KOMETA

ANNO 1999

Nourishing all generations

Sustainability Report 2022

The first edition of the Sustainability Report is an important step taken by Kometa towards the integration of sustainability in its business operations and across the supply chain.

Drawn in accordance with the most widely used international non-financial reporting standards and with the objective of anticipating future European regulatory requirements, this first edition was created as a tool to present Kometa's commitments and achievements in the field of corporate sustainability, acknowledging that this leads to both challenges and opportunities.

The work therefore stems from a process of direct involvement of Kometa's main internal and external stakeholders, with whom a common vocabulary was defined on the environmental, social and governance topics that are most impactful for the organization and its interested parties.

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Letter to stakeholders

[GRI 2-22]

Dear readers,

Recent years, both for Kometa and the global community, have been marked by a combination of unprecedented geopolitical, weather, and economic events that have compelled us to grow more rapidly while maintaining a delicate balance. These events have underscored the urgency of investing vigorously in **long-term strategies to promote resilient and sustainable growth.**

At Kometa, **we recognize the pivotal role that the transformation industry plays within the food supply chain:** we understand that we do not operate in isolation and bear a collective responsibility for ensuring sustainability from economic, social, and environmental perspectives. For this reason, we have defined an **HonestFood strategy** which enables us to support our suppliers and ensure more stable and equitable prices for consumers. **HonestFood stands as a cornerstone of our commitment to creating value across the entire supply chain** and represents Kometa's dedication to transparency, ethical practices, and sustainable engagement at every stage of our operations.

We understand that being sustainable is not enough. As a matter of fact, **sustainability represents the bare minimum we can secure for the well-being of future generations.** We suggest an alternative concept worth exploring: ***'improvability'.*** At Kometa, we seek to integrate this perspective into our reporting framework, identifying areas for potential enhancement and implementing changes to bring about improvement. It is imperative that we start measuring progress as our objective shouldn't be limited to achieving sustainability but to improve our processes and achievements.

To this end, over the years we have undertaken a **series of investments and initiatives** aimed at reducing our environmental impact, like the establishment of a water treatment plant in 2014, the installation of new gas furnaces with advanced flue gas heat reuse technologies in 2020. As of today, we are in the process of planning and designing our new production plant and on-site recycling facility, all supported by the issuing of our inaugural Green Bond in 2022 in value of HUF 12 billion, after a capital injection of HUF 5.1 billion in 2021.

As a socially responsible company, **we are dedicated to making a positive impact on society in multiple ways.** We prioritize the well-being of our employees and the communities where we operate, support social initiatives, and continually strive to innovate our products. We promote sport and an active lifestyle in combination with a healthy diet as the best way to protect our health. For this reason, in 2021 **Kometa officially presented the EOLO-KOMETA Cycling Team,** an elite road cycling team classified under the UCI ProTeam category. For us quality means delivering delicious food that promotes human health and reduced environmental impacts, all at an affordable price. In the last eight years, we have innovated by eliminating allergens and glutamate, **reducing salt content by 25%**, and discontinuing the use of soy protein in our products, setting a forward-looking trend in the domestic market.

Our guiding motto has always been an old Italian proverb, **"Words fly, but good example transcends."** We live and work by this spirit: through our sponsorship of sports, we aim to motivate people to lead healthier lifestyles. We believe in supporting our communities and have maintained a partnership with the Hungarian Food Bank for the last 5 years, providing 22.000 kilograms of food products in 2022. When the Ukrainian refugee crisis emerged, our company sent shipments of food to aid those in need and offered employment opportunities to dozens of Ukrainian refugees.

These examples lie at the heart of our first Sustainability Report. This document embodies our ambition to promote a concrete, measurable, and transparent path towards sustainability. We are committed to continuing in this direction, striving for a more sustainable food production chain, while also encouraging our partners to join us in these efforts. We firmly believe that everyone, from producers to consumers, must play their part in securing a sustainable future, not merely by achieving sustainability but by dedicating our activities to continuous improvement, in the spirit of our improvability approach.

Thank you and enjoy the read,

Giacomo Pedranzini

Managing Director at Kometa

02

Kometa in numbers: highlights for 2022

Leveraging fair value and innovation

68%
Of the procurement budget spent on livestock suppliers within a 200km radius

23
innovations introduced on the market in 2022 as part of the KPI (Kometa Innovation Pipeline)

HACCP, BRC, IFS
standards to which Kometa's food safety and quality policy is aligned

-25%
reduction of salt content of all its product line

Caring for our environment and animals

-7,2%
decrease in groundwater withdrawals in 2022 (vs. 2021)

1.467 tonnes
of waste products recycled on site through the by-product plant in 2022

85%
of Kometa's livestock suppliers are local, hence situated within 300 km

52
submeters and measurement software to expand the power grid

Empowering our people

891
number of employees as of December 31st 2022

231
The number of under 30 y.o. hired in 2022

about 1300+
training hours provided in 2022 to all of Kometa's workforce

€375
Gross cash prize provided in 2022 to the 39 top-performing employees of the month

03

Believing in HonestFood since 1999

KOMETA
ANNO 1999

[GRI 2-1] [GRI 2-2]

+€192 million

revenues from sales achieved by Kometa in 2022

73.584 tonnes

of produced quantity in 2022

891

Kometa employees in 2022

Established in 1999, **KOMETA 99 Zrt. operates as an agri-food company specialized in the processing and transformation of pork and poultry meat.** Headquartered in Kaposvár, Hungary, at present Kometa distributes its products in over 40 countries worldwide, with a primary focus on the European market.
The company, which in 2022 counts a workforce of about 890 employees, produces approximately 25,000 tonnes of red meat products and around 2,600 tonnes of poultry annually.

40+ countries

reached through our distribution networks

What sets Kometa apart is its integrated operational approach, encompassing the entire production cycle – from slaughtering to processing and packaging - within a single plant in Kaposvár.

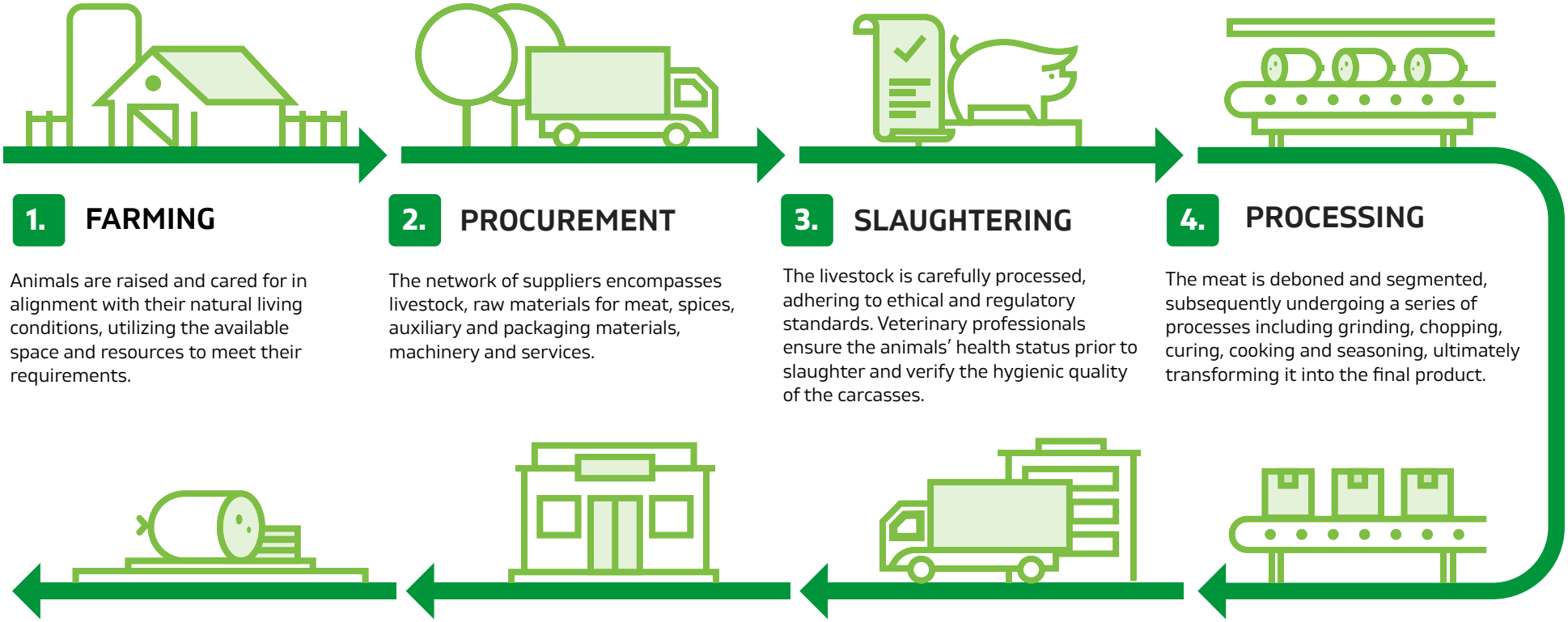
This streamlined setup results in noteworthy reductions in logistics expenses and facilitates the maintenance of stringent standards for quality and food safety. The production facility is granted approval by the European Union (EU) and bears the registration number HU 62 EC, however, its reach extends to various countries within and beyond the region.

Among Kometa's core principles, HonestFood stands as a cornerstone of its commitment to creating value across the entire supply chain. This integral concept represents Kometa's dedication to transparency, ethical practices, and sustainable engagement at every stage of their operations.

While pork processing remains Kometa's principal pursuit, the company's trajectory over the years has led to organic expansion. In response to market demands and diversification strategies, **Kometa has ventured into the processing of poultry meat - including chicken and turkey - as well as beef.**

Kometa's value chain

[GRI 2-1] [GRI 2-6]



1. FARMING

Animals are raised and cared for in alignment with their natural living conditions, utilizing the available space and resources to meet their requirements.

2. PROCUREMENT

The network of suppliers encompasses livestock, raw materials for meat, spices, auxiliary and packaging materials, machinery and services.

3. SLAUGHTERING

The livestock is carefully processed, adhering to ethical and regulatory standards. Veterinary professionals ensure the animals' health status prior to slaughter and verify the hygienic quality of the carcasses.

4. PROCESSING

The meat is deboned and segmented, subsequently undergoing a series of processes including grinding, chopping, curing, cooking and seasoning, ultimately transforming it into the final product.

5. PACKAGING

The product is carefully packaged using specialized equipment and packaging solutions designed to maintain its sensory attributes and overall high quality.

6. DISTRIBUTION

The packaged products are transported to their intended point of sale through a meticulously chosen logistics network.

7. RETAIL

The product is marketed through diverse distribution channels, including major retail outlets.

8. CONSUMPTION

The product reaches the end-consumer's table, prepared for immediate consumption and well-suited to cater to seasonal requirements.

Our history

[GRI 2-6]

Kometa's origins trace back to a family venture that started in the 1960s within a village situated in the Lombardy Alps. The grandparents of the company's current Managing Director, Giacomo Pedranzini, are Maria and Ernesto Pedranzini, who began as alpine shepherds in Italy. Their commitment to agriculture and animal husbandry led to the establishment of the family farm, Cascina Margherita. **This enterprise later extended its roots to Somogy, a Hungarian region renowned for its agricultural and farming practices, situated along the border with Croatia.**

The Pedranzini couple's agricultural and animal expertise passed down to their nine children, many of which are to this day involved in various aspects of the business. **In 1994, Giacomo Pedranzini ventured to Hungary, with the aim of amplifying his family's legacy.**
He then partnered with the Ruffini family - also renowned for their agricultural background - as they recognized the area's potential, and jointly invested in a meat processing enterprise situated in Kaposvár.

Since then, Kometa's trajectory has been marked by a series of notable milestones, shaping its path of growth and development.

1969 — A new meat production Centre is built

The establishment of the Kaposvár Meat Factory in Somogy is the outcome of a merger involving four distinct entities: the Slaughterhouse, Poultry Industry, Refrigeration Industry, and Animal Transport Company. This collaborative effort has led to a specialized facility primarily focused on the processing of pork and poultry.

1994 — Kometa's story begins

Recognizing the potential, the Pedranzini and Ruffini families opt to seize the opportunity and invest in the privatization of the Kaposvár Meat Factory, an expansive industrial space spanning 150,000 square meters.

1999 — The first restructuring phase

Just a few years following the shift in ownership, the company undertakes its initial restructuring and adopts the name KOMETA '99 Kft.

2006 — Majority shareholders

The Pedranzini and Ruffini families secure predominant ownership of the meat processing plant, which functions as a joint-stock company, and is formally known as KOMETA '99 Zrt.

2011

Renovation and expansion

Leveraging partial funding from the European Union, significant investments are channeled into various initiatives. These include the inauguration of a modern slaughterhouse and the expansion of the salami maturing facility, which now boasts an impressive capacity of 35 tonnes.

2013

A New Partner

The Kaposvár Municipality acquires a 38% ownership share in the company.

2015

Allergen-free

The majority of Kometa's products are crafted to be allergen-free. Furthermore, ongoing investments are directed towards enhancing production process efficiency, expanding manufacturing capabilities (including new packaging and sausage peeling machinery), and amplifying prospects for exporting sales.

2016

Glutamate-free

Removal of excess glutamate from products.

2018

Salt reduction

Initiating a salt reduction initiative that has empowered Kometa to manufacture all of its products with a 25% reduction in salt content, with the aspiration of contributing to the promotion of a healthier society.

2020

Portfolio expansion

As part of its global expansion strategy, the BudaBest and Pedranzini Selection brands are introduced.

2021

Ownership expansion and capital injection

The circle of Kometa's shareholders expands to include the Kaposvár Municipality, MFB Invest Zrt., and the Zito Group. Additionally, in 2021 Kometa underwent a capital injection of HUF 5.1 billion.

2022

Kometa emits its first green bond

Kometa issues its inaugural Green Bond of the value of HUF 12 billion.

2022

Production plant renovation project

Kometa embarks on a significant project aimed at enhancing its operational capabilities. The focal point of this investment is the establishment of a storage capacity adjacent to the factory.

Our brands and products

[GRI 2-6]

Kometa is committed to providing premium products that are within reach of all, all while honoring traditional recipes and preserving natural flavors. Across time, the company has evolved to create products devoid of added glutamate, soya, gluten, and, in select cases, lactose. **Alongside its own branded offerings, which constitute 82% of its operations (308 Stock Keeping Units[1]), Kometa also produces private label products (18%, 55 SKUs).** Both products are sold and distributed to major retailers, including well-known brands such as Lidl, Aldi, Spar, Auchan, and Crai, alongside various other local and Hungarian food retailers.

82% of Kometa's operations dedicated to own branded offerings

Budabest

under the Budabest brand, an assortment of Hungarian salamis is presented, featuring both the original and paprika-infused variations.

Pedranzini selection

this brand is centered around Italian offerings, spanning from hams like prosciutto and bresaola, to aged meats such as coppa, along with a diverse array of salamis.

