Circulate Capital Management Pte Ltd hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the Impact Principles). This Disclosure Statement applies to the Circulate Capital Ocean Fund I (CCOF I) and CCOF I-B with commitments of USD 189 million as of 31 December 2023.

Robert I. Kaplan
Founder and CEO
Circulate Capital Management Pte Ltd

April 2024
Principle 1: Define strategic impact objective(s), consistent with the investment strategy.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

Generating returns on investment and creating positive impacts on sustainable development, climate, and livelihoods, are at the core of Circulate Capital’s founding ethos. Across our investment strategies - from investing in recycling infrastructure in Asia to innovative climate technologies - Circulate Capital achieves positive financial, environmental, and social impact with each investment, and demonstrates the opportunity in order to catalyze further capital into the circular economy.

By investing in the full value chain of solutions, we can set a course for a more inclusive, circular economy and prevent plastic pollution.

A core tenant of why we are catalyzing capital is to develop a visible pipeline of investable high-potential opportunities that showcase to institutional investors how to achieve positive financial, environmental and social impact through the following elements:
We have identified four main solutions with potential for significant impact and returns that address the current gaps across the plastics value chain:

1. Develop disruptive innovations that represent milestone leaps of progress toward circularity, including innovative materials, new circular business models and advanced recycling technologies

2. Increase collection and sorting to eliminate leakage into the environment and ensure plastic waste is cleanly sorted and processed to enable recycling

3. Deploy upcycling technologies to increase the value of recycled products

4. Scale digitization by applying big data, deep tech and AI to drive efficiency, transparency and traceability across the supply chain.

Our impact objectives directly or indirectly support the UN’s Sustainable Development Goals, and in particular the following seven goals:
Principle 2: Manage strategic impact on a portfolio basis.

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

Our Impact Management System (IMS) systematically collects, analyzes, and reports data at the portfolio level. Our approach to evaluating our impact focuses on the promotion of transparency to support the creation of a common measurement language in a practical and accessible manner to investors.

Our portfolio management approach includes:

- Impact Reporting - Collecting and reviewing monthly, quarterly, and annual impact data reports.
- Monitoring - Managing portfolio relationships, tracking ongoing impact initiatives, and monitoring their business activities and environmental and social performance.
- Portfolio Performance Reviews - Conducting semi-annual internal reviews with portfolio companies and the investment team.
- Annual Reporting - Annual impact reporting for LPs and the public, aggregated across our portfolio companies, supported with independent data verification.

Circulate Capital has integrated a gender-smart investment (GSI) framework into all its funds and portfolio companies. This framework serves as a model for other funds and investors in waste management and recycling. We assess and monitor portfolio companies to ensure that policies and programs are in place to address barriers to women’s quality employment across recruitment, retention, and career progression. We share tools, learnings, and results publicly. Through our commitment to the 2x Challenge, Circulate Capital joins other private investors, including development finance institutions, in committing $15B toward gender finance.

Circulate Capital has undertaken early-stage implementation of its Responsible Supply Chain Management Framework to integrate supply chain risk management at both fund and portfolio levels. We have prepared a framework consisting of 5 principles with guidance from relevant standards and principles such as IFC Performance Standards, NextWave Socially Responsible Ocean-Bound Plastic Supply Chains Framework, Fair Circularity Principles, Ethical Trade Initiative Base Code, ILO Standards, United Nations standards on human rights and labor practices, and the EU Guidance addressing forced labor. The framework aims to provide steps to improve portfolio companies’ traceability, business operations, and human rights standards. As of December 2023, supply chain mapping, risk assessment, and traceability assessments are being rolled out as part of E&S due diligence and monitoring, with portfolio companies beginning to implement management program improvements.

Incentive systems are implemented at the portfolio level, relative to the nature of the companies’ operations. Portfolio companies and/or promoters are also incentivized to make environmental and social management system improvements through technical assistance, as well as conditions precedent and conditions subsequent, which are defined in investment agreements, as necessary. Investment agreements also include terms to incentivize the planned positive impact to be achieved through execution of the business/growth plan. At a firm level, performance on annual impact and ESG objectives and key results (OKRs) contribute to our
bonus allocation for all staff, including the investment team. In 2023, Circulate Capital also developed a firm-wide competency matrix which integrates impact performance for investment and impact team members and has implemented the framework as part of individual performance reviews.

