PLASTIX

UN GLOBAL COMPACT

COMMUNICATION ON PROGRESS

2019

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This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

CONTENT

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STATEMENT ON CONTINUED SUPPORT

I am pleased to confirm that PLASTIX reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

This first annual Communication on Progress describes our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations.

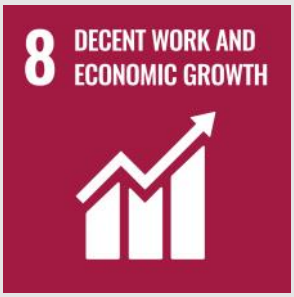
Having adopted the United Nations Sustainability Goals (SDGs) into PLASTIX' CSR policy, this report will focus on the 6 most relevant SDGs identified for PLASTIX.

We further commit to share this information with our stakeholders using our primary channels of communication.

Hans Axel Kristensen
CEO and co-founder of PLASTIX

"OUR MISSION IS TO BE A MANUFACTUERER OF GREEN PLASTICS, RECYCLING POST -USE MARITIME FIBRES, FISHING NETS AND ROPES, INTO HIGH-QUALITY RAW PLASTICS MATERIAL"

"OUR VISION IS TO ERADICATE PLASTIC POLLUTION BY ENABLING CIRCULAR SOLUTIONS FOR CLEANER ENVIRONMENTS AND OCEANS"



DECENT WORK AND ECONOMIC GROWTH

PLASTIX is located on the west-coast of Denmark, an area often described as rural, and which has been losing people and prosperity to the larger cities for decades. It has been PLASTIX' goal to sustainably strengthen the region economically and to promote the area as a Green Hub for innovative solutions.

In between Q4 2018 and Q4 2019, PLASTIX provided decent work for 21,21 full-time equivalent employees, from 7 different nationalities. Working closely with the municipality of Lemvig, we further provided employment under the refugee and integration program.

PLASTIX conducts business in compliance with both national and international laws, including the right to collective bargaining and unionisation, and laws on heath and safety.

Through our engagement with NGOs we further promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work, such as exemplified by our role in DMDP Waste-to-Value project in Kenya.

In this project, led by WWF Denmark, funded by Danida, PLASTIX contributes to solving the challenge of waste whilst improving livelihoods for men, women and youth in Kwale, Mombasa, Kilifi and Lamu counties on the coast of Kenya. By applying our extensive experience and knowledge on the commercial circular plastic value chain, the project will create income opportunities in plastic collection, and decent jobs in sorting and processing.

PLASTIX supports and respect the protection of the internationally proclaimed Human Rights, and we acknowledge their importance in view of an ever increasing global community.

We plan on implementing a Code of Conduct for our suppliers as well as our customers to ensure the mutual understanding and action to work toward safe and healthy work environments and the abolition of child labour.


Schäfer
PLASTIX

INDUSTRY, INNOVATION AND INFRASTRUCTURE

At PLASTIX, we pride ourselves on the sustainable nature of our innovative mechanical recycling process for the critical waste stream consisting of fibers from the maritime industry. This waste stream, previously unaddressed in its end-of-life, has required the development of specialized cleantech technologies due to the complex and tough structure that comprise maritime nets and ropes.

By principle, we strive towards optimizing our processes, to use less energy and water, as well as to reduce the amount of waste lost or produced during the recycling process.

We furthermore strive to increase the quality of our recycled material which includes the complex washing process of the post-use fishing maritime fibres we receive, thus increasing the usability of our products. To do so, PLASTIX invested in the integration of an advanced inhouse water treatment system. This allows the water to be continuously cleaned and recycled, increasing the quality of our *Green Plastics* products.

PLASTIX works against corruption in all forms, including extortion and bribery, and actively seeks transparency within the organization, as well as from our suppliers and our customers. We work strongly against Green Washing within the plastics recycling industry by disclosing the mass balance of our recycling process to relevant national authorities. We furthermore actively guide customers using our material in their products on the correct terminology to prevent the risk of Green Washing.

