



# Envipco Holding NV

## Green Finance Framework 2022



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# 1. Introduction

## 1.1 About Envipco

Envipco Holding N.V

At Envipco, we are creating a cleaner world for future generations through our recycling technology.

Our mission is to emerge as the forward-thinking leader, that continuously invest in developing and offering innovative technology solutions for drinks packaging\_recycling. We have a clear strategy for accelerated growth and are committed to deliver excellent products and services to our customers, tangible results to our investors, and a great place to work.

Our values are:

COMMITMENT: *we value commitment, dependability, reliability, and authenticity*

PASSION: *we are enthusiastic, inspirational, and ambitious*

EXCELLENCE: *we strive for innovative solutions, continuous improvement, and strong partnerships*

PERFORMANCE: *we are results orientated, hands on, and determined to succeed*

TRUST AND RESPECT: *We respect everyone, build and nurture trust, value our people and encourage their development, and reward their performance.*

The Group's principal activity is the design, development, and operation of automated solutions to recover used beverage containers which includes:

- The design, development, manufacture and sale or lease of Reverse Vending Machines (RVM) as the foundation of recycling systems (Deposit Return Systems or voluntary initiatives) for the collection and processing of used beverage containers.
- The provision of technical support, RVM maintenance and accounting services to the retail stores, bottlers and distributors for containers redeemed through these machines.
- The provision of deposit, handling fees, scrap reconciliations, commodity brokerage, clearing house functions and accounting.
- Provision of materials handling services, primarily in the Northeastern part of the United States of America (USA), for containers that are subject to deposits mandated by law.

## 1.2 Envipco's Sustainability Contribution

Envipco is an active and engaged corporate citizen that regularly provides educational tours to school groups, environmental groups and political decision-makers focused on learning more about the recycling process. We offer scholarships and internships to students interested in pursuing environmentally focused careers.

Envipco is always implementing new ways to reduce its carbon footprint. We are a lean manufacturing Company that has improved its facilities with green materials and have initiatives ongoing to further reduce waste and carbon footprint.

Envipco RVMs are essential to efficient recycling of beverages through deposit systems and are as such environmental products. All Envipco products are developed and manufactured according to environmental requirements like the Restriction of the Use of certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) and designed for recyclability. In our design efforts we seek to minimise power usage both during operations (efficient compaction) and in idle mode.

### 1.3 Envipco's ESG Objectives, Actions and Results

The ESG policy will contain an appropriate and well-structured list of objectives and measures to direct action and to measure progress. The objectives will be 'SMART' and be informed from appropriate external benchmarks and standards, see also Section 4. The objective list will be reviewed annually and be maintained to be practical and appropriate for the size and scale of Envipco. The current version is shown in Table 1.

In many cases specific ESG actions will be within current work streams, projects and operating rhythms. At Envipco's current level of maturity for ESG, it is believed that this lends better credibility to the actions and improves the chances of positive results.

Leadership, led by the CEO, will review specific progress at least on a bi-annual basis and will report in dashboard format the latest review at each BOD meeting, when a deeper review is not held.

Envipco RVMs ensure efficient recycling of beverages through deposit systems and are as such environmental products closing the recycling loop. To constantly innovate and improve towards even more energy efficient solutions is our Mission and Purpose.

As environmental action areas we at Envipco are committed to:

- a) Conserving energy; reducing direct and indirect energy usage for manufacturing, operations and servicing of our products giving preference to renewable sources of energy.
- b) Complying with all applicable environmental legislation and relevant codes of practice.
- c) Encouraging all staff to improve their awareness of the environment and to become more environmentally responsible.
- d) Using our position to communicate and promote the critical role recycling has in establishing a sustainable society.
- e) Reducing usage of and emissions from utilities and transport associated with our operations and events.

To achieve this, we aim to:

- f) Reduce our use of energy through improvements to energy efficiency.
- g) Substitute fossil fuels with renewable energy sources where possible.
- h) Minimize waste by reducing consumption and developing effective waste management and recycling procedures.
- i) Ensure that all staff are given the opportunity to take an active role in implementing environmental best practice.
- j) Work with our suppliers to ensure they share our commitment and practices.
- k) Monitor and measure our energy consumption to optimize our energy efficiency.

