

Second-Party Opinion

Dynapack Asia Pte. Ltd.

Sustainability-Linked Loan

Second-Party
Opinion



Reviewed by:

MORNINGSTAR

SUSTAINALYTICS

Evaluation Summary

Sustainalytics is of the opinion that the Dynapack Asia Pte. Ltd. Sustainability-Linked Loan Document aligns with the Sustainability-Linked Loan Principles 2023. This assessment is based on the following:

- Selection of Key Performance Indicators (KPIs)** The Dynapack Asia Pte. Ltd. Sustainability-Linked Loan Document includes three KPIs (KPI 1: Absolute scope 1, 2 and 3 GHG emissions reduction (ktCO₂e); KPI 2: Recycled resin use (%); and KPI 3: Women in senior leadership (%) (see Table 1). Sustainalytics considers KPI 1 to be very strong, and KPIs 2 and 3 to be strong based on materiality, relevance, scope of applicability and adequacy to external benchmarking, as and where applicable.
- Calibration of Sustainability Performance Targets (SPTs)** Sustainalytics considers the SPTs to be aligned with the sustainability strategy of the Dynapack Asia Group.¹ Sustainalytics further considers SPT1, SPT 2 and SPT 3 to be ambitious based on historical performance, peer performance and alignment with science, as and where applicable.
- Loan Characteristics** Dynapack Asia Pte. Ltd. will link the loan's financial characteristics to its achievement of the SPTs, an interest margin adjustment of 5 bps will be triggered by achieving or failing to achieve two of the three SPTs at the annual target observation dates in the loan period.
- Reporting** Dynapack Asia Pte. Ltd. commits to make reporting of its performance on the KPIs available to lenders on an annual basis. The reporting commitments are aligned with the Sustainability-Linked Loan Principles.
- Verification** Dynapack Asia Pte. Ltd. commits to have external limited assurance conducted against each SPT for each KPI bi-annually. This is aligned with the Sustainability-Linked Loan Principles.

Evaluation Date October 03, 2023

Borrower Location Singapore, Singapore

The SPTs contribute to the following SDGs:



Overview of KPIs and SPTs

KPI	Baseline	Strength of KPI	SPT	Ambitiousness of SPT
Absolute scope 1, 2 and 3 GHG emissions (ktCO ₂ e)	2021	Very Strong	To reduce scope 1, 2 and 3 GHG absolute emission by 30% by 2030 against a 2021 baseline	Ambitious
Recycled resin use (%)	2021	Strong	To increase recycled resin use in sold products by 40% by 2030 from a 2021 baseline	Ambitious
Women in senior leadership (%)	2021	Strong	To increase women in senior leadership to 40% by 2030	Ambitious

¹ Dynapack Asia Group is the parent company of Dynapack Asia Pte. Ltd.

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Scope of Work and Limitations

Dynapack Asia Pte. Ltd. has engaged Sustainalytics to review the Dynapack Asia Pte. Ltd. Sustainability-Linked Loan (“SLL”) and provide an opinion on the alignment of the SLL with the Sustainability-Linked Loan Principles².

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed SLL with the Sustainability-Linked Loan Principles 2023 (SLLP).

As part of this engagement, Sustainalytics exchanges information with various members of Dynapack Asia Pte. Ltd.’s management and ESG teams to understand the sustainability impact of their business processes and SPTs, as well as reporting and verification processes of aspects of the Sustainability-Linked Loan. Dynapack Asia Pte. Ltd.’s representatives have confirmed that:

- (1) They understand it is the sole responsibility of Dynapack Asia Pte. Ltd. to ensure that the information provided is complete, accurate and up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) Any material information provided has been duly disclosed in a timely manner

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics’ opinion of the Dynapack Asia Pte. Ltd. Sustainability-Linked Loan and should be read in conjunction with the Loan Documents. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Dynapack Asia Pte. Ltd. Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Dynapack Asia Pte. Ltd. Sustainability-Linked Loan with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated SPTs of KPIs but does not measure the KPIs’ performance. The measurement and reporting of the KPIs is the responsibility of the borrower. No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Dynapack Asia Pte. Ltd. has made available to Sustainalytics for the purpose of this Second-Party Opinion.

