



GREEN FINANCE FRAMEWORK





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1. FOREWORDS

The VERTIKAL Group is an industrial company, **with Stock Exchange presence and with professional management** committed to environmental protection. Our goal is to implement a sustainable operating model that fits into the circular economy. Our aim is to provide complex service range - from the collection of waste, through its processing, and to the production of the finished products.

Investments that comply with sustainability goals, such as circular economy and energy efficiency **are decisive** in the short, medium and long term. Exploring and implementing synergies in the 1, environmental protection, 2, environmental management and 3, plastics business lines form the Company's vision, as true sustainable management cannot be achieved without it.

As another aim we have set out to **increase the used share of recycled materials in production**, both to reduce costs and to improve the market position of green and eco-friendly products. This goal is strongly supported by the waste management, recovery and recycling business. We ensure a sustainable and growing presence in the plastic industry.

In addition, we are looking for investment opportunities that serve the **diversification of the Company's activities** and the **expansion of its portfolio** in order to achieve the above mentioned goals in an even wider range.

Our Targeted objectives to be achieved by 2027 and by 2030 and by 2032 used as **“Key Sustainability Performance Targets Objectives”** are the followings: (in field of energy efficiency, pollution prevention, green transport, circular economy, waste reduction and recycling, and green investments):

- increasing the share of renewable energy used in manufacturing to 50% by 2027, and to 75% by 2030 and over 90% by 2032.

- increasing the share of recycled raw materials in production above 20% by 2027 and over 50% by 2032, and increasing the recycling rate of operational waste 20% in 2027, 50% in 2032.

We would like to achieve a paperless office, in line with legal compliance.

- In our construction business, we strive to achieve the goal that, from 2032 only green buildings will be completed. Our goal during the expansion, construction and acquisition phase, is to maximise the proportion of renewable energy use, and reach more than 75% renewable energy usage from 2032, or take the commitment to reach this renewable share on the new building within two years.

- Maintaining and deepening the existing professional cooperation with our partners, as with universities and research institutes with whom we are already working or have worked together on our implemented and

ongoing projects. (example to existing partnership with the University of Óbuda and MATE – the University of Hungarian Agriculture and life sciences and the University of Dunaújváros.)

- Achieving zero natural gas targets in our service by 2032.

- in case of construction of our facilities, implementation of a higher level of biodiversity and water resource protection than required by law

- Development of electric charging stations and infrastructure. Regarding our sites and offices, the establishment of the necessary charging infrastructure.

- We would like to increase the share of our green (electric, hybrid, hydrogen etc.) passenger cars and vehicles to over 80% by 2032.

Increase the share of vehicles for logistics equipment that uses renewable energy in manufacturing activities to over 75%.

In the waste management business, we aim to increase the share of green vehicles to over 30% by 2032, but to ensure a 10% share by the end of 2027 in cooperation with our partners, harmonized with concession company' strategy.

