

SPO - Delta Technologies Nyrt.

Green Financing

Scope ESG Analysis (Scope ESG) has used its public proprietary methodology to assess the alignment of the Green Financing Framework (Framework) of Delta Technologies Nyrt. (Delta) with the 2021 Green Bond Principles (GBP) of the International Capital Market Association (ICMA) and the 2023 Green Loan Principles (GLP) of the Loan Market Association (LMA). Scope ESG confirms that Delta’s Framework is fully aligned with both the GBPs and GLPs.

This second-party opinion is based on four Green Bond/Loan Principles: use of proceeds, process for project evaluation and selection, management of proceeds, and reporting. Our methodology adds four dimensions in assessing the ‘use of proceeds’: an assessment of the issuer’s sustainability strategy; an assessment of alignment with the EU taxonomy; an assessment of the ‘impact of proceeds’; and a review of environmental and social risks.

Scope ESG has assigned Delta’s Framework a Leaf Score of two leaves, which signals a significant positive environmental contribution.

Table 1: Issuance assessment

Scope’s Criteria	Delta’s Framework Description	Scope ESG Assessment
Use of proceeds	<ul style="list-style-type: none"> → Renewable energy → Energy efficiency → Clean transportation → Green buildings 	Aligned
Process for project evaluation and selection	<ul style="list-style-type: none"> → Establishment of a green finance committee comprised of the Chairman of the Green Committee, Chairman of the Supervisory Board, Director of ESG and Compliance Officer. → The committee is responsible for the selection, monitoring, supervision and review of green bond and loan investments. → Delta has established exclusion criteria for eligible projects. 	Aligned
Management of proceeds	<ul style="list-style-type: none"> → Proceeds listed and updated in a separate green finance register. → The green finance committee will validate and review all allocations. → Most of the proceeds are aimed at financing new projects. 	Aligned
Reporting	<ul style="list-style-type: none"> → Annual reporting on the allocation of proceeds until full allocation. → Key impact metrics corresponding to each eligible project category will be included in the annual report. 	Aligned
Delta’s sustainability strategy	<ul style="list-style-type: none"> → The sustainability strategy is focused on three pillars: environmental, social, and corporate governance with near- and long-term targets → Delta has established targets to mitigate its environmental impacts such as energy and water consumption, GHG emissions, and waste production. 	Transformative
EU taxonomy alignment	<ul style="list-style-type: none"> → Delta’s activities fall under 15 taxonomy activities related to renewable energy technologies, energy efficiency, green buildings, and clean transportation. → Delta is aligned with technical screening criteria and minimum social safeguards and partially aligned with DNSH criteria. 	Aligned
Impact assessment	<ul style="list-style-type: none"> → Delta aims to increase the renewable energy capacity on-site and improve energy efficiency to reduce its own power generation needs → Delta’s environmental footprint is moderately-low being well diversified in the IT sector and due to its mitigation action plans. 	Significant
Environmental and social management risks	<ul style="list-style-type: none"> → Delta identifies, monitors, and mitigates environmental and social risks through its ERM system, following ISO standards. 	Significant

Scope Leaf Score Scale

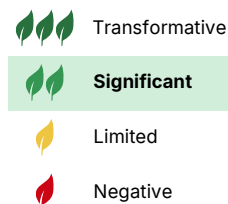


Figure 1: Alignment with United Nations Sustainable Development Goals



Figure 2: Engagement with EU Taxonomy draft regulation

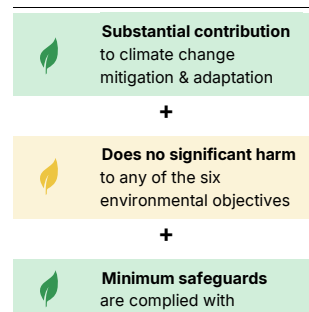


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1. Methodology

Scope ESG was commissioned by the issuer to provide a second-party opinion on its Framework. This SPO is based on: Delta's internal documents, interviews with Delta's relevant stakeholders, and documents on external market/regulatory research.

The Leaf Score summarises our evaluation and verification of the environmental impact of Delta's Framework. The targets described within each of the green project categories lead to individual leaf scores. In the case of multiple project categories, the aggregate of the scores yields the overall score of our second-party opinion report.

The minimum requirement for GBP and GLP alignment is that each green project category of the Framework has a positive environmental impact, as represented by a Leaf Score of one yellow leaf - which signals a "Limited" outcome.

Table 2: Sector criteria leaf score

Scoring	Description	GBP category	Sector criteria
	Transformative environmental contribution and complete alignment with relevant national and industry standards	Renewable energy	Production of renewable energy equipment complies with highest market standards in sustainable production and power generation during use-phase. Supply-chain, end-of-life management process is covered
		Energy efficiency	High-efficiency IT solutions projects ¹ adhere to the highest market standards for both energy efficiency and carbon intensity reduction, setting a new benchmark within the industry. Incorporate cutting-edge energy-saving technologies with a mid-term goal of achieving full energy autonomy.
		Clean transportation	Hybrid or zero-direct-emissions transportation and supportive infrastructure, such as charging stations operating with renewable energy
		Green buildings	LEED (Platinum) or BREEAM (Outstanding) with life cycle assessment identified and monitored; Hungarian EPC at least AA+
	Significant environmental contribution and at least partial alignment with relevant market standards	Renewable energy	Transparency on supply chain, environmental footprint of production and power generation during use-phase. Reference to waste and/or end-of-life practices were considered
		Energy efficiency	Renewable energy integration in conventional IT solutions projects and enhanced site modifications with advanced energy storage systems that meet current market standards. Energy-saving technologies ensure high recyclability and end-of-life, aligning with industry's best practices
		Clean transportation	Hybrid or zero-direct emissions vehicle that reduces current emissions and supportive infrastructure, such as charging stations operating on existing public energy grid
		Green buildings	BREEAM (Excellent or Very Good) LEED (Gold) and Hungarian EPC at least BB
	Environmentally friendly but insufficient quantifiable impact metrics and limited alignment with relevant market standards	Renewable energy	Selective information provided on supply chain and environmental footprint of production and end-of-life practices
		Energy efficiency	Basic upgrades to IT solutions projects components that provide modest operational energy savings but do not achieve holistic, quantifiable lifecycle efficiency improvements. No measurable energy storage capacity or defined energy savings targets with these enhancements, resulting in minimal reductions in energy consumption and carbon emissions compared to market practice.
		Clean transportation	Transportation that reduces emissions but does not contribute to long-term transformation and transportation infrastructure that can be environmentally harmful in its construction
		Green buildings	BREEAM (Good) or LEED (Silver) and Hungarian EPC of at least DD
	No significant or negative environmental impact; lack of alignment with relevant market standards	Renewable energy	Negative impacts from production, use-phase, and end-of-life relative to market practices
		Energy efficiency	High environmental impacts from the project's lifecycle, such as increased GHG emissions linked to inefficient production and disposal. Energy-intensive renovations may also lead to greater overall energy consumption, with limited regard for efficiency improvements.
		Clean transportation	Transportation or transportation infrastructure that increases the emissions output
		Green buildings	No certification or Hungarian EPC lower than FF

¹ Due to its business model, Delta has a large and varied portfolio of products linked to IT which are not limited to software or hardware. Under "IT solutions projects" we aim to cover all relevant for this analysis. A full list of their products and descriptions is available under this [link](#).

2. Introduction

Delta Technologies Nyrt., the owner of Delta Systems Kft., is one of the market leaders in Hungary when it comes to IT infrastructure solutions and system integration. The company, headquartered in Budapest but with logistics and service centres in multiple locations including Debrecen, Szeged, Győr and Pécs, is listed on the Budapest Stock Exchange (BSE) and was founded in 1987.

