



SCG Packaging PLC

Green Financing Framework
September 2023

Disclaimer

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No representation is made as to the suitability of any Green Financing to fulfil environmental and sustainability criteria required by prospective investors.

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Introduction

SCGP Business Overview

SCG Packaging Public Company Limited (“SCGP” or the “Company”), is a leading producer of paper-based packaging in South-East Asia. SCGP's long-term purpose is to create growth in people and business for a better world by conducting sustainable business consistent with ESG (Environmental, Social, and Governance) and the Circular Economy principles. The Company aims to optimize the use of resources, raw materials, and products while preserving their value through reduction, reuse, and recycling, to solve limited natural resource issues and waste problems. This approach enhances the Company's competitiveness and fosters sustainability.

SCGP is organized into 3 main operating segments integrated packaging business, fibrous business and recycling business, and others.

 Integrated Packaging Business	Fiber Packaging <ul style="list-style-type: none">• Corrugated Containers - A variety of uses: to protect products during logistics, to identify product details to customers, and to prevent product counterfeiting such as Regular Slotted Containers, Logistics Packaging, Die cut Containers.• Retail Display Packaging - Serves as product display at the point of purchase and in retail stores, and protects products during transportation, such as Folding Cartons, and Floor Displays, Gift Set, Counter Display, Pop-tech Display.
