



*... the sustainable growth*

# ESG Report 2022/2023



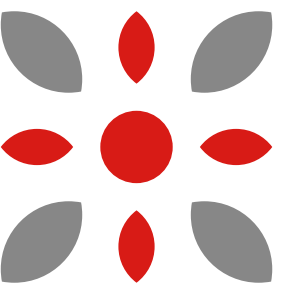
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# ABOUT OUR REPORT

## Entities included in the report:

UBM Holding Nyrt., UBM Trade Zrt., UBM Agro Zrt., UBM Agrar GmbH, UBM Agri Trade Srl, UBM doo, UBM Invest Slovakia sro, UBM Agro Slovakia sro, UBM Grain Zrt., UBM Feed Zrt., Búzamag Kft., Agromix Kft., UBM Szeleste Zrt., UBM Feed doo, UBM Consulting Zrt.

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## Reporting period:

The reporting period covers the period from 1 July 2022 to 30 June 2023, corresponding to the financial year.

The figures provided refer to 30 June 2023. Different figures are indicated in the respective graph.

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The first report of the UBM Group was issued without the use of a standard. The next report will be produced with the use of a standard.

## Further information:

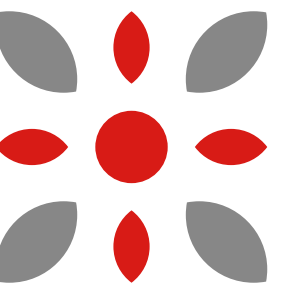
UBM Sustainability officer

If you have any question about our ESG report, please contact our officer responsible for ESG issues.

E-mail: [esg@ubm.hu](mailto:esg@ubm.hu)







# GREETINGS

Esteemed Investors,  
Dear Readers,

The UBM Group has always been characterised by transparent and responsible operation in its relations with investors, customers, suppliers, and partners, collaborating partners, and by taking care for its colleagues, local communities, those in need supported by donations as well as by a conscious attention to the environment. Our greatest value lies in our employees, and we are proud that the fruits of our efforts so far, our powerful employer brand, have been rewarded with objective awards – Family-Friendly Company, Workplace and Responsible Employer.

This year, our Group has reached a major milestone regarding ESG, as in a comprehensive team effort covering all affected areas, we have created our ESG strategy, defined the methodology for collecting performance indicators (KPIs), and, fulfilling our commitment set out in the roadmap submitted to the Budapest Stock Exchange, we have prepared our first non-standardised report.

We report on our Environmental, Social and Governance (ESG) material topics, our operations based on an ESG approach and our strategic commitments.

As a responsible manager, I pay attention to raising awareness, developing professional ESG-related competences in leadership, putting the approach into practice, applying sustainability criteria in the supply-chain, and achieving our objectives and commitments. I also consider it key to get prepared in time and to fully comply with the gradually increasing ESG-specific regulatory expectations and EU requirements, from compliance with reporting standards to biodiversity protection, or fighting against deforestation.

One of our priorities is to be ready as soon as possible for the opportunities offered by green financing, and thus to strengthen our commitment to our sustainability objectives. We have also set as a strategic goal to report annually on our sustainability performance, thereby increasing transparency regarding our performance to date.

With regards,

**Péter Horváth**  
CEO of the UBM Group



# FACTS AND FIGURES: THE UBM GROUP IN NUMBERS



## First position

- ✓ Hungary's market-leading compound feed producer and crop trader
- ✓ Worldwide in the field of certified palm oil free animal feed product



**100%**  
Hungarian ownership



**15**  
countries we export



**~500**  
products



**~1,5 million**  
tons of feed production and feed  
raw material trade



**27+**  
years of experience



**412**  
employees\*

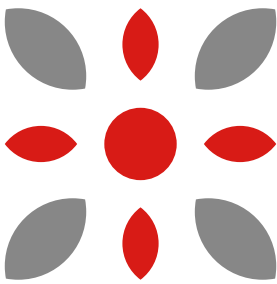


**6**  
countries with an active presence  
(feed mills, sales, and commercial offices)



**~1500**  
partners

\*(after 30.06.2023)



## The economic performance of the UBM Group according to the ESG approach

(Between 01.07. 2022 and 30.06.2023 in compliance with IFRS)

Economic value produced (thsnd HUF)	
Revenues	232 742 967
Allocated economic value (thsnd HUF)	
Operating costs	222 102 435
Salaries and allowances for employees <sup>2</sup>	4 674 861
Payments to equity investors	6 639 593
Payments to the State Treasury <sup>3</sup>	791 497
Community investments <sup>4</sup>	22 305

<sup>1</sup> International Financial Reporting Standards

<sup>2</sup> Personnel costs, contributions.

<sup>3</sup> Income tax, business tax, innovation contribution as well as taxes and contributions recognised as part of other expenses.

<sup>4</sup> Amount spent on donations and sponsorship excluding amount of Corporate Tax Relief (TAO) grants.





# OUR RECOGNITIONS AND AWARDS

## HR recognitions and awards



**Responsible employer**  
2021 bronze, 2023 gold certification



**Family-friendly workplace trademark**  
2020 and 2022



**Family-friendly Company**  
(Three Princess, Three Princesses Movement) – 2022



## Professional recognitions and awards



**Grand Prize for Hungarian Animal Husbandry**  
Great Plain Animal Husbandry Days – 2023 – „For the development of palm oil free feeding of dairy cows and the acquisition of a trademark certifying this”.



**1st Prize in the Agricultural Informatics category – Great Plain Animal Husbandry Days**  
2023 – „Complex, non-invasive estrus monitoring to define feeding rich in omega-3 fats”.



**CFO of the year**  
2022 award



**Grand Prize for Hungarian Animal Husbandry – Great Plain Animal Husbandry Days**  
„The development of broiler and fattened duck feed lines by determining species-specific nutrient requirement values and digestion coefficients”.



# INTRODUCING OURSELVES

Just like any large group of companies, UBM summarises its „message” indicating its main direction and value by slogans used in its commercial and marketing activities.

The **„UBM Group, ... the art of nutrition”**, introduced two years ago, refers to the fact that the development and production of compound animal feeds, which embraces our main activity, is carried out considering and following all the values, which guarantees the professional and economic performance of UBM feeds to all our partners, a prerequisite for a mutually beneficial and long-term cooperation.

Although profitability is a key value indicator put in the foreground, this cannot be achieved either in the medium term without state-of-the-art knowledge and sustainable growth, therefore this year we introduced the slogan **„UBM Group, ... the sustainable growth”**, which refers to our primary ambition in this respect, while it also refers to the strong dynamic growth of the Group.

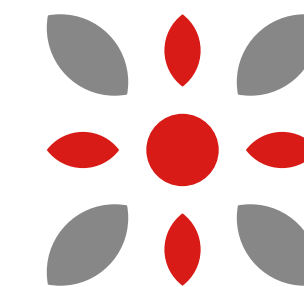
**UBM has always attached priority to personal business and human relations, to synergies with its partners.** Relationship-oriented business, fairness, reliability, and community spirit are all part of our company’s credo, while we **understand in a highly competitive market, we can only succeed with expertise, with creative, innovative, and competitively priced products.** Along these guidelines, of course, we strive to preserve our leading role in the Hungarian feed market and to strengthen our presence and results in the region, especially in Central Europe.

## A brief overview of our activities

The UBM Group, headed by UBM Holding Nyrt., grew out of UB Merchants Kft., founded in 1996, which today is **the largest feed producer and raw material trader in Hungary with a turnover of 1.5 million tons.** The group is active in feed, feed supplement, premix production and in the trade of all these products. Animal species specific feed supply and expert advice services provide an important support to our partners.

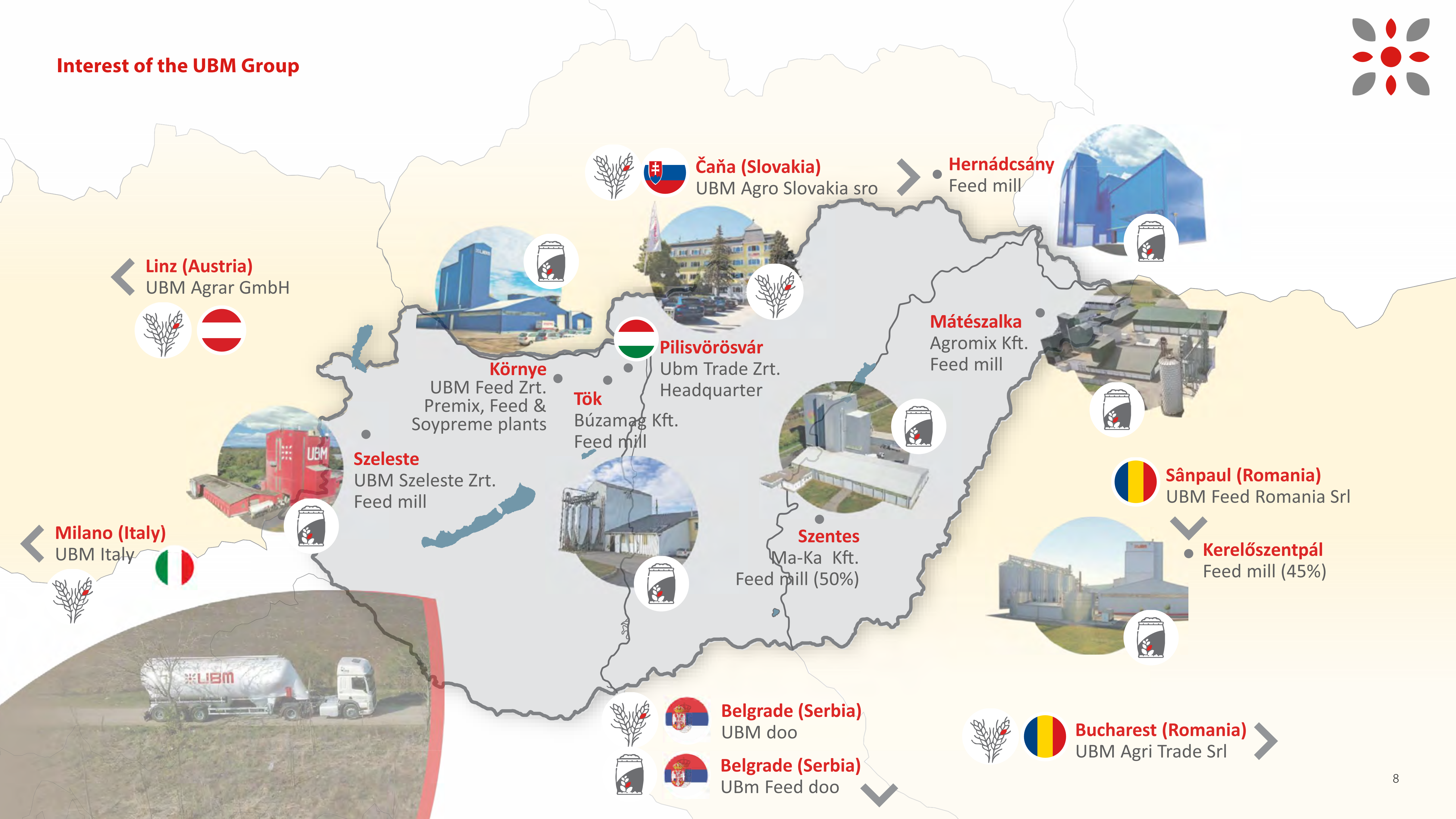
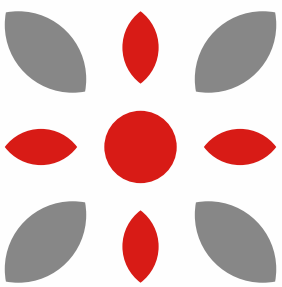
Our main activity is **feed production**, which is carried out in four plants in Hungary (Szeleste, Környe, Szentes, Mátészalka), as well as in Romania (Kerelőszentpál – San Paul) and Slovakia (Hernádcsány – Čaňa). Our plants are efficient not only in terms of technology but also in terms of plant size.

**Our other business division is feed raw materials wholesale**, which comprises the purchase and distribution of grains, oilseeds, and protein crops, both in Hungary and in the Central European regional market, from the Black Sea to Italy. We have commercial offices in Bucharest, Belgrade, Pilisvörösvár and Linz, and have also recently opened one in Italy.

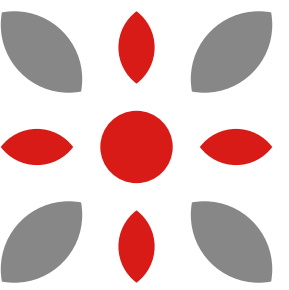




Interest of the UBM Group







# Our history

Our company has been growing dynamically since its first steps in 1996 and its activities are constantly expanding.



1997

- **Start of grain trade**  
*We currently trade with nearly 900,000 tons*



2004

- **Launch of the feed business**  
*With 450 types of products on the market*



2010

- **Starting Naptáp factory production**  
*Special extracted sunflower meal*



2012

- **The Soyprime® plant starts up in Környe**  
*Production of unique full-fat soy products*
- **Start-up of the MA-KA feed plant in Szentes**  
*The most modern feed mixing plant in our country*

1996

- **Establishment of UBM Merchants Kft.**  
*Soy trade in the center*



2000

- **Trade in feed supplements**  
*For all farm animals*



2008

- **Purchase of Környe feed mill**  
*20,000-ton capacity*

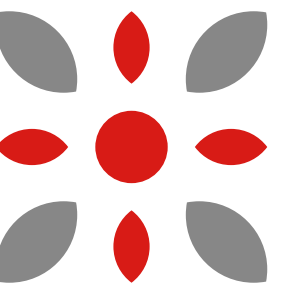


2012-2015

- **Purchase and renovation of a feed mill in Szeleste**  
*130,000 ton capacity, fully utilised*







## 2016

- Inauguration of Környe premix plant  
*We have become a key player in premix production*
- Listing of UBM Holding Nyrt. shares on 15 December

## 2018

- Purchase of the Čaňa mixing plant in Slovakia  
*100,000 tons for Slovakian partners*

## 2020

- Starting an Austrian grain trading office in Linz  
*Opening new market*

## 2022

- The reconstruction of the feed mills in Szeleste and Čaňa  
*Investment to serve the needs of the future*
- CFO of the Year Award
- The first UBM RedRun kicks off

## 2017

- Opening of a grain trading office in Bucharest  
*The first step of our Romanian market launch*
- First trading day on the Budapest Stock Exchange on 3 March.



## 2019

- Romania, inauguration of Sânpaul feed mill  
*The largest independent feed mill in the region*
- Opening of a Serbian grain trading office in Belgrade  
*Strengthening regional trade*



## 2021

- Starting a Serbian feed sales company in Belgrade  
*Building up market for expansion*



## 2023

- Introduction of a Code of Ethics and Business Conduct
- Responsible employer, gold certification
- Palm Oil Free Certificate
- Creating an ESG strategy / BSE ESG Roadmap
- Publication of the first ESG report

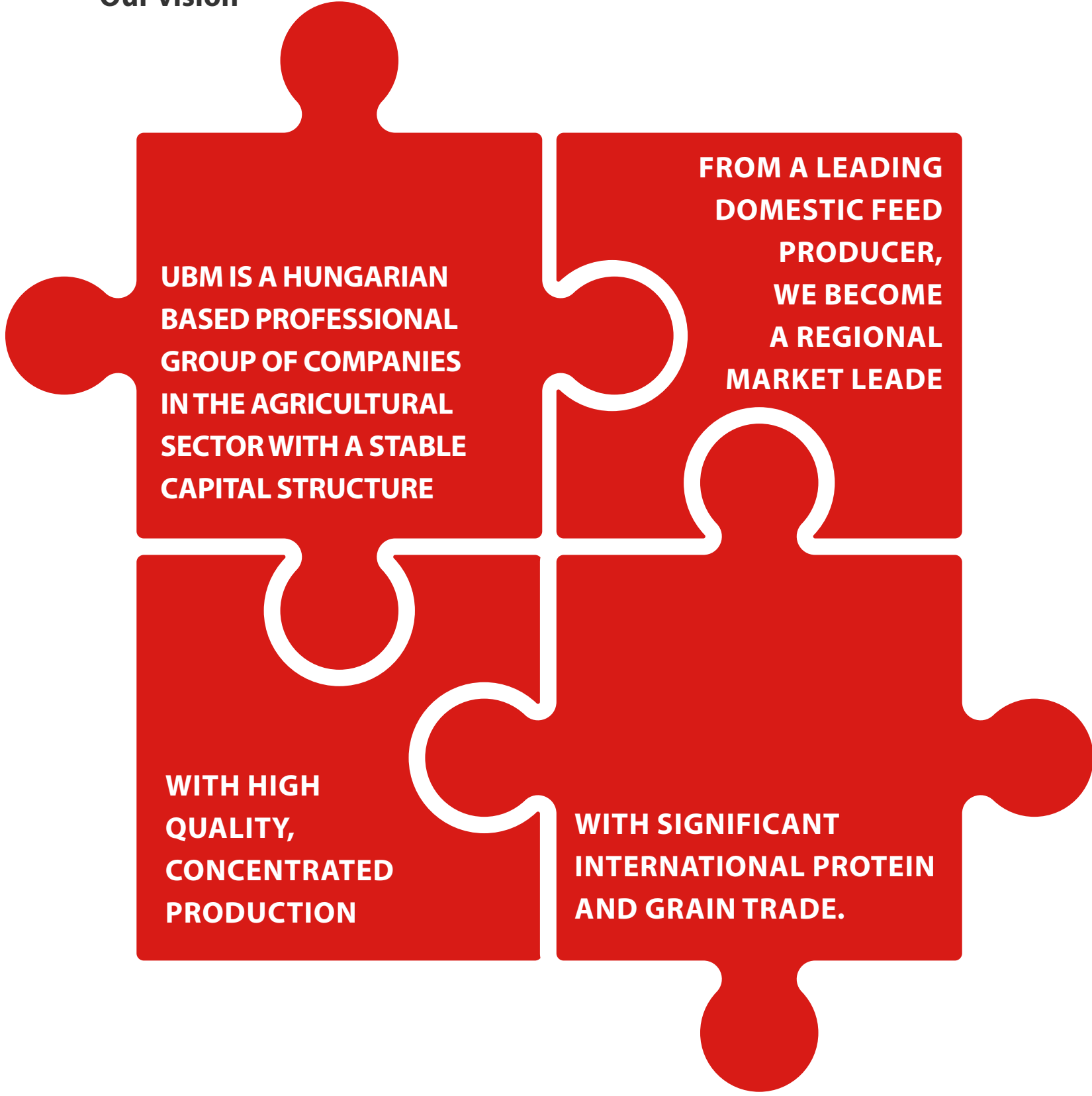




# Our vision

The results achieved have provided a good basis for the listing of UBM Holding Nyrt. on the stock exchange and for the dynamic growth of the Group. Being the only company engaged in the agricultural sector, which is listed on the Hungarian stock exchange, it is important to formulate and present our clear, medium-term strategic goals and vision.

## Our vision



## Our growth strategy is based on four pillars:

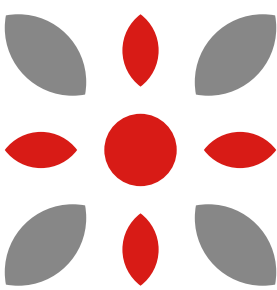
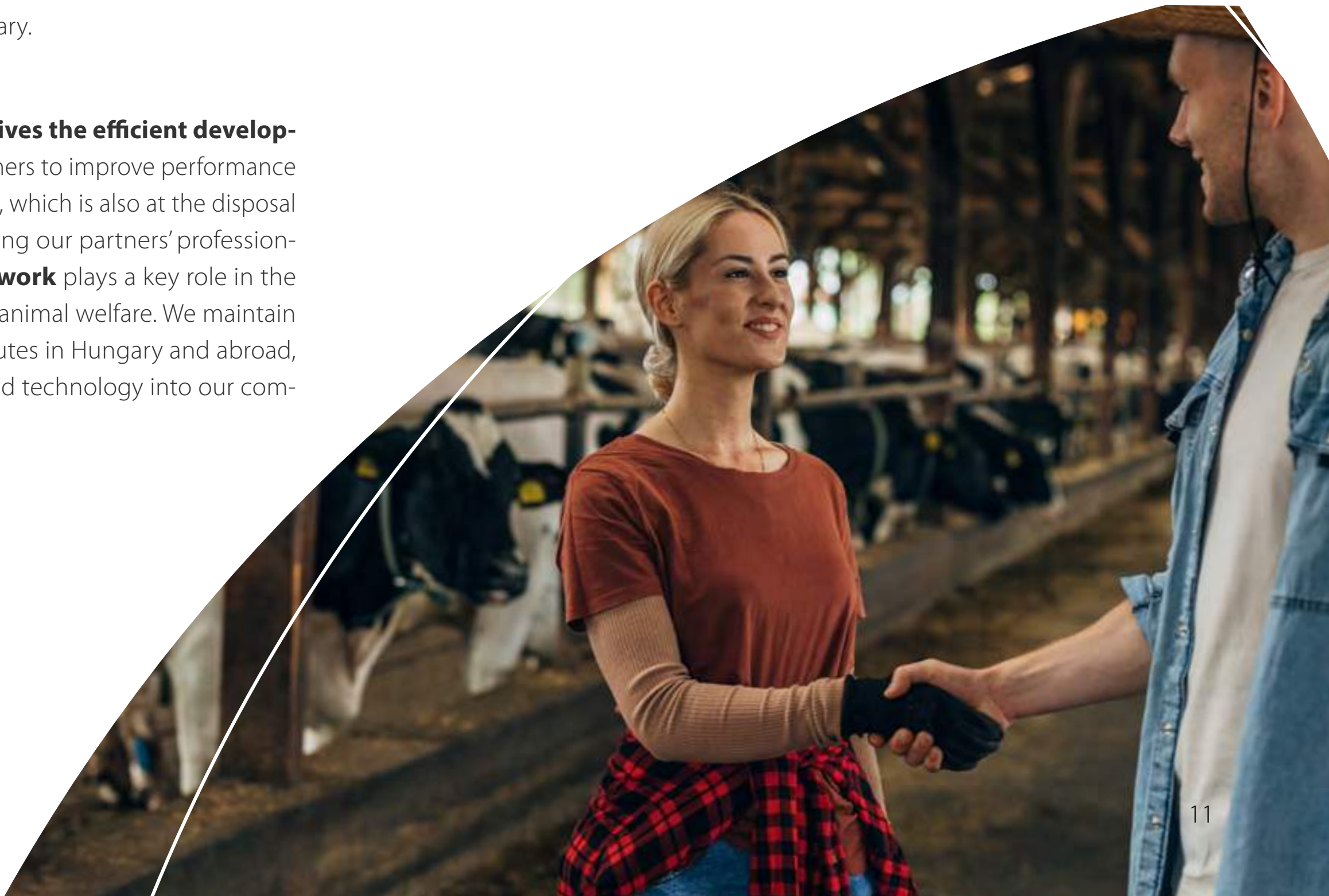
- **the livestock and feed production** trend in Western Europe **shows a shift** of activity through Hungary **to Central and Eastern Europe**, fuelled also by an over-regulated economic environment. UBM can also take over a leading role in this process and change, thus exploiting further growth opportunities,,
- alongside the declining non-commercial backyard livestock farming, **in Romania, Serbia and the Balkan countries** an upswing in intensive livestock farming can be expected in the next 5-15 years, which we can support by producing the best quality feed, so we are focusing on this area,
- **UBM is at the European forefront** in the production technology of feeds and feed supplements, which it wishes to establish and represent in further countries,
- our objective is also to **further expand our commercial** activities by opening new offices in Eastern and Western Europe by 2025, because of which, within two years, the Group will be able to serve all markets in an area within a radius of approximately 2,000 km around Hungary.

