

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

Deltaplast Zrt
20 January 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Bond
Relevant standards	<ul style="list-style-type: none">• International Capital Market Association (ICMA) Green Bond Principles (GBP), updated as of June 2021
Scope of verification	<ul style="list-style-type: none">• Deltaplast Green Bond Framework (as of 19.01.2022)• Deltaplast Eligibility Criteria (as of 19.01.2022)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as no substantial changes to the Framework are made

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SCOPE OF WORK

Deltaplast Zrt (“the Issuer”, “the Company” or Deltaplast) commissioned ISS ESG to assist with its Green Bond Framework by assessing three core elements to determine its sustainability quality:

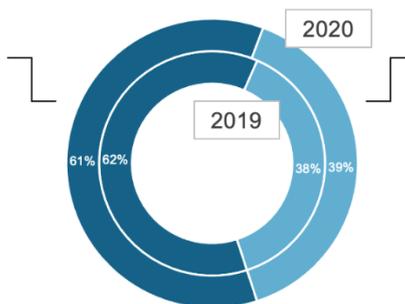
1. The Green Bond link to Deltaplast’s sustainability strategy – drawing on its overall sustainability profile and issuance-specific use of proceeds categories.
2. Deltaplast’s Green Bond Framework (19.01.2022 version) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP).
3. The eligible green projects – whether the projects contribute positively to the UN Sustainable Development Goals (SDGs) and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (see annex 1).

DELTAPLAST BUSINESS OVERVIEW

Deltaplast is a holding company that manufactures plastic products in the industrial machinery and equipment industry. The Issuer has two types of businesses: PET preform sales and the technical parts production unit, also called injection moulded plastic products. It serves customers in 15 markets, including Europe, Mexico and South Africa.

PET division

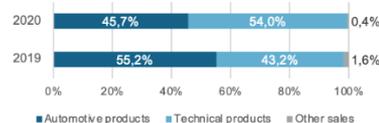
- The Company launched the division in 2002, which mainly produces plastic packaging materials and preforms for bottles used in the food industry.
- The division's sales revenue was HUF 3.8 billion in 2020, which accounted for the predominant part (61%) of total revenue.
- In 2020, a total of 384 million PET preforms were sold, which represents an increase of 9.9% compared to 2019. Based on 2021 H1 data (237 million units, +13% compared to 2020 H1), further growth is expected
- The largest customer segments were mineral water (46.4%), soft drink (30.4%) and bottle blowing companies (12.8%) in 2020.



Technical division

- The Technical division is engaged in the manufacture and sale of automotive, electrical and mechanical products
- The division's sales revenue reached HUF 2.4 billion in 2020, which was 39% of total revenue.
- As a result of the COVID-19 epidemic, the division was able to further enlarge revenues by increasing production toward hospital bed parts when the automotive industry came to a halt.

Distribution of sales of the division (2019-2020)



- In addition to the tool manufacturing, the Company can also provide design, production and maintenance of production tools.

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
<p>Part 1:</p> <p>Green Bond link to issuer's sustainability strategy</p>	<p>Deltaplast designs and manufactures plastic tools and components for electronics and other machinery.</p> <p>The use of proceeds financed through this Green Bond are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing the Green Bond is clearly described by the issuer.</p>	<p>Consistent with issuer's sustainability strategy</p>
<p>Part 2:</p> <p>Alignment with GBP</p>	<p>The issuer has defined a formal concept for its green bond framework regarding the use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA's GBP.</p>	<p>Aligned</p>
<p>Part 3:</p> <p>Sustainability quality of the selection criteria</p>	<p>The overall sustainability quality of the selection criteria in terms of sustainability benefits, risk avoidance, and minimisation is good based upon the ISS ESG assessment. The green bond framework will (re-) finance eligible asset categories, which include: energy efficiency, circular economy and Pollution prevention and control.</p> <p>Those use of proceeds categories have a limited contribution to SDGs 7 "Affordable and Clean Energy", SDGs 12 "Responsible Consumption and Production" and SDGs 13 "Climate Action". The environmental and social risks associated with those use of proceeds categories have been well managed.</p>	<p>Positive</p>

¹ ISS ESG's evaluation is based on the Deltaplast's Green Bond Framework (19.1.2022 version), and on the ISS ESG Indicative Corporate Rating applicable at the SPO delivery date.

