

CROWN HOLDING KFT

Green Bond Report 2023

1. ABOUT THE GREEN BOND OF CROWN

Crown Holding Kft. (hereinafter: Crown or Company) is an ambitious real estate sector company, active in Hungary and Romania. It mainly focuses on building up an income-generating portfolio by investing in undervalued assets and development opportunities. Its current portfolio mainly includes commercial properties (shopping malls, office buildings and hotels).

As an environmentally conscious corporation, Crown is committed to contribute to the sustainability goal of the European Union aiming to cut emissions by at least 55% until 2030, and the company also endorses the Sustainable Development Goals (SDGs) of the United Nations (UN). **On the 23rd of February, 2022 Crown issued its very first green corporate bond series in a total amount of HUF 11.2 billion, with a maturity of 10 years. In 2023, Crown publishes its first Green Bond Report to refer about the corporation's environmental achievements of the previous year.**

ISIN	HU0000361472
Issued amount (HUF mn)	11,416
Coupon (%)	5.5 (fixed rate)
Date of issuance	23.02, 2022
Maturity	23.02, 2032
Tenor (years)	10
Bond rating	B+ (Scope)
Second Party Opinion	Scope ESG Analysis

Crown strongly supports all 17 of the UN's SDGs, and with its green bond issuance it can particularly contribute to the following ones:

- SDG7:** Ensure access to affordable, reliable, sustainable and modern energy for all
- SDG11:** Make cities and human settlements inclusive, safe, resilient, and sustainable



2. SECOND PARTY OPINION CROWN'S GREEN BOND FRAMEWORK

Crown's Green Bond Framework was created on the basis of the recommendations of the International Capital Market Association's (ICMA) 2021 Green Bond Principles (GBPs), and the Framework's commitments are applied on the green bonds, issued by the Company. Crown's Framework consists all 4 components required by the GBPs (Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, Reporting).

The Second Party Opinion (SPO) for the Company's Green Bond Framework was provided by Scope ESG Analysis, a division of the leading European credit rating agency, Scope Ratings. Based on the opinion of Scope, Crown's green bond framework is fully in line with the requirements of the GBPs. The Framework received two leaves, which is the second highest score in Scope's 'leaf score system'.

Crown included 4 eligible GBP categories for the use of its green bond proceeds:

- Green buildings
- Energy efficiency
- Renewable energy
- Clean transport

According to the assessment of Scope's SPO, Crown scored two green leaves in each of the four individual GBP categories, therefore the Use of proceeds provisions of the company's Framework comply with the GBP. In 'green buildings' and 'energy efficiency' categories the Company's score was underpinned by its aims for a minimum energy efficiency of BB. In the 'renewable energy' category, Crown earned a high score because of its intention to invest in the installation of solar power, heat pumps or stand-alone solar farms in its real estate development projects. The two leaf score in the 'clean transport' category is due to the Crown's plans to finance supportive clean infrastructure services.

The Project evaluation and selection process is safeguarded by Crown's Green Bond Committee (GBC), in order to ensure, that the green bond proceeds are allocated only to Eligible Projects and Assets that meet the GBP criteria. The GBC, which holds its meetings

at least annually, consists of the CEO, the CFO and the Technical Director of the Company. Besides selecting the Eligible Projects and Assets in line with the GBP and the EU Taxonomy, the Committee also monitors the development of the relevant KPIs and targets. Scope’s SPO concludes, that Crown’s project evaluation is aligned with the GBP, and the composition and decision-making process of the GBC is adequate.

As part of the Management of Proceeds component of the Framework, the proceeds of the green bonds are managed by the GBC in a Green Register, which includes detailed information on the selected projects, assets and green bonds. Crown tracks the proceeds of each green bond separately in a spreadsheet (Green Register). The Green Register also serves as a basis for annual reporting. Before allocation, proceeds may be invested in short-term, liquid interest-bearing securities or cash (equivalents), if the assets of temporary holdings do not have ESG-related controversies. According to Scope’s assessment, the Company’s management of proceeds complies with the GBP.

In order to enhance transparency, Crown publishes an annual Green Bond Report until full allocation, to enable investors and other stakeholders to follow the development of the Eligible Projects and Assets funded by the green bond proceeds. The report includes an Allocation Report and an Impact Report on a best effort basis. Scope concluded, that proposed reporting included in the Framework complies with the GBP.

3. ALLOCATION OF THE GREEN BOND PROCEEDS

As mentioned in the previous section of the report, Crown is committed to allocate green bond proceeds for Eligible Projects and Assets in line with the GBP. The allocation is provided at a project level, if no confidentiality agreements, competitive considerations or large number of underlying qualifying projects limit the amount of detail that can be published.

The allocation of green bond proceeds, as of 12.31.2022:

Total amount of green bond instrument proceeds allocated	HUF 11.416 million
BBC Building	HUF 6.334 million
Chino Estate	HUF 433 million
CASCADE Building	HUF 4.098 million
Estate Life Estate	HUF 422 million
Remaining balance of unallocated green bond proceeds	HUF 129 million
Share of financing/refinancing of new/existing projects	100% existing projects
Geographical distribution of the Eligible Projects/Assets	Hungary 63 Per cent; Romania 36 Per Cent

4. IMPACT REPORT

In accordance with the 2021 Harmonised Framework for Impact Reporting, Crown is committed to report the impact indicators, by eligible GBP categories.

4.1 Green Buildings

Name of the project	Green bond proceeds used (HUF million)	Construction status	Certification (type and degree)	Estimated annual GHG emissions avoided (tCO ₂ e)	Annual energy savings (MWh)
CASCADE	4098	Existing	LEED Gold	-	-

4.2 Energy efficiency

Name of the project	Green bond proceeds used (HUF million)	Construction status	CO ₂ emissions reduced/avoided (tCO ₂)	Energy savings (kWh/m ²)	Amount of waste minimized, reused, or recycled (tons)
BBC, Chino, Estate Life	7189	Existing buildings – under development – installation of heat pumps	-	under development – targeted gas usage reduction by renewable energy	-

4.3 Renewable Energy

Name of the project	Green bond proceeds used (HUF million)	Construction status	Expected annual renewable energy generation (MWh)	Installed renewable energy capacity (MW)
BBC, Chino, Estate Life	7189	Existing buildings – under development – installation of heat pumps		under development – targeted gas usage reduction by renewable energy

4.4 Clean transport

Name of the project	Green bond proceeds used (HUF million)	Construction status	Number of clean vehicle chargers deployed	Electric vehicle charging station total power (MWh)	Geographical coverage of the electric vehicle charging stations
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