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About Closed Loop Partners

Closed Loop Partners is a New York-based investment firm comprised of venture capital, growth equity, private equity and catalytic capital, as well as an innovation center focused on building the circular economy. The firm’s business verticals build upon one another, bridging gaps and fostering synergies to scale the circular economy. We have built an ecosystem that connects entrepreneurs, industry experts, global consumer goods companies, retailers, financial institutions and municipalities. To date, our investments and projects generate impact across four continents, eight countries and 25 U.S. states.

About the Closed Loop Leadership Fund

The Closed Loop Leadership Fund is Closed Loop Partners’ private equity buyout fund, focused on acquiring and growing best-in-class, private companies that are fundamental to keeping plastics and packaging, food and organics, electronics and textiles out of landfills and within a circular system.

About the Disclosure Statement

Closed Loop Partners (the “Signatory”) hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the “Impact Principles”). The total value of the Covered Assets in alignment with the Impact Principles is over US$475 million as of May 26, 2022, comprising all Closed Loop Partners investment funds, including venture capital, growth equity, private equity and catalytic capital.

As a Signatory to the Impact Principles, Closed Loop Partners shares in the collective commitment to ensure that impact management practices are purposefully integrated throughout the life cycle of each investment in the fund’s portfolio. This Disclosure Statement describes practices common to all Closed Loop Partners investment funds, with a particular focus on the impact management process and policies adhered to by the Closed Loop Leadership Fund.
IMPACT FRAMEWORK

At Closed Loop Partners, we measure and manage our impact across four universal steps, integrating a variety of industry standards and frameworks. These four steps were first introduced to the public through a Coursera class entitled, “Impact Measurement & Management for the SDGs.” The course is a collaboration between UNDP SDG Impact and the award-winning team at CASE at Duke University. The United Nations Development Programme (UNDP) is a steward of the United Nations Sustainable Development Goals (SDGs) that were launched in 2015 and to which 193 countries have signed up to achieve by 2030. The SDGs are a shared plan to end extreme poverty, reduce inequality, and protect the planet; they have become the world’s blueprint to achieve a better and more sustainable future for all.

The four universal steps enable Closed Loop Partners to adhere to the Operating Principles for Impact Management. Each of the Impact Principles outlined in this Disclosure Statement align with one of the four universal steps.
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.

Closed Loop Partners is a New York-based investment firm comprised of venture capital, growth equity, private equity and catalytic capital, as well as an innovation center focused on building the circular economy. Investments align capitalism with positive social and environmental impact by reducing waste and greenhouse gas emissions via materials innovation, advanced recycling technologies, supply chain optimization and landfill diversion.
Within the range of investment funds in our investment platform, the Closed Loop Leadership Fund, our buyout fund, is focused on acquiring and building circular economy platforms across recycling infrastructure, plastics & packaging, food & agriculture, electronics and logistics.

The Closed Loop Leadership Fund’s theory of change demonstrates how its investments can drive the following outcomes: (1) divert waste from landfill, (2) reduce greenhouse gas emissions, (3) strengthen the market for recycled materials, and (4) extend the useful lifespan of valuable materials. These outcomes can then lead to the mainstream adoption of circular manufacturing and production systems and an increase in price-competitive alternatives to costly raw material extraction and landfill disposal. Ultimately, the Closed Loop Leadership Fund’s primary mission is to scale vertically-integrated circular supply chains.

Our impact through the Closed Loop Leadership Fund aligns with nine Sustainable Development Goals (SDGs) outlined by the United Nations Development Programme, and we contribute directly to two of these SDGs: 9, Industry, Innovation and Infrastructure; and 12, Responsible Consumption and Production. We linked our impact objectives to the SDGs using the Impact Management Project (IMP)’s “A, B, C classification” to specify each objective’s intentions with respect to each SDG, outlined below in Figure 1.
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.

