Second-Party Opinion

HELL ENERGY Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the HELL ENERGY Green Bond Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2021. This assessment is based on the following:

USE OF PROCEEDS The eligible categories for the use of proceeds – Pollution Prevention and Control, Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, Sustainable Water and Wastewater Management, Renewable Energy, and Energy Efficiency – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 6, 9, and 12.

PROJECT EVALUATION / SELECTION HELL ENERGY Magyarország Kft's internal process in evaluating and selecting projects managed by the Green Bond Committee (GBC), which ensures alignment with the criteria established in the Framework. HELL's internal environmental and social risk management procedures are applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate.

MANAGEMENT OF PROCEEDS HELL ENERGY Magyarország Kft's processes for management of proceeds is overseen by the GBC and will be monitored using an internal system. The Company is committed to allocating net proceeds to Eligible Projects on a best effort basis within 36 months of the date of issuance. This is in line with market practice.

REPORTING HELL ENERGY Magyarország Kft intends to report on allocation of proceeds on its website on an annual basis until full allocation. In addition, HELL ENERGY Magyarország Kft is committed to reporting on relevant impact metrics following, where feasible, ICMA's guidance for Harmonized Framework for Impact Reporting for quantitative performance metrics. Sustainalytics views HELL ENERGY Magyarország Kft's allocation and impact reporting as aligned with market practice.

Evaluation Date	July 20, 2021
Issuer Location	Budapest, Hungary

Report Sections

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Introduction

HELL ENERGY Magyarország Kft ("HELL", "HELL Energy", or the "Company") is a consumer goods company headquartered in Hungary. HELL Energy was founded in 2006 and now produces and exports non-alcoholic beverages including energy drinks, iced teas, iced coffees and carbonated soft drinks, both branded and private label to more than 50 countries. As of 2021, HELL Energy has 739 employees.

HELL has developed the HELL ENERGY Green Bond Framework (the "Framework") under which it intends to issue green bond and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that are expected to reduce HELL's carbon footprint and increase recycled and sustainable aluminium content in drink can manufacturing. The Framework defines eligibility criteria in five areas:

1. Pollution Prevention and Control
2. Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes
3. Sustainable Water and Wastewater Management
4. Renewable Energy
5. Energy Efficiency

HELL engaged Sustainalytics to review the HELL ENERGY Green Bond Framework, dated July 2021, and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).[1] This Framework has been published in a separate document.[2]

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent[3] opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.9.2, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of HELL's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. HELL representatives have confirmed (1) they understand it is the sole responsibility of HELL to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and HELL.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The

[1] The Green Bond Principles are administered by the International Capital Market Association and are available at https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/.
[2] The HELL ENERGY Green Bond Framework is available on HELL ENERGY Magyarország Kft's website at: https://www.hellenergy.com/befektetoknek/
[3] When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that HELL has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the HELL ENERGY Green Bond Framework

Sustainalytics is of the opinion that the HELL ENERGY Green Bond Framework is credible and impactful, and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of HELL's Green Bond Framework:

- Use of Proceeds:
  - The eligible categories – Pollution Prevention and Control, Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, Sustainable Water and Wastewater Management, Renewable Energy, Energy Efficiency – are aligned with those recognized by the GBP. The projects funded under the Framework are expected to reduce HELL's carbon footprint and increase recycled and sustainable aluminium content in drink can manufacturing.
  - Under the Pollution Prevention & Control category, the Company plans to finance the expansion of its beverage can manufacturing and filling facility, as well as the procurement of aluminium coils, according to the following criteria:
    - The procured aluminium coil and the manufacturing facility financed will use either 'Hydro CIRCAL' aluminium[4] or aluminium which consist of minimum 75% recycled content and has an emission intensity of below 2.3kg CO_2e/kg of aluminium. HELL ENERGY currently procures 100% Hydro CIRCAL aluminium.
    - Sustainalytics notes that the Company is not involved in manufacturing of primary aluminium, and that the procured aluminium will meet a maximum emission intensity threshold of 2.3kg CO_2e/kg of aluminium, which is well below the threshold defined under the 2-degree scenario by Transition Pathway Initiative (3.14 kg CO_2e/kg of aluminium by 2030 as a proxy). Additionally, this threshold is significantly lower than the current average emission intensity from aluminium production,[5] and the can manufacturing and filling facilities are powered by 100% renewable energy, therefore Sustainalytics considers HELL ENERGY's manufacture of beverage cans to be a low-carbon activity.
    - The Company has specified that supply constraints may lead it to procure and use aluminium which may deviate in terms of the carbon intensity threshold of 2.3 kg CO_2e/kg of aluminium. HELL ENERGY commits that, in the event that it experiences a supply chain constraint, the Company will seek to procure alternatives that have the lowest possible emission available in the market. Sustainalytics encourages the Company to procure aluminium that still meets the TPI's threshold of 3.14 kg CO_2e/kg of aluminium and transparently report on the rationale for deviation as well as the emission intensity of the procured aluminium.