All Envipco products are developed and manufactured according to environmental requirements of REACH and RoHS (Restriction of the Use of certain Hazardous Substances in Electrical and Electronic Equipment), and designed for recyclability. In our design efforts we seek to minimize power usage both during operations (efficient compaction) and in idle mode.

We will regularly review the success of our environmental measures and make further improvements in environmental protection and energy efficiency wherever necessary. Our Group-wide actions are based on laws, regulations, and standards. Group-wide environmental protection: In the design, construction, production and operation of facilities and

in other activities, adequate technical and economic facilities are to be used to conserve energy and resources, prevent CO2 emissions, and minimize any environmental impact. Especially when new production processes and procedures are used, environmental compatibility and the impact on the energy requirement must be included in the overall technical-economic decision.

All sites will have in place adequate emergency procedures to protect life, property and to protect the environment.

Due to our responsibility for the efficient use of resources and the preservation of ecosystems, we are committed to involving suppliers and service providers of the Envipco Group in our energy and environmental policy objectives, and to motivating and encouraging them accordingly.

Envipco puts into practice the five-level waste hierarchy worldwide, as required by the EU. The five levels are prevention, re-use, recycling, recovery, and disposal. As far as reasonably possible, the highest level of this hierarchy is sought.

Whilst we have limited water use during manufacture and operations, at Envipco, we are continually seeking to reduce water consumption and wastewater throughout the entire Envipco Group production network.

Our aim is to reduce the environmental impact of traffic generated by Envipco. The main effects of road and rail traffic on the environment and the immediate area are: Energy demand, land use, pollution and CO2 emissions, together with noise pollution. Energy consumption due to traffic exhibits the typical environmental impact of gasoline and diesel combustion in all modes of transport. For this reason, Envipco constantly strives to reduce the level of inbound and outbound delivery traffic, as well as individual employee traffic, via various measures. This means that employees should use leverage technologies such as telepresence, videoconference and video chat services in place of travel when possible. Employees should also use travel options that minimize emissions. Foremost by connecting all our installed recycling machines online with advanced diagnostics and service systems, Envipco is constantly reducing the amount of emissions due to service visits.

#### **1.4 Envipco's ESG-Reporting**

The full Objectives and results will be reviewed internally and with our auditors, with an appropriate summary contained within the Envipco Annual Report to allow the public audience and stakeholders to understand progress. First version of such detail is expected in the 2022 Annual Report.

Both the Objectives themselves and the reporting detail will be informed by latest standards in this area and expected to include: GRI Standards 2022, SASB standards for Industrial Machinery & Electrical-Electronic equipment, UN Sustainable Development Goals, and Euronext ESG reporting Guide 2022.

#### **1.5 Governance of ESG & Sustainability**

- [Corporate Governance](#)
- [Code of Conduct](#)
- Group Environmental, Social and Governance (ESG) Policy (see appendix)

## Envipco's operations linked to UN Sustainable Development Goals

Dedicated to improving recycling rates

Envipco's principal activity is the design, development, and operation of automated solutions to recover used beverage containers.

The Envipco business model and our products are directly supporting EUs Circular Economy Action Plan. Specifically within the areas of Packaging waste (Ref. Packaging Waste Directive and ongoing reporting of national targets) in general, and even more so related to plastics. Envipco works with the industry, government and other stakeholders to establish, operate and optimize DRS schemes as sustainable collection processes of beverage containers for recycling.