Leader in Hungary for infrastructure solutions and system integration

With around 200 employees at the time of this report, Delta's main focus, is to provide complete architecture design, network solutions, installation of hardware elements, application integration and infrastructure management. The diversity of its portfolio widely varies from different client and enterprise hardware solutions such as PCs, laptops, printers, x86 based or processor servers, and network devices, the implementation of smart solutions for companies or cities via software integration that allows energy savings, and monitoring solutions covering facility management and infrastructure, including computer room and network solutions, all the way to automation robotics and AI applications. Delta's products include -and are represented- by key players in the industry such as Apple, Cannon, Dell, and Lenovo.

Delta intends to issue a green financing instrument where the proceeds are aimed at financing and/or refinancing renewable energy, energy efficiency, clean transportation, and green buildings projects as defined in its Framework. The green proceeds will finance the implementation and are applicable to all entities and locations of the company. The primary goal for the use of proceeds is in investments in Hungary. However depending on the company's expansion plans and development, this might expand to neighbouring countries.

Proceeds to finance green projects in Hungary

3. Delta's Sustainability Strategy

In early 2023, Delta introduced its initial ESG Development Roadmap, outlining the path for its sustainability transformation and reporting. This commitment led to the formation of Delta's ESG Working Group, the development of its first company-wide ESG strategy, and the publication of its first sustainability report, covering the fiscal results of the same year. Delta remains dedicated to publishing an annual ESG-sustainability report at a consolidated level while continuously enhancing its ESG capabilities.

ESG Roadmap, Strategy, Working Group and reporting since 2023.

Delta's sustainability goal is aimed at "striving to build a profitable business while at the same time reducing environmental damage, by developing appropriate assessment and due diligence practices"². Considering this approach, the company's unique position in the value chain and the diversity of their products, Delta's sustainability vision and plans are focused on three pillars: environmental, social, and corporate governance which aim to measure and improve its ESG impacts.

Environmental Pillar: According to its report, Delta's business activities do not have significant negative environmental impacts. However, the company has set targets to mitigate its key environmental impacts, including energy and water consumption, greenhouse gas (GHG) emissions, and waste production.

Delta has developed SPTs for 2030 and 2050

Delta has established Sustainability Performance Targets (SPTs) for 2030 and 2050, aiming to reduce Scope 1, 2, and 3 GHG emissions by 20%, 30%, and 15% by 2030, respectively, and more than 50% for Scope 1 and 2 by 2050. Additionally, Delta is committed to conducting water risk analysis by 2026, increasing the recycling rate of operational waste by at least 50% by 2030 and ensuring 40% of its vehicle fleet is electric or hybrid by 2032. We note that while Delta has not specified the processes to achieve these targets, the green projects financed through its green debt instrument will contribute to their progress.

Social Pillar: The second pillar focuses on the social aspects of the company to both its employees and its customers. Delta adheres to the European Convention on Human Rights, the Universal

² Sustainability Report, Delta Systems Kft. 2023 (latest version published at the time of this report).

Declaration of Human Rights and has its own Code of Ethics. The company is committed to doing business in a way that is consistent with these principles by clearly stating "... to not finance, directly or indirectly, transactions, projects or persons, or to cooperate throughout its business chain with business partners (including customers, manufacturers, distributors, subcontractors) that do not adhere to these values."

This dual social approach is measured via customer satisfaction evaluations (i.e. direct customer feedback or by periodic online questionnaires) and by different metrics provided in its sustainable report. Some key figures published in 2023 include: numerous employees remaining in the company for long period (more than 20 years); zero work-related injuries reported; an increase in the proportion of female managers; reduced fluctuation levels of employees during a financial year and a proportionate number of training hours dedicated to employees (i.e. Health and Safety or practical trainings).

Corporate Governance Pillar: Transparency and accountability are key indicators for Delta in this pillar. Highlighted by being listed on the BSE, Delta is certified by different international standards such as quality management (MSZ EN ISO 9001:2015), environmental management (MSZ EN ISO 14001:2015), information security management (MSZ ISO/IEC 27001:2014) and more recently, by the anti-corruption management system (MSZ ISO 37001:2019).

The company's most recent policy – Anti-Corruption Policy – is part of its strategy and its overall objectives to enhance its reputation and strengthen confidence in its business. Additionally, Delta has internal guidelines on Privacy Policies (in line with the GDPR regulation), detailed whistleblowing/reporting systems to protect whistleblowers and follow-up on notifications, and regular conciliation sessions with stakeholders to identify potential internal and external risks factors that might have an impact on the company's operations.

Our assessment: Delta's sustainability strategy covers all E, S, and G aspects, and is aligned with recognised global standards and frameworks. The strategy integrates environmental and social considerations from its core business activities. The issuer has published quantitative and qualitative ESG targets, especially on the environmental pillar. We note that there is limited information on the processes and strategies to achieve these targets, but we consider that the projects financed with this green debt instrument may contribute to achieving such targets.

Delta has numerous metrics to measure its social performance

By being a public company, Delta's corporate governance pillar is of high relevance

Delta's sustainability strategy score: **Transformative**





4. Green Bond and Green Loan Principles assessment of issuance

4.1 Use of proceeds

The net proceeds that Delta has earmarked for financing under its Framework are divided in four main categories: renewable energy, energy efficiency, clean transportation and green buildings. The approach for the eligible green projects can be via: i) financing and direct investments, ii) majority acquisitions and/or minority equity participations, and iii) research and development investments.

Delta's Green Financing Framework is comprised of four project categories.

Table 3: Delta's eligible projects

Green project category	Fulfilment	Leaf score
Renewable energy	→ New or existing investments in (or expenditures on) the acquisition, development, construction, and/or installation of the following renewable sources: <ul style="list-style-type: none"> • Solar PV • Wind farms • Biomass → It also includes the transmission, distribution, and electrical storage infrastructure (solar PVs) related to renewable energy production.	 Significant
Energy efficiency	→ Expenditure on the R&D, operation, distribution, and maintenance of equipment or technology helping reduce energy consumption and increase energy savings, such as: <ul style="list-style-type: none"> • Energy storage • IT equipment with solar power • Building Monitoring System development and operation • Installation, maintenance, and repair of instruments and devices, software for measuring, regulation, and controlling energy performance of buildings, factories, and production units • Safe City solutions, smart devices (i.e. smart bench) • Elevated thermal insulation • Other energy efficient equipment → Major renovations or refurbishment of existing properties that result in reduction of carbon emissions intensity.	 Transformative
Clean transportation	→ Investments in or financing of supportive infrastructure (charging stations for electric vehicles, hydrogen fuelling infrastructure, or other investments supporting low-carbon transportation methods) and acquisition of electronic and plug in hybrid cars. → Construction of clean transport infrastructure for our customers and any operation that reduces the emissions (both GHG and local pollutants) of vehicles or the transport system. → Investments in or financing of supportive infrastructure for our customers: <ul style="list-style-type: none"> • Electric bus software and IT solutions • Fuel saving system based on driving • Habit analysis • Smart parking space with sensor • Occupancy indicator system • Public bike program, bike • E-bike program 	 Significant
Green buildings	→ Acquisition, construction or refurbishment of buildings that meet the following recognized standards such as: <ul style="list-style-type: none"> • BREAM (Very good or above) • LEED (Gold or above) • Or at least 10% better than the minimum Hungarian Energy Performance Certificate (EPC) for nearly zero energy buildings (category BB or above), and at least category AA from 2026 → Financing of renovation, acquisition or otherwise completed low-energy properties that have, or will, achieve at least a 30% decrease in overall energy consumption or achieves the required energy efficiency in line with the applicable national building code for newly built properties.	 Significant

The **renewable energy** project category has a Leaf Score of two leaves reflecting Delta's ambition to achieve a shift to green energy via the use of renewable sources with nearly 40% of the green proceeds being invested in this category.