2032 TARGETED OBJECTIVES

renewable energy used in manufacturing >>> 90%+

recycled raw materials in production >>> 50%

green passenger cars and vehicles >>> 80%+

✓ zero natural gas targets

✓ only green buildings

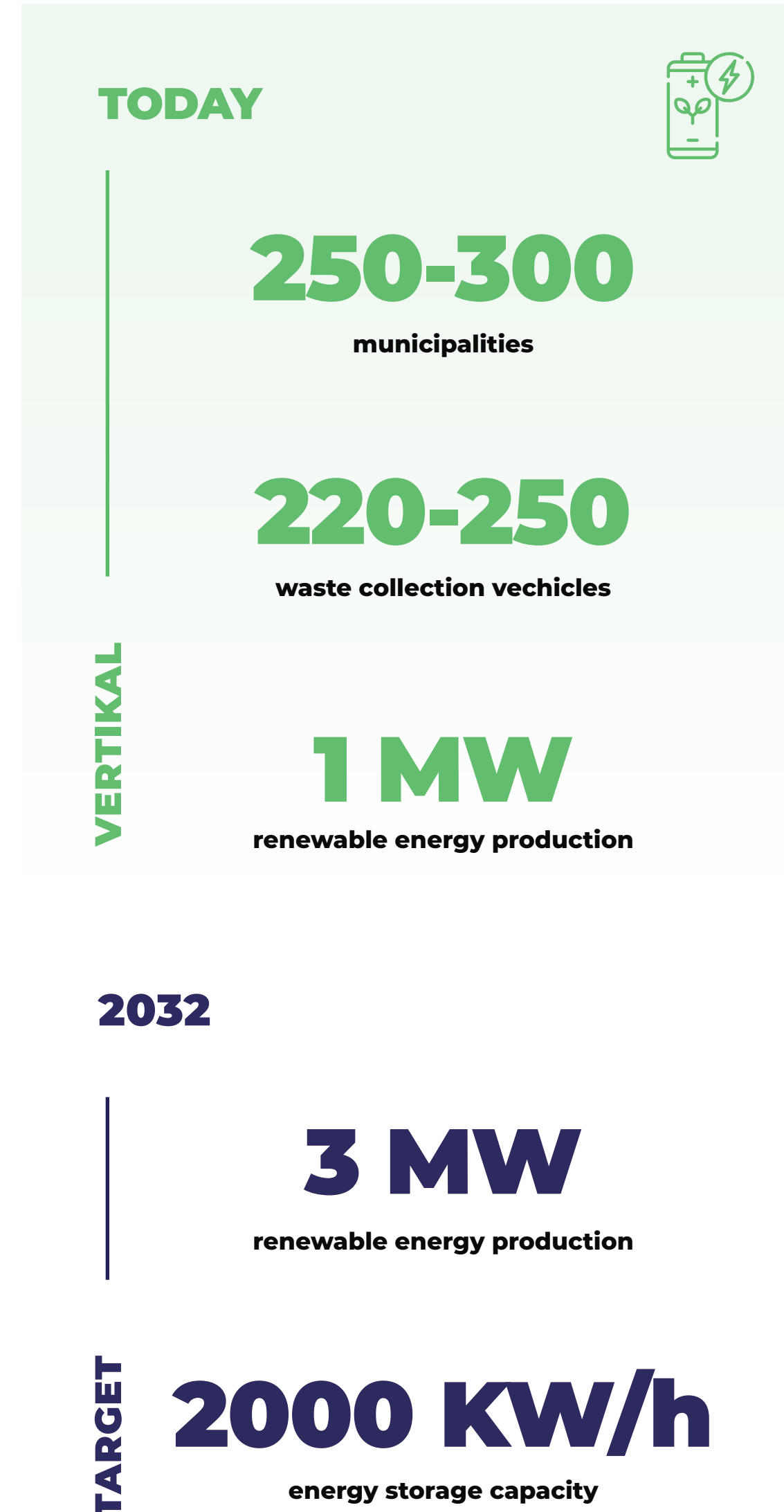


Today, our company provides waste management public services to **nearly 250-300 municipalities** within the framework of the domestic concession waste management system, which consist approximately **800 000 – 1 000 000 inhabitants**. It operates nearly 40 waste management facilities, the amount of treated/disposed waste reaches 350th-400th tons per year. To perform our activities, we manage a fleet of nearly **220-250 waste collection vehicles**. When it comes to waste management 1,2% of these vehicles are currently electric and hybrid and in the logistics activity and 10% is the share of electric and hybrid vehicles in plastic industry. Vertical **had already installed a renewable capacity of 1 MW**.

- Our target is that our renewable energy production will reach 3 MW annual production at group level by 2032, and the Company's energy storage capacity will be 2000KW/h at group level by 2032.
- The targeted level is to use of 90% green energy (including geothermal energy) on sites by 2032, and a production portfolio containing more than 50% renewable energy on sites until 2032.

In addition to performing tasks for residents, we also participate in serving several institutions in Transdanubia and Central Hungary, as well as in the Budapest region.

It has to be mentioned that our production is continuously on the rise. The manufacturing mainly takes place in Dombóvár and Jászberény.



In Dombóvár, our company carries out its own plastic industry product manufacturing and contract manufacturing, as well as assembly activities, PET bottle blowing, tooling, coloring production, regranulation, compounding, printing, stamping, and from January 2023 vacuum forming.

Vertikal is aware of the material climate risks. Due to this reason the Company plans to increase the percentage of green passenger vehicles to 80% of the fleet size by 2032 in Hungary, and and strive to achieve the highest possible level of this ratio in the waste logistics infrastructure, which will significantly drive down scope 1 emissions. **The company has ISO 14001 9001 28001, and plan 50001 certification.** Our emissions reductions targets are in line with applicable EU regulations. Vertikal has been already activated electric waste collection vehicle in the market with CNG chassis and fully electric compression body. (3 vehicles). Our aim is to increase renewable energy capacity via acquisition and increasing alternative energy vehicles (electric, hybrid and gas) representation in its fleet. **Targets for emissions reductions** are in Scope1: 20% by 2032 and 40% by 2050, as compared to 2022. In Scope 2: 2032 25% 2050 50 % as compared to 2022, in Scope 3 2032 30% 2050 60% as compared to 2022.

The Company is working on its ESG report for 2025 which is in line with the regulatory requirements, first ESG report will be publish in 2026.

Proceeds generated under this green bond framework will be used to finance new or refinance existing projects/expenditures, in part or in full. **All of eligible green projects are expected to be executed in Hungary.** These include investments and operating expenditures that provide clear environmental benefits and promote the transition to low-carbon technologies. The 6 project categories under this framework include pollution prevention and control, renewable energy, energy efficiency, clean transportation, and circular economy, and green buildings.

Vertikal will set up a **Green Bond Committee** (or Green Commission) from 01.06.2025 to carry out the evaluation and selection process. The Green Bond Committee will also be responsible for reviewing the management of proceeds and allocation and impact reporting. Members include representatives from Finance & Administration, technical, manufacturing and environmental expert and Legal, and Board Members. The Committee will consult with other departments on quarterly basis to identify and recommend eligible projects or expenditures for inclusion in eligible projects. These proposed projects will be reviewed quarterly to determine compliance with the green bond framework and approve allocation of proceeds. Thereafter they are selected by consensus in the Green Bond Committee; controversial projects (i.e. projects that come close to not meeting eligibility criteria) will not be considered eligible. Allocation of proceeds will also be reviewed quarterly to determine if any changes are necessary in case of cancelled, sold or ineligible projects.