**Research and development are the engine that drives the efficient development of our products**, which is expected by our partners to improve performance and is the key to our success in business. Our laboratory, which is also at the disposal of our partners, carries out 17,000 tests a year, increasing our partners' professional and data awareness. The **expert consultancy network** plays a key role in the livestock product line, monitoring feed utilisation and animal welfare. We maintain strategic contacts with universities and research institutes in Hungary and abroad, so that they can incorporate current developments and technology into our company's feed production practices.

## Sustainability

Although civil society, also under the influence of politicians, links sustainability with conventional, organic production, this is far from being true; and it is not even adequate to provide humanity with food at the right price and quantity. **Intensive livestock farming has a smaller ecological footprint**, requires less feed with better feed utilisation, consumes less water and has a lower environmental impact over shorter life cycles..

The **UBM Group is committed to improving sustainability**, enhancing feed utilisation (thus freeing up vast agricultural areas for other purposes), and increasing environmental performance. The completion of an ESG report, which puts sustainability at the forefront, and the fulfilment of its criteria are already embedded in our activities.





# Our values

Our successful operations have a solid foundation in our corporate values including community building, consciousness, sustainability, and environmental responsibility.

## Our values



### We form a community

We accept ourselves and others, we take care of each other, we show tolerance. We strive to achieve our own identity – believing that this is how we can get the most out of our work and our private life



### We do the right thing

we are law-abiding, we have high moral values, we are genuine in our own and others' eyes



### We have a goal-conscious approach

determination, focus, concentration, structuring, organisation  
environmental awareness, sustainability



### We are in progress every day

professionalism, innovation, creativity, resilience, adaptability, flexibility

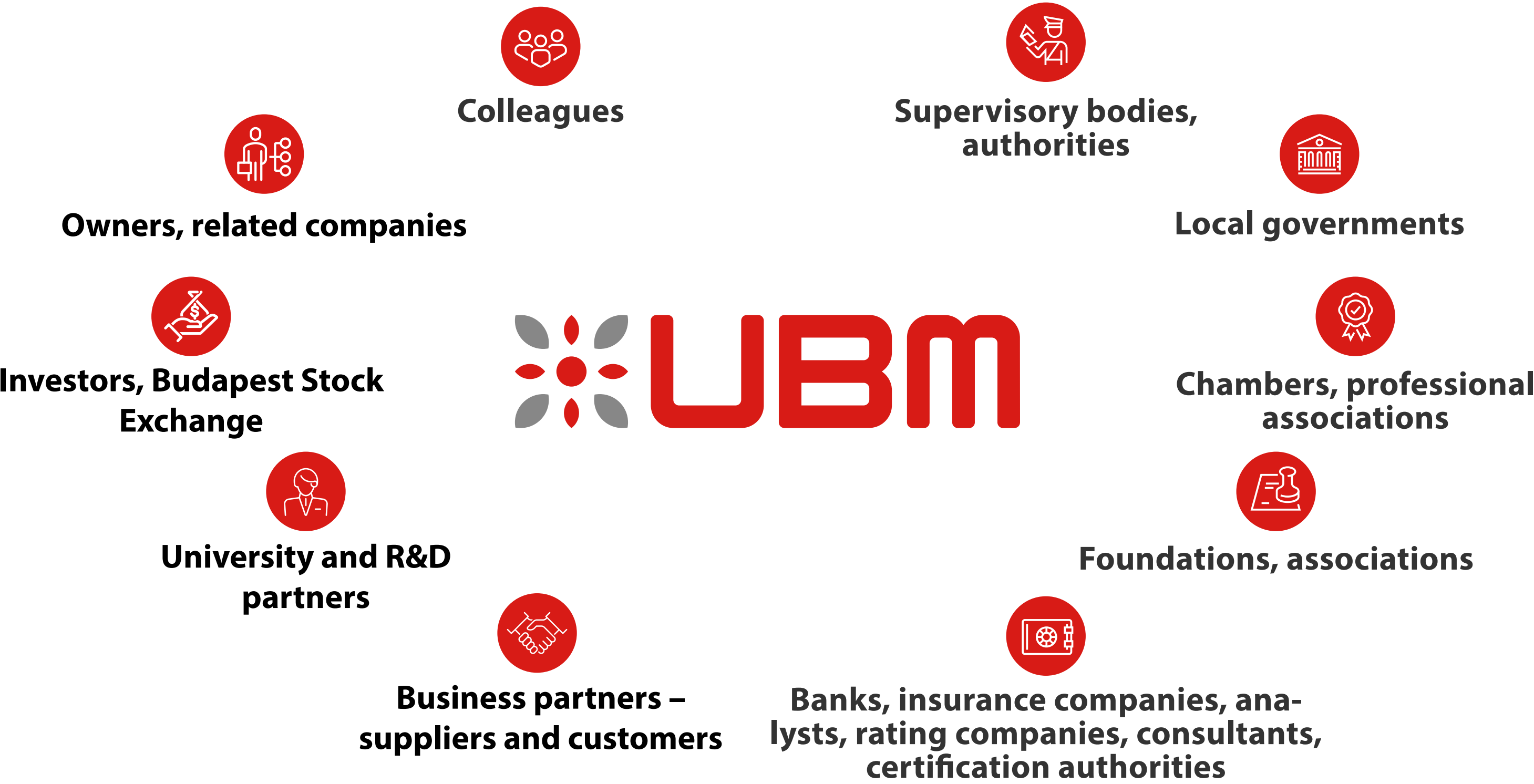


### We have faith in our partners

we strive for equality in all relationships of UBM; starting from our employees through our business partners to the controlling authorities.

# Our stakeholders

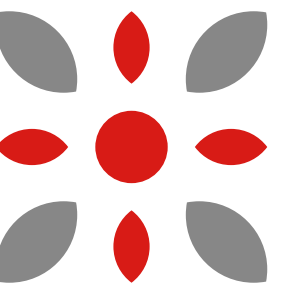
In our day-to-day operations, we interact with a wide range of internal and external stakeholders. We place a high priority on maintaining **cooperation and dialogue** with our stakeholders. We have an active communication policy with stakeholders, including a particular focus on sustainability issues.



## Our material issues

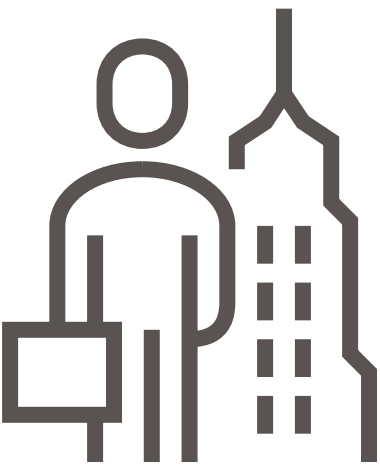
Before compiling our first ESG report, we assessed the sustainability impacts on our company and involved our stakeholders (colleagues, suppliers, partners, etc.), asking for their views through an online anonymous survey. Afterwards, we prepared a list of our material issues to serve as reference in presenting the key issues identified as material in our first ESG report. These issues identified as material will be presented individually in our report.



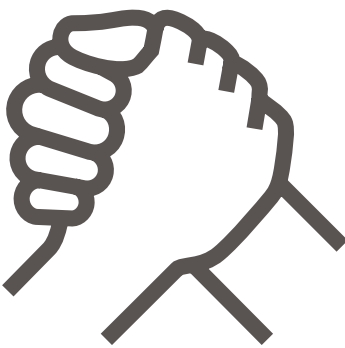


# Our prominent professional memberships and engagements

Professional memberships, engagements, cooperation



Professional membership



Cooperation



NEMZETI  
AGRÁRGAZDASÁGI  
KAMARA

Hungarian Chamber of  
Agriculture



MAGYAR  
KERESKEDELMI  
ÉS IPARKAMARA

Hungarian Chamber of  
Commerce and Industry



Association of Hungarian  
Grain Processors, Feed Millers  
and Traders



Hungarian University of Agricultural and Life Sciences (MATE) strategic co-operation agreement on our contribution to education and adult training, on our participation in dual training and apprenticeships, as well as on joint R&D and innovation programmes and professional collaboration



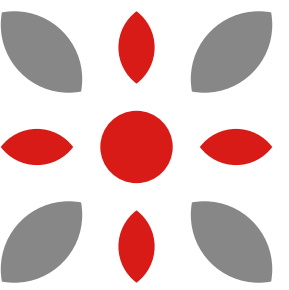
Long-term cooperation with Schothorst Feed Research, a Dutch feed recipe developing knowledge centre and pilot farm



Strategic cooperation agreement with Agroloop, a start-up company for the industrial-scale production and use of insect proteins as partial substitutes for expensive and environmentally harmful imported plant proteins.







# OUR ESG APPROACH AND SUSTAINABILITY STRATEGY

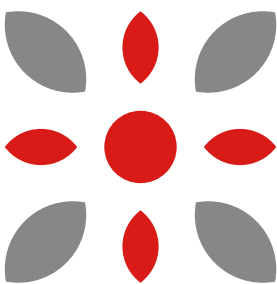
The year 2023 has a special importance in the life of the UBM Group, as we prepared our ESG strategy in a comprehensive teamwork, with the involvement of several affected fields, and after several months of work. The strategy will be reviewed annually, and we will report on our strategic commitments and results achieved.

## The main pillars of our ESG strategy





Our top commitments



2023

- Introduction and dissemination of a Code of Ethics
- Preparation of a Procurement Policy

2024

- 15-20% renewable energy use
- Implementation of ISO 14001 Environmental management systems
- Full implementation of digital signature
- Establishment of an ESG and an Ethics Committee
- Broader Procurement Policy
- Preparing for green financing

2025

- Expanding the vehicle fleet with at least 5 new plug-in hybrid or electric cars
- Scope 3 calculation for all feed produced.
- Introduction of ESG module as part of enterprise management system upgrade

2030

- Scope 1 and 2 GHG emission specific reduction of 20% <sup>5</sup>
- Scope 3 GHG emissions (feed production product scope) 15% specific reduction <sup>6</sup>



<sup>5</sup> Base year: the business year between 01.07.2022 and 30.06.2023 Formula: given business year Scope 1-2 tons CO2 equivalent / given business year total feed production sales volume (tons).

<sup>6</sup> Base year: the business year between 01.01.2010 and 31.12.2010 Scope 3 tons CO2 equivalent / Total sales volume of feed production for the given business year (tons).



# OUR ENVIRONMENTAL COMMITMENT

Agriculture, including soil management and forestry, together account for roughly 17-18% of total greenhouse gas (= GHG) emissions caused by human activity.

In the agricultural sector, the environmental footprint can basically be improved in two ways:

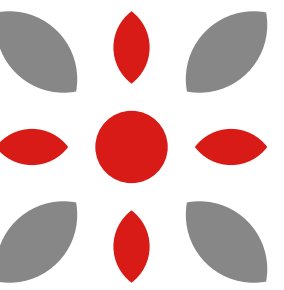
The energy use and emissions associated with our own activities (production and trade) have to be consciously reduced, e.g., through a continuous improvement of the production technology, through the adoption of equipment that is more energy efficient and/or uses renewable energy, or even through improving the energy consciousness in our logistics processes.

But reducing the environmental footprint along the entire supply value chain is a far greater challenge.

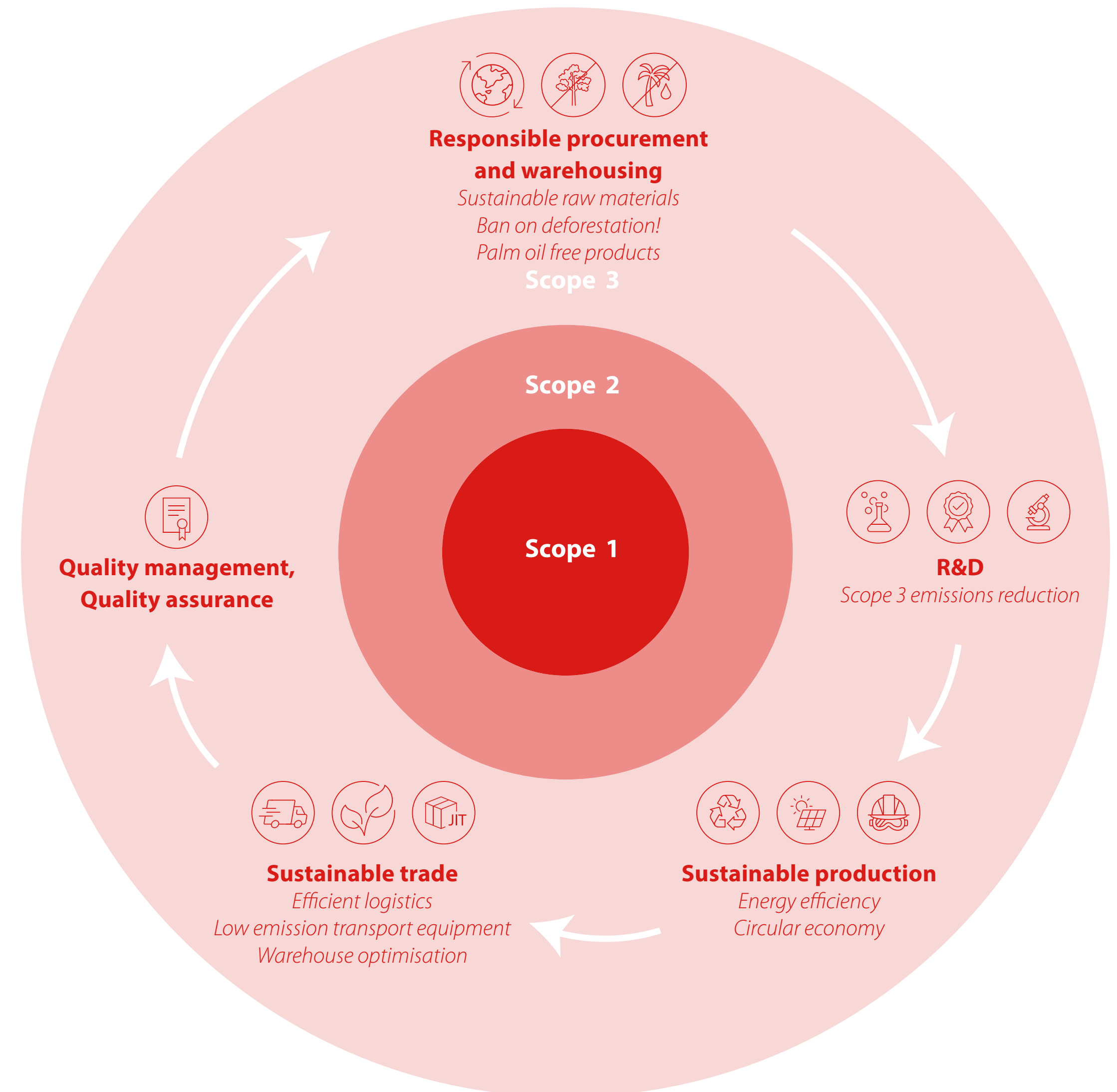
As a market leader in the feed industry, both in Hungary and in the region, we actively support our livestock business partners with our innovative and continuously improved product range and recipes. We follow and actively apply industry trends: e.g., in feed production we experiment with different grain sizes for a more energy-efficient production, depending on the animal species we reduce the protein/nitrogen and phosphorus content, thus improving digestibility and nutritional efficiency without compromising the slaughter output. We look for alternative protein sources that reduce dependence on soy protein. These improvements will also reduce the animal's water intake and the excretion of urine and other excreta, resulting in lower emissions of pollutants (ammonia).

With all this in mind, our R&D team works on these solutions and development directions based on the needs of our partners, assessing the full product life cycle (LCA).

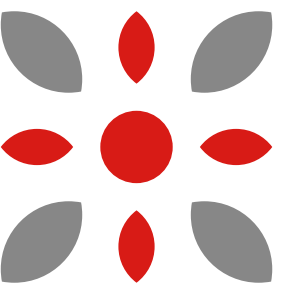
So, we aim to work not only for Scope 1,2 but for Scope 3 emissions reduction covering the whole value chain!



## Focal points of the UBM Group's sustainable operations








# Energy management

The overall energy consumption of our Group’s operations is accounted for mainly by

- our trading (grain and protein),
- production and related logistics
- back-office activities

which are made up of four energy consumption categories:



**ELECTRICITY  
CONSUMPTION**



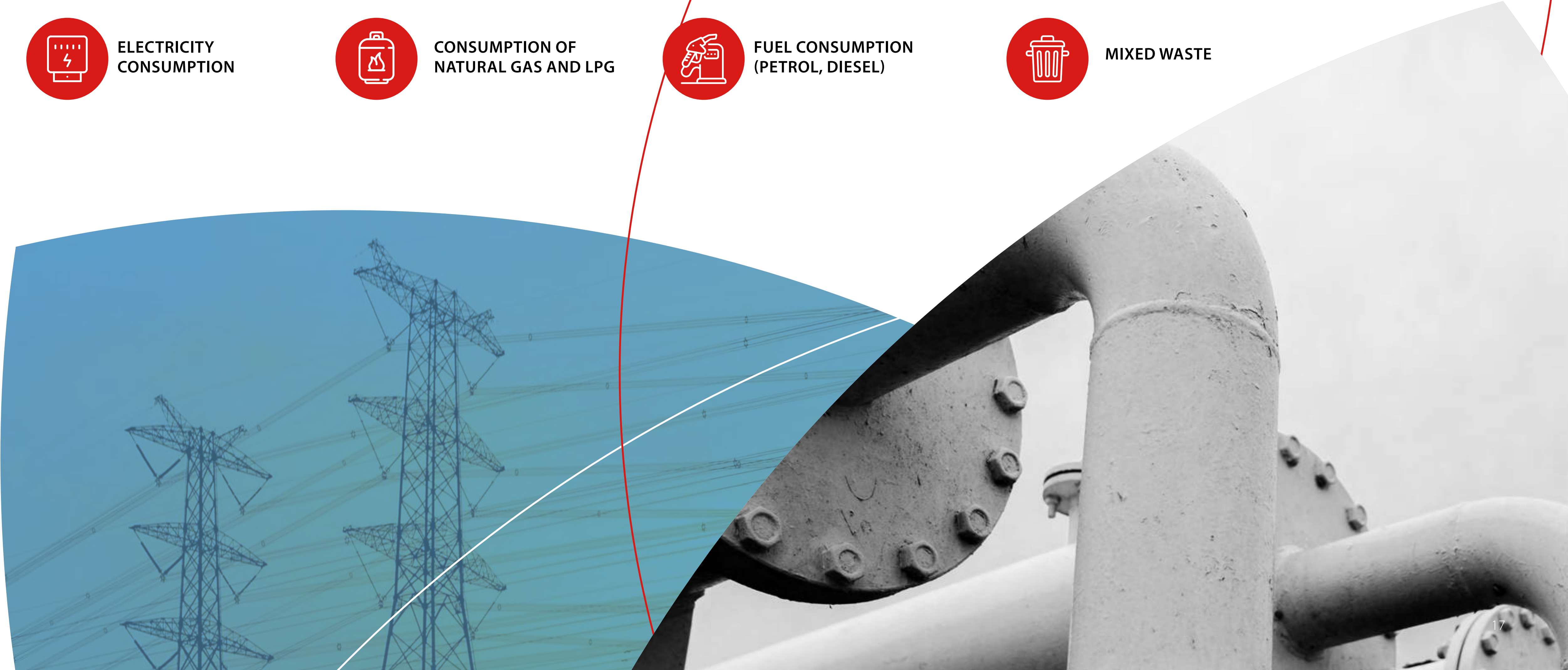
**CONSUMPTION OF  
NATURAL GAS AND LPG**



**FUEL CONSUMPTION  
(PETROL, DIESEL)**



**MIXED WASTE**





# Electricity and gas consumption

## UBM Group's annual electricity and natural gas consumption

(01.07.2022 – 30.06.2023)

Company name	Purchased Electricity (kWh/year)	Natural gas Nm3/year
UBM Holding Nyrt. <sup>7</sup>	./.	./.
UBM Trade Zrt. <sup>7</sup>	79 510	19 555
UBM Agro Zrt. <sup>7</sup>	./.	./.
UBM Grain Zrt. <sup>7</sup>	./.	./.
UBM Consulting Zrt. <sup>7</sup>	./.	./.
UBM Feed Zrt.	2 588 669	591 963
UBM Szeleste Zrt.	4 536 180	413 810
Agromix Kft.	2 367 276	335 808
Búzamag Kft.	76 698	5 237
UBM Invest Slovakia sro <sup>8</sup>	901 322	93 736
UBM Agro Slovakia sro <sup>8</sup>	./.	./.
UBM doo <sup>9</sup>	4 788	0
UBM Feed doo <sup>9</sup>	3 515	0
UBM Agri Trade Srl	2 114	1 893
UBM Agrar GmbH <sup>10</sup>	n.a.	n.a.
Total	10 560 072	1 462 002

<sup>7</sup> Since the headquarters of the companies indicated are based in the Pilisvörösvár office, their energy consumption is included in the data of UBM Trade Zrt.

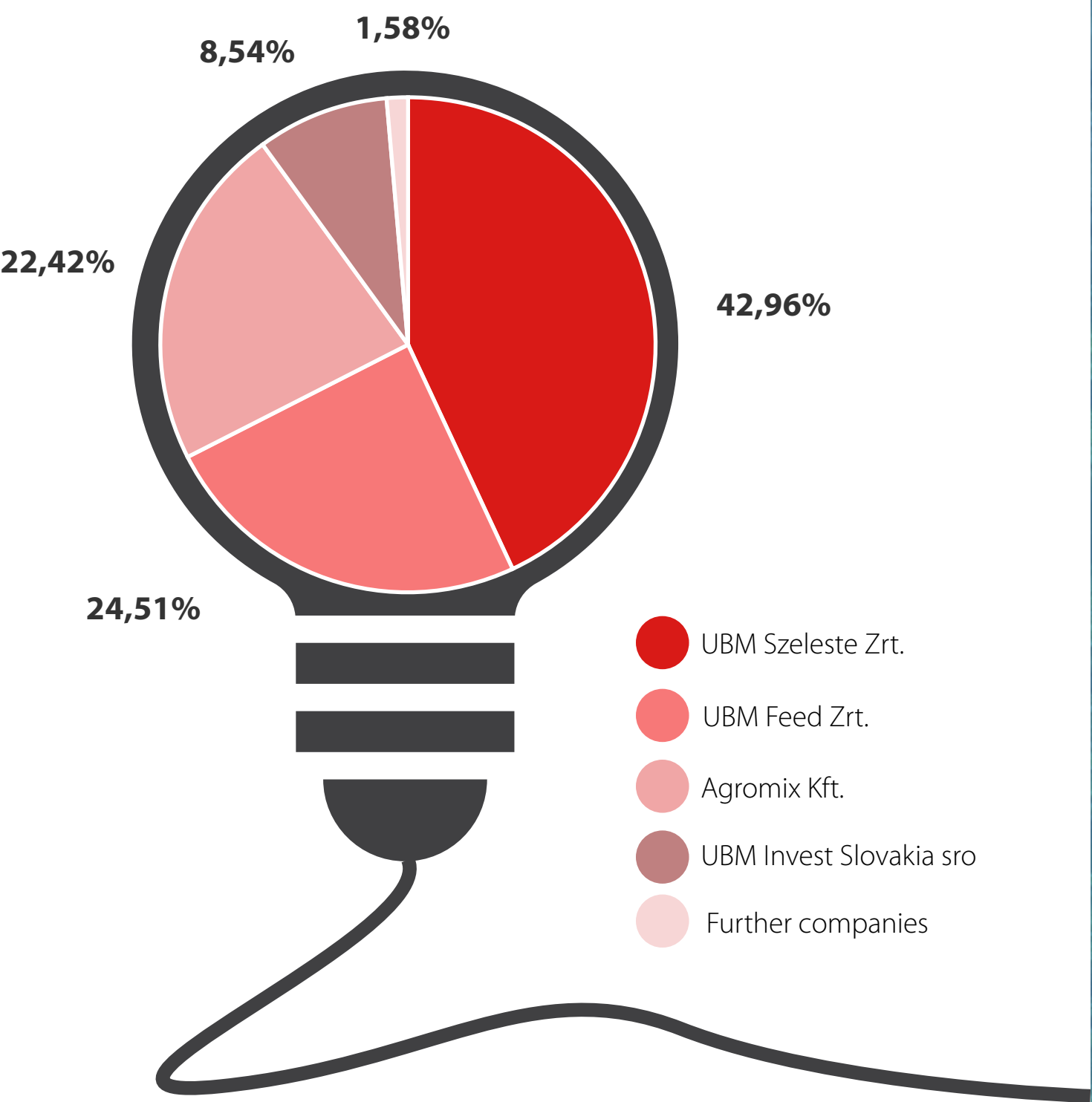
<sup>8</sup> As the head office of UBM Agro Slovakia sro is based in the office of UBM Invest Slovakia sro, its consumption is also added to that of the UBM Invest Slovakia sro.