Outlined within step three of the four universal steps, coherent processes and tools are in place for Closed Loop Partners to integrate impact considerations at each stage of the investment process across the portfolio, grounded in a standardized set of impact indicators. This begins by establishing the baseline impact for each investment and projecting incremental impact through the due diligence process, considering the impact of the investment decision-making process and the ongoing monitoring and review of impact indicators, aligned with the IRIS+ metrics outlined by the Global Impact Investing Network. This allows for monitoring of impact performance across the portfolio, as well as comparing variation across investments. The process consists of one-time per deal activities and continuous on-going activities, schematically outlined below.

Closed Loop Partners aligns incentives with impact. For example, the Closed Loop Circular Plastics Fund is an impact-first fund designed with specific impact hurdles that unlock carry when they are met. The fund’s specific fund life targets include 500 million pounds of plastics kept in circulation and 575 million pounds of CO2e emissions avoided.
Figure 2: Collaboration of impact team and deal team on one-time and continuous impact assessment activities.

**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.

The firm’s experience within the waste management, manufacturing and recycling industries, our extensive investor network through the Closed Loop Leadership Fund, and our financial capital help achieve significant growth and returns while advancing systemic, circular change.

At the helm of Closed Loop Partners is a management team comprised both of experienced fund managers and of former industry CEOs, CFOs, entrepreneurs, and engineers with deep operating experience and expertise aligned with the needs of the firm’s portfolio companies. The internal management team and the teams across the firm leverage Closed Loop Partners’ network of corporate partners, working with them to advance industry-wide impact, deploy financial capital and sponsor strategic collaborations that achieve observable investment and impact objectives, while
accelerating systemic, circular change. We also bolster our expertise and experience through our broader ecosystem of industry experts & academic research, catalyze capital through co-investors, and hold ourselves accountable to leading standards set by our impact partners.

<table>
<thead>
<tr>
<th>OUR TRACK RECORD</th>
<th>OUR INVESTOR NETWORK</th>
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<tbody>
<tr>
<td>We have invested and helped build over 64 businesses and projects across our platform to date, diverting 3.6M tons of waste from landfill and avoiding 6.8M tonnes of GHG emissions. (as of 9/30/21)</td>
<td>Our investors include some of the world’s largest consumer, technology and retail companies, institutional investors including pension funds, endowments and asset allocators, and global family offices.</td>
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<th>OUR INDUSTRY EXPERTISE</th>
<th>OUR ECOSYSTEM</th>
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<tbody>
<tr>
<td>Our management team is comprised of industry CEOs, CFOs, fund managers and former executives of government agencies with decades of operating experience.</td>
<td>We leverage industry experts &amp; academic research, catalyze capital through co-investors, and hold ourselves accountable to leading standards set by our impact partners.</td>
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Closed Loop Partners’ fund managers strive to create additional positive impact in all investments, and have interpreted the Impact Management Project's contribution strategies using the Impact Classification System:

- **Making an investment decision (to invest or avoid) to accelerate the circular economy, to communicate to others that you value the sustainable impact of your investments, and factor in measurable impact.**

- **Making significant, proactive efforts to use CLP’s expertise and network to improve the impact performance of investments, including management support and taking board seats. Leveraging the networks and influence of partner companies. Connecting to the wider CLP ecosystem. Gaining industry-specific expertise and access to emerging technologies.**

- **Enabling sustainable development beyond the impact of the direct portfolio by sharing impact data and lessons publicly, thought leadership and industry research, furthering cross-sector partnerships and contributing to systems-level analysis to identify the most appropriate interventions.**

**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.

Closed Loop Partners takes a measured approach to assessing impact throughout the deal cycle of each investment. Outlined within step two of the four universal steps, the firm develops the impact narrative of each investment by assessing alignment of the deal with the impact thesis of the fund. The theory of change is then mapped to Sustainable Development Goals and impact targets. The firm also uses the Impact Logics Framework, outlined by the IMP, to provide a deeper understanding of our impact, across the five dimensions of performance: What, Who and Where, How Much, Contribution and Impact Risk, as seen in Figure 3 below.
The firm also projects intended impact for each investment by measuring forecasted outcomes against impact objectives using key performance indicators that align with industry standards, as well as analyzing the additionality of each investment's impact. This includes classification of the level of contribution towards selected goals, targets and/or objectives.

