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# **SUSTAINABILITY- LINKED FINANCING FRAMEWORK**

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# 1. Company Overview

Kem One is Europe's second-largest producer of PVC. As a leading player in the chemical industry, Kem One specialises in salt extraction, the production of chlorine, caustic soda, polyvinyl chloride (PVC) and chlorine derivatives. The company is a leading producer of low-carbon hydrogen in France. Serving our customers and relying on the continuous improvement of our expertise and our reliability are the ambitions of Kem One.

Benefiting from nearly 100 years' experience in chlorochemicals and more than 70 years in vinyl products, we have generated more than €900mm in annual net revenue over the last three years and employ approximately 1,350 employees. Our workforce is divided between the industrial sites, the R&D laboratories, our sales offices in Europe, and the head office in Lyon. Kem One's customers benefit from the company's level of technical, energy and economic performance and our commitment to addressing the issues of efficient and sustainable industrial development.

This commitment is further reflected in the importance that the group places on health, safety and respect for the environment. Since 2014, environmental regulations, plus the need to optimise our industrial performance, have driven us to invest approximately €562 million in our industrial processes. Bolstered by these achievements and infused with new momentum, we would like to open up new horizons and establish ourselves as a leader in sustainability throughout Europe.

## 2. Sustainability strategy and rationale

Kem One is at the heart of the environmental issues we face, due to our industrial activities in the chemical sector. As a high energy consumer, we face numerous challenges related to resources and our performance. We have been making significant and sustained investments since 2014 that we believe will make our means of industrial production more efficient and limit our environmental impact. Today, we are committed to sustainable and responsible growth.

### 2.1 Sustainability at Kem One

Kem One, its employees, and its owners remain committed to exercising industrial activity in a sustainable, responsible and efficient manner. Our company looks to the medium- and long-term future by making concrete and quantified targets as part of the continual improvement of our performance. As part of this commitment, we have undertaken several steps over the past years to underline this ambition:

- In 2015, we renewed our membership of the chemical industry's International Responsible Care program, which places health, safety and the environment at the heart of our activities

- In 2017, Kem One's energy management system, which focusses on the rigorous control of energy resources, was rewarded with ISO 50001 certification, recognising the continual improvement process implemented on every site
- In 2019, we joined the companies that have signed the French business climate pledge
- In 2020, Kem One reviewed its Energy and Climate policy, by incorporating ambitious targets for 2030

As we are convinced of the need for industrial manufacturers to commit to reducing greenhouse gas ("GHG") emissions (measured as CO<sub>2</sub>e), our strategy – including our 2030 targets – focuses on four strategic pillars:

1. **The environment:** Improving our energy performance and reducing our environmental impacts
2. **Labour relations / HR:** A responsible enterprise, committed to diversity
3. **Responsible purchasing:** Making sustainable purchases and mobilising our suppliers
4. **Ethics and transparency:** Business practices that uphold our values of ethical integrity and transparency

### 2.1.1 Improving our energy performance and reducing our environmental impacts

The main GHG emitted by Kem One's production process (scopes 1 and 2) are the carbon dioxide produced by the combustion of natural gas and refrigerants used in the industrial processes. The company initially focussed its efforts on scopes 1 and 2, before gradually extending its actions to include some scope 3 items (delivery of products to customers).

In order to address this, we are constantly trying to change and improve ourselves. The R&D mission at Kem One is clear: to drive sustainable development through innovation by creating new products and solutions for our customers. PVC waste products are currently recycled using mechanical means: crushing, micronisation, then reintroduction into a new formulation. Most of this waste consists of rejects from the production lines or PVC off-cuts. Kem One's goal is to remove as many additives as possible from the PVC approaching its end of life, which was often produced 20 to 30 years earlier, in particular those that are now banned (phthalates, heavy metal salts), and to produce a new range of recycled PVC products. Kem One has launched several research projects such as REVIEN, a collaborative project to reuse PVC in floor coverings and composite textiles or the Polyloop start-up which is developing a recycling solution on Kem One's Balan site.

We are contributing to the French chemical industry's movement to improve its global energy efficiency by 1% per year until 2030. This initiative is in keeping with the national goal of achieving carbon neutrality by 2050, as described in the Stratégie Nationale Bas Carbone. We set ourselves the target of cutting our energy consumption by one third in less than two decades. Kem One's energy efficiency plan consists of using investing in more efficient processes and low-carbon technologies, introducing equipment that consumes less energy and keeping tight control of consumption and production parameters in order to identify any leaks and to avoid over-consumption.