	Packaging Paper <ul style="list-style-type: none">• Packaging Paper - Containerboard, Coated Duplex Board, Sack Kraft.• Non- Packaging Paper - Plasterboard Liner, Core and Cone Board, Grocery Bags, Industrial Bags.
	Consumer and Performance Packaging <ul style="list-style-type: none">• Flexible Packaging Products - Help extend the shelf life of goods and are lightweight for transportation, such as Consumer Packaging, Industrial Packaging, Specialty Packaging.• Rigid Packaging Products - Offer a distinctive display product on shelves and make them easy to grip and hold, with designs that easy for recycling, such as Blow Molding, Injection Molding, Extruded Tube Products, Thermoformed Products.• Medical Supplies and Labware and equipment for sampling for medical diagnosis and use on laboratory.

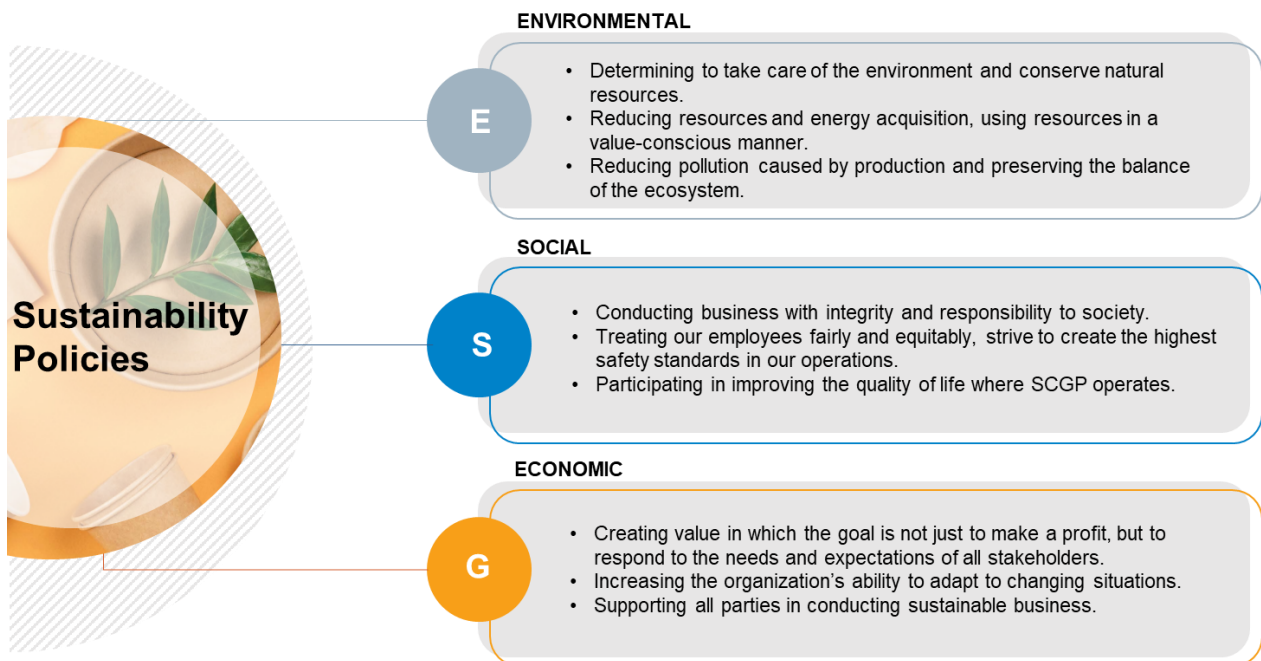
 <p>Fibrous Business</p>	<p>Foodservice Products</p> <ul style="list-style-type: none"> • Foodservice Packaging - Fest®, Foodservice packaging for fast-food, Foodservice packaging for takeaway.
 <p>Recycling Business & Others</p>	<p>Pulp and Paper Products</p> <ul style="list-style-type: none"> • Printing and Writing Paper - A variety of Printing papers for use in different businesses, such as Graphic Paper, and Copy Paper. • Pulp - Eucalyptus Pulp, Dissolvable Pulp. • Plantation and Bio-based Solutions - Business Products made from plantations such as Wood chips for biomass, Soil Conditioner. <ul style="list-style-type: none"> • Packaging Material Recycling - Conduct sourcing and trading recycled materials to increase the capability of packaging recycling, and to directly access raw materials source as well as to expand the supply network. It is divided into two main categories: <ul style="list-style-type: none"> - Recovered Paper - Recovered Plastic • Others - Training and Seminars, Investment.

