



# SCG PACKAGING PLC ("SCGP") GREEN FINANCING FRAMEWORK

**Document title:** Second Party Opinion on SCGP's Green Financing Framework

**Prepared by:** DNV (Thailand) Co., Ltd.

**Location:** Bangkok, Thailand

**Date:** 28 September 2023

This statement is valid until the Framework provided in September 2023 remains unchanged.

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### Disclaimer

Our assessment relies on the premise that the data and information provided by the client to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

### Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct<sup>1</sup> during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

<sup>1</sup> DNV Code of Conduct is available from DNV website ([www.dnv.com](http://www.dnv.com))

## DNV'S INDEPENDENT ASSESSMENT

### Scope and Objectives

SCG Packaging Public Company Limited ("SCGP" or the "Customer") is a leading producer of paper-based packaging in Southeast Asia. SCGP's Vision is to be "A leading multinational consumer packaging solutions provider through innovative and sustainable offerings." SCG Paper was founded in 1975 before being rebranded to SCG Packaging in 2015 and then listed on the Stock Exchange of Thailand (SET) in October 2020. SCGP is organized into 3 main operating segments: Integrated Packaging Business, Fibrous Business, and Recycling Business&Others.

SCGP has developed a Green Financing Framework ("Framework") with the aim to raise green debentures or loans (collectively "Green Finance Instruments" or "GFIs") to finance or refinance new and existing projects as part of its sustainable business strategies and commitment to environmental well-being, as described in the Framework. The Framework is in alignment with the stated standards and principles (collectively the "Principles & Standards"):

- Green Bond Principles ("GBP"), issued by the International Capital Markets Forum ("ICMA") in June 2021.
- Green Loan Principles ("GLP"), issued by the Loan Market Association ("LMA"), the Loan Syndications and Trading Association ("LSTA"), and the Asia Pacific Loan Market Association ("APLMA") in February 2023.
- ASEAN Green Bond Standards ("ASEAN GBS"), issued by the ASEAN Capital Markets Forum ("ACMF") in October 2018.

DNV (Thailand) Co., Ltd. ("DNV") has been commissioned by the Customer to review its Framework and provide a Second Party Opinion on the Framework, based on the Principles & Standards.

Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of instruments issued via the Customer's Framework, the value of any investments, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

### Responsibilities of the Management of the Customer and DNV

The management of the Customer has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform the Customer's management and other interested stakeholders in the Framework as to whether the Framework is aligned with Principles. In our work, we have relied on the information and the facts presented to us by the Customer. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by the Customer's management and used as a basis for this assessment were not correct or complete.

## Basis of DNV's opinion

We have adapted our assessment methodology to create the SCGP-specific Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four core components:

### 1. Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that an issuer of a bond / a borrower of a loan must use the funds raised to finance or refinance or to repay equity of eligible activities. The eligible activities should produce clear environmental and social benefits.

### 2. Process for Project Evaluation and Selection

The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a bond / a borrower of a loan should outline the process it follows when determining eligibility of an investment using Green Bond / Loan proceeds and outline any impact objectives it will consider.

### 3. Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a bond / loan should be tracked within the organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled.

### 4. Reporting

The Reporting criteria are guided by the recommendation that at least annual reporting should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

No assurance is provided regarding the financial performance of instruments issued via the Framework, the value of any investments, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

## Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by the Customer in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of an SCGP-specific Protocol, adapted to the purpose of the Framework, as described above and in Schedule 3 to this Assessment;
- Assessment of documentary evidence provided by the Customer on the Framework and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Review of published materials by the Customer and the website of the Customer, and where relevant, parent organizations;
- Discussions with the Customer's management, and review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

## Findings and DNV's Opinion

DNV's findings on the alignment with Principles are listed below:

### 1. Use of Proceeds

SCGP intends to use the net proceeds of the green financing instruments to finance and/or refinance and/or to repay equity of new and/or existing Eligible Green Projects

The Framework defines the following eligible green project categories.

#### *Eligible Green Project Categories*

- Renewable Energy
- Energy Efficiency
- Environmentally Sustainable Management of Living Natural Resources and Land Use
- Water and Wastewater Management
- Circular Economy Adapted Products
- Pollution Prevention and Control

DNV undertook an analysis of the associated project type to determine the eligibility as "Green" and in line with the Principles. DNV concludes that the eligible categories outlined in the Framework are consistent with the categories outlined in the Principles.

