

Circularity Company Limited Green Bond Framework

July 2021

1. About Circularity Co., Ltd.

A Thailand-registered company established in early 2018, Circularity Co., Ltd. (Circularity) is the owner and operator of **nornnorn**, the world's first Circular Economy-based mattress subscription (rental) platform for hotels, resorts and other hospitality businesses as well as general consumers. Our goal is help eliminate the upfront investment on mattresses and other related large-item products, thereby lowering the access barrier to high quality products while at the same reducing the amount of waste, pollutions and greenhouse gas (GHG) emissions produced by the hospitality industry and general consumers.

In line with the hospitality industry's standard mattress replacement cycles, our subscriptions last between 60 and 120 months for business customers. Our home-use customers, on the other hand, enjoy subscriptions lasting between 12 and 84 months. At the end of every subscription, the products subscribed for are retrieved and disassembled and their components recycled. Based on our current plan and projected growth, we will commence our recycling process in around 2026.

Working in tandem with Circularity Pte. Ltd., our Singapore-incorporated sister company, we have been offering our service in Thailand and Indonesia since Q3 2018 and are aiming to expand to other countries in Southeast Asia, wider Asia and Europe in the near future.

Our ultimate goal is to systemically change the way products are produced and consumed to make our economy sustainable.

2. Our commitment to United Nations Sustainability Development Goals (SDGs)

We are a driver behind the United Nations (UN) Sustainable Development Goal Nos. 9, 12 and 13 that aim respectively to:

- build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation;
- enable sustainable consumption and production patterns; and
- urgently combat climate change and its impacts.

In addition, we are committed to SDG No. 8 and to seek to promote inclusive and sustainable economic growth, full and productive employment and decent work for all.

3. Our intended environmental impact

By recycling mattresses and other related products at the end of every subscription, we will help prevent and reduce the amount of waste and pollutions from the consumption system and minimise the amount of virgin materials needed to be extracted from the earth, and thus future GHG emissions.

4. Our green bond framework

In order to finance our activities, in particular the acquisition of the products that will be rented out through nornnorn and the execution of recycling and environmental impact-related research and development projects, we have prepared this Green Bond Framework (the “Framework”) under which to issue our green bonds.

We aspire to fully comply with the International Capital Market Association (ICMA) Green Bond Principles in the areas of internal governance and eligible green project selection. In accordance with the ICMA Green Bond Principles 2021, our Framework contains the following core components:

- 1) Use of Proceeds
- 2) Process for Project Evaluation and Selection
- 3) Management of Proceeds
- 4) Reporting

4.1 Use of Proceeds

Although, in accordance with the ICMA Green Bond Principles 2021’s green project eligibility criteria, our business in its entirety can be considered to support our economy’s transition towards circularity and help prevent and control pollutions as well as reduce future GHG emissions, 100% of the net proceeds of our green bond will be used only to finance and/or re-finance the key business processes that contribute directly to our intended environmental impact as outlined in Section 3. As of July 2021, those key processes are:

| Process | Detail |
|--|--|
| Acquisition of products that will be rented out and eventually retrieved for recycling | Products include mattresses, box divans and other large-item products related to mattresses. |
| Research & development | Polyurethane foam upcycling technology to maximise the economic value of polyurethane foams that will eventually be retrieved from used mattresses and other products. |
| Impact assessment | Life cycle assessment (LCA) of our business model to estimate the amount of waste, pollutions and GHG emissions that we will help reduce over the coming years. |

Table 4.1: Key processes to be financed by Circularity’s green bond

4.2 Process for project evaluation and selection

Our business and the processes selected to be financed and/or refinanced by our green bonds will be evaluated by our top management on a monthly basis to ensure their continual compliance with the ICMA Green Bond Principles 2021’s green project criteria. At such meetings, the top management will also identify mitigants to known material risks of negative social and/or environmental impacts from our business and key processes. Such mitigants will include clear and relevant trade-off analysis undertaken and the monitoring required if the potential risks are deemed material.

4.3 Use of proceeds

The net proceeds from the issuance of our green bonds will be held in our internal treasury cash account before getting allocated to equity and/or debt obligations associated with the key business processes and/or assets that are to be financed and/or re-financed. Such allocation will commence within 24 months of a bond issuance. The unallocated net proceeds will remain in the form of cash or cash equivalence in our internal treasury cash account until allocated.

4.4 Reporting

Within three months after the first anniversary of each green bond issuance and every year thereafter until the maturity of the bond, we will make available to the public through our website (www.nornnorn.com) the up-to-date information pertaining to the use of proceeds. Such annual report will include a:

- Summary of the allocations of the proceeds to finance the key processes outlined in Section 4.1;
- Summary of unallocated proceeds;
- Summary of the progress of all the research and development financed by the green bond that is not confidential in nature; and
- Qualitative and quantitative environment impact attributed to the green bond issuance.

5. External assurance

We will engage an independent party to verify our alignment and compliance with the latest ICMA Green Bond Principles prior to and after the issuance of our green bonds (pre and post-issuance verification).