

Second-Party Opinion

PureCycle Technologies, Inc. Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that PureCycle's Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds – Circular Economy Adapted Products, Production Technologies and Processes – is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impact and advance the UN Sustainable Development Goals, specifically SDG 12.



PROJECT EVALUATION AND SELECTION PureCycle's management team will oversee the project evaluation and selection process. PureCycle is developing an integrated sustainability programme to address environmental and social risks associated with the projects financed. Sustainalytics considers the project selection and risk management processes to be in line with market practice.



MANAGEMENT OF PROCEEDS PureCycle's CEO and CFO will oversee the management of proceeds. PureCycle intends to fully allocate proceeds within 24 months of issuance. Pending full allocation, net proceeds will be temporarily held in cash and cash equivalents. This is in line with market practice.



REPORTING PureCycle intends to report on the allocation and impact of proceeds to investors on an annual basis until full allocation. In addition, PureCycle is committed to reporting on relevant impact metrics. Sustainalytics views PureCycle's allocation and impact reporting as aligned with market practice.

Evaluation Date	August 08, 2023
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Issuer Location	Orlando, US
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Introduction

PureCycle Technologies, Inc. (“PureCycle” or the “Company”) is a publicly listed US company (NASDAQ: PCT) specializing in waste polypropylene (PP) purification and waste plastic recycling technologies. PureCycle has a low-carbon patented PP purification technology that provides an alternative to mechanical and chemical plastic recycling technologies.¹ The Company is headquartered in Orlando, Florida with two recycling facilities, one beginning commercial operations in Ironton, Ohio and the second under construction in Augusta, Georgia. The Company has a workforce of more than 170 employees.

PureCycle has developed the Green Bond Framework (the “Framework”), under which it intends to issue green bonds and use the proceeds to finance, in whole or in part, future projects that enable the wider use of recycled plastic. The Framework defines eligibility criteria in one area:

1. Circular Economy Adapted Products, Production Technologies and Processes

PureCycle engaged Sustainalytics to review PureCycle’s Green Bond Framework, dated August 2023, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).² This Framework will be published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the GBP, as administered by the International Capital Markets Association (ICMA);
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of PureCycle’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.14, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of PureCycle’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. PureCycle representatives have confirmed (1) they understand it is the sole responsibility of PureCycle to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information; and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and PureCycle.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated

¹ PureCycle, “Environmental, Social & Governance Report”, (2021), at: <https://www.purecycle.com/report/2021-2022-report>

² The Green Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

³ The Green Bond Framework will be available to investors at the time of issuance.

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

herein, PureCycle is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that PureCycle has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Green Bond Framework

Sustainalytics is of the opinion that the Green Bond Framework is credible and impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of PureCycle's Green Bond Framework:

- Use of Proceeds:
 - The eligible category – Circular Economy Adapted Products, Production Technologies and Processes – is aligned with those recognized by the GBP.
 - Under the Circular Economy Adapted Products, Production Technologies and Process category, PureCycle intends to finance the expansion of production capacity at its new PP recycling facility in Augusta, Georgia. The Company may also finance expenditures related to optimizing the patented recycling process.
 - The Framework stipulates that PureCycle's patented waste PP purification technology; i) differs from mechanical and chemical recycling technologies, ii) does not alter the chemical makeup of the polymer, iii) can process greater flexibility in feedstock sources, iv) produces contaminant-free and low-odour Ultra-Pure Recycled (UPR) resin from 100% waste PP, and v) supports post-recycling circularity.
 - Sustainalytics positively notes the low-carbon recycling and purification process due to the lack of depolymerization. Sustainalytics also notes that although the recycled UPR resin may be used in single-use plastic products, the UPR resin content represents a secondary, tertiary, and ongoing circular use of production material. Furthermore, plastic recycling practices are historically low, with an estimated 19.5% of total global plastic waste recycled as of 2015.⁵ Sustainalytics further recognizes that improved recycling rates alone, even if attainable, will not fully address the holistic environmental issues associated with plastics.⁶ The packaging industry needs to take substantial measures to achieve full circularity, including increasing the use of sustainably sourced alternative low-carbon materials that can be recycled indefinitely without loss of quality.
- Project Evaluation and Selection:
 - PureCycle's management team will oversee the project evaluation and selection process based on the Framework criteria and the Company's sustainability strategy. The management team members include the Company's CEO, CFO, Chief Sustainability Officer (CSO) and General Counsel.
 - The Company is developing an integrated sustainability programme (ISP) to identify and assess the associated environmental and social risks associated with the construction, operation and expansion of its UPR resin production facilities. The ISP will determine appropriate mitigation measures throughout the process of evaluation, selection and management of proceeds. Sustainalytics considers this risk assessment and mitigation process to be adequate and aligned with market practice. For additional detail, see Section 2.