Our principal activities support the following UN Sustainable Development Goals:

Environment:

- Develop customized programs promoting sustainability, helping beverage companies increase recovery of bottles and cans
- RVMs are essential to efficient recycling
- Envipco is constantly exploring new opportunities for greener operation (reducing carbon footprint, manufacturing with green materials, minimizing power usage)
- All products developed and manufactured according to environmental requirements
- Initiatives to move toward a zero-waste environment



Social:

- Providing scholar- and internships to students pursuing environmentally-focused careers
- Providing educational tours to a broad range of stakeholders focusing on learning more about the recycling process
- Participating in programs giving workers a second chance
- Implementing initiatives to achieve a high level of employee satisfaction



Governance:

- Setting the foundation of good CSR principles
- Ensuring adoption of a high code of conduct and ethics relating to all aspects of our business

## 1.7 EU Taxonomy

The Non-Financial Reporting Directive and the upcoming Corporate Sustainability Reporting Directive form an important part of the European Green Deal, the European growth strategy for improving the well-being and health of citizens, making Europe climate-neutral by 2050 and protecting the natural capital and biodiversity of the European Union.

These regulations impose requirements on business regarding how they report on a variety of sustainability issues in their annual reports. We have assessed these regulations and their requirements and will implement solutions in order to adhere to these.

In accordance with the reduced EU disclosure requirements, we report on the proportion of KPIs Turnover, CapEx and OpEx (a specific part of operating expenses) for taxonomy-eligible and taxonomy non-eligible activities that can contribute to the first two environmental objectives, namely climate mitigation and climate adaptation.

	Turnover	CapEx	OpEx
Eligible activities (%)	4%	0%	0%
Non-Eligible activities (%)	96%	100%	100%
Total (x EUR million)	38.4	5.8	2.2

### EU Taxonomy Turnover

This KPI covers the external revenue recognised in line with IAS 1 par. 82(a) and therefore reconciles to revenue as included in the consolidated income statement and note 6. Our SortAfter activities in New York City, USA, are related to the collection and transport of non-hazardous waste, as described in the Taxonomy under paragraph 5.5, and make up 4% of our total Turnover. If and when the environmental objective 'transition to a circular economy' is added to the delegated acts, Envipco's eligibility percentage in relation to the Turnover KPI will expectedly increase.

### EU Taxonomy CapEx

This KPI covers the additions to Property, plant and equipment under IAS 16 as included in note 14 and additions to Intangible assets under IAS 38 and to Right-of-use assets under IFRS 16 as included in note 14. There are no capital expenditures in our SortAfter activities. Our total of eligible and non-eligible CapEx amounts to EUR 6M, as the combination of PPE investments and intangibles. If and when the objective 'transition to a circular economy' is added to the delegated acts, Envipco's eligibility percentage in relation to the CapEx KPI will expectedly increase.

### EU Taxonomy OpEx

This KPI covers direct non-capitalised costs that relate to research and development, and maintenance and repair. There are no operating expenses in our SortAfter activities, which fall under the Taxonomy's OpEx definition. Under this definition our R&D, maintenance and repair costs, for an amount of EUR 2M, are labeled as OpEx. If and when the objective 'transition to a circular economy' is added to the delegated acts, Envipco's eligibility percentage in relation to the OpEx KPI will expectedly increase.

## 2. Green Financing Framework overview

In accordance with our strategy, Envipco has designed this Green Financing Framework (the “Framework”) under which Envipco will finance or refinance new and/or existing investments and expenditures, in whole or in part, that have environmental benefits. This Framework details which investments and expenditures are eligible for financing and refinancing with the net proceeds of various types of financing that Envipco selects to use (e.g., bond issuances, term loans, convertible notes, hybrid bonds, among other options, each a “Green Financing”).

This Framework addresses the four core components (shown below) of the International Capital Markets Association (ICMA) Green Bond Principles (2021) and their recommendations on the use of external review and impact reporting:

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

A dedicated Green Finance Committee (“GFC”) has been established to create and oversee compliance with this Framework. The committee will also be responsible for the evaluation and selection of green projects and negative screening guidance as set out below. The committee consists of Terje Hanserud – CTO, Simon Bolton – CEO, Derk Visser – CFO and Nick Augelli – Vice President of Manufacturing. The committee has 30 years of experience working in green industries and in establishing environmental management and research projects.