With the firm's investment thesis firmly rooted in advancing circular solutions that maximize the value of resources already in play, the profitability and impact potential of our portfolio companies are intrinsically correlated. As portfolio companies grow in size, scale and profit, diverting more material from landfill and therefore avoiding the emission of more greenhouse gases, so does their environmental and social impact.
For example, the Closed Loop Leadership Fund’s role in advancing the overall impact objectives of Closed Loop Partners is through capitalizing and growing best-in-class circular economy platforms that have the potential to bolster the supply of post-consumer recycled materials needed to fill market demand. The Closed Loop Leadership Fund aims to acquire control stake in established companies that have proven, predictable cash flow and tangible assets, including equipment and real estate, then grows the company’s enterprise value while distributing cash flow to investors. The Closed Loop Leadership Fund ultimately aims to build, modernize and recapitalize companies that keep valuable materials in play, and grow these key market players to accelerate the transition to a circular economy.

**PRINCIPLE 5**

Assess, address, monitor, and manage potential negative impacts 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.

Outlined within step two of the four universal steps, Closed Loop Partners conducts a thorough ESG risk assessment of each of its investments. This includes analyzing the physical risk of climate change to the company’s operations, the diversity, equity and inclusion practices of the company, the direct and indirect impacts of the company operations on surrounding communities, the health impacts of the company operations, grievance mechanisms for affected communities, and the number of injuries or fatalities at the operation. The firm’s ESG due diligence questionnaire is based on international standards and frameworks, specifically GRI, SASB and IFC performance standards.
As the Closed Loop Leadership Fund makes control investments with a strategic advantage to scale circularity, the fund team analyzes the ESG risks of each of its investments.

For example, the Closed Loop Leadership Fund’s first portfolio company, Balcones Resources (Balcones), is a pure-play recycling company, with no economic incentives or business links to landfills. Balcones has a longstanding history of engaging with its community, building careers for its employees (as demonstrated by its low employee turnover rate within an industry characterized by high turnover), and embracing diversity, equity and inclusion (for example, genuine commitment to its DACA employees). The objective of the Closed Loop Leadership Fund is to grow Balcones Resources into one of the largest and most successful recycling companies in the U.S., contributing meaningfully in the shift to increased quality and quantity of recycled materials, thereby reducing virgin extraction and disposal in supply chains.

Identifying gaps and negative impact is important to the initial underwriting and ongoing impact measurement and management. As part of the firm’s due diligence process, the Closed Loop Leadership Fund identifies potential environmental risks and makes recommendations to address those risks through Environmental Site Assessment (ESAs) conducted in accordance with American Society of Testing and Materials (ASTM) Standard Practices. With safety being a top priority at recycling facilities, the Closed Loop Leadership Fund’s team conducts due diligence on safety records to identify and mitigate associated risks.

The investment team works directly with the company across strategy, governance, operations and finance to support the extension and continued integration of the firm’s ESG best practices as the company grows.

**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, 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.

Closed Loop Partners has developed a thorough process to collect data, manage outcomes, and optimize impact. Outlined within step three of the four universal steps, the firm collects and aggregates inbound reports from each investment; reviews and validates inbound information to track deviations in the data; and analyzes the impact data at an investment and portfolio level to determine where to optimize impacts.

Data is collected monthly or quarterly by each of the fund teams on the Closed Loop Partners platform and shared with investors on a regular basis. Environmental and social impact data points are collected from individual portfolio companies and are aggregated by the internal Closed Loop Partners team to provide firm-wide impact data. Impact data is then codified in a publicly available document through Closed Loop Partners’ annual impact reports. The Closed Loop Leadership Fund captures each investment’s progress towards expected positive impact on a quarterly basis through investee reporting, grounded in impact indicators that capture investor outcomes. All impact indicators are aligned with the IRIS+ metrics outlined by the Global Impact Investing Network, which allows for monitoring impact performance across the portfolio, as well as comparing variation across investments.