Vertikal will temporarily hold an amount equal to the unallocated proceeds in its accounts, and will thereafter oversee the allocation and tracking of expenditures on eligible projects up to an amount equal to the net proceeds of issued green bonds. As the next step Vertikal will establish a **Green Bond Register to manage this process**. Proceeds will be allocated to a portfolio of projects. The Green Bond Register will be reviewed by the Green Bond Committee, which will include details of the bond (ISIN, pricing date and maturity date), details of eligible use of proceeds including eligible green projects, amount of allocation made, and estimated impact of eligible use of proceeds. The balance of unallocated proceeds will also be disclosed in annual reporting;

Vertikal will report on its green bond portfolio **annually** and within one year of issuance. The report will be made public on Vertikal's website. The **allocation report** will include total amount allocated to eligible green projects at the portfolio level, total amount allocated per eligible green project category, and unallocated amount. The report will also include expected environmental impacts, in line with impact reporting. **Impact reporting will be made on at least an annual basis**. Vertikal has identified quantitative potential

impact metrics for each of its project categories, such as, annual renewable energy generation, percent increase in energy efficiency, estimated reduction in fuel consumption and others as stated in our impact reporting part of the framework.

Vertikal is engaging with an assurance provider to assess the compliance of bonds against the Green Bond Framework on an annual basis.

MAIN PROJECTS eligible to finance based on ICMA Principles

Green bonds and the use of green loans in this Green Finance Framework green projects meeting the criteria set out to finance and/or refinance it.

An amount equivalent to the net proceeds of any Green Financing Instrument issued or raised under within this Framework will be **used mainly to finance new green projects**, and smaller part to refinance part of our already proceeded green investment

The framework is based on Green Bond published by the International Capital Markets Association (ICMA) Principles and the Credit Market Association (LMA) Green Loan Principles, 2021 has been

developed on the basis of specific requirements. The Framework provides transparency to the company's investors through VERTIKAL Group Nyrt. (Further : VERTIKAL or VERTIKAL Group) sustainability efforts.

VERTIKAL intends to achieve its goals as a listed company in a centralized manner and **to act within this framework in by the future acquisitions**.

From April 2023, VERTIKAL Group Plc. is officially a Family Friendly Workplace!

VERTIKAL Group is planning to systematically monitor business risk through its ERM system, and aims to mitigate any potential negative environmental and social impacts associated with its business activities. Risk management is also taking place in the ISO standards, i.e. in the management systems.

Based on the set of criteria set out in the Framework, projects eligible for financing and/or refinancing include the following the ICMA Green Bond Principles categories belong to one of them and correspond to:

1.1

Renewable Energy

projects eligible (including production, transmission, appliances of devices that apply renewable energy solutions)

Planned project in details:

- ✓ **The projects are financed within our Green Finance Frameworks are the followings – including acquisition, and on the site developments.**

Installation:

- of solar power plants.
- of energy storages that use renewable energy. (Solar panel development at several sites with energy storage systems).
- and construction/ and purchase of solar panels.
- wind, biomass, biogas power plants.

1.2

Energy Efficiency projects eligible projects

- ✓ **The projects are financed within our Green Finance Frameworks – (including acquisition:)**

Planned project in details:

- Reducing natural gas consumption in existing or new facilities by using energy-efficient heating and cooling solutions (renovating heating and cooling systems).
- Centralising renewable energy procurement by real estate renovation.
 - Reduce CO2 emissions through centralised energy management and renewable energy procurement.
- Investments in manufacturing and recycling services that reduce the energy consumption.

- Installation of LED lighting devices, sensors, SMART solutions on buildings.
- Possible launch of an energy consulting business to our clients. Development of our new energy efficiency services to help customers save energy and reduce CO2 issuance.
- Replacing on-site machines with electric machines can reduce emissions and energy consumption.
- New energy efficient supporting equipment to be developed / purchased by VERTIKAL will be among the 20% most energy-efficient in Hungary.
- VERTIKAL also plans to invest in **R&D activities** to improve energy efficiency in technologies.

- Major renovations or refurbishment of existing properties (site or factory) that result reduction in carbon emissions intensity, and endeavour to improve the energy performance label of the existing properties.
- Purchase of materials that supports the energy efficiency. These materials will meet the following criteria: The energy consumption will be at least 30% lower than by the traditional materials.



1.3

Clean Transportation projects eligible

(such as electric, hybrid, and infrastructure for clean energy vehicles and reduction of harmful emissions)



These project to be financed via our Green Finance Framework are (including acquisition):

Planned project in details:

- Electric fleet development investment in cars, trucks, forklifts, moving devices, special purpose machines and waste collection vehicles with the necessary charging infrastructure.
- Investments in supportive infrastructure services (charging stations for electric vehicles on the site) and acquisition of electronic and more sustainable car fleet.
- Electric and CNG special purpose machinery and waste collection vehicles with the necessary charging infrastructure.
- Investments that enhance commuting to work on sustainable way (bike and e-bike program).
- Operation of clean transport ecosystem, what includes that charging stations for electric vehicles will be available to external clients.



1.4

Green buildings projects

that meet Hungarian national or internationally recognised standards or certifications for environmental performance.



These project to be financed via our Green Finance Framework are:

Planned project in details:

- VERTIKAL focuses on the criteria for green buildings, aiming to ensure that the buildings it acquires, constructs or refurbishes achieve at least 'Very Good' under the BREEAM certification standard, at least the 'Gold' standard under LEED or perform at least 10% better than the minimum Hungarian EPC (category BB or above), and at least category AA from 2027.
- Green buildings projects include developments and acquisitions at sites, new production units, offices, where we strive for the best certification standard of buildings.
- Own building developments: in the case of general construction, green buildings, • construction of a new office or factory plant owned by us, in accordance with the highest certificates • warehouse development in case of logistics services.
- Developments related to the use of raw materials what include **research and development ("R&D")** investments which aim at **developing new products and solutions in Green Building Projects.**





1.5

Circular Economy / Eco-efficient

(design and introduction of reusable, recyclable and refurbished materials, components and products; circular tools and services); and certified eco-efficient products



These project to be financed via our Green Finance Framework are (including acquisition) All the CAPEX and other Investments including acquisition that supporting the following sub-categories.