The Second-Party Opinion is valid for the issuance aligned with the respective SLL documentation for which the Second-Party Opinion was written and aligned with the methodology to calculate the KPI performance outlined in the Second-Party Opinion up to 24 months or until one of the following occurs:

- (1) A material change to the external benchmarks⁴ against which targets were set;
- (2) A material corporate action (such as material M&A or change in business activity) which has a bearing on the achievement of the SPTs or the materiality of the KPIs.

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² The Sustainability-Linked Loan Principles (SLLP) were jointly launched by LSTA, APLMA and LMA in March 2019, and subsequently amended in 2021 and 2023. They are administered by the LSTA and are available at: <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/#>

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

⁴ Benchmarks refers to science based benchmarks

Introduction

Dynapack Asia Pte. Ltd. (“DNPA” or the “Borrower”) is an investment holding company of Dynapack Asia (the “Group” or the “Company”), headquartered in Singapore. DNPA is the key debt issuing entity of the Group. Dynapack Asia operates as a manufacturer of rigid plastic packaging and components for the precision injection, moulded parts for personal and baby care, food and beverage, home cleaning, lubricant, pharmaceuticals, and automotive industries. Dynapack Asia’s head office is in Tangerang Banten, Indonesia and operates in over 29 manufacturing sites located in Indonesia, China, Malaysia, Thailand, Singapore, and Vietnam. The Group was established in 1959 and has a total of 4,610 employees as of December 2022.

DNPA intends to obtain sustainability-linked loans (SLL) where the financial characteristics are tied to the achievement or non-achievement of sustainability performance targets for three KPIs related to reducing the Group’s environmental footprints, promoting the circular economy, and increasing gender diversity in its senior leadership.

DNPA has engaged Sustainalytics to review its sustainability-linked loan and provide an opinion on the loan’s alignment with the SLLP.

Tables 1 and 2 below describe the KPIs and SPTs defined by DNPA.

Table 1: KPI Definitions

KPI	Definition
Absolute scope 1, 2 and 3 GHG emissions (ktCO _{2e})	<p>KPI 1 is defined as the absolute amount of scope 1, 2 and 3 GHG emissions across Dynapack Asia’s operationally controlled assets, measured in kilo tonnes of carbon dioxide equivalent (ktCO_{2e}).</p> <p>Scope 1 emissions are direct emissions from sources owned or controlled by the Company; scope 2 emissions are indirect emissions from the consumption of purchased electricity, heat, steam and cooling; and scope 3 emissions represent the percentage of emissions from the following categories, as defined in the GHG Protocol: purchased goods and services (69%), fuel and energy related activities (12%), end of life treatment of sold products (9%), and upstream transportation and distribution (7%). The remaining categories which individually contribute less than 5% of the Company’s total scope 3 emissions include capital goods, waste generated by operations, business travel, employee commuting, downstream transportation and distribution, and investments.⁵</p> <p>The KPI is calculated following the GHG Protocol Corporate Standard⁶ and in alignment with the ISO 14064 standard.⁷</p>
Recycled resin use (%)	<p>KPI 2 measures the percentage of recycled resin⁸ content in Dynapack Asia’s sold plastic products across all business units, comprising consumer packaging, industrial packaging and components.</p> <p>The KPI is calculated as the recycled resin used, divided by the weight of the products sold, expressed as a percentage.</p>
Women in senior leadership (%)	<p>KPI 3 measures the representation of women in senior leadership roles among permanent employees at Dynapack Asia.⁹ A Senior leader is defined by the Group as an employee holding the title of manager, with responsibility at or above the division (team) level. The division sizes may vary depending on the size of the plant or the complexity of the operations.</p> <p>The metric used for calculation is the number of female senior leaders compared to the total number of senior leaders at the end of the year, expressed as a percentage.</p>

⁵ Dynapack Asia has communicated to Sustainalytics that the GHG Protocol scope 3 categories 8-upstream leased assets, 10- processing of sold products, 11-use of sold products, 13- downstream leased assets, and 14-franchises, are not applicable to its operations.