Sustainability at SCGP

Since 2021, Thailand has been showing commitment alongside other countries in setting a target for Carbon Neutrality by 2050 and achieving Net Zero emissions by 2065. SCGP has also set its own target to reach Net Zero by 2050 and reduce greenhouse gas emissions at least 20% by 2030 compared with the base year of 2020, both Thailand and abroad.

The current global crisis is a challenge that requires collective efforts from all sectors to change the company's behaviors and activities, which are the root causes of global warming and climate change. SCGP, a business organization in the industrial sector that plays a significant role in greenhouse gas emissions, is committed to implementing various strategies to reduce emissions and increase carbon removal, by fostering collaboration with stakeholders throughout the value chain, to achieve its set goals.

SCGP and its subsidiaries, both Thailand and abroad, have a policy of conducting business sustainably considering risks and opportunities for improvement at all levels of the organization, needs, and expectations both short and long-term of all stakeholders, covering the impact of economic, social, and environment.

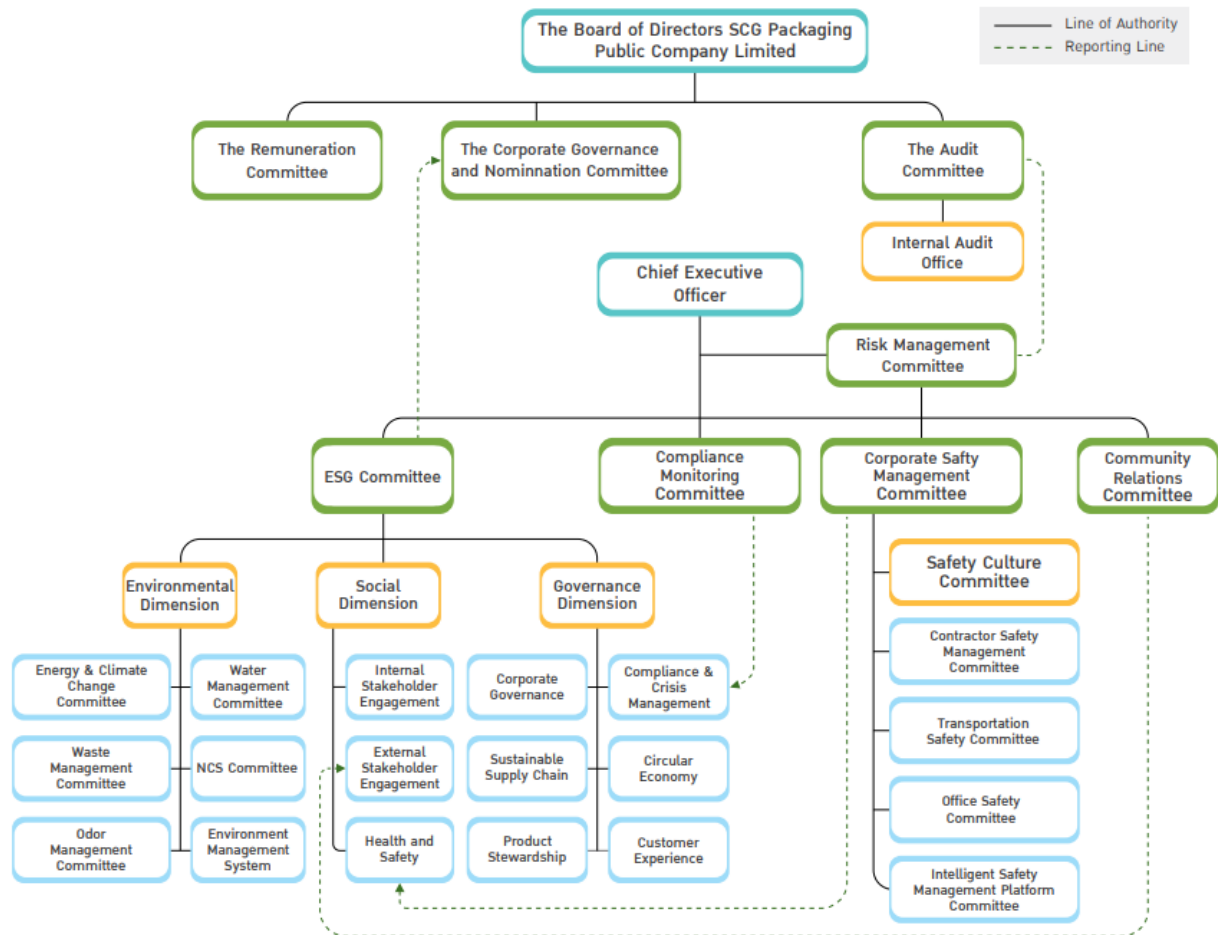


Sustainability Approaches

1. Choosing the use of modern, safe, and socially responsible equipment and technology.
2. Development and design of products to ensure quality, and safety in use, and can be reused and recycled easily.
3. Taking care of all stakeholders, giving importance to sustainable social development, including campaigning and creating awareness of environmental conservation for young people.
4. Encourage cooperation and coordination with stakeholders in favor of sustainability.

Sustainability Structure

Apart from the development and improvement of policies for sustainability in 2022, reporting line has also been added from the ESG Committee to the Governance and Nomination Committee.