<sup>9</sup> Although UBM Feed doo is based at the UBM doo office, electricity consumption is measured separately, but the energy consumption for heating is not measured separately, as heating costs are included in the rental fee, so no data is available.

<sup>10</sup> As UBM Agrar GmbH operates in a rented office and the rental fee includes energy consumption, no data is available.

## Share of annual electricity consumption of the UBM group in relation to the largest consumers

(01.07.2022 – 30.06.2023))



Our biggest electricity users within the Group are the manufacturing plants. Nearly half of our total electricity consumption is accounted for our largest and most modern plant, UBM Szeleste Zrt., which currently has a production capacity of 500 tons per day and consists of two plants („Large” and „Small” Plants). Here we produce poultry, pig and cattle feed. Production takes place in 3 shifts, every day of the week. The finished product is delivered to partners six days a week, using our own fleet and with the help of subcontractors.

Around 70% of our electricity needs arise from electricity consumption by technology equipment. Other electricity consumption is about 17%, process chilling is about 8%, and the rest comes from the compressed air system and the lighting system.

Our second largest electricity consumer is UBM Feed Zrt. Here, in addition to feed production, premix production, full-fat soy and Soypreme production is also carried out.

In this plant, about 78% of our electricity needs originates from the electricity consumption of the technology equipment. Further electricity consumption and the compressed air system account for 9%-9% respectively, process chilling for about 1%, and the lighting system for the rest.

As a large company, we are obliged to carry out a comprehensive energy audit every four years, and we fully fulfil doing it annually at our largest plants.

The main objective of the audit is to identify energy efficiency improvement opportunities, as well as projects potentially eligible for Corporate Tax Relief (TAO) and for sale within the Energy Efficiency Obligation Scheme (EPP).

Our latest energy audits, completed in 2022, covered electricity consumption of the specific technology, process chilling, steam supply, compressed air system, lighting system, building heating, process hot water system and vehicle fuel consumption. We have uncovered how much energy savings could be achieved in each of the above-mentioned processes through potential investments.

Based on these results, we have developed an investment plan for our two largest consumers comprising the investments we have already implemented and those planned for the future, along with the expected energy savings.





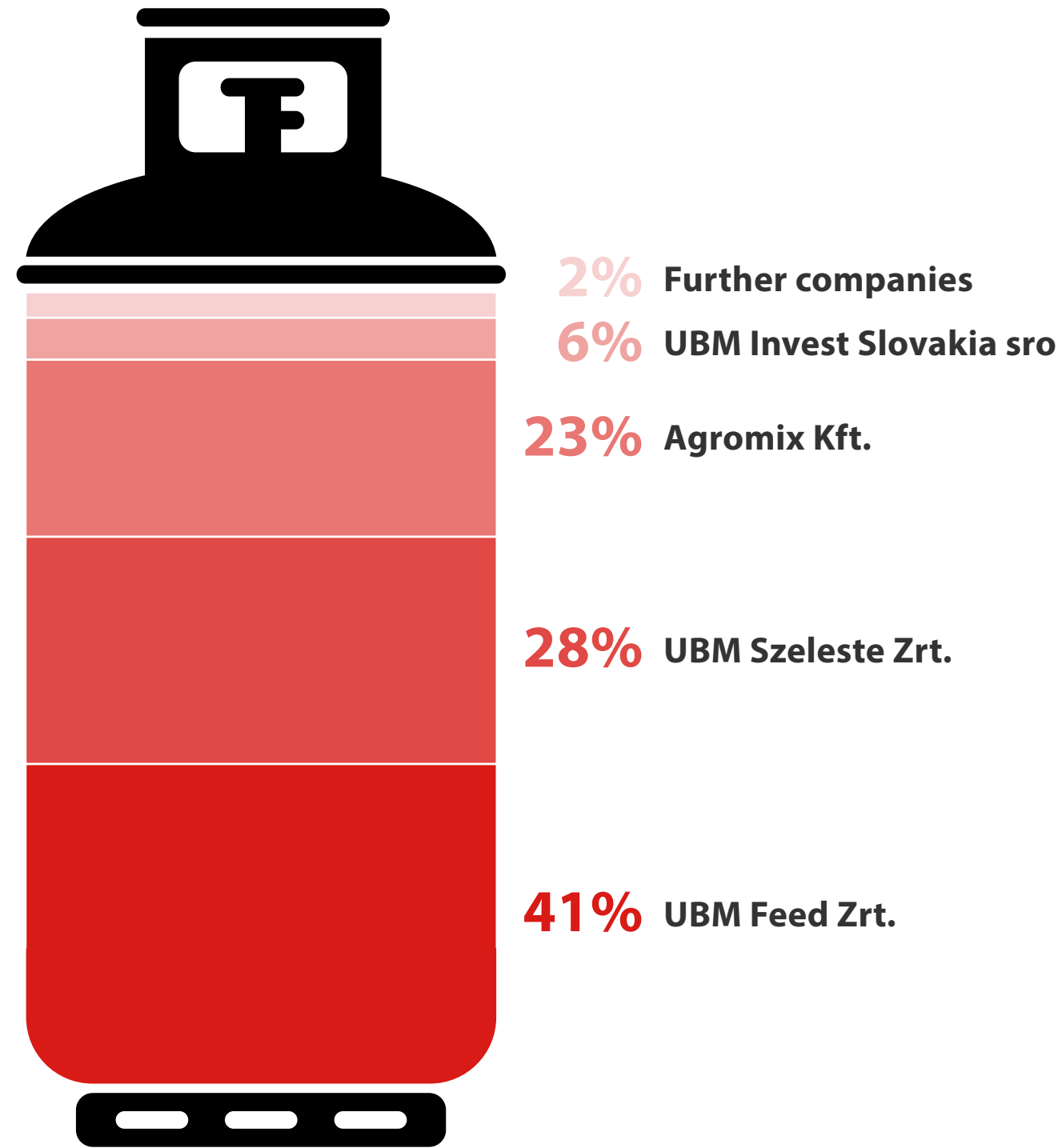
Energy efficiency investment plan

Subject of the investment	Investor	Location	Status	Energy saving (kWh/year)
Installation of removable insulation	UBM Feed Zrt	Környe	Implemented	272 222
Gas heating system modernisation	UBM Feed Zrt	Környe	Contracted for implementation	13 889
Lighting system modernisation (replacement of luminaires)	UBM Feed Zrt	Környe	Contracted for implementation	13 889
Air technology overhaul (new compressor, refrigerant dryer, heat recovery)	UBM Feed Zrt	Környe	Bidding phase	197 222
Preheating of soybean plant steam generator feedwater tanks with heat pump	UBM Feed Zrt	Környe	Bidding phase	346 944
Preheating of feed water tanks of steam generators of a feed miller plant with heat-pump	UBM Feed Zrt	Környe	Bidding phase	346 944
Chilled water piping insulation	UBM Feed Zrt	Környe	Bidding phase	3 643
Replacement of electric engines	UBM Feed Zrt	Környe	Assessment underway	130 000
Expander bypass branch	UBM Szeleste Zrt	Szeleste	Implemented	168 750
Installation of removable insulation	UBM Szeleste Zrt	Szeleste	Bidding phase	138 492
Purchasing a new compressor	UBM Szeleste Zrt	Szeleste	Bidding phase	52 000
Compressor heat recovery	UBM Szeleste Zrt	Szeleste	Bidding phase	50 000
Modification of air drying	UBM Szeleste Zrt	Szeleste	Bidding phase	89 700
Compressed air system pressure reduction	UBM Szeleste Zrt	Szeleste	Bidding phase	8 008
Total				1 831 704



Share of annual electricity consumption of the UBM group in relation to the largest consumers

(01.07.2022 – 30.06.2023)



UBM Feed Zrt. takes the largest share of our Group's annual gas consumption, followed by UBM Szeleste Zrt. These two companies account for almost 70% of our total gas consumption.

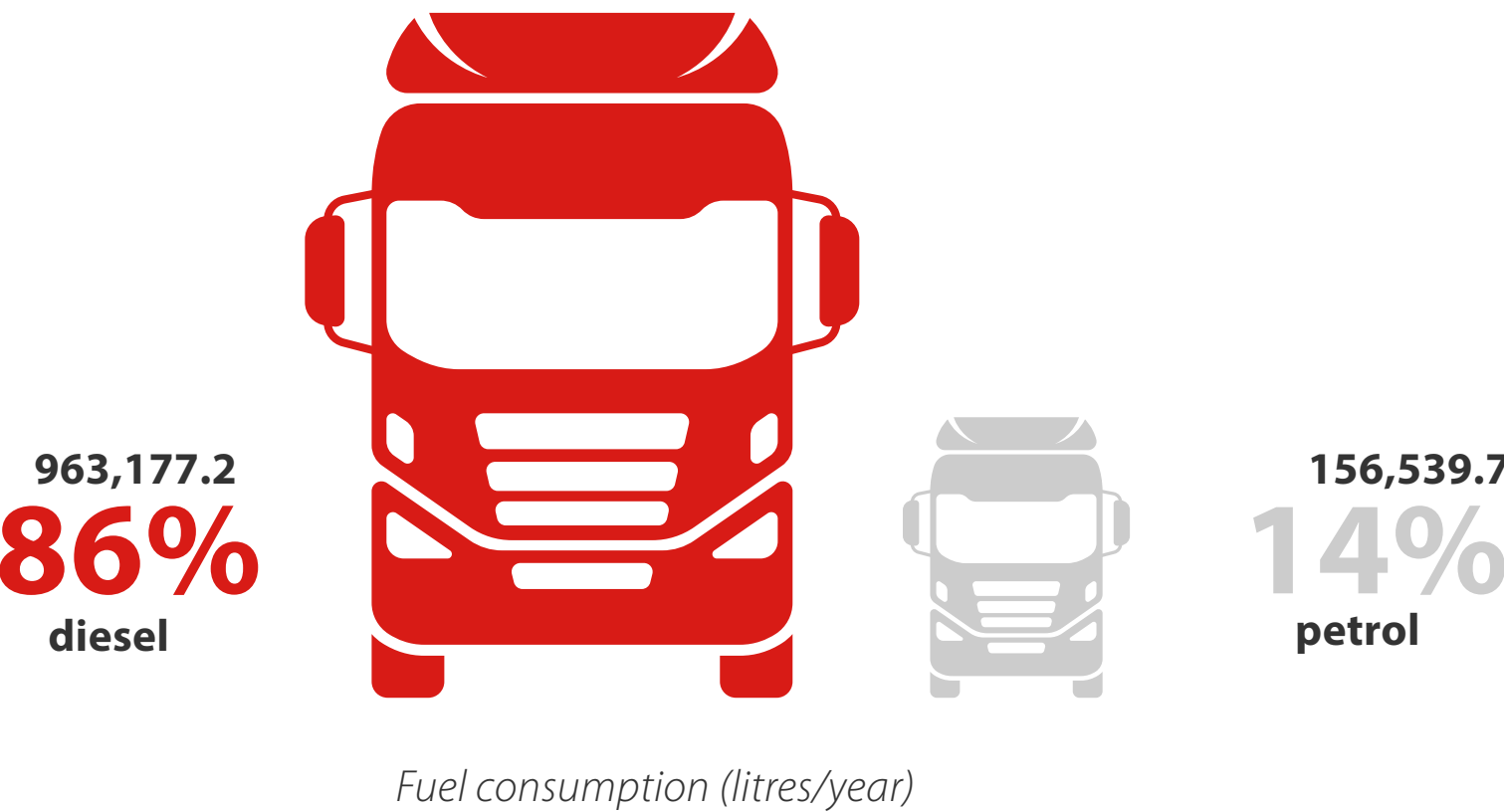
In the case of UBM Feed Zrt. 99% of the gas consumption results from the process steam supply consumption category while heating and process hot water system contribute only to a negligible extent.

In case of UBM Szeleste Zrt. 85% of the gas consumption comes from the technological steam supply consumption category, the building heating system accounts for 14% and the remaining 1% represents the process hot water system.

Fuel consumption

Annual fuel consumption of the UBM Group

(01.07.2022 – 30.06.2023)<sup>11</sup>



Our group fleet consists of partly owned and partly leased cars, trucks, trailers and machinery.

In the case of our fleet, it can be stated that the selection criteria are always determined on the basis of the specific use. For example, for our specialists, who run a very high number of km per year due to frequent customer visits, the most efficient diesel vehicles are chosen.

For administrative office staff, who mostly use company cars commuting to work from smaller distances, we prefer to purchase plug-in or fully electric cars as existing car leases expire.

At the moment we have a fleet of nearly 140 vehicles, 6 of which are hybrid (hybrid, plug-in hybrid and diesel hybrid). Up to now, 4 electric charging stations have been set up in the Pilisvörösvár office and another one in 2023 in Környe.

Our objectives by the end of 2025:

- At least 5 new plug-in hybrid or electric cars will boost the number of rechargeable cars as leases expire.
- At least 1 charging station on each site.
- Implementing a monitoring system for our feed business division to assess the state of development of the fleet from an environmental point of view.

<sup>11</sup> The group also had a minimum consumption of LPG (1,021 kg/year).



## Renewable energy

Now, the 15 companies included in this report have no renewable energy sources, but our medium-term sustainability targets include increasing our use of energy from renewable sources.

In this respect, we successfully applied for a state subsidy in 2022, so we plan to implement our 4.5 MW solar panel investment within a year, at the latest by the end of 2024, with UBM Feed Zrt. as the investor.

According to our plans, this investment will enable us to replace 15-20% of the Group's electricity consumption with green energy.

### Our objectives by the end of 2024:

- **Implementation of a renewable energy (solar power plant) investment by the end of 2024, which will enable the Group to generate the 15-20% of its annual electricity needs from renewable energy.**
- **Replacement of lighting with LED in Környe by the end of 2023 and in Szeleste by the end of 2024.**
- **Preparation of an energy efficiency plan for all our sites by the end of 2024.**
- **Integration of ESG metrics in our investment decisions.**

## Emissions

Agriculture is responsible for nearly 20% of global CO2 emissions. Keeping this in mind, it is crucial for us to prioritise our efforts to reduce carbon emissions in our sustainability strategy, and thus to contribute to the achievement of the UN Sustainable Development Goals.

In this respect, we aim to start by regularly measuring and monitoring our Scope 1-2 GHG emissions. In our first ESG report, we publish our data for the 2022-2023 business year as a baseline against which we intend to make future emissions reduction commitments.

We are also committed to undertaking the measurement of our Scope 3 GHG emissions as part of our ESG reporting for the 2024-2025 business year.

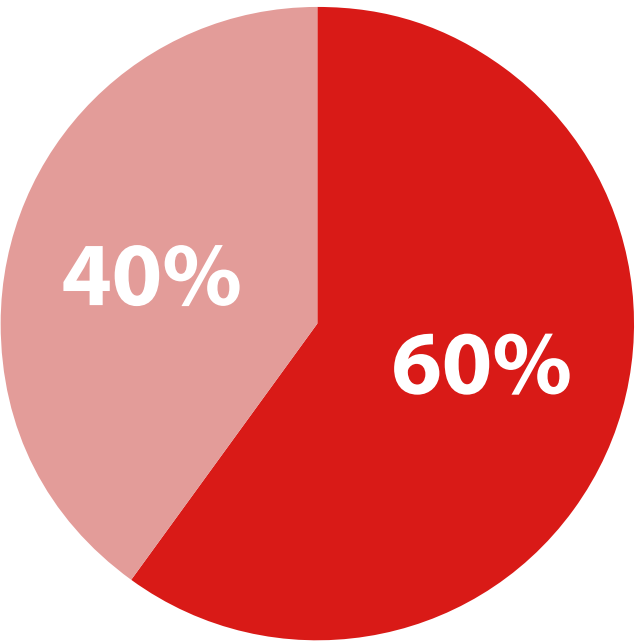
To determine the carbon footprint of a company, it is necessary to summarise the CO2 equivalents of the different emission sources. The emission sources can be direct or indirect.

Our corporate carbon footprint report has been calculated according to the internationally accepted and applied The Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard methodology, with the assistance of an external expert.

During the 2022-2023 business year, we conducted a group-wide review of our operations, we assessed our Scope 1 and 2 carbon emissions, and we mapped our potential emissions reduction opportunities, resulting in the commitments set out in our sustainability strategy.

**The UBM Group's Scope 1 and Scope 2 emissions for the financial year 01.07.2022 – 30.06.2023 amounted to 9625.87 tons CO2e/year.**

**UBM Group's total Scope 1, Scope 2 emissions**  
(01.07.2022 – 30.06.2023)



Total annual Scope 1 and 2 emissions of companies		
	t CO2e / year	%
Scope 1	5,771.4	60,0%
Scope 2	3,854.43	40,0%
Total	9 625,87	100%

 Scope 1       Scope 2

**Scope 1:** The direct emissions on the company's site, such as natural gas combustion, production technology emissions, transport vehicle emissions from fuel use, etc.

**Scope 2:** Off-site, indirect emissions, such as electricity, district heating, steam purchase, etc., but responsible for emissions by their use.

**Scope 3:** Indirect emissions that cannot be controlled, such as waste processing, wastewater treatment, public transport, etc., but are responsible for their use.





**UBM Group Scope 1 and 2 emissions at company level, t CO2e /year**  
(01.07.2022 – 30.06.2023)

Scope	t CO2e/ year	Companies in total	UBM Trade Zrt.	UBM Feed Zrt.	UBM Szeleste Zrt.	Agromix Kft.	Búzamag Kft.	UBM Invest Slovakia sro	UBM doo	UBM Agri Trade Srl
<b>Scope 1</b>	Natural gas	2 870,70	38,40	1 162,34	812,53	659,37	10,28	184,05	0,00	3,72
	Mixed waste	34,96	0,00	0,00	0,00	0,00	0,00	34,96	0,00	0,00
	Petrol	350,42	138,42	186,61	0,00	0,67	0,07	24,65	0,00	0,00
	Diesel	2 512,40	88,26	524,83	1 292,46	591,70	1,33	13,81	0,00	0,00
	LPG	2,96	0,00	0,00	2,96	0,00	0,00	0,00	0,00	0,00
	<i>Ttal</i>	<i>5 771,44</i>	<i>265,08</i>	<i>1 873,78</i>	<i>2 107,96</i>	<i>1 251,74</i>	<i>11,68</i>	<i>257,48</i>	<i>0,00</i>	<i>3,72</i>
<b>Scope 2</b>	Purchased electricity	3 854,43	29,02	944,86	1 655,71	864,06	27,99	328,98	3,03	0,77
<b>Total</b>		<b>9 625,87</b>	<b>294,10</b>	<b>2 818,64</b>	<b>3 763,66</b>	<b>2 115,80</b>	<b>39,68</b>	<b>586,46</b>	<b>3,03</b>	<b>4,49</b>

In the present first ESG report, we have included 15 member companies, the calculated Scope 1 and 2 values cover eight companies, while the energy consumption of the remaining companies is shown in the values of the companies listed above (see explanation in the Energy Management subsection).

***Our objectives by 2030:***

- *Achieve a 20% specific reduction in Scope 1 and 2 GHG emissions.*
- *In our ESG report for the 2024-2025 business year, we will start calculating a Scope 3 footprint for all the feed we produce.*
- *Achieve a 15% specific reduction in Scope 3 GHG emissions (feed production scope) .<sup>12</sup>*

<sup>12</sup> Base year: the business year from 01.01.2010 to 31.12.2010. Scope 3 tons CO2 equivalent / Total sales volume of feed production for the given business year (tons).



# Quality assurance

Traceability, quality assurance guarantees and transparency throughout the production chain have now become essential requirements. Our quality management efforts are particularly focused on supporting our processes in complying with strict regulations and feed laws, helping us to meet customer expectations, improve performance and efficiency, and thus ensuring sustainable development. Through proper quality assurance measures, by concrete definition of our processes, we can prevent, avoid and, when necessary, manage production and service non-conformities much more effectively.

## Quality management of the UBM Group



The group-wide professional operative quality management activities of UBM are carried out by the **Quality Manager**, whose work is also supported by a Quality Management Assistant and Quality Inspectors delegated to the respective plants.

Audits ensure the proper functioning of the quality management area. We comply with various types of audits, including unannounced audits.

The quality of our work is confirmed by external acknowledgements and certificates.





## UBM Group’s most important certificates

Designation of certificate	Certification area
<b>ISCC - EU</b> International Sustainability & Carbon Certification	<b>UBM Grain Zrt.</b> Sustainable trade of crops (wheat, corn, barley, rapeseed, sunflower seed, soybean) <a href="#">EU-ISCC-Cert-PL214-14880522.pdf (iscc-system.org)</a>
<b>GMP+B3</b>	<b>UBM Grain Zrt., UBM Feed Zrt., UBM Agro Zrt., UBM Agrar GmbH</b> TCertification according to GMP+ FSA standard for feed trade <a href="https://www.ubm.hu/en/quality-management/">https://www.ubm.hu/en/quality-management/</a>
<b>GMP+B2</b>	<b>UBM Feed Zrt.</b> Certification according to the GMP+ FSA standard to produce feed raw material in bean plant. <a href="https://www.ubm.hu/en/quality-management/">https://www.ubm.hu/en/quality-management/</a>
<b>Palm Oil Free Certification</b>	<b>UBM Feed Zrt.</b> Palm Oil Free Certification Accreditation Programme certification trademark
<b>FAMI QS</b>	<b>UBM Feed Zrt. premix üzem</b> Standard for premix production <a href="https://www.ubm.hu/en/quality-management/">https://www.ubm.hu/en/quality-management/</a>
<b>QS</b>	<b>UBM Szeleste Zrt. (pulyka táp)</b> Qualität und Sicherheit, German standard for the production of compound feed

Within the group, there is an efficient and direct collaboration with our quality management, purchasing, logistics and sales departments in the **post-production distribution activities**. The focus is on checking originality and **risk assessment** for both distribution and production. The threat analysis involves the entire process, from the preparation of the land to the physical, chemical, biological, field, and drying risks. We also pay particular attention to **climate risk assessment** and the quality of goods from third countries.

