



HELL ENERGY
ALLOCATION AND
IMPACT REPORT
2022

1. ABOUT THE GREEN BOND OF HELL ENERGY

We would like to set an example to other industry players and encourage our consumers to engage with the initiative by choosing our products and recycle its packaging to support circular economy. **On July 28, 2021 we issued our first green bond to become the greenest energy and soft drink producer in the world! In 2022, we publish our first Green Bond Report on our environmental achievements.**

Sustainability is an integral part of HELL Energy, and we are very proud of our achievements:

- we could **decrease plastic bottles to under 5% by June 2020,**
- we have signed a strategic partnership **to use Hydro CIRCAL for can production in February 2021,** and as a result by December 2021, **the carbon footprint of our sourced aluminum decreased by 60%.**

In addition, our **2025 Target is to reduce the share of plastic bottles below 1%.**

ISIN	HU0000360722
Issued amount (HUF mn)	67,000
Coupon (%)	3
Date of issuance	07.28, 2021
Maturity	07.28, 2031
Tenor (years)	10
Bond rating	B+ (Scope)
Second Party Opinion	Sustainalytics

HELL ENERGY supports the 17 UN Sustainable Development Goals (SDGs).

With our green bond issuance, we can contribute to the following SDGs:



2. SECOND PARTY OPINION

Sustainalytics, the world's leading external reviewer provided a Second Party Opinion (SPO) on our Green Bond Framework. The green finance experts have been of the opinion that HELL ENERGY made a credible and impactful framework that aligns with the four main components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2021.

HELL ENERGY included **5 eligible GBP categories for the use of green bond proceeds:**

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

Sustainalytics concluded that our planned investments will have positive environmental impacts and help achieve UN SDGs 6, 9, and 12.

Regarding our Project evaluation and selection process, we established a Green Bond Committee (GBC) to evaluate the nominated green projects and assets. Our GBC is headed by HELL ENERGY's CSR Manager, while the Head of M&A and Financing and a technical expert also help the Committee's work. Sustainalytics also considers that our selection process includes environmental and social risk management procedures and concludes that our risk management systems are adequate.

Our Framework's Management of Proceeds component provides details on tracking of the use of the Company's green bond proceeds. The GBC monitors the process and keeps them on a separate account (Green Bond Register). Until full allocation, HELL ENERGY can hold the unallocated proceeds in cash, cash equivalents or other short-term, liquid interest-bearing securities, which is also in line with the market practice.

We intend to publish a report on the allocation and impact of our proceeds in the form of a Green Bond Report until full allocation, based on the ICMA's guidance for Harmonized Framework for Impact Reporting. Sustainalytics considers it is in line with market practice.

3. ALLOCATION OF BOND PROCEEDS

As stated in our Framework, **HELL ENERGY intends to allocate the green bond proceeds for projects and assets that have the most significant environmental benefit**, while also considering the possible environmental and social risks. As of the end of 2021, we used our funds as follows:

Project name	Location	Status (%)	GBP category	Allocated proceeds (HUF mn)
Beverage can manufacturing equipment	Szikszo	0%	Pollution Prevention and Control	25,223
Beverage can filling equipment	Szikszo	13%	Pollution Prevention and Control	10,344
Energy Coffee filling equipment	Szikszo	0%	Pollution Prevention and Control	5,603
Plant and infrastructure	Szikszo	17%	Pollution Prevention and Control	26,824
Total		9%		67,994

Regarding the geographical distribution of our projects, 100% of the allocated bond proceeds have financed the expansion of our beverage can manufacturing and filling facility in Szikszo, Hungary.

Geographical distribution of our green projects



■ Szikszo

4. IMPACT METRICS

We intend to present our projects' environmental benefits in each relevant GBP categories, by using the impact metrics listed in our Green Bond Framework. **The proceeds of our first green bond issuance have been allocated to projects that help the Pollution Prevention and Control GBP category.**

As the projects are not finished yet, the positive environmental effects of the use of the green bond proceeds can be expected later.

However, **the increased can manufacturing and filling capacity will be able to produce 3 billion products per year, so using aluminium with a minimum of 75% recycled content (2.3kg of CO₂e per 1kg of aluminium produced) is expected to save about 0.77kg of CO₂e for 3 billion cans even compared to the carbon intensity of 3.07 kgCO₂e/kg suggested by the Transition Pathway Institute (TPI) by 2030, to be aligned with the International Energy Agency's Below 2 Degrees scenario.**¹

¹<https://www.transitionpathwayinitiative.org/publications/80.pdf?type=Publication>

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ENERGY DRINK

