



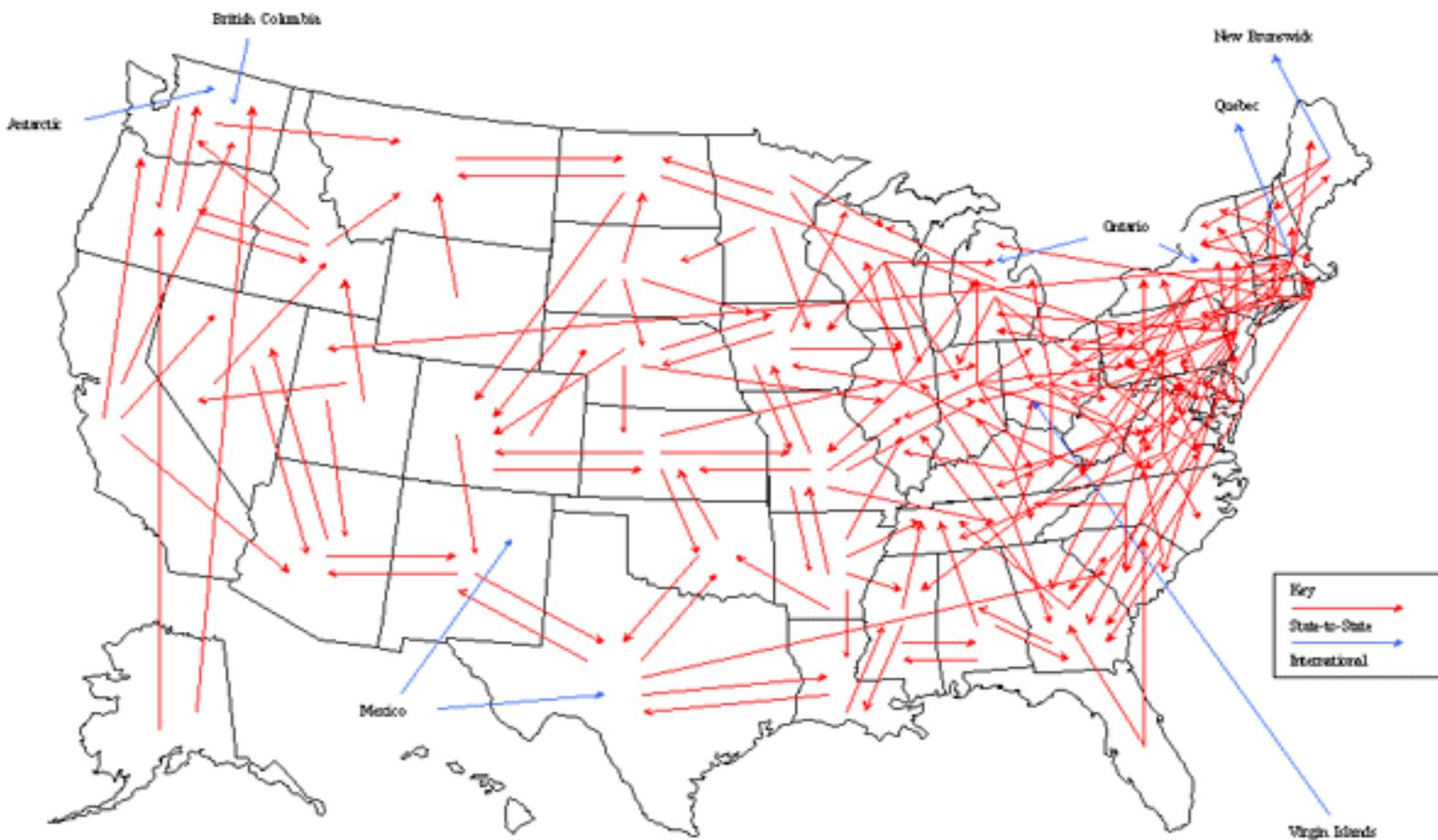
# Closed Loop Fund

## CLOSED LOOP FUND



**Shown Above:** On April, 29<sup>th</sup>, 2014, at the Walmart Sustainability Expo, executives from Walmart, Unilever, P&G, Coke, Pepsico, Johnson & Johnson Family of Consumer Companies, Keurig Green Mountain and Goldman Sachs signing their commitment to the Closed Loop Fund.

