



POSEIDON PLASTICS

**POSEIDON PLASTICS LIMITED
GREEN FINANCING FRAMEWORK 2021**

1. INTRODUCTION TO POSEIDON

Poseidon was established on 20 December 2018 as a private limited company incorporated and registered in England and Wales under registered company number 11736799. Its aim is to provide the lowest-cost solution for the food and beverage industry to significantly reduce the volume of virgin PET waste worldwide, and ultimately bring an end to single use PET plastics.

The global output of plastics is around 448 million tonnes per year of which only a relatively small proportion is recycled.¹ In May 2018, the European Commission announced new EU-wide rules to target the 10 most problematic single-use plastics which are commonly found on European beaches and seas. The EU plans that all packaging on the EU market will be recyclable by 2030, setting ambitious targets for collection rates and recycled content in new packaging. Increasing political and public pressure combined with the growing importance of ESG criteria over the last 3 years have meant that improvements have already begun in collection and recycling rates. As a result, the 2020 global recycled plastics market was valued at approximately \$19070 million USD and is expected to reach \$15940 million USD by the end of 2026, growing at a CAGR of -2.5 % during the period 2021 – 2026.²

Since January 2020, Poseidon has operated a pilot facility in Teesside, northeast England, where it has developed a proprietary chemical-based recycling technology (*enhanced recycling*) which can process all forms of ‘waste’ PET and is particularly effective in recycling those difficult to recycle or ‘unrecyclable’ plastics including coloured bottles, trays, fibre, films and carpets. Poseidon’s process includes the preparation of waste PET, and its conversion with purification, to erPET™ - upcycled resin with comparable properties to virgin material. Successful implementation of Poseidon’s technology will deliver a circular economy for PET which will no longer be considered a single-use plastic, but rather a valuable and fully recyclable feedstock. Poseidon’s Board believes that the low processing cost which results from its integrated platform will enable rapid scale-up and commercialisation, bringing to market significant volumes of recycled erPET™ and reducing the volume of PET lost to landfill, downcycling and incineration. Poseidon is focussed on commercialising and delivering a technology focussed on 100 % erPET™

Poseidon’s Board believe that their technology offering is well placed to assist large users of PET (‘the Brands’) in demonstrating that their packaging can be fully recycled. The company is working with the Brands and intends to use the proceeds from the Green Bond to rapidly demonstrate and commercialise the technology through infrastructure investment. Poseidon aims to initially construct a demonstration facility followed by a commercial facility in the United Kingdom. This first 75kta facility will be a blueprint for global expansion with units in Germany and the USA following shortly thereafter. Global production is expected to reach 1 million tonnes per annum by 2027.

¹ [A Whopping 91 Percent of Plastic Isn’t Recycled | National Geographic Society](#)

² [Recycled Plastics Market Share and Size 2021 international Growth, New Updates, Trends, business Expansion, With Impact of the domestic and global market 2026 - MarketWatch](#)

2. COMMITMENT TO SUSTAINABILITY

Poseidon supports the achievement of national and international climate protection targets.

The impact of climate change is a clear focus area for Poseidon's business planning and the company is committed to promoting and contributing towards a more sustainable future for the United Kingdom and assisting the country's transition to a low emissions economy. This responsible approach is crucial for the continued success of this business in future.

All of Poseidon's facilities will be designed and built in accordance with the best in class legal, ethical and moral standards as set out in our Code of Business Conduct. All officers, directors, managers, staff, agents, stakeholders, investors, suppliers and business partners that we work with are all held accountable to our Code of Business Conduct and an expectation of upholding Poseidon's corporate values and integrity, ethical behaviours, compliance with law and health and safety compliance. All of Poseidon's projects will be developed with the utmost care and respect for the environment, aiming to reduce any impacts on biodiversity, to manage waste, spills and air emissions, to promote efficient consumption of material and energy and the mitigation of all activities that may have an impact on climate change.

Due to the integrated design of its facilities, Poseidon aims to recycle all solvents which were utilised in recycling the PET, including ethylene glycol and water. This will limit waste stream generation and improve yields of products. One of the factors which is a major driver in the selection of the location for all commercial facilities will be the availability of renewable resources (specifically electricity) - to minimise the environmental footprint of these facilities.