⁵ Ritchie, H. et al. (2022), "Global Plastic waste by disposal," Our World in Data, at: <https://ourworldindata.org/plastic-pollution#how-much-plastic-enters-the-world-s-oceans>

⁶ Unlike steel, glass and aluminium, plastics can only be recycled a finite number of times before being discarded.

- Based on the defined process for project evaluation and selection and the presence of a risk management process, Sustainalytics considers this to be in line with market practice.
- Management of Proceeds:
 - PureCycle's CEO, CFO and the Finance team will track the allocation of proceeds through the Company's internal standard controls over financial reporting policies and procedures.
 - The Company intends to allocate all proceeds within 24 months of issuance. Pending full allocation, unallocated proceeds will be temporarily held in cash and short-term investments in PureCycle's balance sheet using a portfolio approach.
 - Based on the defined management of proceeds, including the allocation time frame and the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice
- Reporting:
 - PureCycle intends to report on the allocation of proceeds on an annual basis until full allocation. Allocation reporting is expected to include the total net proceeds and the amount of proceeds allocated towards eligible green projects. The allocation report will be shared with investors and other stakeholders in PureCycle's periodic financial reports filed with the US Securities and Exchange Commission.
 - Additionally, PureCycle intends to report on relevant impacts, such as the total pounds of recycled waste PP, in its ESG annual report which will be published on the Company's website.
 - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Green Bond Framework aligns with the four core components of the GBP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of PureCycle

Contribution to PureCycle's sustainability strategy

PureCycle's overall sustainability vision is to transform plastic waste into a renewable source, with an intention of closing the loop on plastic waste and making recycled plastics more accessible at scale.⁷ Achievement of this vision is driven by the Company's proprietary PP purification technology in UPR resin that is intended to be more resource efficient, environmentally sustainable and economically competitive than new, fossil fuel-derived plastics.

In line with its mission, PureCycle has established the goal of producing nearly 1 billion pounds of "PureCycled" plastic by 2027. The Company has thus far obtained the process licence, completed construction of a Feedstock Evaluation Unit production line for internal testing, completed construction of its first commercial scale facility in Ironton, Ohio and successfully produced its first pellets from post-industrial feedstock. In 2021, the Company commissioned an independent third party to evaluate the potential environmental impact of its purification process based on preproduction modelling data from its commercial facility design. The evaluation found that the Company's production process may reduce GHG emissions by 35% and energy footprint by 79% compared to fossil fuel-derived plastics.⁸ Moreover, in line with its overall sustainability vision, PureCycle has initiated the PureZero™ Program, which aims to recycle waste PP generated at event venues, campuses, retail stores and offices.⁹

The Company began commercial production at its first facility in Ironton, Ohio and plans to expand purification capacity at its second commercial facility in Augusta, Georgia. PureCycle is using the data gathered from the initial construction and operations of the Ironton facility to improve its impact opportunities, such as production efficiency and contribution to a sustainable supply chain.

Sustainalytics is of the opinion that the Framework is aligned with the Company's overall sustainability efforts and will further the Company's action on its key environmental priorities.

⁷ PureCycle, "Who We Are", at: <https://www.purecycle.com/who-we-are>.

