

## **SDGs Green Finance Framework** **(Pet Refine Technology Co., Ltd.)**

This framework is based on the Green Bond Principles (hereinafter referred to as the "GBP"), the Loan Markets Association (hereinafter referred to as the "LMA") and the Green Loan Principles (hereinafter referred to as the "GLP") published by the Asia-Pacific Regional Loan Markets Association (hereinafter referred to as the "APLMA") published by the International Capital Markets Association (hereinafter referred to as the "ICMA") in order to clarify the implementation of this framework as an environmentally friendly, green project.

SDGs that are strongly related to this Green Project are judged based on "Green Bond and Social Bond: High-Level Mapping against Sustainable Development Goals (SDGs)" published by the ICMA.

### **1. Use of Proceeds**

Item	Content
Overview of Use of Proceeds	<p>Pet Refine Technology Corporation ("PRT") will allocate the funds raised in accordance with this Framework to the following Green Projects.</p> <p style="padding-left: 40px;">Investment in the chemical recycling facilities of used PET bottles, etc., in Kawasaki City, Kanagawa Prefecture, in connection with the restart of factories and the refurbishment of facilities.</p> <p style="padding-left: 40px;">Specific investment details are as follows.</p> <ul style="list-style-type: none"> <li>● Maintenance for restarting the factory (replacement of piping, etc.)</li> <li>● Renewal of flake equipment for crushing and sorting used PET bottles, etc.</li> <li>● Renovation of chemical recycling facilities</li> </ul>
As to the eligibility for such use of funds	<p>① The Board of Directors of Japan Environment Design Co., Ltd., which is PRT's parent company, selects and approves eligible projects after approval of the budget and business plan (PRT is a 100% subsidiary of Japan Environment Design Co., Ltd.).</p>

	② After the approval by the Board of Directors of Japan Environment Design Co., Ltd., the Board of Directors selects and approves eligible projects after approval of the budget and business plan.
Fund procurement methods and investees	Procurement method: Loans Facility: Capital renewal investment (new investment)

### ■ Alignment with SDGs

Goal	Summary of the targets most relevant to the SDGs	Use of proceeds of Green project	Reasons associated with the SDGs targets listed on the left
	<p>9.4</p> <p>By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>	<p>Investment in the chemical recycling business of used PET bottles in Kawasaki City in connection with plant restart and facility renovation.</p>	<ul style="list-style-type: none"> <li>Improving the recyclable ratio of resources and contributing to the realization of a circular economy through the use of chemical recycling technology</li> </ul>
	<p>Achieve sustainable management and efficient use of natural resources by 2030.</p> <p>12.5 By 2030, substantially reduce waste generation</p>	<p>Investment in the chemical recycling business of used PET bottles in Kawasaki City in connection with plant restart and facility renovation.</p>	<p>Improving the recyclable ratio of resources and contributing to the realization of a circular economy through the use of</p>

Goal	Summary of the targets most relevant to the SDGs	Use of proceeds of Green project	Reasons associated with the SDGs targets listed on the left
	through prevention, reduction, recycling and reuse.		chemical recycling technology Promotion of chemical recycling technology improves the recovery rate of plastic garbage and contributes to waste reduction
	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Investment in the chemical recycling business of used PET bottles in Kawasaki City in connection with plant restart and facility renovation.	<ul style="list-style-type: none"> <li>Improving the recyclable ratio of resources and contributing to the realization of a circular economy through the use of chemical recycling technology</li> </ul>
	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.	Investment in the chemical recycling business of used PET bottles in Kawasaki City in connection with plant restart and facility renovation.	<ul style="list-style-type: none"> <li>Promotion of chemical recycling technology improves the recovery rate of plastic garbage and contributes to the reduction of marine plastic garbage</li> </ul>

## 2. Processes of project evaluation and selection

Item	Content
Vision, Targets and Strategy for Sustainable Society or Solving	As a wholly owned subsidiary of Japan Environment Design Co., Ltd., PRT operates a recycling business for used PET bottles and other products.