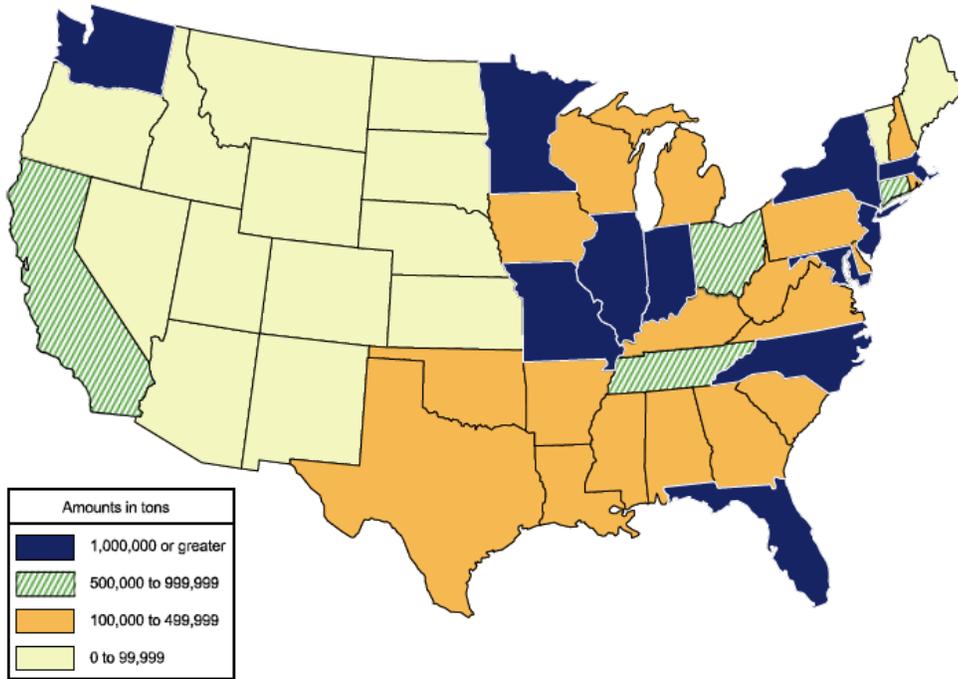
# THE PROBLEM WE ARE SOLVING



**Interstate Shipment of Municipal Solid Waste in 2002 (CRS, 2002)**  
Note: Map does not include transactions with the District of Columbia