*"Quality feed is essential for competitive livestock production."*

### What quality management means in practice?

- sourcing raw materials from **qualified suppliers**
- **sampling** and control tests of raw materials, manufactured products, specific inspection
- **accredited laboratory tests**
- **analysis** of laboratory **results** and conclusions
- **storage of samples** until quality preservation
- activity carried out according to controlled and monitored processes





**Qualification of suppliers**

The qualification of our suppliers is governed by a specific procedure (see more in the section on Suppliers in the Corporate Governance chapter). The main purpose of our procedures is to provide a framework and set out the procurement procedures and series of requirements for the materials/services purchased by our Group. Our policy covers the procurement of materials – raw materials, additives, feed mixtures, veterinary medicinal products – and services purchased by the UBM Group. At the heart of our operations is a focus on working with qualified, certified suppliers.

**Suppliers screening**

We screen our suppliers year after year by carrying out on-site audit or by completing a monitoring questionnaire. In the case of producers, the verification is typically carried out during an on-site audit combined with an ISCC audit or by means of a questionnaire sent electronically. For manufacturers and other suppliers, we ensure adequate control through a questionnaire or an on-site supplier audit. In the case of additives, a supplier audit is carried out within 6 months of the start of the supplies.

***Our objective by the end of 2024:***

- ***Implementation of ISO 14001 Environmental management system at our plant in Szeleste.***



## R&D

Our innovation and R&D activities and practices are based on **scientific knowledge, collaborations, on-farm experiments, and co-operative working relationships with our partners.**

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***“As part of our national and international cooperation, we are in regular contact with a number of universities, research institutes and companies.”***

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Our feed developments are carried out in international cooperation (the Dutch Schothorst and Feed Design Lab, and the French MG2Mix companies), but we also cooperate with Hungarian universities under long-term agreements.

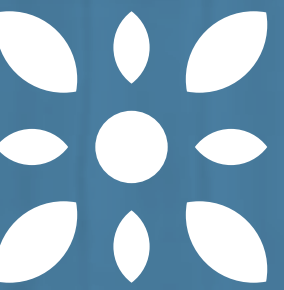
In 2023, we signed a strategic cooperation agreement with the Hungarian University of Agricultural and Life Sciences (MATE), which will not only expand MATE's training, research and development opportunities and special scholarships for students, but will also include joint feed development projects.

Developments in the feed industry are introducing the use of sensor systems and automated production as well as control in the field of smart feed production. Our feed recipe developments in both broiler feeding and layer feeding (Long Life Layer, precision Ca supply, split feeding) result in our partners' successes, as well as our turkey and waterfowl feed developments. We specifically explore alternative feed material applications such as toxin binders, insect meal.

Our group has capacities in 3 poultry test farms: in Ömböly we mainly carry out broiler fattening experiments, while in Szentés and Hódmezővásárhely we conduct out waterfowl tests. In the tests, we examine the utilisation of different raw materials, the possibilities of minimising phosphorus use or the effect of the physical properties of the feed.

### **Our objective by the end of 2025:**

- ***We would like to offer the measurement of CO2 emissions per product as an automatic content value parameter, as an extra service for our partners.***



### **Our key achievements in R&D**

- Own developments and UBM patents
- Insect protein developments
- Broiler and fattening duck feeding lines
- Introduction of pig model – genetics/purchase price/feed cost optimisation
- Development of a dairy cow feeding concept
- Production of soypreme® rumen-protected full-fat soy
- Effective protection against toxins
- Development of a fibre evaluation concept
- Introduction of a daily split feeding for layers
- Modification of milk content values – fitfat milk, milk fat modification
- Precision recipe management to reduce feed costs

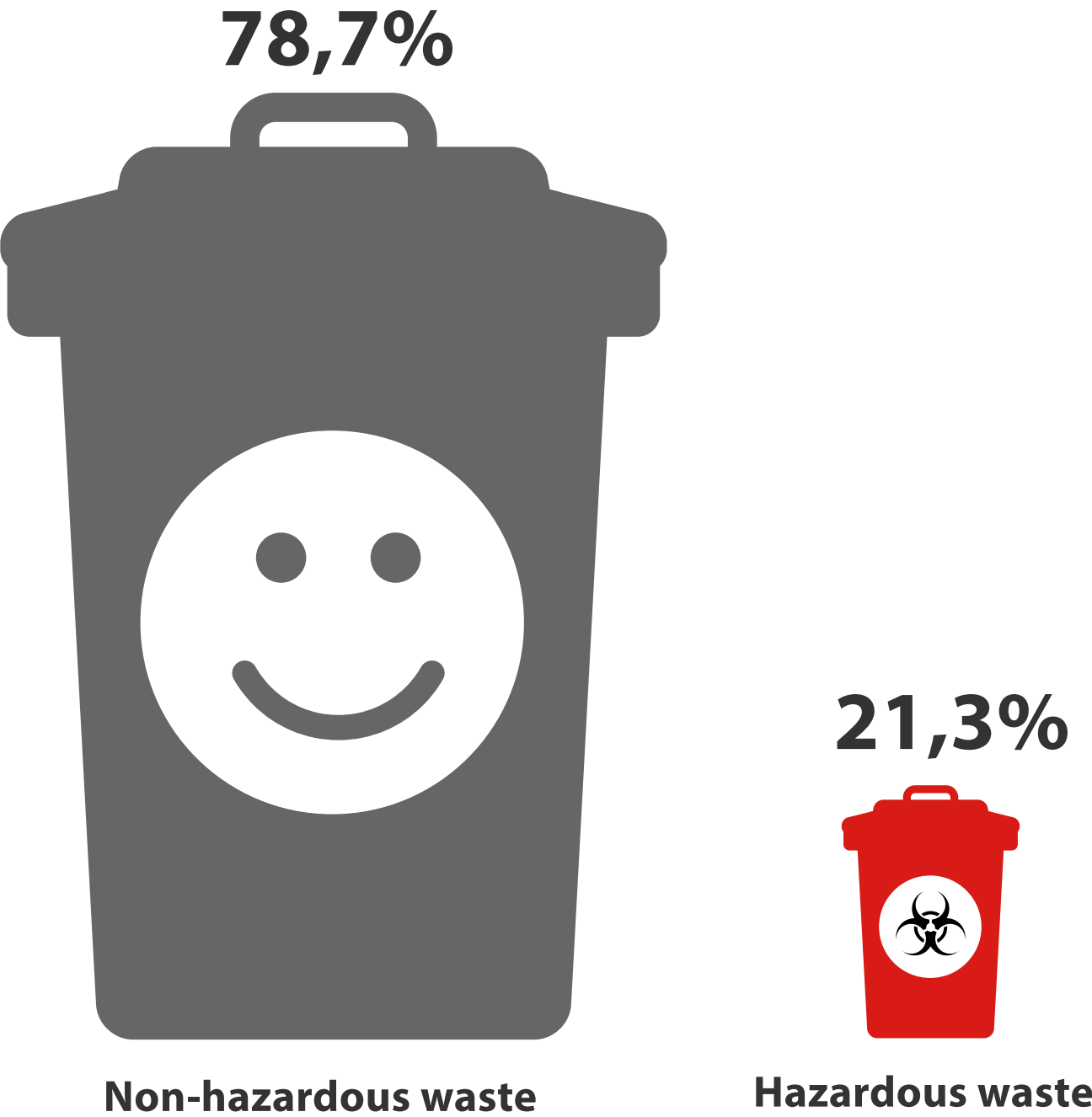


Waste

Waste generated is monitored at group level and we aim to collect waste separately by type. With the principle of prevention in mind, we place great emphasis on reducing waste generation. We pay attention to ensure that the waste we generate is recovered and disposed of in the nearest suitable and authorised facility.

During the reporting period, **469.93 tons of waste was generated** by our activities, **91.75 tons** of which, equivalent to **19.5% of the waste generated, was recycled**.

Breakdown of waste generated at the UBM Group  
(01.07.2022 – 30.06.2023)



78.7% of the waste generated (369.68 tons) consists of non-hazardous waste and 21.3% (100.25 tons) of hazardous waste. The largest part of non-hazardous waste is paper packaging and plastic packaging waste. Hazardous waste also includes packaging waste contaminated with hazardous substances and inorganic waste containing hazardous substances. Paper, plastic and metal waste are the waste categories most recycled among the waste generated.

Waste generated by the UBM Group  
(01.07.2022 – 30.06.2023)

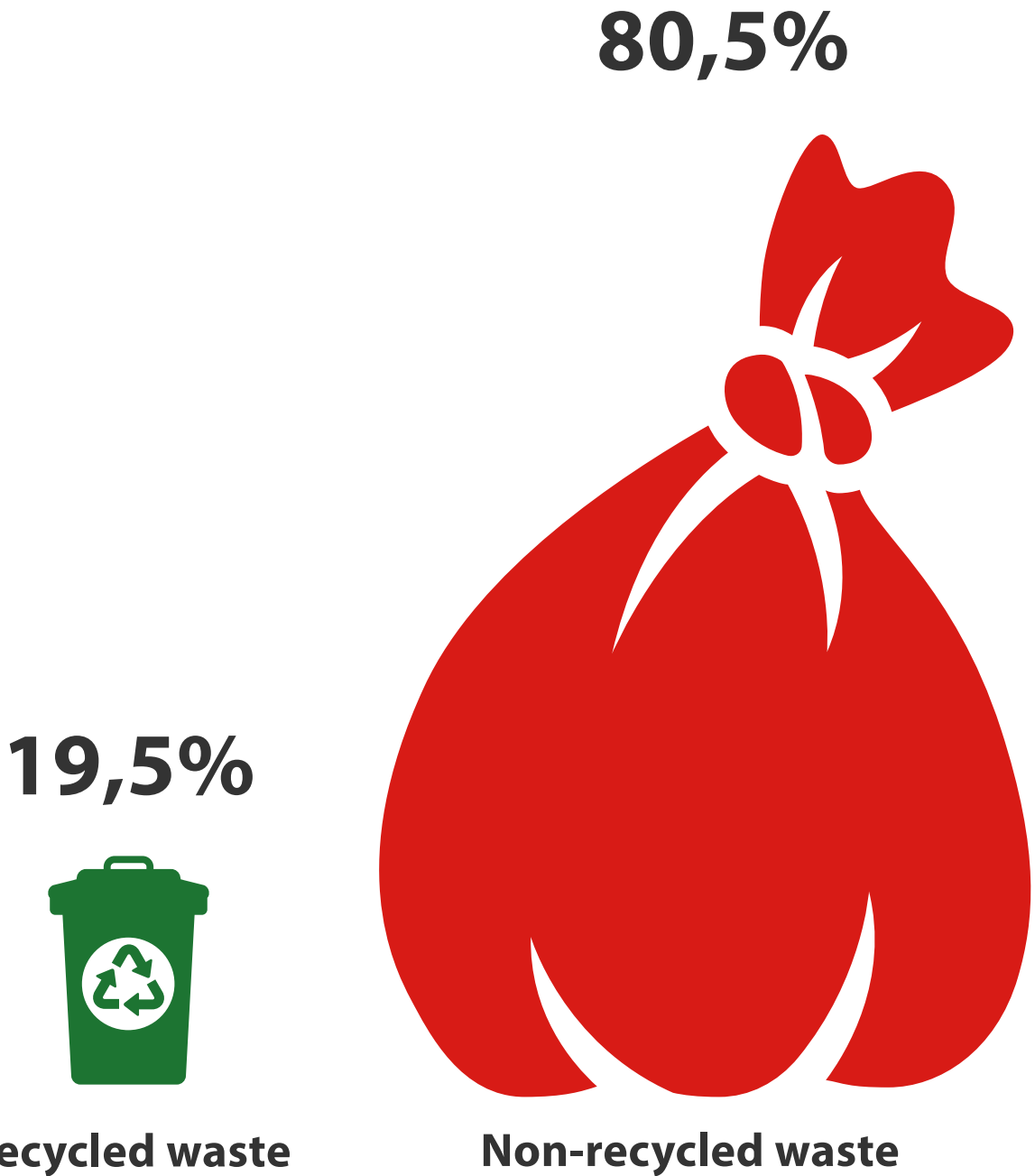
UBM Group	Waste generated (tons)
UBM Trade Zrt. <sup>14</sup>	6,30
UBM Holding Nyrt. <sup>14</sup>	./.
UBM Consulting Zrt. <sup>14</sup>	./.
UBM Agro Zrt. <sup>14</sup>	./.
UBM Grain Zrt.	3,04
UBM Feed Zrt.	203,22
UBM Szeleste Zrt.	205,08
Agromix Kft.	3,07
Búzamag Kft.	16,25
UBM Invest Slovakia sro <sup>15</sup>	32,96
UBM Agro Slovakia sro <sup>15</sup>	./.
UBM doo <sup>16</sup>	n.a.
UBM Feed doo <sup>16</sup>	n.a.
UBM Agri Trade Srl <sup>16</sup>	n.a.
UBM Agrar Gmbh <sup>16</sup>	n.a.
Total	469,93

<sup>13</sup> The figure shown for UBM Trade Zrt. includes the amount of waste generated by the indicated entities located in the Pilisvörösvár office building.

<sup>14</sup> The data published under UBM Invest Slovakia sro includes the amount of waste generated by the Slovakian entities.

<sup>15</sup> No records are currently available for the waste generated in the foreign offices indicated; the rent includes the collection and proper disposal of the waste generated.

Proportion of waste recycled  
at the UBM Group  
(01.07.2022 – 30.06.2023)



Our objective by the end of 2025:

- Reducing the environmental impact and the amount of waste generated with the introduction of a deposit system for bagged products.





## Digital solutions

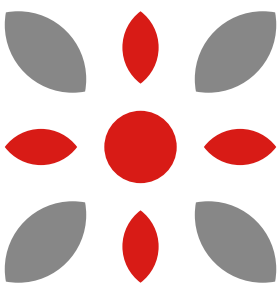
Our Group pays conscious attention to the use of digital solutions in our activities. Where legislation, other regulations and technical competences allow, we prefer electronic methods to traditional paper-based solutions. In our administrative activities, we have taken several steps, ranging from the introduction of electronic invoicing, through the restriction of the third copy of contracts, to the minimisation of enveloping and mailing activities.

We are particularly proud of our progress achieved to date in e-invoicing, as we now use digital solutions in nearly 70% of our business operations. We also aim to increase paperless practices by monitoring, measuring paper used and by raising awareness.

### ***Our objective by the end of 2024:***

- ***Introducing the use of digital signatures (e-signatures) throughout our Group.***





# OUR SOCIAL RESPONSIBILITY

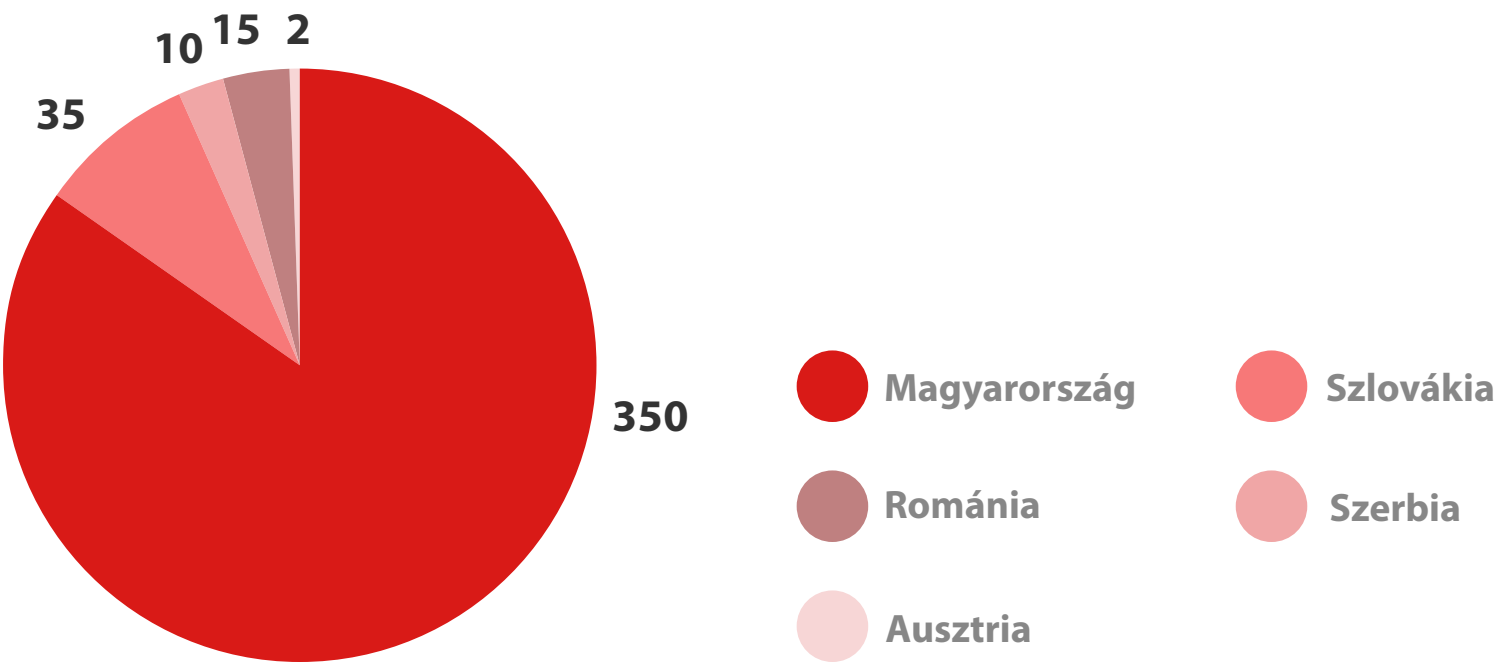
Our responsibility towards society plays an active role in the operation of our company. By having hundreds of employees, we take a responsible employer role not only towards our employees, but also towards the families and local communities they represent. We place a high priority on providing a safe workplace, safeguarding the health of our employees, and with our support we also help local communities and those in need.

## Human capital is our most important asset

The key to our successful and efficient operation lies in our employees, as our corporate goals can only be achieved through the dedicated work and ambitious attitude of our colleagues. On 30 June 2023, we employed a total of 412 people. During the reporting period, 14 female employees took maternity leave. Our colleagues are at the same time our most important stakeholders, of whom we are particularly proud.

*“The greatest value of the UBM Group lies in its employees.”*

### Overview of data related to UBM Group employees



### Overview of data related to UBM Group employees

#### Number of employees per entity presented in the report

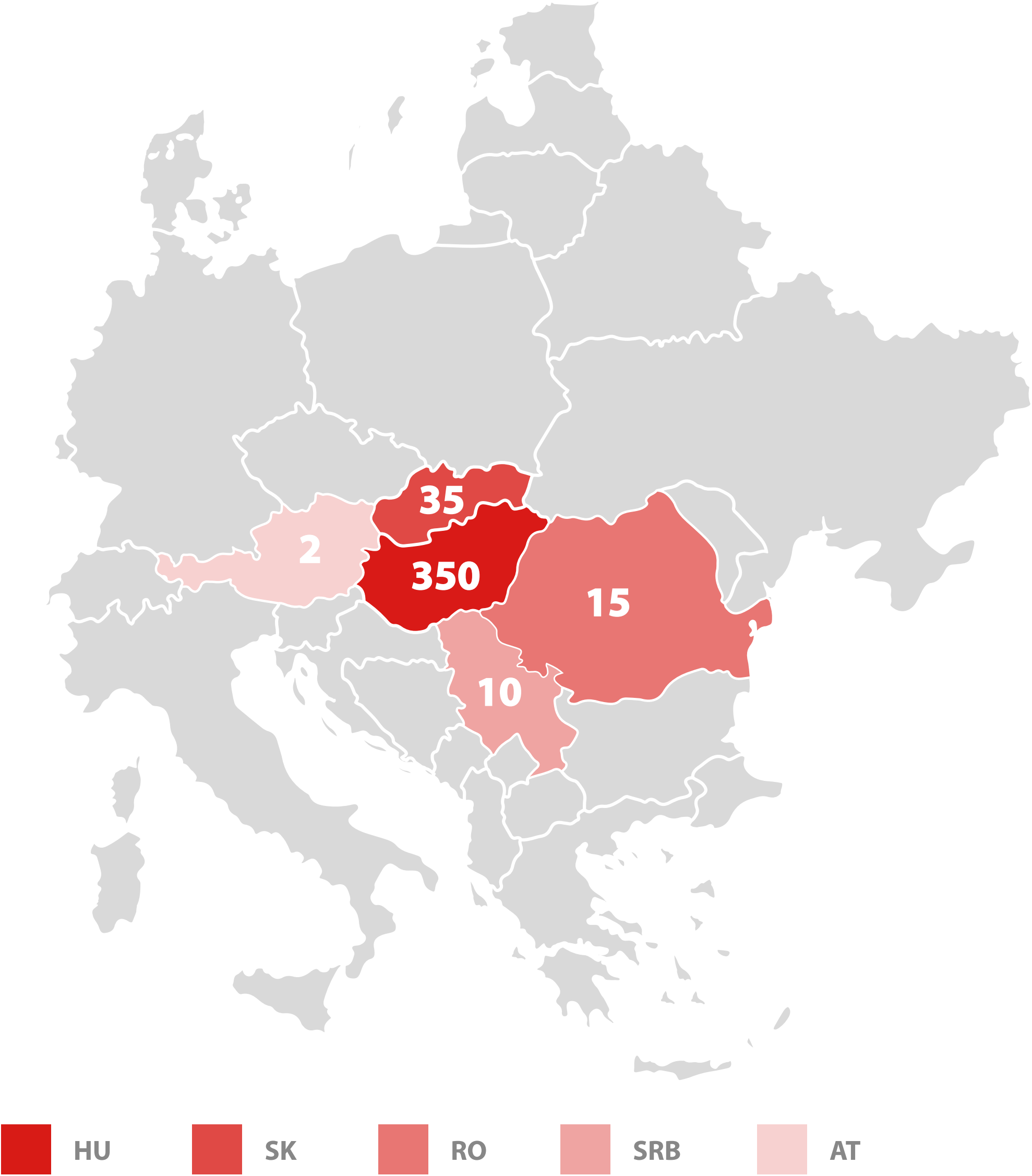
Name of entity	County	Number of employees
UBM Holding Zrt.	HU	0
UBM Trade Zrt.	HU	66
UBM Agro Zrt.	HU	3
UBM Grain Zrt.	HU	32
UBM Consulting Zrt.	HU	1
UBM Feed Zrt.	HU	151
UBM Szeleste Zrt.	HU	53
Agromix Kft.	HU	44
Búзамag Kft.	HU	0
UBM Invest Slovakia sro	SK	26
UBM Agro Slovakia sro	SK	9
UBM doo	SRB	2
UBM Feed doo	SRB	8
UBM Agri Trade Srl	RO	15
UBM Agrar GmbH	AT	2

**Total** 412

\*Data as of 30.06.2023.

