

Unlocking **Circularity, Value and Impact** at Scale

CIRCULATE CAPITAL'S 2022 YEAR IN REVIEW



CIRCULATE CAPITAL

Table of contents

CEO's reflection 03

Circulate Capital overview 04

Our progress in 2022 10

Four key insights 17

Looking ahead 22

Assurances and transparency 26

Our team 27



CEO'S REFLECTION

Welcome To Circulate Capital's 2022 Year In Review. This year's report finds us at a key inflection point: Circular investments are going mainstream, and we're ready to scale up.

Creating something new and redefining convention is never easy – and that has certainly been the case as we and our partners have worked to pioneer pathways to a circular economy at scale.

When we started out four years ago, few investors, let alone larger institutional ones, considered the circular economy for plastics in high-growth markets as an exciting opportunity. Now, people not only see the need, the possibilities and the way forward, but they're starting to think big.

The discussion has decisively turned from 'why?' to 'how' and 'how much?' Across our portfolio, companies are scaling for impact and returns. For example:

- [Circ](#) has raised an additional \$55 million to accelerate engineering for industrial-scale mixed textile recycling facilities,

- [Srichakra](#) became the first Indian recycling company to receive a positive safety assessment from the European Food Safety Authority paving the way for using recycled plastic in bottles in India,
- [Lucro](#) raised a new round of financing to triple its capacity,
- [Prevented Ocean Plastic Southeast Asia](#) opened 3 new collection facilities across coastal Indonesia, preventing over 1000 tonnes of plastic pollution in just the last 4 months of the year,
- and in a significant milestone, [Tridi Oasis](#) partnered with a leading global recycling specialist and environmental services provider, becoming our first exit.

2022 was a year of getting ready. We learned, consolidated, and worked with our portfolio companies to strengthen operations and ensure they meet the standards, capacity and capability to connect to global supply chains.

Private and institutional investor interest is growing as circularity comes of age as an investable opportunity. We've seen both private and institutional investors stand up and take notice. To position ourselves for scale we expanded our investor base, welcoming IFC, EIB, Proparco and more family offices this year.

The validity of our blended finance approach is gaining traction, and now is the time to hit the ground running. The bottom line is that we, as a community of investors and entrepreneurs, have no choice but to go big, go fast or go home.

True to our original vision, Circulate Capital is on the path to unlock \$1 billion of capital to prevent 150 million tons of plastic pollution by 2030.

It's been an action-packed four years, but it will be nothing next to accomplishing the goals we have set for ourselves in the next four.



Rob Kaplan
Founder & CEO

CIRCULATE CAPITAL OVERVIEW





BY THE END OF 2022

**\$175m total Assets
Under Management**
across two funds

+1,200 deals
reviewed

\$80m invested
in **14 companies**¹

IN 2022

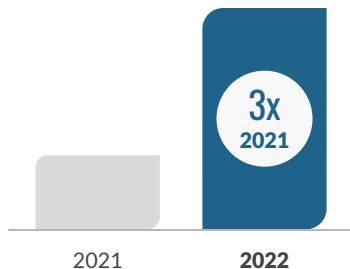
 **+27 million**

committed to solutions for recycling supply chains and disruptive innovations toward circularity, including **close to 80% in follow-on investment** to accelerate the scale of existing portfolio companies.

IN 2022, AN ADDITIONAL:



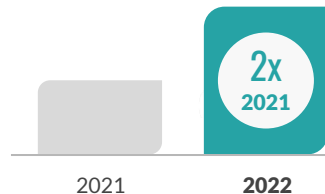
**100,000 tonnes of
plastic waste** recovered and
kept in circulation



equivalent to **2.5 billion**
plastic bottles



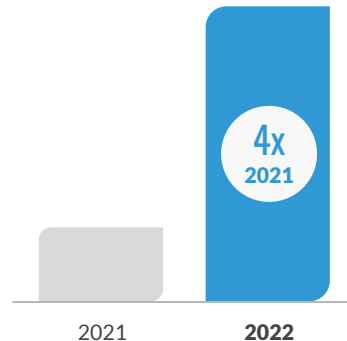
**140,000 tonnes of
GHG emissions** reduced or
avoided



equivalent to **taking 30,000**
cars off the
road for one year



**145,000 tonnes per
year of new recycling
infrastructure capacity** added



equivalent to **the weight**
of **1,450 jumbo jets**

¹ Tridi Oasis was successfully exited in August 2022.

