

Baromfi-Coop Green Bond Framework

Limited Assurance Report to Baromfi-Coop Kft

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Introduction

Baromfi-Coop Kft. ('Baromfi-Coop' or 'Issuer' or 'Company') together with its group companies Master Good Kft. and Sága Food Kft (together 'the Group'), is a leading vertically integrated food industry group, operating in Hungary and Central and Eastern Europe. Baromfi-Coop is proposing to issue a green bond and has appointed SustainAdvisory S.r.l. to provide an independent limited assurance report on Baromfi-Coop's Green Bond Framework (the 'Framework'). The Limited Assurance Report contains SustainAdvisory S.r.l.'s opinion on the alignment of the Framework with the ICMA's latest Green Bond Principles edition (June 2021) and is attached to this document in Section 2.

Company Profile

Baromfi-Coop is owned by the Bárány family. The Group operates along the value chain of processed chicken foods: the business model has developed from the traditional agriculture activities of corn and crop feedstock procurement and production, breeding, hatching and fattening of poultry (Baromfi-Coop) to the industrial primary processing of live poultry, pet food products and slaughterhouse side-products (Master Good Kft) to finish with the manufacturing and sale of meat cooked and frozed products from poultry ingredients (Sága Food Kft). In 2020 Baromfi-Coop generated a turnover of HUF110bn (EUR315ml equivalent) and EBITDA of HUF13,3bn (EUR38ml equivalent) with c. 2000 employees; it is the largest domestic player in the sector in Hungary. 43% of consolidated group sales are generated by exports; among their largest customers are global companies including Tesco, Aldi, Spar and McDonald's.

Sustainability Approach and Green Bond Rationale

Baromfi-Coop management's approach to sustainability is driven by a risk-based assessment of environmental impacts and the implementation of circular economy solutions. As production volume increases the Company generates increasing waste materials and by-products; in order to address these problems, the Company has developed an investment plan, to be largely funded with the proceeds of the green bond issuance, coherent with the Group's overall sustainability approach.

The Company commits to the sustainability objectives by promoting:

- the protection of natural resources used in the production process;
- the replacement of non-renewable resources;
- the reduction of waste material and increase in recycling rate of by-products;
- transparent and traceable animal welfare and health;
- the reduction of energy consumption;
- the reduction of GHG emissions.

Furthermore, the Company states that the process of business and investment decisions takes into account metrics and indicators of environmental and social risk to align with the goals of the Paris Agreement. However, such a commitment has not yet been formalized with the undertaking of an international protocol of pledge. The Company has committed to publish its Non Financial Disclosure Statement by the end of 2021.

In directing its actions the Group promotes the sustainable development principles contributing to economic and social development by minimizing impacts on the environment. It acknowledges the relevance of the UN Sustainable Goals as part of a commonly agreed global ambition to end poverty, protect the planet and ensure prosperity for all.

Company Green Bond Framework

To strengthen the Company’s commitment towards a sustainable development strategy, Baromfi-Coop has established a Green Bond Framework to be able to issue Green Bonds and attract dedicated funding for the business. The Baromfi-Coop Green Bond Framework has been developed in line with ICMA's Green Bond Principles 2021 edition (GBP), and as such follows the GBP core components:



1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting








In order to heightened transparency, Baromfi-Coop has appointed SustainAdvisory S.r.l. as the external reviewer to provide a Second Party/Assurance Opinion on the Green Bond Framework. The Green Bond Framework and our Second Party/Assurance Opinion will be publicly available on the Group’s website.






Core Component Assessment

Use of Proceeds

The green bond proceeds will be used to achieve environmental targets and improve the circular economy model. Over the period 2021-2023 the company will carry out (13) new investments that will contribute to the following objectives:

Environmental Objectives Eligible Categories	Eligible Projects Content	SDGs
1 Climate Change Mitigation Energy efficiency Renewable energy	Installation of a total of 200kWh solar panels on the roof structure of the hatchery. Installation of a total of 50kW solar cell panels on 10 new livestock farms;	
2 Climate Change Mitigation Pollution Prevention Control Clean transportation Responsible consumption and production Eco-efficient and/or circular economy adapted products, production technologies and processes	50% expansion of the hatchery's capacity, meeting the day-old chicks needs of suppliers of Master Good in one place, reducing the transportation needs and the amount of antibiotics needed to raise day-old chicks.	