Kometa

guided by the belief that superior-quality food should be attainable for all and recognizing that animal welfare significantly contributes to product excellence, the KOMETA brand presents an extensive assortment of cooked and baked goods, alongside authentic Hungarian salami and bacon options.

[1] SKU (Stock Keeping Unit) is used by retailers to identify and track its inventory, or stock. A SKU is a unique code consisting of letters and numbers that identify characteristics about each product, such as manufacturer, brand, style, color, and size.

Product categories

Salamis

The product lineup encompasses both traditional Hungarian and Mediterranean-style salamis.

Hams

The selection comprises cooked, oven-roasted, and aged hams crafted from a variety of meats, such as pork, beef, chicken, and turkey.

Oven-roasted products

These offerings evoke the rich flavors reminiscent of traditionally oven-cooked meats.

Aged products

Exquisite meat specialties aged over an extended duration to achieve a distinctive and premium taste experience (including prosciutto crudo, bresaola, and coppa).

Bacon

Immersed in brine and infused with the aroma of beechwood smoke.

Fresh meat

Swiftly packaged right at the site of production.

NEW

Turn & turn

Practical and healthy cold cuts, ready in only 2 minutes and with a 30 days shelf-life

Kometa's guiding principle: HonestFood

> " Wendell Berry, an American farmer and writer, said that 'eating is an agricultural act'. I would add that eating is an act of responsibility: the world we are living in is also a consequence of what we have eaten, and the world we will live in will also be a consequence of what we decide to eat."
>
> Giacomo Pedranzini
> Managing Director of Kometa

Overproduction, environmental pollution and poor animal living conditions are frequent side-effects of the industrialization of the livestock and agricultural industry. Conversely, organic farming faces challenges including inconsistent communication to consumers, uncertain yields due to reliance on nature, and products becoming increasingly exclusive to a privileged few.

To address this conflict, Giacomo Pedranzini developed the HonestFood concept, which aims to thoroughly reevaluate Kometa's operational processes based on three core objectives:

Human health

+ provide nutritious food to encourage greater healthiness within our society;

Positively influence the environment and animal well-being

+ minimize the ecological footprint and ensure the well-being of livestock along the entire production process;

Supply chain fairness

+ advance the economic sustainability of the production chain by ensuring equitable distribution of the value generated.

Through HonestFood, Kometa not only ensures the delivery of high-quality products but also cultivates trust and authenticity with their customers, suppliers, and stakeholders. This commitment resonates throughout their processes, from sourcing to production, embodying their mission to create a positive impact on the industry, the environment, and the well-being of all actors involved.

This fundamental concept serves as a driving force behind the company's ongoing efforts for continuous improvement and advancement, and it was conceived with the intention of reimagining the agri-food production and distribution system. The primary shift is from emphasizing low-cost, high-volume outputs to crafting products that are both affordable and of elevated quality. HonestFood's mission is to redefine the approach to producing, processing, and distributing agricultural goods in the following ways:

Accessibility and Integrity

+ HonestFood seeks to create a system that is open and transparent, capable of delivering wholesome and nourishing food to consumers' tables at reasonable prices. Simultaneously, it ensures equitable earnings for all participants within the supply chain, including farmers;

Environmental and ethical respect

+ the approach not only honors the well-being of the environment and animals but also values the labor of humans and caters to consumers' interests;

Sensible and equitable

+ the vision strives to produce only what society genuinely requires, in appropriate quantities, thereby reducing unnecessary waste.

Kometa has embraced these principles as integral to its day-to-day operations, believing in the pivotal role of every participant within the supply chain. This ranges from consumers making mindful choices aligned with their ideal world, to retail operators who hold the privilege and responsibility of selecting products for their shelves or ingredients for their culinary creations. Lastly, **it extends to the farmers, breeders, and food manufacturers who collectively are tasked with reevaluating cultivation, breeding, and processing methodologies.**

The six pillars of HonestFood

Common sense and balance 1.

In the last five decades, there has been a pronounced trend of excessive land exploitation, resulting in the production of unhealthy goods that pose risks to human well-being. It is imperative to reevaluate approaches to cultivation, farming, and processing. This re-examination should be grounded in practical wisdom and the pursuit of a renewed equilibrium.

Values and worth 2.

Kometa aims to reinstate respect and significance to human labour throughout the entire food production and distribution.

Guided by the knowledge of our ancestors, we build the future of our children 3.

Utilizing science, research, and advancements to the fullest extent is crucial to uphold quality, all while honouring the wealth of knowledge accumulated over the years.

The alliance of the good ones 4.

Individuals holding positions of influence and advantage within the supply chain bear an even greater responsibility to champion and drive transformative change.

Rethinking methods, practices and techniques 5.

While science and technology continue to progress, it remains within the realm of human endeavour to maintain a sense of balance. By means of methodologies, practices, and techniques, the excesses witnessed in recent decades can be corrected.

Tasty, healthy, and affordable 6.

Kometa is dedicated to crafting high-quality, nourishing food that is within reach for everyone. Its mission is to generate an ample supply to sustain a burgeoning global population, all while upholding a deep regard for the environment and the well-being of animals.

Issuing the first Green Bond

> "In line with the ambitious targets the European Union has set by 2050, it is more and more important that companies look out for financial partners to support their commitment towards sustainability. Banks are under an increasing pressure to keep ESG into account in their investments and this hence represents a win-win situation in the current context."

Zsuzsanna Végh
Senior Corporate Account Manager
at Erste Bank

As part of its ongoing effort to integrate sustainability within its business operations, **Kometa took a significant step in February 2022 by issuing a green bond with a nominal value of HUF 12 billion,** around 31.6 million euros, **as part of the Hungarian National Bank's (MNB) growth bond programme (NKP).** Adhering to the 2021 Green Bond Principles established by the International Capital Market Association (ICMA), the company introduced a comprehensive Green Bond Framework. This framework outlines the company's environmental commitments and received validation from CICERO Shades of Green AS, a respected second-opinions provider, which granted a rating of "Good".

31.6 million euros the nominal value of Kometa's first Green Bond

The capital raised from this initiative is earmarked for several purposes, including infrastructure enhancements, a doubling of operational capacity, and the creation of numerous new job opportunities. Moreover, the company has established specific sustainability targets to be achieved by the year 2025.

Sustainability areas	Target 2025
Green Buildings	Financing of renovation of **low-energy properties** that achieve: • at least a 30% decrease in overall energy consumption, or; • the required energy efficiency in line with the applicable national building code for newly built properties (and at least a 20% energy efficiency improvement), or; • a two-grade upgrade in the local energy performance label, resulting in at least a 20% decrease in emissions, or 20% improvement in energy performance.
Wastewater management	Expenditures related to the water and wastewater management systems such as: • **capacity,** through investing in the expansion of the wastewater recovery facility in line with planned operation's scale, and in the automation of cleaning to optimize-minimize the chemicals used; • **infrastructure developments,** through expenditures to finance efficiency projects for the current plant, such as creating a new water center, installing new technological solutions to recycle water and minimize water loss, and expanding the by-product processing to sewage sludge.
Waste management	**Minimize waste and by-product outputs**, to achieve through technological improvements zero production waste in the next three years.
Renewable energy	New or existing investments for the acquisition, development, construction and/or installation of **solar PVs**. This category also includes the transmission, distribution, and electrical storage infrastructure (solar PVs) related to renewable energy production. Kometa estimates that by 2026, 18% of its electricity needs will be covered by solar panels.
Environment management system	KOMETA continues to monitor and track the environmental aspects of the production activity as well as during the construction phase. This commitment reflects the Company's dedication to sustainability and **responsible resource management**. Through this ongoing monitoring, Kometa is able to identify areas where to improve practices and reduce the environmental impact of its operations.

Beginning in 2023, Kometa will embark on a significant project to rebuild and refurbish its production plant. By undertaking this project, Kometa will make substantial progress in enhancing its environmental performance and meeting the stringent criteria set forth by the Green Bond Standard principles.

Responsible governance

[GRI 2-9] [GRI 2-10] [GRI 2-11] [GRI 2-21] [GRI 2-26] [GRI 2-27] [GRI 405-1]

Embracing a transparent and accountable organizational and managerial framework stands as a pivotal component in fostering an enduring shared value.

The Company's executive body is vested in the Board of Directors, convening no less than once per quarter to effectively oversee the Company's operations. According to corporate law and the company's bylaws, the composition comprises a Chairman and additional members, ranging from a minimum of 5 to a maximum of 10 individuals, elected by the shareholders' assembly for a 3-year term. These members fulfil their responsibilities through employment or mandate contracts established with the Company.

There are two main categories of board members: those delegated by shareholders based on their respective shareholder rights and those elected through shareholder votes during official shareholder meetings.

KOMFIN Kft, represented by Giacomo Pedranzini, its Managing Director, holds the Chair of Kometa's Board of Directors.

The functioning of the Board of Directors is guided by **established procedural rules** that govern its operations, delineate power distribution within the body, establish specialized internal units, and outline the Chairman's responsibilities. The members of the Board can perform their duties under an employment or mandate agreement reached with the Company.

Kometa fosters sustainable practices across all levels of the organization, and the active engagement of key functions further solidifies the integration of responsible practices into the company's DNA, reflecting its dedication to conscious business practices. **The governance of sustainability matters is under the direct supervision of the Managing Director,** Giacomo Pedranzini, highlighting its strategic significance within the organization.

GRI 2-9 | **Governance structure and composition**[2]

2021 and 2022

Name	Other positions	Description	Gender	Social Group	Competencies	Stakeholder
Board of Directors						
Giacomo Pedranzini	CEO, Representative of KOMFIN Kft board member	CEO of the company, representative of the majority shareholder Pedranzini family	Male	Italian	Over 20 years as CEO, detailed and experience-based knowledge of Kometa as a Hungarian meat company and industry.	**Pedranzini family**
Amadio Contenti	COO	COO of the company, former CFO in the early 2000's, is in charge of the investment project	Male	Italian	Experienced in production process organization and reimplementation of processes.	**Pedranzini family**
Giuseppe Ballerini	Meat Sales & Logistics Director	Meat Sales and Logistic Director of the company, responsible for the highly profitable meat sales department	Male	Italian	Over 20 years of experience in meat sales, his knowledge of the pig industry drives the company's procurement and production strategy.	**Ruffini family**
Balázs Prohászka	Deputy CEO	Former CEO, currently primarily responsible for HR policy as well as government- and stakeholder related affairs	Male	Hungarian	Legal and tendering knowledge which is a key success factor when Kometa applies for state subsidies	**Pedranzini family**
Gábor Lehoczki	ChiFu FT European Fund Management Zrt - Investment Director	Venture capital investment expert, helping in the elaboration of the strategy of Kometa regarding M&A affairs as well as in financial questions. Primarily was board member delegated by the Kaposvár Municipality to safeguard stakeholders' interests	Male	Hungarian	His experience in corporate finance and investment banking has been valuable during the syndicate agreement of 2021 with MFBI and Zito. He contributes to the investment project by allowing Kometa access to his dense network in the construction industry.	**Pedranzini family**
Margaret Dezse	Board Member - Masterplast	Former partner of E&Y, having followed Kometa for nearly 10 years prior to her membership in the board	Female	Hungarian	Decades of experience in the consulting world, contributing to change management, the development of a more professional organizational culture, in the implementation of risk management system and internal audit.	**Pedranzini family**
Gyula Fülöp	MFBI directorial position	Delegated by MFBI, he safeguards that the public funds invested into Kometa are wisely utilized	Male	Hungarian	His vision and insight to the world of finance is always relevant when Kometa makes decisions about loans and M&A.	**MFBI - Hungarian state**
Luigino Ruffini			Male	Italian	He is a founding partner of Ruf Carni and actively contributed to Ruf Carni becoming one of the leading meat distribution and storage companies in Italy.	**Ruffini family**
Dinko Klepo	Zito Meat Industries - CEO	Currently head of ZMI, he represents the interests of the minority shareholder Zito Group in the board	Male	Croatian	Having worked for key Croatian players in the meat industry, he has turned the ZMI into an EBITDA-positive company	**Pig breeding partners, Zito Group**

[2] The Board of Directors and the Supervisory Board were renewed at the general meeting on 12.07.2021 and will expire on 08.09.2024. The number of members of the Board of Directors (including the chairman) shall be maximum 10 and minimum 5 members, including (i) 3 members appointed by Komfin Kft. (ii) 1 member appointed by MFB Invest Zrt., (iii) 1 member appointed by Žito d.o.o. and additional members of the Board of Directors as elected by the Shareholders' Meeting. The Board of Directors shall have one chairman, nominated by Komfin Kft. Meetings of the Board of Directors shall take place as frequently as required to operate the business of the Company in an efficient manner but in any case, shall take place not less than one time per quarter year.

GRI 405-1 | **Diversity of governance bodies and employees**

	2022			2021			2020		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
< 30 years	-	-	-	-	-	-	-	-	-
30 -50	-	3	2	-	3	2	-	2	2
> 50	1	4	4	1	4	4	-	4	4
Corporate member		***1***			***1***			***1***	
TOTAL	**1**	**7**	**9**	**1**	**7**	**9**	**0**	**7**	**7**

In July 2022 Kometa has developed and adopted a **multi-channel grievance mechanism (whistleblowing) in compliance with the EU legislation**. As a matter of fact, employees can anonymously raise concerns through the intranet, written letters, calls and other channels directed towards the HR.

Once the Human Resources Office receives the communication, it has a 30-days timeframe to respond do the concern, and a total of 90-days to close the procedure.

Kometa's materiality analysis

[GRI 2-29] [GRI 3-1] [GRI 3-2] [GRI 3-3]

Sustainability reporting - as defined by the Global Reporting Initiative (GRI), the world's most widely recognized standard, and its updated 2021 standards - involves transparently communicating with stakeholders. This communication goes beyond sharing the necessary information to comprehend the organization's attributes, ranging from governance to financial performance, but it extends to encompass **the most notable positive, negative, current, or potential impacts. These impacts pertain to the company's contributions and consequences regarding economy, environment, and society.** This approach prompted Kometa to meticulously identify the issues that bear the greatest significance, both according to the company's perspective and in alignment with its stakeholders' viewpoints.

Starting with a comprehensive scenario analysis to understand Kometa's context alongside prevalent trends, policies, and industry best practices, **an initial shortlist of 20 environmental, economic, and social issues with potential influence on the company was formulated in 2022**. In particular, the first step involved identifying the different segments of **Kometa's value chain:** Input supply, Breeding, Slaughter, Processing, Distribution and Wholesale, Retail and finally, Consumption. Through an initial "double impact" exercise, the **impacts – positive and negative, potential and current, experienced and generated** – were identified, described and assessed for each segment of Kometa's value chain. Following this exercise, the relevance of impacts was measured through a technical assessment[3] based on the criteria of **scope, perimeter, irremediability** and **probability**.

