

GREEN BOND FRAMEWORK



July 2022

Green Bond Framework prepared by: Credit Management Group



Content

1. Introduction to Univer Product Zrt.....	3
<i>1.1. Corporate Structure and Business Model</i>	<i>3</i>
<i>1.2. Management and Governance.....</i>	<i>9</i>
<i>1.3. Certificates and Trademarks</i>	<i>11</i>
<i>1.4. Corporate Social Responsibility (CSR)</i>	<i>11</i>
2. Sustainability Approach	13
<i>2.1. Sustainability Approach of Univer Product Zrt.</i>	<i>13</i>
<i>2.2. Customer profile</i>	<i>16</i>
<i>2.3. Supplier profile</i>	<i>16</i>
3. Green Bond - Rationale for Univer Product Zrt for Issuing a Green Bond	17
<i>3.1. Rationale for Univer Product Zrt. for Issuing a Green Bond</i>	<i>17</i>
<i>3.2. Use of Proceeds</i>	<i>18</i>
<i>3.3. Alignment with the United Nations Sustainable Goals</i>	<i>21</i>
<i>3.4. Project Selection and Evaluation Process.....</i>	<i>22</i>
<i>3.5. Management of Proceeds</i>	<i>24</i>
<i>3.6. Reporting.....</i>	<i>24</i>
4. External Review and Assessment.....	26
5. Appendix.....	27

1. Introduction to Univer Product Zrt.



1-4. Pictures:

- Planned front view of Kecskemét-Hetényegyháza plant (under construction in 2021-2022)
- Raw material (Hungarian spice pepper) washing process
- Univer Mustard in consumer packaging
- Tomato washing & selecting process

Univer Product Zrt. plans to issue a Green Corporate Bond in Hungary in order to finance green investments as a HUF 6,780 bn (cc. EUR 17,66 mn) HUF-denominated Bond.

The proceeds of the bond will cover various categories and various projects including renewable energy with solar parks, energy efficiency with production hall and office building, production technology, agricultural machines and equipments, sustainable water and wastewater management with grey water utilization.

The present Green Bond Framework is in line with the green bond issuance principles set by the Hungarian National Bank and set by the Green Bond Principles (GBP). The present Green Bond Framework has been compiled in alignment with the 2021 Green Bond Principles (GBP), and in engagement with the Sustainable Development Goals edited by the United Nations (SDGs).

1.1. Corporate Structure and Business Model

Founded in 1948, the 100% Hungarian-owned Univer Group, based in Kecskemét, is one of Hungary's leading food, retail and wholesale companies. In 2021, Univer Group achieved a consolidated net sales of approximately HUF 47,0 bn, employing more than 1300 Hungarian employees.

Univer Product Zrt. (further also mentioned as Issuer or Company) manufactures and distributes food products in several categories such as Piros Arany (Red Gold Paprika Cream) and Erős Pista (Strong Steve Minced Hot Pepper), belonging to the Collection of Hungaricums, which can be regarded as the highest rank for a traditional Hungarian food product; Goulash Cream, Haragos Pista (Mad Steve Minced Extra Hot Pepper), Garlic Cream and Onion Cream; mayonnaise, mustard, ketchup and salad dressings; tomato concentrates, baby food, premium jams, bakery and gastronomic products, etc. The Company's Hungaricum condiments, the mayonnaise, mustard and baby food are market leaders in Hungary, other categories are among the top players in their product categories. Univer Product is in close cooperation with hundreds of Hungarian farmers working in Kecskemét and the surrounding region. They provide quality Hungarian raw materials for Univer's condiments in a mutually beneficial supply system that has been in operation since 1975.

The holding company's interests include Univer Coop Zrt., which operates 33 retail outlets and 2 C+C units, employing nearly 500 people and has highly popular stores in several regions of the country, as well as in Kecskemét. As one of the most important franchise partners of Coop Hungary, Univer Coop's business philosophy is obvious: to provide an engaging shopping experience every day. To do this, customer-centric thinking, courteous service and a focus on daily items and fresh products are essential.

The Alföld Department Store, a member of the group is one of the long-established shopping centers in the region, which has been the dominant commercial center of Kecskemét and its surrounding area since 1971. As a result of continuous development, the store has now become a popular shopping destination in the city. With more than 6000 square meters sales area of special brands, a customer-friendly business policy and a constantly renewed inventory, it is an attractive and convenient solution for demanding customers.

Univer's immediate goal is to increase the recognition and prestige of Hungarian products and the Hungarian workforce. Thus, through its activities and continuous improvements, it does its utmost to boost the Hungarian economy, contribute to its sustainability and create new jobs.

Univer Product Zrt., the Issuer

The Kecskemét-based Company is a member of the Univer Group and is 100% Hungarian-owned, which is complemented by a strong local patriotic commitment.

The Company closed the 2021 financial year with a net turnover of HUF 30,5 bn, and this year's plans are for a turnover of HUF 36,1 bn. In line with this growth, its workforce is expanding, it operated with 669 employees in 2021.

The Company's products are available in more than 15 countries around the world. The main export markets are Romania, Germany and Slovakia, but Univer products are also supplied overseas (USA, Canada, Australia). In 2021, Univer Product Zrt. achieved a net export turnover of HUF 7,5 bn.

