

DERICHEBOURG

GREEN BOND FRAMEWORK

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1. Introduction

1.1 *Derichebourg Group*

Derichebourg is a global provider of environmental services to businesses and local and municipal authorities, covering the entire waste recycling chain, from collection to recovery. In addition, the company offers a full range of Business and Public Sector Services linked to outsourcing, in particular cleaning services. Its activities are divided into two separate branches: the Environment division (66% of Group revenue, 2020) and the Multiservices (34% of Group revenue, 2020) division. Both branches share the same basic values and common ambition: Serving mankind while protecting the environment. The Derichebourg Group's ambition is to subscribe to the commitments of the Paris Agreement for the fight against global warming. The Group marked this commitment by signing the French Business Climate Pledge in August 2019.

As Derichebourg's core business, the Environment division provides waste processing and disposal – mainly metal waste – and of end-of-life products, with recovery of secondary raw materials using appropriate processing methods. With the increasing pressures on scarce resources and a holistic focus on recycling and circularity, Derichebourg Environment provides French and global industries with energy- and resource-efficient solutions. Derichebourg Environment is now a recognized leading player in the fight against global warming and the environmental revolution underway in industry. Derichebourg's recycling and production of secondary raw materials (recycled raw materials) helped industries avoid the emission of 5.3 million tons of CO₂ in 2020.

Derichebourg acquired and introduced a Multiservices division in the mid-2000s. Derichebourg Multiservices is a major player in the European market for services to businesses and regional and local governments and a world leader in local services, offering customers a comprehensive and integrated range of services so they can focus on their core business, improve their organization, and control their costs. These multiple services are ultimately intended to optimize the professional environment of customers in several areas.

Since its core business is part of the fight against global warming, the Derichebourg Group demonstrates the exemplary nature of its waste management and cleaning know-how as

well as the strength of its commitment to a circular economy, of which it was a pioneer and is currently a leading actor.

Derichebourg is a member of the Bureau of International Recycling (BIR), the only global recycling industry association which brings together leading recycling companies and national federations from over 70 countries, representing directly or indirectly 30,000 companies. The federation provides a dynamic forum for its members to share their knowledge and experience and serves as a platform to establish successful business relations and to promote recycling among other industrial sectors and policy makers.

1.2 Environmental Services business

Revenue for this division during the most recent financial year was split across sale of ferrous metal (42%), non-ferrous metal (43%) and services (16%).

Recycling business

Since 1956, the business of Derichebourg Environment has been the collection, sorting, recycling and recovery of ferrous and non-ferrous metals in end-of-life consumer goods (automobiles, waste electrical and electronic equipment, etc.), as well as in recuperation material (industrial demolition, for example) and new scrap from metal transformation processes (production waste).

Due to the very nature of its Environmental Services operations, which involve recycling metals, the Derichebourg Group is helping to preserve the planet's natural resources (iron ore, copper, bauxite, etc.). **Recycling metals also saves a significant amount of energy compared with the primary production of such metals, with up to 94.8% for aluminum and 16.5% for steel** (source: Report on the economical benefit of recycling, Bureau of International Recycling). **Furthermore, the use of secondary raw materials to produce new steel or non-ferrous metals enables a significant reduction in greenhouse gas emissions** compared to producing them using raw materials. Effectively, the **production of one ton of steel from recycled materials enables a reduction of 58% of CO2 emissions and as much as 93% for the production of a ton of secondary aluminum ingots** (source ADEME/Federec, Environmental assessment of recycling in France according to the LCA method – May 2017).