1. Circular Design and Production and Circular Support
2. Circular Use
3. Circular Value Recovery
4. Circular Support and Products
5. Pollution prevention and control

This category includes all the activities relating the building or acquiring manufacturing capacities that increase the sustainability of our products and extend their life cycle. This can be purchase or improvement of production lines suitable for extending useful life, tools and equipment capable of recycling.

Current and Future **Core projects** by Vertikal for our Circular Economy and Eco-Efficiency Activity are the followings:

1) Circular Design and Production Projects

a) Substitution of virgin materials with secondary raw materials and by-products:

- IT and monitoring systems, and robotization and development projects ensuring efficiency increase in residual recycling of manufacturing waste.
- R&D of special products made from recycled materials that can be produced in large series.
- making products- as cost-effective I as possible- in series and maximizing sustainability aspects in terms of raw materials used.
- production or development of products with substitutes that are available in large quantities and cannot be recycled currently.
- In order to ensure quality, Industry 4.0 tools are also needed in production. The tools help to analyse the characteristics of production, predict changes, and immediately respond to them to improve the stability of production and product quality.



2) Circular Use

a) Production of new products or assets from redundant products and assets that have been repurposed, refurbished or remanufactured

Developments related to this include reducing landfilling, increasing the environmental and technical level of landfilling, as well as new treatment technologies, IT systems ensuring the connection, control and monitoring of technological chains, robotization developments, measuring and utilizing tools in the field of energy and material recovery.

3) Circular Value Recovery

a) Development and sustainable production of new materials from secondary raw materials, by-products and/or waste

4) Circular Support and Products

- a) Circular support through tools and services that enable circular economy strategies and business models e.g. through re-use and/or sharing
- b) Eco-efficient products

Special purpose machines and waste collection vehicles that support the circular economy and are environmentally friendly products. Such as infrastructure developments ensuring the recovery of hazardous non-hazardous fractions, electronic waste, scrap waste, bio green and compost material streams, including appropriate monitoring and analysis systems.

1.6

Pollution prevention and control

✓ These project to be financed via our Green Finance Framework are:

- Collection and transport of waste in individual or mixed fractions with a view to preparing it for re-use or recycling.
- Waste-to-energy projects
 - Waste-to-energy facilities
- Generation of green energy from waste.
- Waste processing projects: Processing waste in a sustainable way, avoiding landfill, excluding biowaste composting facilities, tire recovery projects and glass treatment plants.
- Soil remediation, recultivation projects.
- Collection, transfer, transport, storage, treatment, disposal, sorting and recovery of waste; as well as the management of facilities and associated operations that helping significatly the Pollution prevention and control

Compliance with the EU Taxonomy

VERTIKAL also intends to be aligned with the recommendations of the EU Taxonomy for sustainable activities. The environmental objective Climate change mitigation is planned to be considered in the use of bond proceeds. **VERTIKAL also monitor the relevant Do no significant harm (DNSH) criteria of the sustainable activities.** Furthermore, in the field of waste management developments and projects, emission reduction in the case of logistics, and **compliance with the level of protection required by law** in the case of facility development, so primarily compliance with uniform environmental use permits (IPPC) **or undertaking a higher level of nature conservation and environmental protection compared to it.**

The EU Taxonomy is a classification system which lists the environmentally sustainable economic activities.

The EU Taxonomy can help define the activities that are in line with the EU's climate goals. The Taxonomy has 6 environmental objectives: 1. Climate change mitigation 2. Climate change adaptation 3. The sustainable use and protection of water and marine resources 4. The transition to a circular economy 5. Pollution prevention and control 6. The protection and restoration of biodiversity and ecosystems

Based on the Company's strategy VERTIKAL's use of green bond proceeds **can contribute to the following EU Taxonomy objectives:**

- + Renewable Energy: Climate change mitigation, climate change adaptation
- + Energy Efficiency: Climate change mitigation, climate change adaptation, pollution prevention and control
- + Clean Transportation: Climate change mitigation, climate change adaptation, circular economy, pollution prevention and control
- + Circular Economy: The transition to a circular economy
- + Green Buildings: Climate change mitigation, climate change adaptation, circular economy,
- + Pollution prevention and control: Climate change mitigation, climate change adaptation, pollution prevention and control



2. **MANAGEMENT PRINCIPLES TOWARDS SUSTAINABILITY**



2.1 Management Principles

- + The framework's eligible categories include social and environmental issues.
- + VERTIKAL has the ambition to minimize risks associated with its green projects. The Green Committee will monitor closely the risks and manage it an appropriate manner.

2.2 The elements of these management approach

- + expanding renewable energies, and storage capacity
- + optimizing its building facilities' energy efficiency including adaptation of renewable energy solutions
- + product development and implementation of green and energy efficient products. (see the example table)
- + electrification of the car fleet
- + improving the company's role in circular economy with expanding the capacity to extend the useful lifetime of the products
- + optimization of the site structure, shorten the transportation routes
- + pay special attention when implementing green projects (or other projects), we **do not harm the environment** (installation of solar panels with cultivating the green surface, preservation of biodiversity in the areas, etc.).
- + The DNSH criteria have been assessed on 1, an activity and 2, project, and 3, location level.