A key milestone on the way to fulfilling our targets was surpassed in 2017, when the electrolysis unit on the Lavéra site underwent a complete change of technology in order to reduce electricity and steam consumption. An exceptional investment of €167 million in this industrial process slashed electricity consumption by 16% and natural gas consumption by 36%, which is equivalent to the consumption of a town of 80,000 inhabitants. Another key milestone is the conversion project which will take place on the Fos-sur-Mer electrolysis unit by 2024, which we expect to yield significant improvements by end of 2025. Looking further ahead, another change of technology that we expect to make by 2030 in the monomer vinyl chloride production plant at Lavéra, is the adoption of a chlorination by boiling process that will significantly reduce the site's steam consumption. The adoption of more energy-efficient equipment involves the manufacturing sites, engineering, the process teams and purchasing, which all help optimise energy consumption and facilitate the optimal use of our units.

Whilst we are trying to reform existing processes, we also try to employ and understand the future needs of our environmentally minded customers and invest in new technologies. For example, with an annual output of 16,000 tonnes at our Fos and Lavéra sites, Kem One is a top producer of low-carbon hydrogen, a co-product of chlorine by way of brine electrolysis, in France. Today, 30% of this hydrogen is sold or consumed at our own sites (hydrogen chloride), 55% to 60% is used in our boilers to produce heat and 10% to 15% is released into the atmosphere. Our goal is to supply hydrogen for uses that create more value, in particular as part of the energy transition, helping end-users to decarbonise their activities. For that purpose, Kem One is taking part in numerous projects with players in the sector (gas producers, energy utilities, grid controllers, industry). Thanks to our expertise in the field, Kem One also represents the chemical industry on the French National Hydrogen Council.

### **2.1.2 A responsible enterprise, committed to diversity**

Taking good care of our employees is at the very heart of our enterprise's human values. We believe this approach contributes to the development and the performance of Kem One. Most importantly, our employees deserve safe working conditions. Our commitment to safety, health, quality and the protection of the environment is based on eight principles that are formally set forth in our Health, Safety, Environment and Quality charter<sup>1</sup>.

Kem One also strives to make sure that every employee benefits from a high level of social coverage and has opportunities to build their skills throughout their career. The company maintains a close and constructive dialogue with staff representatives and communicates regularly about its performance in a transparent manner. We are convinced that the diversity of our staff is a source of collective wealth and performance. We seek to promote gender equality at work and have increased our efforts to attract more women. We are committed to reach an average score of at least 80 points out of 100 on the professional gender equality scale.

Furthermore, we are committed to the professional integration of individuals with disabilities in our workforce: the company has signed three collective agreements that provide for taking actions to raise the awareness of our staff with respect to individuals with disabilities, adapting our workstations so that employees with

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<sup>1</sup> <https://www.kemone.com/en/Responsibility/Safety-always-in-mind>

disabilities can stay in their jobs, welcoming interns and students with disabilities, recruiting workers with disabilities, and working with companies in the protected sector for individuals with disabilities. The proportion of employees with disabilities at the company increased from 4.2% in 2012 to 5.4% in 2020<sup>2</sup>.

### 2.1.3 Making sustainable purchases and mobilising our suppliers

Purchasing plays a crucial role in upholding fundamental rights and reducing the company's social, environmental and ethical impacts. Our policy formally sets forth our commitments and the commitments we demand of our suppliers, in order to develop competitive, sustainable and innovative solutions. All our responsible purchasing initiatives are listed in a special report and are monitored through responsible purchasing indicators as part of a continual improvement process by our purchasing department. Whilst we have done a lot on our side, we recognise that a responsible purchasing policy inevitably involves our suppliers, who are required to meet our formal societal responsibility requirements. In the first half of 2020, Kem One adopted a Suppliers' Charter<sup>3</sup> that sets forth the requirements our main partners must meet. By signing this charter, the company's suppliers agree to meet the obligations listed therein.