Some of the group's ambitions for the Recycling business include:

- Consolidating a position as leading supplier in steel and metallurgy by delivering products in line with customer specifications and expanding our customer base, especially for ferrous scrap metal. The annual ferrous scrap metal market is estimated at 700 million tons (source: Bureau of International Recycling), of which 500 million tons are accessible to recycling companies, with the balance comprising steel waste that is recycled internally
- Developing niche businesses where there are fewer players, such as induced heavy metals plant, aluminum or lead refining, and cold preparation of mixtures for steel mills that produce stainless steel
- Developing additional sorting for the non-ferrous metals that result from the shredding process. Ultimately, the Group aims to earn 20%-25% of revenue from the Recycling business in these segments
- Expanding the collection network, in France and abroad by being present in each country as either a national or regional leader and explore external growth opportunities over the long term. The Group is well positioned to be a consolidator for a market at cyclical lows

Public Sector Services business:

Primarily operating in France and Canada, this business is performed under Derichebourg's 'Poly-Environmental' and 'Derichebourg Canada' subsidiaries. The business handles all types of household waste and their collection processes: traditional and selective (glass, newspapers and magazines, household packaging, green waste, paper/cardboard, etc.), both door-to-door and by voluntary drop-off. These subsidiaries also collect roadside waste and large items, manage several household waste materials recovery facilities and transport waste to treatment and recycling facilities.

Poly-Environment offers to manage all aspects of local authorities' urban operations and cleaning (street sweeping, cleaning contaminated soil, public waste bins and containers, graffiti removal, etc.). In addition, Poly-Environment's subsidiaries also provide a door-to-door collection service for household and similar waste in four of the ten Paris districts where waste collection is operated privately, and collection of household waste in three districts in Marseille.

Transportation activity within Environmental Services

The Group's Environment division has begun the strategic transformation of its waste collection and transportation activity. The Company aims to provide its truck fleet with tools and procedures to monitor and optimize its fuel consumption. The transportation transformation plan is based on a number of cumulative solutions, including the deployment of the AlertGasoil™ technology. AlertGasoil™ is a complete solution for measuring and controlling fuel consumption and greenhouse gas emissions to facilitate global management and reduce waste (TMAVA¹ monitoring, driving behavior, etc.). The technology used by AlertGasoil is certified "class 4" by ADEME, the French Environment and Energy Management Agency, which is the highest possible level of certification for the accuracy of fuel consumption and CO2 emissions measurements.

1.3 Recent Developments

Derichebourg announced on March 1st, 2021 that its subsidiary Derichebourg Environnement has signed a contract with the shareholders of Ecore for the acquisition of the entire capital of Groupe Ecore Holding (Luxembourg). ²

Ecore Group is a major player of the circular economy in Europe, operating across 78 sites in the region. It controls all activities in the recycling chain: from end-of-life material collection to the marketing of new secondary raw materials. Thanks to its treatment centers, Ecore group achieves a material recovery rate of more than 80% for all materials and up to 98% for battery components.

¹ Temps Moteur Allumé Véhicule à l'Arrêt (the time the engine is running while the vehicle is stationary).

² Derichebourg announces that it has signed the contract for the acquisition of Ecore." <https://www.derichebourg.com/dam?media-id=603d22d35804e99a1dee2097>

2. Derichebourg's Green Bond Framework

This Framework enables Derichebourg to raise finance in the form of green bonds, green project finance and any other types of financial instruments (the "Green Bonds"), the proceeds of which are allocated to eligible green projects as described in this framework.




Derichebourg commits to providing information with transparency, accuracy and integrity according to the four core components of the ICMA Green Bond Principles 2018 (GBP):

- i. Use of Proceeds
- ii. Process for Project Evaluation and Selection
- iii. Management of Proceeds
- iv. Reporting

We have also taken into account the technical screening criteria of the 'EU Taxonomy' on environmentally-sustainable economic activities in determining eligible Uses of Proceeds³.

2.1 Use of Proceeds

An amount equal to the net proceeds from the issuance of Green Bonds, will be used to finance or refinance, in whole or in part, new or existing projects that meet the Project Eligibility Criteria defined below (thereafter defined as "Eligible Projects").