### 2. Process for Project Evaluation and Selection

SCGP has set up an evaluation and selection process that is comprised of two main steps:

- (i) An evaluation and approval of every investment project, including green project, is determined by the SCP's Investment Committee chaired by Chief Executive Officer, conducting monthly; and
- (ii) The "Green Finance Working Group" consisting of cross functional representatives from Treasury Office, ESG, Strategy & Growth, Engineering and Energy division's responsibilities include (but not limited to) reviewing and validating annually the selection of Eligible Projects, monitoring the eligible projects portfolio, identifying and mitigating social and environmental risks

DNV concludes that SCGP's Framework appropriately describes the process for Project Evaluation and Selection.

### 3. Management of Proceeds

SCGP describes the process for management of net proceeds under this Framework:

The net proceeds of Green Financing instruments will initially be deposited into the company general account which will be managed by SCGP's Green Finance Working Group. The relevant information regarding the net proceeds will be tracked, monitored and documented using SCGP's internal reporting system. Unallocated proceeds will be kept in cash and/or invested in other short-term liquid instruments, in line with SCGP's policy.

DNV has reviewed the evidence presented and concludes that the Framework appropriately describes the process for Management of Proceeds.

### 4. Reporting

SCGP aims to publish or provide the Allocation Report and Impact Report to SCGP's related lenders on an annual basis until the maturity of the green financing instruments and as necessary in the event of any material changes.

On the basis of the information provided by SCGP and the work undertaken, it is DNV's opinion that the Framework meets the criteria established in the Protocol and that it is aligned with the stated definition of Green Financing Instruments within the Principles.



for DNV (Thailand) Co., Ltd.

Bangkok, Thailand / 28 September 2023

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## Schedule 1. Description of Categories to be financed or refinanced through the Customer's Green Financing Instruments

Eligible Green Project Categories	Eligible Criteria and Description	DNV Findings
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"> <li>• Solar roof, solar farm and floating solar</li> <li>• Biomass consumption or biomass technology ,with lifecycle GHG emissions less than 100gCO<sub>2</sub>/kWh, from industrial residue e.g., wood chips, bark, sourced from sustainable plantation</li> <li>• Biogas utilization generated from anaerobic wastewater management system</li> <li>• Wind turbine</li> <li>• Green hydrogen through water electrolysis process powered by renewable energy including wind and solar</li> </ul>	<p>Based on statements provided by SCGP, DNV confirms that Solar roof and Wind project meet the Technical Screening Criteria (TSC) for a 'Green' activity as defined by the 'Plus Standards' of the ASEAN Taxonomy Version 2 and Thailand Taxonomy V1. The Biomass project meets the TSC of ASEAN Taxonomy V2. SCGP confirms that the biomass is sourced from its own plantations which are not associated to deforestation/degradation.</p> <p>Biogas and Green hydrogen projects meet the requirements for contribution to EO1 (Climate Change Mitigation) as defined by the Foundation Framework of the ASEAN Taxonomy V2.</p> <p>Note that DNV's assessment did not include a full assessment of Do No Significant Harm (DNSH) and social aspects (SA) of the activities as defined in the ASEAN Taxonomy V2.</p>
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"> <li>• Modification or Retrofitting of paper machines or power plant machineries for better energy efficiency</li> </ul>	<p>For those activities not related to power generation, it is the opinion of DNV that the activities as described by SCGP would meet the requirements for contribution to the following environmental objectives (EOs) as defined by the Foundation Framework of the ASEAN Taxonomy V2.</p> <ul style="list-style-type: none"> <li>• EO1 (Climate Change Mitigation): <ul style="list-style-type: none"> <li>○ Energy Efficiency</li> <li>○ Water and Wastewater Management</li> </ul> </li> <li>• EO3 (Protection of Healthy Ecosystems and Biodiversity) <ul style="list-style-type: none"> <li>○ Environmentally Sustainable Management of Living Natural</li> </ul> </li> </ul>
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> <li>• Reforestation/ afforestation projects to absorb and store CO<sub>2</sub></li> <li>• Water for agriculture project to improve water quality and/or availability for agriculture</li> </ul>	
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"> <li>• Projects relating to water sources development for sustainable use of the community</li> </ul>	
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"> <li>• SCG Green Choice products, services and solutions</li> <li>• Bio-based plastic and its related feedstock (e.g., bio-based PTA)</li> </ul>	<ul style="list-style-type: none"> <li>○ Resources and Land Use</li> <li>○ Water and Wastewater Management</li> <li>○ Pollution Prevention and Control</li> </ul>
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"> <li>• Recycling process enhancement i.e., plant upgrading to support recycling of plastic-coated paper</li> </ul>	<ul style="list-style-type: none"> <li>• EO4 (Promotion of Resource Resilience and Transition to Circular Economy) <ul style="list-style-type: none"> <li>○ Circular Economy Adapted Products</li> <li>○ Pollution Prevention and Control</li> </ul> </li> </ul>