### 2.1.4 Business practices that uphold our values of ethical integrity and transparency

As a responsible enterprise, Kem One is committed to ensuring that our employees' practices obey the law, uphold the company's ethical values and are transparent. Consequently, and in order to meet the requirements of the so-called Sapin II law, passed in 2016, on transparency, the fight against corruption and the modernisation of the economy, Kem One has set up our own anti-corruption system. The goal of this system is to prevent risks of corruption and influence peddling. Kem One has taken a range of measures (including adopting a code of conduct, internal alert system, and systems of oversight of contractual negotiations and partner assessments) that are subject to internal controls and scrutiny in order to assess our effectiveness.

In addition to our policies that govern key processes, Kem One has a robust, centralized process for monitoring energy performance at plant level. To assure our plants meet and continue to meet all necessary standards, we employ a dedicated expert who monitors associated risks. We are encouraged by the ISO 50001 norm and the French energy code, article L-341-2 and D. 341-9 to assure the highest standards of our processes and operations. Combined with our corporate approach to strive for continuous improvements and ambitious ESG targets, we will continue to strive to comply with the highest standards. Kem One has also published other supporting documents that outline our position on sustainability and provide an overview of the specific contribution towards achieving our set targets:

- Health Safety Environment & Quality charter<sup>4</sup>
- Alert System<sup>5</sup>
- Climate Report<sup>6</sup>

<sup>2</sup> This figure increased to 6.94% in 2020 by applying the legal upscaling factor.

<sup>3</sup> Internal document

<sup>4</sup> <https://www.kemone.com/en/Responsibility/Safety-always-in-mind>

<sup>5</sup> [https://www.kemone.com/en/content/download/7440/67991/version/1/file/VF+14-09-2018++dispositif+d%27alerte\\_EN.pdf](https://www.kemone.com/en/content/download/7440/67991/version/1/file/VF+14-09-2018++dispositif+d%27alerte_EN.pdf)

<sup>6</sup> <https://www.kemone.com/en/News-and-press/Publications/CSR-report>

## 2.2 Our promises to the future – 2030 targets

As stated above, we at Kem One look to the short-, medium- and long-term future by making concrete and quantified targets as part of the continual improvement of our performance. In line with our four strategic pillars, we defined key targets that will guide our efforts and ambitions over the next year:

The environment	A 33% reduction of our energy consumption per ton of PVC between 2013 and 2030, or 2% on average p.a.
	A 50% reduction of our greenhouse gas emissions (measured as CO2 equivalent) between 2013 and 2030, or 3% on average p.a.
Labour relations / HR	Recruit 10 employees with disabilities between 2020 and 2022
	Reach a score of 80 /100 on the professional gender equality index
	Train 100% of supervisory staff in management
	Make every employee aware of the importance of energy-related and environmental issues
	Enter negotiations with the trade unions on the prevention of arduous working conditions
Responsible Purchasing	Enter a partnership with the “L’Entreprise des Possibles” foundation in order to support NGOs acting on the behalf of the most underprivileged
	Develop a training course in responsible purchasing and train the purchasing staff by 2024
	Continue the deployment of our Suppliers’ Charter with our main partners
	Continue the assessment of the indirect carbon footprint produced by the activities of our main suppliers
Ethics and transparency	Extend the CSR assessments of our suppliers to all the company’s purchasing departments
	Deploy our anti-corruption and influence peddling system at all Kem One entities
	Annually assess the application and effectiveness of our measures and procedures and take corrective action, if necessary
	Deliver training in the fight against the risks of corruption and influence peddling to every employee

## 2.3 Rationale for ESG financing

Recognizing the role of sustainable finance in supporting the transition to a low-carbon and more resource efficient economy, we have decided to put in place a Sustainability-Linked Financing Framework to link our funding with our sustainability objectives, leveraging ambitious timelines to achieve a sustainability performance that is relevant, core, and material to our businesses future.

Kem One has a stated aim to be at the forefront of ESG financing. Through this new Sustainability-Linked Financing Framework, we wish to contribute towards the French Business Climate Pledge<sup>7</sup> objectives and the achievement of carbon neutrality by 2050.

## 3. Alignment with the Sustainability-Linked Bond Principles

This Framework has been established to support the future issuance of sustainable financing instruments, including Sustainability-Linked Bonds, private placements, promissory notes, loans, credit facilities and any other sustainability-linked financing instruments. This Framework has been developed in alignment with the Sustainability-Linked Bond Principles (“SLBP”), 2020<sup>8</sup>. The Framework also takes into account the Sustainability Linked Loan Principles (“SLLP”), as published by the Loan Markets Association (LMA) in May 2021<sup>9</sup>.