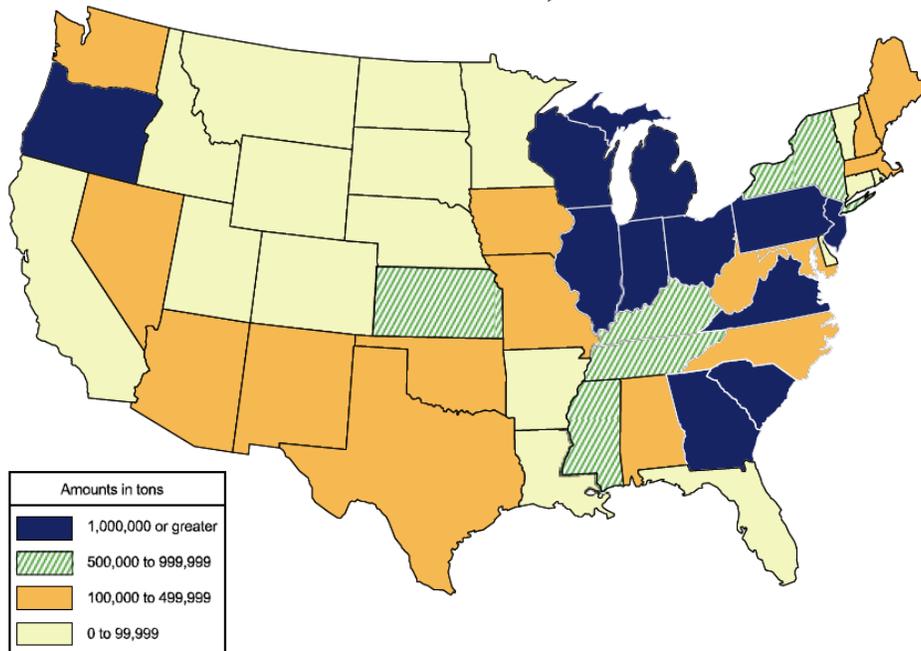
# THE PROBLEM: A CLOSER LOOK

**Figure 2. Exports of Municipal Solid Waste, 2005 or Latest Year, in Tons**



Source: Map resources. Adapted by CRS Graphics 5/24/2007

**Figure 1. Imports of Municipal Solid Waste, 2005 or Latest Year, in Tons**



Source: Map resources. Adapted by CRS Graphics 5/24/2007

## Value of Wasted Packaging Materials in the U.S.



Source: See Appendix 1 for methodology and plastic material definitions.

## THE VALUE WE CAN CREATE

### Annual Cost to Municipalities for Landfill/WTE Disposal Greater Than \$4B



### Annual Loss of Revenue from Potential Sale of Material for Recycling Greater Than \$11B



### If the U.S. achieved an 80% Recycling Rate, Significant GHG & Energy Use Reductions Achieved

1. 300 million metric tons of carbon dioxide reduced, equivalent to over 60 million passenger vehicles.  
Or
2. More than 2 quadrillion Btu's of energy; that's the same amount of energy consumed by over 15 million U.S. households in a year.

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THE OBSTACLE TO  
VALUE: LACK OF  
INFRASTRUCTURE

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1. Collections

- Regions with no single stream or organics carts.
- Regions without dedicated collection trucks for recycling or sufficient frequency of collection.