<p>3 Climate Change Mitigation Energy efficiency Renewable energy</p>	<p>Extension and upgrading of feed mixing plant. Building the 3rd mixing line which will secure 100% of feedstock needs; gas and electricity consumption will be reduced by 25-30%.</p>	
<p>4 Climate Change Mitigation Biodiversity Energy efficiency Environmentally sustainable management of living natural resources and land use</p>	<p>Extension of drying plant and construction of crop storage silos. Automation and reduction of specific energy consumption, elimination of toxin production while keeping the microbiological quality of feed materials unchanged.</p>	
<p>5 Climate Change Mitigation Pollution Prevention Control Energy efficiency Renewable energy Sustainable water and wastewater management Clean transportation</p>	<p>Construction of broiler farms. Replacement of "external, non-integrated" poultry farm capacities located at 250-320km distance, to 30-40km from the Kiszárda slaughterhouse. Use of equipment and machinery operating with lower energy consumption and/ or lower emission of GHG, and/ or with lower emission of pollutants.</p>	
<p>6 Climate Change Mitigation Pollution Prevention Control Sustainable water and wastewater management Eco-efficient and/or circular economy adapted products, production technologies and processes</p>	<p>Expansion of manure fermenter. Fermentation and pelletization of excess litter manure from increased poultry farms. Reducing CO2 and other gas emissions through the recycling of organic matter. Completion of the two existing press lines with a 3rd line and install new dryer and air filter machines.</p>	
<p>7 Climate Change Mitigation Pollution Prevention Control</p>	<p>Modernization of Saga technological system. Modernization of slicing and packaging line improving the hygiene parameters and shelf life of the products.</p>	
<p>8 Climate Change Mitigation Pollution Prevention Control Energy efficiency Renewable energy</p>	<p>Modernization of Saga technology and energy system. Establishment a sustainable energy-efficient infrastructure for the new plant. Use of equipment and machinery with lower energy consumption and lower greenhouse gas emissions and lower pollutant emissions.</p>	
<p>9 Pollution Prevention Control Eco-efficient and/or circular economy adapted products,</p>	<p>Poultry by-products processing plant. Building additional capacity to process the increasing volume of by-products, improvement of the meat meal and feather meal processing capacity. Decrease of quantities of disposed by-products.</p>	

	production technologies and processes	
10	Natural Resource Conservation	<p>Biological wastewater management. Management of 25-30% of the generated wastewater with a modern biological treatment process to obtain recyclable water during biological wastewater treatment up to 225.000 m3 per year.</p> 
11	Climate Change Mitigation Pollution Prevention Control	<p>Energy modernization of Kisvárdá site. Heat recovery from the plant's cooling system, the production of 80-100 m3 of 65C° domestic hot water per day using 99% of the recovered heat, reduces the amount of gas consumption.</p> 
12	Climate Change Mitigation Pollution Prevention Control	<p>Internal logistics system development. Introduction of the supply system for live chicken, expansion of the visceral line, and precooling air system. Replacement of the packaging line which will improve not only the shelf life but also energy efficiency.</p> 
13	Climate Change Mitigation Pollution Prevention Control	<p>Production, logistics and technology, slaughterhouse buildings, operational road network development. Development related to completed investments.</p> 
	Energy efficiency	
	Sustainable water and wastewater management	<p>Installation of loading robots, automatic cleaning system of the visceral line, production of hot water by heat recovery from the plant cooling system.</p> 

The 13 eligible green projects are aligned with Eligible Project Categories recognised by the Green Bond Principles. The expected environmental benefits are clearly documented and assessed; the quantitative assessment of the environmental benefits is well described in the Framework and will be reported in an annual report.

Process for Evaluation and Selection

A Green Committee (GC) has been established; it is chaired by a member of the Company Board and composed by the other two Board Members, the Director of Production, the Directors of Accounting, Finance, Investment and Technical departments and Law office. In addition, the Director of Quality Assurance Directorate, the Head of Laboratory and the Chief Veterinarian will be permanently invited as expert members. One of the Board members will be appointed as Chief Green and Sustainability Officer. The Green Committee is responsible for developing the Company's green strategy objectives, the implementation and monitoring of its application in all processes of the Group companies, the projects selection, the identification and management of the social and environmental risks associated to the green projects, the allocation of funds, the monitoring and achievement of KPIs.

Eligible Green Projects are selected according to the objectives of the Group's sustainability strategy. For the selection and evaluation process, the Issuer has defined an exclusion list of activities which are publicly disclosed and include: fossil energy production, nuclear energy

generation, weapons and defence, potentially environmentally harmful resource extraction (such as rare earth elements or fossil fuels), gambling or tobacco.

The selected projects shall be consistent with the Group’s sustainable approach and to comply with domestic environmental regulations (including but not limited to: IPPC, Integrated Pollution Prevention and Control, Industrial Emissions Directive – IED) and required certifications (for example, FEMAS, HALAL, Global GAP, IFS-BRC, Tesco, HAPPC, OSI, Baromfi-Coop Veterinary Laboratory).

Furthermore, the green projects will be selected according to their contribution to environmental benefits and in line with the following SDGs:



Management of Proceeds

The process for the Management and Allocation of Proceeds is clearly defined in the framework. The Green Bond proceeds will be managed by the Board and allocated to approved Eligible Green Projects upon specific recommendations of the Green Committee.