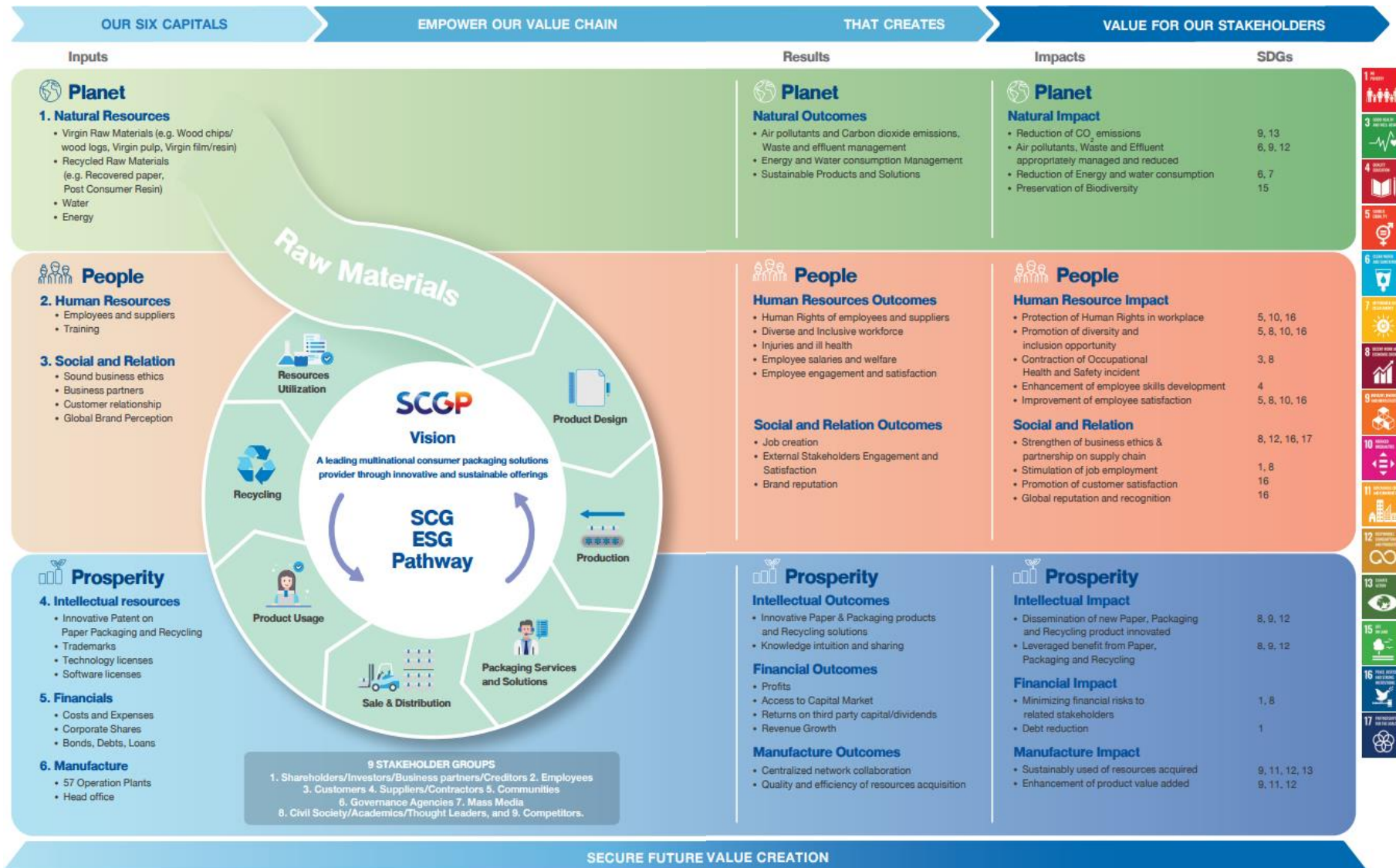


Sustainability Value Chain and Stakeholders

SCGP incorporates Circular Economy principles throughout its value chain; from product design, procurement, manufacturing, sales and distribution, usage, to resource recovery. SCGP optimizes the utilization of limited energy and resources such as reduce the use, reuse and recycle to the production process as new raw materials and renewable energy fuel with the least residues disposal.

SCGP offers products, services, and solutions to reduce greenhouse gas emissions, energy consumption, and waste, with longer product lifetime. The Company also takes care of the communities surrounding the factory and all stakeholders, creating various social projects, including campaigning activities for raising environmental conservation awareness and being willing to coordinate with all sectors including private and public sectors for sustainable social development.

SCGP Value Chain and Value Creation



Awards and Achievements

SCGP has been recognized locally and globally for its longstanding commitment to sustainability.

Thailand



SCGP has been inducted by the Stock Exchange of Thailand into its Thailand Sustainability Investment (THSI) list for 2022. In addition, SCGP also received two SET Awards including:

- the Best Sustainability Awards from the Sustainability Excellence Awards group
- the Best Innovative Company Awards from the Business Excellence Awards group.

