

# **CROWN HOLDING Ltd.**

## **Green Bond Report**

**2025**



## 1. ABOUT CROWN HOLDING LTD.

**Crown Holding Korlátolt Felelősségű Társaság** (hereinafter: **Crown** or Company) is an ambitious real estate holding corporation, founded in 2015 and headquartered in Budapest, Hungary.

The Company, which is specialized on commercial real estate, currently owns the shares of more than 30 companies. The core focus of Crown's activity is related to asset management, however through its undertakings, it is also engaged in **real estate development, real estate investment and property management**. Crown intends to build up its portfolio by investing in undervalued assets and development opportunities with good potential for recovery.

**Besides** having substantial portfolio elements in its native, **Hungary, the Company's main market is Romania**, where it is present with its assets in many economically vibrant cities, such as Bucharest or Oradea. The largest share of the Company's well-diversified and dynamically growing **portfolio is related to retail real estates** (mainly shopping malls), but to a smaller extent **it also includes office buildings, and high-quality hotels**. Amongst the Company's leaseholders, numerous internationally reputable retailers can be found.

**Crown is committed to sustain high professional and ethical standards** in its activities, hence **environmental and social sustainability is thoroughly incorporated** in its operations. Crown is proud to employ many highly appreciated professionals of the Hungarian and Romanian real estate market, and aims at creating a workplace, which is characterized by low labor-fluctuation and mutually beneficial long-term co-operation with employees.

## 2. ABOUT THE GREEN BOND SERIES OF CROWN HOLDING

Being an environmentally conscious corporation, **Crown Holding is eager to contribute to the international sustainability and climate-neutrality goals**.

As a leader of global sustainability-related efforts, **the European Union is committed to achieve a net-zero emissions balance by 2050**, and as a crucial milestone of this process, it targets to **cut back emissions (compared to 1990 levels) by at least 55% by the end of the current decade**. In February 2024, the

European Commission presented its assessment for a **2040 climate target** as well, in order to reaffirm its commitment to tackle climate change. On this basis Commission recommends **to reduce the EU's net greenhouse gas (GHG) emissions by 90%** until the end of the next decade (relative to 1990).

The built environment plays a central role in our lives, buildings serve as workplaces, homes and public spaces. According to the European Commission, collectively, **buildings in the European Union are responsible for 40% of our energy consumption and 36% of GHG emissions**. In 2020, roughly three quarters of the EU building stock can be considered energy inefficient. Consequently, the **decarbonization of buildings is crucial** in greening our overall economy and reaching our climate goals. Hence, **Crown's sustainability strategy is dedicated to contribute** to the EU's aforementioned efforts.

By issuing its very first green corporate bond series in the framework of MNB's **Bond Funding for Growth Scheme**, Crown Holding joined Hungary's freshly and dynamically evolving green bond universe. The Company's green bonds were issued in **February 2022, in a total amount of HUF 11.2 billion, and with a maturity of 10 years**. (Table 1)

*Table 1 – The parameters of Crown Holding's first green corporate bond<sup>1</sup> series*



International Securities Identification Number (ISIN)	HU0000361472
Issued amount (HUF million)	11,200
Coupon (%)	5.5 (fixed rate)
Date of issuance	23.02, 2022
Date of maturity	23.02, 2032
Tenor (years)	10
Bond rating	BB (BCRA) (as of February 2025) <sup>2</sup>
Second Party Opinion	Scope ESG Analysis

<sup>1</sup> In June 2022, the Appendix 1 of the Green Bond Principles (GBP) 2021 was updated to make a distinction between „Standard Green Use of Proceeds Bonds” (unsecured debt obligation) and „Secured Green Bonds” and to provide further guidance on green covered bonds, securitisations, asset-backed commercial paper, secured notes and other secured structures. Based on Appendix's classification, Crown's green bond (ISIN: HU0000361472) can be labelled as “Standard Green Use of Proceeds Bonds”.