PROUDLY BACKED BY



CHANEL



RUMAH
• GROUP •



Benjamin
Duncan



Huang Chen Foundation



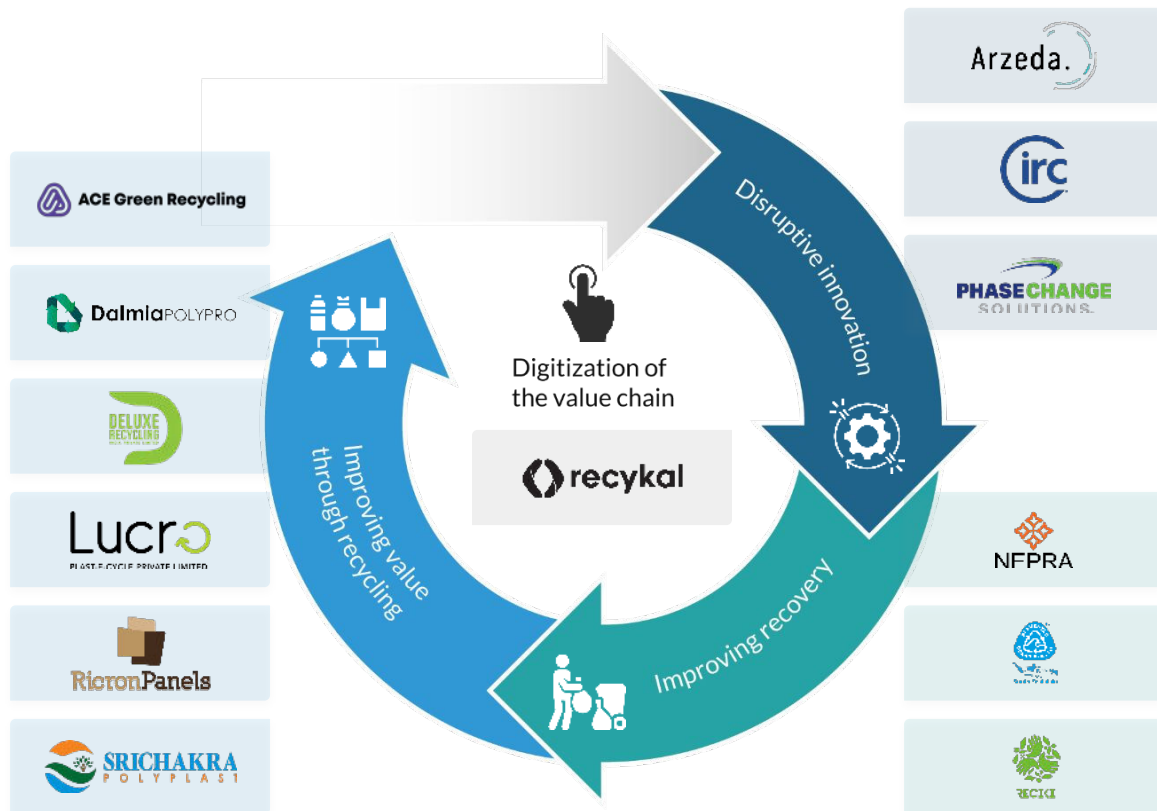
OUR STRATEGIES



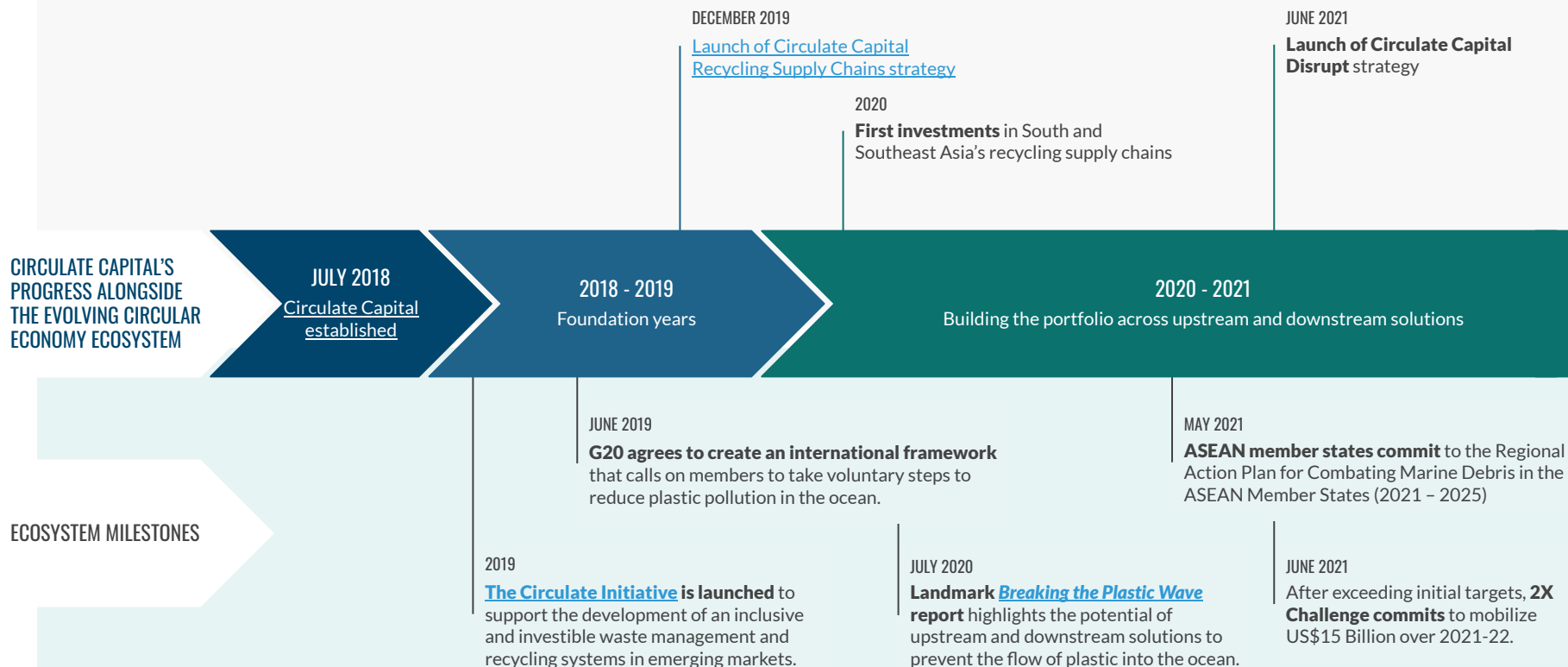
Investments that transform recycling and waste management supply chains, scaling the highest-potential solutions and replicating their success.