This reflects SCGP's commitment to conducting business in line with ESG principles to increase the company's resilience and sustainability.

Global



SCGP has been invited to participated in the Dow Jones Sustainability Index (DJSI) as a result of the 2022 Corporate Sustainability Assessment (CSA) in the Containers & Packaging Industry by S&P Global for the first time.

Based on the result announcement on February 7th, 2023, SCGP received a total score of 86, representing the Top 1% and Industry Mover of the Containers & Packaging Industry.



SCGP has joined the Science Based Targets initiative (SBTi), which is a collaboration between global organizations and currently has more than 2,000 leading companies worldwide participating in the program.

The goal is to set targets for reducing greenhouse gas emissions based on scientifically accepted and internationally recognized standards, and aligning with

the goals of the Paris Agreement. The initiative seeks to establish targets and find ways to reduce the impact of climate change.



SCGP is one of the first 30 companies in Thailand to receive the CIRCULAR MARK certification for the environment for 5 leading products, including Idea Green copier paper, consumer paper bags, Fest Bio, Laminated Mono-material (R1) and pet shampoo bottles made from 100% PCR HDPE plastic.

This demonstrates the Company's leadership in the Circular Economy among Thai and international businesses and certifies the quality of environmentally-friendly and circular-economy-focused products and packaging. The production process is environmentally friendly and involves the proper collection and recycling of waste materials.



Thai Containers Group Co., Ltd. factories in Pathumthani, Ratchaburi, Songkhla, and Saraburi has received the Product Carbon Footprint label certification for 37 corrugated containers categories from Thailand Greenhouse Gas Management Organization (Public Organization) (TGO)

This demonstrates the company's commitment and responsibility to participate in sustainable energy conservation efforts by reducing resource use and improving production processes for better efficiency, in preparation for and compliance with domestic and international tax regulations.

Green Financing Framework

To demonstrate SCGP's commitment to green businesses, the Company establishes the Green Financing Framework as the guideline of conducting businesses and fund raising in relation to green investment activities. Examples of green financing instruments include but are not limited to green bonds and green loans.

This Green Financing Framework is developed in alignment with the following guidelines:

- the Green Bond Principles ("GBP") issued by the International Capital Market Association ("ICMA") in June 2021¹;
- the ASEAN Green Bond Standards ("GBS") issued by the ASEAN Capital Markets Forum ("ACMF") in October 2018²;
- the Green Loan Principles ("GLP") issued by the Loan Market Association ("LMA") in February 2023³.

Following the above guidelines, SCGP's Green Financing Framework sets the basis to cover four key pillars:

- 1) Use of Proceeds;
- 2) Process for Project Evaluation and Selection;
- 3) Management of Proceeds, and
- 4) Reporting

1) Use of Proceeds

The amount equal to net proceeds of SCGP's green financing instruments issued will be used to finance or refinance new and/or existing Eligible Projects/Assets (as defined in section 1.1 Eligible Green Categories below) which have been evaluated and selected by



¹ In alignment with ICMA Green Bond Principles, June 2021, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>





² In alignment with ASEAN Green Bond Standards, October 2018, <https://www.theacmf.org/initiatives/sustainable-finance/asean-green-bond-standards>



³ In alignment with LMA Green Loan Principle, February 2023, <https://www.lsta.org/content/green-loan-principles/>

SCGP's Green Finance Working Group. The net proceeds may include new and/or existing projects with disbursements after the issuance of the green financing instruments within 24 months and/or 24 months preceding the issuance or drawdown date of the respective instruments. The Green Finance Working Group will regularly monitor and validate whether eligible green projects continue to meet the eligibility criteria defined in the Framework and are aligned with relevant market best practices and standards.