ISS ESG SPO ASSESSMENT

PART I: GREEN BOND LINK TO DELTAPLAST'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF DELTAPLAST'S ESG PERFORMANCE

Methodological note: Please note that Deltaplast is not part of the ISS ESG Corporate Rating Universe. Thus, the below sustainability profile is an assessment conducted by the analyst in charge of the industrial machinery and equipment sector based on publicly available information exclusively. No direct communication between the Issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

Industry classification:

Industrial machinery and equipment

Key Issues of the industry:

1. Occupational Health and Safety
2. Product Safety
3. Life Cycle Assessments
4. Extension of Useful Product Life
5. Material efficiency of products and operations
6. Energy efficiency of products

Indicative ESG risk and performance assessment

Deltaplast designs and manufactures plastic tools and components for electronics and other machinery. As a small company of about 160 people, the company's own operations have a relatively small environmental and social footprint, which is reflected in the assessment criteria applied.

As an Industrial Machinery & Equipment company, Deltaplast is exposed to social risks related to occupational health and safety as well as product safety. The company does not demonstrate the implementation of a health and safety management system. Regarding product safety, the company's quality management system is certified to the international standard ISO 9001 which implies safety testing to some degree. There is no indication that customers can access safety information of products, including safety data sheets.

While Deltaplast faces limited environmental risks regarding its own operations, the company's environmental management system is still certified to the international standard ISO 14001, indicating strong environmental management for a small company. Other relevant environmental issues include product life cycle and material efficiency. Deltaplast does not demonstrate a comprehensive commitment to improving the material efficiency of products through life cycle assessments or measures to extend useful product life (i.e. through longevity, upgradability, repairability,

recyclability). Energy efficiency of products is not considered relevant given that Deltaplast produces plastic components only.

Indicative product portfolio assessment

Social impact of the product portfolio:

Deltaplast's product portfolio neither obstructs nor contributes to solving global sustainability challenges and is therefore considered neutral.

Environmental impact of the product portfolio:

Deltaplast's product portfolio neither obstructs nor contributes to solving global sustainability challenges and is therefore considered neutral.

Controversy risk assessment

Company screening

The analyst in charge of producing this report conducted a high-level controversy assessment based on publicly available information exclusively. There is no indication of Deltaplast being involved in any of the below-mentioned controversies.

Industry risks

Based on a review of controversies over a 2-year period, the greatest risk reported against companies operating in the Industrial Machinery and Equipment industry relates to failures to respect the right to an adequate standard of living, failure to assess environmental impacts and failure to respect the right to just and favourable conditions of work. This is closely followed by failures to prevent forced labour, failure to prevent water pollution and failure to mitigate climate changes impacts.

B. CONSISTENCY OF GREEN BOND WITH DELTAPLAST'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

Deltaplast is ISO 14001: 2015 certified organization with a commitment to reducing the impact of its operations on the environment includes protecting water and air quality, using resources as efficiently as possible, and continuously reducing waste. Deltaplast set numbers of Key environmental factors for monitoring, such as greenhouse gas emissions, energy efficiency, water quality and water consumption, air quality, waste reduction and responsible chemical management and recycling of waste.

Other than the environmental issue, Deltaplast also takes social, ethical and human rights into account in its business activities and cooperates with stakeholders. It also expects that its suppliers conduct their business in accordance with principles it adheres to.

The corporate strategy includes a health and safety policy, management of ethical issues, a code of ethics and quality, environmental and information security management policy are in place to support Deltaplast for achieving the sustainability objectives.