The products of Univer Product Zrt. can be classified into the following product groups:

- wet condiments (mayonnaise, mustard, ketchup, salad dressings and table sauces such as chili and barbecue),

- Hungarian style condiments (Red Gold Paprika Cream, Strong Steve Minced Hot Pepper, Mad Steve Minced Extra Hot Pepper, Goulash Cream, Garlic Cream and Onion Cream, etc.),
- tomato concentrates,
- baby food,
- premium jams,
- bakery products and
- gastronomic products.

Univer Product Zrt. is clearly rooted in its home region, Bács-Kiskun County. Most of Univer's brands are vegetable-based condiments, therefore ensuring the right quality and quantity of vegetables as raw materials are of utmost importance for the Company. The most important raw materials are tomatoes, sweet and hot spice pepper, pritamin pepper, onion, garlic, vegetable oil and horseradish.

To address this challenge, Univer has developed a supply system relying exclusively on Hungarian producers, which is based on strict quality management, producer loyalty and mutual benefits since 1975.

Horticulture, which is a particularly labor-intensive activity, can make a significant contribution to increasing rural employment in the region. In addition, the Company helps tomato suppliers with propagating material and state-of-the-art cultivation technology through its reference farm. The farm is operated by Univer-Agro Kft., a subsidiary of Univer Product Zrt., established in 2014. It is located 20 km away from Kecskemét, specializes primarily in tomatoes and red pepper. Building on decades of experience in its raw material supply system, Univer sources a high amount of raw materials needed to produce fruit jam from Hungarian farmers; and a significant proportion of the baby food ingredients are grown in Hungary.

The key elements of Univer Product Zrt.'s corporate strategy are:

- Producing high quality and healthy branded food products with high quality sales and marketing support.
- Reduction of waste and energy consumption, protection of water resources, development of environmental awareness of employees based on the values of sustainability.
- Helping local communities by personal care, e.g. local operations, domestic raw material production, community building among producers and short logistical chains.

Business model:

- Univer Product Zrt. sells its products to its end consumers primarily through reselling retail and wholesale partners. Univer Product markets its products under the Univer brand name, but also produces reseller private label products in a number of product categories.
- Important markets for the Company are the HoReCa market segment, as well as contract manufacturing and industrial user partnerships. The most important product category for sales to food industry partners for further processing is the tomato concentrate product category.

- Hungary is the main destination country for sales. The export share of the company is 24,8% based on revenue.

Continuous investment

With strong ties to its home town of Kecskemét and the local farming community, Univer Product Zrt. has been characterized by continuous development over the past decade:

- In 2014, Univer Product Zrt. implemented a complete technical, architectural and energy reconstruction of its tomato plant in Kecskemét, Szolnoki út, tripling its tomato processing capacity from 25,000 to 75,000 tons / year. The investment, based exclusively on tomatoes sourced from Hungarian producers, has enabled the Company to achieve domestic and export sales successes that soon justified a further capacity increase project. Univer also produces its fruit jams, baby foods, salad dressings and other products at this site.
- In 2017, the Company invested nearly HUF 4,3 bn in a new tomato plant, doubling its capacity to 140,000 tons / year and upgrading its technology to world-class standards. As a result of this development, from August 2017, Univer's Kecskemét site is the home to one of the largest and most up-to-date tomato processing plants in Central Europe.
- In 2019, the Company's production site at Mindszenti körút in Kecskemét, Hungary, became operational with a technology development and capacity expansion investment of more than HUF 2,2 bn, which covers the majority of the production process. The technical implementation of the investment supports the manufacturing of preservative-free and clean label (free from E-numbered additives) bottled mayonnaise, as well as preservative-free bottled and bucket condiments. The key elements are:
 - Technological equipment of the mayonnaise production line, with capacity increase.
 - Technological equipment for the mustard production line capacity expansion.
 - Technological equipment of the filling line for bottles and buckets, with capacity increase.
 - Equipment for the supporting technology.
- All these improvements could only have been achieved by the Company's continuous supply with high quality agricultural raw materials, many of which are not only domestic but also local, from Kecskemét and its region. Drawing on the experience of its raw material supply system, which has been built on long-term mutual benefits with Hungarian farmers, Univer has been able to meet the increased demand for processing tomato raw materials exclusively from tomatoes grown in Hungary. When the Kecskemét, Szolnoki út plant reaches its full capacity, Hungarian farmers will produce quality Hungarian tomato raw material for Univer on nearly 2000 hectares.
- Univer Product Zrt. has established a reference farm on 185 hectares, which has been extended to 196 ha in 2022, cultivated by its subsidiary Univer-Agro Kft., located in 20 km distance from Kecskemét, where Univer grows mainly tomatoes and other crops in rotation. The aim of the reference farm is to create a knowledge center where Univer can help the local farming community with propagating material varieties and technology experiments, technical advice and cultivation services (planting, harvesting, etc.). All this

in order to supply the expanding tomato processing plant with high quality locally grown raw materials.