Those indicators are including but not limited to:

- **Tons Materials Kept in Circulation:** The impacted tons of materials coming through the system of the portfolio company’s operation.
- **Greenhouse Gas Emissions:** Metric tons of CO2e estimated emissions reduced or avoided as a funded project or company, based on tons of material recovered, using data from the most recent version of the U.S. EPA Waste Reduction Model (WARM).
- **Energy Management:** Electricity used by source (including renewable), as well as electricity generated.
- **Employee Count:** The number of measurable indicators, including full-time employees, hourly employees, as well as female and minority representation.
- **Safety of Operation:** The top priority of the Fund; injuries and fatalities registered with OSHA are tracked.
The Closed Loop Leadership Fund holds the majority on the Board of Directors, thus is directly influential in decision making to help ensure that these practices are continued, monitored and measured, and that the aligned ethos of the exceptional Balcones management team extends as the company grows.

**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.

Closed Loop Partners' funds aim to perpetuate sustainable and persistent net-positive impact outcomes beyond the hold-period of the fund. The Closed Loop Partners investment team (1) gives intentional consideration to capital partners over the life of an investment, (2) deliberately structures terms where applicable, and (3) consciously evaluates exit scenarios upon initial underwriting (ex-ante), through the execution of an exit, and strives to evaluate the persistence of impact outcomes post-facto.

Given Closed Loop Partners' mission to build the circular economy, each of the firm's investment strategies aim to build sustainable companies that contribute to the systemic shift away from a linear economic model to a circular economic model. The Closed Loop Partners team takes proactive steps intended to embed impact earlier in the investment process, including engagement with human capital management and environmental controls. We continue to formalize the standardized process of the impact exit as we approach the first exit.

For example, the Closed Loop Leadership Fund proactively strives to ensure that a portfolio company's net positive contribution to the circular economy persists after the Fund exits its ownership—be that in the public markets, or through the sale to a strategic or financial buyer. Exit is part of the investment team's initial financial and impact underwriting. The persistent systemic contribution to the circular economy is part of this assessment and the investment team's value creation strategy (the Fund's own management influence). Evidence of this underwriting is recorded through the team's exchanges, models and investment memos. After the Fund monetizes its ownership position (i.e., exits), the persistence of positive impact outcomes, positive
contribution to the circular economy and ESG practices should be reviewed and compared versus expectations. To date (May 2022), the Fund has not had an exit, so all exit assessment is ex-ante.

**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.

In addition to exit strategies, Closed Loop Partners aims to optimize impact outcomes through new impact decisions and processes. These are informed by a thorough impact data review that is integrated within the larger company-wide business review. Through partnerships with impact industry leaders, Closed Loop Partners continuously works towards integrated reporting, common language and measurable & transparent outcomes throughout the lifecycle of each investment. With every investment, the firm continues to evolve and advance our impact management system.

The Closed Loop Leadership Fund’s management team works with portfolio companies to monitor, manage and report on impact performance. Impact data collected through quarterly monitoring is reviewed by a dedicated staff member and compared with established impact projections to allow for the comparison of actual and expected impact performance over time.

**PRINCIPLE 9**

Publicly disclose alignment with the Impact 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 Impact Principles and, at regular intervals, arrange for an 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.

The full Disclosure Statement affirms the alignment of Closed Loop Partners’ impact management processes and procedures with the Impact Principles. Updated Disclosure Statements will be provided every year. The current Verification Statement, completed last November, is with respect only to our buyout private equity fund, the Closed Loop Leadership Fund, covering close to $200 million assets under management, to date. Future Verification Statements are expected to cover all of Closed Loop Partners’ assets under management and are anticipated to be provided every three years.

Closed Loop Partners has engaged BlueMark as our external and independent verifier. The BlueMark Verifier Statement dated November 3, 2020, can be found on the following page.

VERIFICATION STATEMENT