Through a varied use of renewable energy sources such as the installation and construction of solar power plants, purchase of wind farms and biomass systems, and energy storage for renewable energy, Delta aims to supply projects based in Hungary covering its end-products, services and facilities needs. These projects would mostly cover Delta's energy consumption; however, they can also expand their capacity through acquisitions of green energy, enabling the company to sell these to external parties.

Delta also prioritises European suppliers for renewable energy equipment and collaborates with experts to deal with waste management. However, the lack of quantifiable data and clear listing of renewable energy suppliers (or partners) limits the scope's analysis of this category. Further assessment of related environmental impacts and risks are presented on page 18 of this document.

The **energy efficiency** project category has a Leaf Score of three leaves due to Delta's intention to finance projects that contribute to a reduction of energy consumption on both end-products and smart solutions for customers, and on-site. As to the expected environmental impact of these projects, Delta provides quantifiable data that support the level of ambition. The eligible project listing for this category can be grouped as:

- a. Optimisation of buildings' energy efficiency by installing, maintaining, and repairing instruments and devices that monitor and consequently optimise the energy use of factories and other buildings. This also includes major renovations or refurbishment of existing properties that result in a carbon emissions intensity reduction.
- b. Development and acquisition of new energy efficiency supporting equipment aiming to be among the 20% most energy-efficient in Hungary and in Central and Eastern European countries (CEE).
- c. Energy storage: Alternatives aimed at promoting the development and extended use of renewable energy.

Delta has already carried out several projects in this category and aims to finance similar projects with the green proceeds. For example, it has developed and implemented intelligent monitoring and controlling systems (Central Building Monitoring System – 'BMS') that control the heating, cooling, and lighting system of buildings. It has also installed safe city solutions supporting energy efficiency through smart benches in Hungary. As for the type of refurbishments and renovations of existing properties to reduce carbon emissions intensity, Delta aims to finance thermal insulation, sensor installation, heating system upgrades, and equipment modernisation. These projects have achieved energy savings of about 15-20%, and depending on client needs, future projects aim, at least, the same reduction in energy consumption.

The key environmental impact of energy efficient projects may come from the materials used to develop this equipment. Delta has confirmed that components such as sensors, actors and valves for self-developed systems are originated from local partners in Hungary and from other European providers. Delta designs and develops the software elements that operate the system but for devices and suppliers for additional systems, Delta subcontracts partners based on their internal qualification regulations. This enhances the selection criteria.

On energy storage capabilities, Delta is planning on using lithium-ion (li-ion) based storage technology which has as advantage its usage in both small-scale (such as smartphones or laptops) and large-scale (as in electric vehicles) applications, and its efficiency, longevity, and versatility. Nonetheless, we recognise the environmental risks this technology entails, such as, limited lifespan and its degradation and disposal challenges.

The **clean transportation** project category which aims to finance projects related to electric and hybrid vehicles and their corresponding infrastructure has achieved a Leaf Score of two leaves.

Green proceeds to finance solar, wind, biomass, and energy storage for renewable energy on-site

Proceeds to finance end-products, smart solutions for clients, and on-site energy efficiency projects

Funding for smart building systems, energy efficient refurbishments, and safe city solutions targeting 15-20% energy savings

The projects listed in Delta's Framework for this category can be divided into internal and external solutions. Internal projects focus on transitioning and expanding Delta's vehicle fleet towards cleaner transportation, and investments in sustainable commuting solutions, such as bike and e-bike programmes.

Delta aims to expand its vehicle fleet to EVs and finance supportive infrastructure

Delta also aims to finance on-site supportive infrastructure, including charging stations. The company has confirmed that its current headquarters operate under a long-term energy procurement contract that includes renewable energy, ensuring that these charging stations will be powered by some renewable energy from this source.

Under external solutions, examples of what Delta aims to finance with the green proceeds include: the construction, extension and/or improvement of core sustainable transport infrastructure such as electrifying train tracks, constructing or improving bicycle lanes, parking, and sharing schemes which have been already implemented in Kaposvár, provide IT solutions for transport companies to optimise their services achieving higher sustainable and positive environmental results, and lastly, the construction of auxiliary sustainable transport infrastructures such as stations, electric vehicle (EV) charging infrastructure, terminals, network and traffic management systems.

The **green buildings** project category has a Leaf Score of two leaves, based on Delta's ambition to achieve high sustainability standards in the acquisition, construction, and/or refurbishment of buildings. Each building project is designed to meet recognised certification benchmarks, targeting a minimum of 'Very Good' under the BREEAM certification, at least 'Gold' under the LEED standard, or to perform at least 10% better than the minimum Hungarian Energy Performance Certificate (EPC) equal to a category BB or above, and advancing to at least category AA by 2026. Delta's green building projects include developments and acquisition of sites, new offices, and may also include own building developments.

Proceeds will finance buildings with recognised environmental certifications

Additionally, Delta's focus of financing in this category lies in the renovation or acquisition of low-energy properties that have -or will achieve- at least a 30% decrease in their overall energy consumption or that achieves the required energy efficiency for newly-built properties under the national building code.

Aiming for at least 30% cut in buildings' energy consumption

Our assessment: Delta's eligible projects have an aggregate Leaf Score of two leaves, reflecting clear, detailed descriptions that comply with the Principles. These projects apply to on-site operations, end-products, and services, aligning with market practices. We encourage the inclusion of expected quantitative environmental impact to better assess the ambition of these projects.

Use of proceeds score:
Significant

4.2 Process for project evaluation and selection

Delta has established a green committee for the selection, monitoring and reviewing of all green proceeds. Detailed guidelines for decision-making processes have been defined and are available in the corresponding internal management documents. The committee is headed by the Chairman of the green committee and comprises the Deputy CEO of Economic Affairs, the Chairman of the Supervisory Board, the Director of ESG, and the Compliance Officer.

Establishment of a green committee

The allocation of the bond proceeds requires a consensus decision, and all selected projects and assets must be compliant with applicable national laws and regulations, as well as with Delta's internal policies. In case an eligible project no longer meets eligibility requirements, the green committee will dispose of it and reallocate the proceeds to another eligible project that meets the criteria outlined in this section. The replacement of the project will be done within a two-year period.

Lookback period of 2 years

The projects must be compliant with applicable national laws and regulations, as well as Delta's internal policies. During the process selection, the committee is responsible for assessing and managing any environmental and social issues that may arise. Furthermore, the committee is also in charge of tracking the development of the company's KPIs and sustainability goals. To do so, the company says it will consult relevant stakeholders and experts when required.

Environmental and social risks managed by the green committee

Delta applies an exclusion policy for the allocation of bond proceeds to projects and assets that are related to oil and coal, R&D related to weapons and defence industries, potentially environmentally negative resource extraction, gambling or tobacco.

Our assessment: The process for project evaluation and selection has a Leaf Score of three leaves as Delta has a detailed project selection process with a well-defined exclusion criteria to reduce harmful environmental impacts. Risks associated with projects are identified, managed, and supervised by the green committee.

Process for project evaluation and selection score: **Transformative**

4.3 Management of proceeds

The green bond proceeds will be tracked by Delta in its green bond register. This register will contain relevant information to identify each green bond and the eligible projects and/or assets relating to it, including the country, category, and nature of the green bond assets.

