

Green Bond / Green Bond Programme

Independent External Review Form

Section 1. Basic Information

Issuer name: Baromfi-Coop Kft

Green Bond ISIN: HU0000360706

Independent External Review provider's name: SustainAdvisory S.r.l.

Completion date of this form: 20/07/2021

Publication date of review publication: NA

Section 2. Review overview

SCOPE OF REVIEW

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

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

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- | | |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Scoring/Rating |
| <input checked="" type="checkbox"/> Other (please specify): External third party limited assurance | |

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

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

Baromfi-Coop appointed SustainAdvisory S.r.l. to provide an independent limited assurance opinion on the alignment of the Framework with the ICMA's latest Green Bond Principles edition (June 2021). Baromfi-Coop Kft, together with its group companies, Master Good Kft. and Sága Food Kft, is a leading vertically integrated food industry group operating in Hungary and Central and Eastern Europe. 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 to the industrial primary processing of live poultry, pet food products and slaughterhouse side-products to finish with the manufacturing and sale of meat cooked and frozed products from poultry ingredients. 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, to manage the growth of the business coherently with the company's sustainability approach.

SustainAdvisory's Limited Assurance Report is available at the following link: [Investors](#) | [Master Good](#)

Section 3. Detailed review

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

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The green bond proceeds will be used to fund (13) new investments over the period 2021-2023. Investments' objectives are aligned with the company's environmental sustainability approach and circular economy model. The new projects will contribute to the following environmental benefits:

- Climate change mitigation,
- Natural resource conservation,
- Biodiversity, and
- Pollution prevention and control.

The 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.

Use of proceeds categories as per GBP:

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

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The Issuer has set out a process for the evaluation and selection of green projects eligibility and has defined transparent criteria. The company created a Green Committee (GC) that 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. The project selection shall be consistent with the Group's sustainable approach, the local environmental regulations and the relevant certifications. In the selection process the GC will adopt the group's risk mitigation approach to reduce the social and/or environmental impacts from the evaluation of projects.

Projects will be selected according to their contribution to environmental benefits and in line with the following SDGs: SDG 3 (Good health and well-being), SDG 6 (Clean water and sanitation), SDG 7 (Affordable and clean energy), SDG 11 (Sustainable cities and communities), SDG 12 (Responsible consumption and production), SDG 13 (Climate action).

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>): Involvement of an external expert | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

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.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Disclosure of project's balance of unallocated proceeds |

4. REPORTING**Overall comment on section** (*if applicable*):

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 Allocation 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. The Impact Report will illustrate the expected and achieved environmental impacts associated to the green projects financed by the green bond proceeds. 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. 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. 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.

Use of proceeds reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input checked="" type="checkbox"/> Green Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>): | |
| – breakdown of proceeds by Eligible Projects | |
| – amount of unallocated proceeds | |
| – description of the activities financed | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:☒ Annual☐ Semi-annual☐ Other (please specify):**Information reported (expected or ex-post):**☒ GHG Emissions / Savings☒ Energy Savings☐ Decrease in water use☒ Other ESG indicators (please specify):

- Savings in gas and fuel consumption
- Renewable energy produced
- Re-use of by-products/waste
- NH3 emission avoid or reduced
- Reduction of antibiotics and feed consumption

Means of Disclosure☒ Information published in financial report☐ Information published in sustainability report☒ Information published in ad hoc documents☒ Other: Group's website:
<https://mastergood.hu/>☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

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

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

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**☐ Second Party Opinion☐ Certification☐ Verification☐ Scoring/Rating☐ Other (please specify):

Review provider(s): SustainAdvisory srl

Date of publication: 20.07.2021

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

1. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
2. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
3. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
4. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.