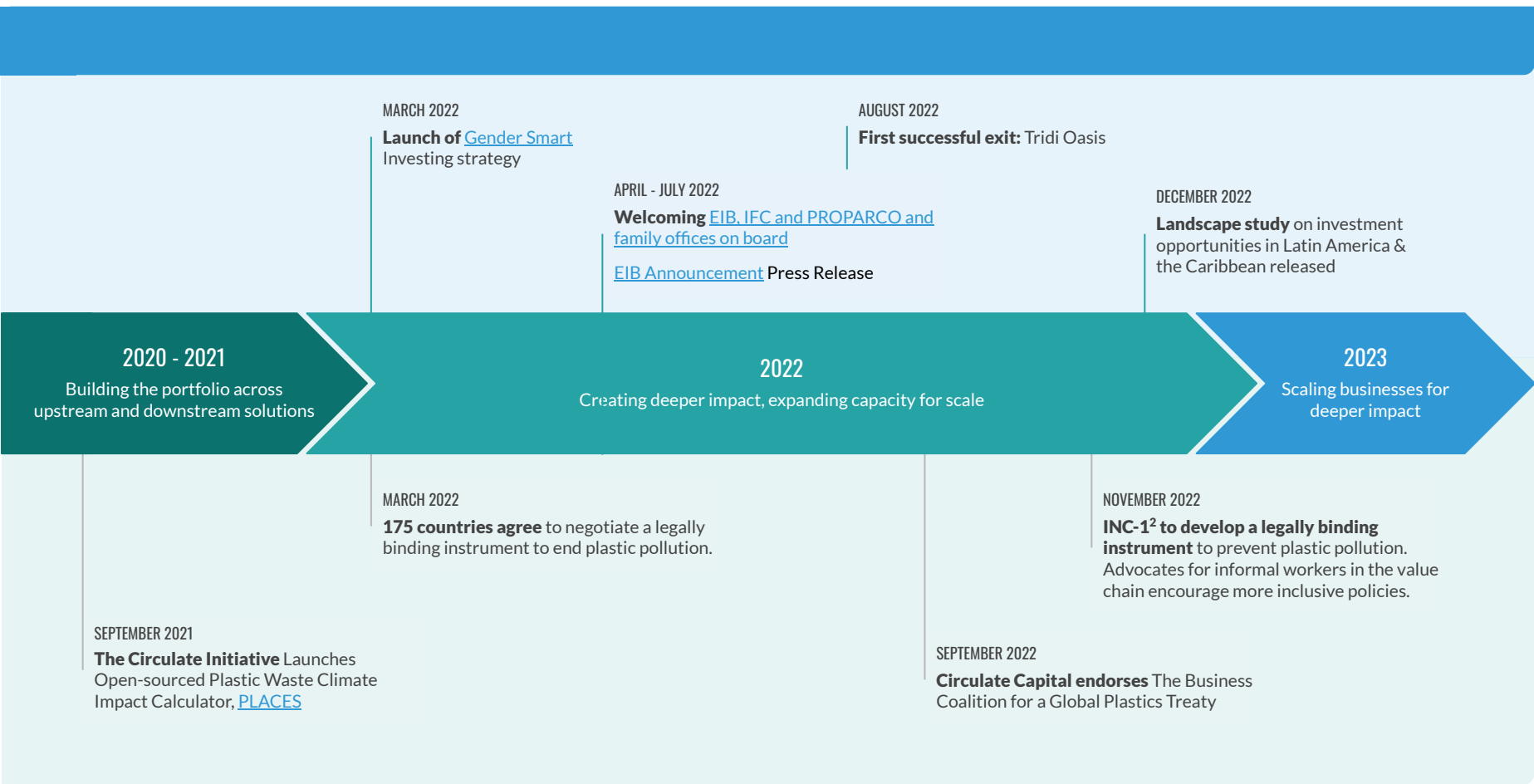


Disruptive innovations that represent milestone "leaps of progress" toward circularity, including novel re-usable materials and alternative delivery models, with great potential for technology transfer.



Our journey to circularity at scale





² First session of the Intergovernmental Negotiating Committee

OUR PROGRESS IN 2022



OUR YEAR OF IMPACT

Our goal is to generate positive, measurable impact for the environment and our communities, while unlocking more capital, with a holistic approach that addresses the value chain and broader ecosystem.