At the end of each calendar year, net proceeds will be reduced by the amounts invested in the eligible green projects in each annual period. The green bond register will be the basis of the allocation and impact reporting. Delta's initial planning consist of 70% aimed at financing green projects and 30% at refinancing.

Establishment of a green register containing relevant information on each project

In addition, further elements of management of proceeds include:

- ✓ Delta intends to allocate the proceeds of a given green fundraising within 24 months from its issue date.
- ✓ Delta will hold the balance of net proceeds not already allocated to eligible green projects in cash and cash equivalents.
- ✓ If a project or asset no longer qualifies as eligible during the life of the bond, the project/asset will be replaced by another eligible project or asset according to its Framework.
- ✓ The Issuer has established systems to monitor and account for the allocation of the proceeds. The green committee monitors to ensure that proceeds cannot be temporarily invested in non-green financing or refinancing activities.

Our assessment: Delta's management of proceeds has a Leaf Score of two leaves as the company has well-designed, transparent processes to track investments and handle unallocated net proceeds or proceeds from sudden divestment. Delta is transparent on the temporary placement of unallocated proceeds, and it is committed to ensure that temporary placement is not invested in non-green or refinancing activities.

Management of proceeds score: **Significant**

4.4 Reporting

Delta will provide investors with an annual report on its website describing the allocation of green proceeds and, where feasible, the environmental impact of the green projects until the bond/loan's maturity. The allocation and impact reports will be verified by an external party and will be published annually within a year of issuance until the full allocation of the green financing instruments – both indicators are presented on the following **Table 4** and **Table 5**.

Allocation and impact reports published annually on Delta's website

Table 4: Allocation reporting indicators

Allocation report indicators
Total amount of funds from green bond and loans proceeds
Green proceeds use: green proceeds used to total green proceeds (%)
Use of green proceeds by projects: distribution of green proceeds with their description
Information of environmental impacts of the eligible projects
Investments in project categories
In case of refinancing, the amount and share of refinanced investments in project categories

In accordance with the 2021 Harmonised Framework for Impact Reporting, Delta has committed to provide annual reporting on selected impact indicators to demonstrate the environmental impacts of the projects, which will be measured based on renewable energy production and GHG emissions, among others. The impact report will illustrate the expected and achieved environmental impact made by the projects to which the proceeds have been allocated.

The defined impact indicators will be monitored regularly and published annually in the company's website.

Table 5: Impact reporting indicators

Category	Impact indicators
Renewable energy	Added renewables capacity MW in each year (detailed list)
	Total capacity of renewable energy in MW
	Annual greenhouse gas emissions avoided in tonnes of CO ₂ e
Energy efficiency	Annual reduction of energy consumption in % or in MWh (Compared to conventional technology, base year 2024)
	Amount of stored energy in kWh
	Energy efficiency components produced or procured (m ² , m ³ , tonnes, or %)
	Number of households served with energy efficiency solutions (such as smart meters)
Clean transportation	New electric vehicles (EV) charging points in reporting year
	Annual CO ₂ emissions reduced/avoided per passenger-km (passenger activities) or per t-km (freight activity); reduction of harmful emissions (NO _x , SO _x , PM, CO, and NMVOCs) in mgr per km
	Percentage of EV on total fleet
	Estimated reduction in car use in number of km driven or as share of total transport ridership
Green buildings	Certification level and m ² of internationally and nationally recognized standards for green buildings such as LEED, BREAM, or Energy Performance Certificates (EPCs), or national certification schemes.
	Number of LED lighting fixtures with lumen/watt (Lm/W)

Our assessment: Delta's reporting process achieves a Leaf Score of three leaves reflecting full alignment and enhanced transparency on the use of proceeds for project-specific environmental benefits and impact reporting. The reported metrics are aligned to market practices, and Delta has committed to use external assurance to verify the process.

Reporting process scores:
Transformative

5. Assessment beyond GBPs

5.1 Alignment with UN Sustainable Development Goals (SDGs)

The SDGs adopted by all UN member states in 2015 are a collection of 17 global targets comprising an agenda for achieving sustainable development by 2030. The following SDGs are deemed to be relevant for Delta's project categories³:

7. **Affordable and clean energy:** ensure access to affordable, reliable, sustainable, and modern energy for all.
8. **Decent work and economic growth:** promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
9. **Industry, innovation, and infrastructure:** build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
11. **Sustainable cities and communities:** make cities and human settlements inclusive, safe, resilient, and sustainable.
12. **Responsible consumption and production:** ensure sustainable consumption and production patterns.
13. **Climate action:** take urgent action to combat climate change and its impacts.

Appendix II lists the relevant indicators for assessing Delta's contribution to each SDG. The contribution to the SDGs can be quantified in post-issuance impact reporting. Delta did not provide specific indicators for measuring its contribution to each SDG. However, we acknowledge that certain indicators from the allocation and impact reporting can be utilised for this purpose.

5.2 EU Taxonomy alignment

The project categories of Delta's Framework pertain to the following 16 EU taxonomy⁴ activities for which the first delegate act on climate change mitigation specifies **technical screening criteria**.

- 3.5 Manufacture of energy efficiency equipment for buildings
- 4.1 Electricity generation using solar photovoltaic technology
- 4.3 Electricity generation from wind power
- 4.8 Electricity generation from bioenergy
- 4.10 Storage of electricity
- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- 6.13 Infrastructure for personal mobility, cycle logistics
- 6.14 Infrastructure for rail transport
- 6.15 Infrastructure enabling low-carbon road transport and public transport
- 7.1 Construction of new buildings
- 7.2 Renovation of existing buildings
- 7.3 Installation, maintenance, and repair of energy efficiency equipment
- 7.4 Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- 7.6 Installation, maintenance and repair of renewable energy technologies

³ Delta's Framework does not allude to SDG 12 to be material to this Framework. Scope Second-Party Opinions map the eligible green category with a high relevance for SDGs rather than those with a high degree of alignment or positive achievement.

⁴ The EU taxonomy regulation was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020. It establishes a basis for the EU taxonomy by setting out four overarching conditions that a particular economic activity must meet to qualify as environmentally sustainable.

→ 7.7 Acquisition and ownership of buildings

The renewable energy project category meets the technical screening criteria for electricity generation using wind power and solar photovoltaic energy sources, but we would encourage supporting details for biomass projects to be fully aligned. In addition, Delta meets the technical screening criteria for the installation of renewable energy technologies and the storage of energy as it plans to finance energy storage solutions to store the renewable energy generated for its offices and service centres.

Most of the projects are aligned with technical screening criteria of the EU taxonomy activities

The energy-efficiency project category aligns with the technical screening criteria for the installation, maintenance, and repair of energy-efficient equipment, as well as instruments and devices for measuring, regulating, and controlling building energy performance. Delta, being a diversified company in the IT sector, aims to finance R&D, manufacturing, installation and operation of equipment, and other technology solutions that will reduce energy consumption.

The clean transportation project category aligns with the technical screening criteria for transport by motorbikes, passenger cars, and light commercial vehicles; and infrastructure for personal mobility, cycle logistics, rail transport, public transport and enabling of low-carbon transport. As described in the Framework, via the construction, extension and/or improvement to core sustainable transport infrastructure, Delta will finance both practical solutions (electrifying train tracks or improving bicycle lanes) and innovative solutions (IT and software products for transport service providers) – in this category. Additionally, Delta aims to invest in its own corporate fleet towards green vehicle transition and the corresponding supporting infrastructure at its own building properties, including the use of renewable energy sourcing for the charging stations.