Subsequently, the senior management of Kometa engaged in a dedicated session to collectively prioritize these impacts, establishing a materiality threshold. **Out of the 20 candidates, 10 material topics were elevated above this threshold**. These topics are set to guide the company's short-term and long-term commitments, as well as to shape the narrative of its sustainability report.

The list of material topics subsequently underwent validation by experts. **4 prominent opinion leaders within Kometa's value chain were interviewed:**

- **Zsuzsanna Végh**, Senior Corporate Account Manager, and **Gabor Tigelmann**, Head of SME Sales in South-Hungary at Erste Bank, a financial services provider in Central and Eastern Europe;
- **Gábor Fitos**, Managing Director at the Hungarian Pig Breeding Association;
- **Viktor Tamás Sepp**, CSR Purchasing Department Manager at Lidl, the leading FMCG retail chain in Hungary;
- **Danijel Šabić**, Quality Manager at Žito Grupa, a major agricultural company in eastern Croatia and one of Kometa's primary suppliers.

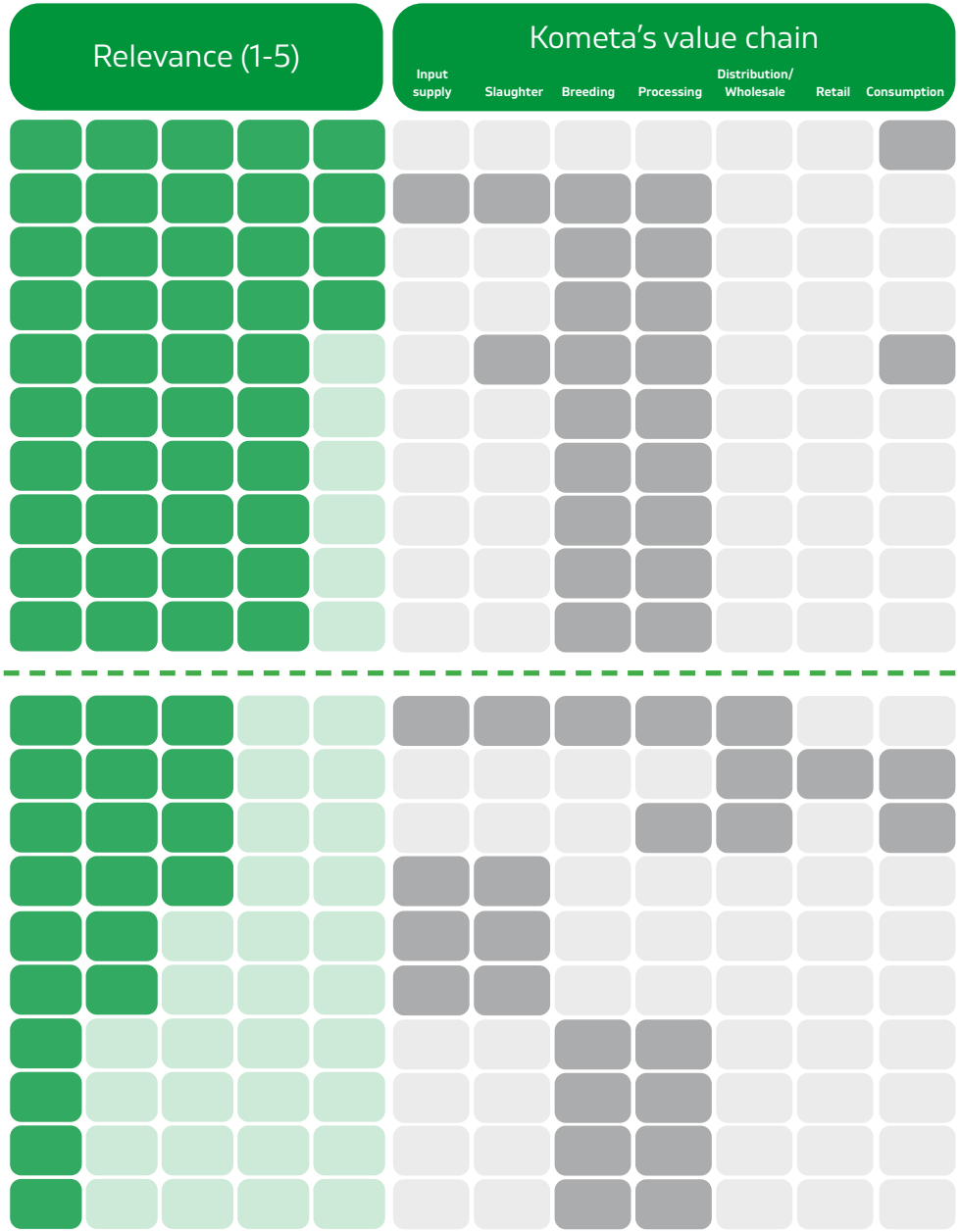
Each of them offered a unique point of view from different experiences, expertise, values and relationships. Their contributions enriched the discourse, culminating in the final prioritization of issues crucial to Kometa's sustainability agenda.

[3] The ratings of impacts by scope, perimeter and irremediability, multiplied by the probability of their occurrence, indicated the significance of each topic which, once normalised, allows the themes to be assigned a priority level from 1 to 10.

The topics that matter

[GRI 3-1] [GRI 3-2]

1	Healthy, nutritious and accessible food	
2	Fair value distribution through the food chain	
3	Industrial production's emissions	
4	Product quality and safety	
5	Animal welfare	
6	Workers' health and safety	
7	Employee engagement and development	
8	Food waste	
9	Technology, innovation and food of the future	
10	Water management	*Materiality threshold*
11	Traceability	
12	Labelling and responsible marketing	
13	Sustainable packaging	
14	Responsible and local procurement	
15	Sustainable and high-quality feed	
16	Agribusiness environmental footprint	
17	Waste and manure management	
18	Diversity, equality and inclusion	
19	Community support and development	
20	Stakeholder dialogue	



Kometa's 10 material topics in brief

Material topic	Kometa's impacts
Healthy, nutritious and accessible food	• Production of high-quality products with a safe and complete nutritional profile; • Promotion of education initiatives to guide consumers towards healthy and nutritious diets and raise awareness to contrast misperceptions around meat consumption, devoting special attention to the most vulnerable segments of the population; • Promotion of sport activities to underline its important link with healthy diets; • Investments in R&D in order to guarantee high nutritional standards studying the various implications across the value chain.
Fair value distribution through the food chain	• Development of policies and practices aimed at levelling the playing field between competitors in the food production chain, being this the responsibility of larger players in the sector; • Adoption of screening practices to diagnose unfair conditions weaker competitors may encounter (e.g., small food processors, farmers etc.); • Stimulating a dialogue with the actors in the food production chain to promote fair and sustainable production practices.
Industrial production's emissions	• Assessment and monitoring of direct and indirect GHG emissions at the industrial production stage from slaughtering to packaging; • Development of sustainable solutions and practices to manage emissions; • Procurement or self-generation of electricity from renewable sources; • Implementation of energy efficient solutions alongside a gradual replacement of the current company fleet with electric vehicles.
Product quality and safety	• Implementation of policies and assessment procedures to maintain high standards of product quality and food safety, avoiding product recalls and other health-related risks; • Obtainment of industry food safety certifications and ensuring suppliers meet food safety guidelines; • Limiting the use of antibiotics to a minimum as excessive use may lead to resistance both in animals and humans; • Promotion of a food safety culture with employee trainings and skills development.
Animal welfare	• Promotion of animal welfare policies and practices from farm to abattoir also in respect of EU and national legislation; • Strict control processes along with staff trainings and veterinary controls from animals rearing to the abattoir; • Reduction of antibiotics use in animal production and management approaches to balance the impacts on public health; • Respect animals' genetic limitations, taking into consideration the maximum number of piglets sows can breed.

Workers' health and safety

- Definition and adoption of workers' health and safety policies;
- Creation of agile models and innovative tools in respect of people's health;
- Dissemination of a corporate health and safety culture by leveraging individual behavior also through benefits and training;
- Processes and protocols to ensure safe working environments for workers across both offices and facilities to prevent incidents.

Employee engagement and development

- Periodic measurement and monitoring of employee satisfaction;
- Development of company welfare and benefit plans (e.g., bonuses, health insurance);
- Initiatives to involve staff in internal decision-making processes to develop a sense of belonging to the company;
- Design and development of transparent professional and career development paths;
- Definition of upskilling and reskilling training programs for employees;
- Processes geared towards attracting and retaining talent also through partnerships.

Food waste

- Reduction of food waste at the procurement, production and distribution levels through the adoption of effective procedures and initiatives;
- Integration of technological innovations to reduce food waste (e.g., AI monitoring);
- Promotion of awareness and education initiatives amongst consumers to promote food waste reduction and healthy eating habits.

Technology, innovation, and food of the future

- Service innovation by leveraging Big Data processing and intelligent monitoring of procurement, production, and distribution;
- Adoption of state-of-the-art food preservation technologies to ensure organoleptic qualities of food are maintained;
- R&D initiatives studying innovative and sustainable food products in response to market and consumers' pressures;
- Promotion of partnerships with research entities and academia to follow macro-trends and monitor societal changes.

Water management

- Reduction of water withdrawals and consumption during slaughtering, processing activities and in offices;
- Management of water-related risks and opportunities through mitigation strategies and practices;
- Efficient management of water and/or wastewater discharge from animal production and cleaning processes, with a view to introducing circular practices;
- Partnerships with universities to develop technologies that maximize production and reduce water consumption and wastewater emissions,

04

Leveraging fair value and innovation

Scenario: food safety preserved through traceability and innovation

9,2 %

the proportion of the world population facing chronic hunger (vs. 7.9% in 2019)

(FAO, 2023)

+6,7 %

the increase in the cost of a healthy diet globally, between 2019 and 2021

(FAO, 2023)

56 %

of European consumers are interested in the impact of diet on their health

(Coop, 2022)

According to the World Health Organization, about 600 million people around the world, nearly 1 in 10 people, get sick after eating contaminated food and 420.000 die each year[4]. Among the world's various industries, the meat market is considered to be the most fragile with various factors affecting its quality and safety. In this scenario, **through traceability and effective monitoring of information throughout the supply chain**, both external and internal contamination factors can be mitigated; technologies and innovations play a crucial role in ensuring this process.

Health is of growing concern due to a global increase in chronic diseases linked to poor diet and reduced levels of physical activity. In Europe today, **59% of adults are overweight or affected by obesity**[5], conditions that increase the risk of diseases such as diabetes, hypertension, and heart inefficiencies. However, the pandemic along with the rise of nutrition-related diseases have led consumers to become increasingly health-conscious and therefore, interested in food quality. The demand of foods with fewer ingredients and minimal processing is subsequently increasing.

As Hungary struggles with economic challenges over the past year, a pronounced trend of downshifting has emerged among consumers, shaping their purchasing behaviors and preferences in notable ways. Specifically, the market has witnessed a **shift away from meat consumption**, where people are opting for more economical alternatives. This led to a decline in meat product demand and a **transition to lower-cost products**, even if they entail compromises in quality, as seen in the preference for lower-quality cold cuts[6]. **As these shifts shape the market, businesses need to remain adaptable and responsive to these evolving consumer preferences.**

Food companies and brands **use technology and innovation to develop new products, improve quality control and make supply chains more sustainable; the global food technology market size is expected to reach $342,53 billion by 2027, with a CAGR of 6%**[7]. It is estimated that demand will grow further if the industry sees the emergence of new innovations related to Big Data processing and intelligent monitoring of sourcing, production and distribution.

Technology is also key in improving traceability of products and processes. In the agrifood processing sector, 82% of Italian companies have implemented digital solutions for traceability, production, logistics and quality control. Among these, blockchain is spreading rapidly: a digital ledger that can map all stages of a food's journey along its supply chain, from field to table, creating a database with protected, immutable data available to consumers[8].

[4] World Health Organization: Food Safety, 2022 [5] WHO Europe, Obesity Report, 2022 [6] Kometa internal study, 2023 [7] Emerge, Research: The future of the food industry: Food tech explained, 2021. [8] Politecnico di Milano e Università degli Studi di Brescia, Osservatorio Smart AgriFood, 2022

Towards our customers

[GRI 3-3] [GRI 416-2]

> "It is needless to underline that food quality and food safety are key issues for players active in the food sector. Whilst at times these are taken for granted, the efforts companies put behind setting in place appropriate structures and tools should not be disregarded and the same applies to all the resources in terms of expenditure and personnel."
>
> **Danijel Šabić**
> Quality Manager
> at Zito Group

Food Quality and Safety

A central focus of Kometa's consumer relationship lies in ensuring the most up-to-date product safety. **Kometa has established a comprehensive Food Safety and Quality policy that is an integral part of its broader Integrated Management System**. This policy adheres to global standards such as the Hazard Analysis and Critical Control Points standard (HACCP), the BRC Global Standard for Food Safety, and the IFS International Featured Standard. Its primary objective is to delineate the responsibilities of the Quality Manager, outline internal protocols, and establish long-term objectives under the guidance of senior management. Kometa subjects itself to multiple audits annually, both external and internal, to uphold these stringent standards.

Moreover, **the company has outlined necessary training for individuals engaged in tasks that impact product quality, safety, and compliance**. This training is integrated into the organization's operational rules and process specifications, ensuring alignment with legal requirements. Mandatory entry training is followed by an assessment. Regular training sessions are conducted biannually, and any additional targeted training arises from internal audits or deviations from established standards.

In terms of quality and safety initiatives, 2022 witnessed the implementation of three pivotal measures. These include a **post-cleaning test designed to guarantee the highest hygiene standards, the expansion of changing room facilities, and an ongoing project involving the installation of a surveillance camera** necessary to detect blue plastics coming from food processing.

Focus: why blue plastic for food application?

Lightweight and versatile, **technical plastics have been successfully used in the processing and packaging of foods for many years.** In addition to the wide range of product compliance requirements for food contact parts, blue detectable plastics further enhance the safety of food production processes and are in full compliance with international regulations.

These days, **blue plastics are widely used in the meat industry to package frozen meat, securing the safety of transportation and handling at every stage of the value chain.** Their extended use is due to their high visibility and rapid in line identification, in the event as a foreign material accidentally falling into the food product. In addition, in food processing lines equipped with detection equipment, users can identify possible fragments of plastic in food.

In 2022 Kometa undertook a thorough examination of its processes and products. This scrutiny revealed a **total of 33 instances of non-conformity concerning the presence of blue plastic**. Of these cases, 17 were observed within the preparation phase, and 16 instances were identified in relation to raw meat, underscoring the need for enhanced vigilance and preventive measures at this critical stage of production.

As for customer complaints, in the 12 months period from January 2022 to January 2023 there have been a total of 284 complaints: 153 regarding meat directly (i.e. packaging issues, labelling problems, bad taste and presence of foreign materials), and 131 concerning processed products (i.e. bad smell and taste, brine separation, presence of foreign materials and problems in the manufacturing process).