## 3. Use of proceeds

Green finance categories	Eligibility Criteria	UN SDG Alignment
Pollution prevention and control	<p>Working capital investments related to the production and sale (direct or leasing) of Reverse Vending Machines (RVMs) to customers.</p> <p>Financing R&amp;D investments related to continuously improving and extending Envipco’s RVM technology platform.</p> <p>Market development investments and general corporate expenses related to selling or supporting the sale of RVMs worldwide.</p>	<p>The green investments listed as eligible support the following UN Sustainable Development Goals:</p> <ul style="list-style-type: none"> <li>- Climate action (13)</li> <li>- Responsible consumption and production (12)</li> <li>- Life below water (14)</li> <li>- Industry, innovation and infrastructure (9)</li> <li>- Decent work and economic growth (8)</li> <li>- Quality Education (4)</li> </ul>

Both new investments and refinancing previous investments (partial repayment of existing loans) are eligible.



## 4. Evaluation and selection process

### 4.1 Selection process

The evaluation and selection process for Green Eligible Investments is a key process in ensuring that the amount equivalent to the net proceeds from Green Finance Instruments is allocated to assets and expenditures which meet the criteria of the Framework.

Only such investments that comply with the criteria defined in the Use of Proceeds section of this Framework are eligible to be financed with Green Finance Instruments. The Green Financing Committee decides on the inclusion of new asset categories. Derk Visser - CFO is responsible for keeping an updated register of Green Eligible Investments.

### 4.2 Exclusion

Envipco is not involved in fuel energy production, storing or transportation, nuclear generation, weapons and defence industries, potentially harmful resource extraction, gambling, tobacco, or other drugs. Therefore, net proceeds from Envipco's Green Finance Instruments will not be used to finance any of the above.

## 5. Management of proceeds

Envipco commits to a transparent allocation and management of Green Financing proceeds. The net proceeds will be used for financing and refinancing in accordance with the eligibility criteria, as defined in this Framework.

To ensure that the Green Financing proceeds are allocated for RVM working capital financing, R&D investments into extending Envipco's RVM platform, and market development in line with the stated Use of Proceeds, the Company shall undertake negative screening, i.e., ensure that the proceeds are not knowingly allocated to the objectives that do not comply with the environmental sustainability objectives of the Green Finance Framework.

Any unallocated proceeds temporarily held by Envipco will be placed in an Escrow account or in the Company's ordinary bank account or short-term money markets until deployed. The Company will establish internal tracking systems to monitor and account for the allocation of such proceeds.

### Reporting

To enable investors, lenders and other stakeholders to follow the development of investments and expenditures funded by Green Finance Instruments, a Green Finance Report will be made available on the Company's website. The Green Finance Report will include an Allocation Report and an Impact Report, and be published annually as long as there are Green Finance Instruments outstanding.

### Allocation of Proceeds Reporting

- Summary of main activities
- Total amount of Green Finance Instruments outstanding and split breakdown per instrument
- Share of unallocated proceeds (if any)

## Impact Reporting

The impact report aims to disclose the environmental impact of the investments and expenditures financed under this Framework, as defined in the Use of proceeds section. Impact reporting will, to some extent, be aggregated and depending on data availability, calculations will be made on a best intention basis. The impact assessment may, where applicable, be based on metrics listed below. Impact reporting covers all investments and expenditures financed by Green Finance Instruments.

- Number of sold machines and number of leased machines
- Number of cans, PET bottles and glass bottles recycled
- Tons of aluminum, PET and glass recycled
- CO2 emissions avoided through aluminum, PET and glass recycling

## 6. External review

### Second Party Opinion

To confirm the transparency and robustness of Envipco's Green Financing Framework, it is verified and approved by an external second party opinion provide. The second party opinion will be provided by CICERO and will be made available on Envipco's website, together with this framework.

### External part/verifier

Allocation of proceeds will be subject to an annual review of an external part/verifier. A verification report by the external part will be published on the Company's website.

## 7. Appendix

[Group Environmental, Social and Governance \(ESG\) Policy \(see PDF\)](#)



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