Rationale for issuance

Deltaplast intends to issue a green bond (primarily HUF3 billion) to expand the capacity of its technical parts manufacturing division and optimise production processes, increase the energy efficiency and reduce the waste generated from the manufacturing.

The project includes the implementation of a new factory hall with office building and spaces for employees and exterior cladding. The new factory hall will feature the latest energy solutions (e.g. waste heat recycling), an up-to-date production line for the manufacture of technical parts.

The rationale for green bond issuance in line with the issuer’s corporate strategy and environmental objective.

Contribution of use of proceeds’ categories to sustainability objectives and priorities

ISS ESG mapped the use of proceeds’ categories financed under this green bond framework to the sustainability objectives defined by the Issuer and to the key ESG industry challenges, as defined in the ISS ESG Corporate Rating methodology for the industrial machinery and equipment sector. Key ESG industry challenges are central issues that are highly relevant for a respective industry to tackle when it comes to sustainability. From this mapping, ISS ESG derived a level of contribution to the strategy of each use of proceeds’ category.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Energy efficiency	✓	✓	Contribution to a material objective
Pollution prevention and control	✓	✓	Contribution to a material objective

Opinion: *ISS ESG finds that the use of proceeds financed through this bond are consistent with the issuer’s sustainability strategy and presents material ESG topics for the issuer’s industry. The rationale for issuing Green Bonds is clearly described by the issuer.*

PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES

1. Use of proceeds

FROM ISSUER'S FRAMEWORK

Main conditions of bond issuance

- total nominal value: maximum HUF 3 Bn
- maturity: ten years (2022-2032)

Projects meeting the Green Bond Principles' categories

Energy consumption was 2 378 374 kWh and raw material usage was 3635 t in 2020. Thus the energy intensity is 654 kWh/t. After the new investment the value will decrease to 621 kWh/t (5% reduction). This calculation refers to the energy consumption saving by production by the new technology.

Projects	Meeting GBP categories	Environmental benefits	Indicators	Metric
New plastic production hall with offices, staff rooms and exterior paving	Energy efficiency	The energy demand for heating and hot water supply is planned to be reduced by 60%. Planned CO2 emission reduction: 20,94 tons/year.	Saving of electricity consumption Recycled waste heat	kWh
		Reduction of energy demand for heating and hot water supply by 60% due to insulation and waste heat recycling	Reduction of GHG emission	kWh t/CO2e
Technology, production line machinery	Energy efficiency	Optimization of production process by reducing setup timing	Saving of electricity consumption	kWh
	Circular Economy	10% reduction of final scrap technology is in the TOP15% of available technologies	Recycling of waste and surplus materials and scrap deriving from production processes	t
	Pollution prevention and control	electric energy consumption for raw material will be reduced by 5%/ t		

Opinion: ISS ESG considers the Use of Proceeds description provided by Deltaplast's Green Bond Framework as aligned with the GBP. Environmental benefits are described and quantified.

2. Process for project evaluation and selection

FROM ISSUER'S FRAMEWORK

Deltaplast Zrt. is committed to ensuring the transparent, written record of internal procedures and practices for the use of green proceeds. The management has established a Green Committee chaired by the member of the Board harmonized with corresponding provisions of other corporate rules. The Committee meets at least quarterly.

The Green Committee is composed of two Board Members, the CFO and an invited environmental expert. One of the Board members is appointed as Chief Green and Sustainability Officer.

The Green Committee is responsible for the development of the Company's Green strategy and its objectives (e.g. ESG and sustainability strategy, greening of the Company's internal operations, green strategic cooperation, etc.) and for the monitoring of the implementation of the Green Strategy and application of general aspects of sustainable development targets in all processes of the company.