The following demonstrates our performance against key KPIs for the fourteen companies in our portfolio in 2022.

ENVIRONMENTAL BENEFIT



630,000 tonnes
of waste managed



100,000 tonnes
of plastic waste recovered
and kept in circulation



140,000 tonnes
of GHG emissions reduced or avoided

SCALING CIRCULAR BUSINESS MODELS



145,000 tonnes per year of
new infrastructure capacity added



120,000 additional tonnes
of added-value recycled plastics produced

IMPROVING LIVELIHOODS



23
wastesheds benefitting

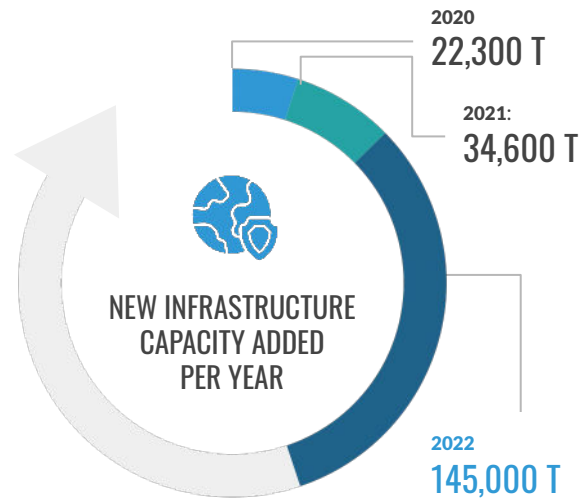
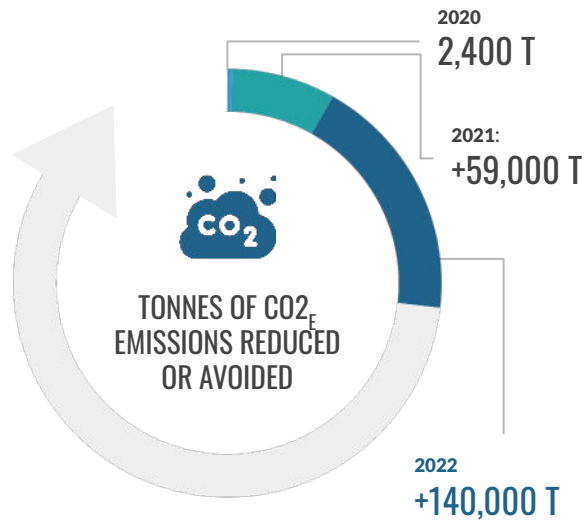
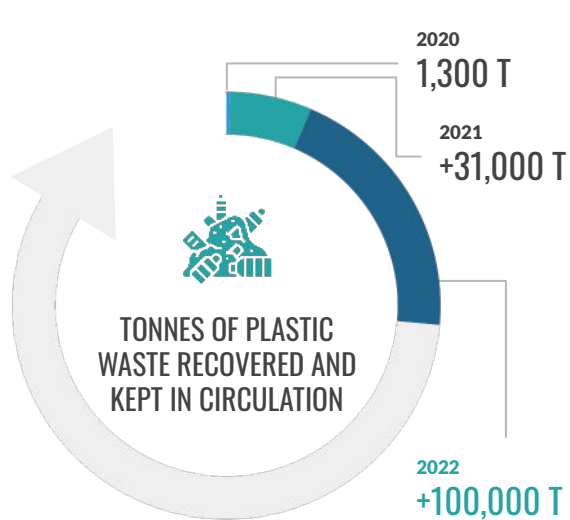