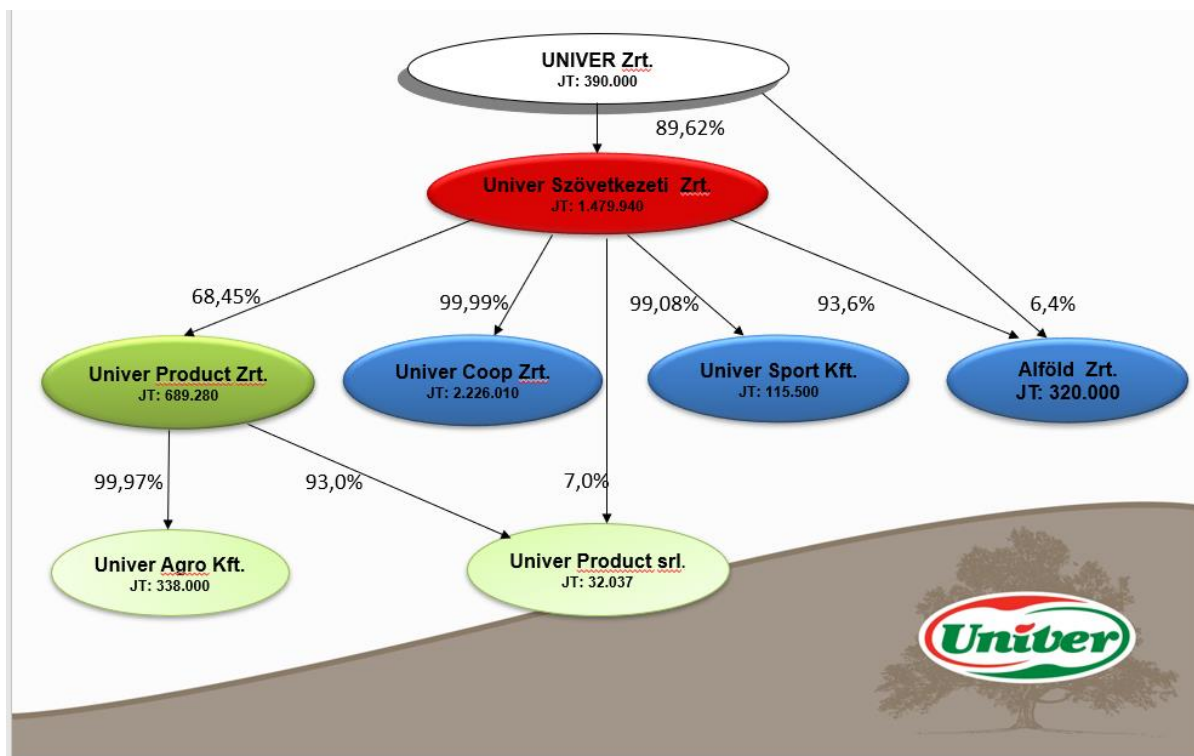
- In order to meet the water requirements of the crops grown on the reference farm, the irrigation system has been improved in several stages over the last few years. The first was a group of seven wells supplying irrigation water to the farm's plantations, but the new irrigation system, which is operational since 2021, uses groundwater resources, state-of-the-art water management technology, digital control and monitoring units to provide water for the reference farm's crops. This recently completed irrigation system's technical excellence, energy and water efficiency will also serve as a reference for farmers in the area who are considering irrigation investments.
- The investments and technological improvements have created opportunities for many product developments. Univer Product has entered the market in the last decade with products such as preservative-free mayonnaise, clean label mustard and ketchup. Products such as Haragos Pista (Mad Steve Minced Extra Hot Pepper), developed for spicy flavour lovers, as well as premium jams, excellent tomato-based products and baby food renewed according to the latest dietary principles are among product innovations of this decade. For the third time last year, Univer's sweet & hot specialty, the Erős Pista Christmas Candy landed on the shelves with the highest acclaim from Hungarian customers.



5-12. Pictures: Main crops and vegetables grown at Univer's reference farm, state-of-the art irrigation and harvesting technologies

Corporate structure

Ownership structure of Univer Group



2. Figure: Ownership structure (JT= registered capital)

The Company is a member of the Univer Group. Univer Product Zrt. is owned in 68,45% by Univer Szövetkezeti Zrt. and in 31,55% by 259 individuals.

As of 1 July 2012, the Company is the legal successor of Kecskemét Canning Factory Zrt.

The Company is the parent company of S.C. Univer Product Srl, based in Romania, and Univer-Agro Kft, based in Kecskemét, and a subsidiary of Univer Szövetkezeti Zrt.

1.2. Management and Governance

The Company is controlled by a Supervisory Board of 5 members. The legal representative of the Company is the CEO, who exercises this right independently. The Chief Executive Officer is elected by the Supervisory Board. In addition to the legal representative, the Company assigns independent rights of representation to the following positions (organizational representation):

- Chief Production and Technical Officer
- Chief R&D and Quality Officer
- Chief Logistics, IT and Projects Officer
- Chief Strategy and Business Development Officer
- Chief Sales and Marketing Officer

The employer's rights are exercised directly by the CEO in relation to the following positions:

- Chief Production and Technical Officer

- Chief R&D and Quality Officer
- Chief Logistics, IT and Projects Officer
- Chief Strategy and Business Development Officer
- Chief Sales and Marketing Officer
- Security Manager
- Human Resources Manager
- Head of Secretariat and Direct Reports
- Sustainability and Communications Director
- Finance Director and staff under his/her direct authority

The Chief Executives listed above exercise employer's rights over their respective direct reports and all employees under their direct reports.

The Company's control system consists of

- ownership control and
- internal control.

Ownership control by the shareholders of the Company is exercised by the Supervisory Board. The control activities of the Supervisory Board are set out in the Company's Articles of Association and Rules of Procedure. The process of control of the assets is set out in the Cooperation Agreement, which details the rights of the Company's and owner's obligations and responsibilities.

The internal control in the Company is exercised through

- the control activities of the managers, and
- controls built into work processes.

Managers have joint and several control authorities because of their responsibility for the area under their management. Control over the processes covers the entire economic activity of the Company, except for the control over accounting, valuation, reporting and auditing activities, which is carried out by the majority owner Univer Szövetkezeti Zrt.

