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HELL ENERGY  
ALLOCATION AND IMPACT REPORT  
2024

# 1. ABOUT HELL ENERGY

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We are a dynamically growing Hungary-based energy drink and non-alcoholic beverage company. Due to our continuous investments over the years, **HELL ENERGY is currently the world's third most popular international energy drink brand, and beside Hungary, we are market leaders in further 7 countries.**<sup>1</sup> Realizing the vertical integration of our activities is a globally unique achievement in the beverage industry. We produce our own sustainable aluminum beverage cans, we fill them by using the latest technology, and we cover the entire spectrum of logistic services (domestically and abroad) with our strategic partners.

As an ambitious company, **HELL ENERGY is driven by the principles of innovation, sustainability and health consciousness.** We would like to **set an example to other industry players** by our activity, and we intend to encourage our consumers to engage with the sustainability initiative by choosing our products, and to support circular economy by recycling their packaging.

The European Union is committed to become the global leader of sustainability, and it aims to **achieve a net-zero economy by 2050.** Since the food and beverage industry plays a key role in green and decarbonization processes, **we are dedicated to contributing** to the EU's aforementioned efforts.

<sup>1</sup> Romania, Bulgaria, Slovakia, Greece, Croatia, Cyprus, Bosnia and Herzegovina

# 2. ABOUT THE GREEN BOND OF HELL ENERGY

In July, 2021 we issued our first green corporate bond in the framework of the Central Bank of Hungary's (MNB) Bond Funding for Growth Scheme, to become the greenest energy- and soft drink producer in the world. Our green bonds were issued in a total face value of HUF 67 billion, and with maturity of 10 years (Table 1). In 2024 we publish our third annual Green Bond Report to refer about the progress of our environmental achievements.

Sustainability is an integral part of HELL ENERGY, and we are proud of our achievement of becoming one of the greenest energy- and soft drink producer in the world.

- In 2015 we committed ourselves to sustainability and to enhance the use of aluminum;
- In 2017 we built our own beverage can factory in Hungary;
- In 2020 we entered into a contract to purchase previously called Hydro CIRCAL now called ORBIS by Speira aluminum coils, as a part of our responsible sourcing and started production adjustments.
- In 2021 we were the first in the world to use Hydro CIRCAL (currently: ORBIS) for can production.

As the result of our efforts:

- By 2024 we could decrease the share of plastic bottles in our portfolio to under 2%. Our 2025 target is to further decrease their share under 1%.
- By using ORBIS aluminum coils by Speira (previously called Hydro CIRCAL), by 2021 the carbon footprint of our aluminum decreased by 60% compared to our previous raw material from the suppliers.
- By 2021, the share of recycled material in our raw material has already reached 75% when using ORBIS by Speira.
- Our HELLo ALU educational campaign has received numerous prestigious sustainability awards in 2023. As the only Hungarian recipient, HELLO ALU was recognized by the Global Good Awards. We also received Trend magazine's special prize, and by this we can use the title 'Symbol of Sustainability 2023' for the course of a year.

HELL ENERGY endorses all 17 of the United Nations' Sustainable Development Goals (SDGs), but our Green Bond Framework can particularly contribute to the following SDGs:



**SDG 6:** Ensure availability and sustainable management of water and sanitation for all.



**SDG 9:** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



**SDG 12:** Ensure sustainable consumption and production patterns.

**Table 1**  
The key parameters of HELL ENERGY's 2021 green corporate bond series

ISIN	HU0000360722
Issued amount (in HUF million)	67 000
Coupon (in %)	3
Date of issuance	28/07/2021
Maturity	28/07/2031
Tenor (in years)	10
Bond rating	B+ (Scope Ratings) latest review as of <a href="#">19/12/2023</a>
Second Party Opinion	Sustainalytics issued on <a href="#">20/07/2021</a>

# 3. ABOUT THE SECOND PARTY OPINION OF OUR GREEN BOND FRAMEWORK

As a green bond issuer, we committed ourselves to use the accumulated funds of our green bonds in line with international standards, hence our Green Bond Framework was created on the basis of the International Capital Market Association’s (ICMA) 2021 Green Bond Principles (GBPs). The commitments of the Green Bond Framework are applied to all the green bond issues of HELL ENERGY. In line with the GBPs, our Framework contains all four of the required elements:

*Use of Proceeds; Process for Project Evaluation and Selection; Management of Proceeds; Reporting.* The Second Party Opinion (SPO) for our Green Bond Framework was published by one of the world’s most prestigious ESG Research and Rating provider agency, Sustainalytics. Our SPO was published on Sustainalytics’ website on the 20th of July, 2021.