Proceeds will be segregated in a dedicated account (Green Register) and will be managed with a separate accounting procedure established by the Finance Department for tracking the allocation of proceeds to the Eligible Projects.

Unallocated net proceeds will be invested in cash or cash equivalents in accordance with the Group cash management policies not harming any of the environmental objectives.

The use and management of proceeds will be communicated throughout the life of the bond on an annual basis and will be audited by an external party.

Reporting

Baromfi-Coop has committed to report on the Use of Proceeds with annual updates until full allocation and upon the occurrence of any material change to the anticipated allocation. The Company has committed to publish an Allocation Report and an Impact Report on the Group’s website.

The report will cover relevant information related to the allocation and use of the bond proceeds and the Eligible Projects funded, their environmental benefits and relative categories.

An external auditor will verify the tracking and allocation of funds as well as on the environmental benefits to the Eligible Categories until full allocation.

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 impacts made by the new investments to which Green Bond proceeds have been allocated. It will be based on ex-ante estimates (calculated prior to project implementation) and for each individual project (base year 2020).

Proposed indicators:

- CO2 emission reduction (kg/year)
- Energy Consumption savings (kWh/year)
- Gas Consumption savings (m3/year)
- Fuel Consumption savings (lt/year)
- Water Consumption savings (m3/year)
- NH3 emission reduction (kg/year)
- Waste reduction (ton/year)

GREEN PROJECTS		CO2 emission reduction (kg/year)	Energy Consumption savings (kWh/year)	Gas Consumption savings (m3/year)	Fuel Consumption savings (lt/year)	Water Consumption savings (m3)	NH3 emissions reduction (kg/year)	Waste Reduction (tonn/year)	% as of 31.12
1	Establishment of solar cells in 10 livestock farms and in the hatchery	245.000	700.000						
2	Hatchery plant investment (Petneháza)	636.750	1.125.000	135.000					
3	Extension and upgrading of feed mixing plant	1.291.500	1.530.000	420.000					
4	Extension of drying plant and construction of crop storage silos	179.100		22.500	62.500				
5	Construction of broiler farms (2 projects)	390.975	52.500	157.500	33.750			28.200	
6	Expansion of manure fermenter						276.000		
7	Modernization of Saga technological system	99.750	285.000						
8	Modernization of technological and energy system of Saga	68.400		38.000					
9	Investment for poultry by-products processing	183.617			69.552			18.400	
10	Biological wastewater management					225.000			
11	Energy modernization Kisvárdá	360.000		200.000					
12	Internal logistics system development	360.000			140.000				
13	Production, logistics and technology, slaughterhouse's buildings, operational road network development	560.000	1.600.000			42.000			
TOTAL		4.375.092	5.292.500	973.000	305.802	267.000	276.000	46.600	

The indicators will be measured and monitored regularly and published in the annual Impact Report to track and prove the Group's commitment to the implementation of the green investments and the transparency of the environmental benefits achieved.

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This Report was produced following the Green Bond Principles ("GBP") of the International Capital Markets Association ("ICMA") which were in effect at the time the Report was prepared.

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Independent Limited Assurance Report to Baromfi-Coop Kft (“Baromfi” or the “Issuer”)

1. Assurance Conclusion

Based on our limited assurance procedures as described in this statement as of 07 July 2021, nothing has come to our attention to suggest that Baromfi-Coop Group Green Bond Framework to be used for issuance of a Green Bond, is not, in all material respects, conforming to the requirements of the ICMA Green Bond Principles (June 2021).

2. Scope

Sustain Advisory S.r.l. (“we” or “SA Srl”) have performed a limited assurance engagement in relation to Baromfi-Coop’s Green Bond Framework (the “Framework”) in order to provide a conclusion as to whether anything has come to our attention that causes us to believe that the subject matter detailed below (“Subject Matter”) does not meet, in all material respects, the criteria presented below as at 07 July, 2021.

3. Subject matter

SUBJECT MATTER	CRITERIA
The scope of assurance included information on material aspects of Baromfi-Coop Group Green Bond Framework based on the requirements of the Green Bond Principles	<p>Green Bond Principles (June 2021) (‘GBP’) on:</p> <ol style="list-style-type: none"> 1. Use of proceeds 2. Process for Project Evaluation and Selection 3. Management of Proceeds 4. Reporting <p>Green Bond criteria can be found at this link: https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/</p>

4. Baromfi’s Management Responsibility

The Management of the Issuer is responsible for ensuring that the Issuer and their Framework comply with the requirements of the Green Bond Principles (June 2021). This responsibility includes designing, implementing and maintaining systems and processes relevant for the management of green bond proceeds. The Management of the Issuer is also responsible for preventing and detecting fraud and for identifying and ensuring that Issuer complies with laws and regulations applicable to its activities.