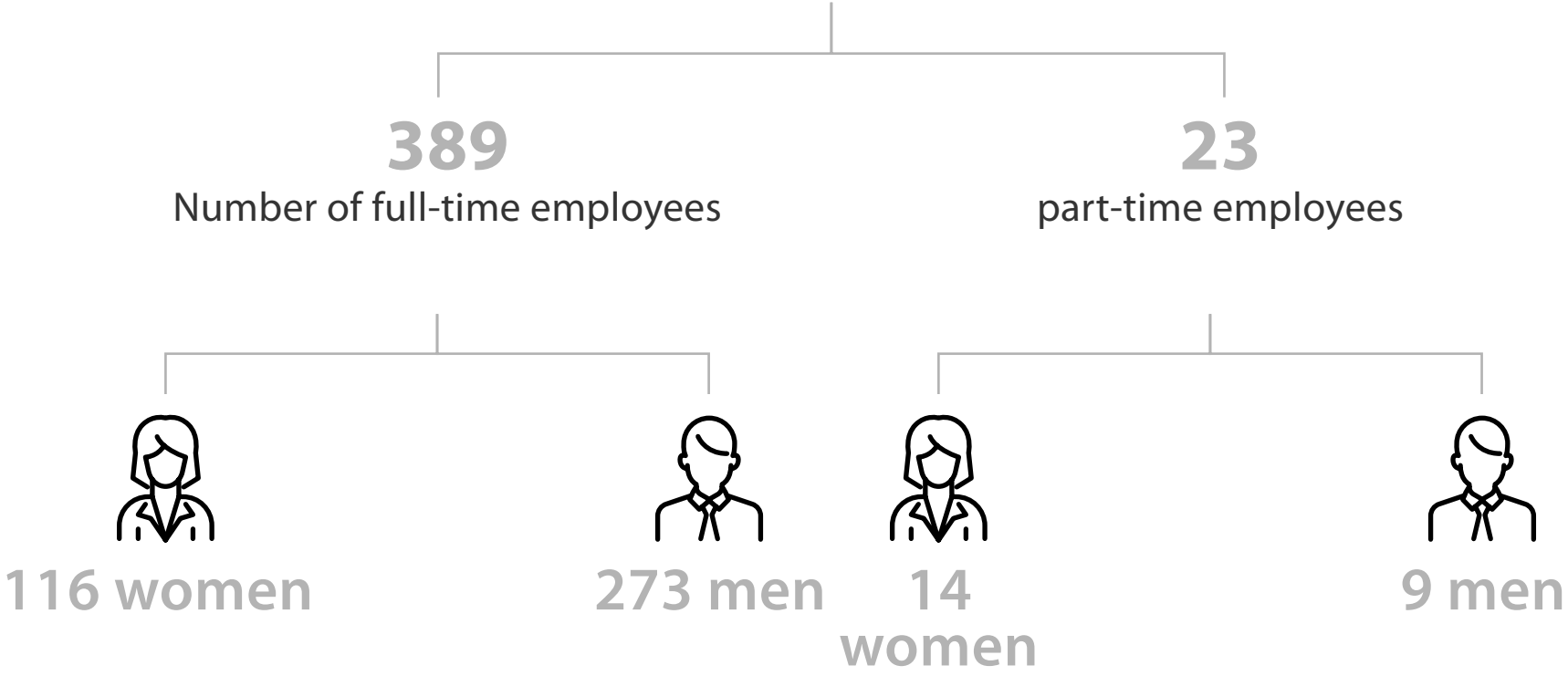


Breakdown of the number of UBM Group employees by country



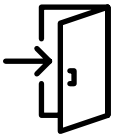
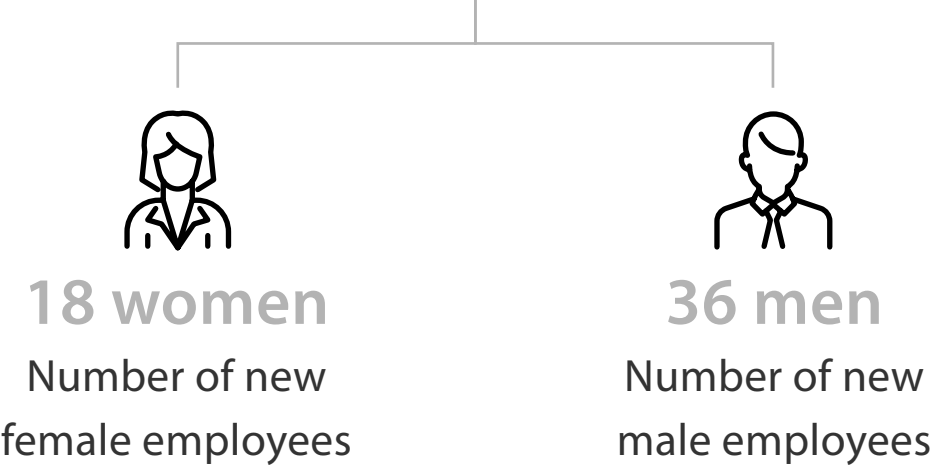
**412 pers.**

Total number of employees



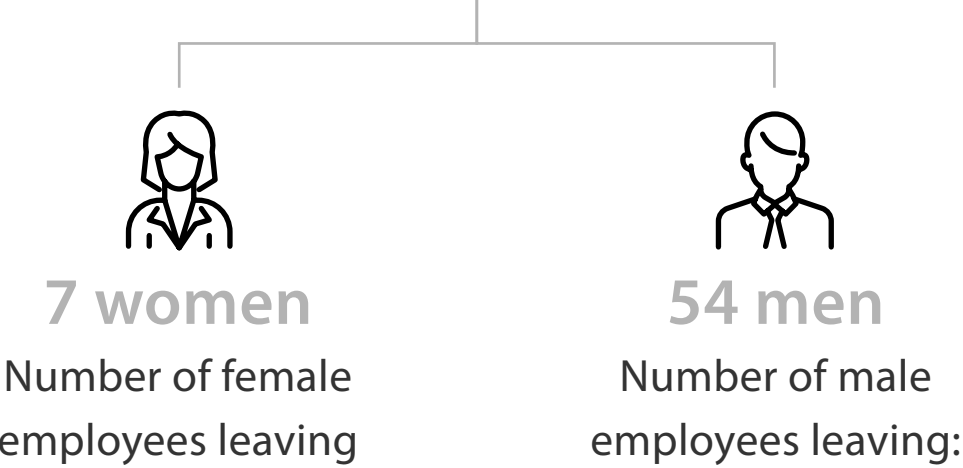
**54 pers.**

Total number of new employees



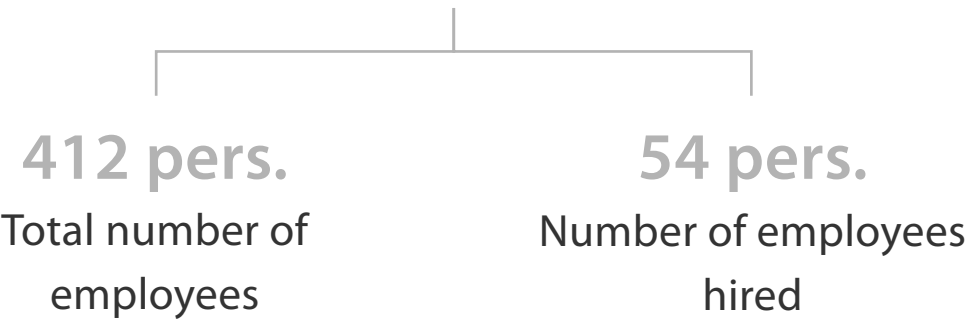
**61 pers.**

Total number of employees leaving



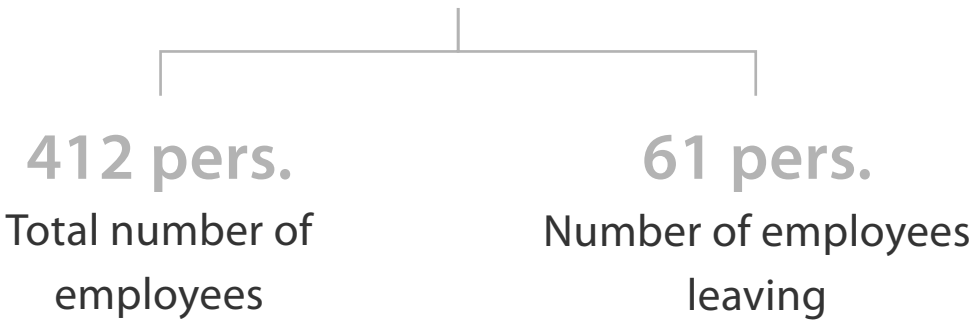
**13,1%**

Proportion of employees hired in relation to close headcount

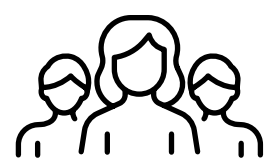


**14,8%**

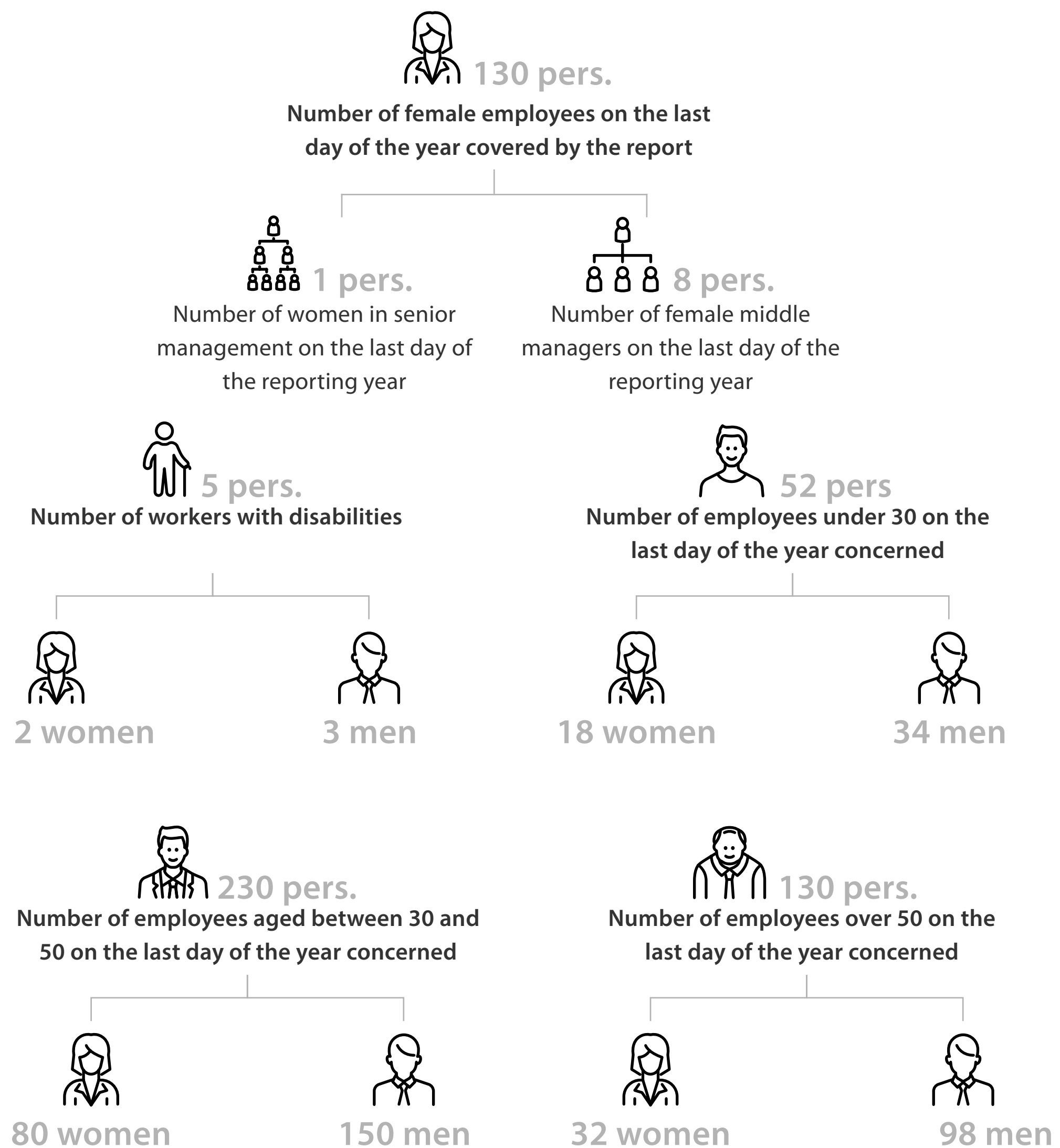
Proportion of employees leaving in relation to close headcount



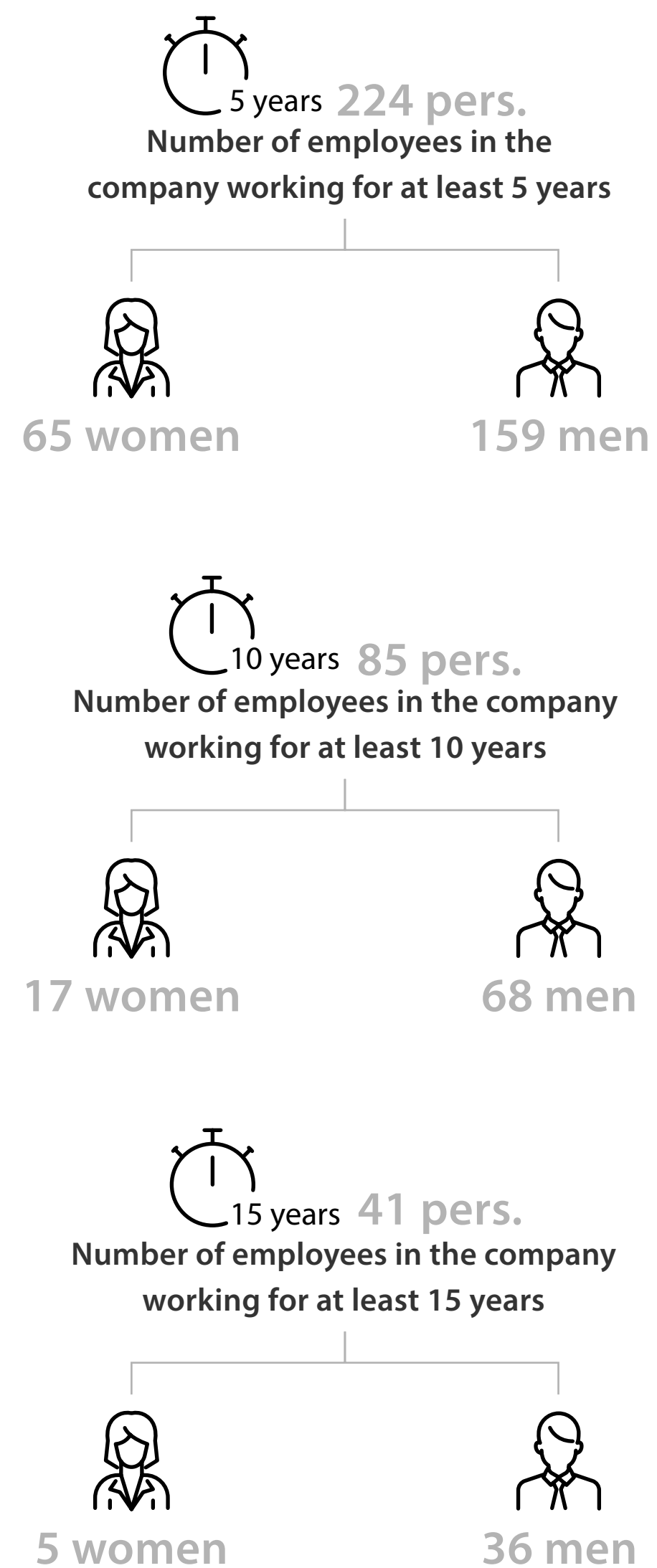




## Diversity and equal opportunities



## Loyalty



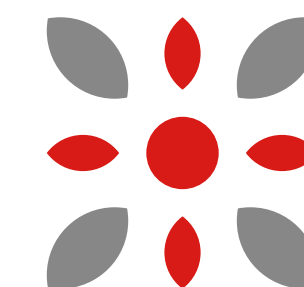
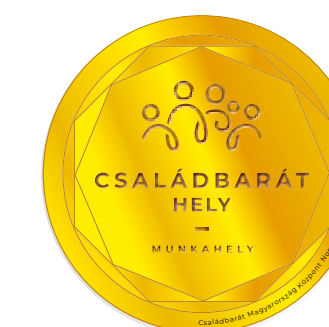
### The UBM Group's HR strategy

The active and professional work of our HR department is essential for the effective and sustainable operation of our Group. The focus of our HR strategy is on our employees. We take care of our staff and pay special attention to their retention and to the continuous mastering of a positive employee experience. We provide an appropriate physical, cultural, social and technological environment for our employees, taking into account the current regulatory environment and the opportunities of our Group.

We are proud that the fruits of our HR activities are also rewarded by **objective feedback** and independent audits in the form of trademarks, recognitions and awards.

### Our HR-specific recognitions and awards

- **Family-friendly workplace trademark** – 2020 and 2022
- **Responsible employer** – 2021 bronze, 2023 gold certification
- **Family-friendly Company** (Three Princess, Three Princesses Movement) – 2022





**UBM as an employer brand**

UBM has a strong, family-oriented corporate culture and an attractive employer brand. Our strategic goal is to strengthen and sustain the positive commitment of our employees. Therefore, we constantly explore solutions that enable our employees to achieve their own goals, whilst remaining strongly linked to the organisational objectives, as well.

Our HR-related recognitions, our brands, our low fluctuation rate (15.49% and 8.13% voluntary turnover), which ranks low in the industry, and our long service record (6 years on average) show that we are doing our HR-specific work adequately and are on the right track.

*“We treat our colleagues as partners.”*

The leadership of UBM believes in a balanced and good partnership, and thanks to this management approach, we treat our employees as key stakeholders and at the same time as „business partners“.

**Recruitment of colleagues**

We post our free positions on social media platforms and job portals, and our employee referral programme helps us to find the right workforce. In the present reporting period, the full recruitment cycle – from sourcing to onboarding – took an average of 50 days. The general labour market difficulties in the recent period affected mainly our physical workforce and the IT sector, but there were no persistent difficulties.

**Forms of employment**

The majority of our employees are full-time, but there is the possibility to work part-time; and in the framework of our social engagement, we wish to actively help by hiring people with disabilities. For our white-collar workers, the option of working from home (home-office) is now widespread where the work task allows it. And for many of our employees, we also offer the option to work on a flexible working schedule.

**Career and promotion opportunities**

We ensure opportunities for our employees to move forward in their careers, or even develop their skills by changing position. We believe that dialogue and joint thinking between employee and employer form the basis for this, as the only way to find win-win solutions.

**Internal corporate communication**

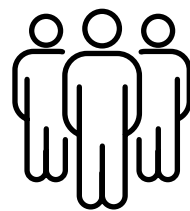
Internal communication is crucial for the coordinated and efficient operation of our Group. Keeping our employees informed also contributes to their successful performance, strengthening their motivation and sustaining their loyalty.

There are three main channels of internal communication within the UBM Group:

- electronic information by e-mail
- offline communication through posters and notices
- personal, senior management briefings on company news, CEO’s annual report, upcoming events (2-4 times a year)

Communication is also enhanced by our intranet and publications (e.g., the Hírhozó).

**COMPASS**  
to the UBM Group’s corporate culture



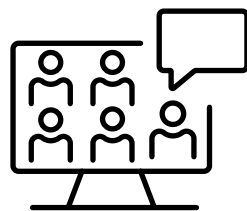
**“You belong with us.”**

the right to belong to a team,  
acceptance of the individual as a  
team member



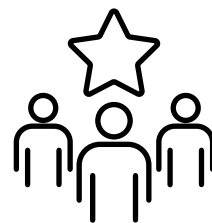
**“This is your job.”**

defining the task



**“We do not „kill” the  
bearer of bad news.”**

the right to raise problems and  
point out mistakes without  
reprisals



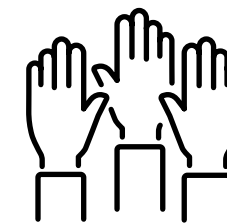
**“You are the king in your  
territory.”**

the right to decide  
goes with the job



**“You are responsible for  
your decisions.”**

taking responsibility



**“Asking for help doesn’t  
make you worth less.”**

the right to ask for  
help



## Training and education of our employees

One of the key factors in maintaining our competitiveness is the continuous development of human capital, maintaining and enhancing the professional skills of our employees. We strive to ensure the availability of training programmes enabling our employees to keep pace with the latest achievements and changes of our time. We provide opportunities to develop the language skills necessary for the job, and with financial recognition we also reward successfully passed language exams. After assessing individual situations and the job, pursuant to a specific agreement, we provide financial or other support (e.g., study leave) to enable our employees to undertake secondary or higher education studies or to obtain a professional qualification, which is necessary for their work or for the expansion and development of their professional competences.

In compliance with the legislation, we pay particular attention to mandatory annual trainings (e.g., occupational safety, fire safety) and to keeping our employees' knowledge up to date. We give substantial support to the professional training of our staff at international level.

The UBM Group spent HUF 36 million on training in the last business year.



### MATE strategic cooperation agreement

**The Hungarian University of Agricultural and Life Sciences (MATE) and UBM Feed Zrt.** have signed a **5-year strategic cooperation agreement** on research, education and finding of joint grant opportunities.

*The agreement covers, among others, cooperation in education and adult training activities, participation in dual training and apprenticeships, the initiation of joint research, development and innovation programmes, the implementation of joint research and development proposals, as well as the launch of scholarship programmes and study trips abroad for university students and professional involvement in the UBM Group's investments.*

### Our objective by 2025:

- **To further strengthen awareness and practical application of what is set out in the Code of Ethics through annual training.**

## Well-being at work

**Responsibility, commitment and maintaining a creative workplace within the UBM Group** is a priority, not only in terms of business, but also in the personal relationships we foster with our employees. This includes the tone of communication and the general atmosphere in the workplace. The wellbeing and health of our employees and colleagues is also of paramount importance. As the company's performance and profitability grows, we provide an increasingly wide range of in-house programmes and opportunities promoting healthy lifestyles and health prevention for more than 400 employees. **We strive to facilitate the balance between work and private life** and to provide all possible support. The formation and maintaining of the „UBM family” are also a tradition, supported by a series of events and activities.

It may be useful **not only for the employees of UBM** to have an overview and summary of our programs and benefits, but also for our partners to get an “insight” in our daily life, our aspirations, and even to give them ideas for their own similar goals.



## UBM Group's welfare and family-friendly programme

- **Preservation of health**

**Preserving health**, assessing our state of health and prevention are key to avoiding problems, so we offer a wide range of help and support. These purposes are all served in the spring and autumn by lectures that promote a healthy lifestyle, the recognition of problems and prevention, by check-ups, by health insurance and by the opportunities for physical activity at workplace, which are taken up by many people.

- **Supporting work-life balance**

**The „ workload „ of our employees at work is significantly reduced** by our welfare measures that make their private lives more comfortable, help them with their daily tasks or relieve them of burdens. Supporting marriage, childbirth, summer day camps, the pension loyalty programme, as well as possible support for the financial endeavours of our employees, or the opportunities offered by the Group's car fleet (in-house car rental for private use, possibility to buy company cars that get out of use). Our ambitions in this respect are best illustrated by our multiple **Family-Friendly Company, Workplace and Responsible Employer awards**.

This balance is also supported by maintaining the positive elements of the **home office** system adopted by necessity in the Covid period and by the possibility of flexible working hours.



In addition to encouraging personal goals, **UBM's community life and the organisation of team experiences is a priority for us**. In June, we organise a **Family Day** at Club Tihany for more than 300 employees and their relatives, while in December we hold an end-of-year event to thank everyone for their work and provide entertainment. This is when we usually thank and reward our colleagues who have been with us for 10-25 years.

The team-building excursions organised by the individual departments and production units of UBM, as well as skiing together provide **shared experiences and leisure time**.

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*“We believe that a company is not only an actor in the world of business and market, that it should formulate and implement not only business goals and strategies, but it is also a social actor, which should take part in alleviating social inequalities with a positive attitude and use its resources and energy to serve its environment and the people living in it”.*

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## Funding communities, charitable causes, and foundations

For years, our group has been standing by several social organisations and foundations that consider helping **sick and disadvantaged children** as their primary task. Year after year, we help the work of these charity organisations with donations and financial support. With the growth of the UBM Group, both the management and the staff have felt the need to pursue our social responsibility in a more serious, structured and predictable way than before.

Our most important social goal is to help children live happily their quickly passing childhood, and to contribute as much as we can to improve the conditions of sick or disadvantaged children and ease their difficulties. We are a family-friendly and child-centred workplace, and we wish to be so not only in our headlines and posters, but also in our actions.