Our Framework aligns with the five core components of the SLBPs:

1. Selection of Key Performance Indicators (“KPIs”)
2. Calibration of Sustainability Performance Targets (“SPTs”)
3. Bond characteristics
4. Reporting
5. Verification

SLBs are any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ESG objectives. In that sense, issuers are thereby committing explicitly (including in bond documentation) to future improvements in sustainability outcome(s) within a predefined timeline that are relevant, core and material to their overall business. SLBs are a forward-looking performance-based instrument. The proceeds of SLBs are intended to be used for general purposes.

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<sup>7</sup> <https://frenchbusinessclimatepledge.fr/en/>

<sup>8</sup> <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf>

<sup>9</sup> [https://www.lma.eu.com/application/files/8416/2210/4806/Sustainability\\_Linked\\_Loan\\_Principles.pdf](https://www.lma.eu.com/application/files/8416/2210/4806/Sustainability_Linked_Loan_Principles.pdf)



### 3.1 Selection of Key Performance Indicators (KPIs)

As we embark on our mission to shift our business model to increased sustainability and climate awareness, Kem One has selected the following KPI for the purpose of supporting potential future Sustainability-Linked financing instruments:

#### KPI: Scope 1 and 2 CO2 emissions (measured as kt CO2 equivalent)

<b>Basis of selection</b>	The Sustainability-Linked Bond Principles recommend that the selected KPI be relevant, core and material to the issuer's overall business, and of high strategic significance to the issuer's current and/ or future operations.
<b>Scope</b>	<p>This KPI applies to all of Kem One's activities and business units.</p> <ul style="list-style-type: none"> <li>▪ Scope 1 emissions in metric tons of CO2 equivalent: Include all emissions from sources controlled by Kem One</li> <li>▪ Scope 2 emissions in metric tons of CO2 equivalent: Relate to indirect energy-related emissions (e.g. steam, heat, electricity)</li> </ul>
<b>Methodology</b>	<p>Kem One calculates Scope 1 &amp; 2 emissions starting first from reported and APAVE audited data for CO2 emissions, which are generated as part of the ETS regulation. Starting from ETS CO2 emissions,</p> <ul style="list-style-type: none"> <li>- Scope 1 will be calculated by : <ul style="list-style-type: none"> <li>a. Adding up CO2 equivalent emissions resulting from leakage of fluorinated gases (used for industrial refrigeration). Note that emissions are monitored according to annual purchase plus inventory adjustment</li> <li>b. Adding up CO2 emissions resulting from internal transportation of VCM from Fos and Lavera to PVC plants (other miscellaneous internal transfer of other products from one site to another one are left aside)</li> </ul> </li> </ul> <p>Scope 2 will assess all indirect emissions which are outside of ETS and result from the net energy bought from third parties (steam and electricity) relating to carbon emissions.</p>
<b>Rationale for the KPI</b>	<p>The chemical sector is the third largest industry subsector in terms of direct CO2 emissions behind iron and steel and cement<sup>10</sup>. With increasing demand for chemical products, it will be crucial to reduce the GHG emissions of production as well as to supply low-carbon products to customers (enabling them to reduce their upstream carbon footprint) in order to align with the objectives of the Paris Agreement. On national level, the government of France will seek a balance between man-made emissions and the ability of ecosystems to absorb CO2e emissions. Achieving GHG emissions neutrality is an ambitious target. In world terms, only France, Sweden and Costa Rica have made this a requirement to be met.</p>

<sup>10</sup> <https://www.iea.org/fuels-and-technologies/chemicals>

**Significance to issuer business model**

Our selected KPI is addressing these objectives. The 2030 Kem One emissions target represents a 50% reduction vs. 2013 and a 33% reduction vs. 2020. It underlines our motivation to set ourselves ambitious targets and go beyond what is deemed regular business. Acknowledging the exponential nature of our decarbonisation journey, our targets were set in line with the national (science based) targets relevant to our business and to exceed the French national context, thereby putting us on track with the “Stratégie Nationale Bas Carbone” established by France, hence global carbon neutrality and -81% CO2 emissions for the industrial sector relative to 2015.