Poseidon intends to be a socially responsible business and contribute to the communities where it operates. We also hope to set up charitable and community partnerships and work with local businesses in these areas to promote our dedication to environmental and social growth.

3. GREEN FINANCING FRAMEWORK RATIONALE

The Green Bonds contracted under this Green Financing Framework ("Framework") are all in accordance with the Green Bond Principles ("GBP") as published by the International Capital Market Association ("ICMA") in June 2018 and the Green Loan Principles published by the Loan Market Association ("LMA") in March 2018. Following these principles, Poseidon will be held accountable to the guidelines that recommend transparency and disclosure reporting and also promote integrity in the development of the Green Bond and Green Loan market. Proceeds of the Green Bonds will be earmarked to projects and expenditures that fall within Eligible Categories as set out in this Framework. For the avoidance of doubt, future changes in these guidelines will also be incorporated into future versions of this Framework.

The Framework covers four core components as set out below:

1. Use of Proceeds;
2. Project Evaluation and Selection;
3. Management of Proceeds; and
4. Reporting and Assurance.

4. USE OF PROCEEDS

The proceeds of the Green Bonds will be used to finance projects or expenditure in the Eligible Categories as set out below and may include new projects with disbursements after the issuance of the Green Bonds or existing projects within 2 years of issuance.

The Board believes that Poseidon possess an economically viable and scalable solution to recycle plastics into usable polyester with many use cases. It plans to achieve this through establishing commercial recycling facilities which are to be co-located under collaboration agreements and off-take agreements with industry leaders engaged in the manufacturer of polyester. The Green Bond will assist the funding of Poseidon's proposed commercial facilities.

In line with the foregoing, the funds in the company will be used principally to execute upon its core strategic objectives as follows:

<i>Expenditure: Investment in the construction of demonstrator and chemical recycling facilities and the refurbishment and renovation of them.</i>
Demonstrator Facility: Engineering, Procurement and Construction Management ("EPCm") for Demonstrator Facility
<ul style="list-style-type: none">• Construction of a continuous demonstration facility to demonstrate the conversion of waste PET into erPET™ - the facility will include the following main process deliverables:<ul style="list-style-type: none">○ A continuous facility for BHET production from waste PET○ Polycondensation facility for converting rBHET to erPET™
Commercial Facilities: Design and EPCm for first integrated Commercial Facility for preparation of waste feedstock and conversion to erPET™ at 75,000 tonne per annum
<ul style="list-style-type: none">• Order long lead item for fully integrated Commercial facilities (the exact selection of equipment will be determined in the EPCm study above).
<ul style="list-style-type: none">• Construction of fully integrated commercial facilities including structure, equipment and required utilities to include the following deliverables:<ul style="list-style-type: none">○ Polycondensation facility○ Feedstock preparation○ BHET production from waste PET

The Board of Directors will select and approve eligible projects after approval of the budget and business plan.

The Use of Proceeds for the projects and expenditure will also be aligned with the following Sustainable Development Goals (“SDGs”):

- **Goal 9** **Industry, Innovation & Infrastructure:** Build resilient infrastructure

Chemical recycling technology will improve the recyclable ratio of resources and contribute to a circular economy.
- **Goal 12** **Responsible Consumption & Production:** Sustainably managed

Chemical recycling technology will improve the recyclable ratio of resources and contribute to a circular economy. It will also improve the recovery rate of plastic waste and the reduction of plastic waste.
- **Goal 13** **Climate Action:** Immediate action to combat climate change impact

Chemical recycling technology will improve the recyclable ratio of resources and contribute to a circular economy.
- **Goal 14** **Life Below Water:** Reduce marine pollution from land-based activity

Chemical recycling technology will improve the recovery rate of plastic waste and the reduction of marine plastic waste.

5. PROCESS FOR PROJECT EVALUATION & SELECTION

The project evaluation and selection process will ensure that the funds raised from Green Bonds are earmarked to finance projects and assets that meet the eligibility criteria set out in the Framework. All projects and expenditure will be considered by the Board against the following criteria:

1. Compliance with Poseidon’s sustainability objectives and Code of Business Conduct;
2. Compliance with the GBP or GLP;
3. Compliance with the Eligible Categories as set out above; and
4. Poseidon’s judgement and sustainability expertise as well as the principles, standards or tools that are commonly respected in the recycling industry.