Example to current product development:

- + The aim of the project is to develop special wheels **made of recycled materials** that can be produced in large series and its production technology. The main requirement for wheels is to be suitable for operation in areas of use with high static load, low speed.

2.3

The allocation of funds

from the green bond and its green loans in line with
Implementation of the management strategy:

- + Green Committee is responsible for the allocation of green bond and green loans in accordance with the established set of criteria stated in the Framework.
- + The Commission's role is to ensure that the Green selection and evaluation of projects, and their conformity with criteria stated in the Bond Framework.
- + International legislation and the rules of procedure of the Green Committee taking into account specific procedures.
- + Should an Eligible Green Project no longer meet the eligibility, the proceeds initially allocated to the ineligible or disposed asset shall be reallocated to another Eligible Green Project held by the VERTIKAL Group, based on the same process outlined in section Project Evaluation and Selection.
- + Replacement of the project will be done on a best efforts basis within a resonable period of time of **2 years**.

2.4

Alignment with SDGs

VERTIKAL has identified a number of "Sustainable Development Goals" (**SDGs**), by the United Nations that are particularly relevant for the Company. The contribution to the SDGs can be quantified in our post-issuance impact reporting.

VERTIKAL's framework deems the following SDGs relevant:

- + Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all
- + Goal 8: Decent work and economic growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- + SDG 9: Industry, innovation and infrastructure
- + Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable
- + Goal 12: Ensure sustainable consumption and production patterns
- + Goal 13: Take urgent action to combat climate change and its impacts



2.5

Targeted objectives

used as “Key Sustainability Performance Targets (SPTs) “

Aligning financing to VERTIKAL's sustainability performance signals a strong commitment to implement the Group's sustainability agenda. These are the Sustainability Performance Targets:

- + Renewable energy production will reach 3 MW annual production at group level by 2032.
- + The Company's energy storage capacity will be 2000KW/h at group level by 2032.
- + A production portfolio containing more than 50% renewable energy on sites until 2032.
- + Use of 90% green energy (including geothermal energy) on sites by 2032.
- + Use of a 80% green passenger fleet by 2032
- + increasing the share of renewable energy used in manufacturing to 50% by 2027, and to 75% by 2030 and over 90% by 2032.

- + increasing the share of recycled raw materials in production above 20% by 2027 and over 50% by 2032, and increasing the recycling rate of operational waste 20% in 2027, 50% in 2032.
- + paperless office, in line with legal compliance.
- + In construction business, from 2028 only green buildings will be completed.
- + In our construction business, we strive to achieve the goal that, from 2032 only green buildings will be completed
- + Maintaining and deepening the existing professional cooperation with our partners, as with universities and research institutes.
- + Achieving zero natural gas targets in our service by 2032.

- + Development of electric charging stations and infrastructure. Regarding our sites and offices, the establishment of the necessary charging infrastructure.
- + Targets for emissions reductions are in in Scope1: 20% by 2032 and 40% by 2050, as compared to 2022. In Scope 2: 2032 25% 2050 50 % as compared to 2022, in Scope 3 2032 30% 2050 60% as compared to 2022.

2.6

Tracking the use of funds targets

- + Until resources are fully allocated, not allocated funds invested in cash cash equivalent. are decided by VERTIKAL's finance department, taking into account policy and bondholders, in line investment policy and the criteria set out in the Framework.
- + The funds from green bonds and loans will be raised by the company keep a separate account.



3.

OBJECTIVES OF THE GREEN FINANCE FRAMEWORK

Alignment with Voluntary Market Standards:

- ICMA Green Bond Principles

3.1

Rationale for establishing a Green Bond Framework

+ This Green Finance Framework has been created to facilitate transparency, disclosure, and integrity of VERTIKAL's Green Bond issuances as recommended in the Green Bond Principles.

+ This framework will apply to any Green Bond, issued by VERTIKAL and any Green Loan borrowing after its publication. It can be used to finance or refinance investments.

+ Under the Green Financing Framework VERTIKAL Group and any of its subsidiaries, will be able to issue Green bonds, loans, to finance its sustainability efforts.

- Under the concept of green bond, the framework is provided by GBP i.e. green bonds are a type of bond from which resources or an equivalent amount shall be allocated exclusively to meeting the criteria set out in the Green Finance Framework

- Similarly, green credit under the framework is as defined under GLP understands, i.e. credit instruments from which funds are derived

VERTIKAL's instruments under this Framework will be focused on contributing to **SDG 7, 8, 9, 11, 12, 13**. VERTIKAL wishes to participate to the development of best market practices and presents a unified and coherent suite of Green Bond and Green Loan instruments to the market. The approach adopted consists in linking VERTIKAL's sustainability strategy with its funding policy, by incentivizing the achievement of pre-determined, relevant Sustainability Performance Targets (SPTs).

This Framework provides a high-level approach to VERTIKAL's Green Securities and should refer to the relevant documentation of each transaction for further details.

In alignment with the Green Bond Principles, VERTIKAL's Green Bond Framework is presented through four pillars: (i) use of proceeds, (ii) process for project selection, (iii) management of proceeds and (iv) reporting. Information about the external assessment is also provided.