The green buildings project category meets the technical screening criteria for activities such as the acquisition and ownership of buildings, building renovation, and the installation, maintenance, and repair of energy efficiency equipment. Delta's objective is to acquire, construct, and refurbish buildings that meet recognised certification standards like BREEAM and LEED, or that exceed Hungary's minimum EPC standards (category BB or higher). Proceeds will also support renovations, acquisitions, and other improvements for low-energy properties that achieve at least a 30% reduction in overall energy consumption or meet national energy efficiency standards for newly built buildings.

The **EU taxonomy defines a 'do not significant harm' (DNSH)** assessment. The DNSH assessment ensures that the other environmental objectives are not harmed while a substantial contribution is made to one or more environmental objectives. From the EU Taxonomy activities identified in Delta's Framework, 11 sustainable economic activities have set relevant DNSH criteria with which Delta is partially aligned:

- 3.5 Manufacture of energy efficiency equipment for buildings
- 4.1 Electricity generation using solar photovoltaic technology
- 4.3 Electricity generation from wind power
- 4.10 Storage of electricity
- 6.5 Transport by motorbikes, passenger cars, and light commercial vehicles
- 6.13 Infrastructure for personal mobility, cycle logistics
- 6.14 Infrastructure for rail transport
- 6.15 Infrastructure enabling low-carbon road transport and public transport
- 7.1 Construction of new buildings
- 7.2 Renovation of existing buildings
- 7.3 Installation, maintenance, and repair of energy efficiency equipment

Delta has several IT solutions in the form of software or building management applications that can be classified as the manufacture of 'other' low technologies. For this category, Delta's products, some which have already been tested and implemented, are aligned with the criteria. We would

encourage additional information from a third party to guarantee that they are considered best in class in the market and that the life-cycle GHG emissions are quantified and verified.

For electricity generation using solar PV technology as well as electricity storage, the most relevant DNSH principle is the transition to a circular economy. Similar to the above, Delta prioritises solar equipment and components that are high-quality, durable, and easy to dismantle and recycle. For energy storage projects, Delta plans to invest in R&D activities to optimise storage capacities and lithium-ion based technologies following the market approach when it comes to their installation, usage, maintenance and disposal.

The installation and/or purchase of wind farms and biomass systems are listed as eligible projects within the Framework but there is no technical nor detailed information provided. But Delta affirmed its commitment to abide by the DNSH criteria for these categories wherever possible.

For the construction and/or renovation of buildings, Delta's aim to utilise materials and components that are durable, recyclable, and easily disassembled or refurbished. The company's objective is to ensure that the construction of new buildings does not negatively impact any ecosystems (including biodiversity, surface water, or groundwater), and targets best practices (involving noise reduction, dust generation, and GHG emissions) as much as feasible.

For the applicable manufacturing and infrastructure activities, Delta is committed to complying with all criteria set and is in the process of developing a systematic screening concept to evaluate the environmental impact of its procurement materials. This commitment is aligned with national rules and regulations that the company follows. For the actual materials and equipment used, Delta also has set upon itself the use as standard of durable, easy to recycle, and of high quality, prioritising local and EU suppliers.

For the installation, maintenance, and repair of energy efficiency equipment, Delta aims to apply the same approach as above and adhere to the criteria of noise reduction, dust and pollution emissions during construction (or maintenance), as much as possible.

Delta has communicated its commitment to comply with the **DNSH principles and EU taxonomy standards**. However, based on the information provided, the issuer is currently partially aligned with these criteria as the documentation and comments provided reflect an initial commitment to sustainability, yet lacks the detailed necessary information to fully substantiate compliance. To meet the EU taxonomy's DNSH requirements comprehensively, Delta would need to provide more specific measurable evidence of environmental performance, lifecycle assessments, target tracking of emissions reduction, and waste management practices.

The EU taxonomy includes a **minimum social safeguards** assessment to ensure that entities carrying out environmentally sustainable activities, labelled as taxonomy-aligned, meet certain minimum governance standards and do not violate social norms, including human rights and labour rights. Issuers should align with standards such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles of Business and Human Rights, and the International Bill of Human Rights. Additionally, issuers should comply with the ILO's Declaration of the International Labour Organisation on Fundamental Rights and Principles at Work.

Delta's projects financed under its green financing Framework will be principally in Hungary, where adherence to EU labour standards is compulsory. In addition to the EU standards, the issuer has a clear and detailed Code Ethics (Etikai Kódex), Anti-Corruption Policy, Whistleblowing System and Leadership Statements that aim to set the standards of the company and ensure compliance with ethical rules not only internally towards its employees, but also externally to its customers.

Commitment for prioritizing durability, quality and recycled materials for products.

Projects partially aligned with DNSH criteria

Delta complies with minimum social safeguards

Delta's alignment with the EU Taxonomy score: **Significant**

Our assessment: The EU taxonomy alignment has Leaf Score of two leaves as the issuance is partially aligned with the EU taxonomy, providing documents to verify alignment with technical screening criteria and minimum social safeguards. Delta follows sustainability practices to minimise its environmental impact, but further documentation and/or details would be needed to fully meet the DNSH criteria.

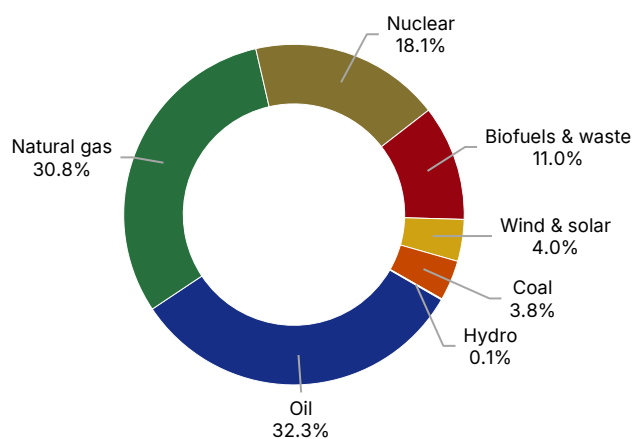
5.3 Impact of proceeds

5.3.1 Renewable energy

In 2023, the EU raised its binding renewable energy target to at least 42.5% by 2030, with the aim of reaching 45%⁵. Following this, Hungary revised its energy strategy, setting a new goal for renewables to comprise 29% of gross final energy consumption by 2030⁶. As energy production and consumption continue to grow, the shift to renewables is crucial to reduce reliance on fossil fuels. While Hungary has increased its share of renewables, the country still relies on fossil fuel sources for its energy supply (Figure 3).

Oil and natural gas amount to over 60% of the total energy supply in Hungary.

Figure 3: Hungary – Total energy supply (%)



Source: International Energy Agency, 2022⁷

According to Delta's initial plan, around 40% of the green proceeds will be allocated to renewable energy projects. Investments in solar parks, wind farms, biomass systems, and energy storage contribute to the decarbonisation of Hungary's energy sector by reducing dependence on fossil fuels. The company aims to fully cover its own operating needs, and if feasible, sell the additional output to external parties. A major challenge with renewable energy, such as solar and wind power, is its weather-dependent generation and inherent volatility. Energy storage solutions, particularly lithium-ion batteries, play a key role in decarbonising the energy system by integrating renewables into the grid. Delta plans to finance the purchase and installation of energy storage systems to help ensure the seamless integration of solar and wind shares into the grid. By investing in solar power plants, windfarms and/or biomass systems, Delta is committed to increasing the energy supply from renewable energy and at the same time reduce its carbon emissions.