**Exclusion Criteria**

SCGP's green financing proceeds 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.



## Schedule 2. Contributions to UN SDGs

Eligible Project Categories	UN SDGs	DNV Findings
Renewable Energy	<p><b>SDG 7.2:</b> By 2030, increase substantially the share of renewable energy in the global energy mix (7.2.1 Renewable energy share in the total final energy consumption).</p> <p><b>SDG 13.2:</b> Integrate climate change measures into national policies, strategies and planning (13.2.2 Total greenhouse gas emissions per year)</p>	DNV is of the opinion that the eligible category outlined in the Framework contributes to the achievement of the UN SDGs.
Energy Efficiency	<p><b>SDG 9.4</b> By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>	
Environmentally Sustainable Management of Living Natural Resources and Land Use	<p><b>SDG 13.1</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p><b>SDG 15.1</b> By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.</p>	
Water and Wastewater Management	<p><b>SDG 6.3</b> By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p>	
Circular Economy Adapted Products	<p><b>SDG 12.2</b> By 2030, achieve the sustainable management and efficient use of natural resources</p>	
Pollution Prevention and Control	<p><b>SDG 12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	

## Schedule 3. Eligibility Assessment Protocol

### 1. Use of Proceeds

Ref.	Criteria	Requirements	DNV Findings
1a	Type of bond / loan	<p>The Bond / Loan must fall in one of the following categories, as defined by the Principles:</p> <ul style="list-style-type: none"> <li>• Green Use of Proceeds Bond</li> <li>• Green Use of Proceeds Revenue Bond</li> <li>• Green Project Bond</li> <li>• Green Securitized Bond</li> <li>• Loan instrument made available for Green project (Green use of loan proceeds)</li> </ul>	<p>The Framework states that an amount equal to the net proceeds of the SCGP green financing instruments issued shall be used to finance and/or refinance and/or to repay equity of new and/or existing Eligible Green Projects. The net proceeds may include new projects with disbursements after the issuance of the Green Financing instrument, or existing projects with commercial operation.</p> <p>The reviewed evidence confirms that the Green Financing Instruments meet the criteria under the principles.</p>
1b	Green Project Categories	<p>The cornerstones of Green Bonds and Loans are the utilization of the proceeds of the bonds or the loans which should be appropriately described in the legal documentation.</p>	<p>Eligible project categories presented by SCGP are as follows:</p> <ul style="list-style-type: none"> <li>• Renewable Energy</li> <li>• Energy Efficiency</li> <li>• Environmentally Sustainable Management of Living Natural Resources and Land Use</li> <li>• Water and Wastewater Management</li> <li>• Circular Economy Adapted Products</li> <li>• Pollution Prevention and Control</li> </ul> <p>The Framework also indicates that Eligible Green Projects will primarily include capital expenditures, research and development expenses partnership, ventures as well as equity shares of companies particular for any of the above Eligible Green Project Categories. It may also include operating expenditures and/or maintenance costs related to green assets.</p> <p>The above-mentioned project category meets the Eligible Green Project Categories in the Principles.</p>
1c	Environmental benefits	<p>All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the Issuer.</p>	<p>Environmental benefits are noted to include:</p>

			Eligible Category		Example of Environmental Benefits
			Renewable Energy	• Reduction of CO2 and other greenhouse gas emissions	Energy Efficiency
			Water and Wastewater Management	• Ecosystem protections	
			Circular Economy Adapted Products	• Circular economy • Reduction of Natural resources used • Preservation of energy consumption	
			Pollution Prevention and Control	• Circular economy • Waste reduction from production processes • Protection of environmental quality	
			The proposed use of proceeds is confirmed by DNV to reasonably be expected to deliver meaningful environmental benefits.		
1d	Refinancing Share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	<p>The Framework indicates that the net proceeds from the Green Finance Instruments will be exclusively used to finance and/or refinance and/or to repay equity of new and/or existing Eligible Green Projects.</p> <p>Based on the result of the interview, SCGP has stated the estimate of the share of financing and look-back period.</p> <p>The proposed management of net proceeds from the Green Finance Instruments is confirmed by DNV to reasonably be expected to meet the criteria under the Principles.</p>		