The committee initiates and supervises the introduction and implementation of the Green Bond Framework, selects the Green Bond Framework verification, second party opinion experts depending on the form of external review required. It supervises the compliance of the green bond framework, initiating the revision, amendment and renewal of the framework, if necessary. The committee is responsible for the dissemination and enforcement of green practices in the operation of the Company. The Committee identifies and manages the social and environmental risk associated to the Projects taking measures to reduce negative environmental impacts.

Identification of social and environmental risks is a bottom-up process in Deltaplast Zrt. Company management strives to establish an employer-employee relationship built upon trust and mutual understanding and respect. Therefore directors of all and each divisions are responsible to monitor daily processes in order to identify any emerging problem and to report it to the company management without hesitation. Any risk reported is dealt by the decision makers and measures are taken in order to launch adequate activity to solve risk at company level and to integrate satisfactory solutions and practices in the company's strategy.

The Green Committee advises about the compliance with the Green Bond Framework in the case of specific investment proposals. Furthermore, the Committee advises on decisions, supervises the selection of projects, acquisitions and investments and reviews the allocation of funds.

For the selected projects and/or acquisitions, Board Members and invited expert members are responsible for ensuring the compliance with the requirements for the Use of Proceeds, preparing the audit documents and gathering the necessary evidence to facilitate the external audit check.

The Green Committee supervises the alignment of the use of the funds to the Green Bond Framework. A list of the potential Green Projects is to be presented to the Green Committee.

The committee is responsible for the decision to acknowledge the project as green, in line with the Green Bond criteria. A decision to allocate net proceeds requires a majority decision by the Green Committee. The decisions made by the Green Committee are documented and filed.

The Green Committee controls the use of green resources – allocation and targeted environmental impact – and will monitor the development of green KPIs and the achievement of the set goals (in accordance with the

financial and controlling regulations). In matters requiring special sustainability expertise, the committee will require the involvement of an external expert.

The Green Committee will ensure the development of monitoring and reporting procedures related to the use of green proceeds, with special attention to the Allocation Report and Impact Report.

A Green Register (separated account in the accounting) kept by the Finance Department tracks that an amount equal to the Green Bond net proceeds is allocated to Green Projects. The purpose of the Green Register is to ensure that Green Bond net proceeds only support the financing of Green Projects or to repay Green Bonds. The management of proceeds will be reviewed by auditors yearly.

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by Deltaplast's Green Bond Framework as aligned with the GBP, and the projects selected show alignment with the sustainability strategy of the issuer. Besides that, good practice includes transparency and a clear definition of the responsibilities and relevant internal expertise from different divisions.

3. Management of proceeds

FROM ISSUER'S FRAMEWORK

The use of the Green Bond proceeds will be recorded in separate countability records as the company's corporate management system provides a suitable system for separate accounting, in which all projects are assigned an identification code and work number for transparent tracking of investments. The liquid, unspent funds are earmarked and not used for other purposes before allocation. Deltaplast Zrt. considers the possibility to place the liquid temporary investments in ESG/green products if available in Hungarian financial market. Determining principles in the liquid net proceeds' investment is to place them in guaranteed deposit with suitable flexibility that are not environmentally unsound investments. In case the net proceeds in deposit is increased by interest, the additional amount will also be used for green investment or projects.

So long as the Green Bond is outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to the Green Project carried out during that period. The Issuer commits to communicate to investors the intended types of temporary placement for the balance of unallocated net proceeds.

In order to assure the highest level of transparency the Issuer commits to supplement the management of proceeds by the appointment of an external auditor, or other third party, to verify the internal tracking method and the allocation of funds from the Green Bond.

Any decision regarding the management of the funds from the Green Bond belong to the Green Committee's competencies and duties and will be stated in reporting until full allocation. The Green Committee will monitor and supervise regularly the use of proceeds in alignment of the Eligible Project and will publish by each year the net proceeds of the issuance reduced by the amount of proceeds invested in the Eligible Project in the reported period.