40% of the green proceeds to finance renewable energy projects

5.3.2 Energy efficiency

Energy efficiency refers to using less energy to perform the same task or produce the same output without compromising performance. It plays a crucial role in sustainability by lowering GHG emissions and energy costs while conserving resources. While energy efficiency in Hungary has improved by around 25% from 2000 to 2022⁸, it is still below the 32.5% target set for 2030 in its National Energy and Climate Plan (NECP).⁹

The Hungarian government has approved several legislative changes including Decree 9/2023 (V.25) ÈKM¹⁰ which specifically targets enhancing the energy efficiency of Hungary's building

⁵ European Commission – Renewable Energy Directive – 2009 (revised 2023) – energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive_en

⁶ Ministry of National Development – National Energy Strategy 2030 – 2012 – 2010-2014.kormany.hu/download/7/d7/70000/Hungarian%20Energy%20Strategy%202030.pdf

⁷ International Energy Agency – Energy system of Hungary – 2023 – [iea.org/countries/hungary](https://www.iea.org/countries/hungary)

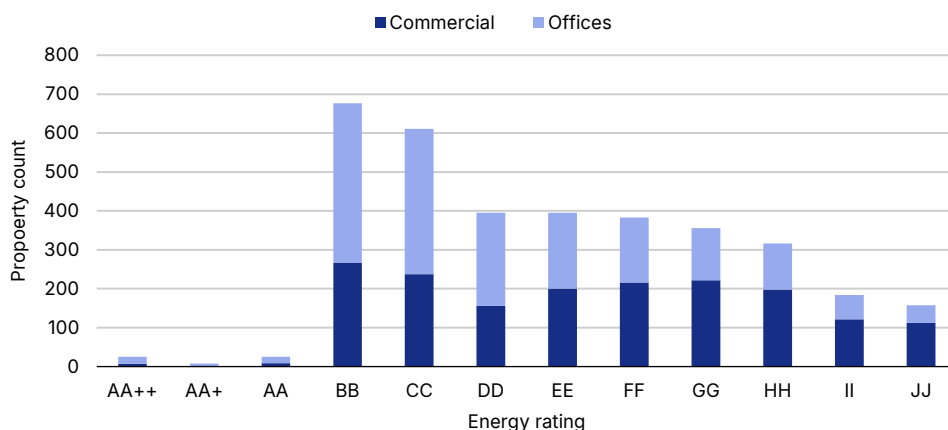
⁸ Odyssee-Mure – Country Profile: Hungary Energy Efficiency -2022 – odyssee-mure.eu/publications/efficiency-trends-policies-profiles/hungary.html

⁹ European Commission – National Energy and Climate Plan Hungary – 2019 – energy.ec.europa.eu/system/files/2019-06/necp_factsheet_hu_final_0.pdf

¹⁰ Ministry of Economic Affairs and Industry – Regulation on the Determination of the Energy Characteristics of Buildings / Decree 9/2023 (V.23.) ÈKM – 2023 - njt.hu/jogszabaly/2023-9-20-8X

sector – which account for nearly 40% of total energy use, with two-thirds of this energy going to heating and cooling. Key elements of this decree include stricter guidelines and standards for new buildings (i.e. “near-zero energy”) and renovations. The majority of buildings in Hungary have lower than CC rated energy ratings due to their construction date and poor energy efficiency structure. Although this also goes in line with green building projects, Delta aims to target energy efficiency issues through its variety of IT products and listed eligible green projects.

Figure 4: Hungary – Energy rating distribution by property type



Source: Ministry of Construction and Transport, 2023¹¹

Energy efficiency solutions such as BMS, energy optimization tools, and IT-driven efficiency improvements, help lower electricity consumption in industrial and commercial buildings, which represent positive contributions towards meeting the NECP 2030 targets. Hungary’s Energy Strategy aims to reduce the heating requirements of buildings by 30% through energy-efficiency programmes by 2030, which will reduce the overall primary energy demand in the country by 10%¹².

Delta’s project will help optimize the elevated consumption levels typically associated with buildings and other products. Some of these projects have already been implemented and have delivered energy savings up to 15-20% in total.

5.3.3 Clean transportation

In Hungary, the transportation sector is the largest source of CO₂ emissions accounting for nearly 34%¹³. Clean transportation projects, such as financing electric and hybrid vehicles, EV related infrastructure and other technologies for this sector can contribute significantly to reducing the carbon emissions in the country and achieve energy efficiency targets – for example, an EV itself is expected to reduce GHG emissions by 65%¹⁴ compared to a conventional petrol vehicle.

Transportation itself contributes to nearly 34% of Hungary’s CO₂ emissions.

The Hungarian government has made significant investments to expand the EV charging infrastructure and has launched programmes to promote and subsidise the use and purchase of EVs.¹⁵

Delta plans to use 20% of the green proceeds to finance projects in this category. Among the defined projects in its Framework, it not only aims to construct or install auxiliary sustainable transport infrastructure and technologies for public use, but also its own corporate fleet and on-site services. The environmental impact of EV infrastructure depends on the electricity mix used

¹¹ Ministry of Construction and Transport – National electronic registry of energy certificates – entan.e-epites.hu/?stat_megoszlas

¹² Ministry of National Development – National Energy Strategy 2030 – 2012 – 2010-2014.kormany.hu/download/7/d7/70000/Hungarian%20Energy%20Strategy%202030.pdf

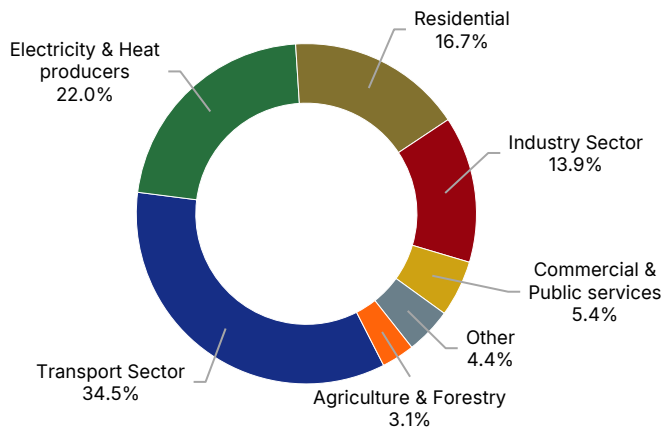
¹³ International Energy Agency – Energy consumption by sector – Hungary – [iea.org/countries/hungary/energy-mix](https://www.iea.org/countries/hungary/energy-mix)

¹⁴ Ricardo Energy & Environment, Department of Transport – Lifecycle analysis of vehicles – 2021 – assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1062603/lifecycle-analysis-of-UK-road-vehicles.pdf

¹⁵ Daily News Hungary- Hungarian government to launch HUF 60 billion scheme to promote EV adoption – 2023 - dailynewshungary.com/hungarian-govt-to-launch-huf-60-bn-scheme-to-promote-ev-adoption/

for charging. Delta has confirmed that its current headquarters operate under a long-term energy procurement contract that includes renewable energy, ensuring that these charging stations will be powered by some renewable energy from this source.

Figure 5: Hungary – CO₂ emissions by sector (%)



Source: International Energy Agency, 2022 ¹⁶

5.3.4 Green buildings

The EU has a strong commitment to promote green buildings as part of its broader sustainability and climate goals. The EU's position on green buildings focuses on reducing carbon emissions, improving energy efficiency, and ensuring a more sustainable built environment. EU studies demonstrate that more than 30% of the region's environmental footprint are building related and around 75% of the EU building stock has a poor energy performance¹⁷.

The building industry is the largest energy consumer in the EU and in Hungary, accounting for 40% of energy consumption and 36% of carbon emissions. Hungary ranks among the 10 highest communal energy consumption consumers of buildings of the EU-27.¹⁸ Therefore, the renovation of existing buildings has become a priority for the EU and for Hungary to reduce energy use and CO₂ emissions.