5. Assurance Practitioner’s Responsibilities

Our responsibility is to express a limited assurance opinion as to whether the Subject Matter is presented in accordance with the Criteria, in all material respects. We conducted our engagement with a multidisciplinary team which included professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of the International Standard on Assurance Engagements 3000 (Revised) standard, *Assurance Engagements other than the Audits or Reviews of Historical Financial Information* (“ISAE 3000”).

Level of Assurance

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance we will obtain in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. A limited assurance engagement consists of making enquires and applying analytical or other limited assurance procedures. Our procedures were designed to provide a limited level of assurance and as such do not provide all the evidence that would be required to provide a reasonable level of assurance.

6. SustainAdvisory's Approach

We planned and performed our work to obtain all the evidence, information and explanations that we considered necessary to obtain a meaningful level of assurance in relation to the above Subject Matter. The procedures we performed, which are set out in more detail below, were based on our professional judgment and included, as appropriate, inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of reporting policies and agreement or reconciliation with underlying records. We believe that the procedures we have performed and the evidence we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

To reach our conclusion we:

- Conducted interviews with management and its advisors responsible for the Green Bond Framework to obtain an understanding of the processes, systems and controls in place for management of bond proceeds;
- Checked the Issuer's Green Bond Framework that includes processes, systems and controls in place for management of bond proceeds; investment areas for green bond proceeds and intended types of temporary investment instruments for the management of unallocated proceeds; and
- Checked the projects proposed to be associated with the green bond and its conformance with the eligible green project categories specified in the Green Bond Principles, June 2021.

The detailed list of testing procedures carried out are provided in Appendix A.

7. Limitations

There are inherent limitations in performing assurance – for example, assurance engagements are based on selective testing of the information being examined – and it is possible that fraud, error, or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards that require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ISAE 3000 and GBP is subjective and will be interpreted differently by different stakeholder groups.

Our assurance process was limited to Baromfi-Coop Group Green Bond Framework and did not include statutory financial statements.

8. Use of Report

This assurance report is made solely to the Issuer in accordance with the terms of our engagement, which include agreed arrangements for disclosure. Our work has been undertaken so that we might state to the Issuer those matters we have been engaged to state in this assurance report and for no other purpose. Our assurance report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Issuer for any purpose or in any context. Any party other than Issuer who obtains access to our assurance report or a copy thereof and chooses to rely on our assurance report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any.

9. Independence

The work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this

assurance engagement. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our team has the required competencies and experience for this assurance engagement.

A handwritten signature in black ink that reads 'Maurizio Cavarai'.

SustainAdvisory S.r.l.

Maurizio Cavarai
Amministratore Unico
Prato
07 July 2021

APPENDIX A: ASSESSMENT OF THE GREEN BOND FRAMEWORK AGAINST GREEN BOND PRINCIPLES (GBP), JUNE 2021

REQUIREMENTS	SUSTAINADVISORY FINDINGS/ASSESSMENT	SUPPORTING DOCUMENTATION
<p>The Bond falls in one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> ▪ Standard Green Use of Proceeds Bond ▪ Green Revenue Bond ▪ Green Project Bond ▪ Green Securitised Bond 	<p>The reviewed evidence confirms that a Green Bond issued under the Baromfi-Coop Green Bond Framework would fall in the category 'Standard Green Use of Proceeds Bond.'</p>	<p>Baromfi-Coop Green Bond Framework</p>
<p>The Issuer explains in the Green Bond Framework and/or in the legal documentation the alignment with the four core components of the GBP (i.e. Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting). The Green Bond Framework and/or in the legal documentation are available in a readily accessible format to investors</p>	<p>Baromfi-Coop's Green Bond Framework follows ICMA's Green Bond Principles (June 2021) and includes the alignment with its four components:</p> <ol style="list-style-type: none"> 1. Use of Proceeds 2. Process for Project Evaluation and Selection 3. Management of Proceeds 4. Reporting. <p>The Green Bond Framework will be publicly available on Group's website.</p>	<p>Baromfi-Coop Green Bond Framework</p>
<p>The Issuer has appointed (an) external review provider(s) to assess through a pre-issuance external review the alignment of its Green Bond or Green Bond programme and/or Framework with the four core components of the GBP. External review is publicly available on the Issuer's website and/or through any other accessible communication channel as appropriate</p>	<p>Baromfi-Coop has appointed an independent advisor to assess through a pre-issuance Second Party/Limited Assurance Opinion the alignment of its Green Bond Framework with the four core components of ICMA's 2021 Green Bond Principles ("GBP"). The result is documented in a Second Party/Limited Assurance Opinion which will be publicly available on the Group's website.</p>	<p>Baromfi-Coop Green Bond Framework</p>
Green Bond Principles 1 - Use of proceeds		
<p>The utilisation of the proceeds of the bond is for Green Projects, as defined into the list of ICMA Eligible Green Project categories</p>	<p>The reviewed evidence confirms that the proceeds of Baromfi-Coop Green Bond issuance will be allocated to finance projects considered as Eligible Green Projects in line with the categories for Green Projects recognised by the GBP.</p> <p>The purpose of the bond is to use all proceeds to finance the following 13 projects:</p> <ol style="list-style-type: none"> 1. Installation of solar panels in 10 livestock farms and in the hatchery, 2. Hatchery plant investment (Petneháza), 3. Extension and upgrading of feed mixing plant, 4. Extension of drying plant and construction of crop storage silos, 5. Construction of broiler farms (2 projects), 6. Expansion of manure fermenter, 7. Modernization of Saga technological system, 8. Modernization of technological and energy system of Saga, 9. Investment for poultry by-products processing, 10. Biological wastewater management, 11. Energy modernization Kisvárda, 12. Internal logistics system development, 	<p>Baromfi-Coop Green Bond Framework Discussions with Baromfi-Coop's Management</p>