The Company is responsible for its overall management. The Company acknowledges the need for continuous involvement of the owner in the business. The Company is accountable to the General Meeting and the Supervisory Board.

The strategic decisions are put forward by the Chief Officers according to their competency area and decisions are made by the Chief Executive Officer regarding

- defining long-term strategy
- defining key pillars of the business plan based on strategy for the upcoming business year
- approving project plans and budget

Decisions regarding operational management:

- project implementation and management
- implementing the accepted development strategy
- reconciling business matters, managing key accounts / stakeholders
- issuing potential strategic proposals to the CEO
- partnerships

- development of production programs
- pricing policy development
- marketing activities

1.3. Certificates and Trademarks

Certificates

All production sites possess certificate for IFS Food Version 6.1.

The IFS Food Standard is a GFSI (Global Food Safety Initiative) recognized standard for auditing food manufacturers. The focus is on food safety and the quality of processes and products. It concerns food processing companies and companies that pack food products. The Standard is important for all food manufacturers, especially for those producing private labels, as it contains many requirements related to the compliance with customer specifications.



13-17. Pictures: IFS logo and Univer Product IFS certificates for all production sites

1.4. Corporate Social Responsibility (CSR)

Univer24 swimming event

In 2020, the „Univer24 - Celebration of Swimming”, Hungary's most-attended swimming event was held for the seventh time (sixth time in Kecskemét, and one time in 2019 in Cluj Napoca in Romania). At the start of the programme, participating schools had the opportunity to jump into the pool with the a three-time Olympic champion, world and European champion and world record holder swimmer as the guest star of the event. The guest star was joined by athletes who swam for 24 hours according to the rules of the one-day swimming competitions.

The 24-hour programme aims to get as many people as possible moving, swimming and to encourage them to take up water sports. It is organized by the main sponsor Univer Product

Zrt., Kecskemét City, Hirös Sport Nonprofit Kft. and Kecskemét Spa. In 2015, the first Univer24 was attended by 1800 amateur and professional swimmers, while the 2020's event attracted 2500 people.

The Univer24 is accompanied by the Univer Product school foundation support programme: in two categories (small and large schools), the first three schools with the most swimmers received sports equipment vouchers worth HUF 150000, 100000 and 75000, while four more schools won a prize of HUF 50000 in a draw.

Univer Spring Open Days

Univer Product Zrt. organized its highly popular event, the Univer Spring Open Days, for the fourth time in 2019. On Friday, the event was attended mainly by school and kindergarten groups, and on Saturday by families and professionals. A three-time Olympic, world and European champion and world record holder swimmer was the guest star at the highly popular event.

The aim of Univer Product Zrt. was to show the Univer Spring Open Days' visitors how Hungary's favorite mayonnaise, as well as clean label ketchup, mustard and other food seasonings are made in Kecskemét, Hungary. The organizers also aimed to present the Company as a potential future employer and long-term partner of the city of Kecskemét.

Univer-Sport Kft.

Univer Group started supporting sports in 1991, the year it started supporting the basketball team of Kecskemét.

The sports company owned by Univer Szövetkezeti Zrt. started its activities in 2001 with the aim of running the departments that were then owned by Univer. Mainly men's basketball, saving the Kecskemét Athletic Association the symbolic organization of the city's sport life, which turned 100 years old in 2011. The sports company was responsible for the management of the departments, and other tasks related, also provided the organizational background.

During this period, the sports company had four divisions (basketball, wrestling, weightlifting and fencing), which continued until 2009. In that year, the company withdrew from the sport of professional basketball. At the beginning of January 2013 the name of the sports company was changed to Univer-Sport Kft. After changes in the division structure, Univer-Sport is involved at present into sponsorship of two divisions: fencing and horseback riding.

Other CSR activities:

- Kecskemét City events, e.g. Kecskemét City History Exhibition, Kecskemét Peach Festival
- Univer Product Zrt. is a continuous member of Hungarian Product Nonprofit Kft. since 2006
- University of Szeged & Demola cooperation on project basis
- Corvinus University of Budapest cooperation on project basis
- John von Neumann University, cooperation on project basis
- University of Debrecen, cooperation on project basis
- Support for university and college thesis students, ongoing

- Other sports events, e.g. Duna Cup - international senior swimming cup
- Sponsorship of a three-time Olympic, world and European champion and world record holder swimmer, 2016-2020
- Sponsorship of the Hungarian Water Polo Federation until 2018
- Factory visits, ongoing
- Support for social institutions, e.g. Farkas Villa in Kecskemét, Karol Wojtyła Foundation
- Bányai Júlia High School: Univer Sports Hall, 2021
- Participation in aid consignments, e.g. baby food, tomato concentrate and fruit jam sent to Tiszabecs in March 2022 to help Ukrainian refugees

2. Sustainability Approach

2.1. Sustainability Approach of Univer Product Zrt.

Sustainability is a key corporate value of Univer Product Zrt. The Company designed two project portfolios incorporating a number of projects launched along these values:

Blue Ocean Project Portfolio



18. Picture: Blue Ocean Project Portfolio logo

The mission of the internal projects included in this portfolio - aimed at employees, company awareness and sustainable corporate operations - is to reduce waste and energy consumption during working hours and to improve the environmental awareness of the employees.

Pack Project Portfolio



19. Picture: Pack Project Portfolio logo

The projects in this portfolio aim to create the new generation of packaging materials based on the values of sustainability. The target is to reach the recyclability of packaging materials by 2025.