4. **GREEN BOND PRINCIPLES**

4.1

Use of proceeds-green bonds

The net proceeds of the issuance of each Green Bond, and borrowing each Green Loans will be used to fund the following **Eligible Green Projects**.

The use of green bond, proceeds will be based on the recommendations of the ICMA GBP, which requires that the financed projects and assets provide clear environmental benefits and promote the transition to a low-carbon, climate-resilient and sustainable economy. The net proceeds will finance Green Projects in the following categories.

Eligible Green Projects include:


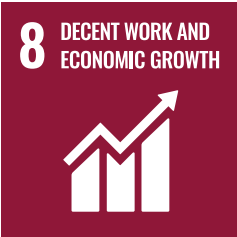







- a) Financing of, and investments in Eligible Renewable Energy Projects, Eligible Energy Efficiency Projects, Eligible Clean Transportation Projects, Eligible Circular Economy / Eco-efficient Projects, and Eligible Green Building Projects
- b) majority acquisitions of companies and minority equity participations in entities specialized in any of the above categories
- c) Research and development ("R&D") investments which aim at developing new products and solutions in renewable energy, energy efficiency, clean transportation, Eligible Circular Economy / Eco-efficient Projects

Main categories table:


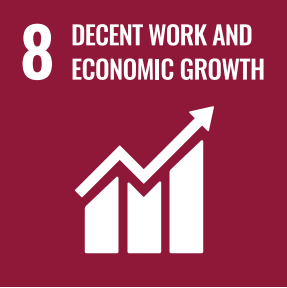


Main Eligible Category, SDG Objectives, Main Eligible Projects/Assets, EU Taxonomy Substantial Contribution





ELIGIBLE CATEGORY	ELIGIBLE PROJECTS/ASSETS	EU TAXONOMY SUBSTANTIAL CONTRIBUTION
RENEWABLE ENERGY    	<p>New or existing investments in or expenditures on the acquisition, development, construction and/or installation of the following renewable sources:</p> <ul style="list-style-type: none">• Solar PV• Wind farms• Biomass, biogas <p>It also includes the transmission, distribution, and electrical storage infrastructure (solar PVs) related to renewable energy production.</p>	<p>Installation, maintenance, and repair of renewable energy technologies.</p>
ENERGY EFFICIENCY  	<p>Expenditures on the R&D, operation, distribution and maintenance of equipment or technology helping reduce energy consumption and increase energy savings.</p> <p>Major renovations or refurbishment of existing properties that result reduction in carbon emissions intensity.</p> <p>Example projects</p> <p>Renewing the lighting of owned buildings · Renovating heating and cooling systems · Centralizing energy procurement · Investments in manufacturing and recycling services that reduce our energy consumption · Reducing natural gas consumption in existing or new facilities by using energy-efficient heating and cooling solutions · Installation of LED lighting devices, sensors, SMART solutions on buildings.</p> <p>· Reduce CO2 emissions through centralized energy management and renewable energy procurement.</p>	<p>Installation, maintenance, production and repair of energy efficiency equipment.</p> <p>Installation, maintenance, and repair of instruments and devices for measuring, regulation, and controlling energy performance of buildings.</p>
CLEAN TRANSPORTATION   	<p>Investments in or financing of supportive infrastructure (charging stations for electric vehicles, hydrogen fueling infrastructure, or other investments supporting low-carbon transportation methods) and acquisition of electronic and plug in hybrid cars.</p> <p>Fleet of electric, and hybrid vehicles and bike program.</p> <p>Example projects</p> <p>Procurement of electric vehicles: Zero-emission vehicles, greater energy efficiency and significant noise reduction.</p> <p>· Transformation and modernization of the fleet of vehicles from diesel as a traditional fuel, towards less polluting options such as electric or hybrid</p> <p>· Bike program for employees</p>	<p>Installation, maintenance of charging stations for EVs in buildings.</p>



ELIGIBLE CATEGORY	ELIGIBLE PROJECTS/ASSETS	EU TAXONOMY SUBSTANTIAL CONTRIBUTION
GREEN BUILDINGS 	<p>Acquisition, construction or refurbishment of buildings that meet the following, recognized standards, such as: · BREEAM (Very good or above), or · 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</p> <p>Reuse of existing infrastructure, use of resource-saving construction methods or use of recycled material (insulation materials, parts).</p> <p>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.</p>	<p>Construction, energy efficiency measures and renovations.</p>
CIRCULAR ECONOMY / OR ECO-EFFICIENT PROJECTS   	<ul style="list-style-type: none">· Development, sustainable production and/or use of materials, components and products that are reusable, recyclable· Design and production of components, products and assets that support the circular economy through increasing the functionality, durability, modularity and ease of repair· Circular Value Recovery: Development and sustainable production of new materials from secondary raw materials, by-products and/or waste· Eco-efficient products· Waste recycling and reuse <p>Example projects:</p> <p>Waste processing facilities projects, to produce: Compost</p> <ul style="list-style-type: none">o Glass with end of use condition.o Tire treatment products <ul style="list-style-type: none">· Recyclable and refurbished materials, components, and products· Circular tools and services	<p>Preparation for re-use of end-of-life products and product components, marketplace for the trade of second-hand goods for reuse.</p> <p>Biowaste composting</p> <p>Recovery of non-hazardous waste materials</p>



