CIRCULATE CAPITAL

# Environmental, Social and Governance Policy

June 2026

This document sets out Circulate Capital's Environmental, Social, and Governance (ESG) Policy, which guides Circulate Capital in considering prospective investments and managing existing ones, as well as in engaging internal and external stakeholders.

This ESG Policy informs the processes defined in Circulate Capital's Environmental and Social Management System (ESMS) that govern how Circulate Capital identifies, manages and monitors the environmental and social (E&S) as well as governance risks and impacts at both fund and portfolio levels, which includes physical or natural environment, health and safety, and gender and safeguarding for both workers and surrounding communities, and corporate governance structures and processes.

As a Signatory to the United Nations Principles for Responsible Investment (UN PRI), Circulate Capital aligns with the core Principles for Responsible Investment ("Principles")[1]:

- We incorporate ESG issues into investment analysis and decision-making processes.
- We incorporate ESG issues into our ownership policies and practices.
- We seek appropriate disclosure on ESG issues by the entities in which we invest.
- We promote acceptance and implementation of the Principles within the investment industry.
- We work together to enhance our effectiveness in implementing the Principles.
- We report on our activities and progress towards implementing the Principles.

**Scope of the ESG Policy**

This Policy applies to the following funds (herein referred to as the "Funds") and investments managed by Circulate Capital:

- Circulate Capital Ocean Fund (CCOF) I-A;
- CCOF I-B;
- CC LAC Ocean Fund (CCOF LAC); and,
- Circulate Capital Asia Fund II (Fund II).

[1] https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment

**Roles and Responsibilities**

Circulate Capital has established appropriate organizational structures, roles and responsibilities, and capacity to ensure the ESG Policy and ESMS procedures described herein will be duly implemented.

Circulate Capital's Impact Team will ensure that the ESMS is communicated to and understood by all employees including contractors and service providers.

Circulate Capital will continuously build its internal capacity to get updated on the principles of ESG risk management as it applies to the waste sector. Additionally, Circulate Capital will participate in and contribute to investment, ESG and circular economy conferences as well as other similar fora.

**Investment Strategies**

Circulate Capital invests through two complementary investment strategies:

- Circulate Capital Recycling Supply Chains: This strategy targets investments that transform recycling and waste management supply chains, scaling the highest-potential solutions and replicating their success.
- Circulate Capital Disrupt: This strategy targets disruptive innovations that represent milestone "leaps of progress" toward circularity, including novel re-usable materials, alternative delivery models, with great potential for technology transfer.

Circulate Capital's investments seek to reduce pollution and mismanaged or unmanaged waste through the provision of risk-tolerant financing and related assistance to entities in South and Southeast Asia, and Latin America and Caribbean regions. The Funds contribute to such impact by investing in growth stage small- and medium-sized enterprises in the recycling and waste management sectors.

- The Funds utilize the following investment criteria:
- the potential of the portfolio company, to reduce pollution, including plastic, paper, electronic and textile waste, and combat environmental deterioration;
- the potential of the portfolio company to return capital to the Fund; and
- the potential of the portfolio company to scale and be replicated in other communities.

**ESG Guiding Principles and Commitments**

The Funds abide by the following ESG Guiding Principles throughout the investment process:

- Identify and evaluate E&S risks and impacts of pipeline and portfolio companies, including their supply chains, to anticipate and avoid, and if avoidance is not possible, mitigate and manage the adverse impacts on the environment, or health or safety of both the workforce and the affected community, during the life of the investments.

- Safeguard the environment and society in a manner that avoids or minimizes risks to local communities while respecting their human rights, dignity, identity, aspirations, culture, and livelihoods.

- Ensure that investments responsibly operate without adversely affecting the environment and the community through: maintaining safe and healthy working conditions; undertaking fair treatment and non-discrimination and providing equal opportunities to their employees and workers; avoiding use of child and forced labors, including within their supply chains; and implementing gender-sensitive policies and practices, including prevention and management of gender-based violence and harassment (GBVH).

- Respond to and appropriately manage grievances from affected communities and external communications from other stakeholders, including those in the supply chains of portfolio companies.

Circulate Capital commits to conform to the ESG Guiding Principles by ensuring that:

- There is adequate capacity and competency within the team, which is further augmented by engaging specialist ESG consultants and an ESG Advisory Committee. Furthermore, portfolio company-capacity building and awareness training are integrated in the portfolio management stage of the investment process to enable companies to implement opportunities to improve their ESG performance and practices over the life of the investment.