[4] Hydro CIRCAL is recycled aluminium made with a minimum of 75% recycled, post-consumer aluminium scrap, which has a carbon footprint below 2.3 kg of CO_2 per kg of aluminium. For more information, please refer to: https://www.hydro.com/en-NL/aluminium/products/low-carbon-aluminium/
[5] In 2018, the manufacturing of primary aluminum emitted on average 16.6 kgCO_2e/kg of aluminium, while the carbon intensity of the aluminium sector was 11.8 kgCO_2e/kg of aluminium.

        - Eligible expenditures include acquisition, production, construction, maintenance, operation, improvements, and R&D of circular economy processes that enable the reduction of primary metal aluminium usage, collection and aluminium scrap closed-loop recycling centres.
    - In the Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes category, HELL ENERGY may finance R&D expenditures related to implementing packaging free technologies to eliminate plastic from secondary packaging, such as bio-based snap pack. HELL ENERGY specified that no more than 1% of proceeds will be allocated to this category.
    - Regarding Sustainable Water and Wastewater Management, the Company may finance installation of water-efficient equipment, water replenishment and sustainable drainage systems that increase water efficiency use in manufacturing facilities. The Framework excludes financing of equipment primarily powered by fossil fuels.
    - Under Renewable Energy, the Company may finance the installation of solar photovoltaic farms and related infrastructure dedicated to renewable energy transmission and distribution including grid connections, electric substations or networks. The Framework also defines as eligible the procurement of electricity generated by renewables through yearly Guarantee of Origin (GO) certificates. HELL has confirmed to Sustainalytics that procurement projects will be directly tied to specific and identifiable renewable energy projects, and exclude one-time, short-term purchases of unbundled renewable energy certificates.
    - Within Energy Efficiency, HELL ENERGY may finance and/or refinance buildings that achieved an Energy Performance Certificate ("EPC") label A in Hungary. Sustainalytics views positively the use of EPC label A to determine eligibility in Hungary, where such label guarantees that assets under consideration are in the top 15% most energy efficient buildings.[6]
- Project Evaluation and Selection:
    - HELL ENERGY's internal process in evaluating and selecting projects is managed by the Green Bond Committee (GBC), which is headed by the CSR Manager and comprised of the Head of M&A and Financing, and a technical expert. The GBC evaluates nominated projects and assets to ensure alignment with the criteria established in the Framework. Investment decisions require a consensus of the GBC and are documented in each case. The GBC selects eligible Projects and Assets based on external certification/data or technical parameters with a commitment to align with the EU Taxonomy's DNSH criteria.[7]
    - HELL Energy has internal procedures in place to identify and mitigate potential environmental and social risks which are applicable to all allocation decisions made under the Framework.
    - Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail see Section 2.
- Management of Proceeds:
    - HELL ENERGY's process for management of proceeds is overseen by the GBC. Bond proceeds will be allocated to a Green Bond Registry and the Company will track and monitor allocation of proceeds using an internal system. The Company is committed to allocating net proceeds to Eligible Projects on a best effort basis within 36 months of the date of issuance. Unallocated proceeds may be held in accordance with the Company's investment policy in cash, cash equivalents or other short-term, liquid interest-bearing securities. The Company's external auditor will carry out ex-post verification of funds allocation to eligible activities.
    - Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Reporting:
    - HELL intends to publish on its website a Green Bond Report (GBR) on an annual basis until full allocation. The GBR will include and Allocation Report and, where feasible, an Impact Report. The allocation reporting will include details such as total amount of bond proceeds, balance of unallocated proceeds, share of financing vs. refinancing, status of eligible green projects and assets and a verification by the Company's external auditor. Additionally, where feasible HELL may report on relevant impact indicators including percentage of product waste recycled and

[6] In 2016, more than 99% of registered EPCs obtained a label lower than A.
Build Up, "EPBD implementation in Hungary", (2016), at: https://www.buildup.eu/sites/default/files/content/ca-epbd-iv-hungary-2018.pdf.
[7] EU, "Taxonomy: Final report of the Technical Expert Group on Sustainable Finance", (2020), at:
https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy_en.pdf

percentage of recycled aluminium content. For a full list of impact indicators, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.
- Where feasible, HELL intends to follow ICMA's Harmonized Framework for Impact Reporting[8] guidance for quantitative performance metrics.
- Based on these elements, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the HELL ENERGY Green Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of HELL