Univer Product Zrt. aims to provide a wide range of non-plastic (e.g. glass, aluminum tubes, etc.) packaging products that will achieve the sales targets for Univer branded products while reducing plastic use by 2025. The aim is to ensure 100% recyclability of Univer branded plastic bottle products by 2025., increase the proportion of recycled materials and prioritize the use of alternative packaging materials - without compromising quality, freshness and product safety. The Company's 2020 actions achieved graphic simplification (graphics printed in one color) on corrugated carton packaging for Univer branded products. The corrugated board used for these products is certified to be made from 100% recycled paper by suppliers that account for the vast majority (over 90%) of the volume used. Two of the three largest corrugated board suppliers have obtained FSC (Forest Stewardship Council) certification and one is in the process of obtaining it. Printed corrugated boxes bear the 100% recycled paper label, symbols to aid recyclability, and the packaging manufacturers' RESY numbers, FSC logo and registration numbers for authenticity. The size of paper labels used on tube packed products and gastro-bucket bulk packaging has been significantly reduced for sustainability. The amount of stretch film used in pallet unit load packaging has also been reduced for sustainability.

Reference farm

Univer Product Zrt. has established a reference farm 20 km away from Kecskemét, mainly specialized in tomatoes, within the framework of its subsidiary, Univer-Agro Kft. In this farm, Univer aims to help tomato suppliers with the latest cultivation and irrigation technologies and to assist them in their decisions on variety selection. However, Univer-Agro is also integrating a number of other agricultural activities.

One of Univer Product Zrt.'s main challenges today is to supply its tomato processing plant with raw material to its full capacity, which has recently been modernized in two stages. The Company's main objective is to ensure that the tomato production in the architecturally and technologically renewed plant is carried out with the involvement of local producers, supplying the plant with quality Hungarian raw material. Univer's localpatriotic traditions and logistical

arguments point in the direction of supplying tomatoes from within a 30-50 km radius of Kecskemét.

The reference farm's activities go beyond tomato production. Univer's red pepper breeding and seed production business is also connected to it. The propagation of new varieties and the testing of red pepper varieties awaiting registration are also carried out in the reference farm's nurseries.

Technological modernization of tomato processing

With the involvement of the Norwegian Fund, Univer Product Zrt. implemented a HUF 3 bn investment in 2014 to modernize the technology of Univer's tomato processing, thus improving the quality and quantity of its tomato concentrate production.

In 2014, Univer tripled – from 25000 to 75000 tons of raw tomatoes - the capacity of its tomato processing plant by upgrading the entire technological line. The capacity expansion was achieved by upgrading existing technology and increasing energy efficiency. Univer has always been keen on to be environmentally responsible, taking care of CO2 emissions, energy saving, paperless operation and reducing waste from production. This project further strengthened this commitment. At the same time, it contributed significantly to maintaining and strengthening its position in the market by saving energy costs. In addition to saving its own jobs, it had the additional effect of creating a secure market and thus a stable future for tomato producing businesses.

The innovative development resulted important changes in the technology, reducing water consumption and thus significantly reducing wastewater emissions. The washing sludge is recycled on the land, as opposed to being disposed in landfills. This was complemented by a technology that also reduced the amount and moisture content of the waste from the washing system. The plant's CO2 emissions have been significantly reduced. Packaging material consumption has also been reduced as part of the project. Significant waste emission reductions have been achieved along the entire process chain from washing to packaging.

In 2017, the Company further doubled its capacity in the tomato plant to 140000 tons and modernized its technology to world-class standards. As a result of this development, the largest and one of the most up-to-date tomato processing plants in Central Europe has been operating at Univer's Kecskemét.

In the year 2020, the Company made a budget payment of HUF 153 mn as an environmental product fee for packaging materials. The depreciation of its investment in a wastewater treatment plant with an environmental function accounted for in 2020 amounted to HUF 1,5 mn.

The Company prepares and submits to the relevant authorities by 01 March and 31 March, respectively its reports on air pollution and hazardous waste emissions from its combustion equipment, which are considered as point sources of air pollution according to the legislation. The management of hazardous waste is carried out in accordance with the legal requirements and the necessary documentation is available. During the year 2020, 2528 kg of hazardous waste was generated, mainly oily wipes, laboratory chemicals, paint metal, plastic rolls of detergents, which were collected as per the regulations and then transported from the Company's premises by Design Kft., an officially licensed company. The waste generated in

the manufacture of the products produced by the Company was sent to the Agrowatt Kft. site as an industrial waste.

2.2. Customer profile

Univer Product Zrt. places great emphasis on developing both domestic and export sales. It serves Hungarian customers mainly through retail chains. It is present in all distribution channels: discounters, hypermarkets, supermarkets, cash & carry stores, independent retailers. Besides retail, the Company also offers a wide range of products for the gastronomy (HoReCa) segment. It supplies restaurants, hotels, canteens, catering partners, etc. through wholesalers. In addition to the Univer brand, it also provides a range of products under private label to the Hungarian market. In Hungary, the sales activities are supported by a team of nearly 30 regional representatives, and the majority of the marketing activities and budget also supports domestic distribution.

The most important pillar of the export sales is the Romanian subsidiary. In Romania the Company sells under the Univer brand both to consumers and to the HoReCa segment. Besides Romania, there are distributors in Slovakia, Poland and the UK. Within the exports, the industrial customer base is outstanding. Large quantities of tomatoes are sold in bulk as raw material for food manufacturing companies.