1,300
new jobs created directly



THOUSANDS
of informal waste workers supported

ACCELERATING OUR PROGRESS



OUR IMPACT PROJECTIONS



DEEP DIVES



Unlocking value through circular supply chains



Gender equity in recycling and circularity

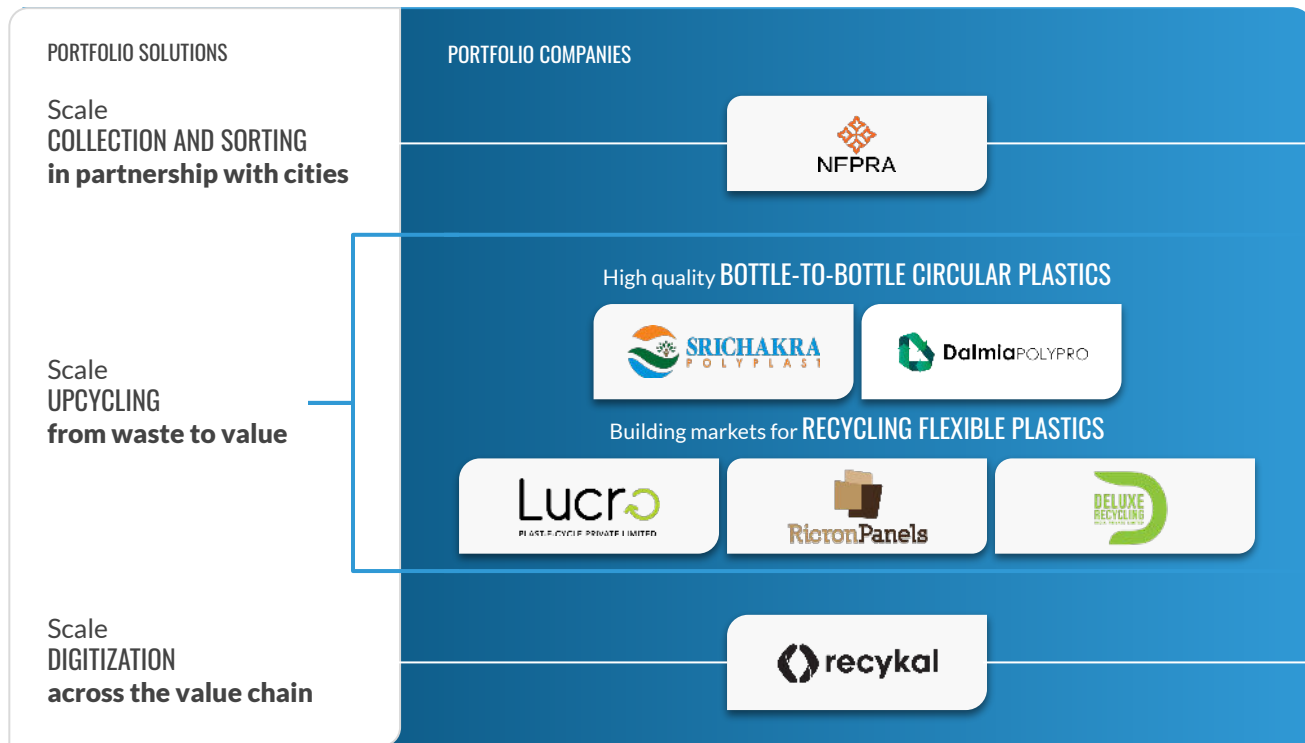


Go big or go home: Catalyzing capital to drive scale



UNLOCKING VALUE THROUGH CIRCULAR SUPPLY CHAINS

How our Indian portfolio is driving the transformation of the recycling value chain in the country



Deluxe: Unlocking value from hard-to-recycle plastic waste

In April 2022, Circulate Capital invested in Deluxe Recycling Private Limited (Deluxe), a leading Indian plastic recycling company focused on difficult to recycle multilayer plastics (MLP), including sachets and Used-Beverage-Cartons (UBC).

Deluxe transforms this traditionally low-value plastic into valuable products like pallets and rickshaw seats at a scale not previously seen in India. By creating a market for MLP waste, the company expects to divert 34,000 tons per annum of waste from incineration or landfill by 2025.





GENDER EQUITY IN RECYCLING AND CIRCULARITY

Sustainable Development Goals are deeply interconnected.

The lack of progress on one goal hinders others and, conversely, the world's focus on advancing a circular economy offers us opportunities to tackle systemic issues that disadvantage half of the world's population.

