Closed Loop Fund

Increasing Recycling in the U.S.

August 12, 2014

Conversation in partnership with:

Walmart

Johnson & Johnson

Closed Loop Fund
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U.S. Chamber of Commerce Foundation

• Strengthen America’s long-term competitiveness by addressing issues that impact our nation, our economy, the global business environment

• Corporate Citizenship Center
  – Helps business leaders maximize their positive contributions to address pressing environmental and social challenges
  – Lends voice to business efforts, delivers insights to inform decision-making and best practices, and provides a platform for partnerships
  – Current programs:
    • Environment & Sustainability
    • Health & Wellness
    • Economic Empowerment
    • Disaster Response & Community Resilience
    • STEM

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Value of Wasted Packaging Materials in the U.S.

- Paper: $1,294,625,417
- Glass: $97,325,060
- Steel: $285,000,000
- Aluminum: $1,446,228,571
- PET: $2,917,345,309
- HDPE: $2,854,896,000
- PVC: $136,000,000
- LDPE/LLDPE: $726,000,000
- PP: $1,273,600,000
- PS: $371,000,000

Total: $11,402,020,357

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

**Value of Wasted Packaging Materials in the U.S.**
- Paper: $1,299,625,417
- Glass: $97,325,000
- Steel: $288,000,000
- Aluminum: $1,344,228,571
- PET: $2,917,346,309
- HDPE: $2,458,696,303
- PVC: $1,360,000,000
- LDPE/LLDPE: $23,000,000
- PS: $177,000,000
- Total: $11,402,020,357

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

1. An annual benefit of more than 300 million metric tons of carbon dioxide equivalent emissions reduced, comparable to the annual GHG emissions from over 60 million passenger vehicles.

   Or

2. An annual benefit of more than 2 quadrillion Btu of energy; that’s the same amount of energy consumed by over 15 million U.S. households in a year.
1. Collections
   - Regions with no single stream or organics carts.
   - Regions without dedicated collection trucks for recycling.

2. Processing
   - Regions with no MRF’s.
   - Regions with MRF’s that require upgrades.
   - Regions with no organics processing.

3. Product Design
   - Materials.
   - Markets.
   - Processing Technologies.
Solution: Fund Structure

Financial Partners
(CPG's/Beverage Co's, Financial Institutions/Recycling Co's etc.)

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Loans to Municipalities

Sample Loan #1
Carts for recycling

Sample Loan #2
Organics processing facility

Sample Loan #3
Emerging technologies

Sample Loan #4
Comm./marketing campaign

Cost Saving + Revenue

Landfill cost savings and commodity revenue

Capital Returned
Fund Structure

- 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

- 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

- **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.
DUE DILIGENCE PROCESS

Origination
- Initial Contact and Opportunity Screening
  - Investment Structuring
    - Advisory Board Review
      - Investment Memorandum
- Early Read & Initial Modeling
- Investment Decision
  - Early Read Meeting - Go/No-Go
  - Final Due Diligence
    - Final Investment Committee Mtg - Go/No-Go
  - Funding
    - Ongoing Inv. Relationship & Loan Mgmt

Execution

GO

Stop
Upcoming events

September 8 2:30-5pm ET, Washington DC

Water Stewardship: Facilitating Business Action to Solve Water Challenges Roundtable in partnership with World Wildlife Fund (WWF)

http://www.uschamberfoundation.org/event/water-stewardship

September 8-10, Washington, DC

Corporate Citizenship Conference
The Impact Equation: Stronger Business, Greater Results, Better World

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