Green Bond Category	Description of Eligibility Green Projects	Alignment with the UN SDGs
Eco-efficient and/or circular economy adapted products, production technologies and processes	<p>Investments in or expenditures for the acquisitions, construction, refurbishment or maintenance of facilities/assets related to :</p> <ul style="list-style-type: none"> - Material recovery from non-hazardous waste: mainly ferrous and non-ferrous metals, of which more than 50% (in terms of weight) is processed and suitable for substitution of virgin materials in production processes - Separate collection and transportation of non-hazardous waste in source segregation fractions, enabling net GHG emission reductions through reuse and high quality recycling of waste 	  

³ EU Taxonomy Delegated Act on climate change mitigation published in April 2021:
https://ec.europa.eu/info/publications/210421-sustainable-finance-communication_en

	<ul style="list-style-type: none">- Manufacture of secondary aluminium, producing significantly lower emissions than primary production-- Recycling of end-of-life batteries	
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Eligible Green Projects may include capital expenditures, operating expenditures related to improvement and extension of Eligible Green Projects, as well as acquisitions of 'pure player'⁴ companies specialized in any of the above Green Bond Categories.

2.2 Process for Project Evaluation and Selection

Derichebourg has established a dedicated internal Green Bond Committee to identify and select the Eligible Green Projects. The committee is formed of representatives from the following teams: Finance, Sustainability, Investor Relations, and Executive Management.

The committee will be responsible for:

- Reviewing, selecting and validating the Eligible Green Projects, under the Green Bond Framework
- Verifying and providing annual reporting on allocation and impact of the net proceeds raised through the Green Bond
- Monitoring the on-going evolution of the GBPs, particularly in relation to disclosure and reporting, to ensure Derichebourg activities are in-line with best market practices

The committee will meet on an annual basis, or more frequently as required, to review proposed allocations and ensure that these are in alignment with the Green Bond Framework.

2.3 Management of Proceeds

An amount equal to the net proceeds of the Green Bonds under the Framework will be managed and overseen by Derichebourg's Finance function. Furthermore, the net proceeds will be wholly allocated to finance, refinance or invest in Eligible Projects as outlined in the Green Bond Framework.

The Finance team will ensure, on a best efforts basis, that the portfolio of Eligible Projects exceeds, or at least is equal to, the amount of Green Bond proceeds raised under this Framework.

⁴ 'Pure player': At least 90% of the revenue of the company acquired derives from activities falling in any of the above Green Bond Category

Net proceeds from the issuance of Green Bonds can be used to refinance existing projects and expenditures, in accordance with the eligible green projects outlined in Derichebourg's Green Bond Framework, with a lookback period of up to 36 months.

For the inaugural Green Bond, Derichebourg expects to allocate an amount equal to the net proceeds within 12 months following the bond issuance.

Pending full allocation, proceeds will be invested on a temporary basis, in accordance with relevant internal policies, in cash, cash equivalents or similar instruments.

2.4. Reporting

Until the net proceeds are earmarked in full to Eligible Green Projects, and later in case of any material change in the list of Eligible Green Projects earmarked, Derichebourg will publish annually (i) an Allocation Report and (ii) an Impact Report, the latter subject to the availability of suitable information and data. The reports will be publically available on Derichebourg's website.

Allocation Report

With the aim of providing disclosure on the allocation of net proceeds, the Allocation Report will include:

- Total amount of proceeds allocated to Eligible Green Projects, per category;
- The proportion of the proceeds allocated to refinancing of existing Eligible Green Projects; and
- The balance of unallocated proceeds invested in cash or cash equivalents

Impact Report

The Impact Report will provide information on the associated environmental impact metrics and outcomes of the green bond expenditures, subject to the availability of suitable information and data.

Examples of Impact reporting metrics:

- Total ferrous and non-ferrous metal waste processed (in metric tons)
- Total secondary raw materials produced (in metric tons)
- Recycling and recovery rates (%)
- Energy savings from recycling materials (e.g. aluminium and steel) compared to their primary production (%)
- Greenhouse gas emissions avoided from the use of secondary raw materials to produce new materials compared to production using raw materials (metric tons of CO2 equivalent)

2.5. External Review

Second Party Opinion (pre-issuance)

A Second Party Opinion provider has been appointed to review Derichebourg's Green Bond Framework and ultimately verify its alignment with the ICMA Green Bond Principles 2018 and market practices.

Annual Audit (post-issuance)

An external auditor will be appointed to provide a "Limited Assurance" on the annual report, with regard to the use of net proceeds having been allocated in accordance with the Green Bond Framework. The auditor's certification review will be published within the annual report.

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