Contribution of framework to HELL ENERGY's sustainability strategy

In 2020, the Company set its strategic pathway to achieve improvements in energy efficiency, renewable energy, and reducing CO_2 emissions[9]. The Company has established short-, medium- and long-term sustainability goals focused on: (i) sustainable beverage packaging solutions, (ii) recycling aluminium (iii) responsible sourcing, and (iv) renewable energy.[9]

HELL is committed to reducing its plastic packaging content to below 1% by 2025.[2] By 2020, the Company achieved a 60% reduction of plastic content in packaging, compared to 2015, with only 5% of plastic content in packaging, the remaining being aluminium.[2] In February 2021, the Company eliminated plastic bottle packaging across its entire product line of carbonated soft drinks. Additionally, HELL aims to reduce the wall thickness of manufactured cans by 10% compared to 2018 by 2025. Moreover, the Company recycles 100% of aluminium scrap from its industrial processes and in 2020, the Company collected 400,000 used aluminium cans for recycling.[2]

Due to its commitment to responsible sourcing, the Company procures exclusively Hydro CIRCAL recycled aluminium for its entire can portfolio. Hydro CIRCAL is made of a minimum 75% recycled, post-consumer aluminium scrap. Since Hydro CIRCAL recycled aluminium has very low carbon footprint (<2.3kg of CO_2e per 1kg of aluminium produced),[10] HELL achieved a 60% reduction in carbon intensity of its sourced aluminium. Regarding renewable energy, as of 2021 HELL procures 100% renewable power for its entire production process, and pledges to maintain that its production uses exclusively renewable energy power in the long term.[2]

Sustainalytics is of the opinion that the HELL ENERGY Green Bond Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the bond(s) issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include occupational health and safety, land use and biodiversity issues associated with infrastructure development, emissions, effluents, and waste generated in construction.

Sustainalytics is of the opinion that HELL is able to manage and/or mitigate potential risks through implementation of the following:

- Expenditures funded by green bond proceeds will take place in Hungary, an EU member state, therefore Hell is required to comply with EU regulation.

[8] ICMA Group, "Impact Reporting Metrics and Databases", (2021), at: https://www.icmagroup.org/sustainable-finance/impact-reporting/
[9] HELL ENERGY shared its Sustainability Strategy 2020 with Sustainalytics for assessment on a confidential basis
[10] Hydro, "Low-carbon, greener aluminium: Hydro REDUXA and Hydro CIRCAL", at: https://www.hydro.com/en/aluminium/products/low-carbon-aluminium/

- Regarding worker health and safety, the EU Directive on Worker Health and Safety ensures minimum safety and health requirements throughout job sites in Europe and requires the employers to "ensure the safety and health of workers in every aspect related to the work".[11]
- HELL has a Health, Safety, Environment and Security Policy[12] in place for contractors, which ensures safe working practices and protects against major potential hazards. The policy comprises of detailed instructions for carrying out work safely in general and hazardous working conditions.
- The EU Directive 2014/52/EU,[13] requires an Environmental Impact Assessment ("EIA") for projects associated with significant effects on the environment prior to development consent being given, ensuring the mitigation of environmental risks relevant with land use changes and infrastructure development. The Directive also instructs that measures must be taken to "avoid, prevent, reduce and, if possible, offset significant adverse effects on the environment, in particular on species and habitats". Concerning land use, the Directive notes that the "EIA shall identify, describe and assess land use related impacts".
- Regarding risks of effluents and emissions, EU's Industrial Emissions Directive 2010/75/EU (IED)[14] takes an integrated approach to industrial emissions, regulating the whole environmental performance of an industrial plant. This includes emissions to air, water and land, generation of waste, use of raw materials, energy efficiency, noise, prevention of accidents and restoration of the site upon closure. The member states issue permit to the industry operators, which includes all the measures necessary to achieve a high level of protection of the environment as a whole and sets emission limit values which are based on the Best Available Techniques.[15,16] Additionally, HELL's Health, Safety, Environment and Security Policy also prohibits pollution of environment with oil, waste, infectious material, etc. and discharging of wastewater into the environment.[12]

Based on these policies and directives, Sustainalytics is of the opinion that HELL has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All five use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on the below use of proceeds where the impact is specifically relevant in the local context.