⁶ The Greenhouse Gas Protocol, “A Corporate Accounting and Reporting Standard”, at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

⁷ ISO, “ISO 14064-1:2018 Greenhouse gases — Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals”, at: <https://www.iso.org/standard/66453.html>

⁸ Recycled resin is a plastic that having served its intended purpose or use, is collected, processed, cleaned and repalletized into recycled resin.

⁹ As of December 2022, permanent employees accounted for 58% of the total employee count.

Table 2: SPTs and Past Performance

KPI	2018	2019	2020	2021 (baseline)	2022	SPT 2023	2024	2025	2026	2027	2028	2029	2030
KPI 1: Absolute scope 1, 2 and 3 GHG emissions (in ktCO ₂ e)	n.a. ¹⁰	n.a.	n.a.	566 (0%)	542 (-4%)	525 (-7%)	510 (-10%)	495 (-13%)	480 (-15%)	460 (-19%)	440 (-22%)	420 (-26%)	395 (-30%)
KPI 2: Recycled resin use (%)	1.6%	3.4%	5.3%	6.8%	7.8%	9%	12%	15%	20%	25%	30%	35%	40%
KPI 3: Women in senior leadership (%)	n.a.	n.a.	n.a.	22%	23%	25%	27%	30%	32%	34%	36%	38%	40%

¹⁰ n.a. signifies inadequacy of complete data set.

Sustainalytics' Opinion

Sustainalytics' Opinion on the Alignment of Dynapack Asia Pte. Ltd. Sustainability-Linked Loan Document with the Sustainability-Linked Loan Principles

Sustainalytics is of the opinion that the Sustainability-Linked Loan aligns with the five core components of the Sustainability-Linked Loan Principles 2023 (SLLP).



Selection of Key Performance Indicators (KPIs)

Relevance and Materiality of KPIs

In its assessment of materiality and relevance, Sustainalytics considers i) whether an indicator speaks to a material impact of the borrower's business on environmental or social issues, and ii) to what portion of impact the KPI is applicable.

KPI 1: Absolute scope 1, 2, and 3 GHG emissions (ktCO₂e)

The Containers and Packaging industry produces significant GHG emissions from fossil fuel combustion in manufacturing and cogeneration processes, the use of energy-intensive machinery and process units, as well as from its value chain. The Sustainability Accounting Standards Board (SASB) identifies GHG emissions as a material sustainability topic for the Containers and Packaging industry.¹¹ Additionally, Sustainalytics' ESG Risk Rating Industry Report identifies Carbon-Own Operations as a material ESG issue for companies in the industry.^{12,13}

Regarding applicability, the KPI covers 100% of scope 1, 2 and 3 GHG emissions from Dynapack Asia's controlled operations, which amounted to approximately 566 ktCO₂e in 2021. Scope 1 GHG emissions, representing direct emissions from sources operationally controlled by the Company accounted for 4 ktCO₂e in 2021. Scope 2 GHG emissions, representing indirect emissions from the consumption of purchased electricity, heat, steam and cooling, amounted to 152 ktCO₂e in the same year. Scope 3 GHG emissions accounted for 410.7 ktCO₂e in 2021.¹⁴

Based on the above, Sustainalytics considers KPI 1 to be highly material and have a high scope of applicability to Dynapack Asia's operations.

KPI 2: Recycled resin used (%)

Sustainalytics' ESG Risk Rating Industry Report identifies Resource Use as a material ESG Issue for companies in the Containers and Packaging industry.¹⁵ Moreover, SASB identifies product life cycle management as a material sustainability topic for packaging industry, which can be supported by addressing the life cycle impacts of products and services, such as those associated with packaging, distribution and use-phase.¹⁶ Additionally, Dynapack Asia is committed to circularity and aims to manufacture 100% recyclable products for packaging by 2030. The UN Environment Programme initiated the Global Commitment 2022¹⁷ led by the Ellen Macarthur Foundation, to tackle plastic pollution. It outlines the key progress metrics for a circular economy of plastics. The five key areas identified are: i) ensuring that 100% of plastic packaging is reusable, recyclable or compostable; ii) increasing the share of post-consumer recycled content to 26% in aggregate across all signatories; iii) decreasing the use of virgin plastics in packaging with a target of a 20% reduction in virgin plastic use between 2018 and

¹¹ SASB Standards, "Containers and Packaging", at: <https://sasb.org/standards/materiality-finder/find/?industry%5B0%5D=RT-CP>

¹² Sustainalytics' Industry Report, "Containers and Packaging", (2022)

¹³ According to Sustainalytics material ESG issues, Carbon - Own Operations refers to a company's management of risks related to its own operational energy use and GHG emissions.