Similarly, [research has shown](#) that gender equality and female empowerment can lead to increased productivity, socio-economic development and environmental sustainability, including better climate adaptation and mitigation efforts. Women are among the most vulnerable to the effects of plastic pollution and climate change, and at the same time play important roles as innovators, leaders, entrepreneurs, workers, suppliers and customers.

Our Gender Smart Investing Strategy, launched in 2022, commits Circulate Capital to the 2X Challenge and aims to strengthen the performance of our portfolio while ensuring portfolio companies are attractive and safe places for all, including women, to work and thrive.



60% WOMEN in Circulate Capital's senior management

50% WOMEN in our workforce overall

Portfolio companies that are 2x Eligible Enterprises

With at least 30% WOMEN in senior management positions



With at least 30% FEMALE representation in workforce



Photo: Nepra worker, India



In 2022, we welcomed new investors including:

- European Investment Bank (EIB)
- International Finance Corporation (IFC)
- Proparco, a subsidiary of Agence Française de Développement
- well established private investors, including Builders Vision and the Minderoo Foundation.

This broadening of our investor base signals that the race to unlock a circular economy for plastics in high-growth markets is heating up, with more investors seeing the opportunity for impact alongside competitive returns.

Additional capital raised has allowed us to accelerate the scale-up of our portfolio, with follow-on investments into 4 of our portfolio companies, accounting for 60% of the total capital committed by Circulate Capital in 2022.

GO BIG OR GO HOME

“The fund will help address plastic pollution and climate change through critical investments in recycling, waste management, and innovations in alternate materials and advanced recycling technologies. It will also increase access to much-needed capital for the small and medium-sized enterprises delivering these important solutions.”



**William Sonneborn, IFC's Senior Director of
Disruptive Technologies and Funds**



**Ricardo Mourinho Félix,
EIB's Vice-President**

FOUR KEY INSIGHTS

The plastic pollution crisis is too complex for any one group to solve by itself. Investors, companies and governments all need to work together.

Creating an investment firm that partners with global brands, financial institutions, venture capitalists, philanthropic organizations and others to scale solutions to the plastic waste crisis was borne out of the insight that we can achieve more and are stronger together.

Over the past four years we've worked hard to build a more circular economy for plastics in high-growth markets, as we charted smarter use of plastics, created investor value where it was unrecognized, navigated new government policies and found new ways for corporations to make progress on their sustainability commitments.

It's been an insightful journey, and now we, and our portfolio companies, are ready to scale for impact. Here are four key lessons we've learned from four years of investing.

Unlocking circularity, value and impact at scale
Circulate Capital's 2022 Year in Review



Photo: Prevented Ocean Plastic Southeast Asia worker, Indonesia.

FOUR KEY INSIGHTS

1. WE NEED TO ACCELERATE

Progress is not happening fast enough.

It can take more than 18 months to commission, permit and build a new recycling facility; 2 years or more to receive delivery of top-of-the-line equipment. Once processing capacity is built, the work has only just begun. Securing feedstock also requires establishing new networks and additional capacity to recover and prepare material.

Growth takes time, but we all need to do more to accelerate it.

Photo: **Srichakra** facility, India



Photo: **Dalmia's** projected new facility, India

Building India's largest rPET recycling facility

Dalmia's new facility was scoped as part of our initial investment in the company in 2020. When it comes online in 2023, it will be the largest rPET flake and pellet recycling facility in India and potentially the most advanced in the region. In the meantime, the company has further improved its existing operations to increase productivity, piloted a material tracking software for use by the company and its suppliers, and created supplier development programs to prepare for future demand it will create for more feedstock.



FOUR KEY INSIGHTS

2. EMBRACE A GROWTH MINDSET

We must foster a sustainable growth mindset with entrepreneurs, supporting them with business planning expertise and helping them design solutions that will add value to their business while maximizing their talents and strengths.



Photo: Recykal founder Abhay Deshpande



Photo: Recykal team, India

Industry-leading progress

Drawing on his experience as a successful serial entrepreneur, Recykal founder Abhay Deshpande has built a strong, experienced team, investing in a new office with employee benefits to remain competitive in the fight for top tech talent. **The company's workforce grew 6x in the last two years.**

At the same time, the circular economy marketplace has retained its agile startup mindset and high growth culture, enabling the company to pivot and develop new solutions for evolving regulations and market conditions. Recognised as a Tech Pioneer by the World Economic Forum, Recykal continues to receive global awards and accolades. It was named one of Fast Company's Most Innovative Companies in APAC early 2023, ranked sixth amongst the highest-growth companies in APAC by Financial Times and it received the Digital India Award 2022 from India's Ministry of Electronics and Information Technology.



