Second-Party Opinion

WASTen Star Holding, B.V. Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the WASTen Star Holding, B.V. 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 categories for the use of proceeds – i) Waste Management, ii) Renewable Energy and iii) Circular Economy – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9 and 12.

PROJECT EVALUATION AND SELECTION WASTen cluster, a non-profit organization cooperating with WASTen is responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. This process will be based on WASTen cluster's expert team's inputs. The expert team comprises experts from academia and practice, such as businesses, universities, and other research organizations. WASTen has a process in place that evaluates and manages the environmental and social risks associated with eligible projects. Sustainalytics considers this process to be in line with market practice.

MANAGEMENT OF PROCEEDS WASTen's treasury committee will be responsible for management and allocation of proceeds and will track the proceeds using an internal tracking system through a portfolio approach. WASTen intends to fully allocate proceeds within 36 months of issuance. Pending full allocation, proceeds will be temporarily held in cash or cash equivalent in accordance with WASten Star Holding, B.V.'s standard liquidity management policy. Based on the above, Sustainalytics considers this process to be in line with market practice.

REPORTING WASTen commits to report on the allocation of proceeds and corresponding impact in reports that will be published on its website on an annual basis until full allocation. The allocation reporting will include a list of projects funded by 'green bonds,' the total allocated amount, the currently allocated amount, alignment with the fund disbursement schedule, and alignment of project revenues with the planned schedule. The impact reporting will include ex-ante estimates anticipated upon project completion and full capacity operation. WASTen commits to report on at least one impact metric per use of proceeds category. Sustainalytics considers this allocation and impact reporting process to be aligned with market practice.

Second-Party Opinion
Reviewed by:
MORNINGSTAR | SUSTAINALYTICS

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Introduction

WASTen Star Holding, B.V. ("WASTen" or the "Company") is a company established in 2015 in the Netherlands. WASTen finances projects in the area of renewable energy. WASTen aims to invest mainly in Czechia with an intention to expand investments to other Central European countries in the future. WASTen cooperates closely with the WASTen cluster located in Czechia to realize its investments, as well as with companies, universities and other research organizations involved with circular economy issues in Czechia. Presently, four Czech universities are members of the WASTen cluster.

WASTen has developed the WASTen Star Holding, B.V. Green Bond Framework dated January 2024 (the "Framework") under which it intends to issue green bonds[1] and use the proceeds to finance or refinance, in whole or in part, existing or future projects that contribute to the circular economy, low-carbon economy, pollution prevention and waste management. The Framework defines eligibility criteria in three areas:

1. Waste Management
2. Renewable Energy
3. Circular Economy

WASTen engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).[2] The 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' independent[4] 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 Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer'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 1.15, 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 WASTen's management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. WASTen's representatives have confirmed that: (1) they understand it is the sole responsibility of WASTen to ensure that the information provided is complete, accurate and 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 WASTen.

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

[1] WASTen has communicated to Sustainalytics that secured bonds may be issued under the Framework. WASTen has confirmed to Sustainalytics that the type of secured bond, i.e. secured green collateral bond or secured green standard bond, will be specified as per the voluntary process guidelines published in the June 2022 (Appendix 1) of the GBP 2021, and that there will be no double counting of the green projects and any other outstanding green financing.
[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 Framework will be available at: www.wastenstar.eu
[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.

standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan 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.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan 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 WASTen has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the WASTen Star Holding, B.V. Green Bond Framework

Sustainalytics is of the opinion that the WASTen Star Holding, B.V. Green Bond Framework is credible, impactful and aligned with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories – i) Waste Management, ii) Renewable Energy and iii) Circular Economy – are aligned with those recognized by the GBP.
  - WASTen has defined a three-year look-back period for refinancing expenditures, which Sustainalytics considers to be in line with market practice.
  - Under the Waste Management category, WASTen may finance waste prevention, reduction and recycling projects, including the development, operation and upgrade of recycling plants and associated activities for metals, plastic and paper; and also recycling of electronic waste. The projects may include:
    - The secondary raw materials processing centre[5] for chemical plastic recycling based on depolymerization (or thermochemical decomposition) and polybet technology.
      - WASTen has confirmed to Sustainalytics that the input waste plastic for depolymerization and polybet units will be mixed plastic sourced from municipal waste, which is difficult to mechanically recycle. Construction waste may also be used as an input for polybet units.
      - Depolymerization units provide continuous operation of thermochemical decomposition where mixed plastics separated from municipal waste is chemically recycled mainly into process oil (85-90%), along with process gas and carbon residue.
      - WASTen has confirmed that the process oil obtained by depolymerization process will be used in the chemical industry for the production of new primary quality polyethylene and polypropylene plastic materials. WASTen has confirmed to Sustainalytics that the depolymerization process leads to direct replacement of new fossil resources, and that the use of recycled hydrocarbons as raw inputs for plastic production can reduce the carbon footprint of plastic production by up to 40% as compared to conventional plastic production from oil. WASTen has also confirmed to Sustainalytics that the carbon and environmental footprints of one tonne of secondary material produced by thermochemical recycling of post-consumer plastic waste are 250% and 500% lower than those of virgin plastics production, respectively, based on the life cycle assessment study performed.[6] In addition, process gas