<sup>2</sup> Crown and its green bond (ISIN: HU0000361472) both received an initial credit rating of BB- from BCRA in February 2022.

As a green bond issuer, **Crown has committed itself to use the accumulated funds of green bonds** under the Green Bond Framework **in line with the relevant international standards. In 2024, the Company publishes its third Green Bond Report** to refer about the advancements of its environmental achievements since the previous year.

Crown endorses all 17 **Sustainable Development Goals (SDG)** defined by the United Nations in 2015, but its 2022 bond issuance can particularly contribute to **SDG7** and **SDG11**.


	<p><b>SDG7: Affordable and Clean Energy</b></p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all.</p>
	<p><b>SDG11: Sustainable Cities and Communities</b></p> <p>Make cities and human settlements inclusive, safe, resilient and sustainable.</p>

### 3. ABOUT THE SECOND PARTY OPINION OF CROWN'S GREEN BOND FRAMEWORK

The Company's **Green Bond Framework** is based on the **International Capital Market Association's (ICMA) 2021 Green Bond Principles (GBP)**, and the framework's commitments are applied to all green bonds issued by the company. In line with the GBP, the Crown's framework contains all the following required elements:

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

**The Second Party Opinion (SPO) for Crown's Green Bond Framework was provided by** the division of Europe's leading credit rating agency, **Scope Ratings** (member of Scope Group). **In Scope's opinion, Crown's framework is fully aligned with the GBPs**, and it has received two leaves, the second highest score in the Agency's 'leaf score' system.

<p><b>1. USE OF PROCEEDS</b></p> 	<p><b>Green bond proceeds should provide clear environmental benefits and promote the transition to a low-carbon, climate-resilient and sustainable economy.</b></p> <p><b>The company includes 4 eligible GBP categories for the use of green bond proceeds:</b></p> <ul style="list-style-type: none"><li>• Green buildings;</li><li>• Energy efficiency;</li><li>• Renewable energy;</li><li>• Clean transport.</li></ul> <p><b>Furthermore, the company is committed not to use the green bond proceeds for activities that are in conflict with the concept of net-zero economy.</b></p>
<b>SCOPE'S EVALUATION</b>	

The company scores 2 leaves in all four eligible categories, and Crown's use of proceeds provisions comply with the GBP, and align with selected sector criteria.

- **Green buildings, energy efficiency: two leaves**

Crown demonstrates a significant environmental contribution, as it aims for a minimum energy efficiency of BB (nearly zero-energy building and consumption of less energy than the regulatory threshold).

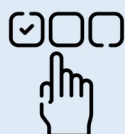
- **Renewable energy: two leaves**

The company's shows high ambition by the intention to invest in the installation of PV, heat pumps of stand-alone solar farms in its real estate development projects.

- **Clean transport: two leaves**

Crown plans to finance supportive clean infrastructure services, such as electric vehicle charging stations and bicycle storages.

#### PROJECT EVALUATION AND SELECTION



**Crown has a Green Bond Committee (GBC), which safeguards green bond proceeds to be allocated only to eligible projects and assets in line with the GBP criteria. Crown's GBC also has a detailed exclusion criteria for its eligible projects and assets for the green bond proceeds.**

**The GBC consists of the Chief Executive Officer, the Chief Financial Officer and the Technical Director of the Company, furthermore Crown may use the option to include an external sustainability expert if necessary. The GBC holds its meetings at least annually. The GBC conducts its decision-making process by open voting on a simple-majority basis.**

**The GBC:**

- **Selects the eligible projects and assets (in line with the GBP and EU Taxonomy;**
- **Monitors the development of relevant green KPIs and targets.**

#### SCOPE'S EVALUATION

The Company's project evaluation is in line with the GBP, which is underlined by the inclusion of an external sustainability expert, and its credibility is increased by

the detail exclusion criteria. The composition and decision-making process of the GBC fits the requirements of a company of Crown's size.