The identification of these non-conformities highlights Kometa's commitment to maintaining the highest standards of product quality and safety, reinforcing its dedication to transparency, accountability, and continuous improvement. As a matter of fact, **the installation of such cameras has not proven reliable and resistant enough**, so after 2 consecutive defects in early 2023 they will be removed, refurbished, and later on reinstalled.

As a result, Kometa developed instruments to monitor and enhance its operations, **identifying 3 actions and main focal points.**

1. Implementing a robust **in-process quality control system at the deboning line**, involving the presence of trained controllers, is a critical action. By having skilled personnel overseeing the deboning process, the likelihood of foreign material contamination can be reduced, and any processing deviations can be promptly identified and corrected.

2. Initiating a **water release reduction project within the PP** (Processed Products) process is crucial to tackle complaints about bad smell/taste and brine separation. By optimizing the processing parameters and conditions, such as temperature, pressure, and timing, it's possible to minimize the undesirable release of water and brine.
This will lead to improved product texture, flavour, and appearance.

3. Reinstallation of camera system to be able to detect the marking related errors, presence and content of labels including legal text and traceability information.

-25% reduction of salt content from most of Kometa's products

Overall, **2022 marked a commendable achievement as no product recalls were necessitated** throughout the year, and by proactively implementing these measures, **Kometa aims to bolster its product quality, customer satisfaction, and overall efficiency across its production processes.**

As to its product portfolio, Kometa has made a strategic choice to reduce the salt content of most of its product line by 25%, while also preserving taste. This reduction is especially significant as sodium is a primary contributor to high blood pressure, which stands as a leading cause of cardiovascular issues and strokes[9]. **Furthermore, Kometa diligently monitors antibiotic usage through regular testing of raw materials and final products on a quarterly basis, following the guidelines of the HACCP standard**. This rigorous approach ensures adherence to allowable antibiotic threshold levels. Farmers in the supply chain are also held accountable for tracking and reporting antibiotic usage.

GRI 416-2 | **Incidents of non-compliance concerning the health and safety impacts of products and services**

Incidents of non-compliance with regulations and/or voluntary codes	2022	2021	2020
1. Incidents resulting in a fine or penalty	1	2	1
2. Incidents resulting in a warning	0	0	0
3. Non-compliance with voluntary codes	0	0	0

Close to our community

Over the past decade, Kometa has been dedicated to encouraging customers towards healthier dietary habits, promoting an improved quality of life through a blend of nutritious eating and physical activity. **In this context, Kometa has chosen to actively endorse initiatives within the realm of sports, with a particular emphasis on cycling. This shared purpose has led Kometa to provide substantial support to the Fundaciòn Alberto Contador since 2018** — a non-profit organization established by the esteemed former Spanish cycling champion. This unique endeavor seeks to instill core values such as nutritional awareness and impart essential athletic knowledge to nurture aspiring professional cyclists. Beyond its role in advancing cycling as a sport and advocating for the use of bicycles as a sustainable mode of transport in daily life, the Fundaciòn was founded to raise awareness about adopting a wholesome lifestyle to mitigate the risk of health issues.

Furthering their commitment to sports, Kometa officially presented the EOLO-KOMETA Cycling Team in 2021—an elite road cycling team classified under the UCI ProTeam category.

[9] World Health Organization, Salt Reduction, 2020

The EOLO-KOMETA Team consistently takes part in well-known cycling events, including the Giro d'Italia and the most significant races in both Italy and Spain. The company's commitment to these races underscores their dedication to the sport and their pursuit of excellence on the competitive stage. In 2022, Kometa marked a significant milestone by sponsoring the start of the Giro d'Italia from Hungary.

Additionally, reaching out to young talents aspiring to become future champions, **Kometa initiated the Team Kometa Cycling Academy**. This initiative focuses on sports participation in the Rookie and Very Young categories. Notably, in 2021, a rider from the EOLO-KOMETA Cycling Team, Lorenzo Fortunato, clinched victory in a challenging Giro d'Italia stage. Kometa's presence was also felt at events hosted by the Superior MTB Team and their endorsement of the Eliminator Cup for junior cyclists. Also, in order to help parents and cycling clubs financially, **in 2021 Kometa paid the registration fees of 1.500 national youth athletes as part of the KOMETA-Bringasport U17-U19 retreat and open day series.**

Finally, aside from **annually sponsoring the Tour of Hungary other minor cycling events, Kometa supports local and countrywide sports** like the Maratonman tournament, the Wizz Air Budapest Half Marathon and the local basketball team at Kaposvár, the KOMETA Kaposvári Kosárlabda Klub.

Responsible supply chain

[GRI 3-3] [GRI 204-1]

> "Those who have positions of strength and 'privilege' within the supply chain must feel an even greater responsibility to promote and lead change ensuring fairness throughout."
>
> **Tibor Hollósy**
> Procurement Director and Deputy CEO at Kometa

Fair value along the value chain

As a large meat processing company situated in Hungary, Kometa recognizes the significance of ensuring equitable value distribution across the entire production chain. This emphasis becomes particularly pivotal for the smaller-scale local farmers and breeders who have faced the brunt of escalating prices and inflationary pressures. To address this concern, **Kometa has implemented a payment system for its suppliers, strategically designed to navigate the increasing volatility within the livestock pricing market.**

This is achieved by incorporating a **pricing structure into the purchasing contracts**. These contracts take cues from the performance of the German pig livestock market, allowing for accurate and adaptive adjustments to prices. This not only safeguards the interests of suppliers but also ensures that the compensation remains responsive to prevailing market dynamics.

In 2021, this payment system yielded positive outcomes for the farmers, as Kometa provided financial support to them when pig prices were low. However, in 2022, a significant shift occurred as the market experienced a steep rise in prices due to the rise in raw material and energy prices, which influenced the pricing of pigs. Consequently, the balance tilted, and Kometa experienced a rise along its supply chain, which were then reflected in the final prices for customers and clients.

For this reason, in 2023 Kometa will temporarily suspend the fixed price-contracts, in the effort of finding new and collectively beneficial solutions.

GRI 204-1 | **Proportion of spending on local suppliers**

	2022			2021			2020		
	Procurement budget	Budget spent on local suppliers	Budget %	Procurement budget	Budget spent on local suppliers	Budget %	Procurement budget	Budget spent on local suppliers	Budget %
Cost of livestock, livestock transportation and veterinary (m€)	91,77	61,95	**68%**	92,79	65,88	**71%**	88,98	49,83	**56%**

Transparency in procurement practices

Kometa maintains a strong commitment to transparent and open communication with its suppliers. This commitment is encapsulated in the overarching concept of HonestFood, and as an integral facet of this concept, Kometa actively engages in ongoing dialogues with its suppliers. These conversations serve a dual purpose: upholding principles of fairness and equity in business dealings and addressing areas in need of improvement, such as enhanced animal welfare practices.

Kometa primarily maintains a local supplier base, with a preference for partnerships within a 200 km radius. This localized approach is incentivized by a distance premium, further reinforcing the commitment to supporting nearby businesses. Notably, approximately 68% of Kometa's livestock are sourced locally, within a 200k radius, and no supplier exceeds the 400km radius.

As a matter of fact, even in the cases of the products that are procured from strategic partners, - such as Zito Grupa - in Croatia, the partners are chosen so that they remain within proximity to the Hungarian border, adhering to the geographical scope. This strategic selection not only yields cost efficiencies but also aligns with environmental sustainability goals, minimizing the carbon footprint associated with supplier transportation and alleviating stress on animals during transportation.

68% of Kometa's livestock are sourced locally

Kometa is equipped with a comprehensive Procurement Policy that establishes clear criteria and requisites for the procurement process. This policy addresses a diverse range of materials including livestock, raw meat, spices, casings, additives, auxiliaries, packaging, and labels and it explicitly outlines the roles and responsibilities assigned to the Purchasing Manager and Warehouse Manager in overseeing the material stock, livestock acquisition, ensuring strict adherence to hygiene, safety protocols, and animal welfare standards.

To this end, **a structured questionnaire has been implemented to assess the medical conditions of the livestock and ascertain compliance with animal welfare regulations.** The responses gathered through this questionnaire undergo thorough auditing and evaluation by Kometa's Purchasing Manager. This scrutiny serves as a determining factor in establishing the suitability of suppliers for collaboration.

Sustaining supplier performance at optimal levels is a paramount consideration for Kometa. For this reason, **the company conducts ongoing assessments that are tailored to different supplier categories,** ranging from livestock to meat and auxiliary materials. The assessment criteria encompass 10 KPIs such as quality, volume, packaging, innovation, and documentation, among other pertinent attributes, with a score ranging from 1 to 5 for every KPI. This multifaceted evaluation framework ensures that Kometa maintains a stringent vigilance over supplier performance, reinforcing product quality and compliance with established standards.

Evaluation of suppliers	Number of suppliers	Average score (n)
Meat suppliers	13	4,3
Livestock suppliers	113[10]	3,9
Auxiliary suppliers	153	4,1

[10] World Health Organization, Salt Reduction, 2020

Pioneering innovative solutions

[GRI 3-3]

> "Science and technology continuously evolve; however, it is up to us to take the lead and be guided by a sense of proportion. We must remedy the excesses of recent decades by rethinking methods, practices and techniques together with technology as a key driver."

Mihaly Kabai
Director of Quality,
R&D and Process Improvement at Kometa

KIP, Kometa's innovation pipeline

In Kometa, the driving forces behind innovation are the marketing and Research and Development (R&D) functions. **In 2021, the company established the Kometa Innovation Pipeline (KIP) to introduce a more structured approach and a streamlined channel for innovation-related endeavors.** This process involves meetings that engage various departments to generate ideas, which are then evaluated by four directors based on their potential for business impact.

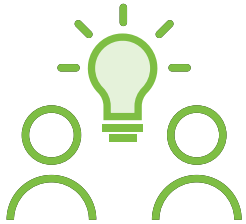
In the fields of meat products, innovation projects focus on enhancing nutritional value, revitalizing specific product categories, and exploring novel packaging solutions. For instance, initiatives may involve refining nutritional content, renovating certain product lines, or even investigating innovative packaging strategies, such as reducing packaging thickness. These projects are categorized based on their phase within the KIP: idea generation, assessment, pilot development, launch planning, or launch and monitoring. They are further segmented by product category and type (e.g., private label vs. branded). A dedicated team is assigned responsibility for each project, with predefined timelines for their development.

The 5 stages of Kometa's Innovation Pipeline (KIP)

1.

Idea generation:

four KIP directors identify innovative ideas stemming from market opportunities and subject them to a qualitative filter for selection.



2.

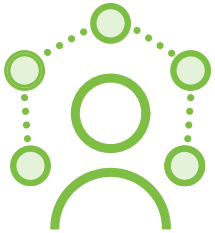
Assessment of potential and feasibility:

ideas undergo quantitative analysis, evaluating market potential, operational viability, and the profitability/risk profile.

3.

Pilot development:

the KIP Team, led by a project leader, refines product specifications for optimal outcomes.



4.

Launch planning:

comprehensive product launch plans are outlined across functional areas before securing approval.

5.

Launch and monitoring:

informed by marketing insights, the four KIP directors execute activities to bring products to market and subsequently track results. This process recurs biannually.

In the year 2022, Kometa successfully introduced a total of **23 new innovations to the market,** underscoring the company's commitment to fostering continuous advancements. Additionally, the company has 13 ongoing innovations currently in the development phase, and 16 innovation projects were regrettably discontinued.

23 the new innovations and product updates launched on the market in 2022

Kemencés Párperces – Ready to use cold cuts.

As a result of the preliminary analysis done in accordance with the KIP, Kometa detected two mobilizing trends in the food sector, opening up an opportunity for growth: **the search for healthy but also convenient solutions.**

This resulted in the development of the **Kemencés Párperces line**, an innovative way to consume ham, ready to "heat and eat". The product holds 3 main characteristics:

- **Health,** eating healthy without effort (100 calories per 100g of product);
- **Convenience,** ready in only two minutes and always available (30 days shelf-life);
- **Pleasure,** great organoleptic performances, meaty texture and good taste.

Kometa's commitment to innovation extends beyond food products and encompasses process refinement and environmental impact reduction.
A notable focus lies on packaging innovation, where Kometa actively explores partnerships with suppliers offering environmentally conscious solutions.
For instance, **Kometa sources FSC-certified cardboard with 80% recycled material content.** Additionally, starting from 2022 Kometa re-designed their carton boxes used for delivery. Specifically, they managed to **reduce by 80% their ink use,** thanks to the shift from multiple color print to single color, and **overall, the cardboard waste was cut down** following the adoption of packaging solutions that serve a dual purpose: distribution packaging and retail display packaging.
This holistic approach underscores Kometa's dedication to advancing innovation across multiple dimensions of their operations.

80% of recycled material content in our packaging cardboard

05

Caring for our environment and animals

Scenario: the pressure and impact on resources are growing

424 mln tonnes

of CO_2 equivalent emitted by agriculture at a European level

(European Commission, 2020)

70%

of water used globally for agricultural purposes

(The World Bank, 2022)

99%

of pigs in Europe spending their lives indoors

(European Food Safety Authority, 2022)

The food industry not only faces the main risks associated with worsening climate conditions such as water scarcity, droughts and extreme weather events but it is also responsible for the release of 18 Gt CO_2 each year globally, equal to 35% of total greenhouse gas (GHG) emissions[11]. **According to the United Nations (UN), almost a quarter of global GHG emissions come from agriculture and other land uses with livestock being one of the main contributors[12].** The production of one kilogram of beef emits 60 kg of CO_2, and that of pork 7 kg of CO_2e [23]. Most of these emissions are composed of methane, as a by-product of animals' digestion process, which is proven to be more harmful than CO_2 as it traps more heat in the atmosphere and has a higher Global Warming Potential (GWP).

In addition to emissions, the meat sector has a strong impact on water consumption due to the highly intense water needs of animals, and to produce livestock feed, such as grains and soybeans, which also need water for their cultivation[14]. The expected increase in the production and consumption of animal products of 14% by 2030 compared to 2018-2020[15], will put further pressure on the globe's freshwater resources. Also, the drought that Europe is recently witnessing will have a major impact on meat production[16].

Nearly 57 million tonnes of food waste (127 kg/inhabitant) are generated in the EU every year with an associated market value estimated at €130 billion[17]. Meat accounts for only about 4% of global food waste but has a higher economic and environmental impact compared to other food groups such as cereals, fruit and vegetables, due to their higher emissions per kilogram ratio. Overall, about 23% of the meat sector's production is lost and wasted. **The largest share is generated at the consumption level, which accounts for 64% of total food waste,** followed by production (20%), distribution (12%) and primary and post-harvest production (3.5%)[18]. Waste is responsible for about 6% of the EU's GHG emissions and unnecessarily burdens limited natural resources such as land and water use.

Global demand for meat has more than tripled over the last 50 years: just between 2016 and 2022, the volume of meat production worldwide has increased from 317 to about 345 million tonnes[19], and as a result leading to intensive pig farming[20]. This constant pressure bears repercussions on animals' reproductive cycles as sows are constantly pushed to increase their litter sizes[21]. Animal welfare is hence crucial to ensure food safety and product quality[22].