¹⁴ GHG Protocol scope 3 categories applicable to Dynapack Asia's operations include categories 1- Purchased goods and services, 3- fuel and energy related activities, 12- End-of-life treatment of sold products, 4- Upstream transportation and distribution, 5- waste generated in operations, 6- business travels, 7-employee commuting, 9- downstream transportation and distribution, 12- end of life treatment of sold products, and 15- investments.

¹⁵ According to Sustainalytics material ESG issues, Resource Use focuses on how efficiently and effectively a company uses its raw material inputs (excluding energy and petroleum-based products) in production and how it manages related risks.

¹⁶ SASB standards, Container and Packaging at: https://d3flraxduht3qu.cloudfront.net/latest_standards/containers-and-packaging-standard_en-gb.pdf

¹⁷ United Nation Environment Programme, The Global Commitment 2022, at: <https://www.unep.org/resources/report/global-commitment-2022>

2025; iv) moving from single-use plastics to a reuse model, where relevant; and, v) eliminating problematic or unnecessary plastics packaging.

The KPI covers recycled resin used for 100% of the Group's sold plastic products, across all business units. These business units are consumer packaging, industrial packaging and components.

Based on the above, Sustainalytics considers KPI 2 to be highly material and highly applicable to Dynapack Asia's operations.

KPI 3: Women in senior leadership (%)

Sustainalytics considers KPI 3 to be material and relevant in the context of the gender gap in the manufacturing industry and in managerial roles globally. Women's participation in the manufacturing sector has been significantly underrepresented, leaving high scope for progress given the endemic challenges faced by this sector at the educational and professional level, including bias, insecurity and lack of encouragement, opportunities and role models.¹⁸ The United Nations Industrial Development Organization reports that men still hold the majority of positions in the manufacturing sector, with women comprising only 37% of the workforce.¹⁹ The proportion of women in managerial decision-making positions globally remains relatively constant, at 28%, between 1995 and 2019.²⁰ Additionally, gender equality in leadership was identified as a key target for Dynapack Asia, as reported in its 2023 sustainability overview report. Sustainalytics notes that the leadership positions defined in the KPI include employees managing the responsibility at the divisional level or above. By enhancing the representation of women in leadership positions, Dynapack Asia can foster a more inclusive and diverse work environment.

In terms of the applicability of KPI 3, employees in senior leadership roles at Dynapack Asia represented 2% of the Company's total employees in permanent roles, as of December 2022. Although the senior management roles accounted for only 2% of its workforce, Sustainalytics notes that increasing the participation of women in such leadership roles would generate a positive impact across the Group's operations and therefore, assesses this KPI as highly applicable in scope.

Based on the above, Sustainalytics considers KPIs 3 to be relevant, material and highly applicable.

KPI Characteristics

In its assessment of the KPI characteristics, Sustainalytics considers whether i) a clear and consistent methodology is used, ii) the borrower follows an externally recognized definition, iii) the KPIs are a direct measure of the performance of the borrower on a material environmental or social issue, and, if applicable, iv) the methodology can be measured using an external, contextual benchmark.²¹

KPI 1: Absolute scope 1, 2, and 3 GHG emissions (ktCO₂e)

Sustainalytics considers the Company's definition and methodology to calculate progress on the KPI to be clear. The KPI is calculated in accordance with the GHG Protocol, which is considered an industry standard. Furthermore, the KPI is directly linked to the Company's performance on the material environmental issue of GHG emissions and is well suited to be benchmarked against science-based global decarbonization pathways, such as the SBTi's absolute contraction approach.²²

KPI 2: Recycled resin used (%)

Sustainalytics considers Dynapack Asia's definition and methodology to calculate its progress on KPI 2 to be clear and consistent with the Group's historical calculation methodology. The KPI measures the percentage of recycled resin content in the finished product sold. While Sustainalytics notes that there are no external benchmarks available for assessing performance against KPI 2, Dynapack Asia has established its internal