FOUR KEY INSIGHTS

3. A RISING TIDE LIFTS ALL BOATS

Strategic partnerships with our corporate investors, development finance institutions and family offices are central to our ability to scale. We're seeing more innovators in our portfolio connecting directly with our global corporate partners. These relationships are supporting our portfolio to forge agreements and tap on expertise for new product development and expansion.



Photo: **Circulate Capital** 2022 Annual General Meeting



Photo: **Lucro** facility, India

Local solutions, global support

Using its local expertise in hard-to-recycle flexible plastics, Lucro partnered with Dow to develop and launch a new packaging film using recycled plastics. The agreement expands Dow's plastics circularity portfolio in Asia-Pacific and helps create a blueprint for circularity in India and other markets. By tapping the strength of corporate partners like Dow, and with Circulate Capital's funding to scale up, Lucro can bring new life to difficult-to-manage waste.



FOUR KEY INSIGHTS

4. DATA BRINGS CONFIDENCE

More data and insights are providing investors with a clearer view of the opportunities and gaps in circular economy investments. Our non-profit partner, The Circulate Initiative, launched the world's first tool to track the scale of investment into plastic circularity in emerging markets. As the data yields more insights, the confidence to invest will grow.



Asia leading in plastic circularity financing

The [Plastics Circularity Investment Tracker](#), the first tool to measure and characterize private investments in the circular economy for plastics, revealed that Asia is leading the way in financing.

Since 2018, the plastic circularity sector in Asia has received 87% (or US\$3.5 billion) of investments into emerging markets globally for plastic circularity.



LOOKING AHEAD



THE WIND IS WITH US

There are global tailwinds enabling circular supply chains.

Governments, policy makers, entrepreneurs, investors and NGOs are working together as never before to fight plastic pollution and build a circular economy at scale.

- › Corporate commitments to making products and packaging from recycled materials or designing for recycling is a huge vote of confidence in circular industries. Now, pressure is mounting to deliver on those commitments.
- › Policy momentum is building. At the national level, India's Plastic Waste Management rules and mandatory Extended Producer Responsibility reporting in the Philippines are examples of policies that are geared towards creating market conditions that support a circular plastics economy.
- › Negotiation of an international legally binding instrument among UN member states has further put the spotlight on the circular economy and has broad, multilateral support for tackling the plastic pollution crisis.
- › The amount of capital going into private equity firms investing in circular economy solutions has increased by a factor of more than 5x since we began our own journey.
- › Barriers to using recycled materials in manufacturing are being broken down and the value of recycled products is increasing.



Photo: Nepra worker, India

LOOKING AHEAD

We're proud of the progress we've made alongside our investors and stakeholders.

Our investment model with significant proof of concept puts us on track to unlock \$1 billion of capital to prevent 150 million tons of plastic pollution by 2030.

We are seeing opportunities to apply our knowledge in other high growth markets. In December, we published [*Reducing plastic pollution in Latin America: A Handbook for Action*](#), exploring opportunities to transform the plastics value chain, prevent pollution and improve livelihoods in Latin America and the Caribbean.

By the end of 2022, our firm had \$175 million in assets under management, had reviewed more than 1,000 potential deals and invested \$80 million in 14 companies.

Unlocking circularity, value and impact at scale
Circulate Capital's 2022 Year in Review



Photo: Tridi Oasis worker, Indonesia



PT. TRIDI OASIS GROUP

Tridi Oasis exits from Circulate Capital

The first investment of the Circulate Capital Ocean Fund in 2020, we are proud to have supported Tridi Oasis' growth from a promising local startup to a world-class operation.

In August 2022, Tridi Oasis reached a new milestone as it partnered with ALBA Asia Plastics Recycling Limited – a leading global recycling specialist and environmental services provider, through a Joint Venture. The move marked a successful exit, 2 years and five months post investment, realizing a competitive return, above Circulate Capital's hurdle rate for the fund.

LOOKING AHEAD

In 2023, our work will remain underpinned by three key ideas: circularity, value and impact.

CIRCULARITY

- We are seeing a flywheel effect of accumulated wins. Investment is enabling companies to meet global procurement standards faster and more efficiently, giving them the opportunity to forge agreements with global brands that help them to scale.
- We've committed to the Business Coalition for a Global Plastics Treaty to support the development of an ambitious, effective and legally binding instrument to ensure the conditions are created to continue this momentum.



VALUE

- 2022 was the year that institutional investors mobilized to the opportunity of the circular economy for plastics. Support from IFC, EIB and Proparco signal the sector is ready for institutional capital.
- More capital is also being allocated to our portfolio companies by other investors, with a total of \$44m co-investment catalyzed as of December 2022.