[5] In the secondary raw materials processing centre, proceeds will be used towards the automated waste separation, depolymerization and polybet units. WASTen shared the details of the secondary raw materials processing centre with Sustainalytics confidentially.
[6] WASTen shared the comments of the Department of Sustainability and Product Ecology of UCT, Prague, confidentially with Sustainalytics.

from the thermochemical recycling is fed back to fuel the depolymerization process and the secondary raw materials processing centre.

- Polybet technology processes mixed-waste plastics along with construction waste, waste sand, aggregates, glass, etc., as internal fillers, to produce a polymer concrete or composite mixture with a high variability of inputs and a wide range of applications with minimal absorbency. Sustainalytics notes that the carbon and environmental footprints of virgin composites and recycled composites derived from a polybet process can vary widely, depending on the application. WASTen has confirmed to Sustainalytics that the carbon footprint of one tonne of recyclate from the polybet technology is in the range of 163-361 $kgCO_2e$ with an average 262 $kgCO_2e$, and having an environmental footprint in the range of 0.007-0.014, with an average 0.011. Comparatively, the carbon footprint of one tonne of primary material (concrete tiles, roofing tiles and ceramic tiles) ranges from 90 $kgCO_2e$ to 740 $kgCO_2e$ and the environmental footprint ranges from 0.004 to 0.4.[7]
- Based on the above, Sustainalytics overall considers financing waste prevention, reduction and recycling projects to be environmentally impactful. Additionally, Sustainalytics considers that investments in waste segregation, polybet and depolymerization technologies can create positive environmental benefits, considering the reduced carbon and environmental footprints disclosed by WASTen.
- Sustainalytics notes that plastics recycled and produced through depolymerization can be possibly used as single-use plastic products, based on WASTen's confirmation that it is not possible to determine further use of such plastic products made from recycled polyethylene and polypropylene plastic materials. Single-use plastic products waste is currently more likely to end up in the environment rather than being recycled or appropriately managed.[8]
- Sustainalytics notes that the extent of recycling of plastics is very low, with an estimated 9% of total global plastic waste having been recycled between 1950 and 2015, 19% incinerated and 50% sent to sanitary landfills. The remaining 22% plastic waste is mismanaged, likely being disposed of in uncontrolled dumpsites, burned in open pits or leaked into the environment.[9] Sustainalytics recognizes that improved recycling rates alone, even if attainable, will not fully address the holistic environmental issues associated with plastics. Unlike steel, glass and aluminium, plastics can only be recycled a finite number of times before being disposed of. In order to achieve full circularity, substantive measures are required, including an increased use of sustainably sourced alternative materials, preferably low carbon materials that can be recycled indefinitely without loss of quality.

  - Recycling of electronic waste that is accompanied by a robust waste management plan to mitigate associated risks. Sustainalytics views this as aligned with market practice.

- Under the Renewable Energy category, WASTen aims to finance purchase, acquisition, development, manufacturing, construction, installation, operation, distribution and maintenance of renewable energy generation projects. Projects under this category may include:
  - Onshore solar photovoltaic (PV) generation and concentrated solar power plants where Sustainalytics notes that eligible concentrated solar power (CSP) projects generate at least 85% of electricity from solar energy sources. Sustainalytics views this as aligned with market practice.
  - Hydropower projects in line with following criteria: i) run-of-river plants without an artificial reservoir or with low storage capacity; or ii) that have a power density greater than 5 W/m^2 or emissions intensity below 100 gCO_2e/kWh. Hydropower facilities that are operational after 2020 having either: i) power density greater than 10 W/m^2; or ii)