According to the Global Buildings Performance Network (GBIG), Hungary had over 550 buildings with green certifications by the end of 2024, though this represents less than 1% of the total buildings in Hungary¹⁹. Out of these green certified buildings, around 80% are BREEAM certified (from which 17% classified as "Excellent" and 70% as "Very Good") and around 17% are LEED certified (from 15% where "Platinum" level and around 65% "Gold")²⁰ (Figure 6).

¹⁶ International Energy Agency – Energy system of Hungary – 2023 – [iea.org/countries/hungary/emissions](https://www.iea.org/countries/hungary/emissions)

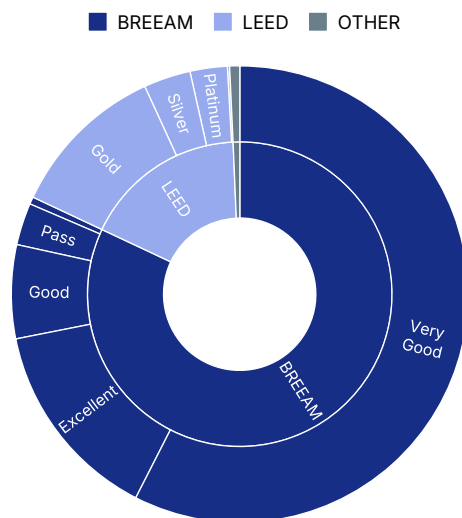
¹⁷ European Environment Agency (EEA) – Buildings and construction – 2024 – [eea.europa.eu/en/topics/in-depth/buildings-and-construction](https://www.eea.europa.eu/en/topics/in-depth/buildings-and-construction)

¹⁸ Ministry of National Development – National Energy Strategy 2030 – 2012 - 2010-2014. [kormany.hu/download/7/d7/70000/Hungarian%20Energy%20Strategy%202030.pdf](https://www.kormany.hu/download/7/d7/70000/Hungarian%20Energy%20Strategy%202030.pdf)

¹⁹ Hungarian Central Statistical Office, the 2022 census recorded approximately 4.5 million dwellings in Hungary. While this figure represents the number of individual housing units and does not directly indicate the total number of buildings, we estimated around 4.4 million buildings in Hungary based on the assumption that the number of buildings closely aligns with the number of dwellings. This approximation accounts for both single-family homes and multi-unit structures, as well as non-residential buildings.

²⁰ GBIG-U.S. Green Building Council – Certified buildings in Hungary – 2024 – [gbif.org/places](https://www.gbif.org/places)

Figure 6: Hungary Building certifications by provider and rating



Source: Green Building Information Gateway, 2024²¹

By financing the renovation, acquisition, or construction of buildings that meet LEED and BREEAM standards, Delta helps improve energy efficiency and lower carbon footprints in the real estate sector. Certified buildings consume significantly less energy and water compared to conventional structures. In Hungary, where heating-related emissions remain high, these projects can have substantial environmental and social impacts by lowering the costs for businesses while improving indoor environmental quality.

5.3.5 Upstream impact

The upstream environmental impacts of Delta’s projects primarily stem from the supply chain of renewable energy sources and energy efficiency solutions. The global supply chains for clean energy technologies are highly concentrated, with China dominating production – holding at least 60% of the world’s manufacturing capacity for key technologies such as solar PV, wind systems and batteries. Europe relies heavily on imports for clean energy technologies, including nearly all solar PV modules and fuel cells, as well as around one-quarter of EVs and batteries, most of which come from China²².

A key concern is that China’s electricity generation remains heavily reliant on coal (over 60%)²³, meaning that the production of clean energy technology components and equipment in China is still largely supported by coal-fired power stations.

In addition, both clean energy technologies and energy-efficient solutions require substantial material inputs. Critical minerals such as lithium, cobalt, nickel, copper, and neodymium along with bulk materials such as steel, cement, plastics, and aluminium, are essential for these technologies and their infrastructure. These materials are not readily accessible within the EU and are often sourced from scarce resources, leading to habitat destruction, soil degradation, and water pollution²⁴.

Delta communicated to Scope that it prefers European suppliers for most of the equipment used in its renewable energy and energy efficiency projects, as they offer shorter delivery routes. While there is no explicit information on the suppliers of Delta’s renewable energy technologies, the

²¹ GBIG-U.S. Green Building Council – Certified buildings in Hungary – 2024 – gbig.org/places

²² International Energy Agency – Energy Technology Perspectives – 2023 – iea.blob.core.windows.net/assets/a86b480e-2b03-4e25-bae1-da1395e0b620/EnergyTechnologyPerspectives2023.pdf

²³ International Energy Agency – Energy Technology Perspectives – 2023 – [iea.org/countries/china](https://www.iea.org/countries/china)

²⁴ Environmental Solutions Initiative – Governing critical mineral mining and the clean energy transition – 2024 – <https://environmentalsolutions.mit.edu/news/governing-critical-mineral-mining-and-the-clean-energy-transition/>

sensors, actors, and valves used in its self-developed energy efficiency systems are sourced from Hungarian and European markets. Delta designs and develops its software in-house and collaborates with Hungarian partners for additional system implementations. All devices and suppliers follow Delta's internal qualification regulations.

5.3.6 Downstream impact

Delta's green projects aim to significantly reduce environmental impact by promoting clean energy, energy efficiency, and sustainable urban development. These projects have several positive downstream impacts, including reducing reliance on fossil fuels, particularly in Hungary, where the transition to a low-carbon economy is still developing, minimising carbon emissions, optimising energy consumption in buildings and factories, and contributing to cleaner transportation with the expansion of EV infrastructure. Energy optimisation and smart solutions further support sustainable city initiatives by reducing waste and increasing operational efficiency. Green buildings that meet certifications like LEED and BREEAM contribute to sustainable urban development and improved resource management.

While challenges exist, such as resource-intensive production processes, infrastructure costs, and grid limitations, the long-term benefits of emissions reduction, cost savings, and improved urban resilience outweigh these concerns. Delta's commitment to leveraging European suppliers and local expertise also helps mitigate some of the environmental risks associated with global supply chains, ensuring a more sustainable and regionally beneficial green transition.

Our assessment: Delta's impact of proceeds has a Leaf Score of two leaves as the projects are completely aligned with specific environmental objectives outlined in the Framework and the sustainability strategy, considering value chain. The projects effectively address the most material impacts within the sector and region of activities, by adopting innovative solutions, especially in the energy efficiency and clean transportation categories, making a meaningful contribution to sectoral sustainability goals. More transparency on the expected environmental impacts from these projects would be beneficial.

Delta's impact of proceeds score:
Significant

5.4 Environmental and social risks

Delta's diversified portfolio of products can be associated with several environmental and social risks. These risks may arise from the materials used in the production, construction and installation processes, as well as different end-of-life terms and waste output. In the context of the defined projects within the Framework, the most relevant risks are material sourcing, waste management (including e-waste), biodiversity, and health and safety.

Delta monitors business risks through its Enterprise Risk Management (ERM) system and aims to mitigate any potential negative environmental and social impacts associated with its business activities. Risk management also follows ISO standards, for example, quality management or environmental management risks through its ISO 14001 and 9001 certifications. Additionally, all eligible projects and assets must comply with national laws and regulations, as well as with Delta's internal policies.

Delta monitors risks through its ERM system.

Our assessment: Delta's environmental and social risk management has a Leaf Score of two leaves. The issuer has a risk management strategy in place that addresses to a certain level both, direct and indirect, risks associated with the project categories of this debt issuance. While Delta has procedures ensuring compliance with relevant regulations, standards, and guidelines, it still needs to further develop on mitigation strategies tackling environmental risks.