⁸ PureCycle, "Environmental, Social & Governance Report", (2021), at: <https://www.purecycle.com/report/2021-2022-report>

⁹ PureCycle, "PureZero™ Program", at: <https://www.purecycle.com/purezero-program>

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues related to land use and biodiversity risks associated with large-scale infrastructure development; emissions, effluents and waste generated in construction and operation; occupational health and safety; supply chain sustainability; and stakeholder engagement.

Sustainalytics is of the opinion that PureCycle is able to manage or mitigate potential risks through the implementation of the following:

- To address the above-mentioned environmental risks, PureCycle completed a Phase 1 Environmental Site Assessment (ESA) at the Augusta site in August 2022 and will conduct similar assessments at future sites prior to the construction of its plants. An ESA is intended to assess whether the current or historical property use affects soil and groundwater or poses a threat to the environment or human health.¹⁰
- Regarding risk related to land use, biodiversity, emissions, effluents and waste management, the Company has communicated to Sustainalytics that it has adopted internal processes to ensure compliance with the regional environmental laws and regulations. Additionally, Sustainalytics notes that US laws and regulations provide stringent oversight of construction activities. The US is classified as one of the Designated Countries under the Equator Principles, indicating the presence of environmental and social governance legislation systems and institutional capacity to address common environmental and social risks.
- Regarding occupational health and safety, PureCycle commits to implementing risk management systems and a series of policies, protocols and guidelines to mitigate safety hazards.¹¹ This includes the intention to provide comprehensive and customized occupational safety training to all its employees. The Company is also committed to a Goal Zero safety culture and mindset that pursue zero defects, zero rule-breaking, zero non-compliance and zero incidents. To ensure implementation, PureCycle aims to provide readily accessible digital incident reporting systems and prioritize learning from incidents and near-misses. Moreover, PureCycle has established the Contractor Safety Management Standard, which contains fundamental guidelines for preventing injuries, illnesses and other safety and environmental incidents due to the activities of suppliers providing materials, labour or services.
- In addition, PureCycle intends to establish an operational excellence management system (OEMS) to mitigate environmental and occupational health and safety risks.¹² The OEMS is expected to be an integrated management system consisting of policies, standards, procedures, work processes and supporting roles. The OEMS will be set up in compliance with the US Environmental Protection Agency's (EPA) Risk Management Plan¹³ and US Occupational Safety and Health Administration's (OSHA) Process Safety Management standard.¹⁴
- To address sustainability risks in the supply chain, PureCycle requires its suppliers to acknowledge and conform to its Supplier Code of Conduct.¹⁵ The code sets forth principles regarding labour rights, human rights, anti-discrimination, environmental impacts, health and safety, ethics and business integrity, among others. Non-compliance with the code may result in supplier disqualification.
- To ensure stakeholder participation, PureCycle's CSO has engaged with industrial, political and civil groups to consider their perspectives in the decision-making process.

Based on the above, Sustainalytics is of the opinion that PureCycle has implemented adequate measures and is well positioned to manage or mitigate environmental and social risks commonly associated with the eligible categories.

¹⁰ US government, "Phase I Environmental Site Assessment Report (Phase I Report)", at: [https://uk.practicallaw.thomsonreuters.com/0-552-8987?transitionType=Default&contextData=\(sc.Default\)&firstPage=true](https://uk.practicallaw.thomsonreuters.com/0-552-8987?transitionType=Default&contextData=(sc.Default)&firstPage=true)

¹¹ PureCycle, "Environmental, Social & Governance Report", (2021), at: <https://www.purecycle.com/report/2021-2022-report>

¹² Ibid.

¹³ According to the US EPA's Risk Management Program rule, facilities that use extremely hazardous substances must develop a Risk Management Plan that spells out chemical accident prevention and emergency response measures.