Sustainability benefits of recycled aluminium compared to the manufacturing of primary aluminium

The aluminium industry emits 1.1 billion tonnes of GHG emissions per annum, or around 2% of all global anthropogenic emissions.[17] More than 90% of this footprint is from primary production processes, while primary aluminium production currently makes up around 70% of annual metal demand.[18] A cradle-to-grave life cycle assessment of the aluminium industry showed significant emissions of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride.[19] Between 2002 and 2019, the production of primary aluminium in the EU decreased significantly, with 38% fewer smelters in operation. However, global demand for aluminium has increased at a fast path. As such, the sector's GHG emissions are expected to increase by 50% by 2050 under a business-as-usual scenario, underlining the need for decarbonization.

[11] EU, "Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work", (1989), at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=FR.
[12] HELL ENERGY, "Health, Safety, Environment and Security Policy", at: https://www.hellenergy.com/wp-content/uploads/2021/05/Health-Safety-Environmental-and-Security-policy.pdf
[13] EU, "Directive 2014/52/EU on the assessment of the effects of certain public and private projects on the environment", (2014), at: https://eurlex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052
[14] EU, "Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control)", at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32010L0075
[15] 'Best available techniques' means the most effective and advanced stage in the development of activities and their methods of operation, which indicates the practical suitability of particular techniques for providing the basis for emission limit values and other permit conditions designed to prevent and, where that is not practicable, to reduce emissions and the impact on the environment as a whole.
[16] OECD, "Best Available Techniques (BAT) for Preventing and Controlling Industrial Pollution", at: https://www.oecd.org/chemicalsafety/risk-management/policies-on-best-available-techniques-or-similar-concepts-around-the-world.pdf
[17] World Economic Forum, "Aluminium for Climate: Exploring pathways to decarbonize the aluminium industry", (2020), at: http://www3.weforum.org/docs/WEF_Aluminium_for_Climate_2020.pdf
[18] World Aluminium, "Aluminium Sector Greenhouse Gas Pathways to 2050", (2021), at: https://www.world-aluminium.org/media/filer_public/2021/03/16/iai_ghg_pathways_position_paper.pdf
[19] Gautam, M., et al., (2018), "Chapter 8 – Carbon Footprint of Aluminium Production: Emissions and Mitigation", Environmental Carbon Footprints, at: https://www.sciencedirect.com/science/article/pii/B9780128128497000088

As aluminium is a material with 'permanent' characteristics, it can be recycled infinitely without losing its properties, which secures its sustainable use.[20] A study by Transition Pathway Institute (TPI) shows that the primary production of aluminium has an estimated carbon intensity of 16.5 $kgCO_2e/kg$.[21] In Europe, it is estimated that recycling aluminium saves 95% of the energy needed for primary production, while around 75% of all the aluminium ever produced is still in use.[22] According to the TPI, a carbon intensity of 3.07 $kgCO_2e/kg$ of aluminium by 2030 is aligned with the International Energy Agency's *Below 2 Degrees*[23] scenario.[24] Increasing the amount of recycled aluminium, rather than importing more primary aluminium from developing countries may reduce the sector's GHG emissions, as well as reducing the carbon footprint of the Company's operations.

Sustainalytics notes that the procurement of aluminium with a minimum of 75% recycled content has a lower carbon footprint than manufacturing primary aluminium, which is why the projects funded under the Framework are expected to generate positive environmental impacts.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the HELL ENERGY Green Bond Framework advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Energy Efficiency	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes	12. Responsible Production and Consumption	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Pollution Prevention and Control	9. Industry, Innovation and Infrastructure	9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.
Renewable Energy	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Sustainable Water and Wastewater	6. Clean water and Sanitation	6.4.1 Change in water-use efficiency over time

[20] European Aluminium, "Circular Aluminium Action Plan", (2020), at: https://european-aluminium.eu/media/2929/2020-05-13-european-aluminium_circular-aluminium-action-plan.pdf
[21] Transition Pathway Initiative, "Aluminium", at: https://www.transitionpathwayinitiative.org/sectors/aluminium
[22] European Aluminium, "Recycling Aluminium", (2016), at: https://european-aluminium.eu/media/1712/ea_recycling-brochure-2016.pdf
[23] A Below 2 Degrees scenario, which is consistent with the overall aim of the Paris Agreement to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels".
[24] Transition Pathway Initiative, "Carbon Performance Assessment of aluminium producers: note on methodology", (2020), at: https://www.transitionpathwayinitiative.org/publications/80.pdf?type=Publication

Use of Proceeds Category	SDG	SDG target
Management		

Conclusion

HELL has developed the HELL ENERGY Green Bond Framework under which it may issue green bonds and use the proceeds to finance pollution prevention and control, circular economy adapted products, production technologies and processes, sustainable water and wastewater management, and renewable energy projects. Sustainalytics considers that the projects funded by the green bond proceeds are expected to yield positive environmental impacts.