### 3.2 Calibration of Sustainability Performance Targets (SPTs)

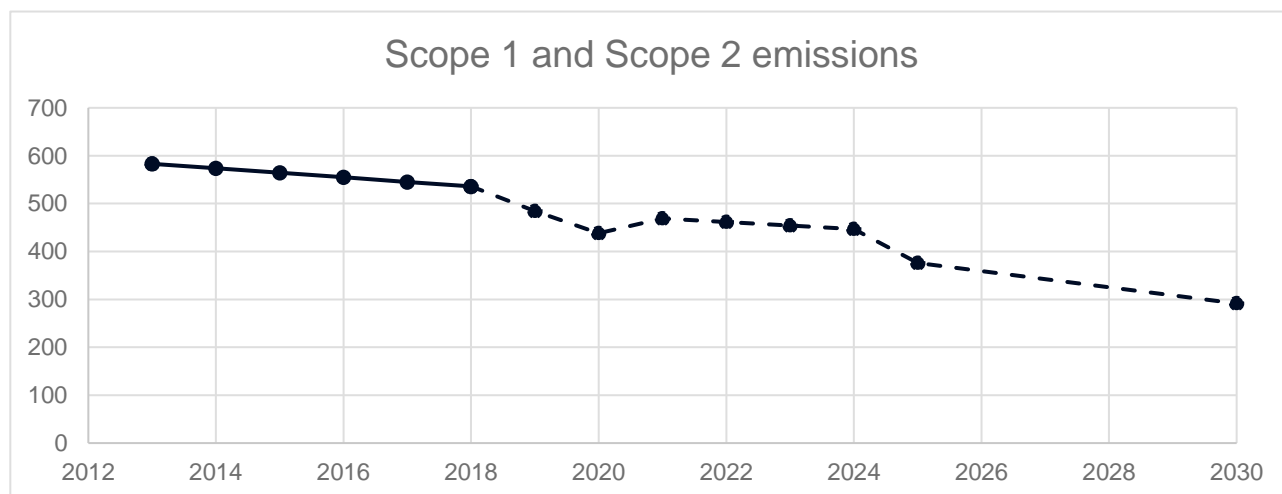
Kem One has set the ambitious targets detailed below to reduce its absolute Scope 1 and 2 CO2e emissions and to support the planned transition to a lower-carbon economy.

Key factors which are relevant to the ability of Kem One to meet the specified targets include (but are not limited to) those listed below. Each Sustainability-Linked instrument issued under this framework – including their respective SPTs – will refer to the dates at which compliance with the SPT trajectories will be assessed (the Target Observation Date(s)) in their instrument-specific documentation.

#### 3.2.1 Sustainability Performance Target (SPT)

From the baseline of 582kt CO2e as of December 31, 2013, Kem One derived its announced corporate targets to strive for a reduction in Scope 1 and 2 CO2 equivalent emissions of 50% by December 31, 2030.

In order to facilitate the calibration of its SPT per the SLBPs, Kem One has selected the year ending December 31, 2019 as the baseline year against which the SPT will be assessed. This baseline has been selected as the most meaningful data point for assessing the ambition of our established targets, given reduced plants activity under COVID in 2020 (see graph below), the availability of the data and the comparability to its peers.



With this overall target and key project milestones over the period until 2025 in mind, Kem One has set two SPTs for the years until 2024 and 2025, which the company may use for sustainable financing instruments issued under this framework:

1. SPT 1: From a 2019 baseline of 485kt CO<sub>2</sub>e, Kem One targets a 22% reduction in Scope 1 and 2 emissions by December 31, 2025
2. SPT 2: From a 2019 baseline of 485kt CO<sub>2</sub>e, Kem One targets a 1.6% p.a. reduction in Scope 1 and 2 emissions during the period until December 31, 2024<sup>11</sup>

In alignment with the recommendations of the SLBPs, Kem One has taken the steps outlined below to calibrate its SPT, with a view to reconfirming the level of ambition accompanying the targets. Kem One's current 'baseline' Scope 1 and 2 emissions is noted below.

For the purposes of calibration of the SPT, Kem One has assessed its targets against the projected decarbonisation of the French government over the same time period between 2019 and 2030 over which Kem One plans to reduce its Scope 1 and 2 emissions. Furthermore, Kem One compared its projected reduction of Scope 1 and 2 emissions with those of selected sector peers<sup>12</sup>. Having recently formulated its holistic approach on decarbonisation, Kem One acknowledges the importance of its development, setting increasing ambitious targets in line with the key projects that will yield the anticipated achievements. While we will focus on reporting short-term improvements, our key efforts will be dedicated to the long-term and longevity of our improvements. To hold ourselves accountable for the long run, we have made sure to calibrate our targets against benchmarks of similar nature.