In order to confirm our resilient business processes as a plastic recycler within the industry, one of our goals is to attain ISO 9001:2015 and ISO 14001:2015 by the time of our next COP progress report (Q4 2020). Through this, we will ensure the continuous improvement of our processes in regard to quality and environmental management, and adopt best practice methods recognized across industries.

RESPONSIBLE CONSUMPTION AND PRODUCTION

Responsible Consumption and Production is anchored at the heart of PLASTIX, as it defines what we strive for in our daily operations. We aim at combatting plastic pollution by enabling circular solutions and developing environmentally friendly technologies, to turn the critical waste stream of maritime nets and ropes into new raw material. Hereby, we ensure the sustainable and efficient use of natural resources otherwise lost to landfill or the environment.

We encourage our customers, and stakeholders to consider the recyclability and design of their products, as well as their integration of PLASTIX' *Green Plastic* raw material. In doing so, we further contribute to the reduction in waste generation on a national and global level, and promote greater environmental responsibility.

We invite students and other stakeholders to PLASTIX for educational and informative visits, where we explain and show how and why we recycle maritime fibres, including our role in action for climate change measures and the SDGs.

As our goal is to remove and prevent maritime fibres from ending in the environment or landfill, we are naturally further committed to prevent our raw *Green Plastic* materials (pellets) from entering the environment after the recycling process. In order to ensure this, PLASTIX has signed and integrated the Operation Clean Sweep program, to prevent and help keep plastic litter materials out of the marine environment.

We have further identified Responsible Production (recycling) of a raw material, to mean the perseverance of its value. As such, we place high importance on the quality of our product´s, as well as processability of our products by the plastic industry, to enable our recycled material to act as a replacement of virgin material.

CLIMATE ACTION

The tremendous impact on climate change, resulting from an increasing plastic production, consumption and disposal, further calls for immediate action to move away from a linear and CO_2 heavy plastic economy, and instead to transition into the New Circular Plastics Economy.

In 2018, 369 million tonnes of plastic were produced on a global scale– corresponding to 260 million tonnes of plastic waste, only 16% of which ever reached recycling.

On average, 1.8 billion tonnes of CO_2 emissions result from the production and incineration of plastic waste on a yearly basis.

By moving towards a circular economy, that recycles the plastic waste it creates saves the globe from CO_2 emission released during incineration as well as during the production of virgin material, as recycled material can be used to substitute this.

The comparative CO_2 emission savings of PLASTIX' *Green Plastic* raw materials, in comparison to virgin plastic production, were assessed by a third party consultancy in form of a Life Cycle Assessment (LCA). This LCA specifies the level of environmental impact, and compares the entire recycling process at PLASTIX including the value chain, to the production of virgin plastic granules. The LCA concluded that PLASTIX' rPE and rPP products respectively have a 5.5 and 5.7 times better carbon footprint than virgin PE and PP plastics.

By assessing the production numbers alone, PLASTIX saved the environment from over 2.4 million Kg og CO_2 emissions in the period from Q4 2018 to Q4 2019. We aim to increase this number by 20% by the time of the next Progress Report in 2020.

PLASTIX is further committed to transit to sustainable electricity at latest by October 2020 in order to further positively affect the CO_2 savings when producing *Green Plastic* raw material.

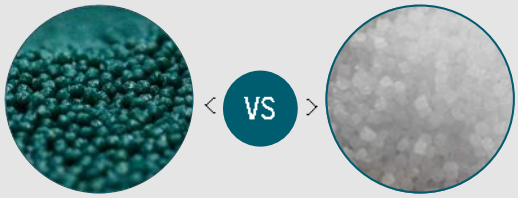
Per 1 KG
PE
produced

PLASTIX
Carbon Fooprint
0.354 Kg CO_2

Virgin
Carbon Fooprint
2.008 Kg CO_2

MORE THAN **5.5** TIMES BETTER CARBON FOOTPRINT

Per 1 KG
PP
produced



PLASTIX
Carbon Fooprint
0.376 Kg CO_2

Virgin
Carbon Fooprint
2.052 Kg CO_2

MORE THAN **5.7** TIMES BETTER CARBON FOOTPRINT

From October 2018 to October 2019, PLASTIX has recycled *Green Plastic* material, which when used instead of virgin material, saves the environment from **2.411.555 Kg of CO_2 emissions**[1].
This is equivalent to the yearly carbon sequestration of over **92.000 trees**![2]