## 2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	DNV Findings
2a	Investment-decision process	<p>The Issuer of a Green Bond and Loan should outline the decision-making process it follows to determine the eligibility of projects using Green Bond and Loan proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> <li>• The environmental objectives of the eligible Green Projects;</li> <li>• The process by which the issuer determines how the projects fit within the eligible Green Projects categories; and</li> </ul>	<p>SCGP has set up an evaluation and selection process that is comprised of two main steps.</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p><b>From the Framework</b></p> <p><i>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.</i></p> </div> <p>The Green Finance Working Group consists of representatives from several teams including Treasury, ESG, Strategy&amp;Growth,</p>

		<ul style="list-style-type: none"> <li>Complementary information on processes by which the issuer identifies and manages perceived environmental and social risks associated with the relevant project(s).</li> </ul>	<p>etc. The responsibilities include but not limited to reviewing eligible projects, monitoring the eligible projects portfolio, and identification and mitigating social and environmental risks associated with the eligible project(s).</p> <p>DNV confirms this process to be well aligned with the Principles.</p>
2b	Issuer / borrower's environmental and governance framework	<p>Issuers are also encouraged to:</p> <ul style="list-style-type: none"> <li>Position the relevant information within the context of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability.</li> <li>Provide information, if relevant, on the alignment of projects with official or market-based taxonomies, related eligibility criteria</li> <li>Have a process in place to identify mitigants to known material risks of negative environmental and/or social impacts from the relevant project(s).</li> </ul>	<p>SCGP has set its target to reach Net Zero by 2050 and reduce GHG emissions at least 20% by 2030. SCGP and its subsidiaries have sustainability policy which considers risks and opportunities for improvement at all levels.</p> <div style="border: 1px solid black; padding: 5px;"> <p><b>From the Framework</b> <b>Sustainability Approaches</b></p> <ol style="list-style-type: none"> <li>Choosing the use of modern, safe, and socially responsible equipment and technology.</li> <li>Development and design of products to ensure quality, and safety in use, and can be reused and recycled easily.</li> <li>Taking care of all stakeholders, giving importance to sustainable social development, including campaigning and creating awareness of environmental conservation for young people.</li> <li>Encourage cooperation and coordination with stakeholders in favor of sustainability.</li> </ol> </div> <p>SCGP has received a total score of 86, representing the Top 1% and Industry Mover of the Containers &amp; Packaging Industry from S&amp;P CSA and has joined the Science Based Targets Initiative (SBTi).</p> <p>DNV confirms that SCGP's environmental sustainability strategies and alignment of projects with eligibility criteria are well aligned with the Principles.</p>

### 3. Management of Proceeds

Ref.	Criteria	Requirements	DNV Findings
3a	Tracking procedure	<ul style="list-style-type: none"> <li>(Bond) The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the Issuer in an appropriate manner and attested to by a formal internal process that will be linked to the Issuer's lending and investment operations for Green Projects.</li> <li>(Loan) The proceeds of Green Loans should be credited to a dedicated account or otherwise</li> </ul>	<p>The evidence reviewed shows how SCGP plans to manage the net proceeds from the Green Finance Instruments, in accordance with the evaluation and selection process in the Principles.</p> <div style="border: 1px solid black; padding: 5px;"> <p><b>From the Framework</b></p> <p><i>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.</i></p> </div> <p>DNV confirms that the Framework outlines processes to track proceeds and allocations to the nominated projects that are well aligned with the Principles.</p>