The calibration of Kem One's targets against the French national targets to meet the Paris Agreements and carbon neutrality by 2050 is illustrated in the table below.

Year	2013	2018	2019	2020	2024	2025	2030	CAGR 19-30
Kem One Scope 1 and 2 CO <sub>2</sub> emissions (kt CO <sub>2</sub> e)	582	536	485	437	447	376	291.5	-4.5%
France total CO <sub>2</sub> emissions (mt CO <sub>2</sub> e)	484	445	441	422	n/a	n/a	329	-2.6%

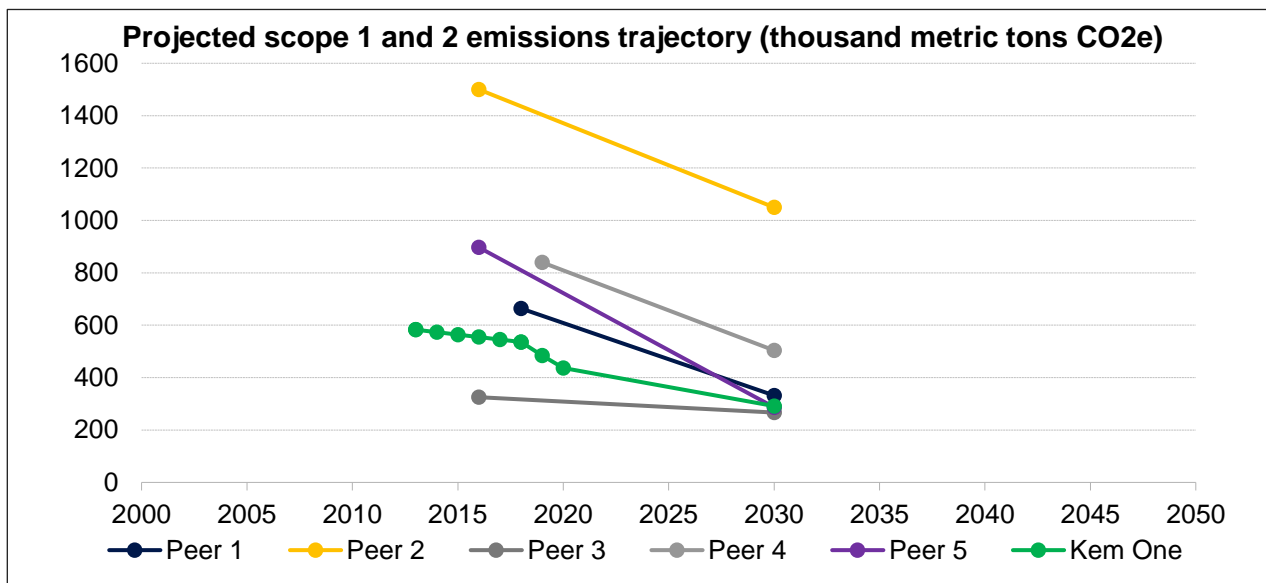
Manifested in French regulations since 2019, the so-called "Loi energie-climat" obliges the French government to take ambitious climate-related decisions. Whilst measuring its 40% 2030-reduction target against a baseline from 1990, the compound annual growth rate (CAGR) for a 2019 baseline in line with Kem One SPTs demonstrates that the company is achieving a faster rate of reduction compared to the national pathway (4.5% CAGR for Kem-One vs 2.6% for the national rate of reduction)<sup>13</sup>.

<sup>11</sup> This intermediate SPT applies only if Kem One exercises its call feature prior to the 2025 SPT testing date

<sup>12</sup> Selection criteria limited to European headquartered Chemical companies

<sup>13</sup> <https://ree.developpement-durable.gouv.fr/themes/defis-environnementaux/changement-climatique/emissions-de-gaz-a-effet-de-serre/article/panorama-des-emissions-francaises-de-gaz-a-effet-de-serre>

The calibration of Kem One’s targets compared to the projected reduction of its selected peers is illustrated in the chart below on a straight-line basis from 2020 onwards. The chart highlights the following: SPT of reducing Scope 1 and 2 emission by 50% until December 31, 2030 implies a rate of change (decrease) in Scope 1 and 2 emissions, which exceeds the planned rate of emission reduction for Kem One’s peers. From the December 31, 2019 baseline, Kem One’s target demonstrates a CAGR of >4.5% of Scope 1 and 2 emissions reduction. The average of five peers implies an average rate of reduction of 4.4% until 2030.