The largest customer is the Romanian subsidiary, with sales to Romania accounting for 14% of the Company's turnover in 2021.

Most of the TOP 5 customers are related to the Hungarian market:

TOP 5 customers		Net turnover in 2021 (bn HUF)	Ratio (%)
1.	LIDL Group	2,94	10,5
2.	SPAR Magyarország Kft.	2,31	8,2
3.	COOP Hungary Zrt. member companies	1,98	7,0
4.	TESCO Global Áruházak Zrt.	1,86	6,6
5.	CBA Kereskedelmi Kft. member companies	1,68	6,0
Total turnover in 2021		28,04	100

1. Table: TOP 5 customers

2.3. Supplier profile

Hundreds of Hungarian farmers, typically working within an 80 km radius of Kecskemét, form the core of the Company's raw material supply system. The term "lifelong relationship" is not an exaggeration: in a model that ensures mutual benefits, it is not uncommon that the second or third generation of farmers - the children and grandchildren of the farmers of the past - supply the Company's products with high-quality Hungarian raw materials. This is how Univer Product creates a secure livelihood for hundreds of local farmers. The integration doesn't stop there:

Univer has launched a pepper breeding programme to expand the very limited range of domestic hot peppers and make them suitable for modern cultivation techniques.

Univer Product Zrt. tries to rely on domestic sources when selecting its suppliers wherever possible. With partners it establishes a long-term, reliable cooperation that benefits both parties. Important criteria in the selection process are a reliable ownership background, a stable financial situation, quality products, audited quality assurance systems and a secure supply level. These are verified through on-site audits and regular meetings. It is also important to find partners who can help with their ideas and innovative solutions. Univer Product Zrt. checks the quality of the raw and packaging materials on receipt, but the aim is to build a dependable supplier base that can deliver quality products with nearly 100% reliability.

In 2021, the company purchased raw and packaging materials worth HUF 10,3 bn to supply its manufacturing sites. Raw material amounted to HUF 5,7 bn and packaging material to HUF 4,6 bn out of this amount.

The TOP 5 suppliers represent about 46% of the total value of purchases:

TOP 5 suppliers		Net value (bn HUF)
1.	Bunge Zrt.	1,42
2.	NT. Élelmiszertermelő és Kereskedelmi Kft.	1,31
3.	Viterra Hungary Kft.	0,63
4.	O-I Hungary Kft.	0,53
5.	Mikropakk Kft.	0,46
Total in 2021		4,35

2. Table: TOP 5 suppliers

3. Green Bond - Rationale for Univer Product Zrt for Issuing a Green Bond

3.1. Rationale for Univer Product Zrt. for Issuing a Green Bond

Univer Product Zrt. processes mainly Hungarian-grown plant raw materials in the production of its food seasonings and other products. For this reason, it is particularly exposed to the processes of global climate change, which also affects the country.

In 2022, Univer Product Zrt. increases its production capacity to 12000 tons / year at its Kecskemét-Hetényegyháza site by investing HUF 8 bn, doubling the production capacity of its Hungarian food seasonings. As a result of the development, which started in 2021, a new plant representing state-of-the-art technical standards will be operational in the autumn of 2022. The production lines of the new factory hall comply with the principles of Industry 4.0 from a technical, IT and environmental point of view. The investment at Univer means both capacity expansion, technological innovation and job retention. The increased capacity also offers an

opportunity to expand production, which will be done gradually in line with market needs. Univer has set itself domestic and export sales targets that make the investment well-founded in the long-established, secure-market product category. With the development, Univer Product follows its traditions: it also covers the increased demand for raw materials exclusively from Hungarian paprika and other vegetable crops grown domestically. Upon reaching the full capacity of the plant, Hungarian farmers will produce yearly 10000 tons of quality hot and sweet spice peppers, pritamin pepper, as well as garlic, onion and horseradish for Univer on about 600 hectares.

Investment elements	Value of investment from bond financing (bn HUF)	Implementation timing
Financing new solar park projects with a capacity of 50-500 kW	0,476	2021-23
Modernization of production halls	2,070	2021-23
Financing new production technology	3,667	2021-24
Financing agricultural machinery, equipment	0,067	2022-23
Technology installation for grey water utilization	0,500	2023-24

3. Table: Investment objectives

3.2. Use of Proceeds

Main conditions of bond issuance

- Total notional value of the bond: HUF 6,780 Bn
- Maturity: max. 10 years
- Univer Product Zrt. mode of repayment: amortizing repayment
- fixed interest rate
- Interest rate: fixed interest rate, each Bond is calculated on the basis of a nominal value per annum from (and including) the starting date of the Interest, interest payment instalment once a year
- The purpose of using the funds involved
- The bond is in alignment with the Green Bond Principles verified by Scope ESG Analysis GmbH, a Second Party Opinion provider

Projects	Meeting GBP categories	Environmental benefits	Indicators	Metric
Financing new solar park projects with a capacity of 50-500 kW	Renewable energy	increase of renewable green energy ratio in the company's energy production and consumption	annual GHG emissions avoided, annual renewable energy generation, capacity of renewable energy plant(s) installed	tCO ₂ e kWh kW
Modernization of production halls	Energy efficiency	production halls meeting better standards, increasing energy efficiency	energy auditing category shifting	FF - BB
Financing new production technology	Energy efficiency	modernized production technology with better standards, increased capacity, but increase in energy efficiency	relative energy and gas consumption savings, water consumption savings, saved energy consumption CO ₂ e avoided or reduced avoided particulate matter emission	% % % kWh tCO ₂ e mg/m ³
Financing agricultural machinery, equipment	Energy efficiency	modernized agricultural machinery emitting less CO ₂	reduction in fleet fuel consume, reduction in pollution emission	l tCO ₂ e
Technology installation for grey water utilization	Sustainable water and wastewater management	less load for wastewater treatment facilities, less electricity used for irrigation	utilized industrial grey water avoided electricity consumption CO ₂ e avoided	m ³ /t raw tomato kWh/ t raw tomato tCO ₂ e

4. Table: Projects meeting the Green Bond Principles' categories

In the course of Univer Product Zrt.'s business activities, the environmental impacts are not significant in terms of any environmental element.