¹⁸ WEF, "The Industry Gender Gap", (2016), at: https://www3.weforum.org/docs/WEF_FOJ_Executive_Summary_GenderGap.pdf

¹⁹ UNIDO, "Women in industry- Why we need more gender-sensitive statistics", (2020) at: <https://www.unido.org/stories/women-industry-why-we-need-more-gender-sensitive-statistics#:~:text=To%20drive%20these%20changes%2C%20we%20need%20more%20gender-disaggregated,contributions%20are%2C%20along%20with%20the%20barriers%20they%20face.>

²⁰ UN Department of Economic and Social Affairs, "The World's Women 2020: Trends and Statistic", at: <https://www.un.org/en/desa/world%E2%80%99s-women-2020>

²¹ External contextual benchmarks provide guidance on the alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

²² The SBTi uses two target-setting methods: the absolute contraction approach, a one-size-fits-all method that ensures companies setting targets deliver absolute emissions reductions in line with global decarbonization pathways; and the sectoral decarbonization approach, an alternative method that allows targets to be derived from global mitigation pathways for some of the most carbon-intensive activities, such as road transportation, aviation, generation of electricity and production of basic materials

methodology and contextual targets for minimizing the plastic footprint of its packaging. The Group currently sources 66% of its recycled resin from vendors certified by Global Recycle Standards (GRS)²³ and aims to procure 100% of the recycled resin from GRS certified vendors by 2025. Sustainalytics considers KPI 2 to be a direct measure of the Group’s performance on material environmental issues.

Furthermore, KPI 2 supports benchmarking in accordance with GRI standards 306-2-a, which entail decreasing the use of raw and finite materials by sourcing secondary materials, such as used or recycled input materials. Additionally, this KPI is in line with the Ellen MacArthur Foundation’s Global Commitment, which requires packaging companies to report on post-consumer recycled content in plastic packaging. Sustainalytics further considers KPI 2 to be non-benchmarkable in the absence of an external contextual benchmark, but recognizes that it enables comparability across various industry players.

KPI 3: Women in senior leadership (%)

Sustainalytics notes that while the KPI does not follow an externally defined process for how employee diversity should be incorporated, measured and advanced in the workplace, the Group follows the UN Women Empowerment Principles to manage gender equality,²⁴ which is directly linked to the Group’s sustainability performance on the material social issue of gender equality in the workplace.

Sustainalytics considers the Group’s definition and methodology to calculate the progress of KPI 3 to be clear and consistent, based on the ease of calculation, replicability and consideration of external reference. Sustainalytics further considers KPI 3 to be non-benchmarkable in the absence of an external contextual benchmark, but recognizes that it enables comparability across various industry players.

Overall Assessment

Sustainalytics considers KPI 1 to be very strong given that it: i) is a direct measure of Dynapack Asia’s performance on a relevant and material ESG issue; ii) has a high scope of applicability; iii) follows a clear methodology that is externally defined; and iv) lends itself to be benchmarked against a science-based global decarbonization pathway.

Sustainalytics considers KPI 2 to be strong given that it: i) is a direct measure of Dynapack Asia’s performance on a material environmental issue; ii) has a high scope of applicability; iii) follows a clear and consistent methodology based on external references; and iv) is non-benchmarkable in the absence of an external contextual benchmark, but enables comparability across various industry players.

Sustainalytics considers KPI 3 - Women in senior leadership to be strong given that it: i) is a direct measure of Dynapack Asia’s performance on a material social issue; ii) has a high scope of applicability; iii) follows clear and consistent methodology based on external references; and iv) is non-benchmarkable in the absence of an external contextual benchmark, but enables comparability across various industry players.