- Suitable financial provisions are available to carry out the Funds' activities in line with the ESG Guiding Principles, and the procedures outlined in the following sections.

- Investor safeguards, access, and monitoring rights are built into the investment agreements signed with the portfolio companies, in line with expectations expressed in the investor's partnership or other agreements signed with the Funds.

**Responsible Supply Chain Management**

- The Responsible Supply Chain Management (RSCM) Framework has been developed for companies in recycling supply chains and Circulate Capital as an investor in the sector to integrate responsible sourcing into daily decision-making and practice. Aligned with The Circulate Initiative's Harmonized Responsible Sourcing Framework for Recycled Materials (the "Harmonized Framework")[2], Circulate defines responsible sourcing as:

    - Portfolio companies demonstrate transparency and rigor in supply chain engagement and risk management.

    - Workers throughout the chain experience safe, stable, and dignified work with improved working conditions and quality of jobs, and all workers of different genders, roles, and positions in society are able to participate fully in the waste management and recycling value chain.

[2] https://www.thecirculateinitiative.org/responsible-sourcing/harmonized-framework-for-recycled-materials/

- Potential harmful environmental effects as a result of the management of waste are recognized and measures to protect the environment are in place across the supply chain.

The RSCM Framework is designed to enable Circulate Capital to identify and mitigate the risks inherent in the waste and recycling supply chains of its portfolio companies. Investments adhere to the following RSCM Framework Principles and Guidelines, which aligns with the Harmonized Framework.

- Prioritized Child Welfare: No child should be at work, as per local laws and regulations. If child labor exists, there are efforts to eliminate the child labor in place by addressing the root cause.
- Resources are in Place for the Success of Workers: Workers have access to resources that ensure safety and well-being while working.
  - Workers are trained about and protected from the hazards and risks associated with their tasks and their workplace.
  - There are mechanisms in place to safely report instances of discrimination, unfair treatment, and gender-based violence and harassment, and to voice concerns.
- Opportunity for Livelihood and Choice of Work: Workers have the ability to earn a living income that provides for basic needs and voluntarily work without the threat of penalty. Workers have the right to freedom of association, to form and/or join trade unions, and to bargain collectively.
- Strong Business Ethics, Traceability, and Documentation: Workers, especially those in vulnerable populations such as women, ethnic minority or migrant workers, have equal payment and opportunity in collection and employment, and have the ability to safely do their work without fear or violence.
- Strong Business Ethics, Traceability, and Documentation: Supply chain operates in compliance with applicable laws and regulations.
  - Measures are in place to control and prevent pollution, e.g., properly manage environmental emissions and hazardous materials if present.
  - Fair and consistent weighing, pricing and payment methods are parts of standard operating protocol and are effectively communicated to workers. Workers have the ability to supply their materials to the most competitive buyer without fear of retaliation.
  - Appropriate documentation and record keeping processes are in place to manage information in compliance with regulatory and business requirements.

**Gender-Smart Investing and Safeguarding**

Circulate Capital has made a commitment to gender smart investing for the circular economy and climate. In 2022, Circulate Capital embarked on a transformative journey with the introduction of our Gender Smart Investing Strategy. This strategic initiative is designed to enhance the performance of our portfolio by ensuring that our portfolio companies are not only financially attractive, but also safe and empowering environments for all employees, particularly women- and vulnerable groups, including children.

Building on the foundational principles of the 2X Challenge[3], Circulate Capital is committed to fostering gender equity throughout our investment processes and at our firm. Our actions to date include:

- Creating more gender-equitable companies and value through full gender integration in the investment process.
- Strengthening in-house capacity to assess each investment, define gender action plans with portfolio companies, and support and monitor progress through the life of our Funds.
- Ensuring safeguarding policies, practices, and mechanisms are in place at the firm and portfolio company levels to protect women and other vulnerable groups, including children, across our portfolio and supply chains.

Circulate Capital's Equal Opportunity, Non-Discrimination and Safeguarding Policy provides guidelines and procedures for addressing gender-related safeguarding and child-related protections within Circulate Capital and promoting gender smart practices across the company and its portfolio companies.  Circulate Capital recognizes that there is a higher risk of sexual exploitation and abuse and harassment against vulnerable populations, including women, children and LGBTIQ persons, particularly in times of conflict, disaster and occupation therefore adopts safeguarding practices appropriate for a fund manager and aligned with industry best-practices.