Univer Product Zrt. considers the prevention of adverse environmental impacts in line with its production activities as a major task. The introduction of new technologies ensures the active protection of environmental elements (soil, water, air), waste management in accordance with the regulations, keep the emission of environmentally harmful substances to a minimum (acceptable) level. The Company's environmental impact will remain below the limits set by current legislation.

Waste

Univer Product Zrt. ensures the collection of non-polluting municipal, industrial and hazardous waste. Collection and storage is carried out in accordance with the relevant legal requirements. All waste is collected and disposed of by specialized companies with valid permits for the type of waste concerned, so that the direct impact on the environment is considered neutral.

Air

The amount of air pollutants emitted by Univer Product Zrt. is below the regional emission limit value. No emissions of volatile organic compounds into the air are expected. The combined effect of all air pollutants released into the air will not cause a significant change in ambient air quality.

Water, waste water







The water needs of Univer Product Zrt. can be supplied from the municipal public water supply network and from its own wells. Wastewater of a social nature is discharged into the city's public sewer system without pre-treatment. Wastewater of a technological nature is also discharged into the urban sewerage system after pre-treatment, if necessary, in a separate system. Through the public sewer, the wastewater is sent to the urban wastewater treatment plant. The quality of the effluent discharged into the public sewer meets the requirements of the relevant regulation, so that no significant impact on the environment can be predicted.

Soil

The activity of Univer Product Zrt. does not entail any change from the point of view of soil protection, as the effluents are discharged into the sewer through a closed system. The collection and storage of waste from the production process is ensured by means of collection points that comply with the requirements of the regulation and do not cause soil contamination.

In conclusion, the technologies and equipment used by Univer Product Zrt. meet high level technical standards. The requirement that the environment should not be polluted to a greater extent than is necessary and justified is therefore met to the maximum extent possible.

3.3. Alignment with the United Nations Sustainable Goals

Projects	Meeting GBP categories	SDGs
Financing new solar park projects with a capacity of 50-500 kW	Renewable energy	     
Modernization of production halls	Energy efficiency	
Financing new production technology	Energy efficiency	
Financing agricultural machinery, equipment	Energy efficiency	
Technology installation for grey water utilization	Sustainable water and wastewater management	

5. Table: Alignment with the United Nations Sustainable Goals

Univer Product Zrt.'s Green Bond Framework is in alignment with the following SDGs:

Goal 2: ZERO HUNGER

- Resource productivity
- Energy intensity
- Annual gross greenhouse gas emissions in tonnes of CO2 equivalents

Goal 6: CLEAN WATER AND SANITATION

- urban waste water treatment

Goal 7: AFFORDABLE AND CLEAN ENERGY – ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

- Greenhouse gas intensity of energy consumption
- Renewable energy sources

Goal 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Greenhouse gas emissions
- Resource productivity

Goal 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

- Greenhouse gas emissions
- Energy intensity
- Resource productivity
- Waste generated
- Waste treated
- Renewable energy sources

Goal 13: CLIMATE ACTION – TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

- Greenhouse gas intensity of energy consumption
- Greenhouse gas emissions
- Renewable energy sources

3.4. Project Selection and Evaluation Process

The impacts, risks and opportunities associated with climate change are monitored by the purchasing organization. The purchasing organization buys the crop raw materials involved in the national agricultural integration under the Univer supply system, which has been in operation for tomato, several red peppers, onion, garlic, horseradish, etc. The purchasing is managed by the Chief Strategy and Business Development Officer.

The energy, waste and emission reduction aspects of sustainability are the responsibility of the Production and Technical area, headed by the Chief Production and Technical Officer.

Packaging recyclability is the responsibility of Packaging Development, led by the Chief R&D and Quality Officer. This area is also supported at operational level (through personal involvement in packaging development projects) by the of Sustainability and Communications Director.

The projects include grey water utilization are led by the Chief Logistics, IT and Projects Officer.

Sales and marketing teams support all development projects with relevant market information under the supervision of the Chief Sales and Marketing Officer.

Univer Product Zrt.'s Board is the highest forum at Univer Product Zrt. that is endowed for taking decisions on bond issuance and use.

In order to ensure compliance with the Green Bond Framework, Univer Product Zrt. has decided to set up the Green Committee assigned directly to the CEO as of May 2022. The setting up of the Green Committee promotes that internal procedures and practices applicable to the use of green proceeds are underpinned by transparent and written records.

The management has decided to endow the Green Committee with decision-making on sustainability related issues including the green bond issuance. The operation of the Green Committee is harmonized with corresponding provisions of other corporate rules. The Committee meets at least six monthly.

The Green Committee is composed of 3 members:

- Sustainability and Communications Director,
- Financial Director,
- Chief Production and Technical Officer.