In addition to our flagship foundation supported, **the Smile Foundation (Mosoly Alapítvány)** we also regularly help several non-profit organisations. We have been in contact with the Smile Foundation since 2012, supporting them and actively participating in jointly organised programmes such as the annual Ultrabalaton running race. Their high level of professionalism and their gap filling activities are exemplary for us, so we have decided to put the cooperation on an even more solid basis and become a **Strategic Supporter** of the Foundation from 2020.

We support the **Déméter Foundation**, where children who have undergone bone marrow transplantation have their chances of recovery increased by staying with their parents in the Demeter House near the Szent László Hospital during the treatment process, since the presence of their families provides them with important emotional support.

We contribute to the activities of the **Magic Lamp Foundation (Csodalámpa Alapítvány)**, which grants the wishes of 260-280 gravely sick children every year.

We are in contact with the **“Full Life” Social Foundation (Teljes Élet Szociális Alapítvány)**, which offers summer camps in Söréd every year to more than 100 children and young people with mobility and cumulative disabilities.



This year, we donated HUF 3 million for the purchase of two medical lasers and electrotherapy devices for children's hospitals operating in Mykolaiv and in Odessa (Ukraine). The Age of Hope Child Protection Foundation asked for our help to purchase the high-quality medical equipment, and we were delighted to help.

## Support for the city of Pilisvörösvár

We also place great emphasis on supporting local organisations and individuals in need of help. In 2020, we donated HUF 1 million to the **German Nationality Primary School in Templom Square, in Pilisvörösvár**, to renovate the school's bathroom. In December 2020, we also donated HUF 1 million to a family in need in Pilisvörösvár, whose home was destroyed in a fire. In 2021 we donated HUF 1 million to the **Pilisvörösvár Ambulance Station**.

In cooperation with the municipality of Pilisvörösvár, we launched the **UBM Red Run competition**, which we organised and supported for the second time this year, with 500-600 participants and the active participation of our staff.

## Social Responsibility Committee

To coordinate all these activities, which are wide-ranging and diversified, a Social Responsibility Committee has been set up involving UBM employees. The members of the Committee make decisions on the use of the resources allocated for this purpose on a quarterly basis. Among our beneficiaries are organisations that we help regularly, but also some that are suggested by colleagues or who contact us directly for help. It is important to note that the committee is made up of colleagues from different positions and professional backgrounds, so decisions on the allocation of funding are not made by the management.

Following the example of previous years and the results achieved, we would like to continue our charitable activities in the future to help as many people in need as possible.

In the 2022-2023 business year, we contributed to the implementation of causes beneficial to society through sponsorships, donations and corporate tax relief (TAO) grants worth HUF 44 million.



## UBM Group awarded with the „For Pilisvörösvár” Medal

*The City Council of Pilisvörösvár awarded the UBM Group with the „For Pilisvörösvár” Medal 2023 for the company's internationally recognized professional achievements, its strategic partnership with the city and its outstanding role in supporting the cultural and sports life of the city.*







## KEY FEATURES OF OUR RESPONSIBLE CORPORATE GOVERNANCE

Our group has seen a remarkable progress in terms of corporate management and organisational development since its establishment more than 25 years ago: from a company that was initially only dealing with soybean trade (UB Merchants Ltd.), we have now become an international group of companies, present in 6 countries (HU, SK, RO, SRB, AT, IT), market leader in Hungary and regionally, dealing with both wholesale trade of feed materials (e.g. grain, protein) and feed production and distribution.

The shares of UBM Holding Nyrt., the main holding company of the Group and its parent since 3 March 2017, have been listed on the Budapest Stock Exchange.

In addition, as the latest step of growth, we have undertaken a vertical integration

expansion in livestock production, including pork production, since August 2023, as a minority owner in Mangal Ilona Sertéshízlalda Kft.

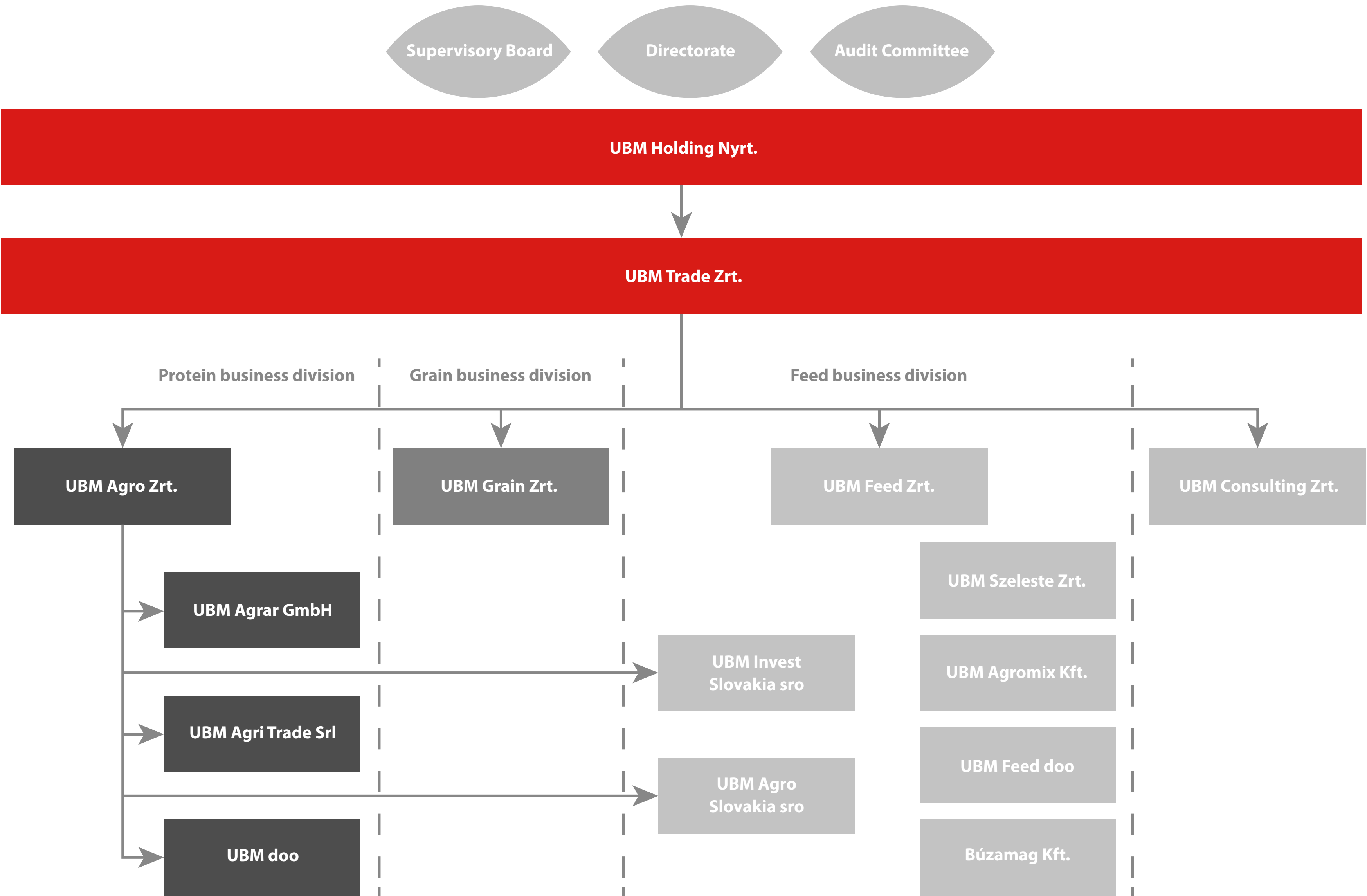
All these changes are a constant challenge for the management and the organisation, but without exception we have managed them all successfully. The key to our organic and dynamic development is the organisation's resilience to change, its ability to adapt quickly at both organisational and individual employee level, which is an essential asset in today's changing world. Our owners, who are also part of our strategic management team, believe that efficient operations can only be sustainable in the long term in a group of companies of this size if the organisation maintains a combination of transparency and ability to rapid decision-making. That is why we

strive for a flat organisational structure in our day-to-day operations, where we build on our competency-based employees along with a business division focus.

In the following, we describe the operation and structure of our Group from a corporate governance perspective. We detail our responsible operating principles and describe the comprehensive set of rules and regulations by which we ensure on a day-to-day basis that we comply with the prudent and ethical conduct expected by our owners, external regulators and our partners (Budapest Stock Exchange, financing partners, customers and suppliers, etc.).



Governance of the UBM Group



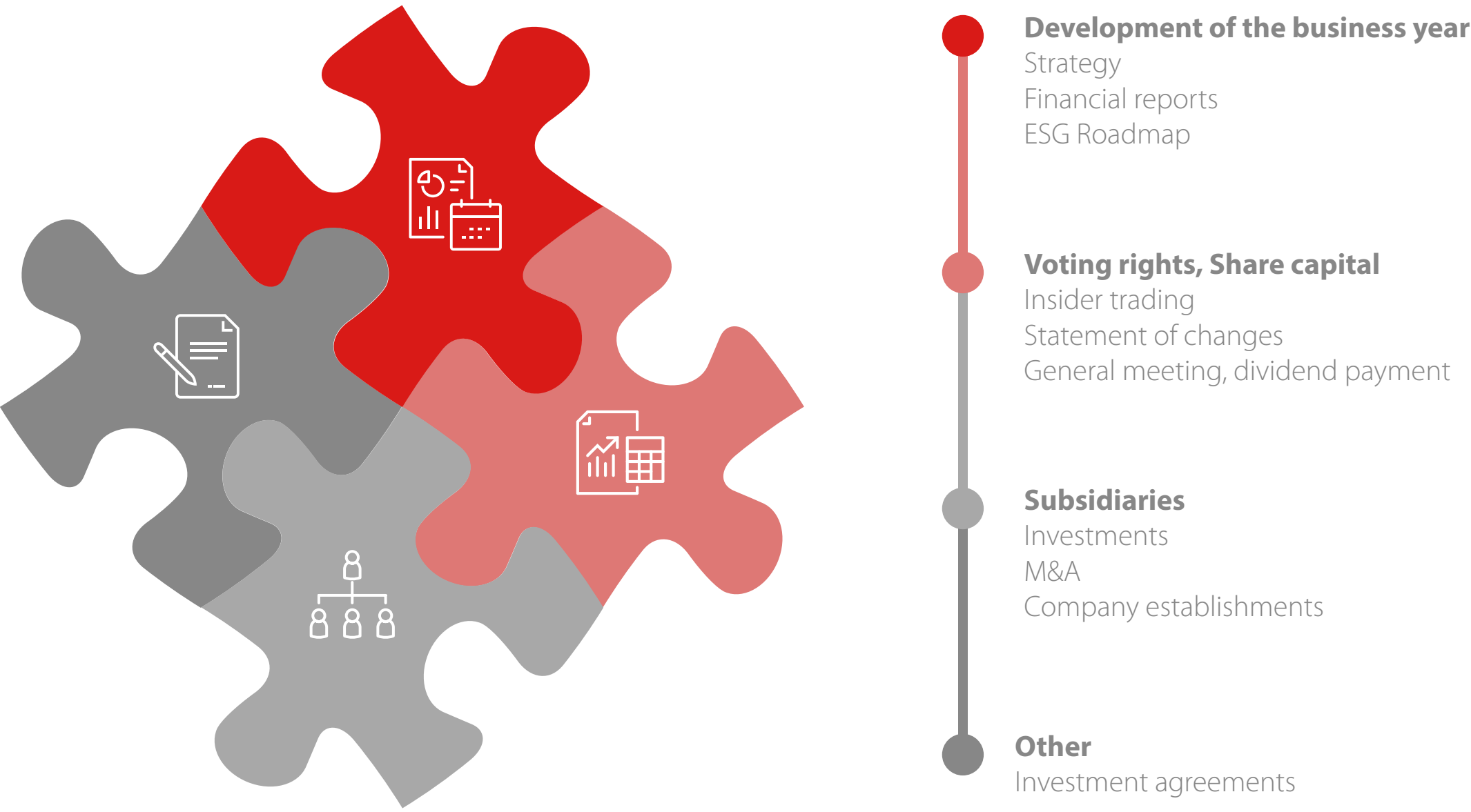




The group is headed by UBM Holding Nyrt., listed on the Budapest Stock Exchange, which performs only holding functions in the life of the group. It is partly owned by the founding individuals and members of the management (64.93%). In addition, since 2022, the Hiventures Venture Capital Fund (MFB Corporate Investment and Transaction Private Equity Fund) has been involved with a 15.62% stake, and the free float is 13.38%. The company owns a minimal amount (6.07%) of its own shares.

UBM Holding Nyrt., as a listed company, is a public company, in compliance with the relevant legislation (the Act CXX of 2001 on the Capital Market and the Decree of the Ministry of Finance 24/2008 (VIII. 15) on the detailed rules of the obligation to provide information about publicly traded securities, and the General Terms of Service of the Budapest Stock Exchange Zrt.).

**Disclosure policy**



We also publish our disclosures in a transparent manner on the BSE website according to the reporting obligations, including the annual **Corporate Governance Report**, which, together with the **Articles of Association** currently in force, regulates the company's governance principles.<sup>17</sup>

<sup>17</sup> [https://bet.hu/site/newkib/hu/2023.04./Az\\_UBM\\_Holding\\_Nyrt.\\_alapszabalyanak\\_modositasa-rol\\_szolo\\_tajekoztatas\\_128875927](https://bet.hu/site/newkib/hu/2023.04./Az_UBM_Holding_Nyrt._alapszabalyanak_modositasa-rol_szolo_tajekoztatas_128875927)







### Directorate

UBM Holding Plc. is managed by the Board of Directors, consisting of 11 members, who represent the company in transactions with third parties. They are headed by the Chairman of the Board of Directors. The Board of Directors holds at least 4 ordinary meetings per year. In performing its duties, the Board of Directors may, if necessary, involve external experts or set up committees or working groups to carry out specific tasks.

### Supervisory Board

UBM Holding Nyrt. also has a 3-member **Supervisory Board**, which is responsible for ensuring effective ownership control of the company. Pursuant to Section 3:287 of Act V of 2013 on the Civil Code, all three members of the Supervisory Board are independent.

If, in the course of the performance of his/her duties, a member of the Supervisory Board considers that the activities of the Management Board are contrary to the law or the Articles of Association, or are in conflict with the resolutions of the General Meeting or otherwise infringe the interests of the Company, he/she shall convene the General Meeting without delay to discuss the issues in question and take the necessary decisions.

### Audit Committee

The **audit committee** of the company consists of 3 members. Its role involves a control and support function. It comprises the controlling of the financial reporting system (e. g. selection of and cooperation with the auditor) as well as the effectiveness of the company's internal control and risk management systems, the monitoring of the financial reporting process and, if necessary, the formulation of recommendations

### General Meeting

Shareholders' rights are exercised by the General Meeting. Its operation is also regulated in detail in the Articles of Association.

### Internal control system

The tasks related to the **internal control function** are carried out by a 3-member internal control team, acting on behalf of UBM Holding Nyrt., with the contribution of the departments managed by the members of the team. The members of the internal audit team are the Chief Financial Officer of UBM Trade Zrt. (as responsible manager of the internal control function) and the Accounting Manager and the Controlling Manager. The members of the Internal Control Team are entitled to attend all meetings of the Board of Directors of UBM Holding Nyrt. and UBM Trade Zrt. and are kept informed of any significant events affecting their operations and activities.

The tasks related to the **compliance function** are partly performed by the internal control group as described above, partly by the legal department operating as an organisational unit within the UBM Trade Zrt., and partly by external contractors.

### Strategic decision-making

The strategic and operative decisions of the group are taken at the level of UBM Trade Zrt., a 100% owned subsidiary of UBM Holding Nyrt.

The **Directorate for strategy** consists of 7 members, some of whom are private owners. They meet once a month discussing pre-announced strategic issues, such as monthly closure, acquisition strategy, investment decisions, commercial strategy.

Operational matters are handled by the Operational directorate. This forum brings together a select group of managers and executives from the relevant business area to discuss current issues on a weekly basis.

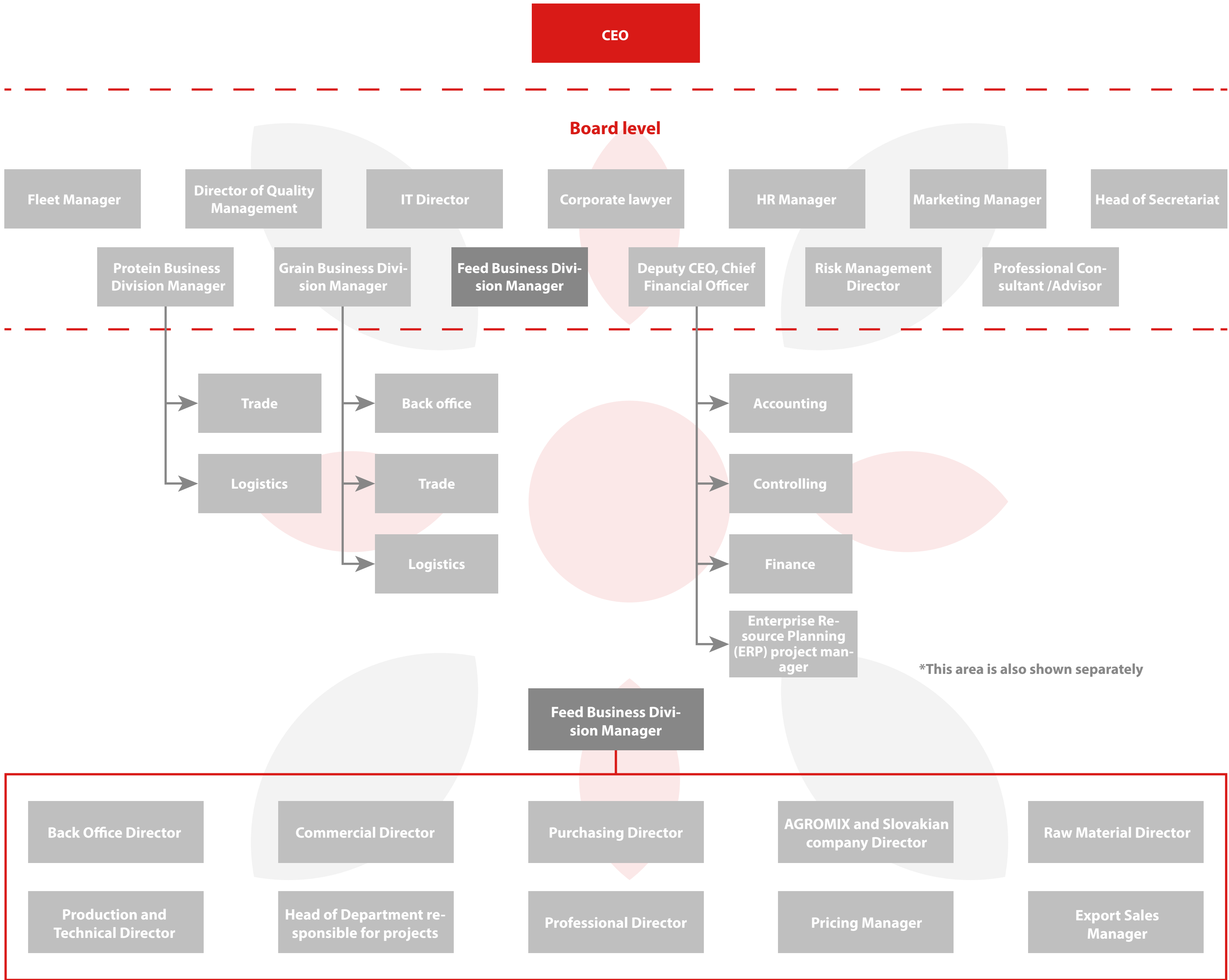
The subsidiaries belong under UBM Trade Zrt. In the present ESG report we have included Hungarian and foreign subsidiaries in which we have a majority ownership.

The operation, decision-making, governance and ownership of each company is governed by the current Articles of Association of the respective company. None of the companies with operating activities has a separate supervisory board or audit committee.



Operational decision-making

The above presented business division approach also determines the operational organisational set-up of our group. Although, at the level of legal entities, there are more Hungarian companies belonging to each business division, certain functions are centrally managed within the organisation. The entities abroad are an exception to this, as they operate independently with their own management, sales, organisational units for day-to-day administrative tasks (finance, HR). However, in terms of corporate governance, they operate integrated into the group and use its IFS corporate governance system.





Our Committees

Our Group operates special committees to deal with certain priority issues, involving the responsible persons and managers from the different business areas. Information on these is provided below:

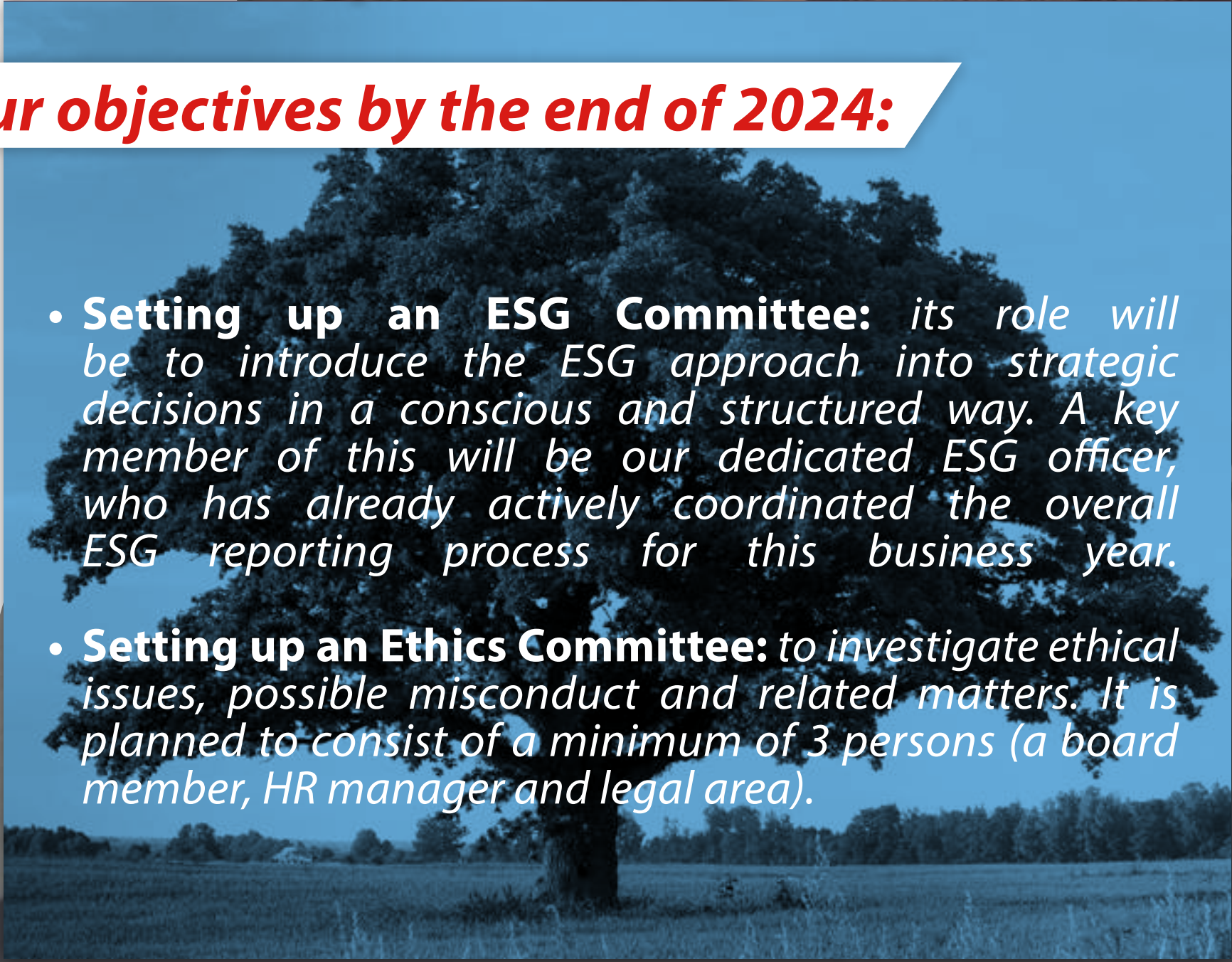
Name of the Committee	Role	Members	Other
Insider Information Committee	Informal Advisory Board to support the Board's stock exchange operations.	4 members: CEO, two board members, corporate lawyer	Meets every two weeks or on a case-by-case basis
Corporate Social Responsibility Committee	They make decisions on CSR-type grants, initiatives and projects.	6 members: CEO, HR Manager, Tax Manager, Pricing Manager, Head of Secretariat, Marketing Assistant, Trade Assistant	Meets quarterly

At the moment, we have dedicated committees in our organisation for two key areas: a committee to oversee the very strict stock market compliance requirements and related tasks, and a separate committee on corporate social responsibility.