<p>Environmental Issues</p>	<p>The parent company, Japan Environment Design Co., Ltd., has a vision of "circulating everything" and is working with customers to realize a circular economy.</p> <p>PRT believes that by cooperating with the recycling of everyday goods and recycling resources, it can reduce the consumption of energy and petroleum as a material, contribute to coping with marine plastic problems and reducing carbon dioxide emissions, and at the same time assist the customer's desire to contribute to the environment.</p> <p><b>&lt;Capital expenditure on restarting chemical recycling plants to produce recycled PET raw materials&gt;</b></p> <p>In chemical recycling, used PET bottles and the like are crushed and washed, and then decomposed to BHET molecular levels using a chemical decomposition process called "depolymerization".</p> <p>Furthermore, by "re-polymerizing" the high-purity BHET extracted by the original BHET refining technique, recycled PET of the same quality as PET derived from petroleum raw materials can be produced, thereby realizing horizontal recycling of complete circulation type.</p> <p>Compared to material recycling in which PET is reformed into a PET resin after pyrolysis, the merits include a high impurity removal capability and a wide application for reuse, and theoretically, the merit of being able to be recycled many times. On the other hand, the disadvantage is that the cost and the hurdle of introduction are high.</p> <p>We believe that by cooperating with material recycling companies that are already in widespread use and maximizing the use of both recycling technologies, we can contribute to the improvement of the recycling rate of all used PET.</p> <p>As the environment surrounding this project, effective utilization of limited resources, demands for elimination/low carbon society, and responses to marine plastic problems are cited, and the realization of circular economy is expected.</p> <p>In the "Plastic Resource Recycling Strategy" formulated by the</p>
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	<p>Ministry of the Environment, objectives such as doubling the recycling of plastic by 2030 have been set in order to achieve sustainable recycling of used plastic through an effective and efficient recycling system.</p> <p>On the other hand, as the import of plastic garbage was prohibited in China due to the recent marine plastic problem, a large amount of used PET bottles remained in Japan, and the importance of reduction and recycling of plastic garbage has been increasing.</p> <p>Global consumer goods/food and beverage manufacturers and retailers are increasingly shifting to environmentally friendly materials as the momentum for sustainability is increasing worldwide.</p> <p>This project will finance for investments in chemical recycling facilities, such as used PET bottles, in conjunction with plant restart and facility upgrades. This technology improves the recyclability of resources and contributes to the realization of a circular economy.</p>				
<p>Process of determining as an eligible green project</p>	<p>① The Board of Directors of Japan Environment Design Co., Ltd., PRT's parent company, selects and approves eligible projects after approval of the budget and business plan (we are a 100% subsidiary of Japan Environment Design Co., Ltd.).</p> <p>② After approval by the Board of Directors of Japan Environment Design Co., Ltd., the Board of Directors selects and approves eligible projects after approval of the budget and business plan.</p>				
<p>Potential Social and Environmental Risks of Projects and Responding to Risks</p>	<table border="1"> <thead> <tr> <th data-bbox="564 1608 959 1659">Potential risk</th> <th data-bbox="959 1608 1353 1659">Response</th> </tr> </thead> <tbody> <tr> <td data-bbox="564 1659 959 1989"> <p>&lt;Environment&gt; Negative environmental impact of plant restart (Environmental destruction, impact on ecosystems, etc.)</p> </td> <td data-bbox="959 1659 1353 1989"> <p>Compliance with laws and regulations and implementation of measures to reduce environmental impacts by newly introducing facilities with high environmental performance in this project.</p> </td> </tr> </tbody> </table>	Potential risk	Response	<p>&lt;Environment&gt; Negative environmental impact of plant restart (Environmental destruction, impact on ecosystems, etc.)</p>	<p>Compliance with laws and regulations and implementation of measures to reduce environmental impacts by newly introducing facilities with high environmental performance in this project.</p>
Potential risk	Response				
<p>&lt;Environment&gt; Negative environmental impact of plant restart (Environmental destruction, impact on ecosystems, etc.)</p>	<p>Compliance with laws and regulations and implementation of measures to reduce environmental impacts by newly introducing facilities with high environmental performance in this project.</p>				

	<Society> Negative social impact on local stakeholders (companies, etc.), such as noise caused by plant restart	Although the area surrounding this project is an industrial area, dialogues with local stakeholders (companies, etc.) were held in order to resume operations.
Method of disclosure the above process	The above process will be disclosed to the lender and CBI's Secretariat in materials attached to the loan agreement.	

### 3. Management of Proceeds

Item	Content
Link Procurement Funds to Projects	Procurement funds are tied in full to selected projects by "2. Project Evaluation and Selection Process".
Method of Tracking and Management of Proceeds	Implement appropriate fund management in the management ledger to separate funds from other funds.
Internal and External Audits for Tracking Management	Internal audits and external audits by accounting auditors are conducted to audit the internal processes of funds, and appropriate systems are in place.
Method of Management of Unallocated proceeds	Until the allocation is decided, unallocated proceeds are managed in a dedicated account and in cash or cash equivalents.

### 4. Reporting

Item	Content
Method of Disclosure Concerning the Status of Allocation of Proceeds	Annually, the allocated amount and the outstanding of unallocated for this Green Finance will be disclosed to the lender and CBI's secretariat until the full amount of funds to be allocated for the eligible green project.
Methodology and Frequency of Disclosure of Impact Reporting	Green projects allocated with funds raised under this framework will be disclosed annually to the lender and CBI's Secretariat. <b>&lt;Draft Composition Items in the Impact Report&gt;</b>

	<ul style="list-style-type: none"> <li>• Corporate Philosophy</li> <li>• Report on status of output indicators (details below)</li> <li>• Report on status of outcome measures (details below)</li> <li>• Report on the status of impact indicators (detailed or less)</li> </ul>
Reporting KPIs	<ul style="list-style-type: none"> <li>● <b>Output indicator</b> <ul style="list-style-type: none"> <li>• Outline of flake facilities for crushing and sorting used PET bottles, etc., for which investment for renewal has been made</li> <li>• Outline of renovated chemical recycling facilities invested by the Loan</li> </ul> </li> <li>● <b>Outcome measures</b> <ul style="list-style-type: none"> <li>• Resource Volume Achieved by Chemical Recycling (xx tons/year)</li> <li>• CO2 emissions per production unit in the life cycle assessment</li> </ul> </li> <li>● <b>Impact indicator (qualitative)</b> <ul style="list-style-type: none"> <li>• Contribute to the circular economy</li> <li>• Strengthening Responses to Marine Plastics Issues</li> <li>• Helping to Achieve a Low-Carbon Society</li> </ul> </li> </ul>