US EPA, "Risk Management Program (RMP) Rule Overview", at: <https://www.epa.gov/rmp/risk-management-program-rmp-rule-overview>

¹⁴ OSHA has issued the Process Safety Management of Highly Hazardous Chemicals standard (29 CFR 1910.119), which prescribes requirements for hazards management in processes using highly hazardous chemicals.

OSHA, "Process Safety Management", at: <https://www.osha.gov/process-safety-management>

¹⁵ PureCycle, "Supplier Code of Conduct", at: <https://www.purecycle.com/supplier-code-of-conduct>.

Section 3: Impact of Use of Proceeds

Importance of plastic waste reduction in the US

In 2021, 40 million tonnes of municipal plastic waste were generated in the US, a five-fold increase since 1980.¹⁶ The US' annual plastic waste per capita is approximately five times larger than the global average.¹⁷ Despite the amount of waste, the US recycling rate was only 5-6% in 2021, down from approximately 9% in 2018.¹⁸ The US does not have the capacity to recycle all its plastic waste domestically and has relied on exporting waste to countries around the world.¹⁹ Since China issued a ban on contaminated plastic from the US in 2018, most of the recyclable items are sent to landfills or incinerators.²⁰

Two bills have been introduced in the US Congress to tackle the issue of plastic waste: the Break Free from Plastic Pollution Act of 2021²¹ and the Plastic Waste Reduction and Recycling Research Act of 2021.²² These potential pieces of legislation focus on reducing single-use plastic, creating new standards for reducing and recycling plastic waste and establishing a waste reduction research programme. In addition, the EPA published the National Recycling Strategy in November 2021 with the aim to increase the US' overall recycling rate to 50% by 2030.²³ The strategy identifies objectives and actions needed to implement a sustainable materials management approach in the municipal solid waste recycling system. Moreover, the US began engaging with other nations and stakeholders at the United Nations Environment Assembly in 2022 to address the challenge of plastic pollution through a wide range of domestic and international initiatives and programmes.²⁴

As the circular economy presents a global opportunity of USD 4.5 trillion by 2030, more investments have been directed towards recycling facilities and infrastructure, such as those managed by Closed Loop Partners.²⁵ In 2021, Closed Loop Partners had more than USD 400 million in assets under management invested across the circular economy in sortation, collection, processing and manufacturing facilities.²⁶ As part of the Closed Loop Infrastructure Fund Portfolio, PureCycle focuses on innovative technologies in plastic recycling, including the conversion of PP plastic waste into UPR resin for reuse.²⁷ In 2015, PureCycle obtained the license from Procter & Gamble to commercialize this patented technology with the aim to enable the wider adoption of recycled plastics.²⁸

Based on the above, Sustainalytics is of the opinion that PureCycle's financing of recycling facilities is expected to generate a positive environmental impact by reducing plastic waste in the US.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under PureCycle's Green Bond Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Circular Economy Adapted Products, Production Technologies and Processes	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

¹⁶ Statista, "Plastic waste in the United States - statistics & facts", (2022), at: https://www.statista.com/topics/5127/plastic-waste-in-the-united-states/#topicHeader_wrapper

¹⁷ Ibid.

¹⁸ Greenpeace, "Circular Claims Fall Flat Again", (2022), at: https://www.greenpeace.org/usa/wp-content/uploads/2022/10/GPUS_FinalReport_2022.pdf

¹⁹ Statista, "Plastic waste in the United States - statistics & facts", (2022), at: https://www.statista.com/topics/5127/plastic-waste-in-the-united-states/#topicHeader_wrapper

²⁰ US government, "Plastic Waste Reduction and Recycling Research Act", (2021), at: <https://www.congress.gov/bill/117th-congress/house-bill/2821/text?q=%7B%22search%22%3A%5B%22toxic%2C+chemicals%22%5D%7D&r=22&s=2>

²¹ US government, "Break Free From Plastic Pollution Act", (2021), at: <https://www.congress.gov/bill/117th-congress/senate-bill/984>