[7] Based on a life cycle assessment study conducted by WASTen shared with Sustainalytics confidentially.
[8] UNEP, "Our Planet is Choking on Plastic", at: https://www.unep.org/interactives/beat-plastic-pollution/
[9] OECD, "Global Plastics Outlook: Economic Drivers, Environmental Impacts and Policy Options", at: https://www.oecdilibrary.org/environment/global-plastics-outlook_de747aef-en

life cycle carbon intensity below 50 gCO_2e/kWh. Sustainalytics notes that all new hydropower projects financed will have an environmental impact assessment performed by a credible third party body to ensure that no significant environmental risks, negative impacts or controversies have been identified. WASTen has confirmed to Sustainalytics that it will exclude new hydropower projects with significant environmental controversies and significant environmental risks. Sustainalytics notes that this activity may generate positive environmental impacts. However, WASTen does not require a social impact assessment for hydropower projects, therefore risks related to possible negative social impacts may be overlooked.

- Energy storage projects, such as fuel cells, which will be powered by renewable energy sources. WASTen has confirmed that such projects may also include innovative energy storage projects, such as liquid salts, water energy storage[10] or compressed air energy storage connected to renewable energy sources. Sustainalytics considers this to be aligned with market practice.
- Green hydrogen production with electrolysis powered by renewable energy sources and equipment for the production and use of green hydrogen. Sustainalytics considers that these expenditures can create positive environmental impacts.
- Bioenergy produced from anaerobic digestion or composting of: i) agricultural and forestry residues; ii) sewage sludge; and iii) biowaste, such as bio soils and animal manure. WASTen has confirmed to Sustainalytics that sewage sludge will exclude sludge from fossil fuel operations. Sustainalytics views this to be aligned with market practice.
- While the use of livestock residue for biomass energy may improve the environmental performance of some agricultural operations, livestock farming has a significant carbon and water footprint that is not addressed using livestock by-products in energy generation. Furthermore, such farming and meat processing techniques may contribute to land degradation, biodiversity loss and deforestation. WASTen has also confirmed to Sustainalytics that the criteria exclude by-products and waste from industrial scale livestock production operations. Nevertheless, Sustainalytics considers the use of residues from day-to-day operations of existing facilities for energy generation to provide positive impacts in the short term.

– Under the Circular Economy category, WASTen may finance projects in eco-efficient circular economy adapted products, production technologies and processes for eco-efficient products and production activities that increase resource efficiency.
  - Projects that extend the life of products such as: product reuse, repair, refurbishment and regeneration; integration of modular design or design for disassembly; and incorporation of take-back schemes or reverse logistics. WASTen has confirmed to Sustainalytics that the criteria for the above activities will:
    - Exclude activities that support refurbishment, reconditioning and repair of products specifically for use in the extraction of fossil fuels or that inherently rely on fossil fuels.
    - Result in products being put back to their original use with minimal pre-processing.

    Sustainalytics considers this activity to be aligned with market practice.
  - Production technologies for bio-based sorbents[11] and waste sanitation that use recycled resources. Sustainalytics notes that the production of bio-based materials will be limited to those certified under the Roundtable on Sustainable Biomaterials (RSB).[12] Sustainalytics considers this activity to be aligned with market expectations.
  - Production of metal-based products with scrap or recycled metal inputs. For the production of aluminium-based products, WASTen has confirmed that it will finance

[10] WASTen has confirmed to Sustainalytics that the criteria exclude pumped hydropower storage projects. Water energy storage is also known as thermal energy storage.
European Commission, "Novel thermal energy storage in the European Union", at: https://setis.ec.europa.eu/novelthermal-energy-storage-european-union_e
[11] This technology leverages sorbents to remove harmful toxins (PFAS) from water and can be applied to: i) environmental remediation; ii) potable water; iii) industrial manufacturing facilities; and iv) commercial airports.
[12] RSB, at: https://rsb.org/

products where: i) at least 90% of the input is recycled or scrapped aluminium; or ii) 75-90% of the input is recycled or scrapped aluminium and the remaining virgin or primary aluminium has a carbon intensity below 2.5 tCO_2e/tonne of aluminium. WASTen has confirmed to Sustainalytics that zinc and copper-based products may also be produced using 100% scrap or recycled zinc and copper. Sustainalytics considers this activity to be to be aligned with market practice.