		<p>tracked by the borrower in an appropriate manner, so as to maintain transparency and promote the integrity of the product. Where a green loan takes the form of one or more tranches of a loan facility, each green tranche(s) must be clearly designated, with proceeds of the green tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.</p>	
3b	Tracking procedure	<p>So long as the Green Bonds or Loans are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.</p>	<p>The related tracking process is covered in the Framework as follows:</p> <p><b>From the Framework</b></p> <p><i>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.</i></p> <p>DNV confirms that the Framework outlines processes to track proceeds and allocations to the nominated projects that are aligned with the Principles.</p>
3c	Temporary holdings	<p>Pending such investments or disbursements to eligible Green Projects, the Issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.</p>	<p>The Framework explains the treatment of unallocated funds.</p> <p><b>From the Framework</b></p> <p><i>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.</i></p> <p>DNV confirms that the Framework outlines instruments to which unallocated proceeds will be invested that are well aligned with the Principles.</p>

#### 4. Reporting

Ref.	Criteria	Requirements	DNV Findings
4a	Periodical reporting	<ul style="list-style-type: none"> <li>Issuers should make, and keep, readily available up to date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in case of material developments.</li> </ul>	<p>SCGP has confirmed that it will publish or provide to its related lenders the Allocation Report and Impact Report annually until the green financing instruments are mature, and as necessary in the event of any material changes.</p> <p>Annual Allocation report will disclose:</p>

		<ul style="list-style-type: none"> <li>The annual report should include a list of the projects to which Green Bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact.</li> <li>Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the GBP recommend that information is presented in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).</li> </ul>	<ul style="list-style-type: none"> <li>The amount of net proceeds allocated per Eligible Projects</li> <li>The percentage of financing/refinancing of projects</li> <li>The amount of unallocated proceeds, if any, at the date of reporting</li> <li>Location and status of the projects</li> </ul> <p>The Framework explains Impact Reporting:</p> <div data-bbox="759 506 1444 707" style="border: 1px solid blue; padding: 5px;"> <p><b>From the Framework</b></p> <p><i>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.</i></p> </div> <p>The Framework mentions examples of impact indicators for all green categories.</p> <p>DNV confirms that the proposed reporting is consistent with the criteria set out in the Principles.</p>
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## Schedule 4. Green Bond / Loan External Review Form

### Section 1. Basic Information

**Issuer name:**

SCG Packaging PLC (SCGP)

**Green Finance ISIN or Issuer Framework Name, if applicable:**

SCGP's Green Financing Framework [September 2023]

**Independent External Review provider's name:**

DNV (Thailand) Co., Ltd.

**Completion date of this form:**

28 September 2023

**Date of review publication:**

October 2023

### Section 2. Overview

#### SCOPE OF REVIEW

The review:

- assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP/GBS/GLP (*delete where appropriate*).
- assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
  - Use of Proceeds
  - Management of Proceeds
  - Process for Project Evaluation and Selection
  - Reporting
- assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones:
  - ASEAN Green Bond Standard

#### ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- Second Party Opinion
- Verification
- Other (*please specify*):
- Certification
- Scoring/Rating

**Does the review include a sustainability quality score<sup>2</sup>?**

- Of the issuer
- Of the framework
- No scoring
- Of the project
- Other (please specify):

#### ASSESSMENT OF THE PROJECT(S)

**Does the review include:**

- The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?

<sup>2</sup> The external review may indicate the provider's opinion of the overall sustainability quality of a bond or bond framework and assess whether it has a meaningful impact on advancing contribution to long-term sustainable development.

- The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond/ Green Loan?
- The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

## ISSUER'S OVERARCHING OBJECTIVES

### Does the review include:

- An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- An identification and assessment of environmental, social and governance related risks of adverse impact through the Issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

## CLIMATE TRANSITION STRATEGY<sup>3</sup>

### Does the review assess:

- The issuer's climate transition strategy & governance?
- The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- The credibility of the issuer's climate transition strategy to reach its targets?
- The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways <sup>4</sup> that are deemed necessary to limit climate change to targeted levels?
- The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically<sup>5</sup>?

**Overall comment on this section:**

## Section 3. Detailed Review

*Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.*

### 1. USE OF PROCEEDS

#### Does the review assess:

- the environmental/social benefits of the project(s)?

<sup>3</sup> Where issuers wish to finance projects towards implementing a net zero emissions strategy aligned with the goals of the Paris Agreement, guidance on issuer level disclosures and climate transition strategies may be sought from the [Climate Transition Finance Handbook](#).