KPI(s)	Strength of KPI(s)			
	Not Aligned	Adequate	Strong	Very strong
KPI 1: Absolute scope 1, 2 and 3 GHG emissions reduction (ktCO₂e)	Not Aligned	Adequate	Strong	Very strong
KPI 2: Recycled resin use (%)	Not Aligned	Adequate	Strong	Very strong
KPI 3: Women in senior leadership (%)	Not Aligned	Adequate	Strong	Very strong

²³ Textile Exchange, “Global Recycled Standard”, (2020), at: <https://textileexchange.org/knowledge-center/documents/global-recycled-standard-grs/>

²⁴ United Nation, “Women Empowerment Principles”, at: <https://www.weps.org/>



Calibration of Sustainability Performance Targets (SPTs)

Dynamack Asia has set the following SPTs for its KPIs:

- To reduce scope 1, 2 and 3 GHG absolute emission by 30% by 2030 against a 2021 baseline
- To increase recycled resin use in sold products to 40% by 2030 from a 2021 baseline
- To increase women in senior leadership to 40% by 2030

Alignment with Borrower's Sustainability Strategy

Sustainalytics considers the SPTs to be aligned with Dynamack Asia's sustainability strategy.

Dynamack Asia's sustainability strategy is underpinned by three themes: i) protect our planet; ii) empower people; and iii) do what is right. The Company has identified reduction of its environmental footprint and the promotion of a circular economy as an action strategy in its 2023 sustainability overview. The Company has identified twelve key targets under its sustainability strategy that it aims to achieve by 2030 from a 2021 baseline. The key targets for 2030 include: i) reduce GHG emissions by 30%; ii) reduce water consumption by 40%; iii) send 0% of its waste to landfill; and iv) ensure that 100% of its packaging products are recyclable or compostable. Dynamack Asia aims to eliminate difficult-to-recycle materials and reduce overall plastic usage by 2025, promote product reuse and adopt a circular business model.

Regarding gender diversity, Dynamack Asia is committed to achieving gender equality within the organization. As of 2022, out of the 71 employees in leadership positions, 17 are women. The Group has set a target of exceeding 40% female representation by 2030.

Dynamack Asia has been a signatory to the Ellen McArthur Foundation's New Plastic Economy Initiative and Global Commitments since 2018 and to the UNGC since 2020. In addition, the Company is aligned with the commitment to reduce its GHG emissions in line with the SBTi's well-below 2°C decarbonization pathway.

Overall, Sustainalytics views the SPTs to be in line with Dynamack Asia's broader sustainability goals and commitments.

Strategy to Achieve the SPTs

The Borrower intends to achieve the SPTs through the following strategy:

SPT 1: To reduce scope 1, 2 and 3 GHG absolute emission by 30% by 2030 from a 2021 baseline

- **Renewable Energy:** The Borrower aims to adopt the use of renewable energy and has started to roll out rooftop solar panel installation for its production facilities that are anticipated to produce about 17 MWh/year from mid-2024, and supply up to 10% of the Company's electricity.
- **Energy efficiency:** Dynamack Asia aims to achieve lower electricity consumption by switching from hydraulic to full-electric production machines that consume 30 to 40% less electricity per Kg produced. In addition, the Borrower targets to reduce 5-10% per year consumption of electricity for its operations, by improving capacity utilization on machines, utilities, and settings adjustments.
- **Reduction of vendor's carbon footprint:** The Borrower aims to reduce its emissions from materials by communicating its GHG emissions reduction commitment and strategy and engaging with key vendors that align with the emission reduction commitment.
- **Optimization of transportation:** The Company aims to reduce its emissions by optimizing the transportation of its products and machines/equipment to and from its sites, including optimization in airfreight and land transportation.
- **Developing recycling capacities:** The Company aims to reduce products end-of-life emissions by adopting recycling; including the use of recycled-resins and plastic packaging, thereby reducing the amount of virgin material used in production processes and reducing plastic packaging waste ending in landfills or incineration.

SPT 2: To increase recycled resin use in sold products by 40% by 2030 from a 2021 baseline

- Dynapack Asia aims to find innovative ways to design products, such as reducing natural resin usage in packaging and minimizing colour variations to improve recyclability through research and development.
- The Company aims to increase its use of recycled polyethylene terephthalate by establishing a recycling plant of capacity of 25,000 tons/year in 2022, which will have its first full year of production in 2023.
- The Group intends to build a recycling high density polyethylene (HDPE) facility, which will provide the recycled HDPE for Dynapack Asia's packaging production. The pipeline project has a capacity of 8,000 – 10,000 tons per year and is expected to start production in 2025.