Source: Science Based Targets Initiative, company information

### 3.2.2 Strategies to achieve the SPTs

Kem One plans to achieve these goals by focusing on three priorities:

- Investing in more efficient processes and low-carbon technologies: Key milestone for the company will be the conversion of the electrolysis at Fos-sur-Mer to bipolar membrane technology. The project is anticipated to be finalised by 2025 and finalisation will be a crucial factor to meeting Kem One’s 2025 intermediate target. Ultimately, we believe this conversion will reduce the site’s consumption of electricity by 16% per year and its consumption of natural gas by 36%. Consequently, we believe we will be able to reduce our emissions by approximately 60,000 tonnes of CO2e each year. We believe this project will reduce Kem One’s environmental footprint, and will improve our energy efficiency and competitive performance. Other energy efficiency projects in the pipeline include the use of chlorination by boiling to produce monomer vinyl chloride at our Lavéra site and the discontinuation of the use of fluid refrigerants that contribute significantly to global warming. Besides this, our industrial sites, which have been ISO 14001-certified for their environmental management systems for more than 10 years, identify the most significant environmental impacts of their activity, from aqueous discharges and atmospheric or noise emissions, to waste and the consumption of natural resources and of energy. These analyses define the best means of protecting the natural environment and making improvements, with precise and measurable targets that are periodically reviewed.

2. The use of technologies for electrification and the recycling of thermal flows in manufacturing processes: Kem One has brought several other initiatives under way which will contribute to our holistic approach. In January 2021, for example, Kem One joined the signatories of “Fret 21”, a binding initiative launched by the French Ministry of the Ecological and Inclusive Transition that aims to reduce the impact of commercial transport on the climate. By doing so, Kem One has committed to cutting our CO<sub>2</sub> emissions produced by transport by 8% by 2023, or 1,500 tonnes of CO<sub>2</sub> emissions avoided per year. To achieve this target, Kem One has ordered two barges powered by hybrid engines that will carry raw materials between our production sites on the river Rhone.
3. Institute additional employee training in the importance of energy efficiency and the reduction of GHG emissions, raising awareness of best practices and the encouragement of participative innovation, with the introduction of a suggestion box for improvements.

Kem One is constantly looking to develop its product mix and offer its customers the best low-carbon products available. As such, Kem One is investing in several fields of research, from the recycling of PVC to low-carbon hydrogen and support for innovative start-ups.

### **3.2.3 Potential barriers**

Once our energy efficiency has reached its maximum levels, we will have to lay all our efforts on the up- and downstream sides of our supply chain, making sure we purchase more responsibly and assuring the recyclability of our input and output products. In addition, increased focus on Scope 3 emissions will impose additional reporting requirements and require us to adapt our products characteristics and enable our customers to address their environmental impact.

## **3.3 Characteristics of the Sustainability-Linked instruments**

The step-up margin or margin adjustment linked to the achievement or non-achievement of the SPT at the respective observation date as well as any premium payable due to an instruments redemption option will be specified in the relevant documentation of the specific transaction.

The perimeter of the KPI or calibration of the SPT may change if there is a material change to Kem One’s business. Any such change will be communicated within the annual reporting. In line with this framework, proceeds of Kem One’s Sustainability-Linked Financing instruments will be used for general corporate purposes.

## **3.4 Reporting**

Kem One will publish and keep readily available and easily accessible on our external website, available at [www.kemone.com](http://www.kemone.com), a Sustainability-Linked Financing Report (“the report”) either included within our CSR reporting or published on a stand-alone basis. The report will be made available within one year from issuance and annually thereafter until Kem One has reported on the performance of the SPT on the stated observation date.