**Principle 3: Establish the Manager’s contribution to the achievement of impact.**

_The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence._

As part of each investment due diligence, Circulate Capital articulates the additional impact created with investment, described as annual at scale and cumulative over each fund’s time horizon. We identify a value-added plan with portfolio companies each year. Our contributions may include mentorship on business planning, strategic support on talent hiring, responsible supply chain management and/or to partnership development, technical assistance on systems, processes & policies, training, and support on communications and marketing.

We are particularly focused on demonstrating a circular supply chain, leveraging the participation of our corporate limited partners, e.g., getting portfolio companies qualified as suppliers to large buyers, aligning with international industry best practices and becoming “world class” operations.

We share our contributions through dialogues and meetings with companies and partners, documented through emails, presentation decks and/or minutes of meetings or shared ad hoc as part of our external communications efforts. We assess contributions during our semi-annual portfolio reviews.
Principle 4: Assess the expected impact of each investment, based on a systematic approach.

For each investment, the Manager shall assess in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment’s expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager’s strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

Circulate Capital’s Impact Management System (IMS) is integrated throughout our Investment Process. Impact criteria are followed through the investment process and considered during pipeline development, screening, due diligence, and deal structuring. We set annual impact projections, as well as portfolio-level targets, with the portfolio companies.

Our impact assessment methodology includes the following components which are aimed at strengthening data management systems, portfolio modeling and validation approaches:

- Baseline assessments and impact projections across key indicators included in Investment Memos
- Material flow analysis to aid in assessing impact of investments on quantity and quality of plastics recovered and recycled
- Use of company-level reporting template and evaluating impact performance through key performance indicators
- Use of a Circulate Capital-commissioned GHG calculator to estimate the environmental impacts of plastic waste management and recycling solutions
- Measurement and management of impacts on worker and supplier livelihoods by evaluating unit economics, understanding data systems and establishing supplier initiatives
- Monitoring alignment with United States International Development Finance Corporation (CCOF1) and British International Investment (CCOF1B) requirements on Circulate Capital as 2X-qualified Investments

Circulate Capital’s Impact Management System has been informed by our participation in GIIN IRIS+ Navigating Impact Project (especially Climate Change Mitigation and Quality Jobs impact themes) and The Circulate Initiative’s Impact Metrics Working Group. Through the Impact Metrics Working Group, we work alongside and share insights and perspectives with more than 20 representatives from leading NGOs, research organizations, and subject matter experts.
Principle 5: Assess, address, monitor, and manage the potential negative effects of each investment.

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees’ ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

The fundamental ESG principles that Circulate Capital applies are informed by internationally recognized standards, including IFC’s Performance Standards for Environmental and Social (E&S) Sustainability, the World Bank Group General Environmental, Health and Safety (EHS) Guidelines, and applicable EHS Guidelines for Waste Management Facilities and applicable International Labour Organization’s standards and conventions.

Circulate Capital’s Environment and Social Management System (ESMS) includes the following ESG risk management processes:

- Completing the internal E&S Screening Checklist to determine the presence of activities included in our Exclusion List, assess preliminary information on the companies’ supply chain and potential ESG risks for purposes of scoping the external Environmental, Social and Governance Due Diligence (ESGDD) exercise
- Conducting internal and independent ESGDD with focus on identifying the company’s and its supply chains’ ESG risks and developing mitigation measures (Environmental and Social Action Plan, ESAP)
- Integrating the ESAP into legal documents during deal execution stage
- Monitoring ESAP implementation, including conducting periodic supervision visits

We are committed to supporting portfolio companies to meet these requirements and, where relevant, advise on how to develop environmental and social management systems to demonstrate and strengthen compliance. In addition, we provide resources for technical assistance and capacity building and training, as needed and when possible.

We ensure that investee companies operate in alignment with the Funds’ intended impact and values. The Funds’ investment agreement indicates, through its Mission Protection clause, the companies’ strict adherence with all applicable laws relating to environmental protection, hazardous materials and pollutants management, waste disposal, endangered species protection, workers’ rights, protection of women, children, minorities and other vulnerable groups and prevention of corruption, money laundering and terrorist financing.

We conduct monitoring and evaluation of an Environmental and Social Action Plan (ESAP). Our Impact team works with portfolio companies to regularly identify and assess potential environmental and social risks as a result of changes in the companies’ management system, facilities’ nature of operation and/or external environment. The Investment Committee and the Impact team evaluate the portfolio companies’ ESG performance.
Principle 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, framework to capture investment outcomes. and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

Circulate Capital’s IMS collects, evaluates, and reports impact data at both portfolio and company levels.