Table 6: Risk mitigation projects and measures





Associated project risks	Delta's risk mitigation measures
Material sourcing	<p>Hungary's sustainability goals are aligned with EU-wide policies on reducing waste, promoting recycling, and supporting sustainable raw material sourcing. While Hungary does not produce a significant amount of the raw materials needed for renewable energy infrastructure, it plays an important role in the European market focusing on certain aspects of renewable energy technology manufacturing, innovation and integration. The country is not comparable to Germany or China, nonetheless it hosts numerous electronics manufacturing plants, assembly lines, and component production facilities.</p> <p>The materials used for energy efficiency solutions or renewable energy infrastructure vary greatly depending on the final product. Examples include: silicon, lithium-ion, copper, steel, cement, rare earth elements (REEs), glass, and zinc. Without careful oversight, these materials can contribute to significant pollution, resource depletion, and GHG emissions during extraction, processing, and disposal. Some materials, such as plastics, pose sustainability challenges, as many types are petroleum-based and have complex recycling needs; while others, such as RERs (i.e. neodymium or dysprosium) and Tantalum, pose further risks due to their mining impacts or extraction processes that can lead to violence and human rights violations ('conflict minerals').</p> <p>Delta is committed to sourcing durable and recyclable materials wherever possible. The company is developing a process to perform systematic screenings of environmental impact of its procurement, these efforts are closely linked to national guidelines, rules, and regulations, as well as the EU law as stated above. Additionally, wherever possible, Delta aims to prioritise local and European suppliers and using Hungarian partners when subcontracting to implement additional systems and suppliers are based on internal qualification and regulations. However, specific details about these are currently unavailable, which could present a sourcing risk if they are not compliant with rigorous environmental standards.</p>
Waste management (including e-waste)	<p>Poor waste management practices have led to significant waste accumulation in landfills, where potent greenhouse gases like methane are generated, contributing to climate change. Improper disposal methods have also caused air and water pollution, impacting both human health and wildlife. For renewable energy components and energy efficiency technologies, due to the materials used on the variety of products, the risks extend further to health risks (due to toxic exposure, heavy metal poisoning, and workplace hazards); loss of valuable resources (i.e. REEs and other valuable metals from e-waste that could be recycled and reused); data (i.e. mismanagement of IT equipment where private information was stored); and legal risks (e-waste is a topic addressed in international regulations such as the Basel Convention which may lead to fines or criminal prosecutions).</p> <p>From Delta's eligible projects, renewable energy components and energy efficient materials pose a risk in the waste management category. PV modules have a lifespan of over 25 years with an efficiency rate still at around 80% after that. Nonetheless with global higher demand, waste related to this activity is estimated at around 200 million tonnes by 2050²⁵. A final element also might originate from waste related to batteries, which on one hand presents a challenge to the recycling and disposal of its components (Li-ion batteries), but on the other hand (LFP batteries) might become an essential secondary source of critical minerals due to its low energy requirements in recycling.</p> <p>Delta is committed to carrying out waste management practices for hazardous and non-hazardous construction waste as well as waste from renewable energy components in compliance with current legal standards.</p>
Biodiversity and community concerns	<p>The construction of renewable energy buildings and infrastructure can raise several biodiversity and community concerns. In terms of biodiversity, projects can disrupt habitats, fragment ecosystems, and harm local wildlife, such as birds, especially in wind turbine installations. Soil erosion and the introduction of invasive species can also pose risks. For communities, there can be aesthetic impacts on the landscape, noise pollution, health and safety risks, and potential economic displacement.</p> <p>To mitigate these concerns, companies can conduct thorough environmental impact assessments, choose sites with minimal ecological disruption, and design wildlife-friendly infrastructure. Engaging with local communities early in the planning process is vital to address their concerns and ensure their participation. Companies can also implement noise-reducing technologies, restore habitats when necessary, and create local economic benefits through employment and community support programmes. By adopting these measures, companies can minimise negative impacts and promote more sustainable, community-friendly renewable energy projects.</p> <p>Delta has affirmed its commitment to comply with national and EU regulations. When it comes to construction and maintenance, factors such as noise reduction, dust and pollution emissions are intended to be reduced as much as possible. In addition to renewable energy infrastructure, Delta also commits that new buildings must not be detrimental to the good health of water bodies (surface, groundwater or marine) or harm its quality or reduce its ecological potential. Additional guarantees such as NATURA200 or clarity on suppliers and intended construction companies would be encouraged to strengthen their position.</p>
Health and safety	<p>Production, installation, maintenance and disposal activities where Delta's solutions and eligible products apply, come with risks that can pose health and safety threats to workers. These risks include the improper handling of heavy materials, exposure to hazardous substances, and working in extreme weather conditions, which can lead to accidents or health-related issues.</p> <p>Delta addresses health and safety risks through a management system aligned with ISO 14001 standards. Other social risks associated with its operations are monitored and mitigated through its enterprise risk management (ERM) system, which also adheres to relevant ISO standards.</p>

²⁵ International Renewable Energy Agency – Energy transition and circular economy – 2022 - [irena.org/Energy-Transition/Policy/Circular-economy](https://www.irena.org/Energy-Transition/Policy/Circular-economy)

Appendix I: Documents provided by Delta and/or public sources

Document category	Document description
Market research on sector/regional standards	EU New Circular Action Plan – European Commission, 2020
	Environmental and climate footprint of buildings – European Environment Agency, 2024
	EU Directive 2023/1791 on energy efficiency and amending Regulation – European Commission, 2023
	Database and information on Hungarian Certified Building – Hungary Green Building Council, 2024
	Global Status Report for Buildings and Construction – United Nations Environment Programme, 2025
	Situation 2023 - Climate indicators in Hungary – Hungarian Central Statistical Office (KSH), 2024
	The state of intercommunications sector 2023 – Hungarian Central Statistical Office (KSH), 2024
	Energy system of Hungary – International Energy Agency, 2024
	Hungarian National Energy Strategy 2030 – Ministry of National Development, 2012
General information provided by Delta	Delta Sustainability Report 2023
	Ethical Codex
	Delta's Anti-Corruption Policy
	Leadership Statement
Green finance-specific documentation provided by Delta	Green Financing Framework
	Information on use of proceeds

Appendix II: SDG alignment

GBP category	SDG alignment	Indicators to be evaluated
<p>Renewable energy</p>		<ul style="list-style-type: none"> → Added renewables capacity MW in each year → Total renewables capacity in MW → Avoided emissions p.a. (tonnes of CO₂e/y)
<p>Energy efficiency</p>		<ul style="list-style-type: none"> → Annual reduction of energy consumption in % or in MWh (compared to conventional technology, 2024 base year) → Amount of stored energy (kWh) → Energy efficiency components produced or procured (m², m³, tonnes or %) → Number of households served with energy efficiency solutions (i.e. smart meters)
<p>Clean transportation</p>		<ul style="list-style-type: none"> → Number of new EV charging stations per year → Annual CO₂ emissions reduction or avoidance per passenger-km or per t-km or harmful emissions (NO_x, Sox, particles...) in mgr. per km. → % of Electric Vehicles → Est. reduction in car use in number of km. driven or as share of total transport ridership
<p>Green buildings</p>		<ul style="list-style-type: none"> → Type of certification level and m² of internationally (and nationally) recognised standards for Green Buildings such as LEED, BREEAM, EPC or national certification schemes → Number of LED lighting fixtures with lumen/watt (Lm/W)

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[Green Bond Second Party Opinion – Methodology, Scope ESG, 2025](#)

[Applied Green Bond Principles, ICMA, 2022](#)

[Applied Green Loan Principles, LMA, 2022](#)

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