While Circulate Capital, its Funds, and its investments do not fund or work with children directly or indirectly, the company acknowledges that the portfolio companies and their supply chains may indirectly impact children in different parts of the world.  Circulate Capital's ESMS defines safeguarding processes for women, children and other vulnerable populations such as including risk assessments, protection measures and portfolio support that applies to Circulate Capital's investees and downstream partners.

Circulate Capital integrates gender and child safeguarding across its investment process and actively works with portfolio companies to uphold the highest standards of protection for vulnerable groups. This includes:

- Integrating gender and child protection risk assessments into pre-investment due diligence to identify, price, and mitigate risks before committing capital
- Requiring portfolio companies and their Tier 1 suppliers to maintain safeguarding policies, codes of conduct, and accessible grievance mechanisms that address GBVH and child protection
- Screening supply chains for gender-based violence and harassment, child labour, and hazardous working conditions — applying ILO conventions and IFC Performance Standards as minimum benchmarks
- Supporting portfolio companies to remediate identified risks in ways that prioritise the safety, education, and wellbeing of children and the protection of women and other vulnerable groups
- Building safeguarding capacity across the portfolio through awareness training, survivor-centred reporting mechanisms, and ongoing monitoring

[3] https://www.2xchallenge.org/

CIRCULATE CAPITAL

**Climate Risk Management**

Circulate Capital aims to strengthen our climate risk management approach through processes in this ESMS and Impact Management System (IMS). This includes the assessment and management of physical and transition risks in alignment with Circulate Capital's investment thesis and impact strategy.

**Investment Restrictions**

The Funds apply the following Investment Restrictions from ESG and reputational risk perspectives. The Funds will not invest in:

- Activities found on its Investor Exclusion Lists, including those defined in the:
  - International Finance Corporation (IFC) Exclusion List (2007)[4]
  - Proparco Exclusion List AFD Group (2022)[5]
  - EIB Eligibility, Excluded Activities and Excluded Sectors List (2022)[6]
  - BII's Policy on Responsible Investing (2022)[7] and BII's Fossil Fuel Policy (2020)[8]
  - Inter American Development Bank (2021)[9]
  - Swiss Investment Fund for Emerging Markets exclusion list (2018)[10] and Harmonised European Development Finance Institution Fossil Fuel Exclusion List (2020)[11]
  - Impact Fund Denmark (IFDK) Exclusion List (2022[12]) and IFDK Sustainable Investment Policy (2024[13])
- Category A[14] activity, which is defined as any activity of a portfolio company which is likely to have significant adverse social or environmental impacts that are sensitive, diverse or unprecedented such as a business activity that may include:
  - involuntary resettlement,
  - risk of adverse impacts on indigenous peoples,
  - significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage, or
  - significant occupational health and safety risks.

[4] https://www.ifc.org/content/dam/ifc/doc/mgrt-pub/ifc-exclusion-list.pdf
[5] https://www.proparco.fr/en/ressources/proparco-exclusion-list
[6] https://www.eib.org/en/publications/eib-eligibility-excluded-activities-and-excluded-sectors-list
[7] https://assets.bii.co.uk/wp-content/uploads/2022/01/25182701/Policy-on-Responsible-Investing-1.pdf
[8] https://assets.bii.co.uk/wp-content/uploads/2022/03/22173318/Fossil-Fuel-Policy-1.pdf
[9] https://www.idbinvest.org/en/download/12368
[10] https://sifem.ch/wp-content/uploads/2024/02/SIFEM_2018_Exclusion_List.pdf
[11] https://edfi-website-v1.s3.fr-par.scw.cloud/uploads/2021/02/EDFI-Fossil-Fuel-Exclusion-List-October-2020.pdf
[12] https://impactfund.dk/wp-content/uploads/2025/08/22/exclusion-list-revised-with-ifdk-2025.pdf
[13] https://impactfund.dk/wp-content/uploads/2025/01/ifu-sustainable-investment-policy.pdf
[14] https://www.ifc.org/en/what-we-do/sector-expertise/sustainability/policies-and-standards/environmental-and-social-categorization#:~:text=Category%20A%3A%20Business%20activities%20with,diverse%2C%20irreversible%2C%20or%20unprecedented.