The Green Committee is responsible for the development of the Company's green strategy and its objectives (e.g. ESG and sustainability strategy, greening of the Company's internal operations, green strategic cooperation, etc.) and for the monitoring of the implementation of

the green strategy and application of general aspects of sustainable development targets in all processes of the Company.

The Green Committee initiates and supervises the introduction and implementation of the Green Bond Framework, selects the Green Bond Framework verification, Second Party Opinion Provider depending on the form of external review required. It supervises the compliance with the Green Bond Framework, and initiates the revision, amendment and renewal of the framework, if necessary. The Green Committee is responsible for the dissemination and enforcement of green practices in the operation of the Company. The Green Committee identifies and manages the social and environmental risks associated with the projects and takes measures to reduce negative environmental impacts.

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

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

For the selected projects, Green Committee is responsible for ensuring the compliance with the requirements for the use of proceeds, preparing the audit documents and gathering the necessary evidence to facilitate the external audit check.

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

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

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

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

A green register (separated account in the accounting) kept by the Finance Department tracks that an amount equal to the green bond net proceeds is allocated to green projects. The purpose of the green register is to ensure that green bond net proceeds only support the financing of green projects or to repay green bonds. The management of proceeds will be reviewed by auditors yearly.

3.5. Management of Proceeds

The use of the green bond proceeds will be recorded in separate countability records as the Company's corporate management system provides a suitable system for separate accounting, in which all projects are assigned an identification code and work number for transparent tracking of investments. The liquid, unspent funds are earmarked and not used for other purposes before allocation.

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

In order to assure the highest level of transparency the Issuer commits to supplement the management of proceeds by the appointment of an external auditor to verify the internal tracking Univer Product Zrt. operates and the allocation of funds from the green bond.

Any decision regarding the management of the funds from the green bond belongs to the Univer Product Zrt. Green Committee's competencies and duties and will be stated in reporting until full allocation. It will monitor and supervise regularly the use of proceeds in alignment of the eligible project and will publish by each year the net proceeds of the issuance reduced by the amount of proceeds invested in the eligible project in the reported period.

3.6. Reporting

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

The relevant information provided will include:

- Use of proceeds
- A breakdown of proceeds in relation to eligible projects
- The amount of unallocated proceeds
- A closer description of the activities financed

Allocation Report

Proposed indicators:

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

- Other relevant indicators

Impact Report

The Impact report will illustrate the expected and achieved environmental impact made by the new investment to which green bond proceeds have been allocated. The environmental impact will be measured based on renewable energy generation, energy consumption, GHG emissions, and grey water utilization.

The impact indicators will be measured and monitored regularly and published for assuring transparency of Univer Product Zrt.'s commitment to sustainable and green activities.

As part of Univer Product Zrt.'s annual audit process, the internal monitoring system will follow the use of green resources and the results will be presented to the auditor. The figures about the use of green bond proceeds, with respective descriptions and the amounts utilized, will also be available in the Company's Annual Report and published on the website.

GBP eligible category as per GBP 2021	Use of green bond proceeds	Impact indicators
Renewable energy	Financing new solar park projects with a capacity of 50-500 kW	annual GHG emissions avoided tCO ₂ e annual renewable energy generation in kWh capacity of renewable energy plant(s) installed in kW
Energy efficiency	Modernization of production halls Financing new production technology on applicable site Financing agricultural machinery, equipment	energy auditing category shifting savings of gas % savings of water % savings of electricity % saved energy consumption kWh /year CO ₂ e avoided or reduced t / year saved fuel consumption l /year CO ₂ e avoided or reduced t / year
Sustainable water and wastewater management	Technology installation for grey water utilization	re-use of wastewater m ³ /t raw tomato Avoided electricity consumption kWh/ t of raw tomato CO ₂ equivalent avoided or reduced t / year

6. Table: Use of Green Bond Proceeds and impact indicators

4. External Review and Assessment

Univer Product Zrt. appointed Scope ESG Analysis GmbH to provide a Second Party Opinion on the Green Bond Framework, evaluating its alignment with the Green Bond Principles 2021 Guidelines. The result is to be documented in a Second Party Opinion, which will be presented in the Univer Product Zrt. 's website together with the Framework: <https://www.univer.hu>

The process to establish this Green Bond Framework for Univer Product Zrt. was conducted by Credit Management Group, acting as advisors in the creation of the Green Bond Framework.

5. Appendix

GBP eligible category as per GBP 2021	Use of green bond proceeds	Expected target values of impact indicators
Renewable energy	Financing new solar park projects with a capacity of 50-500 kW	annual GHG emissions avoided: 140 tCO ₂ e annual renewable energy generation: 400,000 kWh capacity of renewable energy plant(s) installed: 400 kW
Energy efficiency	Modernization of production halls Financing new production technology on applicable site Financing agricultural machinery, equipment	energy auditing category shifting: from FF to BB savings of gas: 10 % savings of water: 20 % savings of electricity 10% saved energy consumption: 234,611 kWh / year CO ₂ e avoided: 82 tCO ₂ e / year saved fuel consumption: 1300 l / year CO ₂ e avoided: 5,187 tCO ₂ e
Sustainable water and wastewater management	Technology installation for grey water utilization	re-use of wastewater: 3 m ³ / t raw tomato avoided electricity consumption: 2,1 kWh / t raw tomato CO ₂ e avoided 58,8 tCO ₂ e / year

7. Table: Use of green bond proceeds and expected target values of impact indicators