ELIGIBLE CATEGORY	ELIGIBLE PROJECTS/ASSETS	EU TAXONOMY SUBSTANTIAL CONTRIBUTION
<p>POLLUTION PREVENTION AND CONTROL</p> <div><div><p>7 AFFORDABLE AND CLEAN ENERGY</p></div><div><p>11 SUSTAINABLE CITIES AND COMMUNITIES</p></div><div><p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p></div><div><p>13 CLIMATE ACTION</p></div></div>	<p>Waste collection and management projects.</p> <ul style="list-style-type: none">o Collection and transport of waste in individual or mixed fractions with a view to preparing it for re-use or recycling.• Waste-to-energy projectso Generation of green energy from waste.• Waste processing projects. <p>Processing waste in a sustainable way, avoiding landfill, excluding biowaste composting facilities, tire recovery projects and glass treatment plants.</p> <p>• Soil remediation projects.</p> <p>Example projects:</p> <p>Collection, transfer, transport, storage, treatment, disposal, sorting and recovery of waste; as well as the management of facilities and associated operations</p> <p>- Waste-to-energy facilities</p>	<p>Collection and transport of non-hazardous waste</p> <p>Recovery of non-hazardous waste materials</p>

The Eligible Green Portfolio list:

4.1.1. Eligible Renewable Energy Projects

Financing of, or investments in, construction and installation of renewable energy capacity including the M&As.

4.1.2. Eligible Energy Efficiency Projects

Financing of, or investments in, projects that contribute to a reduction of energy consumption per unit.

4.1.3. Eligible Clean Transportation Projects

This includes the financing of, or investments in, projects that contribute directly or indirectly to a reduction of CO2 emissions or harmful emissions, or energy consumption per km-passenger (such as electric, and related infrastructure).

4.1.4. Eligible Green Building Projects

This includes the financing of, or investments in acquisition, construction or refurbishment of buildings that meet the recognized standards.

4.1.5. Eligible Circular Economy Projects

This includes the financing of, or investments in acquisition / or development, sustainable production capacity and/ or use of materials, components and products that are reusable, recyclable.

Products and assets that support the circular economy through increasing the functionality, durability, modularity and ease of repair. It includes the circular Value Recovery and eco-efficient products.

4.1.6. Eligible Pollution prevention and control Projects

This includes the financing of, or investments in acquisition / or development, waste collection and management projects that contribute to pollution prevention, including Recycling and waste diversion programs, waste-to-energy projects, generation of green energy from waste, waste processing projects, processing waste in a sustainable way, avoiding landfill.

4.1.7. Other eligible categories determined by the Green Bond Principles

More generally, this includes any investments in, or acquisition of, any other types of projects listed in the present and future updates of the Green Bond Principles' categories (as adaptation projects, eco-efficient or circular economy products, pollution prevention and control, green buildings...).

4.1.8. Excluded projects

VERTIKAL will exclude the allocation of bond proceeds to projects and assets that are related to oil & coal, potentially environmentally negative resource extraction, gambling or tobacco.



4.2

Process for evaluation and selection of projects-green bonds

VERTIKAL shall use funds from green bonds, and green loans exclusively based on the criteria defined by ICMA and LMA in this framework to finance and refinance activities. Selection of projects to be financed and refinanced and assessment of the criteria set out in the chapter on the use of funds. Projects, acquisitions, and R&D investments that are aligned with the Use of Proceeds will be considered eligible for Green Bond proceeds allocation.

The proceeds of the green bonds will be managed by the green finance committee and **listed** in VERTIKAL's **green finance register**. The register will list the country, category and nature of the asset to identify each green bond and the eligible projects and assets relating to it.

VERTIKAL's Green Commission

is responsible: for green investments from green bonds, and loans, including the selection, monitoring and review. Decision-making processes are available in the related internal management documents. The VERTIKAL's Green Commission consists of the

following members: CEO, CFO, Board Members, a potentially and external sustainability advisor.

The VERTIKAL's Green Commission is headed by the CEO, the allocation of the bond proceeds requires a consensus decision. In addition, all selected Projects and Assets must be compliant with the applicable national laws and regulations, as well as the internal policies of VERTIKAL.

Green Committee hold on quarterly basis. The Green Committee may convene an extraordinary meeting at any time, subject to prior consultation, or adopt a decision in writing, if there is a need for a review.

+ The Green Committee validates the selection of projects, acquisitions and R&D investments and reviews all allocations.

+ The Board of VERTIKAL will be informed on a periodic basis of the progress of the bond proceeds allocation, and the nature of the projects selected.

+ At the Green Committee meeting, in addition to the Green Committee members, ad-hoc invitees, including an external expert from the Green Committee.

In addition, all selected Projects and Assets must be compliant with the applicable national laws and regulations, as well as the internal policies of VERTIKAL. VERTIKAL also manages the Environmental and Social (ES) risks emerging during the process for the selection of Eligible Projects and Assets. The Company consults the relevant stakeholders and takes into account the possible environmental and social issues before the selection of a project or asset. The Green Committee is responsible for ES risk management, while it also monitors the status of the relevant sustainability KPIs, with the inclusion of external sustainability experts – when required.

The Green Committee tracks the development of the sustainability strategy and the achievement of the goals set, it is an “advisory body” to the CEO,

and plays a key role in integrating ESG considerations into corporate decision-making.

The management and availability of data and decision processes related to projects is carried out in accordance with VERTIKAL's related internal governance documents.

The Green Committee is responsible for the supervision of these issues:

- The approval of the sustainability strategy and all ESG report
- Supervision of steps to be taken to implement the strategy
- Supervision of green related projects
- Definition of resources needed for green projects
- The VERTIKAL Group's ESG and green performance evaluation.