The scope of reporting shall include:

- Up-to-date information on the performance and monitoring of Kem One against the selected KPI and SPT
- Where suitable data is available, an indication of the environmental benefits attributable to the achievement of the KPI (e.g. tCO<sub>2</sub>e avoided as a result of meeting Kem One's SPTs)
- Details of any updates relating to the KPIs, (including e.g. reassessments of KPIs/restatements of SPTs, baseline adjustments, and accompanying rationale)

### 3.5 Verification

For the purpose of providing investors with independent assurance regarding Kem One's performance against the SPT, and for the purpose of demonstrating alignment with the recommendations of the SLBPs, we will seek a qualified provider to conduct annual assurance<sup>14</sup> procedures regarding the KPI calculation and reporting up to and including the data at the Target Observation Date as outlined in the Voluntary Guidelines for External Reviews (as published by ICMA)<sup>15</sup>. The output of the procedures shall be made publicly available in either through our CSR reporting or on a stand-alone basis until and including the observation date.

Following the Sustainability Performance Target Observation Date, Kem One will provide via the company website, an Assurance Statement confirming whether or not performance, as measured by the selected KPIs has met the relevant SPTs. This statement, together with any relevant company reporting concerning the selected KPIs will form the basis for assessing any requirement to adjust the financial characteristics of any Sustainability-Linked financing instrument in accordance with the mechanisms described in this Framework and further specified in the Final Terms relating to a specific Sustainability-Linked financing instrument.

Kem One's Sustainability-Linked Financing Framework has been reviewed by DNV GL, who provided a second party opinion ("SPO"), confirming the alignment of the framework with the SLBPs as administered by ICMA as well as the alignment with the SLLPs as administered by LMA. The SPO will be made available on Kem One's website.

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<sup>14</sup> <https://www.icaew.com/archive/technical/audit-and-assurance/assurance/process/scoping/assurance-decision/limited-assurance-vs-reasonable-assurance>

<sup>15</sup> <https://www.icmagroup.org/sustainable-finance/external-reviews/>

## 4. Disclaimer

The information and opinions contained in this Framework are provided as at the date of this document and are subject to change without notice.

Kem One does not assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise.

This Framework represents current Kem One policy and intent, is subject to change and is not intended nor can be relied on, to create legal relations, rights or obligations.

This Framework is provided for information purposes only and does not constitute or form part of, and should not be construed as, an offer or invitation to sell Kem One Sustainability-Linked Financing instruments, or the solicitation of an offer to underwrite, subscribe for or otherwise acquire any debt or bonds of Kem One, and nothing contained herein shall form the basis of or be relied on in connection with any contract or commitment whatsoever.

Any decision to purchase any Kem One Sustainability-Linked Financing instruments should be made solely on the basis of the information to be contained in any offering document produced in connection with the offering of such sustainability-linked financing instruments.

Prospective investors are required to make their own independent investment decisions. No representation is made as to the suitability of any Kem One Sustainability-Linked Financing instruments to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of Kem One Sustainability-Linked Financing instruments should determine for itself the relevance of the information contained or referred to in this Framework or the relevant Sustainability-Linked Financing Instrument documentation for such Kem One Sustainability-Linked Financing instruments regarding the use of proceeds and its purchase of Kem One Sustainability-Linked Financing instruments should be based upon such investigation as it deems necessary.

Kem One has set out its intended policy and actions in this Framework in respect of project evaluation and selection, and investor reporting in connection with Kem One Sustainability-Linked Financing instruments. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any Kem One Sustainability-Linked Financing instruments if Kem One fails to adhere to this Framework.

In addition, it should be noted that all of the expected benefits of the projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in Government policy, changes in laws, rules or regulations, the lack of available suitable projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives.

In addition, each environmentally-focused potential purchaser of Kem One Sustainability-Linked Financing instruments should be aware that achieving KPIs may not deliver the environmental or sustainability benefits anticipated, and may result in adverse impacts. On this basis, all and any liability, whether arising in tort, contract or otherwise which any purchaser of Kem One Sustainability-Linked Financing instruments or any other person might otherwise have in respect of this Framework or any Kem One Sustainability-Linked Financing instruments as a result of any failure to adhere to or comply with this Framework is hereby disclaimed.

The Sustainability-Linked Financing elements of this Framework contain certain forward-looking statements. These forward-looking statements are based on Kem One's current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of Kem One to control or estimate precisely. You are cautioned not to place undue reliance on the forward-looking statements (as well as information and opinions) contained herein, which are made only as of the date of this document and are subject to change without notice. Kem One does not undertake any obligation or responsibility to release any updates or revisions to any forward-looking statements and/or information to reflect events or circumstances after the date of publication of this Framework. The information contained in this Framework does not purport to be comprehensive and, unless differently specified in this Framework, has not been independently verified by any independent third party.

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