Our committees are made up of the people responsible for the specific topic and meet as a minimum at the set frequency throughout the year. In case of an emergency, they obviously react immediately and take the necessary measures.

Our objectives by the end of 2024:

- **Setting up an ESG Committee:** *its role will be to introduce the ESG approach into strategic decisions in a conscious and structured way. A key member of this will be our dedicated ESG officer, who has already actively coordinated the overall ESG reporting process for this business year.*
- **Setting up an Ethics Committee:** *to investigate ethical issues, possible misconduct and related matters. It is planned to consist of a minimum of 3 persons (a board member, HR manager and legal area).*





# Integrating ESG approach into everyday life

## Quality management – Our certificates

Both as entrepreneurs and as individuals, we experience the negative consequences of climate change on a daily basis. The European Union is seeking to address this with an increasingly stringent regulatory environment through the steps, requirements and expectations of the European Green Deal for climate neutrality. To give just a few examples: the „Emissions Trading Scheme” (ETS) to reduce CO2 emissions, the scope and regulation of deforestation-free products (e.g., soy) (= Deforestation-Free Products), tightening waste management requirements, mandatory ESG reporting for listed companies, corporate governance transparency, human rights protection, etc.

In our daily operations, we also apply a sustainability and environmental mindset in a wide range of ways. This is manifested in our decades of science-based expertise, continuously demanded by the market, our partners, external regulators, authorities and other stakeholders.

We are therefore proud to declare that our quality management systems comply with both national and international standards, as we have the following certifications required on the market:

Our management systems, audited by an independent certifier, are continuously improved and maintained to provide our partners with safe products that are harmless to human and animal health.

## Our certifications according to the GMP+FSA standard for feed trade:

- GMP+ B3 and ISCC certification for sustainable crop trade <sup>18</sup>



## Our feed production plants are

- GMP+B2, QS, FAMI-QS certified



<sup>18</sup> International Sustainability Carbon Certification





#### Palm oil free certification trademark

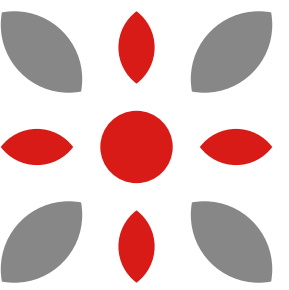
- UBM Feed Zrt. is the 1st in the world to produce palm oil-free certified animal feed.
- UBM Feed Zrt. is the first Hungarian company to hold palm oil-free certification.

We are proud that in May 2023, we were awarded a 3-year **Palm Oil Free Certificate** license for one of our product lines (high-yield beef cattle concentrate) produced at the UBM Feed Zrt. plant in Környe in the framework of the POFCAP (= Palm Oil Free Certification Trademark Programme). As a result, our company has obtained a unique certification in this category.

Our long-term goal is to extend the certification to the rest of our product range in the future.







### Ban on deforestation:

On 29 June 2023, Regulation (EU) No 2023/1115 entered into force on the making available on the EU market and export from the EU of certain commodities and products (cattle, cocoa, coffee, oil palm, rubber, soybean or soymeal and wood) and products containing these products, or fed with or produced using these commodities (so-called „relevant products”), imposing important due diligence obligations on a significant number of companies, including us, from 30 December 2024.

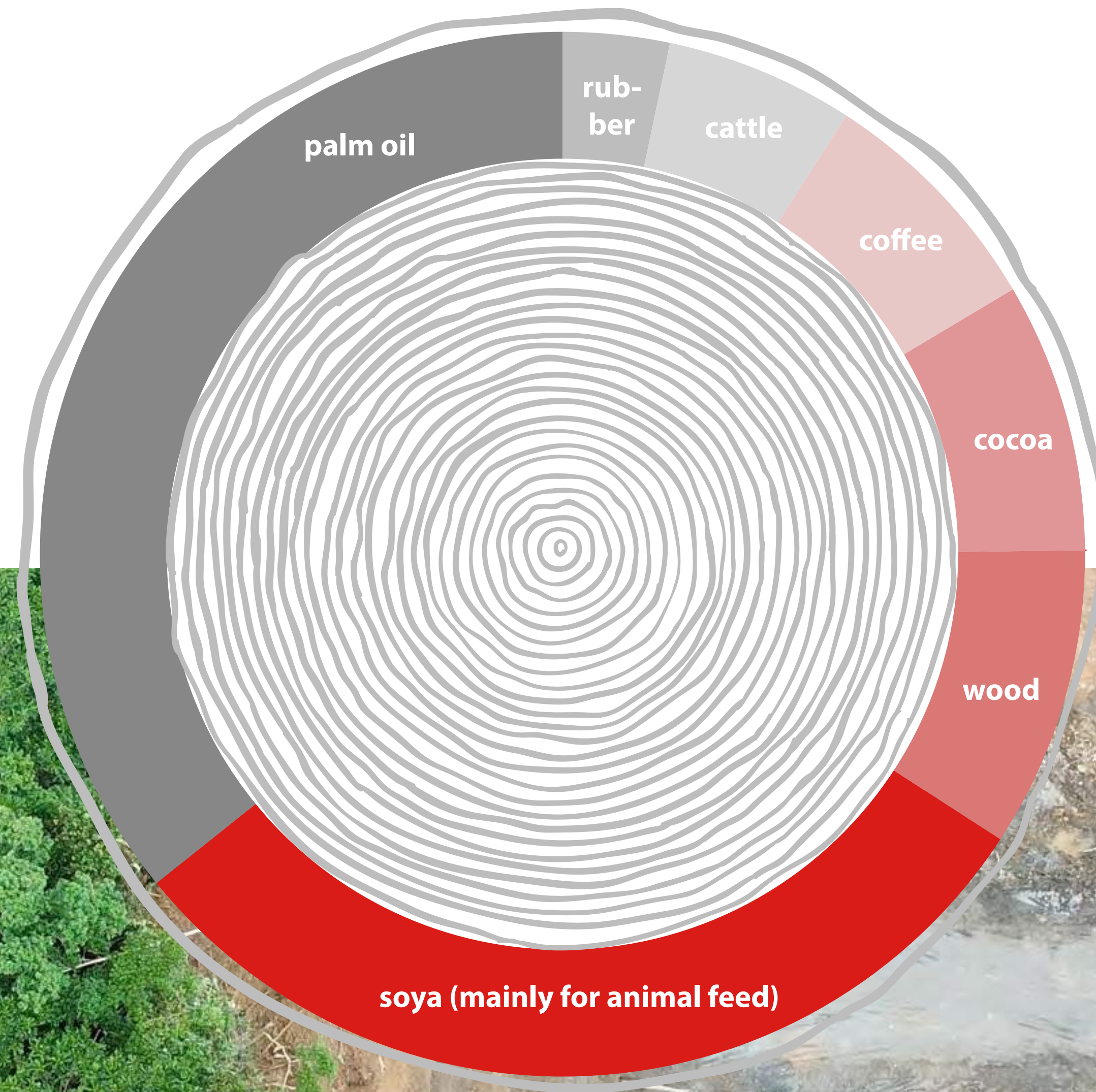
58% of our soya purchases come from Brazil, 41% from Ukraine and the remaining 1% from the European Union. Part of our current purchases concerned already have a certificate of origin (e.g., ISCC certificate).

We are progressively preparing for new legislation affecting our activities and will ensure that we put in place the necessary process before the law comes into force to fully comply with the legislative requirements in our procurement.

### Our objectives by the end of 2024:

- Implementation of **ISO 14001** Environmental management system at our plant in Szeleste.
- **Incorporating ESG metrics into the investment model.**

### Which commodities cause most deforestation?



European Commission, 2008-2017. All figures are rounded.



## ESG roadmap

2022-2023

- Stand-alone, non-standardised annual ESG report
- Establishing baseline, elaborating data collection methodology
- Definition of objectives, KPIs, commitments

2023-2024

- Stand-alone, ESG report (unaudited) in accordance with standards (GRI)
- Improvement of data collection methodology, extension of data collection scope
- Fine-tune and monitor objectives, KPIs, commitments

2024-2025

- Stand-alone, ESG report (unaudited) in accordance with standards (GRI)
- Adaptation of accounting and corporate governance systems to integrated reporting
- Revision and tracking of objectives, KPIs, commitments, feedback and monitoring

## Implementing our ESG roadmap

Based on a management-driven initiative, and supported by the whole organisation, we have started to actively address sustainability as a priority issue in our business year 01.07.2022 – 30.06.2023. We have defined our ESG roadmap, which we have published both on the BSE website and in other prominent forums.

To implement this, in the current business year we have set up a dedicated ESG team, made up of the heads of each business line, with an insight into the environmental, social and governance issues affecting our Group.

The objective was to create the conditions for our long-term ESG awareness. As part of this process, we provided ESG training for the management.

As a first step, we defined our stakeholders, then we identified the material issues. These were derived from the combination of industry trends and the results coming from the consultation conducted with our internal and external stakeholders.

After defining our ESG strategy, we made commitments towards carbon neutrality by 2050. These are included in this ESG report. We are also adapting our operations so that we can now collect and analyse measured data at regular timeframes and that year-by-year we can tailor an increasingly precise roadmap towards net zero CO<sub>2</sub> based on the results.

## ESG officer

As of September 2023, we have appointed a dedicated **ESG Officer** with operational responsibilities for the whole Group, including:

- Collecting well-defined data related to environmental-social and corporate governance issues. The aim is to gradually expand the scope of data, both for all member companies in the Group and in terms of depth of data, in preparation for the data requirements of standardised (GRI) reporting. Scope 1-2 and later Scope 3 level measurement, calculation.

- Validating and processing the data received and evaluating them with the relevant partner departments and responsible specialists.
- Regular reporting to management and collaboration with partner departments (e.g., HR, energy technician, production managers, legal department, CSR, finance, R&D, procurement, sales, quality assurance, etc.) according to all three pillars, at regular time intervals, as well as in special cases, e.g., strategic decisions (CAPEX planning, M&A targets, R&D direction).
- Centralised collection and management of bank ESG questionnaires, unified communication.
- Strong representation of ESG aspects in decision-making.
- Continuous monitoring of the outlined ESG strategy and commitments, feedback to stakeholders, and reporting eventual needs for intervention to management.

Our objective is to embed sustainability continuously and more profoundly as an operational and attitudinal direction in the mindset of all of us (management and employees). One of the milestones in this sense will be to introduce in the short term a sustainability and environmental awareness perspective in our investment decisions (CAPEX plan), in addition to the previous business, financial and strategic perspective.





Improving our corporate governance system

An integrated corporate management system (IFS) has been in operation at our Group for many years, and we naturally implement(ed) it in our subsidiaries (in Hungary and abroad) as part of new acquisitions or company establishments. This system provides a complex solution for managing our processes and structured retrieval of business information for decision-making. In addition, our own IT expert team extends the system with further process optimisation improvements and with upgrades supporting our day-to-day operations (e.g., monitoring of stock market positions and management of commercial transactions).

Our objective by the end of 2025:

- We are planning a further upgrade of our IFS system, which will now include as an integral component the „ESG & Sustainability” module.

This will help us to standardise our data collection in line with current standards, e.g., GRI requirements, ensuring continuous data availability and data quality, which will underpin sound decision making. It will allow the definition of specific measurable, quantifiable KPIs according to the E-S-G pillars (e.g., CO2 emissions reduction commitment; data at Scope 1-2-3 level; water use; waste management; carbon footprint at product level; occupational health and safety; donations, CSR; trainings; supplier assessment; risk management; anti-corruption, etc.) and their continuous monitoring and analysis. On this basis, we will also be able to meet quickly and reliably the reporting obligations required by the ESRS/CSRDES in a very efficient and standardised way.

Ethical operation and legal compliance

A diverse set of rules and instructions provide the framework and guidance in our operations for our colleagues. These are both defined by the legal field (e.g., stock exchange regulations) and drawn up by the relevant department.

Without being exhaustive, our set of regulations covers among others the following important topics:

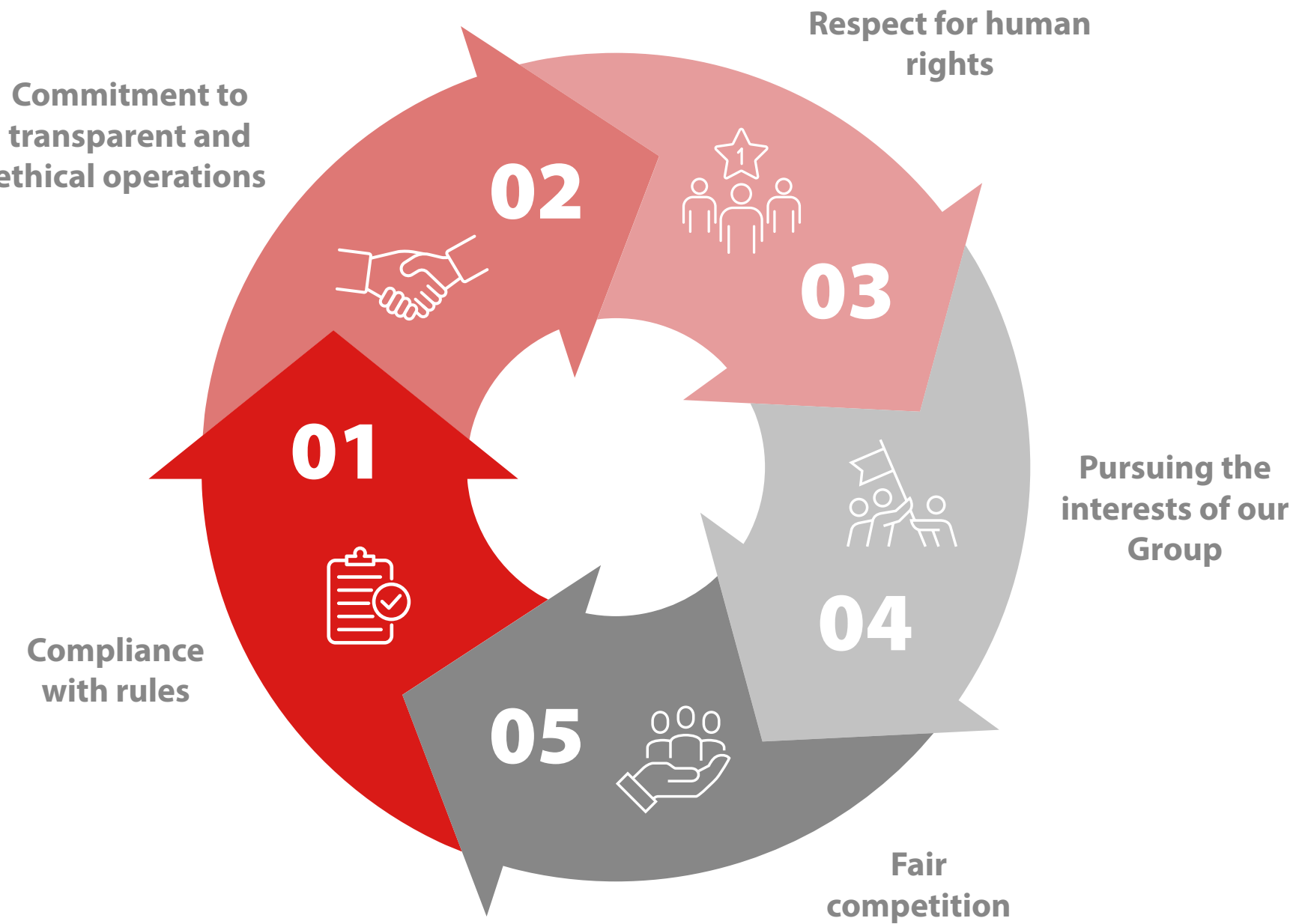
- Data management, GDPR
- Information Security
- Risk management / risk assessment, e.g., hazardous substances
- Procurement
- Quality assurance
- HR related policies: e.g., cafeteria, car use, eligibility, home office, etc.
- Occupational safety, health and safety: e.g., specification of personal protective equipment; fire protection
- Code of Ethics, Whistleblowing

Code of Ethics and whistleblowing

In our day-to-day operations and business relationships, we strive to carry out our activities with high ethical standards and utmost compliance with the law. We make every effort to ensure that the Group’s core ethical standards be deeply embedded in our day-to-day work, in the interactions between colleagues and in our relationships with customers, owners, investors, suppliers and all stakeholders.

In the second half of 2023, we achieved an important milestone by establishing the principles that govern our ethical conduct and set of values included in our **Code of Ethics**. This is available on our website and thus, accessible to all our stakeholders. We consider it important to make its contents known to our employees, therefore all our employees make a formal declaration that they have read it and accept its contents.

We will pay particular attention to inform and/or provide our employees each year with updates and/or training (e.g., workshops, online training) on the contents of the Code of Ethics, and to give them the opportunity to raise any question and to clarify any concern they may have about proper and ethical behaviour.





We expect ethical behaviour from both our internal and external partners and stakeholders.

In accordance with the legal requirements, we provide an anonymous form of whistleblowing by the end of 2023, whereby we offer our existing and/or former employees, business partners and other stakeholders the opportunity to report online, in written form, any ethical misconduct or violations related to our operations. Whistleblowing will be handled by an external, independent person in charge.

### Complaints and fines

There were no complaints of abuse to investigate in the business year under review.

There were no relevant fines relating to our professional activities.

The number of substantiated complaints received in relation to breaches of customers' data protection rights was zero for the period under review. Furthermore, there were no identified leaks, theft or loss of customer data.

## Supplier and customer relations

### Procurement process

Az UBM csoport több, mint 25 éves sikeres működésének egyik alappillére, hogy a velünk kapcsolatban lévő, nagy számú beszállítói körrel az együttműködés gördülékeny, megbízható és minden élethelyzetben problémamentes legyen. Saját teljesítményünket nagyban befolyásolja, hogy partnereinkkel az együttműködés milyen minőségű, ezért munkánk során mindig teljes értékláncban gondolkodunk, és annak optimalizálására törekszünk.

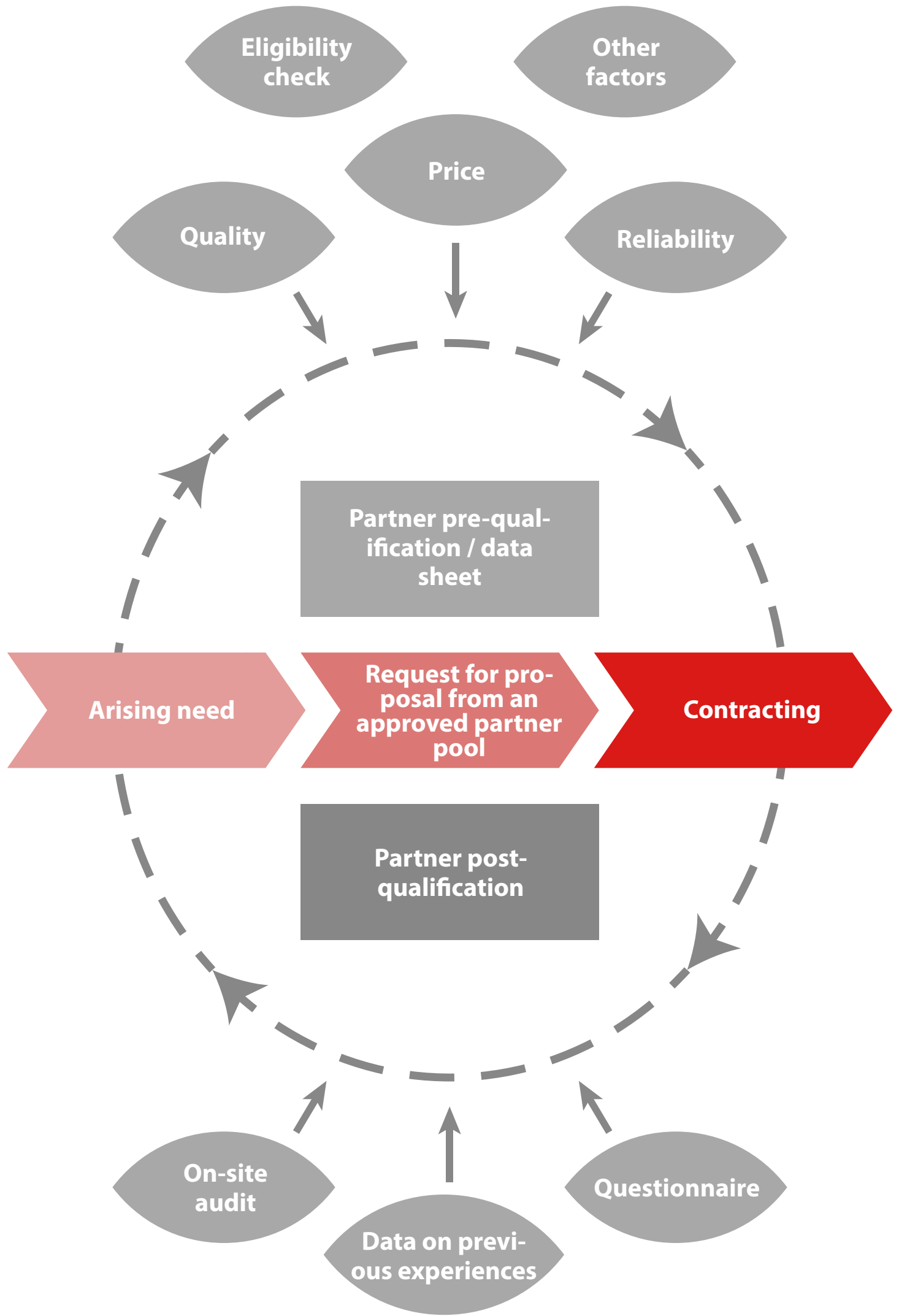
Felelősek vagyunk ügyfeleink, megbízóink felé a magas minőségű, ugyanakkor fenntarthatósági szempontoknak is egyre inkább eleget tevő szolgáltatásnyújtásért. Emellett ugyanakkor beszállítóinktól is elvárjuk a hasonlóan átgondolt működést.

A beszerzés, mint az egyik kulcsfontosságú szervezeti és üzleti funkció cégcsoportunknál mátrix-szerűen működik.

Beszerzésünk napi működtetését **Beszerzési szabályzatunk** foglalja össze, melyet a minőségirányítási vezető és az illetékes társosztályok dolgoztak ki (pl. üzletágvezetők, K+F), és melynek célja keretbe foglalni és összefoglalni a cégcsoport által vásárolt anyagok/szolgáltatások beszerzési eljárását, követelményrendszerét.