- Project Evaluation and Selection:
  - WASTen cluster, a non-profit organization cooperating with WASTen Star Holding, B.V., is responsible for evaluating and selecting projects line with the Framework's eligibility criteria. WASTen cluster will evaluate and select projects as per the Framework's eligibility criteria based on the input from its expert team. The expert team comprises experts from academia and practice such as businesses, universities, and other research organizations. WASTen has a process in place that evaluates and manages the environmental and social risks associated with eligible projects (See Section 2).
  - Sustainalytics considers the project evaluation and selection process to be in line with market practice.
- Management of Proceeds:
  - WASTen's treasury committee will be responsible for management and allocation of proceeds and will track the proceeds using an internal tracking system through a portfolio approach. The treasury committee comprises WASTen's management's members and external experts with experience in the banking and financial sector.
  - WASTen intends to fully allocate proceeds within 36 months of issuance. Pending full allocation, proceeds will be temporarily held in accordance with WASten Star Holding, B.V.'s standard liquidity management policy. Furthermore, WASTen has confirmed to Sustainalytics that proceeds will be held temporarily in cash or cash equivalents until full allocation.
  - WASTen has confirmed to Sustainalytics that secured bonds may be issued under the Framework and that WASTen will avoid double counting of allocated proceeds and its associated impact.
  - Based on the above, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - WASTen commits to report on the allocation of proceeds and corresponding impact in reports that will be published on its website on an annual basis until full allocation.
  - The allocation reporting will include a list of projects funded by green bonds, the total allocated amount, the currently allocated amount, alignment with the fund disbursement schedule, and alignment of project revenues with the planned schedule.
  - The impact reporting will include ex-ante estimates anticipated upon project completion and full capacity operation. WASTen commits to report on at least one impact metric per use of proceeds category. Impact metrics may include: percentage reduction of the volume of generated waste (in % or in tonnes/year); annual renewable energy generation in MWh, GWh or GJ/TJ; annual volume of separated and further used waste in tonnes; etc. See Attachment 1 of the Framework for more impact metrics.
  - Based on these elements, Sustainalytics considers this process to be in line with market practice.

Alignment with the Green Bond Principles 2021

Sustainalytics has determined that the Framework aligns with the four core components of the GBP.

Section 2: Sustainability Strategy of WASTen

Contribution to WASTen's sustainability strategy

Sustainalytics notes WASTen's efforts towards sustainability through its sustainability strategy,[13] which outlines its commitment to integrate economic, environmental and social factors into decision-making and core business practices.

[13] WASTen shared its sustainability strategy with Sustainalytics confidentially.

The strategy defines sustainability goals and targets under seven pillars: waste management investment; renewable energy investment; circular economy financing; emissions reduction commitment; community development; ethical financial practices; and inclusive financing. WASTen integrates sustainability principles into its business practices on the basis of UN SDGs and EU Sustainable Finance Disclosure Regulation.

Regarding waste management and renewable energy, WASTen has set targets to increase allocation of investments towards waste prevention, reduction and recycling projects and renewable energy projects[14] to 40% of its investment portfolio. Regarding circular economy, WASTen aims to support at least four circular economy projects annually and measure their impacts on resource efficiency and waste reduction in the investment portfolio. Regarding GHG emissions, WASTen aims to set specific GHG emissions reduction targets by 2026 for its financed projects and regularly assess progress. With respect to community development, WASTen aims to develop and implement community development programmes to create jobs, improve infrastructure and support local businesses. Moreover, with regard to ethical and inclusive financing, WASTen aims to: i) develop a responsible lending practice and adhere to the international financial standards; and ii) increase the accessibility of financing to various stakeholders, including small businesses and underserved communities.

Sustainalytics is of the opinion that the Framework is aligned with the Company's overall sustainability strategy and will further the Company's action on its key environmental priorities. Sustainalytics notes that WASTen is at the outset of its sustainability strategy. WASTen has communicated to Sustainalytics that it is in the process of further developing its sustainability strategy in the areas of community development, and ethical and inclusive financing and will set specific targets in the future. Sustainalytics encourages WASTen to establish time-bound quantitative sustainability targets and report on its progress in the areas where the Company is under process of further developing its sustainability strategy.

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 or 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 involving: land use change and biodiversity issues associated with large-scale infrastructure development; emissions, effluents and waste generated in construction; community relations; and occupational health and safety. WASTen has implemented an environmental and social risk mitigation policy (the "Policy") in 2023,[15] which establishes the following relevant procedures to mitigate and manage social and environmental risks from its investments.