- Coal-related activity, which is defined as:
  - the development or expansion of coal-fired power plants, coal mines, transportation assets used exclusively for coal, or infrastructure assets exclusively dedicated to support coal mines and coal transportation, or
  - any person that, in the prior financial year, (i) generated more than twenty percent (20%) of its energy generation from coal-fired power plants, (ii) had an annual coal production of ten (10) million tons or more, or (iii) had installed coal-fired capacity of 5,000MW or more.
- High-risk financial institution, which is defined as a financial institution/ financial services company that is materially exposed to a high-risk portfolio. "Materially-exposed" means having:
  - more than 10% of financing portfolio exposed to long term corporate or project finance in infrastructure sector including mining, railways, roads, ports, harbor, pipeline, power generation, transmission and distribution, large scale plantation or forestry operations, large scale real estate development including any slum rehabilitation project; or
  - more than 5% of financing portfolio exposure (including pre-existing exposures and commitments or sanctions not yet funded at the time of investment) to a total of (a) activities listed on the Investor Exclusion Lists, (b) coal related activities, and (c) upstream oil and gas-related activity.

**Investment ESG Requirements and Standards**

The Funds and portfolio companies will achieve the following Investment ESG Requirements:

- Compliance with all applicable E&S laws and regulations of the host country(ies) in which the portfolio companies are located and operated, including those related to life and fire safety;
- Implementation of labor management and stakeholder engagement practices within portfolio company operations and their supply chain, in accordance with International Labor Organization (ILO) Core Labor standards, including:
  - child labor (Conventions 138 and 182)
  - forced labor (Conventions 29 and 105)
  - freedom of association (Convention 87)
  - collective bargaining (Convention 98)
  - equal remuneration (Convention 100)
  - discrimination (Convention 111)
  - occupational safety and health (Conventions 155 and 187)
  - violence and harassment (Convention 190)
- Alignment with applicable IFC Performance Standards on Environmental and Social Sustainability (2012) (IFC Performance Standards[15], PS), especially the implementation of an ESMS (IFC PS1), management of labor and

[15] https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards

working conditions including in the supply chain (IFC PS2), and assessment of climate risks (IFC PS3 and related Equator Principle 2 (2020)[16]) ;

- Support and monitoring of improvements at the supply chain level in accordance with the Harmonized Responsible Sourcing Framework for Recycled Materials (2025)[17];
- Environmental, health and safety standards as per World Bank Environmental, Health and Safety (EHS) General Guidelines (2007)[18] and World Bank EHS Guidelines for Waste Management Facilities (2007)[19], as applicable to the investments and their supply chains;
- Carrying out the requirements of the Environmental and Social Action Plan (ESAP).

The Funds will review and ascertain that investment operations are in accordance with the Investment ESG Requirements either through internal or external resources. Circulate Capital will engage third-party E&S consultants and specialists to undertake the due diligence, monitoring and evaluation reviews, when applicable, and subsequent implementation support as needed.

The Funds will only make an investment in a pipeline company that either already aligns with the Investment ESG Requirements or has covenanted and agreed to implement a corrective action plan (herein referred to as the "ESAP") within a time frame acceptable to Circulate Capital. The Funds' review of a pipeline company in relation to the Investment ESG Requirements shall determine the scope of the E&S conditions of the Funds' financing.

The pipeline company's supply chain will be assessed on environmental and social risks, including labour and human rights, climate, life and fire safety, and traceability , to identify gaps and focus areas for the pipeline company's supply chain management program. Recommendations related to the supply chain management program and improvements in the supply chain will be incorporated in the ESAP.

In addition to applicable E&S laws and regulations and IFC Performance Standards, the following standards apply :

- The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (1992)[20]
- UN Guiding Principles on Business and Human Rights (2011)[21]
- International Labor Standards[22] including applicable ILO Conventions and Recommendations
- Addressing Gender-Based Violence and Harassment, Emerging Good Practice for the Private Sector, Social Development Direct (2020)[23]
- DFAT Child Protection Policy (2025)[24] and Protection from Sexual Exploitation, Abuse and Harassment Policy (2025)[25]