A szabályzat előírja, hogy a beszállítói szerződésekben rögzítésre kerüljenek a minőségi paraméterek, kereskedelmi szempontok. Ezen kívül pontos utasítást ad a kiválasztás / értékelés /visszacsatolás menetére.

### Procurement process at UBM







The procurement of materials can be made only from an approved supplier or subcontractor. This means, on the one hand, that a supplier data sheet must be filled in before the conclusion of the contract and, on the other hand, also the eligibility check of the supplier is essential (based on the NFCSO website). Supplier selection and evaluation is based on the partner's capacity to meet the legal and contractual requirements. This may need to be supported by additional supporting documents (GMO declaration, certificates, procedures, etc.).

Supplier audits occur at least every 6 months or annually, and are carried out either in person (e.g., in combination with an ISCC audit for producers) or in the form of an electronic questionnaire. If the audit reveals non-compliance, the supplier will be placed on inactive status.

The even more holistic approach to our procurement and the emergence of sustainability as an additional set of criteria in our approach also encourage us to reconsider our current procurement principles and create our comprehensive procurement policy, which incorporates further sustainability-specific factors in addition to the above-described operation, that fully meets the very strict quality requirements.

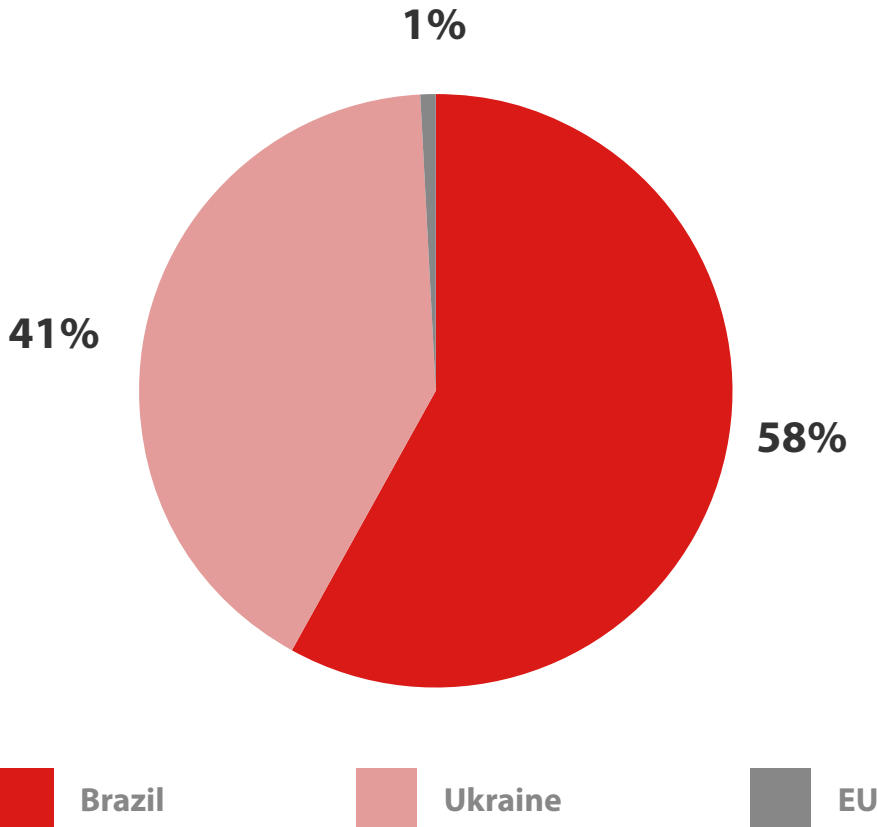
***Our objectives by the end of 2024:***

- ***Broadening of procurement policies (e.g., sustainability focus, respect for human rights, anti-corruption).***
- ***Selecting ESG-compatible supplier in case of coinciding conditions.***

**Our suppliers**

In the Protein business division, we work with a relatively limited number of suppliers, as the origin of the product itself (soy) is limited in the world (we buy from Brazil, the European Union and Ukraine) which limits the range of partners we can reach.

**Soy origin country**  
(business year 2022-2023)





In the Grain business division, the breadth of the supplier base is much wider, with nearly 400 partners. Of these, roughly 10% are foreign (traders only) and 90% are domestic (2/3 producers and 1/3 traders). Even with these proportions, we seek to achieve sourcing from local markets.

In our Feed business division, due to the complexity of the activity (e. g. production), a separate purchasing directorate operates with a wide range of suppliers.

Customer partnerships

Our Protein business division has a clientele of approximately 130-140 partners, among which the number of active partners is significantly smaller. 90% of our customers are domestic, with the rest from neighbouring countries.

In the Grain business division, the clientele consists of about 80-90 partners, half of which are domestic and half foreign. Some of our customers (Italian, Dutch, Romanian, Belgian relations) are already specifically asking for GMP+ certification, but this volume still represents a low proportion of total sales.

In our Grain business division, the share of ISCC EU-certified volumes in our sales was around 14% in the period under review, of which 2/3 was wheat, nearly 1/4 maize, and the rest barley and rapeseed.

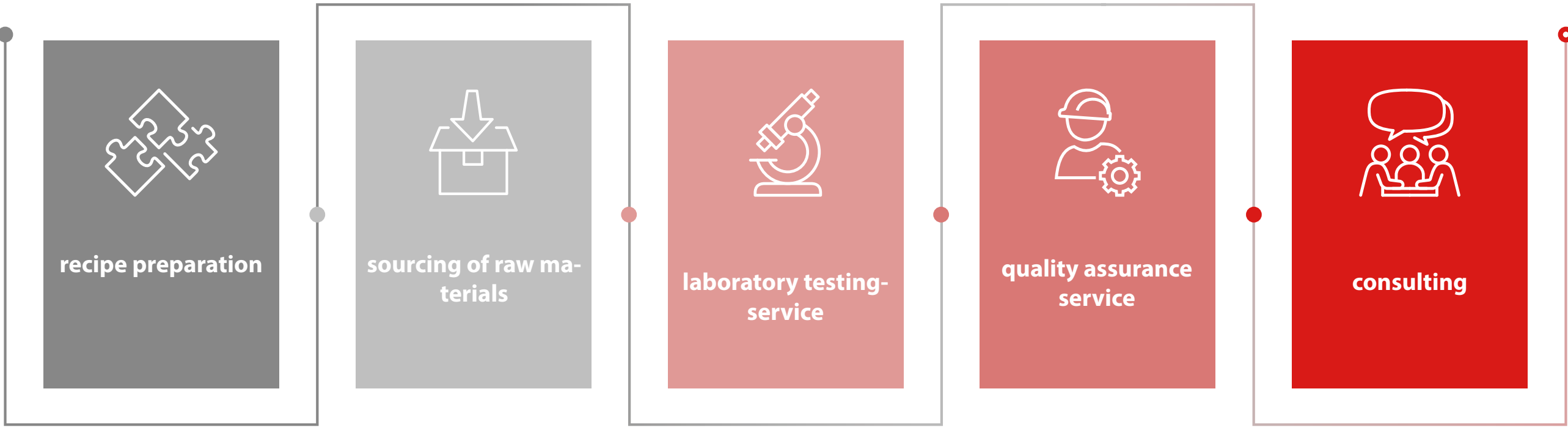
These customers are Austrian, Swiss, Romanian partners and some are Hungarian subsidiaries of large multinational companies.

Customers of our Feed business division are served by a team of consultants, specialised in each animal species. They support our partners in the poultry, pig and cattle business divisions on a daily basis in the selection of the right products. Since the accelerating technological and technical developments in the livestock and feed industry require, even forces, the acquiring of new, innovative knowledge, thus “acquisition” of information and understanding the directions of progress gains even more value. This is where our consultants can help our customers to achieve the best results in breeding and slaughtering in a sustainable way, in line with the ever-stringent EU standards. They help our customers to select the feed range that meet the age requirements of the specific animal species, which are both high in nutrients and highly digestible, thus stimulating intensive growth and contributing to a lower environmental impact. Our consultant team provides support for on-farm feeding, reproductive biology programmes and management.

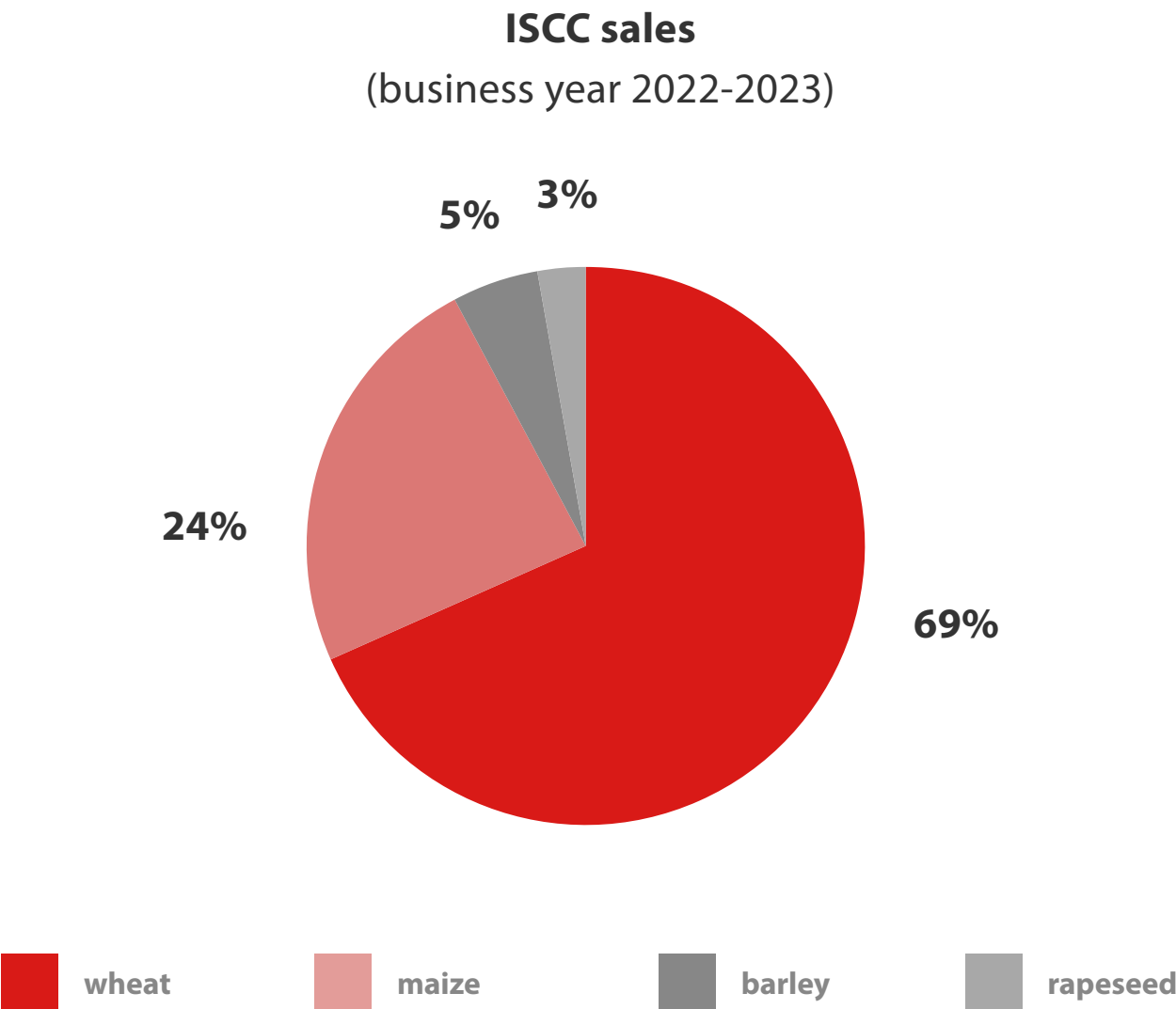
We regularly provide our colleagues with professional training, through both domestic and international strategic partnerships, to support our clients by keeping pace with market trends.

In addition, we regularly organise international and national conferences. The latest UBM International Professional Conference was held again in Siófok on 22-23 February 2023, with more than 460 participants, including many foreign guests.

Complex service package offered to our customers:



We aim to extend it with a new element, emissions testing and declaration.





# Responsible risk management and procedures

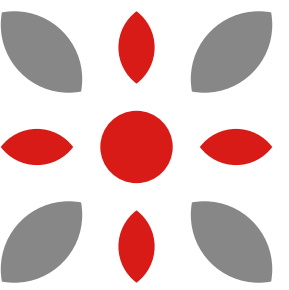
Our Group’s management, owners and employees are seriously committed to identifying, analysing, prioritising external and internal risks, and to minimising risk factors that affect our operations to ensure long-term success and sustainability. To achieve this, we apply a careful and comprehensive risk management process, which includes mapping and monitoring the following areas.



## Our risks and solutions

Risks	Description of risk	UBM solution
<i>Risks due to general macroeconomic factors</i>	<ul style="list-style-type: none"><li>• Interest rates</li><li>• Inflation</li><li>• Investor sentiment</li><li>• Availability of credit</li><li>• Labour market changes</li></ul>	<ul style="list-style-type: none"><li>• Appropriate hedging and risk management tools</li><li>• Multi-bank model</li><li>• Broadening the investor base</li><li>• Modern HR policy</li></ul>
<i>Risks arising from industry trends and sector-specific macroeconomic conditions</i>	<ul style="list-style-type: none"><li>• Fluctuations in raw material prices due to weather or demand</li></ul>	<ul style="list-style-type: none"><li>• Full exchange hedging (commodity and FX)</li><li>• Fast response</li></ul>
<i>Impact of COVID-19 or other pandemics</i>	<ul style="list-style-type: none"><li>• Restrictions on trade</li><li>• Job losses</li><li>• Social isolation</li></ul>	<ul style="list-style-type: none"><li>• Compliance with and reinforcement of hygiene and quality assurance regulations</li></ul>
<i>Animal health regulation, the risk of evolving world animal health situation</i>	<ul style="list-style-type: none"><li>• Changes and tightening of domestic/foreign regulations</li><li>• Outbreak of animal health diseases, crisis situations</li></ul>	<ul style="list-style-type: none"><li>• Diversified product portfolio</li><li>• Diversified locations and markets</li><li>• Continuous product development, R&amp;D activities</li></ul>
<i>Risk of war</i>	<ul style="list-style-type: none"><li>• Closures, bans</li></ul>	<ul style="list-style-type: none"><li>• Ability to react quickly</li><li>• Redesigning logistics and quality assurance processes</li></ul>
<i>Risk from changes in consumption patterns</i>	<ul style="list-style-type: none"><li>• Dynamically changing consumption patterns</li><li>• The spread of different dietary habits</li></ul>	<ul style="list-style-type: none"><li>• Diversified product portfolio</li><li>• Diversified locations and markets</li></ul>
<i>Risks from global warming and related ESG risks as green policy and green compliance</i>	<ul style="list-style-type: none"><li>• Weather and climate change</li><li>• The appearance of invasive species</li><li>• Compliance with a tightening regulatory environment</li></ul>	<ul style="list-style-type: none"><li>• Measuring and reducing emissions</li><li>• Developing sustainable technologies (R&amp;D)</li><li>• Regular monitoring of suppliers</li><li>• Partner education</li></ul>
<i>Regulatory and authority risks</i>	<ul style="list-style-type: none"><li>• Rapidly changing „ESG-focused“ regulations</li><li>• Market uncertainties</li></ul>	<ul style="list-style-type: none"><li>• Being proactive</li><li>• Prioritising sustainable and cost-effective business solutions</li><li>• Prudent attitude</li></ul>
<i>Risks arising from the legal system</i>	<ul style="list-style-type: none"><li>• Different countries different expectations</li></ul>	<ul style="list-style-type: none"><li>• Involvement of international legal staff and consultants</li></ul>
<i>Health and safety risks arising from technology</i>	<ul style="list-style-type: none"><li>• Operational threats</li></ul>	<ul style="list-style-type: none"><li>• Establishing a risk management regulatory framework</li></ul>





The Board of Directors of UBM Holding Nyrt. is aware of the above risks, monitors them continuously, maintains and applies appropriate internal risk management procedures. The Board of Directors of UBM Trade Zrt. is in charge of defining the risk management principles and processes. The Company's risk management procedures are designed to identify and investigate the risks faced by the Company and to establish appropriate controls to ensure the constant monitoring of those risks. The implementation of risk management processes and related internal rules is supervised by the Chief Financial Officer of UBM Trade Zrt., who also makes provisions for the regular reporting on these processes and on compliance with the rules by the individual departments.

**Our risk management procedures for plants**

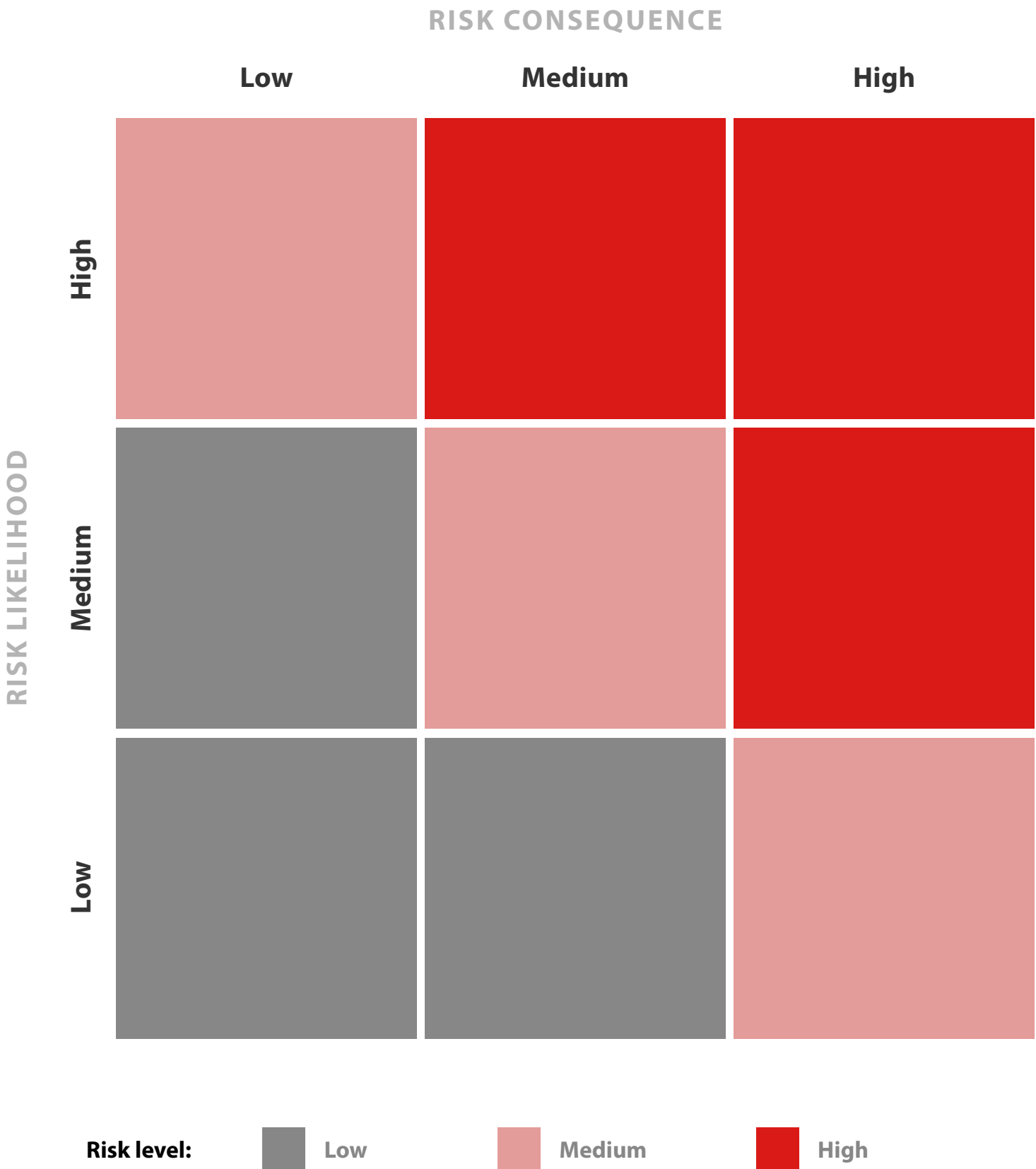
A specific risk management policy, developed by our occupational safety experts and external expert consultants, addresses the risks arising from technological processes in our plants that may pose health and safety threat to our workers. This includes assessing and measuring the various exposures of workers (e.g., noise, dust) and how these risks can be assessed and properly guard against.

The objective of the regulation is to determine the extent of the risk by estimation and to propose means of reducing the presumed impact of the risk, by technical solutions or, where this is not possible, by providing personal protective equipment.

To comply with the legal requirements, we are obligated to carry out risk assessment, risk management and the determination of preventive measures at least every 3 years, or more frequently if warranted.

The performance of jobs is based on regular occupational health checks. All our employees receive regular health and safety training.

**We assess our risks classified in a two-dimensional matrix according to their likelihood of occurrence and the severity of the consequences.**



**The basic steps of a risk assessment**







Afterwards, the necessary intervention procedures are designed according to the risk classification.

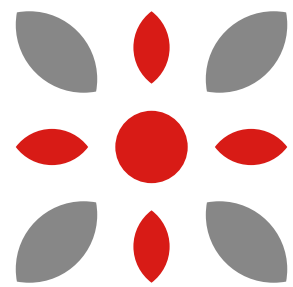
Determine the sequence of actions:

Degree of urgency	Risk assessment based on the value obtained	Proposed action
0	$0 \leq K \leq 9$ Minor (trivial) risk	<b>Minor risk.</b> No action required.
I.	$10 \leq K \leq 18$ Tolerable risk	<b>Elviselhető kockázat.</b> Megfontolható gazdaságosabb megoldás bevezetése, vagy olyan javítás, amely nem jár többletköltséggel. Az ellenárzések tovább folytatása szükséges.
II.	$19 \leq K \leq 32$ Moderate risk	<b>Moderate risk.</b> Actions should be taken to reduce the consequence and/or likelihood of the risk, but the cost of prevention should be carefully considered. There should be a time limit for taking mitigation measures.
III.	$33 \leq K \leq 50$ Significant risk	<b>Significant risk.</b> Urgent action is needed to reduce the risks, even at considerable expense. No new activity should be started under these conditions.
IV.	$51 \leq K$ Intolerable risk	<b>Intolerable risk.</b> Immediate action is needed to reduce the risk. Until the risk is reduced, work should be prohibited

With the above risk assessment methodology, we assess the given workplace, job, operation and people involved, and carry out a risk analysis of hazardous substances.



# OUR KEY ESG PERFORMANCE INDICATORS



E

## Environment – Environmental indicators

Total energy consumption	128,720,691 MJ/year
Total waste generated	469.93 tons
Total recycled waste	91.75 tons
GHG emissions (Scope 1)	5,771.44 t CO <sub>2</sub> e /year
GHG emissions (Scope 2)	3,854.43 t CO <sub>2</sub> e /year
GHG emissions (Scope 1 and 2)	9,625.87 t CO <sub>2</sub> e /year
GHG intensity*	0,022

\* GHG intensity is calculated on the basis of the feed production volume for the business year.



S

## Social – Our social features

Number of people employed	412 persons
Number of female employees	130 persons
Fluctuation	14,8 %
Training expenditure	HUF 36 million
CSR activity / CSR committee	✓
Remuneration policy	✓



G

## Governance – Our governance features

Code of Ethics and Business Conduct	✓
ESG Officer	✓
Palm oil free certificate	✓
Quality Management	✓







*... the sustainable growth*

**Impressum:**

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