1.1) Eligible Green Categories

Eligible Green Categories	Eligible Projects/Assets Description	Environmental Benefits	Alignment with UN SDGs
Renewable Energy	<p>Investments or expenditures related to development, expansion, construction, maintenance, acquisition, and/or operation of renewable energy projects. Examples include:</p> <ul style="list-style-type: none"> • Solar roof, solar farm and floating solar • Biomass consumption or biomass technology, with lifecycle GHG emissions less than 100gCO₂/kWh, from industrial residue e.g., wood chips, bark, sourced from sustainable plantation • Biogas utilization generated from anaerobic wastewater treatment system • Wind turbine 	<ul style="list-style-type: none"> • Reduction of CO₂ and other greenhouse gas emission 	 

Eligible Green Categories	Eligible Projects/Assets Description	Environmental Benefits	Alignment with UN SDGs
	<ul style="list-style-type: none"> Green hydrogen through water electrolysis process powered by renewable energy including wind and solar 		
Energy Efficiency	<p>Investments or expenditures related to energy efficiency projects including equipment, systems, operational improvements, and maintenance. Examples include:</p> <ul style="list-style-type: none"> Modification or Retrofitting of paper machines or power plant machineries for better energy efficiency 	<ul style="list-style-type: none"> Reduction of CO₂ emission Reduction of energy consumption in operations 	
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> Reforestation/ afforestation projects to absorb and store CO₂ Water for agriculture project to improve water quality and/or availability for agriculture 	<ul style="list-style-type: none"> CO₂ removal 	 
Water and Wastewater Management	<p>Investments or expenditures related to water efficiency projects or wastewater management but not limited to the following activities:</p>	<ul style="list-style-type: none"> Ecosystems protections 	

Eligible Green Categories	Eligible Projects/Assets Description	Environmental Benefits	Alignment with UN SDGs
	<ul style="list-style-type: none"> Projects relating to water sources development for sustainable use of the community 		
Circular Economy Adapted Products	<p>Investments or expenditures associated with the sustainable and responsible production of eco-friendly products. Examples include:</p> <ul style="list-style-type: none"> SCG Green Choice products, services and solutions Bio-based plastic and its related feedstock (e.g., bio-based PTA) 	<ul style="list-style-type: none"> Circular economy Reduction of Natural resources used Preservation of energy consumption 	
Pollution Prevention and Control	<p>Investments or expenditures related to the production, construction, maintenance, operation, improvements and infrastructure of zero waste processes. Examples include:</p> <ul style="list-style-type: none"> Recycling process enhancement i.e., plant upgrading to support recycling of plastic-coated paper 	<ul style="list-style-type: none"> Circular economy Waste reduction from production processes Protection of environmental quality 	

1.2) Exclusion

Importantly, however, the proceeds of any SCGP's green financing instruments shall not be utilized towards the following activities:

- Activities associated with the exploration, production or transportation of fossil fuels (e.g., coal, oil and natural gas);
- Nuclear energy operations/transportation;
- Military contracting, Gambling, Weaponry;
- Manufacture and production of finished tobacco products;
- Conflict minerals and;
- Activities associated with child labor/forced labor.

2) Process for Project Evaluation and Selection

An evaluation and approval of every investment project, including green project, is determined by the SCGP's Investment Committee chaired by Chief Executive Officer, conducting monthly. Additionally, SCGP has set up the "Green Finance Working Group" in charge of evaluation and selection of the eligible green projects in accordance with the eligibility criteria defined in the Use of Proceeds section.

The Green Finance Working Group consists of cross functional representatives from Treasury Office, ESG, Strategy & Growth, Engineering and Energy division. The Green Finance Working Group meets on semi-annual basis, including on an ad hoc basis when amendments are required to the eligible green project portfolio. Its responsibilities shall be included but not limited to:

- 1) Reviewing and validating annually the selection of Eligible Projects in accordance with the defined eligible green categories description in the Use of Proceeds section. Such projects must also comply with all applicable laws and regulations, and SCGP's policies
- 2) Monitoring the eligible projects portfolio during the life of the transaction. The Green Finance Working Group can decide to replace an eligible project if it no longer meets the eligibility criteria
- 3) Identification and mitigating social and environmental risks associated with the eligible project(s) such as controversies that contributing to significant impact to local communities or resulting in negatively adverse impacts to environmental quality in defined area of concerns that affects the Company and is directly related to an Eligible Project. If the Green Finance Working Group deems that an eligible project becomes subject to a major ESG controversy, the Green Finance Working Group will analyze it and may decide to exclude and replace such eligible project
- 4) Managing any future updates of the Green Financing Framework

3) Management of Proceeds

The net proceeds from any green financing instruments under this Green Financing Framework will be managed by the Green Finance Working Group. The proceeds of green financing instruments will be transferred to its general account.

The balance of the net proceeds will be periodically adjusted to match allocations to eligible projects made during the life of the green financing instruments. If for any reason some projects are no longer eligible, the Company will use its best effort to substitute such projects as soon as is practical, once an appropriate eligible project for substitution has been identified by the Green Finance Working Group.

For any net proceeds of instruments issued under this Framework that remain unallocated, SCGP will hold the proceeds in cash and/or invest in other short-term liquid instruments, in line with the Company's policy. The Company will aim to fully allocate to Green Projects within 24 months of issue or drawdown date.

4) Reporting

For all issuances under this Green Financing Framework, SCGP aims to publish or provide to its related lenders an allocation report (the "Allocation Report") annually until full allocation as well as an impact report (the "Impact Report") annually until the maturity of the green financing instruments and as necessary in the event of any material changes.

4.1) Allocation Report

Where feasible, SCGP will publish the allocation report on its website or provide to its related lenders within 12 months of issuance and then annually until full allocation of the proceeds of the relevant green financing instruments. The report aims to disclose:

- The amount of net proceeds allocated per Eligible Projects
- The percentage of financing/refinancing of projects
- The amount of unallocated proceeds, if any, at the date of reporting
- Location and status of the projects

4.2) Impact Report

Where feasible, SCGP plans to publish an impact report as a part of sustainability report on its website annually or provide it to its related lenders until the maturity of the green financing instruments which will provide information on the expected output and environmental benefits of the selected projects. The relevant metrics will include:

Eligible Green Categories	Examples of impact indicators [#]
Renewable Energy	<ul style="list-style-type: none"> • CO₂ emission reduction • Other greenhouse gas emission reduction
Energy Efficiency	<ul style="list-style-type: none"> • CO₂ emission reduction • Reduction of energy consumption in operations
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> • CO₂ reduction/removed • Area under sustainable agriculture management • Area of reforestation/afforestation • Number of trees for reforestation/afforestation • Proportions of recycle water • Proportions of external water withdrawal usage
Water and Wastewater Management	<ul style="list-style-type: none"> • Proportions of wastewater treated for community
Circular Economy Adapted Products	<ul style="list-style-type: none"> • % or weight of product waste (i.e., waste paper, waste cardboard) which is recycled • Direct or indirect benefit from approved SCG green choice product (e.g., energy reduction, CO₂ emission reduction, promotion of recycle, reuse or decomposition, etc.)
Pollution Prevention and Control	<ul style="list-style-type: none"> • Recycling of plastic-coated paper volume from plant upgrading

Remark: [#]Impact indication subject to be changed as appropriate in order to reflect actual benefit from the Project

5) External Review

The Framework is externally reviewed by DNV, a Second Party Opinion (“SPO”) provider. The SPO ensures the Framework is aligned with global principles as defined by the GBP, GBS, GLP, and market best practices. The Framework and SPO report will be made available to investors on the relevant section of its website or provided to SCGP’s related lenders.

6) Amendments to Green Financing Framework

As the GBP, GBS and GLP are evolving rapidly, this Green Financing Framework may be updated or expanded in the future with the aim of adhering to best practices in the market. Any future updated versions of this Framework will maintain or improve upon the current levels of transparency and reporting disclosures and may undergo review by the External Reviewer, if necessary.

The updated framework, if any, will be published on SCGP’s website or provided to its related lenders and will replace this Green Financing Framework.