources if Red Flags are not resolved.

Engagement policies

CPF seeks a constructive engagement with its portfolio companies regarding sustainability practices. This entails:

- Active and constant engagement with its portfolio companies encourages and ensures adherence to its ESG & Impact requirements and adoption of better practices. This is done through monitoring of ESG & Impact performance as well as influencing portfolio companies to proactively steer towards creating a better impact (directly and in collaboration with other investors).
- Achievement of noticeable progress throughout the holding period by each of the portfolio companies. In addition, the portfolio companies shall establish a board subcommittee for ESG & Impact matters and to monitor ESG & Impact KPIs performance. If progress is not identified by CPF, sanctions shall be applied according upon advice from the Impact

Committee and, in most serious situations, Infinity Recycling disinvestment measures shall be considered.

On quarterly basis, CPF will evaluate if the principal adverse impacts have decreased. If there is not enough progress, CPF will adjust its engagement policies by choosing different engagement themes, deciding which companies to engage with and how to vote, as well as potentially changing the process during engagements such as the escalation strategy and goal setting. If the enhanced engagement efforts are not successful, CPF disinvestment measures shall be considered.