[11] M. Crippa, et al., "Food systems are responsible for a third of global anthropogenic GHG emissions", Nature, 2021 [12] UNECE: The Challenge,2021 [13] FAO: Key Finding and fact: 2022 [14] The Heinrich-Böll-Stiftung, Friends of the Earth Europe and BUND: Meat Atlas 2021 - Facts and figures about the animals we eat
[15] OECD: OECDFAO Agricultural Outlook 20212030 [16] Euractiv: Livestock most affected by the EU's drought-induced crop failure, 2022 [17] Eurostat: Food waste and food waste prevention - estimates, 2022 [18] MDPI: Food Loss and Waste in Meat Sector—Why the Consumption Stage Generates the Most Losses? 2021
[19] Statista: Production of meat worldwide from 2016 to 2022, 2022 [20] European Food Safety Authority: Welfare of pigs on farm, scientific opinion, 2022 [21] European Parliament: The EU pig meat sector, 2020 [22] European Food Safety Authority: Animal welfare, 2022

Managing our environmental footprint

In 2021, Kometa implemented an Integrated Management System (IIR) to address its environmental and energy-related requirements. An **Integrated Management System is a collection of interconnected or interrelated elements used for managing and controlling an organization's environmental and energy-related aspects.** Specifically, Kometa's IIR is **aligned with Hazard Analysis and Critical Control Points (HACCP), ISO 14001:2015 (Environmental Management), ISO 50001:2018 (Energy Management), customer requirements, and national and European regulations.** This integration covers activities related to pig slaughtering, cutting, meat product development and production, as well as the processing of animal by-products.

As a result of this framework, **Kometa regularly assesses the environmental factors of its own operations and the associated impacts** and, the following areas are the ones considered during the analysis:

- compliance with legal requirements and decisions;
- identification of significant environmental aspects;
- evaluation of existing environmental protection procedures;
- investigation of past environmental claims or incidents.

In the process of assessing and selecting relevant environmental factors, Kometa places particular emphasis on emissions, energy efficiency, wastewater discharge, waste management, and the responsible use of raw materials and natural resources.

Focus – Revamping Kometa's production Plant

The new investment plan encompasses the construction of a substantial facility covering approximately 38.000 square meters. The primary objective of this project is to **establish a large storage capacity adjacent to the existing factory.** This addition will feature an automated vertical storage system, eliminating the need for external warehouses for commissioning purposes. Moreover, it will facilitate the consolidation of various activities currently conducted on site, including packaging and salami maturation.

The new building has been meticulously designed with a **commitment to employing the best available technology (BAT).** Furthermore, sustainability is at the forefront of the plan, as **renewable energy sources will be used for the heating and cooling systems** within the shared areas, such as the canteen and changing rooms.

This strategic investment reflects Kometa's dedication to optimizing operational efficiency while minimizing its environmental footprint.

Industrial production's emissions

[GRI 3-3] [GRI 302-1] [GRI 302-2] [GRI 302-3] [GRI 305-1] [GRI 305-2] [GRI 305-4]

"The continuously rising energy costs, lead us to think about a sustainable transition. Addressing global challenges such as increasing GHG emissions and higher production costs is becoming more and more important today: a part of the solution is that of rethinking renewables in the energy mix to become more independent and continue to strive for innovation across business activities."

Danijel Šabić
Quality Manager at Zito Grupa

Kometa is intensifying its efforts to combat climate change by implementing changes and enhancements aimed at reducing its energy consumption, thus its greenhouse gas (GHG). As far as energy consumption, overall **Kometa reduced by 11% of its total energy consumption in the last three years.**

GRI 302-1 | **Energy consumption within the organization**[23]

	2022	2021	2020	Var (2020-22)
	GJ	GJ	GJ	%
Direct consumption				
Diesel	5.168	4.887	4.279	+20,8%
Petrol	1.223	588	384	+218,3%
Natural Gas	278.729	305.879	329.299	-15,3%
Indirect consumption				
Electric energy	80.044	81.649	76.324	+4,9%
Total energy consumption	365.165	393.003	410.286	-11%

GRI 302-3 | **Energy intensity**

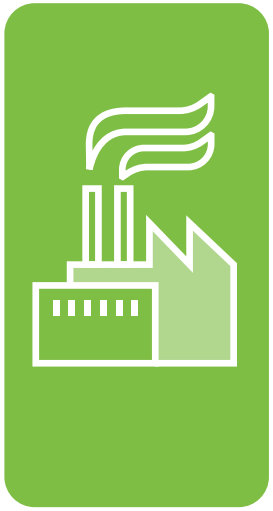
	2022	2021	2020	Var (2020-22)
Absolute energy consumption (GJ)	365.165	393.003	410.286	-11%
Unit of product (tonnes)	73.584	77.104	67.278	+9,4%
Energy intensity (GJ)	4,96	5,10	6,10	-18,6%

[23] Energy calculations takes into consideration all consumption of Kometa's plant. There is no data available for energy consumed outside the organization.

In 2021, Kometa took several **initiatives to enhance its energy efficiency and reduce its environmental impact.** These initiatives included:

- expanding the power grid system by adding 52 submeters and implementing metering software to better monitor energy usage;
- upgrading various air compressors with inverter control functions to optimize their operation and increase energy efficiency;
- renovating two ammonia compressors, which are responsible for cooling spaces within the facility, to improve their efficiency and reduce electricity consumption;
- achieving a significant reduction in natural gas consumption by upgrading boiler technology and constructing a new thermal power plant.

As for GHG emissions, the primary sources are boilers, meat processing operations, and the incineration of pig carcasses. As part of its sustainability commitments, Kometa monitors and reports on its Scope 1 and Scope 2 emissions.



Scope 1 emissions derive from activities directly controlled by Kometa. These are mostly composed of **methane emissions,** which in 2022 amounted to around **4,5k tonnes of CO_2e,** originated from animal waste and meat processing operations. Additionally, there are fuel emissions, approximately 84 tonnes in equivalent CO_2 emissions, and diesel emissions totaling around 362 tonnes. The high diesel emissions are due to Kometa's corporate fleet primarily consisting of conventional vehicles rather than electric ones, with a growing proportion being hybrid vehicles.

Scope 2 emissions encompass the energy-related emissions resulting from Kometa's energy purchases, including electricity, steam, heating, and cooling. In 2022, Kometa consumed about 80 thousand gigajoules (GJ) of energy, primarily from non-fossil fuel sources. Currently, **the company does not rely on renewable energy sources, but it is actively investing in the procurement, development, and installation of photovoltaic systems** in alignment with its sustainability objectives. Kometa has set a target to install 4,2 megawatts (MW) of solar panels by 2025, which will cover 20% of its current electricity consumption.

Emissions during the slaughtering and processing activities occur due to the operation of chimneys connected to natural gas boilers used for heating. These emissions include methane and carbon dioxide and are considered stationary sources of emissions. **Quality tests on these emissions were carried out in 2020,** and the results of the measurements **confirmed compliance with air pollutant limit standards.**

−12% reduction in Scope 1 emissions (2022 vs. 2020)

Additionally, to address potential unexpected pollutant emissions, Kometa replaced the pipes in the cooling system of the meat processing plant to mitigate the risk of ammonia emissions in the event of accidents or technical failures.

GRI 305-1 and 305-2 | **Direct (Scope 1) and Indirect (Scope 2) GHG emissions**[24]

	2022	2021	2020	Var (2020-22)
	tonne CO_2	tonne CO_2	tonne CO_2	%
Scope 1	4.996	5.376	5.701	-12%
Scope 2 – Market Based	10.152	10.355	9.722	4%
Scope 2 – Location Based	7.004	7.144	6.678	5%
Total emissions (Scope 1 + Scope 2 Market Based)	**15.147**	**15.731**	**15.423**	**-2%**
Total emissions (Scope 1 + Scope 2 Location Based)	**12.000**	**12.521**	**12.379**	**-3%**

GRI 305-4 | **GHG emissions intensity**[25]

	2022	2021	2020	Var (2020-22)
Total Emissions (Scope 1 and Scope 2 market based) tonCO_2	15.147	15.731,5	15.423	-1,8%
Unit of product (tonnes)	73.584	77.104	67.278	+9,4%
Total emission intensity (tCO_2eq)	**0,21**	**0,20**	**0,23**	**-10,2%**

[24] Sources of emission factors are reported in the GRI content index [25] Scope 1 and 2 emissions were considered in the calculation. Data are converted to CO_2e

Water management

[GRI 3-3] [GRI 303-1] [GRI 303-2] [GRI 303-3]
[GRI 303-4] [GRI 303-5]

> “ The ever more frequent and severe droughts that Hungary and other European countries are witnessing will increasingly affect the agricultural industry. There are different technologies in agriculture to irrigate the land, and farmers should take advantage of the innovations available to them to save water, especially for animals, that heavily consume this resource. In this context, rethinking how to harness wastewater is also of paramount importance for players in the sector.”
>
> **Gabor Tigelmann**
> Head of SME Sales in South-Hungary
> at Erste Bank

Kometa places significant emphasis on minimizing water consumption, withdrawal, and discharge in its manufacturing and cleaning processes as a central aspect of its environmental management strategy. The water used by the company is sourced from six wells and undergoes a rigorous cleaning and disinfection process. Following this treatment, the water is directed to the heating center for steam production or is supplied directly to the facility as hot or cold water, serving various purposes such as slaughter or in pipelines for heating and cooling.

The water used in production and heating/cooling processes operates within a closed cycle, where steam is eventually condensed and returned to the boiler. In 2022, **Kometa withdrew less than 560 thousand megaliters (ML) of groundwater,** representing a 7,2% decrease compared to 2021.

–7,2% decrease in groundwater withdrawals (2022 vs. 2021)

To manage wastewater effectively, Kometa has built a wastewater treatment facility utilizing the Sequencing Batch Reactor (SBR)[26] system. This technology not only removes mechanical pollutants from wastewater but also incorporates biological treatment processes. Kometa engaged with a specialized company to enhance the efficiency of the wastewater treatment plant. The implemented measures include the implementation of continuous monitoring of oxygen supply during biological treatment and the automation of compressors controlled by measurement signals to reduce sewage sludge generation.

[26] Sequencing batch reactors (SBR) or sequential batch reactors are a type of activated sludge process for the treatment of wastewater. SBR reactors treat wastewater such as sewage or output from anaerobic digesters or mechanical biological treatment facilities in batches.

GRI 303-3 | **Water withdrawal**

	2022	2021	2020	Var (2020-22)
Total groundwater withdrawn (ML)	559.709	603.119	484.390	+15,5%

GRI 303-4 | **Water discharge**

	2022	2021	2020	Var (2020-22)
Water discharge by destination (ML)	All areas	All areas	All areas	All areas
Surface water	381.400	447.654	369.113	+3,3%
Third-party water*	9.422	7.955	7.955	+41,5%

*An example of water discharge effected by third parties is when an organization sends water and water discharges to other organizations for their use. In such cases, the organization must separately report the volume of such water discharge.

GRI 303-5 | **Water consumption**

	2022	2021	2020	Var (2020-22)
Total groundwater withdrawn (ML)	168.887	147.510	108.617	+55,5%

In 2022, 381.400 m³ (0,66 m3/db. pig) of wastewater was discharged to surface waters. The annual weighted average concentration values of treated effluent discharged into surface watercourses did not exceed the threshold values set by the relevant legislation or in the Water Operating permit for any of the constituents. Also, there **was no continuous, intermittent or exceptional water pollution during the year.**

The quality of the discharged effluent is monitored according to the current self-monitoring plan approved by the water authority, with 12 accredited quality tests per year. Based on the results presented, the pollutant components fully and safely complied with the required limit value standards, as shown in the table.

12 accredited quality tests per year

Wastewater discharge by pollutant (2022)

Pollutant	Self-control weighted average raw (mg/l)	Self-control weighted average purified (mg/l)	Limit (mg/l)
COD[27]	2598,90	48,00	110
BOD[28]	2327,40	15,00	25
Ammonia	78,11	1,90	10
Inorganic Nitrogen	78,17	12,21	25
Organic solvent extract	55,58	1,00	30
Suspended solids	1083,86	10,00	200
Phosphorus	11,11	0,45	2

[27] Chemical Oxygen Demand (COD) is a test that measures the amount of oxygen required to chemically oxidize the organic material and inorganic nutrients, such as Ammonia or Nitrate, present in water while they decompose organic matter under aerobic (oxygen is present) conditions at a specified temperature.

[28] Biochemical oxygen demand (BOD) represents the amount of oxygen consumed by bacteria and other microorganisms

Waste management

[GRI 3-3] [GRI 306-2] [GRI 306-3] [GRI 306-4] [GRI 306-5]

> “ Companies must take responsibility for the impact their value chain generates. In this context, effective waste management in the meat production process is an issue that can no longer be overlooked, and players should integrate it within their business operations.”
>
> **Viktor Tamás Sepp**
> CSR Purchasing Department Manager at Lidl

In 2022, the total waste produced by Kometa’s operations reached approximately 12 thousand tonnes, which represented a slight increase from the previous couple of years.

GRI 306-3 | **Waste generated**

	2022	2021	2020	Var (2020-22)
Of which non-hazardous	12.346	12.560	11.125	+11%
Of which non-hazardous (%)	99,96%	99,96%	99,94%	-
Of which hazardous (tonnes)	4,8	5,4	6,1	-22,4%
Of which hazardous (%)	0,04%	0,04%	0,6%	-
Waste generated (tonnes)	**12.351**	**12.565,26**	**11.125,02**	**+11%**

In 2022, there was a reduction in the total volume of hazardous waste production, decreasing from 5.4 tonnes to 4,8 tonnes. Hazardous waste within the plant primarily arises from technical supply activities and includes chemicals, oils, batteries, as well as the containers and materials contaminated by these substances. It's worth noting that in contractual agreements, chemical containers are typically recycled and reused by the supplier, in accordance with the terms specified.

Another notable component of the waste stream is **metal, primarily originating from mechanical components of discarded by-product processing technologies.** The initial collection of hazardous metal waste resulting from technical supply activities takes place at various collection points within the work site, followed by transport to the central facility. To ensure transparent and uncluttered storage conditions at the collection point, hazardous waste is transported or removed in various forms each year. These materials are also stored at the plant's collection point.

On the other hand, **non-hazardous waste remained constant.** Waste categories classified as non-hazardous include items like **municipal waste, meat and other production by-products, and packaging materials,** many of which are then recycled.