The HELL ENERGY Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the HELL ENERGY Green Bond Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 6, 9, and 12. Additionally, Sustainalytics is of the opinion that HELL has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that HELL ENERGY Magyarország Kft is well-positioned to issue green bonds and that the HELL ENERGY Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	HELL ENERGY Magyarország Kft
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	HELL ENERGY Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	July 20, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

☒	Use of Proceeds	☒	Process for Project Evaluation and Selection
☒	Management of Proceeds	☒	Reporting

ROLE(S) OF REVIEW PROVIDER

☒	Consultancy (incl. 2nd opinion)	☐	Certification
☐	Verification	☐	Rating

☐ Other *(please specify)*:

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

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

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds Pollution Prevention and Control, Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, Sustainable Water and Wastewater Management, Renewable Energy, Energy Efficiency are aligned with those recognized by the GBP. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 6, 9, 12.

Use of proceeds categories as per GBP:

☒ Renewable energy	☒ Energy efficiency
☒ Pollution prevention and control	☐ Environmentally sustainable management of living natural resources and land use
☐ Terrestrial and aquatic biodiversity conservation	☐ Clean transportation
☒ Sustainable water and wastewater management	☐ Climate change adaptation
☒ Eco-efficient and/or circular economy adapted products, production technologies and processes	☐ Green buildings
☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	☐ Other *(please specify)*:

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

HELL ENERGY Magyarország Kft's internal process of evaluating and selecting projects is managed by its Green Bond Committee (GBC), which consists of Head of Mergers & Acquisitions and Financing, Corporate Social Responsibility Manager and a technical expert of the company.

Evaluation and selection

☒ Credentials on the issuer's environmental sustainability objectives	☒ Documented process to determine that projects fit within defined categories
☒ Defined and transparent criteria for projects eligible for Green Bond proceeds	☐ Documented process to identify and manage potential ESG risks associated with the project

☒ Summary criteria for project evaluation and selection publicly available

☐ Other *(please specify):*

Information on Responsibilities and Accountability

☒ Evaluation / Selection criteria subject to external advice or verification

☐ In-house assessment

☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

The bond proceeds of the Green Bond will be allocated to a Green Bond Register (GBR), and it will be tracked and managed by the GBC of HELL by using a spreadsheet. Until the full allocation of the Green Bond proceeds, the proceeds not allocated yet or divested will be held in cash, cash equivalents or other short-term, liquid interest-bearing securities in line with the Company's investment policy. The allocated funds will be re-credited to the GBR, if an Eligible Project or Asset cease to qualify or is divested/cancelled. Sustainalytics considers this to be in line with market practice.

Tracking of proceeds:

☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner

☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds

☐ Other *(please specify)*:

Additional disclosure:

☐ Allocations to future investments only

☐ Allocations to both existing and future investments

☐ Allocation to individual disbursements

☐ Allocation to a portfolio of disbursements

☐ Disclosure of portfolio balance of unallocated proceeds

☐ Other *(please specify)*:

4. REPORTING

Overall comment on section (if applicable):

HELL ENERGY Magyarország Kft's intends to create and maintain up to date information on the use of Green Bond proceeds, renewing annually until full allocation. The Company will publish its annual green bond report on its website that will include the Allocation Report and where feasible the Impact Report. Sustainalytics views HELL ENERGY Magyarország Kft's allocation and impact reporting plan as aligned with market practice.

Use of proceeds reporting:

☐ Project-by-project
☒ On a project portfolio basis
☐ Linkage to individual bond(s)
☐ Other *(please specify):*

Information reported:

☐ Allocated amounts
☐ Green Bond financed share of total investment
☐ Other *(please specify):*

Frequency:

☐ Annual
☐ Semi-annual
☐ Other (please specify):

Impact reporting:

☐ Project-by-project
☒ On a project portfolio basis
☐ Linkage to individual bond(s)
☐ Other (please specify):

Information reported (expected or ex-post):

☐ GHG Emissions / Savings
☐ Energy Savings
☐ Decrease in water use
☐ Other ESG indicators (please specify):

Frequency

☐ Annual
☐ Semi-annual
☐ Other (please specify):

Means of Disclosure

☐ Information published in financial report
☐ Information published in sustainability report
☒ Information published in ad hoc documents
☐ Other (please specify):
☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

☐ Consultancy (incl. 2nd opinion)
☐ Certification
☐ Verification / Audit
☐ Rating
☐ Other *(please specify):*

Review provider(s): **Date of publication:**

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.

ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.

iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Disclaimer

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Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.