Opinion: ISS ESG finds that the management of proceeds proposed by Deltaplast's Green Bond Framework is well aligned with the GBP. Besides that, good practice includes disclosure of intended

types of temporary investment instruments for unallocated proceeds and procedure in case of divestment or postponement.

4. Reporting

FROM ISSUER'S FRAMEWORK

In accordance with the Green Bond Principles, Deltaplast Zrt. will provide an annual update on the activities related to its Green Bonds issuance. In such updates the Company will provide information on the allocation of the use of proceeds as well as relevant impact metrics.

Within one year of issuance, and annually thereafter until full allocation of an amount equivalent to the net proceeds of the Green Bond as well as in the event of any material changes, Deltaplast Zrt. will publish (i) an Allocation Report and (ii) an Impact Report via Deltaplast Zrt. website: <https://www.deltaplast.hu/index.php/hu/>

The relevant information provided will include:

- Use of Proceeds
- A breakdown of proceeds in relation to Eligible Projects
- The amount of unallocated proceeds
- A closer description of the activities financed.

Allocation Report

Proposed indicators:

- Proportion of green investments in the corporate portfolio: Green rated investments / Total investments (%)
- Green proceeds utilization: Green bond proceeds used / Total green bond proceeds (%)
- Use of green proceeds by environmental purpose: Distribution of green proceeds used between categories defined in the Green Bond Framework (%)
- Other relevant indicators

Impact Report

The Impact report will illustrate the expected and achieved environmental impact made by the new investment to which green bond proceeds have been allocated. The environmental impact will be measured based on energy consumption, GHG emissions, waste reduction and waste recycling %.

Deltaplast Zrt. is ready to undertake to target the lowest emissions and increasing savings, avoiding increase of negative impacts. The impact indicators will be measured and monitored regularly and published for assuring transparency of Deltaplast Zrt's commitment to sustainable and green activities. Monitoring of CO₂ reduction is already part of the company's ERP system. Monitoring of energy consumption will be incorporated as well.

As part of Deltaplast Zrt's annual audit process, the internal monitoring system will follow the use of green resources and the results will be presented to the auditor. The figures about the use of Green Bond Proceeds,

with respective descriptions and the amounts utilized, will also be available in the Company’s Annual Report and published on the website.

GBP Eligible Category as per GBP 2021	Use of Green Bond proceeds	Impact Indicators
New Plastic Production Hall Construction		
Energy efficiency	Implementation of new projects Insulation material and waste heat recycling	Saved energy consumption kWh CO ₂ equivalent avoided or reduced t/ year Recycled waste heat kWh
New Production Line Installation		
Energy efficiency	Implementation of new projects	Saved energy consumption kWh CO ₂ equivalent avoided or reduced t/ year
Circular Economy	New Machinery	Recycling of waste t
Pollution prevention and control		

Opinion: ISS ESG finds that the reporting proposed by Deltaplast’s Green Bond Framework is aligned with the GBP. Its impact reporting includes information on the frequency, scope and duration of its reporting as well as impact indicators, which is in line with best market practice.

5. External review

FROM ISSUER’S FRAMEWORK

Deltaplast Zrt. appointed ISS ESG to provide a Second Party Opinion on the Green Bond Framework, evaluating its alignment with the Green Bond Principles 2021 Guidelines. The result is to be documented in a Second Party Opinion, which will be presented in the Deltaplast Zrt’s website together with the Framework.

Deltaplast Zrt. will procure a pre-issuance external review of its Green Bond Framework, which will be published to stakeholders on Deltaplast Zrt’s website at <https://www.deltaplast.hu/index.php/hu/>.

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN BOND FRAMEWORK TO THE UN SDGs

Based on the assessment of the sustainability quality of the green bond programme’s selection criteria and using a proprietary methodology, ISS ESG assessed the contribution of Deltaplast’s Green Bond Framework to the UN SDGs.