GRI 306-4 and 306-5 | **Waste diverted from disposal, and waste directed to disposal**

	2022	2021	2020	Var (2020-22)
Weight of waste diverted from disposal (t)				
Total weight of waste diverted from disposal	**11.543,6**	**11.854,9**	**10.560,8**	**+9,3%**
Of which hazardous waste	3,6	4,8	2,4	+53,4%
Of which non-hazardous waste	11.540	11.850,1	10.558,4	+9,3%
Recycle	11.613	11.850,1	10.558,4	+10,0%
On site	1.467	994,8	-	-
At an external site	10.146	10.855,3	10.558,4	-3,9%

	2022	2021	2020	Var (2020-22)
Weight of non-hazardous waste directed to disposal (t)				
Total weight of waste directed to disposal	735	657,3	530,4	+9,3%
Of which hazardous waste *Incineration (with energy recovery) - offsite*	1,1	-	-	-
Of which non-hazardous waste *Landfilled - offsite*	734	657,3	530,4	+38,4%

In 2021, Kometa produced approximately **178 tonnes of food waste**, which was slightly higher by 3 tonnes compared to the 2021 figure.

Total food waste (2020-2021)

	2022	2021	2020	Var (2020-22)
Total food waste (tonnes)	178	175	163,4	+9%

Animal by-products (ABPs) are **materials of animal origin that people do not consume.** These materials bear the risk of transmitting diseases to humans or animals, if not processed properly. On the other hand, they are mainly of a high nutritional and energetic value and should be used in the best possible way to preserve resources and reduce food waste. This is why animal by-products are sorted into three categories:

Category 1 — the highest risk material

Category 2 — intermediate risk material

Category 3 — low risk material

Kometa's by-products fall under the Category 2 and 3 of waste as there is no high-risk waste produced.

Kometa has entered into a partnership with a contractor[28] specializing in the recycling of each type of Category 2 by-product, creating a genuinely circular process. These products serve as raw materials for pet food manufacturers or are utilized as biofuels for energy production. Specifically:

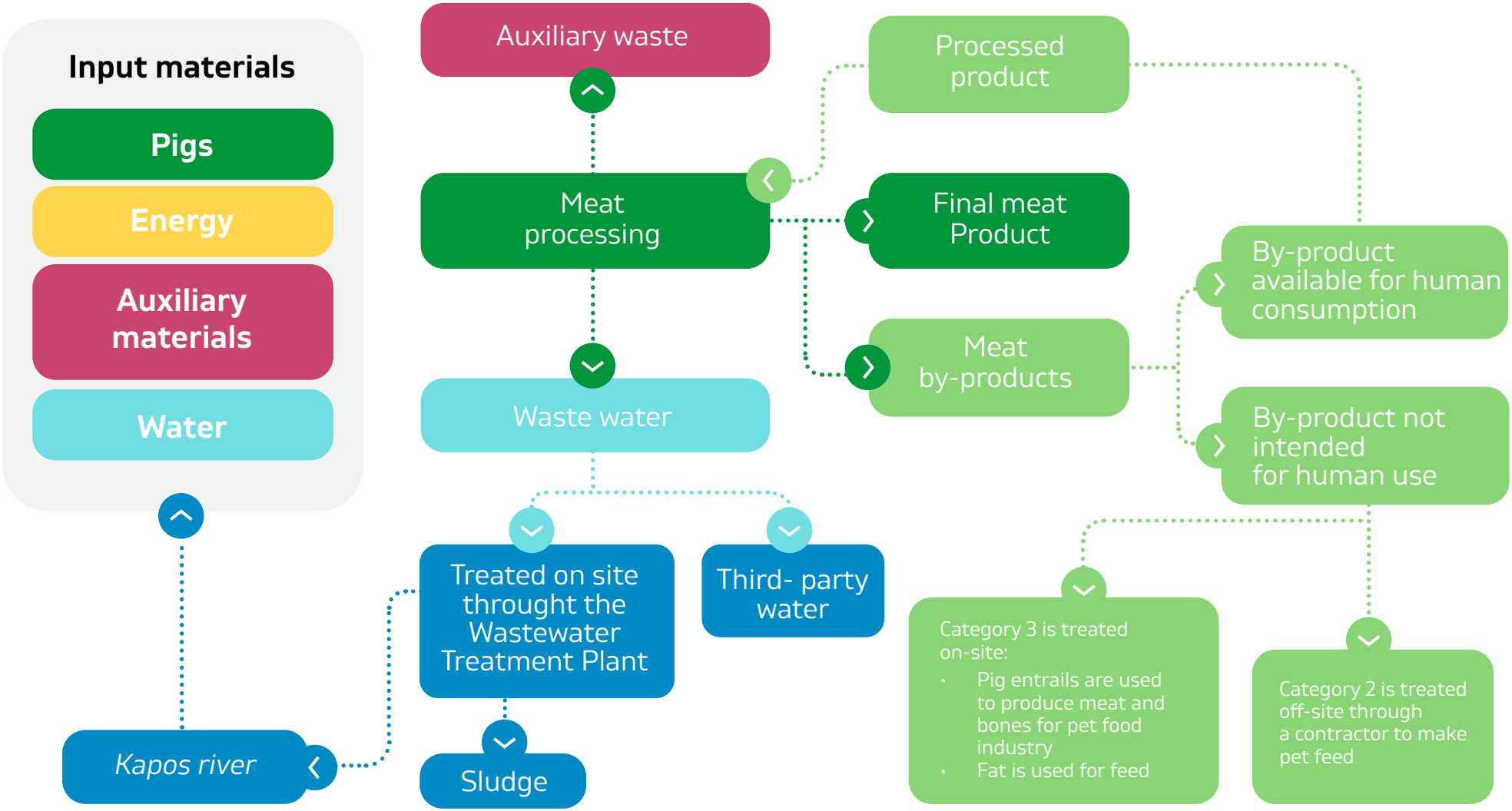
- Sludge from the wastewater treatment plant is composted by a contractor and subsequently used as fertilizer in agricultural fields;
- Deceased pigs during transport undergo heat treatment and are then used as soil conditioner in agricultural fields by the contractor.

In 2021, the company established a by-product plant in Kaposvár, with the primary goal of directly recycling slaughter by-products and treat in-house Category 3 waste. This facility comprises four key components, a supply system, a raw material transfer system, a processing technology plant, and a unit dedicated to eliminating process-related odors and the waste treated are mostly parts that are not suitable for human consumption, such as pig entrails and bones, that are heat-treated to produce meat and bone meal for the pet food industry.

In total, almost 1.500 tonnes of by-products, such as bones, offal, and fat, were recycled on site in 2022.

[28] Kometa is continuously looking for opportunities to reduce and recycle waste internally and with partners. All of Kometa's partners are licensed partners.

Kometa's material flow



Animal welfare

[GRI 3-3]

> “We believe it is important for large meat processors to work closely with farmers and breeders, on the one hand to ensure that they have the appropriate tools to be able to comply with national and European rules and on the other to uphold animal welfare and consequent quality of products.”
>
> **Gábor Fitos**
> Managing Director of the Hungarian Pig Breeding Association

Kometa places a great emphasis on animal welfare, recognizing its central role in the core business, with an average of about 2.400 pigs arriving at the plant daily. Adherence to national legislation and industry standards is meticulously observed to ensure the welfare of animals, encompassing the entire journey from breeding to slaughter. This control process involves four main work phases:

Veterinary inspections: specially trained personnel conducts inspections within the slaughterhouse. Veterinary professionals oversee the entire process, from group breeding to individual animal inspections at the slaughterhouse. They analyze livestock and conduct post-mortem examinations for any signs of distress or illness. All veterinary interventions, including vaccinations, anesthesia, antibiotic use, and anthelmintics, are meticulously recorded in the “Treatment Log.” This log documents treated animals, the drugs used, dosages, treatment start and end times, reasons for treatment, discontinuations, and bears the veterinarian’s signature.

Housing conditions: Kometa maintains proper animal enclosures with optimal temperatures, natural or artificial ventilation, and special attention to preventing heat stress. The ventilation system ensures a continuous supply of fresh air, avoiding discomfort for both the pigs and the staff involved in their care. Alarm systems are installed in areas with artificial or automatic ventilation to promptly notify staff in case of system failures.

Light and dark cycles: pigs are subjected to a controlled light and dark rhythm in their pens, with a minimum of 6 consecutive hours of darkness and 8 consecutive hours of light (natural or artificial, with a minimum intensity of 40 lux). The animals have access to clean, dry resting areas, and their housing allows them to move freely, stand up, and lie down without disturbing other animals. In 2021, green lights and showers were introduced to the waiting room to have a calming effect on the pigs before slaughter.

Medicine use: strict controls are in place for the use of medicines, monitored at the farms and subject to approval by affiliated veterinarians. Annual checks for antibiotics and prohibited substances are conducted through feed and muscle/meat sampling at the slaughterhouse. Medicated feed can only be administered to animals after receiving a veterinary certificate.

Focus – Ventilation systems

Kometa has been putting in the effort in developing a set a of measures concerning the **monitoring of truck ventilators and the activation of the watering system for deliveries exceeding 8 hours.** These inspections are conducted under the supervision of Kometa's security service, which is responsible of the overseeing the assessment of ventilator functionality and the proper functioning of the watering system. To ensure accountability and consistent reporting, a written report detailing the outcomes of these inspections are generated daily, then promptly communicated to the procurement department. This meticulous monitoring mechanism guarantees that the necessary precautions are taken in order to uphold the welfare of transported animals, particularly during extended delivery periods, and to maintain the quality standards expected by the company.

In 2018, **an auditing company audited all operators in the supply chain and provided Kometa with a technical document outlining animal welfare requirements,** particularly concerning breeding, transportation, slaughtering, and the responsible use of antibiotics. **Kometa successfully passed the annual audits in 2021.** The document establishes a comprehensive set of rules and guidelines for the proper handling of pigs to ensure their health, nutrition, and overall well-being.

Concerning animal transportation from the farm to the slaughterhouse, **Kometa's contractors utilize modern vehicles equipped with advanced ventilation systems, compartment divisions, bedding, and animal covers.**

Vehicle ramps adhere to specific standards, with angles set at 20 degrees (36%) for pigs, calves, and equines, and around 26 degrees (50%) for sheep and cattle. Drivers responsible for transporting live animals are required to possess a fitness certificate and a vehicle approval certificate. **In 2022, Kometa provided training to keep them informed and up to date on safe driving, animal transportation, and handling practices.**

To minimize travel time and promote local sourcing, thereby avoiding unnecessary harm or distress to the animals, the company introduced premium incentives in **2022 for transporters who maintained routes within a 200 km distance.**

06

Empowering our people

Scenario: employment trends in the meat processing industry

over 3 thousand
fatal accidents at work in the EU in 2020
(Eurostat, 2022)

14.000
vacancies in the meat sector
(The Guardian, 2021)

×3,7
times employees will recommend their company if they feel cared for
(LinkedIn & Glint, 2021)

The meat industry in Europe employs approximately 1 million people[29]. However, in some countries, unions estimate that a significant number of workers are in precarious employed situations through subcontractors and agencies, often earning 40% to 50% less than their counterparts employed directly in the same factories. **Precarious workers often face indefinite working hours, zero-hour contracts and lack overtime or statutory sick pay benefits**[30]. Simultaneously, the meat industry is experiencing a shortage of personnel. The **Association of Independent Meat Suppliers has reported about 14.000 job vacancies in the industry**, while the British Meat Processors Association noted that these vacancies represent roughly 15% of the sector's workforce[31].

In today's global context, there is a growing emphasis on training to ensure that employees possess the necessary skills for their roles. Additionally, the focus on physical, mental and social well-being in the workplace has become essential to enhance employee satisfaction, resilience and performance. **Employees who perceive that their well-being is prioritized are 3,2 times more likely to be happy at work** (a 35% increase since the start of the pandemic) **and 3,7 times more likely to recommend their company**

[29] The Guardian: 'The whole system is rotten': life inside Europe's meat industry, 2021 [30] The Guardian: Revealed: exploitation of meat plant workers is widespread throughout the UK and Europe, 2021 [31] BBC: Prisoners to plug worker shortage in meat industry, 2021

as a great place to work (+49% since the start of the pandemic)[32]. Consequently, it is increasingly vital for companies to adopt a corporate model that empowers their workforce, offering welfare benefits such as insurance policies, parental leave, and more. This approach is essential not only to maintain a competitive edge in the market, but also to attract and retain top talent within the organization[33].

Another crucial issue in the meat processing sector revolves around the minimization and prevention of **health and safety risks in the workplace**. In 2020, the European Union reported over **3.000 fatal accidents,** which was a decrease of 53 fatalities compared to the previous year. **Employees in the meatpacking industry are regularly exposed to various health and safety hazards,** including exposure to high noise levels, dangerous equipment, slippery floors, musculoskeletal disorders (MSDs), and hazardous chemicals like ammonia[34]. These hazards can lead to a range of health issues, from irritation to severe respiratory injuries and even fatalities[35]. Therefore, it is important for meat companies to implement comprehensive policies and procedures aimed at significantly reducing and preventing occupational exposure to these health hazards.

[32]LinkedIn (2022): Global Talent Trends 2022 | Well-being [33]World Economic Forum: Restoring employee wellbeing for the new world of work, 2022 [34]United States Department of Labour Meatpacking - Overview | Occupational Safety and Health Administration (osha.gov)
[35]International Enviro Guard: how to protect workers from ammonia exposure. 2021

Kometa's workforce

[GRI 2-7] [GRI 2-8] [GRI 2-30] [GRI 3-3] [GRI 405-1] [GRI 401-1]

> "Genuine passion for one's work and competence, understood as the result of the encounter between skills acquired over the years and the drive for innovation and change, are the key factors that qualify Kometa as a solid, reliable and dynamic company, projected towards the desired results."
>
> **Éva Zsirmon**
> Head of Human Resources at Kometa

Kometa is dedicated to enhancing its focus on its workforce, with a commitment to improving existing working conditions and fostering the development and motivation of the professionals who play a vital role in creating and producing its high-quality products. **In December 2022, Kometa's workforce was composed of 891 individuals[36].**

GRI 2-7 | **Employees (cumulated yearly average)**

	2022			2021			2020			Var (2020-22)
	Female	Male	**Total**	Female	Male	**Total**	Female	Male	**Total**	**Total**
Hungary	311,9	462	**773,8**	294,6	485	**779,63**	278	463,2	**741,2**	**+4,4%**
Croatia	2,49	9,6	**12,1**	-	7,7	**7,66**	-	7,1	**7,2**	**+68,8%**
Total	**314,4**	**471,5**	**785,9**	**294,6**	**492,7**	**787,3**	**278**	**470,4**	**748,4**	**+5%**

[36] 891 is the consolidated number of employees as of December 31st 2022. The numbers reported in the tables below are in decimal form because the calculation has been done by full-time equivalent (FTE), as a yearly average calculated per month.

Despite the absence of non-guaranteed employees, challenging labor market conditions witnessed over the past 5 years characterized by shortages of skilled workers, compelled the company to hire about 100 temporary employees in 2020 and 2021. However, in 2022 Kometa drastically reduced this number. In addition, numerous part-time positions were opened (like "mother shifts" in production, operating from 9 a.m. to 3 p.m.) in order to attract an increased number of employees.