- To manage risks related to land use change and biodiversity issues associated with large-scale infrastructure development, as well as emissions, effluents and waste generated in construction, WASTen has implemented a pre-project screening procedure, as part of which it conducts due diligence to identify and assess potential environmental risks and impacts. This process, which is also part of the Framework, includes a "do no significant harm" evaluation to prevent financing environmentally harmful projects.[16] The Policy's environmental standards compliance pillar requires project developers to comply with local and international environmental standards and regulations and regularly monitor project compliance with environmental commitments.[17,18]
- To address risks related to community relations, the Policy and the Framework stipulate a pre-project social impact assessment, supported by the WASTen cluster, to identify and address social risks associated with the development of the projects. Specifically, regarding community relations, WASTen engages with local communities before the beginning of a project to discuss with them the potential concerns and needs that may arise. The Framework also addresses risks posed to community surrounding project areas related to handling waste materials, especially hazardous or biological waste, and takes into account community engagement. The Policy entails stakeholder collaboration to collaborate with NGOs, local governments and other stakeholders to enhance the social sustainability aspects of projects.[19,20]
- For occupational health and safety, the Framework sets out a process to assess the risks associated with projects financed under it. The Framework addresses risks related to handling waste materials,

[14] Renewable energy projects that are related to wind, solar, hydropower, biomass and hydrogen.
[15] WASTen shared its Environmental and Social Risk Mitigation Policy (2023) with Sustainalytics confidentially.
[16] European Union, "Regulation (EU) 2020/852 of the Europenan Parliament and of the Council", (2020), at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN
[17] WASTen Star Holding, B.V. Green Bond Framework (2024). The Framework will be published at: www.wastenstar.eu
[18] WASTen's Environmental and Social Risk Mitigation Policy (2023), as shared with Sustainalytics confidentially.
[19] WASTen Star Holding, B.V. Green Bond Framework (2024). The Framework will be published at: www.wastenstar.eu
[20] WASTen's Environmental and Social Risk Mitigation Policy (2023), as shared with Sustainalytics confidentially.

especially hazardous or biological waste that poses health and safety risks to workers and the surrounding community. The Framework also stipulates that adequate safety measures must be in place to mitigate risks related to health and safety at work.[21]

As a newly established company, and as communicated by WASTen, Sustainalytics notes that the Company is in the process of further developing its environmental and social risk-related policies and procedures. Sustainalytics encourages WASTen to further establish formal policies that address these risks at the execution and the management levels. Sustainalytics nonetheless believes that WASTen has adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Importance of waste management and circular economy in the EU and Czechia

Waste management is a key element of the EU's environmental policy and the European Green Deal, which aims to transition the EU to a "modern, resource-efficient and competitive economy".[22] In 2020, each resident of the EU generated an average of 4.8 tonnes of waste, of which only 39.2% was recycled and 32.2% was landfilled.[23] The EU's waste hierarchy[24] considers waste prevention as the preferred option to manage waste while landfilling as the least preferable method,[25] highlighting the importance of projects and innovation to prevent waste from going to landfills in the EU waste management strategy. In this sense, the EU Waste Framework Directive sets targets for preparation for the reuse and recycling of municipal waste to a minimum of 55% of all waste by 2025, 60% by 2030 and 65% by 2035.[26]

Waste management strategies are relatively new in Czechia, considering that the first Waste Act was adopted in 1991.[27] The new Waste Act, which came into force in 2021, sets targets to increase the level of preparation for reuse and recycling of municipal waste to at least 55% by 2025, 60% by 2030 and 65% by 2035 in line with the EU targets. The Waste Act also states that a landfill ban will be introduced for recyclable, recoverable and mixed municipal waste after 2030.[28] While Czechia had low municipal waste generation (300 kg per capita) up until 2016, this number rapidly increased in the following years, eventually reaching 543 kg per capita in 2020, surpassing the European average.[29] Regarding the treatment of municipal waste, waste hierarchy according to the Waste Act suggests landfills and energy use as the least preferred treatment options.[30] On the other hand, in 2020, 48% of municipal waste was landfilled; 13% was used for energy generation; and only 39% was either recycled or reused.[31] As part of the European Union, Czechia is expected to transpose EU waste management directives into the Czech legal system. However, this transposition is lagging according to the Czech Republic Supreme Audit Office's research.[32] At the moment, a new plan, the Waste Management Plan of the Czech Republic for the period 2025 – 2040, is under development.[33]