The assessment is displayed on a five-point scale (see also annex 1):



Each use of proceeds’ category of the green bond has been assessed regarding its contribution to the SDGs or obstruction of these.

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Energy efficiency Build a New of polyethylene terephthalate (PET) Preform Production hall with thermal insulation fillings material and waste heat recycling Planned CO2 emission reduction: 20.94 tons/year. The heating and hot water supply are planned to be reduced by 60%.</p>	Limited contribution²	
<p>Energy efficiency Expenditures related to the technology and production line machinery upgrading (acquisition of machinery) for 5% energy consumption saving.³</p>	Limited contribution⁴	
<p>Pollution Prevention and Control Expenditures related to the production and operation, improvements for optimising material use and timing 10% of final scrap.</p>	Limited contribution⁵	

² This SDG impact assessment was conducted for SPO purposes only and differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer’s product and service portfolio on the SDGs.

³ Energy consumption was 2 378 374 kWh and raw material usage was 3635 t in 2020. Thus the energy intensity is 654 kWh/t. After the new investment the value will decrease to 621 kWh/t (5% reduction). This calculation refers to the energy consumption saving by production by the new technology.

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B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBLE USE OF PROCEEDS' CATEGORY

Assessment of the green eligible use of proceeds categories against ISS ESG's key performance indicators (KPIs).

ASSESSMENT AGAINST ISS ESG KPI

Impact of operations on biodiversity

- ✓ Deltaplast Zrt has certified with ISO 14001:2015, which includes biodiversity management, environmental risk and impact assessment.

Site selection

- ✓ The Local Authority sets the legal requirements to different usage categories for land use. The land for the planned new production hall is categorized for industrial use, so it is already excluded from protected areas and sites of high environmental value.

Health and safety standards

- ✓ Deltaplast Zrt has an internal policy on health and safety and occupational management system in place (which includes Structure and responsibilities, target objectives, programme and initiatives to achieve target, Training and awareness, safety risk identification and measures, drill and audit.)
- ✓ Deltaplast Zrt has an internal policy on emergencies and safety standards (which includes emergency exits, fire sprinklers, fire alarm) systems in place as well.

Waste management & pollution prevention

- ✓ Deltaplast Zrt has certified with ISO 14001:2015 with an annually internal and external audit to ensure waste management and pollution measures are in place and effective.

Dialogue with local communities

- ✓ Community dialogue is a standard part of the planning process, while environmental impact assessment is a legal requirement when planning the project with reference to Government Decree 314/2005 (XII. 25.) on the Environmental Impact Assessment and the Unified Environmental Authorisation Procedure

Supply chain standards

- ✓ Deltaplast Zrt has set up a supply chain management policy that requires their suppliers to comply with the country's laws and regulations, certified with ISO 9001 and ISO 14001 to ensure the quality and environmental performance etc.

DISCLAIMER

1. Validity of the SPO: As long as no substantial changes to the Framework
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
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4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
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ANNEX 1: Methodology

ISS ESG Green KPIs

The ISS ESG Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Deltaplast’s Green Finance Instruments.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Deltaplast (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Deltaplast’s Green Finance Instruments contributes to related SDGs.

ANNEX 2: Quality management processes

SCOPE

Deltaplast commissioned ISS ESG to compile a Green Finance Instruments SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the Green Bond Principles as administered by the International Capital Market Association to assess the sustainability credentials of its Green Finance Instruments, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by the issuer

ISSUER'S RESPONSIBILITY

Deltaplast's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the eligibility criteria level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Finance Instruments to be issued by Deltaplast based on ISS ESG methodology and in line with the ICMA Green Bond Principles.

The engagement with Deltaplast took place in between December 2021 to January 2022.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our sustainable (green and social) bond services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green/Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO, so that investors are as well informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For information about SPO services, please contact: SPOsales@isscorporatesolutions.com

For Information about this Social Bonds SPO, contact: SPOOperations@iss-esg.com

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