GRI 2-7 | Employees by contract, gender and region[37] (cumulated yearly average)

HUNGARY	2022			2021			2020			Var (2020-22)		
	Female	Male	**Total**	Female	Male	**Total**	Female	Male	**Total**	Female	Male	**Total**
Number of permanent employees	311,88	461,92	**773,8**	312,14	467,49	**779,6**	290,98	450,21	**741,19**	+7,2%	+2,6%	**+4,4%**
Number of temporary employees	0	1,84	**1,84**	3,94	32,45	**36,39**	5,29	45,1	**50,39**	-100%	-95%	**-96,3%**
Number of full-time employees	290,58	458,87	**749,5**	293,57	467,49	**761,1**	277,92	450,21	**728,1**	+4,5%	+1,9%	**+2,3%**
Number of part-time employees	21,3	3,05	**24,35**	18,57	-	**18,57**	13,06	-	**13,06**	+63%	-	**+86%**

CROATIA	2022			2021			2020			Var (2020-22)		
	Female	Male	**Total**	Female	Male	**Total**	Female	Male	**Total**	Female	Male	**Total**
Number of permanent employees	2,49	9,61	**12,1**	-	-	**-**	-	7,17	**7,17**	-	+34%	**+68%**
Number of temporary employees	-	-	**-**	5,58	5,29	**10,87**	-	-	**-**	-	-	**-**
Number of full-time employees	2,32	9,61	**11,93**	-	7,66	**7,66**	-	7,17	**7,17**	-	+34%	**+68%**
Number of part-time employees	0,17	-	**0,17**	-	-	**-**	-	-	**-**	-	-	**-**

[37] All employees, except CFO and other Directors, are covered by collective bargaining agreements.

Kometa also contracts workers who are not employees through a third-party company, and they work for Kometa as physical laborers, primarily at the plant. The workforce includes mainly specialized workers (es. cleaning, deboning, packaging, and various physical labor roles). The number of contracted workers typically ranges from 20 to 40 individuals, although peaks like the case of December 2022, when Kometa hired Mongolian foreign workers.

From 2019 to 2022, the distribution of male and female employees across various employment categories remained relatively stable. Among the overall Company population, approximately 5% of executives and managers were male, while 3% female. Among blue-collar workers, 60% were male, and 40% were female.

In terms of age demographics, **the majority of Kometa's employees continue to fall within the 30-50 age group,** a trend that persisted over the three-year period and escalated in 2022. In parallel, the company witnessed a decrease in the number of employees over 50 years old in the past year compared to 2021 and 2020.

GRI 405-1 | **Diversity of governance bodies and employees**

	2022			2021			2020		
	Female	Male	**Total**	Female	Male	**Total**	Female	Male	**Total**
Executives	2	10	**12**	1	8	**9**	1	8	**9**
Managers	42	64	**106**	32	55	**87**	29	52	**81**
Office employees	68	38	**106**	56	33	**89**	51	25	**76**
Factory employees	270	412	**682**	247	417	**664**	241	408	**649**
	< 30 yrs	30-50 yrs	> 50 yrs	< 30 yrs	30-50 yrs	> 50 yrs	< 30 yrs	30-50 yrs	> 50 yrs
Executives	0	5	7	0	2	7	0	3	6
Managers	6	62	38	3	52	32	4	51	26
Office employees	20	64	22	18	53	18	12	44	20
Factory employees	159	316	207	146	322	196	156	315	178

Despite the labor market challenges witnessed over the past years, **Kometa has successfully sustained a consistently rising hiring rate, which escalated from 47% in 2019 to 59% in 2022**. This increase of 12% occurred over a span of just four years.

GRI 401-1 | **New employee hires and employee turnover by age group, gender and region**

	2022			2021			2020			Var (2020-22)		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
< 30 y	56	175	**231**	132	146	**278**	54	143	**197**	-3,7%	+22,3%	**+17,2%**
30 – 50 y	82	127	**209**	71	141	**212**	96	116	**212**	-14,6%	+9,5%	**-1,4%**
>50 y	27	42	**69**	34	39	**73**	11	29	**40**	+154,5%	+45%	**+72,5%**
Total hiring	**165**	**344**	**509**	**237**	**326**	**563**	**161**	**288**	**449**	**+2,55**	**+19,4%**	**+13,4%**
Hiring rate		**56%**			**66%**			**55%**			**+2%**	
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
< 30 y	38	134	**172**	114	135	**249**	33	51	**84**	+15,1%	+162,7%	**+104,8%**
30 – 50 y	80	127	**207**	74	122	**196**	78	39	**117**	+2,6%	+225,6%	**+77%**
>50 y	23	47	**70**	31	31	**62**	21	12	**33**	+9,5%	+291,6%	**+112%**
Total turnover	**141**	**308**	**449**	**219**	**288**	**507**	**132**	**102**	**234**	**+6,8%**	**+202%**	**+92%**
Turnover rate		**50%**			**60%**			**29%**			**+72,6%**	

Thanks to the support of partner agencies, **in 2022 Kometa further extended its workforce by welcoming employees from Mongolia and Ukraine**, showcasing its commitment to supporting communities in need and promoting diversity within the organization.

Similarly to Hungarian employees, foreign new hires undergo an **orientation day and onboarding process**, during which they receive essential information about company rules and opportunities. The company provides accommodations and flight tickets and a contract that lasts 2 years with the intention to retain them. Moreover, to facilitate communication and offer support and assistance to our employees, Kometa has hired an in-house interpreter and an external interpreter and aims to onboard a second external interpreter, in support of their private aspects (e.g. bank administration, general practitioner, etc) as part of its objectives for 2023.

The recruitment of foreign employees is facilitated through multiple agencies with which Kometa collaborates. As for Mongolian hires, the partnership with the hiring agency was put in place in 2022, with the **first group of 20 employees arriving in December 2022,** and were offered to stay at a worker's hostel managed by the partner agency. Notably, none of these employees left the company during the same year.

Additionally, Kometa has shown its commitment to supporting **Ukrainian refugees by employing four workers who remain actively engaged with the company**. The company collaborated with two agencies to help Ukrainian employees: the first agency put the company in contact with 115 employees, of which 11 are currently employed by Kometa. The second agency contacted 34 employees, although none of them continue to work for the company. Furthermore, since the beginning of 2022, Kometa has 4 permanent own Ukrainian employees, continuously supporting their housing and their families.

Employees' engagement and development

[GRI 401-2] [GRI 404-1] [GRI 404-2] [GRI 404-3]

Recognizing the critical importance of attracting and retaining young professionals, Kometa is dedicated to providing and enhancing its employee welfare initiatives. In this regard, the company offers life insurance to all permanent employees, both part-time and full-time, as well as their families. As for parental leaves, it is a legally guaranteed benefit.

To motivate and demonstrate appreciation for high-performing individuals, **Kometa awards an "Employee of the month" with a €375 gross cash prize.** The prize is awarded after the selection by executives and the nomination by directors on the basis of the following criteria:

- their behavior;
- their performance;
- their ability to stand as a role model and motivate other employees to do better.

Once the employees have been selected, the director sends the nomination to HR, which checks if the employee fulfils the requires criteria. Finally, the Managing Director, 2 directors and the HR director select the award winners, presented during the Award Ceremony held every month. **In 2022, 30 employees were awarded**.

Moreover, **the company grants Loyalty bonuses to employees who have been at the company for the last 5 years**. The bonus comprises a cash prize equal to an increasing percentage of their quarter average own salary, depending on the years of stay at the company (range that goes from 3 years to 50 years). In 2022, a total of 130 employees received a loyalty bonus, awarded during 7 ceremonies.

IT-user of the month award is given to the employee who is proactive and makes efforts to be more effective, asks for IT trainings or trains himself. 3 employees got the award in 2022, winning a €380 cash price, the Kometa Package and T-shirts.

Lastly, in 2022 Kometa introduced the **student of the month award**, which was given to 3 students, with the same prices as the IT-user of the month.

Other benefits include a subsidized canteen with a €40 monthly allowance per employee, referral bonuses, and vacation benefits, including access to a holiday home in Lake Balaton for families during the summer.

Prioritizing employee health, Kometa employs an occupational physician who conducts voluntary annual check-ups. Additionally, the company provides over **40 qualified first aiders in the production area who can respond swiftly to employee needs**. Kometa has also established service agreements with a local pharmacy, offering discounted products to employees, and a local hospital, where free annual lung examinations are provided.

Beyond promoting healthy nutrition, Kometa places significant value on an active lifestyle. As a matter of fact, **the company offers daily 'sports bonuses' of around €0.80 to employees who walk or cycle to work, or regularly go to the gym or swimming pools**, recognizing these as forms of exercise easily

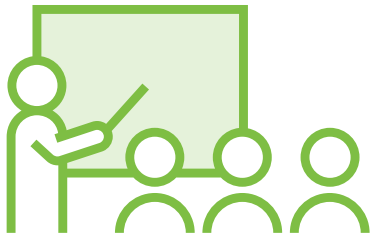
integrated into daily routines. In 2022 51 employees got the bonus, for an overall amount of €4.572.

Kometa fully acknowledges the value of continuous training and development for employees across all organizational levels. The company invests in upskilling opportunities for employees interested in advancing their careers or transitioning to departments requiring different skill sets. **In 2022, a total of approximately 330 hours of training were provided.**

GRI 404-1 | **Average hours of training per year per employee**

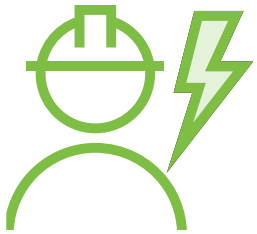
	2022			2021			2020			Var (2020-22)		
	Female	Male	**Total**	Female	Male	**Total**	Female	Male	**Total**	Female	Male	**Total**
Executives	36	36	**72**	40	40	**80**	24	24	**48**	+50%	+50%	**+50%**
Managers	40	40	**80**	40	40	**80**	24	24	**48**	+66,7%	+66,7%	**+66,7%**
Office employees	48	48	**96**	56	56	**112**	32	32	**64**	+50%	+50%	**+50%**
Factory employees	40	40	**80**	40	40	**80**	24	24	**48**	+66,7%	+66,7%	**+66,7%**
Total in Hungary	**164**	**164**	**328**	**176**	**176**	**352**	**104**	**104**	**208**	**+57,7%**	**+57,7%**	**+57,7%**

Various courses were offered during the same year, including:



847 hours

of English and Italian language courses



160 hours

of training sessions focused on electrician skills.

GRI 404-2 | **Programs for upgrading employee skills and transition assistance programs**[39]

2022		2021		2020	
Content	Hours	Content	Hours	Content	Hours
On the job training sessions	**386**	Leadership training – communication/conflict/negotiation	**88**	Accounting training (IFRS)	**240**
First aid and wellness training	**63**	On the job training sessions	**710**	On the Job training sessions	**1.324**
Language courses	**847**	First aid training	**16**	Health & Safety auditor training	**32**
IT trainings	**81**	Language courses	**248**	Language courses	**198**
Conferences	**8**	Qualified accountant	**96**	Excel & other tools	**24**
Total	**1.367**	**Total**	**1.158**	**Total**	**1.818**

GRI 404-3 | **Percentage of employees receiving regular performance and career development reviews**

	2022			2021			2020		
	Female	Male	**Total**	Female	Male	**Total**	Female	Male	**Total**
Executives	0,12%	0,73%	**1%**	0.8%	1,1%	**2%**	0,8%	1,1%	**2%**
Managers	1,50%	3,03%	**5%**	0,8%	2,2%	**3%**	0,8%	2,1%	**3%**
Office employees	1,70%	0,87%	**3%**	1,6%	1,0%	**3%**	1,5%	0,9%	**2%**
Factory employees	0,00%	0,00%	**0%**	0,0%	0,0%	**0%**	0,0%	0,0%	**0%**
Total	**3%**	**5%**	**8%**	**3%**	**4%**	**8%**	**3%**	**4%**	**7%**

[39] Course programs and contents are updated yearly

In 2022, **8% of employees received performance and career development reviews**.

Kometa has established **partnerships with local vocational schools**, offering young students aspiring to become butchers the opportunity to participate in a paid curricular internship while still in school. These students (31 in 2022) work for two days a week and receive a compensation. Also, starting 2022, Kometa started a partnership with an **Electrician and Welding School**, which resulted in the collaboration with 5 students.

Furthermore, Kometa **collaborates with universities for the attraction of young talents**: the Hungarian University of Agriculture and Life Sciences, the University of Pécs and the Budapest University of Technology and Economics. Overall, in 2022 10 students were hired as interns. Furthermore, Kometa gives **the opportunity to selected high-performing employees to enroll in university courses related to fields such as food engineering**.

University	Number of interns
Hungarian University of Agriculture and Life Sciences	4
University of Pécs	5
Budapest University of Technology and Economics	1

Towards a health & safety culture

[GRI 3-3] [GRI 403-1] [GRI 403-2] [GRI 403-3] [GRI 403-4] [GRI 403-5] [GRI 403-9] [GRI 403-10]

Occupational health and safety (H&S) stand as a priority for Kometa, reflecting the company's commitment to preventing workplace risks and minimizing accidents. **Kometa has established an Occupational Health and Safety Policy** that encompasses chemical, biological, and safety risk assessments, health and safety training, the provision of personal protective equipment (PPE), accident investigations, and corrective actions. **Beyond fulfilling legal obligations, Kometa ensures that workers receive annual H&S training courses, amounting to over 500 hours of training in 2022.** Kometa's occupational health and safety management system includes the following k ey elements:

- Conducting risk assessments and appointing a safety manager.
- Providing all employees with job-specific accident and health and safety training.
- Equipping employees with appropriate protective gear relevant to their tasks.
- Ensuring an adequate number of emergency exits and unobstructed escape routes.
- Installing safety guards on all machinery and equipment.
- Investigating all workplace accidents and implementing corrective measures.
- Equipping all areas with first aid kits.

To safeguard employees and local communities from hazardous substances used and stored, such as ammonia, **Kometa has implemented a Damage Control Plan**. This plan identifies hazardous chemicals used in production and conducts risk assessments to evaluate potential impacts both within and outside the company, including factors like mortality rates and environmental damages. Special sensors and mobile measuring instruments are installed to detect issues in the ammonia refrigeration system. In case of emergency, the company provides masks, gas-tight chemical protective suits, and self-contained breathing apparatus, with direct radio communication to the local disaster management authority. **The company's response plan has been reviewed and approved by the Hungarian Disaster Management Authority**. Kometa utilizes an internal reporting system for production problems, with qualified personnel investigating and reporting to local government authorities.

Regarding work-related injuries, **in 2022, Kometa experienced 63 workplace accidents (-2 compared to 2021) resulting in 910 lost working days**. These incidents were primarily attributed to slip, trip, and fall hazards.