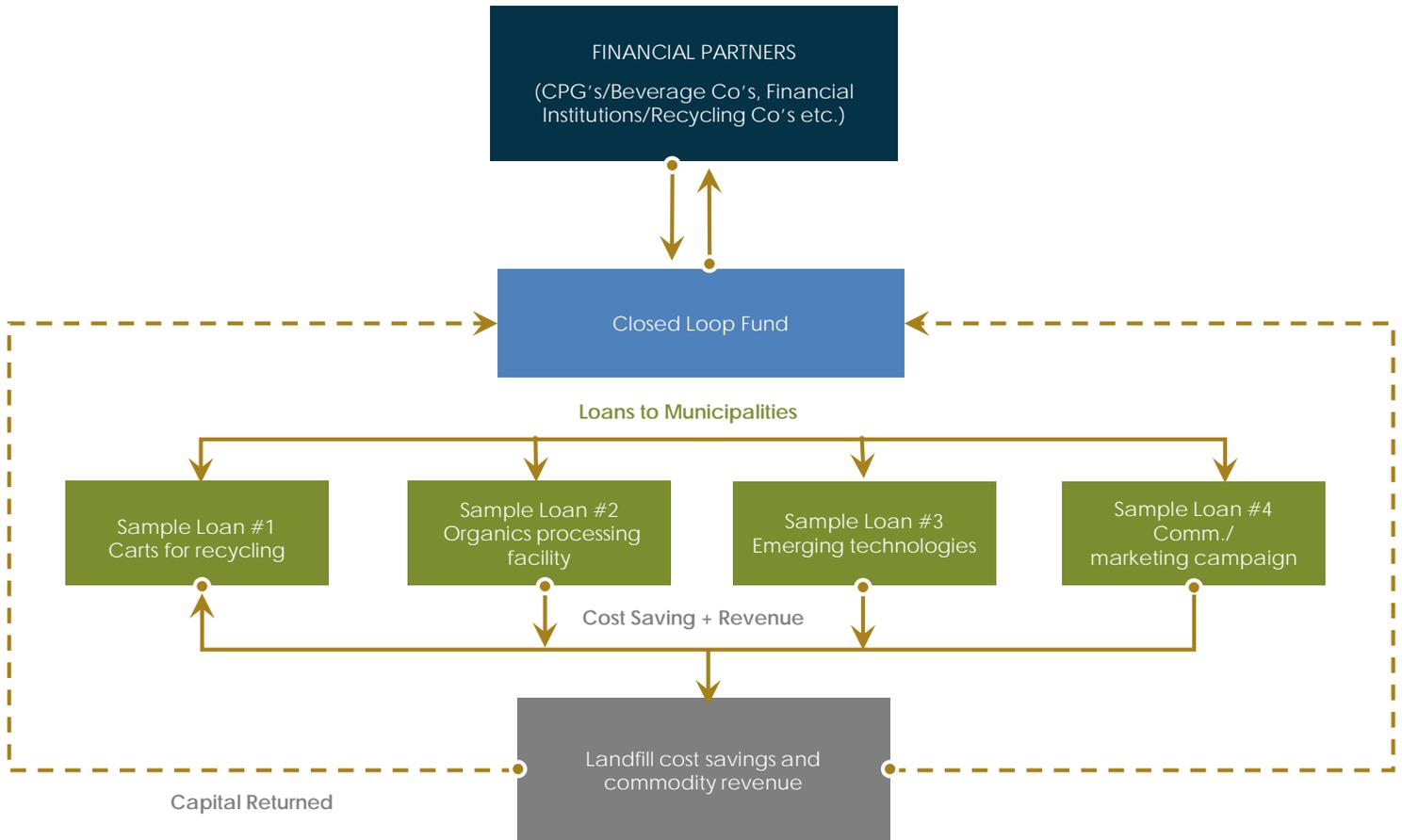
2. Processing

- Regions with no MRF's.
- Regions with MRF's that require upgrades.
- Regions with no organics processing.

3. Product Design & Innovation.

- Materials.
  - Markets.
  - Processing Technologies.
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# SOLUTION: FUND STRUCTURE



### Fund Structure

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- 0% loans to municipalities.
- Below market interest loans to private companies.
- Loans are repaid via landfill diversion savings and or commodity revenue.
- Fund expects to co-invest with local state agencies, economic development corporations (EDC's), local banks, foundations and other relevant institutions, thereby expanding the amount of capital invested.

### Repayment Schedule

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- Investment period is 5 years.
- Loans are an average of 7 years.
- Goal is to return all principal and interest to Investors by year 10.

### Investment Criteria

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- **Financials:** Applicants must demonstrate long term financial viability of project.
- **Scalability:** Applicants must demonstrate that the project can scale and be replicated by other cities.
- **Reporting:** Applicants must demonstrate the ability to provide detailed reports.
- **Tonnage:** Applicants must demonstrate that the project will generate a significant increase of tonnage returned to the supply chain.

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## TYPES OF INVESTMENT REQUIRED