²² US government, "Plastic Waste Reduction and Recycling Research Act", (2021), at: <https://www.congress.gov/bill/117th-congress/house-bill/2821/text?q=%7B%22search%22%3A%5B%22toxic%2C+chemicals%22%5D%7D&r=22&s=2>

²³ US EPA, "National Recycling Strategy", at: <https://www.epa.gov/recyclingstrategy/national-recycling-strategy>

²⁴ US government, "US Actions to Address Plastic Pollution", (2022), at: <https://www.state.gov/u-s-actions-to-address-plastic-pollution/>

²⁵ Closed Loop Partners, "Closing the Loop: The Transition to Circularity", (2021), at: <https://www.closedlooppartners.com/wp-content/uploads/2022/04/Closed-Loop-Partners-2021-Impact-Report-7.pdf>

²⁶ Ibid.

²⁷ Ibid.

²⁸ PureCycle, "Our Impact", at: <https://www.purecycle.com/>

Conclusion

PureCycle Technologies, Inc. has developed the Green Bond Framework, under which it may issue green bonds and use the proceeds to finance the construction of its polypropylene recycling facility. Sustainalytics considers that the project funded by the green bond proceeds is expected to enable wider use of recycled plastic.

The Framework outlines a process by which proceeds will be tracked, allocated and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds category will contribute to the advancement of the UN Sustainable Development Goal 12. Additionally, Sustainalytics is of the opinion that PureCycle has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible project funded by the proceeds.

Based on the above, Sustainalytics is confident that PureCycle Technologies, Inc. is well positioned to issue green bonds and that the Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	PureCycle Technologies, Inc.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	PureCycle Technologies, Inc. Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	August 08, 2023
Publication date of review publication:	
Original publication date [please fill this out for updates]:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible category for the use of proceeds, Circular Economy Adapted Products, Production Technologies and Processes, is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 12.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input checked="" type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

PureCycle's management team will oversee the project evaluation and selection process. PureCycle is developing an integrated sustainability program to address environmental and social risks associated with the projects financed. Sustainalytics considers the project selection and risk management processes to be in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- ☒ Summary criteria for project evaluation and selection publicly available ☐ Other (please specify):

Information on Responsibilities and Accountability

- ☒ Evaluation / Selection criteria subject to external advice or verification ☐ In-house assessment
- ☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

PureCycle's CEO and CFO will oversee the management of proceeds. PureCycle intends to fully allocate proceeds within 24 months of issuance. Pending full allocation, net proceeds will be temporarily held in cash and cash equivalents. This is in line with market practice.

Tracking of proceeds:

- ☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- ☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds
- ☐ Other (please specify):

Additional disclosure:

- ☒ Allocations to future investments only ☐ Allocations to both existing and future investments
- ☐ Allocation to individual disbursements ☒ Allocation to a portfolio of disbursements
- ☒ Disclosure of portfolio balance of unallocated proceeds ☐ Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

PureCycle intends to report on allocation and impact of proceeds to investors on an annual basis until full allocation. In addition, PureCycle is committed to reporting on relevant impact metrics. Sustainalytics views PureCycle's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- ☐ Project-by-project ☒ On a project portfolio basis

- ☐ Linkage to individual bond(s) ☐ Other (please specify):

Information reported:

- ☒ Allocated amounts ☐ Green Bond financed share of total investment
- ☐ Other (please specify):

Frequency:

- ☒ Annual ☐ Semi-annual
- ☐ Other (please specify):

Impact reporting:

- ☐ Project-by-project ☒ On a project portfolio basis
- ☐ Linkage to individual bond(s) ☐ Other (please specify):

Information reported (expected or ex-post):

- ☐ GHG Emissions / Savings ☐ Energy Savings
- ☐ Decrease in water use ☒ Other ESG indicators (please specify):
- Total pounds of recycled waste PP

Frequency

- ☒ Annual ☐ Semi-annual
- ☐ Other (please specify):

Means of Disclosure

- ☐ Information published in financial report ☒ Information published in sustainability report
- ☐ Information published in ad hoc documents ☐ Other (please specify):
- ☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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