REQUIREMENTS	SUSTAINADVISORY FINDINGS/ASSESSMENT	SUPPORTING DOCUMENTATION
	<p>13. Production, logistics and technology, slaughterhouse's buildings, operational road network development.</p> <p>These projects fall under the following ICMA categories:</p> <ul style="list-style-type: none"> ▪ Renewable energy, ▪ Energy efficiency, ▪ Pollution prevention and control, ▪ Environmentally sustainable management of living natural resources and land use, ▪ Clean transportation, ▪ Sustainable water and wastewater management, ▪ Circular economy adapted products, production technologies and processes. 	
<p>The Framework for the Bond appropriately described the use of the proceeds for Green Projects</p>	<p>The reviewed evidence confirms that the Baromfi-Coop Green Bond Framework appropriately describes the use of the proceeds for the Green Projects, in terms of relevant information, completeness, clarity, understanding. It also includes the decision-making process to determine the projects evaluation and selection, the management of proceeds and the periodical reporting.</p>	<p>Baromfi-Coop Green Bond Framework</p>
<p>All designed Green Projects provide clear environmental benefits</p>	<p>The reviewed evidence confirms that the Baromfi-Coop Green Bond Framework describes the environmental benefits of the Green Projects identified and assessed by the Issuer.</p>	<p>Baromfi-Coop Green Bond Framework Discussions with Baromfi-Coop's Management</p>
<p>The environmental benefits are assessed by the Issuer</p>	<p>The Baromfi-Coop's Green Bond Framework includes the assessment of main environmental benefits of the Green Projects. The 13 investments financed by the Green Bond would directly contribute to the following benefits:</p> <ul style="list-style-type: none"> ▪ Savings in energy, water, gas and fuel consumption ▪ Renewable energy produced ▪ CO2 avoided or reduced ▪ Re-use of by-products/waste ▪ NH3 emission avoid or reduced ▪ Reduction of antibiotics and feed consumption. 	<p>Baromfi-Coop Green Bond Framework</p>
<p>The environmental benefits are quantified by the Issuer</p>	<p>The Framework also presents the quantitative assessment of these environmental benefits, estimated for each Green Project as reported in the Appendix 1 of the Framework.</p> <p>The main overall benefits are quantified as follows:</p> <ul style="list-style-type: none"> ▪ savings in water use: 267.000 m3/ year, ▪ savings in energy consumption (including renewable energy): 5.292.500 kWh/year (min 4% decrease in the specific projects), ▪ savings in gas consumption: 973.000 m3/ year (min 4% decrease in the specific projects), ▪ increase of the utilization of renewable energy to the level of 50% until 2030 in the poultry farms, ▪ savings in fuel consumption for the transport needs: 305.802 liter/ year (min 5% decrease in the specific projects), 	<p>Baromfi-Coop Green Bond Framework</p>