---

[16] https://equator-principles.com/app/uploads/The-Equator-Principles_EP4_July2020.pdf
[17] The Circulate Initiative, https://www.thecirculateinitiative.org/responsible-sourcing/harmonized-framework-for-recycled-materials/
[18] https://documents1.worldbank.org/curated/en/157871484635724258/pdf/112110-WP-Final-General-EHS-Guidelines.pdf
[19] https://www.ifc.org/content/dam/ifc/doc/2000/2007-waste-management-facilities-ehs-guidelines-en.pdf
[20] https://www.basel.int/TheConvention/Overview/tabid/1271/Default.aspx
[21] https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf
[22] https://www.ilo.org/global/standards/lang--en/index.htm
[23] https://www.ifc.org/content/dam/ifc/doc/mgrt/gpn-addressinggbvh-july2020.pdf
[24] https://www.dfat.gov.au/sites/default/files/child-protection-policy.pdf
[25] https://www.dfat.gov.au/sites/default/files/protection-sexual-exploitation-abuse-harassment-policy.pdf

- European Development Finance Institutions' (EDFI) Principles for Responsible Financing of Sustainable Development (2019)[26]
- EIB European Investment Bank Environmental and Social Standards (2022)[27]
- Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct (2023)[28]
- European Union Guidance on Due Diligence for EU Businesses to Address the Risk of Forced Labor in Their Operations and Supply Chain (2021)[29]
- Fair Circularity Initiative Principles (2022)[30]
- Equator Principles (2020)[31]
- National Fire Protection Association (NFPA) 101/ Life Safety Code (2024)[32] (may be applied for Fund II only)
- UN Principles for Responsible Investment (2006)[33]
- Operating Principles for Impact Management (2019)[34]

**Policy Communication**

Circulate Capital recognizes the importance of communicating the ESG Policy and commitments both internally and externally. This ESG Policy is made accessible and communicated to all employees of Circulate Capital, investments, and other external stakeholders.

**Incidents, Environmental and Social Claims, Collective Dismissal**

Circulate Capital requires its portfolio companies to provide an Incident Report[35]for any serious incident which affects any employee, customer, supplier or other person who has dealings with, or is affected by the activities of any of the portfolio company or which occur on or nearby any site, plant, equipment or facility of the portfolio company, including:

- an incident resulting in death or permanent injury to any person

---

26 https://edfi-website-v1.s3.fr-par.scw.cloud/uploads/2017/09/EDFI-Responsible-Financing-SDG_Principles_final_190515-1.pdf
27 https://www.eib.org/en/publications/eib-environmental-and-social-standards
28 https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/06/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_a0b49990/81f92357-en.pdf
29 https://circabc.europa.eu/rest/download/de3d9ab5-dca1-4037-aeb8-8704a379c67b#:~:text=Businesses%20are%20encouraged%20to%20assess,labour%20standards%20on%20forced%20labour.
30 https://faircircularity.org/app/uploads/2022/11/Fair-Circularity-Principles-EN.pdf
31 https://equator-principles.com/app/uploads/The-Equator-Principles_EP4_July2020.pdf
32 https://www.nfpa.org/codes-and-standards/nfpa-101-standard-development/101
33 https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment
34 https://www.impactprinciples.org/resource-library/impact-principles-english
35 https://www.circulatecapital.com/about-us/contact/

- any other incident which has a material negative impact on the environment or the health, safety and security situation (including without limitation any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination);
- any incident of a social nature (including without limitation any strike, labor unrest or dispute with local communities);
- involves any material breach of the applicable environmental, health and safety and labor regulations of the host country where the portfolio company operates;
- any incident that involves forced labor;
- any incident that involves the exploitation or abuse of a child;
- any incident which is exacted from any person under the menace of any penalty and for which that person has not offered themselves voluntarily, or that otherwise contravenes the requirements of the ILO Core Labor Standards; or,
- any incident that conflicts with ILO Convention 190 (Violence and Harassment) or includes exploitation, abuse or harassment of any person that is directed at such a person because of their perceived or real sex or gender, or that disproportionately affects people of a particular sex or gender.

Similarly, portfolio companies will inform Circulate Capital, as soon as reasonably practicable upon becoming aware of the same of:

- any Environmental and Social Claim being commenced against the portfolio company; and,
- any facts or circumstances which will or are reasonably likely to result in an Environmental and Social Claim being brought or threatened against the portfolio company.

Portfolio companies anticipating collective dismissal of employees are required to notify Circulate Capital prior to the intended action to enable consideration of alternatives and consultation. The Portfolio Company will undertake collective dismissal in accordance with a retrenchment plan that meets and considers all applicable local laws and regulations and IFC Performance Standard 2.