6. MANAGEMENT OF PROCEEDS

Poseidon will keep track of the outstanding proceeds for each Green Bond internally and the net proceeds of the Green Bonds will be allocated in the following ways:

1. Earmarked to finance operational projects and expenditures that fall within Eligible Categories as set out in this Framework. Prior to the issuance of each Green Bond, Poseidon will disclose which projects and expenditure are to be financed, and to what extent proceeds are to finance future investments. Poseidon intends to fully allocate and disburse the proceeds within 24 months of the issuance date of each Green Bond; and
2. Unallocated proceeds and investments in any form of cash, bank deposit or other form of available financial assets may be used within a Treasury function and temporarily applied to reduce indebtedness of a revolving nature before being redrawn for investments or disbursements for a project or asset that meets the eligibility criteria set out in the Framework.

7. REPORTING & ASSURANCE

Poseidon recognises that transparency and disclosure for investors are imperative. In this regard, it will provide to the lender and the Climate Bonds Initiative, full disclosure on an annual basis until full allocation of proceeds, the allocated amount and the outstanding of unallocated for this Green Bond.

Impact reporting will also be carried out to provide qualitative and/or quantitative reporting of the environmental impacts (where possible and relevant) resulting from projects and expenditures that fall within Eligible Categories as set out in this Framework. Poseidon will aim to utilise the impact reporting guidelines as detailed within the GLPs or GBPs.

Poseidon has appointed ISS ESG as approved to verifier who will perform pre and post-issuance verification processes against CBI standards. This will include verification of whether the provisions of the CBI standards are met and obtaining evidence to support this verification. Such assurance will be provided on annual basis to provide a regular review and confirmation that outstanding Green Bonds remain in compliance with the Framework, no later than 12 months following initial issuance.

Annual allocation reporting will be carried out until maturity of the Green Bond.

8. CBI DISCLAIMER

The certification of Green Bonds as Climate Bonds by the Climate Bonds Initiative is based solely on the Climate Bond Standard and does not, and is not intended to, make any representation, or give any assurance with respect to any other matter relating to the Green Bonds or any eligible project, including but not limited to the Terms Sheet, the transaction documents, Poseidon or the management of the Poseidon.

The certification of the Green Bonds as Climate Bonds by the Climate Bonds Initiative was addressed solely to the Board of directors of Poseidon and is not a recommendation to any person to purchase, hold or sell the Green Bonds and such certification does not address the market price or suitability of the Green Bonds for a particular investor. The certification also does not address the merits of the decision by Poseidon or any third party to participate in any eligible project and does not express and should not be deemed to be an expression of an opinion as to Poseidon or any aspect of any eligible project (including but not limited to the financial viability of any eligible project) other than with respect to conformance with the Climate Bond Standard.

In issuing or monitoring, as applicable, the certification, the Climate Bonds Initiative has assumed and relied upon and will assume and rely upon the accuracy and completeness in all material respects of the information supplied or otherwise made available to the Climate Bonds Initiative. The Climate Bonds Initiative does not assume or accept any responsibility to any person for independently verifying (and it has not verified) such information or to undertake (and it has not undertaken) any independent evaluation of any eligible project or Poseidon. In addition, the Climate Bonds Initiative does not assume any obligation to conduct (and it has not conducted) any physical inspection of any eligible project. The certification may only be used with the Green Bonds and may not be used for any other purpose without the Climate Bonds Initiative's prior written consent.

The certification does not and is not in any way intended to address the likelihood of timely payment of interest when due on the Green Bonds and/or the payment of principal at maturity or any other date.

The certification may be withdrawn at any time in the Climate Bonds Initiative's sole and absolute discretion and there can be no assurance that such certification will not be withdrawn.

Abbreviations

'**erPET**' means enhanced recycled PET, a polymer derived from the process of chemically recycling waste polymers and generally used to manufacture food and beverage grade containers, packaging fibres for textiles and clothing.

'**PET**' means polyethylene terephthalate plastic.

'**rBHET**' means the monomer bis-hydroxyethyl terephthalate feedstock obtained from recycling PET which is then used to manufacture erPET.