REQUIREMENTS	SUSTAINADVISORY FINDINGS/ASSESSMENT	SUPPORTING DOCUMENTATION
	<ul style="list-style-type: none"> ▪ total waste reduction: 46.600 ton/year, ▪ re-use of by-products min. 40 %, - NH3 emissions reduced: 276.000 kg/ year (decrease by 40% of the NH3 emissions related to manure processing project), ▪ total CO2 equivalent avoided or reduced: 4.384 ton /year (savings of 67,4 ton CO2 /year on EUR 1 million investment, calculated for the nominal value of the bond issuance). ▪ reduction of specific CO2 emissions related to the new projects by 3 % /year from 2025, and by further 2 %/year from 2030, ▪ significant reduction of the use of antibiotic treatment. 	
In the event that all or a proportion of the proceeds are or may be used for refinancing, an estimate of the share of financing vs. re-financing is provided	The proceeds of the Bond will be used to allocated to finance new Green Projects. No existing project will be refinanced.	Baromfi-Coop Green Bond Framework Discussions with Baromfi-Coop's Management
Which investments or project portfolios may be refinanced are clarified (where appropriate)	No existing project will be refinanced.	
The expected look-back period for refinanced Green Projects is clarified (to the extent relevant)	No existing project will be refinanced.	
Green Bond Principles 2 - Process for Project Evaluation and Selection		
The Issuer has clearly communicated to investors the environmental sustainability objectives of the Eligible Green Projects	<p>According to the Green Bond Principles categories identified and the Group's environmental green strategy and Circular Economy model, the Eligible Green Projects contribute to the high-level environmental objectives of:</p> <ul style="list-style-type: none"> ▪ Climate change mitigation, ▪ Natural resource conservation, ▪ Biodiversity, and ▪ Pollution prevention and control. 	Baromfi-Coop Green Bond Framework Discussions with Baromfi-Coop's Management
Information communicated is positioned within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to its environmental sustainability and included reference to the five high level environmental objectives	<p>Baromfi-Coop is committed to avoiding and preventing pollution and reducing environmental impacts related to wastewater, handling of by-products and GHG emissions.</p> <p>The strategy focuses on the production of safe and high-quality natural food (poultry meat), taking responsibility towards the environment: the protection of the natural resources used in the sustainable poultry meat production, the continuous replacement of non-renewable resources and the reduction of specific material and energy consumption. In 2019, the Group developed a solar power plant with a capacity of 10.5 MWh. The Company and its Group commit to continue its energy saving program and to increase the recycling rate of by-products in all segments of the product chain in accordance with the principles of the Circular Economy.</p> <p>Baromfi-coop is also committed to saving energy and raw materials and to direct their actions and investments in supporting the objectives of the principles of the United Nation's Sustainable Development Goals (SDGs), contributing to the economic and social development and minimizing any potential impact on the environment.</p>	Baromfi-Coop Green Bond Framework Discussions with Baromfi-Coop's Management Company website Controversies declaration (absence of Controversies)

REQUIREMENTS	SUSTAINADVISORY FINDINGS/ASSESSMENT	SUPPORTING DOCUMENTATION
	<p>Baromfi-Coop commits to contribute to several SDGs: SDG 3 (Good health and well-being), SDG 6 (Clean water and sanitation), SDG 7 (Affordable and cleaning energy), SDG 11 (Sustainable cities and communities), SDG 12 (Responsible consumption and production), SDG 13 (Climate action).</p> <p>Information provided by the company does not show the presence of environmental controversial issues.</p>	
<p>The Issuer has clearly communicated to investors the process by which the Issuer determines how the projects fit within the Eligible Green Projects categories</p>	<p>The Issuer has set out a process for the evaluation and selection of green projects eligibility and has defined transparent criteria. A Green Committee (GC) has been established, chaired by a member of the Group's Board and composed by the other two Board Members, the Director of Production (as secretary), the Directors of Accounting, Finance, Investment and Technical departments and Law office. In addition, the Director of Quality Assurance Directorate, the Head of Laboratory and the Chief Veterinarian will be permanently invited as expert members. One of the Board members will be appointed as Chief Green and Sustainability Officer.</p> <p>The reviewed evidence describes GC's responsibilities and activities. For example, but not limited to, the Green Committee is responsible for the development of the Company's Green strategy and its objectives, the monitoring of the implementation of the Green Strategy and application of sustainable development targets in all processes of the companies, supervises the project selection, the alignment of the use of the proceeds to the Framework, the identification and management of the social and environmental risks associated to the Green Projects, the allocation of funds, the KPIs monitoring and the achievement of the set goals. A list of the potential Green Projects is presented to the Green Committee. According to the Green Bond criteria, the GC assesses if the project is green and with a majority decision decides the allocation of the proceeds to the green project. The decisions made by the GC are documented and filed. The Committee will meet at least quarterly.</p> <p>Baromfi-Coop is committed to ensure transparent, written record of internal procedures and practices for the use of green proceeds.</p>	<p>Baromfi-Coop Green Bond Framework Discussions with Baromfi-Coop's Management Green Committee establishment deliberation</p>
<p>The Issuer has clearly communicated to investors complementary information on processes for the identification and management of perceived social and environmental risks associated with the relevant project(s)</p>	<p>Baromfi-Coop is committed to reduce its energy use and the greenhouse emissions associated with its activities. The Green Bond Framework describes the process applied by Baromfi-Coop Group to identify and manage potentially material environmental risks and impacts related to its activities, consisting of:</p> <ul style="list-style-type: none"> ▪ identification of the effects of climate change related to the activities of the Group, as impact of global warming, hot wave, effect of draught, extreme storms, ect., ▪ identification of the effects of the Group's business activities on the environment, as increase in CO2 emissions, energy and water consumption, etc., ▪ assessment of the environmental impact, ▪ study of the environmental impact (prepared on the basis of the environmental impact assessment with the involvement of independent environmental experts) and identification of 	<p>Baromfi-Coop Green Bond Framework</p>