SPT 3: To increase women in senior leadership to 40% by 2030

- Dynapack Asia intends to provide internal coaching, trainings, flexible working conditions and maternity support to the women employees of the company.
- The Company's Board and Human Resources continually assess policies that could be deployed across the group, improving standards for all employees, based on UN WEP framework.
- The Company targets to have a short-term plan to reach intermediate 2025 target of 30% women in senior leadership, by the end 2023.

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of the SPTs, Sustainalytics considers whether the SPTs go beyond the business-as-usual trajectory, ii) how the SPTs compare to targets set by peers, iii) and how the SPTs compare with science.²⁵

The Borrower has set the baselines for the SPTs as 2021, as it represents the most recent year for which data is available for the KPIs.

SPT 1: Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance, peer performance, and science-based decarbonization pathways.

- Historically, Dynapack Asia reported only on its scope 1 and 2 emissions between 2018 and 2020. The Company started reporting on its GHG inventory inclusive of scope 1, 2 and 3 in 2021. Taking 2021 as the baseline, the Company has a target to achieve a 30% reduction in its absolute scope 1, 2 and 3 GHG emissions by 2030, across its operationally controlled assets. Hence, while there is lack of historical data, SPT performance is showing continuous improvement over baseline performance.
- Analyzing the performance of five of Dynapack Asia's peers in the Containers and Packaging industry, Sustainalytics notes that the target set by Dynapack Asia is aligned with the similar scope 1, 2 and 3 emission reduction targets set by its peers. Therefore, Sustainalytics considers SPT 1 to be aligned with the targets of its peers.
- Additionally, Sustainalytics notes that the SPT indicates an average annual reduction of 3.33% of its absolute scope 1, 2, and 3 GHG emissions between 2021 and 2030. The 3.33% average annual reduction is in alignment with the SBTi's well-below 2°C decarbonization pathway as per the absolute contraction approach.²⁶

SPT 2: Sustainalytics was able to use the following benchmarks to assess ambitiousness: i) past performance; and ii) peer performance.

- Between 2018 and 2021, the Group demonstrated an average annual increase of 1.73% in the share of recycled resin use in products sold. To achieve SPT 2, Dynapack Asia must increase the share of recycled

²⁵ We refer here to contextual benchmarks, that indicate the alignment of targets with ecosystem boundaries.

²⁶ The absolute contraction approach is a method for companies to set emissions reduction targets that are aligned with the global annual emissions reduction rate that is required to meet the 1.5°C or well-below 2°C pathways. An entity must commit to, and demonstrate how it will, achieve an average linear reduction of 4.2% or more, to be aligned with SBTi's 1.5°C decarbonization pathway, as per the absolute contraction approach. More details at: <https://sciencebasedtargets.org/>

resin by an average annual rate of 3.69% between 2023 to 2030. Therefore, Sustainalytics considers SPT 2 to represent a material improvement over its historical performance.

- Comparing the recycled resin use targets set by five of Dynapack Asia’s peers in the Containers and Packaging industry, Sustainalytics notes that the target set by Dynapack Asia is aligned with the targets set by its peers.

SPT 3: Sustainalytics was able to use the following benchmarks to assess ambitiousness: i) past performance; and ii) peer performance.

- There is a lack of historical performance for detailed analysis of SPT 3, due to a lack of availability of historical data. Using 2020-21 data to gauge the historical performance, Sustainalytics notes that a 1% average annual increase in the number of women in leadership positions was observed between 2020 and 2021. To achieve the SPT, Dynapack Asia will need to demonstrate an average annual increase of 2% between 2021 and 2030. Therefore, Sustainalytics considers SPT 3 to be above the Company’s historical performance.
- Analyzing the performance of five of Dynapack Asia’s peers in the Containers and Packaging industry, Sustainalytics notes that the target set by Dynapack Asia is higher than those set by its peers. Therefore, Sustainalytics considers SPT 3 to be above the targets of the Company’s peers.

Overall Assessment

Sustainalytics considers SPT 1 to be aligned with Dynapack Asia’s sustainability strategy and to be ambitious given that it presents a continuous material improvement compared to past performance, it is aligned with its peers’ performance, and with the SBTi’s well-below 2°C scenario.