<sup>4</sup> GHG emissions reduction targets that are in line with the scale of reductions required to keep the average global temperature increase to ideally 1.5°C, or at the very least to well below 2°C above pre-industrial temperatures. Science Based Targets Initiative (SBTi) is a branded verification body for science-based targets and SBTi verification is one way for issuers to validate the alignment of their emission reduction trajectories with science-based reference trajectories. In addition, ICMA has published a [Methodologies Registry](#) which includes a list of tools to specifically help issuers, investors, or financial intermediaries validate their emission reduction trajectories..

<sup>5</sup> Including information such as the respective contribution (e.g. %) of the different measures to the overall reduction, the total expenses associated with the plan, or the issuer's climate policy engagement.



- whether those benefits are quantifiable and meaningful?
- for social projects, whether the target population is properly identified?

**Does the review assess if the issuer provides clear information on:**

- the estimated proceeds allocation per project category (in case of multiple projects)?
- the estimated share of financing vs. re-financing (and the related lookback period)?

**Overall comment on this section:**

SCGP intends to use the net proceeds of the green financing instruments to finance eligible green project related to renewable energy, energy efficiency, environmentally sustainable management of living natural resources and land use, water and waste water management, circular economy adapted products, and pollution prevention and control.

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

**Does the review assess:**

- whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognised international standards? Please specify which ones.<sup>6</sup>
- whether the eligible projects are aligned with the overall sustainability strategy of the issuer and/or if the eligible projects are aligned with material ESG-related objectives in the issuer's industry?
- the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?
- the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?
- any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

**Overall comment on this section:**

Based on statements provided by SCGP, DNV confirms that activities related to power generation either meets the Technical Screening Criteria (TSC) for a 'Green' activity as defined by the 'Plus Standards' or meet the requirements for contribution to EO1 Climate Change Mitigation as defined by the 'Foundation Framework' of the ASEAN Taxonomy V2.

For those activities not related to power generation, it is the opinion of DNV that the activities as described by SCGP would meet the requirements for contribution to the following environmental objectives (EOs) as defined by the Foundation Framework of the ASEAN Taxonomy V2:

- EO1 (Climate Change Mitigation) for projects related to Energy Efficiency, and Water and Waste Water Management.
- EO3 (Protection of Healthy Ecosystems and Biodiversity) for projects related to Environmentally Sustainable Management of Living Natural Resources and Land Use, Water and Wastewater Management, and Pollution Prevention and Control
- EO4 (Promotion of Resource Resilience and Transition to Circular Economy) for projects related to Circular Economy Adapted Products, and Pollution Prevention and Control.

Note that DNV's assessment did not include a full assessment of Do No Significant Harm (DNSH) and Social Aspects (SA) of the activities as defined in the ASEAN Taxonomy V2.

## 3. MANAGEMENT OF PROCEEDS

**Does the review assess:**

- the issuer's policy for segregating or tracking the proceeds in an appropriate manner?
- the intended types of temporary investment instruments for unallocated proceeds?
- Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

<sup>6</sup> The EU Taxonomy, CBI Taxonomy, UK Taxonomy, China catalogue, etc.

**Overall comment on this section:**

The net proceeds of Green Financing Instruments will initially be deposited into the company general account which will be managed by SCGP's Green Finance Working Group. The information regarding the net proceeds is tracked, monitored, and documented using SCGP's internal reporting system.

DNV concludes that the Framework appropriately describes the process for Management of Proceeds.

## 4. REPORTING

**Does the review assess:**

- the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?
- the frequency and the means of disclosure?
- the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

**Overall comment on this section:**

SCGP aims to publish or provide to related lenders the Allocation Report and Impact Report on an annual basis until the maturity of the green financing instruments and as necessary in the event of any material changes.

## Section 4. Additional Information

**Useful links** (e.g., to the external review provider's methodology or credentials, to the full review, to issuer's documentation, etc.)

**Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:**

The list of projects listed on SCGP's Green Financing Framework [September 2023] contributes to UN SDGs 6, 7, 9, 12, 13 and 15.

**Additional assessment in relation to the issuer/bond framework/eligible project(s):**

**Review provider(s):**

DNV (Thailand) Co., Ltd.

**Date of publication:**

28 September 2023

## ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GLP

- 1. Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Loan Framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Loan Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- 2. Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Loan proceeds, statement of environmental impact or alignment of reporting with the GLP, may also be termed verification.
- 3. Certification:** An issuer can have its Green Bond or associated Green Loan Framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- 4. Green Loan Scoring/Rating:** An issuer can have its Green Loan, associated Green Loan Framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.



## About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

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