REQUIREMENTS	SUSTAINADVISORY FINDINGS/ASSESSMENT	SUPPORTING DOCUMENTATION
	<p>the expected environmental effects of the activity. The impact is defined comparing the effect before the implementation of the planned activity (as baseline) with the effect estimated,</p> <ul style="list-style-type: none"> ▪ issuance of permitting procedure under IPPC Directive, ▪ on-going monitoring of emissions and efficient uses of natural resources during the processes. 	
<p>The Issuer has a process in place to identify mitigants to know material risks of negative social and/or environmental impacts from the relevant project(s), including clear and relevant trade-off analysis undertaken and monitoring required (where the Issuer assesses the potential risks to be meaningful)</p>	<p>The Framework describes mitigants already applied for reducing the risks of negative social and/or environmental impacts from the projects and activities of Baromfi-Coop Group. The environmental monitoring carried out after the project implementation identifies several activities to be carried out periodically contributing to the risks mitigation, for example, but not limited to, groundwater monitoring wells, water sample test on different parameters, test on the watertightness of the sewage system, olfactometric measurements, compliance with Best Available Techniques-BAT criteria on nitrogen emissions, phosphorus and ammonia. In addition, Baromfi-Coop carries out 18-20 k thousand test events through its accredited laboratory every year.</p> <p>The Laboratory tests cover the soil chemistry, microbiological condition of the fields, the chemical and microbiological analysis of the drinking water, as well as the veterinary and diagnostic examination of the hens of different ages and utilities (broiler chickens, parents).</p>	<p>Baromfi-Coop Green Bond Framework Discussions with Baromfi-Coop's Management</p>
<p>The Issuer has communicated to investors the related eligibility criteria, including exclusion criteria (if applicable)</p>	<p>The Green Bond Framework has set out a process for the evaluation and selection of green projects with defined and transparent criteria.</p> <p>For the selection and evaluation process, the Issuer has also defined exclusion criteria disclosed publicly in the Green Bond Framework. Green Bond net proceeds will not be allocated to projects for which the purpose is fossil energy production, nuclear energy generation, weapons and defence, potentially environmentally harmful resource extraction (such as rare earth elements or fossil fuels), gambling or tobacco.</p>	<p>Baromfi-Coop Green Bond Framework</p>
<p>Issuer discloses any green standards or certifications referenced in project selection</p>	<p>The selected projects have to be consistent with the Corporate Social Responsibility, the sustainable approach of the Baromfi-Coop Group and have to comply with domestic environmental regulations, in particular the existence of single permit of environmental use (IPPC, Integrated Pollution Prevention and Control, Industrial Emissions Directive – IED) and with several certificates obtained by the Group (for example, FEMAS, HALAL, Global GAP, IFS-BRC, Tesco, HAPPC, OSI, Baromfi-Coop Veterinary Laboratory).</p>	<p>Baromfi-Coop Green Bond Framework Certificates</p>
<p>The Issuer's process for project evaluation and selection is supplemented by an external review</p>	<p>The evaluation and selection criteria are subject to an in-house assessment. In matters requiring special sustainability expertise, the Green Committee will request the involvement of an external expert.</p>	<p>Baromfi-Coop Green Bond Framework</p>
<p>Green Bond Principles 3 - Management of Proceeds</p>		
<p>The net proceeds of the Green Bond, or an amount equal to these net proceeds, is credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an</p>	<p>The proceeds from the Green Bond will be managed by the Board and allocated to approved Eligible Green Projects following specific recommendations and decision by the Green Committee. Baromfi-Coop commits to manage the proceeds from the Bond in a segregated manner: the Bond</p>	<p>Baromfi-Coop Green Bond Framework</p>