4.3

Management of proceeds

The green bond, proceeds will be earmarked for Eligible Projects and Assets defined in the Use of Proceeds section of the Framework in. 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 this Green Bond Framework. The green bond proceeds **will be tracked** by the VERTIKAL in the Green Bond Register.

The Green Bond Register will contain relevant information to identify each Green Bond and the Eligible Projects and Assets relating to it, including the country, category, and nature of the Green Bond Assets. The Green Bond Register will be the basis of the allocation and impact reporting. At the end of each calendar year, the net proceeds of the issuance will be reduced by the amounts invested in Eligible Green Projects in such annual period.

VERTIKAL will hold the balance of net proceeds not already allocated to Eligible Green Projects, **invested in cash, cash equivalent.**

The Issuer has established systems to monitor and account for the allocation of the proceeds. The Green Committee monitors that the proceeds should not be temporarily non-green financing or refinancing activities. (Reporting will be on monthly basis to the Management.)

Impact Assessment Report (periodically) will be produced by Green Committee. The report be based on IT systems used by VERTIKAL's financial department financial reports based on data provided.

VERTIKAL intends to allocate the proceeds of a given Green Bond issuance within 24 months period from its issue date when its initial maturity.

In the event of a change in the regulatory environment, the Green Financing Framework is reviewed. If, as a result of such review, the Committee makes changes to the Framework, such changes **only apply to bonds issued and loans taken out after the publication** of the amendment of the Green Financing Framework.





4.4

Reporting of green bonds

The Company will annually provide investors with a report describing the allocation of green bond proceeds and – where data are available – the environmental impact of the Green Projects, until the maturity of the bonds, at least at GBP category level. The report will be made available on our website together with this Green Bond Framework.

Both the Allocation Report and the Impact Assessment Report are verified by an external party. VERTIKAL will report on the allocation of net proceeds to the Eligible Green Portfolio and on its associated environmental impact within one year of bond issuance and annually thereafter until full allocation of the Green Financing Instruments.

The allocation report will include:

- a) Total amount of funds from green bonds and green loans.
- b) funding from green bonds and loans total and the used funds (%).
- c) the amount of proceeds allocated to Eligible Green Projects with their related description,
- d) Information on the environmental outcomes of the Eligible Green Projects
- e) Investments in project categories
- f) the part of refinancing (as the case may be: Amount and share

The Impact Assessment Report report will include:

The impact assessment indicators aim to capture and illustrate the environmental and sustainability benefits of projects financed via Green Bond or Green Loans.

VERTIKAL will publish annually these indicators on its website.



ELIGIBLE CATEGORY	IMPACT INDICATORS
RENEWABLE ENERGY	<div><div>→</div>Added renewables capacity MW in each year (detailed list)</div> <div><div>→</div>Total renewables capacity MW</div>
ENERGY EFFICIENCY	<div><div>→</div>Annual reduction of energy consumption in % or in MWh; (Compared to conventional technology, base year 2023)</div> <div><div>→</div>Amount of stored energy (kWhe)</div> <div><div>→</div>Renewable share of stored energy (%)</div> <div><div>→</div>Energy efficiency components produced or procured (m2 , m³, tonnes or %)</div> <div><div>→</div>Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent (tCO2e)</div>
CLEAN TRANSPORTATION	<div><div>→</div>New EV charging points in reporting year</div> <div><div>→</div>Annual reduction or avoidance of CO2 emissions g CO2 per passenger-km (passengers activities) or per t-km (freight activity) or harmful emissions (NOx, SOx, particles,..) in mgr per km.</div> <div><div>→</div>% of Electric Vehicle</div>
GREEN BUILDING	<div><div>→</div>Land remediated/decontaminated/regenerated, in ha or m²</div> <div><div>→</div>Type of certification level and sq meter of Internationally and nationally recognised standards for Green Buildings such as LEED (Leadership in Energy and Environmental Design), BREEAM (Building Research Establishment Environmental Assessment Method) or Energy Performance Certificates (EPCs), or national certification schemes.</div>
CIRCULAR ECONOMY	<div><div>→</div>Annual volume of non-hazardous waste collected for reuse or recycling (tonnes)</div> <div><div>→</div>Waste that is prevented, minimised, reused or recycled before and after the project in % of total waste and/or as absolute amount in tonnes p.a</div> <div><div>→</div>% of recovered waste compared to the total waste treated.</div>
POLLUTION PREVENTION AND CONTROL	<div><div>→</div>Waste collection & processing projects<ul style="list-style-type: none">• Tons of Industrial Waste treated• Inhabitants served</div> <div><div>→</div>Waste-to-energy projects<ul style="list-style-type: none">• Total tons of waste treated• Energy generated from waste</div>



6

EXTERNAL REVIEW

+ Second Party opinion VERTIKAL has **appointed Scope Ratings** to assess the green sustainability of its Green Finance Framework and its alignment with **the Green Bonds Principles**.

+ Both the Framework and the SPO will be available on the VERTIKAL's website.

+ The Second Party Opinion refers to **the whole Green Finance Framework**

+ Update the Framework is reviewed and decided by the Green Committee.

+ As the green finance market continues to evolve, VERTIKAL's Green Finance Framework may be subsequently revised or updated to remain consistent with shifting expectations, best market practices and regulatory landscape such as the EU Taxonomy or EU Green Bond Standard.