 <p><b>I. USE OF PROCEEDS</b></p>	<p>Our framework includes 5 eligible project/asset categories for the use of proceeds:</p> <ul style="list-style-type: none"> <li>• Pollution prevention and control (aligned with SDG12)</li> <li>• Eco-efficient and/or circular economy adapted products, production technologies and processes (SDG12, SDG13)</li> <li>• Sustainable water and wastewater management (SDG6, SDG11, SDG12)</li> <li>• Renewable energy (SDG7, SDG8, SDG9, SDG12, SDG13)</li> <li>• Efficient energy (SDG8, SDG9, SDG13)</li> </ul> <p><i>SUSTAINALYTICS’ EVALUATION:</i> The eligible categories are in line with those recognized by the gbps, and the projects funded under the framework are expected to reduce the company’s carbon footprint and increase recycled and sustainable aluminum content in drink can manufacturing. The SPO concluded that the investments will specifically help to achieve SDG6, SDG9 AND SDG12.</p>
 <p><b>II. PROJECT EVALUATION AND SELECTION</b></p>	<p>In order to be in line with the GBPs, HELL ENERGY’s internal process in project evaluation and selection process is managed by the company’s three-member Green Bond Committee (GBC). The Committee whether evaluates the nominated assets and projects are in line with the eligible Green Project and Asset categories, and with applicable national laws and regulations. Furthermore, the GBC monitors the development of green KPIs. The GBC’s members are the following:</p> <ul style="list-style-type: none"> <li>• The Head of M&amp;A and Financing</li> <li>• The CSR Manager</li> <li>• A technical expert of the company</li> </ul> <p><i>SUSTAINALYTICS’ EVALUATION:</i> HELL ENERGY’s environmental and social risk management systems are adequate and aligned with market expectations.</p>
 <p><b>III. MANAGEMENT OF PROCEEDS</b></p>	<p>The bond proceeds of HELL ENERGY’s green bonds are allocated to a Green Bond Register (GBR), and they are tracked and managed by the GBC in a spreadsheet until full allocation. Unallocated proceeds may be held in accordance with our investment policy.</p> <p><i>SUSTAINALYTICS’ EVALUATION:</i> HELL ENERGY’s process is considered to be in line with market practice.</p>
 <p><b>IV. REPORTING</b></p>	<p>Our company publishes a Green Bond Report (GBR) on an annual basis until full allocation, to provide up-to-date information on the use of Green Bond proceeds. The GBR includes an Allocation Report and an Impact Report.</p> <p><i>SUSTAINALYTICS’S EVALUATION:</i> HELL ENERGY’s reporting process is in line with the market practice.</p>

Table 2 – The four key elements of HELL ENERGY’s Green Bond Framework, and their evaluation by Sustainalytics

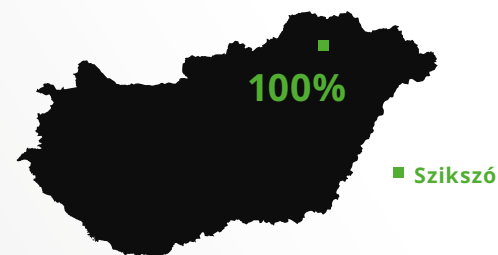
# 4. ALLOCATION REPORT

As elaborated previously, we are dedicated to **allocate our Green Bond proceeds for projects and assets that have the most significant environmental benefits**, while we also **assess the possibly emerging environmental and social risks**. As of the end of 2023, we have used our green bond proceeds as follows:

Project name	GBP category	Location	Allocated proceeds (HUF mn)	Status (%)
Beverage can manufacturing equipment	Pollution Prevention and Control	Szikszo	25,223	100%
Beverage can filling equipment	Pollution Prevention and Control	Szikszo	10,344	98%
Energy Coffee filling equipment	Pollution Prevention and Control	Szikszo	5,603	56%
Plant and infrastructure	Pollution Prevention and Control	Szikszo	26,824	100%
<b>Total</b>			<b>67,994</b>	<b>96%</b>

Regarding the **geographical distribution** of our projects, **100% of the allocated bond proceeds** have financed the implementation of a new beverage can manufacturing and filling complex in Szikszo, Hungary.

Figure 1  
Geographical distribution of our green projects



## 5. IMPACT METRICS

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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 issue 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 aluminum with a minimum of 75% recycled content (2.3 kg of CO<sub>2</sub>e per 1 kg of aluminum produced) is expected to save about 0.77 kg of CO<sub>2</sub>e per 1 kg aluminium for 3 billion cans produced. Compared to the carbon intensity of 3.07 kg CO<sub>2</sub>e/kg suggested by the Transition Pathway Institute (TPI) by 2030, our expected result is aligned with the International Energy Agency's Below 2 Degrees scenario.<sup>2</sup>

<sup>2</sup> <https://www.transitionpathwayinitiative.org/publications/80.pdf?type=Publication>

**HELL**<sup>®</sup>  
ENERGY DRINK