The internal processes and systems involve:

- Monthly and quarterly data reporting by portfolio companies, which forms the core of our IMS, and regular review by investment managers and the impact team
- Quality assurance/quality control checks by the impact team to address any questions or concerns on the impact reports are raised with the portfolio company and resolved
- Data aggregation, performed by the impact team, into a portfolio-level database
- Use of aggregated portfolio data for the impact team to generate quarterly and annual reports used both internally and, as appropriate, shared with portfolio companies, LPs and external audiences
- Impact analysis by the impact team supplemented by environmental and social assessments and supply chain risk mapping, as well as the latest publicly available market data
- Circulate Capital’s investments contribute progress toward at least seven of the United Nations’ Sustainable Development Goals. In addition to the UN SDGs, we align our impact metrics with the Global Impact Investing Network’s IRIS+ system. We share our Impact Management System widely, so others can learn alongside us and help us improve.

Principle 7: Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

Circulate Capital implements impact management policies and procedures with the goal of creating sustained, positive impact though its investments, including after exit. The process guides Circulate Capital’s investment team to focus on the main considerations for responsible exits: timing of the exit; buyer’s intention, commitment to the impact mission and expertise; and, how to legally incentivize the impact mission.

Our Responsible Exit Policy encourages the use of a combination of one or more mechanisms to ensure both financial return to shareholders and the long-term success and impact continuity of the companies. The
likelihood that the impact will continue and grow after exiting from the investment increases by using methods across all stages of the investment lifecycle from pre-investment to exit.

As practicable, we execute exits in ways that support the portfolio company to achieve both financial goals and sustained impact. When possible, we assess the buyer’s or new owner’s business reason for the acquisition, vision for the company, intention to continue or expand both financial and impact goals, and resources available to help the company achieve them.

Upon exit, Circulate Capital conducts a review of achieved cumulative impact over the investment period. Following the termination of an investment, we undertake an Environmental and Social (E&S) review, either internally or with the support of an external consultant, to assess the overall environmental and social impact and the use of the fund throughout the investment.

**Principle 8: Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.**

*The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.*

We have adopted a path of transparency to support continuous improvement in our approach to impact measurement. Doing so helps us improve and accelerate the deployment of interventions backed by evidence. Circulate Capital’s IMS is centered around the following transparency principles:

- **Investment effectiveness:** Focus on going beyond the numbers, disclosure of performance and the role of the investment in the system.
- **Credible metrics:** Disclose what is being measured, how it is measured, and how it is evaluated. Impact is present in every decision taken while remaining firmly grounded in our fiduciary responsibilities.
- **Comparable measurement:** Integration of measurement and reporting with strategic priorities. Build towards a holistic approach to understanding intervention outcomes.
- **Build market capabilities:** Make tools used widely available to support methodology alignment and development of lean data feedback systems.
- **Share Insights:** Encourage deeper impact measurement and evaluation to share insights, and build towards shared language to understand the change that is happening.

These principles have been integrated into our impact reporting tools, portfolio performance reviews, internal and external reports, and all other impact management processes.
Principle 9: Publicly disclose alignment with the Principles and provide regular independent verification of the alignment.

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

This Disclosure Statement affirms our alignment with the Impact Principles and will be updated annually and posted on our website.

Independent verification of our impact management systems will be updated on a regular basis no later than at three-year intervals, or earlier if there is a significant change to our impact management systems. The conclusions of this verification report shall be publicly disclosed on our website at https://www.circulatecapital.com/impact.

Independent verification has been performed by BlueMark for the year 2023, which concluded on 11th Apr 2024.

Information on the current independent verifier is as follows:

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<tr>
<th>Name</th>
<th>BlueMark</th>
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<tbody>
<tr>
<td>Address</td>
<td>154 W 14th St, 2nd Floor, New York, NY 10011</td>
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| Qualifications | "BlueMark, a Delaware-registered public benefit company, is a leading provider of impact verification services in the impact investing market. BlueMark was founded with a mission to "strengthen trust in impact investing" and to help bring more accountability to the impact investment process. BlueMark has conducted this verification with an independent and unconflicted team experienced in relevant impact measurement and management issues. BlueMark has implemented a Standard of Conduct requiring our employees to adhere to the highest standards of professional integrity, ethics, and objectivity in their conduct of business activities.

BlueMark has office locations in London, UK; New York, NY; and Portland, OR; and is headquartered at 154 W 14th St, 2nd Floor, New York, NY 10011. Its outside investors include S&P Global, Temasek Trust Capital, Blue Haven Initiative, Gunung Capital, Tsao Family Office, Ford Foundation and Radicle Impact. For more information, please visit www.bluemark.co." |

The next round of verification will be conducted in Q1 2025.

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