REQUIREMENTS	SUSTAINADVISORY FINDINGS/ASSESSMENT	SUPPORTING DOCUMENTATION
appropriate manner per bond (bond-by-bond approach) or an aggregated basis (portfolio approach)	proceeds will be kept in a separated account (Green Register) and will be managed in a separate accounting procedure.	
There is a formal internal process attested to by the issuer linked to the issuer’s lending and investment operations for eligible Green Projects	The Finance Department will establish an internal record keeping system that will track the allocation of proceeds to the projects. The Green Register kept by the Finance Department will track that an amount equal to the Green Bond net proceeds is allocated to Eligible Projects, ensuring that net proceeds only support the financing of Green Projects or to repay Green Bonds.	Baromfi-Coop Green Bond Framework
The balance of the tracked net proceeds is periodically adjusted to match allocations to eligible Green Projects made during that period (so long as the Green Bond is outstanding)	From the time of issuance to the time of disbursement, by the end of each calendar year, the net proceeds of the issuance will be reduced by the amounts invested in Eligible Projects in the given annual period.	Baromfi-Coop Green Bond Framework
The Issuer makes known to investors the intended types of temporary placement for the balance of unallocated net proceeds	Pending allocation, the net proceeds will be invested in cash or cash equivalents in accordance with the Group cash management policies not harming any of the environmental objectives.	Baromfi-Coop Green Bond Framework
Issuer’s management of proceeds is supplemented by the use of an auditor, or other third party, to verify the internal tracking method and the allocation of funds from the Green Bond proceeds to eligible Green Projects	To ensure a high level of transparency the use of proceeds will be audited by an external auditor, to verify the internal tracking method and the allocation of funds from the Green Bond proceeds.	Baromfi-Coop Green Bond Framework
Green Bond Principles 4 – Reporting		
Up to date information on the use of proceeds is renewed annually until full allocation, and on a timely basis in case of material developments	<p>Baromfi-Coop will disclose annually to investors the use of proceeds and 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 relevant impact metrics.</p> <p>Within one year of issuance, and annually thereafter until full allocation of an amount equivalent to the net proceeds of the Green Bond as well as in the event of any material changes, Baromfi-Coop will provide to investors an Allocation Report and an Impact Report. This information will be made publicly available via the Group’s website.</p> <p>As part of the Group’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 Group’s Annual Report and published on the Group’s web site.</p>	Baromfi-Coop Green Bond Framework
The annual report includes a list of the projects to which Green Bond proceeds have been allocated as well as a brief description of the projects and the amounts allocated	<p>Baromfi-Coop will disclose in an annual report a closer description of the activities financed, the amount of proceeds invested project-by-project, the balance of unallocated proceeds and a breakdown of proceeds by Eligible Projects.</p> <p>The Allocation Report will also include the following indicators:</p> <ul style="list-style-type: none"> ▪ Proportion of green investments in the corporate portfolio: Green rated investments / Total investments (%) ▪ Green proceeds utilization: Green Bond proceeds used / Total green bond proceeds (%) 	Baromfi-Coop Green Bond Framework

REQUIREMENTS	SUSTAINADVISORY FINDINGS/ASSESSMENT	SUPPORTING DOCUMENTATION
	<ul style="list-style-type: none"> ▪ Use of green proceeds by environmental purpose: Distribution of green proceeds used between ▪ categories defined in the Green Bond Framework (%) ▪ The Allocation report could be integrated with other relevant indicators. 	
The annual report presents the expected and/or achieved impact of projects	Baromfi-Coop will provide annually to investors the Impact report within one year of the issuance and until full allocation of the proceeds. This report will illustrate the expected and achieved environmental impacts associated to the green projects financed by the Green Bond proceeds. The Issuer commits to measure, monitor and publish regularly impact indicators.	Baromfi-Coop Green Bond Framework
The annual report includes qualitative performance indicators and, where feasible, quantitative performance measures	For the quantitative determination, the report will describe the impacts related to energy, gas and water consumption, GHG emissions, furthermore the wastewater treated or avoided figures, as well as the specific transport energy needs. Waste reduction and recycling percentages of by-products will be also calculated. 2020 levels will be used as the base line to perform reduction measurements. The Group commits to target the lowest level of indicators.	Baromfi-Coop Green Bond Framework Discussions with Baromfi-Coop's Management
The annual report discloses the key underlying methodology and/or assumptions used in the quantitative determination	The Green Bond Framework describes the methodology used by Baromfi-Coop in assessing the quantitative determination of the Green Project impacts. The calculation will be made on each individual project comparing the ex-ante impact estimates calculated prior to project implementation for a representative year (base year 2020) with the impacts after the individual project is completed and operating at normal capacity.	Baromfi-Coop Green Bond Framework
The impact reporting is based on voluntary guidelines aiming at a Harmonised Framework for Impact Reporting	<p>For its Impact reporting, the indicators proposed by Baromfi-Coop for each Eligible Green Project are related to the categories and the expected benefits identified for the projects belonging to that category. The proposed measures are generally in line with the core indicators suggested for the Impact Reporting by ICMA. Additionally, Baromfi-Coop proposes indicators specific for the Group's business activities.</p> <p>The indicators proposed by Baromfi-Coop for Impact Reporting are:</p> <ul style="list-style-type: none"> ▪ Savings in energy, water, gas and fuel consumption ▪ Renewable energy produced ▪ CO2 avoided or reduced ▪ Re-use of by-products/waste ▪ NH3 emission avoid or reduced ▪ Reduction of antibiotics and feed consumption. 	Baromfi-Coop Green Bond Framework