#### MANAGEMENT OF PROCEEDS



**The proceeds from the green bonds are managed by the GBC in a green register, which requires the tracking of each bond's proceeds in a separate way.**

**The green register includes detailed information about the selected projects, assets and green bonds, and the register also serves as basis for annual reporting.**

#### SCOPE'S EVALUATION

Crown's procedures for management of green bond proceeds are in line with the GBP.

#### REPORTING



**In order to enhance transparency, Crown publishes an annual Green Bond Report until full the allocation of funds.**

**The annual report includes an allocation report and an impact report on a best effort basis. The report details the following metrics:**

- **Total amount of green bonds allocated;**
- **Remaining balance of unallocated bond proceeds;**
- **Geographical distribution of projects;**
- **Share of financing/refinancing.**

#### SCOPE'S EVALUATION

Crown's procedures for management of green bond proceeds is in line with the GBP.

## 4. ALLOCATION OF GREEN BOND PROCEEDS

As specified previously, Crown is dedicated to allocate the proceeds of its green bonds in line with the GBP for eligible projects and assets. Crown's allocation report is provided on a project level. The data is provided if no confidentiality agreements, competitive considerations or large number of underlying qualifying projects limit the amount of detail that can be published.

<b>THE ALLOCATION OF GREEN BOND PROCEEDS as of 12.31.2024.</b>	
<b>Total amount of green bond proceeds allocated</b>	<b>HUF 11.416 million</b>
BBC Building	HUF 6.334 million
CASCADE Building	HUF 4.098 million
<b>Remaining balance of unallocated green bond proceeds</b>	<b>HUF 984 million</b>
<b>Share of financing/refinancing of new/existing</b>	<b>financing of 100% existing projects</b>
<b>Geographical distribution of the eligible projects/assets</b>	<b>36% Romania, 64% Hungary</b>



## 5. IMPACT REPORT

In accordance with the 2021 Harmonized Framework for Impact Reporting, Crown is committed to report the impact indicators, by eligible GBP categories. The impact is presented by the relevant metrics of each GBP categories.

### I. GREEN BUILDINGS

NAME OF THE PROJECT	GREEN BOND PROCEEDS USED (HUF million)	CONSTRUCTION STATUS	CERTIFICATION (type and degree)	ESTIMATED ANNUAL GHG EMISSIONS AVOIDED (kWh/m <sup>2</sup> )	AMOUNT OF ENERGY SAVINGS (MWh)
Cascade	4.098	Existing	LEED Gold		

### II. ENERGY EFFICIENCY

NAME OF THE PROJECT	GREEN BOND PROCEEDS USED (HUF million)	CONSTRUCTION STATUS	CO <sub>2</sub> EMISSIONS REDUCED (tCO <sub>2</sub> )	ENERGY SAVINGS (kWh/m <sup>2</sup> )	AMOUNT OF WASTE MINIMIZED, REUSED, OR RECYCLED (tons)
BBC	6.334	Existing buildings – installation of heat pumps		targeted gas usage reduction by renewables	

### III. 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	6.334	Existing buildings – under development – installation of heat pumps		under development – targeted gas usage reduction by renewables

III. CLEAN TRANSPORT

NAME OF THE PROJECT	GREEN BOND PROCEEDS USED (HUF million)	CONSTRUCTION STATUS	Nr. OF CLEAN VEHICLE CHARGERS DEPLOYED	TOTAL POWER OF ELECTRIC VEHICLE CHARGING STATION (MWH)	GEOGRAPHICAL COVERAGE OF THE EV CHARGING STATIONS

## **APPENDIX – ABBREVIATIONS**

**EU:** European Union

**GBC:** Green Bond Committee

**GBP:** Green Bond Principles

**ICMA:** International Capital Market Association

**ISIN:** International Securities Identification Number

**MNB:** Central Bank of Hungary (Magyar Nemzeti Bank)

**SDG:** Sustainable Development Goals

**SPO:** Second Party Opinion