Sustainalytics considers Dynapack Asia’s SPT 2 to be ambitious given that it is above the Group’s past performance and is aligned with the targets set by its peers.

Sustainalytics considers Dynapack Asia’s SPT 3 to be ambitious given that it presents a continuous material improvement compared to past performance and it is above its peers’ performance.

SPT(s)	Ambitiousness of SPT(s)			
SPT 1: To reduce Scope 1, 2 and 3 GHG absolute emission by 30% by 2030 from a 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 2: To increase recycled resin use in sold products by 40% by 2030 from a 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 3: To increase women in senior leadership to 40% by 2030	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious



Loan Characteristics

The Borrower has disclosed that the SLL will have a sustainability-linked mechanism that will result in a margin adjustment of either steps up or steps down by 5bps, based on the achievement or non-achievement of at least two of the three SPTs. The Borrower will also include the magnitude of the margin adjustment and the calculation methodologies (where practical) for measuring progress against the SPTs in relevant documentation to lenders.

Sustainalytics considers these levels of disclosure to be aligned with the Sustainability-Linked Loan Principles, noting that it does not opine on the adequacy of the magnitude of the financial penalty.



Reporting

The Borrower commits to report on its performance on the KPIs on an annual basis and intends to make available to lenders the relevant reporting parameters, as agreed upon between the Borrower and lenders. The Borrower further commits to disclose relevant information that enables lenders to monitor the level of ambition of the SPTs, including any material factors that may influence the achievement of the SPTs. The Borrower confirmed that a sustainability confirmation statement, attached to the verification information, will also be provided to lenders. The sustainability confirmation statement will outline the Borrower's performance against the SPTs for the relevant year, and the related impact and timing of such impact on the loan's economic characteristics. These reporting commitments are aligned with the Sustainability-Linked Loan Principles.



Verification

The Borrower commits to having an external verifier provide limited assurance against each SPT for each KPI bi-annually. This is aligned with the SLLP on verification.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The sustainability-linked loan is expected to help advance the following SDG goals and targets:

KPI	SDG	SDG Target
Absolute scope 1, 2 and 3 GHG emissions reduction (ktCO ₂ e)	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Recycled resin use (%)	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Women in senior leadership (%)	5. Gender Equality	5.5.2 Proportion of women in managerial positions
	8. Decent work and economic growth	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Conclusion

Dynapack Asia Pte. Ltd. intends to issue Sustainability-Linked Loan tying a margin adjustment to the achievement or non-achievement of the following two of the three SPTs:

- SPT 1: To reduce scope 1, 2 and 3 GHG absolute emission by 30% by 2030 a 2021 baseline
- SPT 2: To increase recycled resin use in sold products by 40% by 2030 from a 2021 baseline
- SPT 3: To increase women in senior leadership to 40% by 2030

Sustainalytics considers KPI 1 to be very strong given that it: i) is a direct measure of Dynapack Asia's performance on a relevant and material ESG issue; ii) has a high scope of applicability; iii) follows a clear methodology that is externally defined; and iv) lends itself to be benchmarked against a science-based global decarbonization pathway. Sustainalytics considers KPI 2 and 3 to be strong given that they: i) are a direct measure of Dynapack Asia's performance on a material issue; ii) have a high scope of applicability; iii) follow a clear methodology based on external references; and iv) are non-benchmarkable in the absence of an external contextual benchmark but enable comparability across various industry players.

Sustainalytics considers the SPT 1 to be aligned with Dynapack Asia's sustainability strategy and to be ambitious given that it presents a continuous material improvement compared to past performance, it is aligned with its peers' performance, and with the SBTi's well-below 2°C scenario. Sustainalytics considers SPT 2 to be ambitious given that it is above the Group's past performance and is aligned with the targets set by its peers. Additionally, Sustainalytics considers SPT 3 to be ambitious given that it presents a continuous material improvement compared to past performance and it is above its peers' performance.

Furthermore, Sustainalytics considers the reporting and verification commitments to be aligned with the Sustainability-Linked Loan Principles.

Based on the above, Sustainalytics considers Dynapack Asia Pte. Ltd.'s Framework to be in alignment with the five core components of the Sustainability-Linked Loan Principles 2023 and the prospective of achievement of the SPTs to be impactful.

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