IMPACT

- Growing intersections between environmental needs, policy priorities and positive social outcomes are creating new opportunities for investment in the circular economy.
- We are seeing greater opportunities to improve livelihoods by improving practices that protect human rights and helping create more responsible supply chains for plastics recycling.
- By aligning best practice impact frameworks and standards and generating insights from data, we are finding ways to accelerate the development of a circular economy while improving financial returns and social outcomes.



ASSURANCES AND TRANSPARENCY

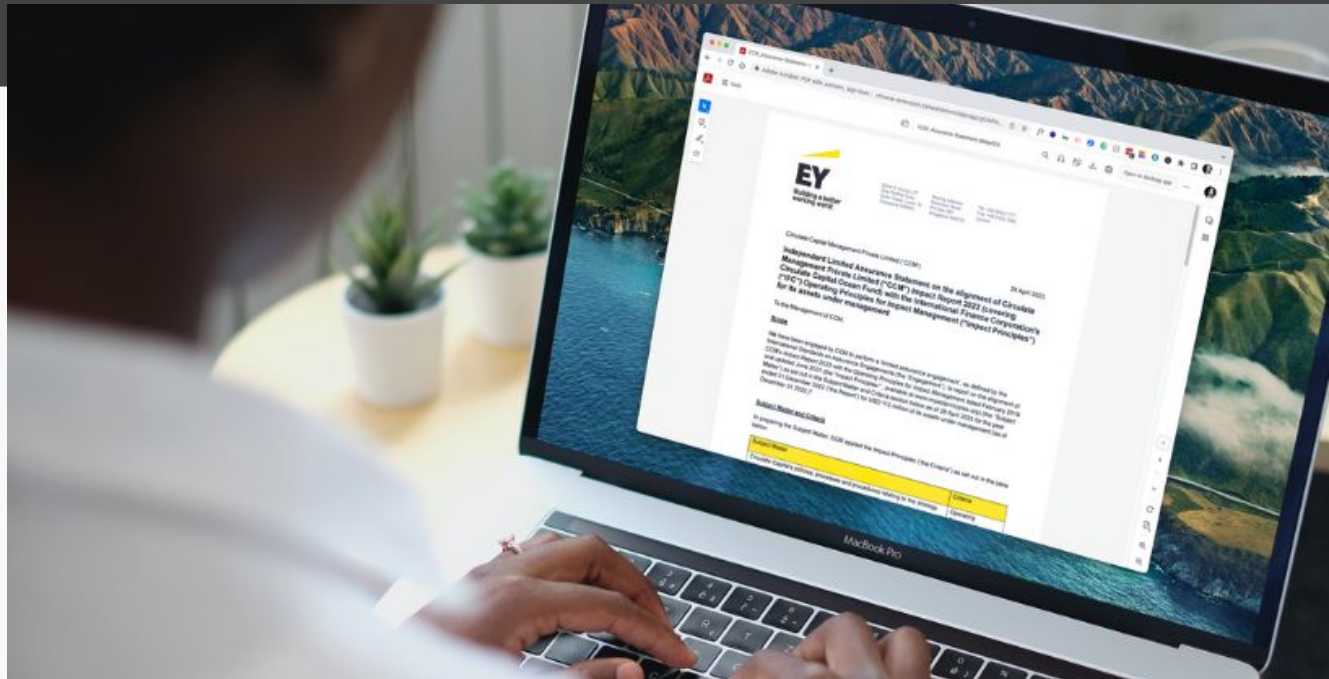
EY provided an independent, second-party limited assurance on our Impact Framework and methodology. **A full statement outlining EY's Independent Assurance Audit can be found [on our website](#).**

Circulate Capital is committed to global standards for managing investments that demonstrate positive social and environmental impact, and are proud signatories of the Operating Principles for Impact Management (OPIM) and United Nations Principles of Responsible Investing.

We share our Impact Framework to support the creation of a common measurement and methodological approach that is practical and accessible for both investors and the industry.

Circulate Capital remains committed to transparency and continuous improvement in our approach to measuring impact. We welcome feedback as we continue to evolve our approach.

Unlocking circularity, value and impact at scale
Circulate Capital's 2022 Year in Review



Operating Principles for
Impact Management



OUR TEAM

Our team is our greatest competitive advantage.

In 2022, we continued to grow our passionate team of experts dedicated to advancing a circular economy for plastics.

[View our full team](#)



April Crow

Vice President Investor Relations & External Affairs



Caroline Wee

Investment Partner, Asia



Ellen Martin

Chief Impact Officer



Ernesto Hanhausen

Investment Partner, LAC



Regula Schegg

COO/CFO, Founding Partner



Rob Kaplan

Founder & CEO



Wolfgang Hafenmayer

Senior Advisor

Unlocking **Circularity, Value and Impact** at Scale

CIRCULATE CAPITAL'S 2022 YEAR IN REVIEW



CIRCULATE CAPITAL