[1] Based on carbon footprint from comparative LCA "Life Cycle Assessment of The Retrawl Project".
[2] Calculations based on Poplar trees (Cannell, M.G.R., 1999. Growing trees to sequester carbon in the UK: answers to some common questions. Forestry, 72(3), pp.237-247.)

LIFE BELOW WATER

An estimated 19% of plastic waste produced annually is lost to the environment as a result of waste mismanagement, littering behaviour and poor product design. Much of this plastic waste ends up in the worlds oceans, there coined as Ocean Plastic. Throughout its long environmental persistence, estimated between 200—800+ years, the Ocean Plastic causes devastation to wild life and ecosystems through entrapment, ingestion, and ghost fishing. It is estimated that around 11% of all Ocean Plastic originates from the maritime industry.

During its degradation, the plastic waste breaks down into smaller and smaller pieces known as microplastic which have shown to effect reproductivity and behavioural changes in wildlife.

While it is of tremendous importance to remove existing Ocean Plastic waste, it is of equal -if not higher importance- to stop further plastic waste from entering our oceans.

As such, PLASTIX' efforts are focused on a preventive action against Ocean Plastic waste, by driving the circular economy and giving post-use fishing gear a value. This actively prevents the dumping of nets, trawls and ropes at sea, as it counteracts the high alternative costs fishermen are faced with when, disposing of this waste stream at harbours. We thus support the precautionary approach to the environmental challenge of Ocean Plastic waste, capturing the waste before it ever possibly has the chance of posing a danger to ecosystems.

Between Q4 2018 and Q4 2019, PLASTIX sourced 2.344.671 Kg of post consumer maritime fibres from 12 different countries and 37 different input suppliers, thus diverting these from landfill and the ocean.

PLASTIX plans to increase the countries it sources from, as we acknowledge that the challenge of Ocean Plastic waste is of a transboundary nature and needs to be addressed on a global level.

PARTNERSHIPS FOR THE GOALS

One major principle of a circular economy is built upon the idea of thinking and acting across industries and to drive change across value chains– at heart, working together in partnership for common goals.

This principle of circularity is at the essence of our business model, which is why we engage with the entire value chain, from virgin plastic producers, to netting and rope manufacturers, fishermen, harbours, plastic converters, brand owners and consumers.

We further place value on collaborating and contributing to case studies, and governmental as well as non-governmental forums.

One major event, at which PLASTIX was honoured to have the privilege to speak at, was the Confederation of Danish Industry Business summit. The summit was entitled "Made by Denmark - Creating a Green Future Together", and was host to 1000 participants, including CEOs and key decision makers.

PLASTIX's CEO, Hans Axel Kristensen was chosen to present PLASTIX under the category "Ideas That Can Save the World", where Hans presented the opportunity that the un-utilized resource of plastic waste represents, and the threat to the environment it can pose.

At PLASTIX, we believe that problems such as Climate Change, Ocean and Environmental Pollution, and loss of valuable resources cannot be solved alone, and that they instead require close collaboration across industries and value chains, in order to find and develop sustainable and long lasting solutions.

Throughout all our stakeholder relations, we do not accept any form of forced and compulsory labour, or discrimination in respect of employment and occupation.

”Let us design, produce, use, and recycle our products responsibly, and in the right way. We owe this to each other and to future generations.”

-Hans Axel Kristensen
CEO, PLASTIX