Aligned with the EU waste hierarchy, Czechia adopted the Circular Czechia 2040 plan in 2021 to form its circular economy strategy, with the main goal of "Less waste and more value for the Czech Republic".[34]

[21] WASTen Star Holding, B.V. Green Bond Framework (2024). The Framework will be published at: www.wastenstar.eu
[22] European Commission, "Waste and recycling", at: https://environment.ec.europa.eu/topics/waste-and-recycling_en
[23] Eurostat, "Waste Statistics", (2024), at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Waste_statistics
[24] The EU's waste hierarchy applies as a priority order in waste prevention and management legislation and policy. EU, "Summaries of EU legislation - Waste hierarchy", at: https://eur-lex.europa.eu/EN/legal-content/glossary/waste-hierarchy.html
[25] European Commission, "Waste Framework Directive", at: https://environment.ec.europa.eu/topics/waste-and-recycling/waste-framework-directive_en
[26] Ibid.
[27] Ministry of the Environment of the Czech Republic, "Waste Management", at: https://www.mzp.cz/en/waste_management
[28] European Environment Agency, "Country Profile Czechia 2022", (2022), at: https://www.eea.europa.eu/publications/many-eu-member-states/czechia
[29] European Environment Agency, "Waste prevention country profile: Czechia", (2023), at: https://www.eea.europa.eu/themes/waste/waste-prevention/countries/2023-waste-prevention-country-fact-sheets/czechia_waste_prevention_2023
[30] Czech Republic Supreme Audit Office, "Waste management in the Czech Republic: subsidies in billions of CZK did not effect a change, landfilling still plays a crucial role", (2022), at: https://www.nku.cz/en/for-media/press-releases/waste-management-in-the-czech-republic:-subsidies-in-billions-of-czk-did-not-effect-a-change--landfilling-still-plays-a-crucial-role-id12664/
[31] Ibid.
[32] Ibid.
[33] The Czech Circular Economy Association (ČAObH), "One of the main tasks for 2023 is to prepare a modern Waste Management Plan of the Czech Republic until 2040 - the CABH is already involved in its preparation", (2022), at: https://obehove-hospodarstvi.cz/en/2022/12/19/jednim-z-hlavnich-ukolu-roku-2023-je-pripravit-moderni-plan-odpadoveho-hospodarstvi-cr-do-roku-2040-caobh-se-na-jeho-priprave-jiz-nyni-podili/
[34] European Environment Agency, "Circular economy country profile – Czechia", (2022), at: https://www.eionet.europa.eu/etcs/etc-ce/products/etc-ce-products/etc-ce-report-5-2022-country-profiles-on-circular-economy/czechia-ce-country-profile-2022_for-publication.pdf

Circular Czechia 2040 has 10 priority areas, including but not limited to: products and design, waste management, water and industry, raw materials, construction and energy.

In this context, Sustainalytics is of the opinion that WASTen's expenditures under the waste management and circular economy categories will contribute to the European Union's strategies and Czechia's waste management targets and circular economy strategies.

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 the Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Waste Management	9. Industry, Innovation and Infrastructure	9.4 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
	12. Responsible Consumption and production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Circular Economy	9. Industry, Innovation and Infrastructure	9.4 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
	12. Responsible Consumption and production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Conclusion

WASTen Star Holding, B.V. has developed the WASTen Star Holding, B.V. Green Bond Framework, under which it intends to issue green bonds and secured bonds, and use the proceeds to finance or refinance, in whole or in part, existing or future projects related to Waste Management, Renewable Energy and Circular Economy. Sustainalytics considers that the projects funded are expected to deliver a positive environmental impact by contributing to the circular economy, low-carbon economy, pollution prevention and waste management.

The WASTen Star Holding, B.V. Green Bond Framework outlines a process for tracking, allocating and managing proceeds and makes commitments to report on their allocation and impact. Sustainalytics believes that the WASTen Star Holding, B.V. Green Bond Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds categories will contribute to the advancement of UN Sustainable Development Goals 7, 9 and 12. Additionally, Sustainalytics is of the opinion that WASTen has measures in place for identifying, managing, and mitigating environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that WASTen is well positioned to issue green bonds and that the WASTen Star Holding, B.V. Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

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Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

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