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1. Zero & Low interest loans for infrastructure (Closed Loop Fund).
  2. Grants to support innovation, outreach and pilot programs.
  3. Private Equity investment in infrastructure and innovation.
  4. Traditional bank lending for infrastructure and innovation.
  5. Venture Capital investment in innovation.
  6. Public policy that supports municipal recycling programs.
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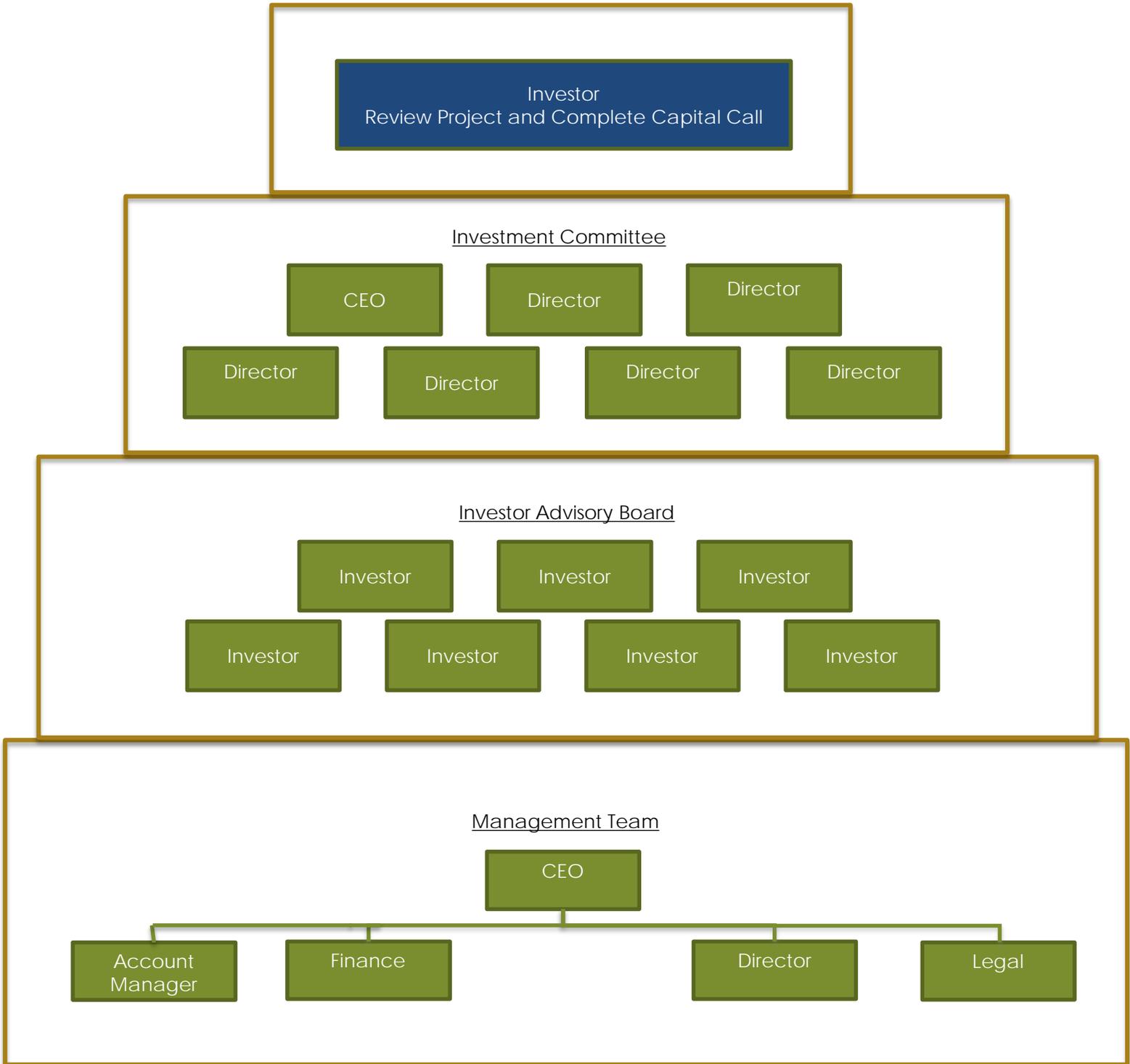
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## THE GOAL

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1. If you manufacture, manufacture with recycled content because it is less expensive to do so and there is less price volatility in your supply chain.
2. If you are a consumer,
  - Buy products manufactured with recycled content because you understand that the material was purchased from a town like yours.
  - Recycle the product/packaging when you finish with it because you understand the economic and environmental benefit to your town.
3. If you govern, promote public policy in the management of waste that supports the long term economic interests of your town.

# DUE DILIGENCE HIERARCHY



# Closed Loop Fund

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