GRI 403-9 | **Work-related injuries**

Employees work-related injuries (n)	2022	2021	2020	Var (2020-22)
Recordable injuries	63	65	60	+5%
Injury rate	34,99	40	39,5	-11,4%
of which deaths	0	0	0	-
Death rate	0	0	0	-
of which with serious consequences	0	0	0	-
Severity index	0	0	0	-
Main types of injuries	slip & trip	slip & trip	slip & trip	-
Hours worked (n)	1.800.492	1.632.113	1.519.693	+18,5%

Methodological note

[GRI 2-1] [GRI 2-2] [GRI 2-3] [GRI 2-5] [GRI 2-29]

Kometa's first edition of the Sustainability Report testifies its commitment **to report and transparently communicate to all stakeholders the environmental, social and economic results** achieved by the company in 2022 in a clear, transparent and standardized manner.

In line with the financial statements, this document adopts a reporting scope that includes KOMETA 99 Zrt., the sole entity of the Organization, and **corresponds to the financial year 2022** (January 1st, 2022 – December 31st, 2022) and, when possible, provides a comparison with the data relating to the previous three-year period.

The document was prepared in line with the guidelines provided by the new edition of **the Global Reporting Initiative 's GRI Standards 2021** – now considered the most authoritative and widely used non-financial reporting standard nationally and internationally – according to the ***"with reference to"* reporting option.** In the text, for the contents corresponding to the GRI requirements, the identification codes are given in square brackets [GRI] and the evidence of the contents was not checked by an external auditing Company.

In light of the Standard, the document was built around **10 material topics** defined by the materiality analysis, which identifies a materiality threshold above which a topic is deemed sufficiently important to be reported on. Specifically, the GRI defines material topics as those topics useful to represent the economic, environmental and social impacts generated and incurred by the organization and, therefore, able to influence the decisions of its stakeholders and corporate strategies.

In particular, the first step involved identifying the different segments of **Kometa's value chain**: Input supply, Breeding, Slaughter, Processing, Distribution and Wholesale, Retail and finally, Consumption. Through an initial "double impact" exercise, the **impacts – positive and negative, potential and current, experienced and generated** – were identified, described and assessed for each segment of Kometa's value chain. Following this exercise, the significance of impacts was measured through a technical assessment[39] based on the criteria of **scope, perimeter, irremediability** and **probability**.

In 2022, Kometa's material topics were identified through an analysis process involving the management team and a selected number of **key opinion leaders** within the company's value chain which can be traced back to the company's main stakeholder categories described in more detail in the Materiality Analysis section.

The collection of information and data reported in the Sustainability Report took place in collaboration with **all of Kometa's functions**, each for the activities within its competence, activating an information flow coordinated and supervised by the function of Quality, R&D and Process Improvement.

For further information, please contact

Mihály Kabai (M.Kabai@kometa.hu) or visit www.kometa.hu/it

[39] The ratings of impacts by scope, perimeter and irremediability, multiplied by the probability of their occurrence, indicated the significance of each topic which, once normalised, allows the themes to be assigned a priority level from 1 to 10.

GRI Content Index

[GRI 2]

Declaration of use: Kometa has reported the information mentioned in this GRI content index for the period 1/1/2022 - 31/12/2022 with reference to the

Used GRI: GRI 1 - Fundamental Principles - 2021 Version

GRI Sector Standard(s): Not applicabile

Disclosure	Location
The organisation and its reporting practices	
2-1 Organisational details	Kometa 99 Zrt is a limited liability company located in Kaposvár. All its operations take place in Hungary except for a small company site in Croatia.
2-2 Entities included in the organisation's sustainability reporting	Kometa 99 Zrt Hungary
2-3 Reporting period, frequency and point of contact	The reporting period refers to the fiscal year 2022, from the 1st of January to the 31st of December. The frequency of the report is annual. **Contact point**: Mihály Kabai (M.Kabai@kometa.hu)
2-4 Restatement of information	This document constitutes the first Sustainability Report. Therefore, no adjustments have been made.
2-5 External assurance	• This sustainability report has not been subjected to external assurance. • § Methodological note
Activities and workers	
2-6 Activities, value chain and other business relationships	• § Kometa's value chain • § Our history • § Our brands and products
2-7 Employees	• The data is reported to the Hungarian Statistical Office on a monthly basis, as well as at the end of the year. These figures represent Full-Time Equivalents (FTE) and are calculated as monthly averages for the entire year by gathering employer-level data for each month and then aggregating the values. • In this report, statistical headcount has been used, which it includes everyone who worked during a given month or year. However, if someone did not work for the entire month or year, their contribution is calculated proportionally (not as a whole person). • Kometa's production volume is consistently increasing thanks to ongoing improvements. In 2021, Kometa initiated an extensive investment plan for the next five years. Additionally, the Company has set a goal to reduce overtime hours by increasing our workforce. These factors collectively contribute to the continuous growth of the workforce. • § Kometa's workforce
2-8 Workers who are not employees	• § Kometa's workforce
Governance	
2-9 Governance structure and composition	• § Responsible governance • Tables below

GRI 2-9 | **Governance structure and composition**

The Board of Directors and the Supervisory Board were renewed at the general meeting on 12.07.2021, in addition to the revocation of previous appointments, the terms of office of the newly elected members will expire on 08.09.2024.

2020						
Name	**Other positions**	**Description**	**Gender**	**Social Group**	**Competencies**	**Stakeholder**
Giacomo Pedranzini	CEO, Representative of KOMFIN Kft board member	CEO of the company, representative of the majority shareholder Pedranzini family	Male	Italian	-	**Pedranzini family**
Amadio Contenti	COO	COO of the company, former CFO in the early 2000's, is in charge of the investment project	Male	Italian	-	**Pedranzini family**
Giuseppe Ballerini	Meat Sales & Logistics Director	Meat Sales and Logistic Director of the company, responsible for the highly profitable meat sales department	Male	Italian	-	**Ruffini family**
Balázs Prohászka	Deputy CEO	Former CEO, currently primarily responsible for HR policy as well as government- and stakeholder related affairs	Male	Hungarian	-	**Pedranzini family**
Gábor Lehoczki (Supervisory Board)	ChiFu FT European Fund Management Zrt - Investment Director	Venture capital investment expert, helping in the elaboration of the strategy of Kometa regarding M&A affairs as well as in financial questions. Primarily was board member delegated by the Kaposvár Municipality to safeguard stakeholders' interests	Male	Hungarian	-	**Pedranzini family**
Attila Gombos			Male	Hungarian	CEO of Kapos Holding Zrt.	**Kapos Holding Zrt.**
Luigino Ruffini			Male	Italian	-	**Ruffini family**

Disclosure	Location
2-10 Nomination and selection of the highest governance body	§ Responsible governance
2-11 Chair of the highest governance body	§ Responsible governance
2-12 Role of the highest governance body in overseeing the management of impacts	During quarterly meetings, the Board of Directors reviews and addresses any significant issues pertaining to impact management, and establishes a strategic direction to effectively respond to and mitigate these issues
2-13 Delegation of responsibility for impact management	While there isn't a specific designated role, the Board of Directors has opted for a collaborative approach to address sustainability concerns, with guidance from the Chief Financial Officer (CFO) and assistance from Mihaly Kabai, who is the Director of Quality, R&D and Process Improvement and Gabor Pot, Health and Safety Manager.
2-14 Role of the highest governance body in sustainability reporting	The Sustainability Report is presented to the Board of Directions during one of its quarterly meetings.
2-15 Conflicts of interest	Kometa's Statute regulates the processes for the highest governance bodies to ensure that conflicts of interests are prevented and mitigated.
2-16 Communication of critical issues	Internal procedures and designated roles are in place. During the quarterly meetings of the Board of Directors, any issues raised in the preceding months are thoroughly reviewed.
2-17 Collective knowledge of the highest governance body	Certain members of the Board of Directors undergo training in managerial aspects. Biannually, they convene for a Management Meeting during which external experts may be invited to participate.
2-18 Evaluation of the performance of the highest governance body	At the conclusion of the three-year term, shareholders will assess the performance of board members and make determinations regarding their reappointment.
2-19 Remuneration policies	Remuneration is stipulated within the provisions outlined in the Shareholder's Meeting Resolution. Shareholders have the authority to determine the compensation for the Board of Directors, which is structured as a fixed monthly payment.
2-20 Process to determine remuneration	Following the receipt of a remuneration proposal, shareholders can either approve or reject the proposal. The Board of Directors' compensation is determined each time a new Board is elected and remains fixed for the ensuing three-year period.
2-21 Annual total compensation ratio	See tables below

GRI 2-21 | **Annual total compensation ratio**

	2022	2021	2020
Annual total compensation (€)	2332%	3145%	2094%
Percentage increase in annual total compensation	**15%**	**1%**	**44%**

* For all of the organization's employees excluding the highest-paid individual

Disclosure	Location
Strategy, policies and practice	
2-22 Statement on sustainable development strategy	§ Letter to Stakeholders
2-23 Policy commitments	• In assessing and managing economic, environmental, and social risks, Kometa adopts an approach based on the precautionary principle. • Kometa is committed to working only with entities that demonstrate that they conduct their business responsibly in line with several international principles.
2-24 Embedding policy commitments	By creating its Code of Ethics, Kometa has established a set of principles and rules of conduct to be followed, valid for both the people who work within the Group and for its business partners. The Code of Ethics is signed by all Kometa's associates and suppliers and is the document that governs the inter-company professional relationship.
2-25 Processes to remediate negative impacts	The Code of Ethics sets forth the company's Code of Conduct and outlines the procedures that the Board of Directors must follow in the event of adverse consequences.
2-26 Mechanisms for seeking advice and raising concerns	§ Responsible governance
2-27 Compliance with laws and regulations	See tables below In 2022, Kometa received food inspection fines, NAV (National Tax and Costums Administration) fines and EKAER (Electronic Public Road Transportation Control System) failure fine. The Company paid the listed fines to the competent authority.

GRI 2-27 | **Compliance with laws and regulations**

	2022		2021		2020	
	Number	Fines (€)	Number	Fines (€)	Number	Fines (€)
Instances for which fines were incurred	3	7.158,92 €	6	2.508,05 €	6	7.127,13 €
of which occurred in the current reporting period	3	7.158,92 €	6	2.508,05 €	5	6.953,54 €
of which occurred in previous reporting periods	0	0,00 €	0	0,00 €	1	173,59 €
Instances for which non-monetary sanctions were incurred	0	N/A	0	N/A	0	N/A
Total	**3**	**7158,92**	**6**	**2.508,05**	**6**	**7.127,13**

Disclosure	Location
2-28 Membership associations	Kometa is a member of various associations, including the Chamber of Commerce and Agriculture, the Meat Association, as well as other types of associations such as joint venture associations, the Italian-Hungarian Chamber of Commerce, and the German-Hungarian Chamber of Commerce.
Stakeholder engagement	
2-29 Approach to stakeholder engagement	• § Kometa's materiality analysis • § Methodological note
2-30 Collective bargaining agreements	§ Kometa's workforce
GRI 3: Material Topics 2021	
3-1 Process to determine material topics	§ Kometa's materiality analysis
3-2 List of material topics	• This document is the first Sustainability Report. Therefore, no significant fluctuations have been recorded. • § Kometa's materiality analysis
3-3 Management of material topics	§ Kometa's materiality analysis

Topic Specific Disclosures

Animal welfare

GRI 3: Material Topics 2021	
3-3- Management of material topics	§ Animal welfare
No GRI topic specific available	

Employee engagement and development

GRI 3: Material Topics 2021	
3-3- Management of material topics	§ Kometa's workforce
GRI 401: Employment - 2016	
401-1 New employee hires and employee turnover	§ Kometa's workforce
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employee	§ Employees' engagement and development
GRI 401: Employment - 2016	
404-1 Average hours of training per year per employee	§ Employees' engagement and development
404-2 Programs for upgrading employee skills and transition assistance programs	§ Employees' engagement and development
404-3 Percentage of employees receiving regular performance and career development reviews	§ Employees' engagement and development

Fair value distribution through the food chain

GRI 3: Material Topics – 2021	
3-3- Management of material topics	§ Responsible supply chain

GRI 204: Procurement practices – 2016	
204-1 Proportion of spending on local suppliers	§ Responsible supply chain

Food waste

GRI 3: Material Topics – 2021	
3-3- Management of material topics	§ Waste management

GRI 306: Waste – 2020	
306-2 Management of significant waste-related impacts	§ Waste management
306-3 Waste generated	§ Waste management
306-4 Waste diverted from disposalw	§ Waste management
306-5 Waste directed to disposal	§ Waste management

Healthy, nutritious and accessible food

GRI 3: Material Topics – 2021	
3-3- Management of material topics	§ Towards our customers
No GRI topic specific available	

Industrial production's emissions

GRI 3: Material Topics 2021	
3-3- Management of material topics	§ Industrial production's emissions
GRI 302: Energy – 2016	
302-1 Energy consumption within the organization	§ Industrial production's emissions
302-2 Energy consumption outside of the organization	§ Industrial production's emissions
302-3 Energy intensity	• § Industrial production's emissions • The energy contains all of the consumption in Kometa's plant. (electricity, gas consumption, fuel). Indirect consumption is not involved, because Kometa does not have specific information in that regard. The unit of product is the tonnes of the produced quantity. • The ratio uses energy consumption within the organization (the denominator is taken from GRI 302-1)
GRI 305: Emissions – 2016	
305-1 Direct (Scope 1) GHG emissions	§ Industrial production's emissions
305-2 Energy indirect (Scope 2) GHG emissions	§ Industrial production's emissions
305-4 GHG emissions intensity	§ Industrial production's emissions

Product quality and safety

GRI 3: Material Topics 2021	
3-3- Management of material topics	§ Towards our customers

GRI 416: Customer Health and Safety ; 2016	
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	§ Towards our customers

Technology, innovation, and food of the future

GRI 3: Material Topics – 2021	
3-3- Management of material topics	§ Pioneering innovative solutions
No GRI topic specific available	

Workers' health and safety

GRI 3: Material Topics 2021	
3-3- Management of material topics	§ Towards a health & safety culture
GRI 403: Security Practices – 2016	
403-1 Occupational health and safety management system	§ Towards a health & safety culture
403-2 Hazard identification, risk assessment, and incident investigation	§ Towards a health & safety culture Kometa uses an internal reporting system to report any problem during production, whether related to safety or not. This practice is in line with legal requirements in Hungary, which we cover during safety training sessions. Additionally, in Hungary, it's mandatory to investigate all accidents and report them to the local government authority. These investigations must be conducted by qualified employees as per legal requirements
403-3 Occupational health services	§ Towards a health & safety culture

GRI 403: Security Practices – 2016	
403-4 Worker participation, consultation, and communication on occupational health and safety	§ Towards a health & safety culture Kometa has four voted occupational and health and safety representative. These representatives meet quarterly with the union.
403-5 Worker training on occupational health and safety	Kometa conducts two types of health and safety training for its employees. The first type is an entry-level training program that concentrates on specific job roles, enlightening employees about the risks associated with their new workplace and the operation of machinery. Kometa also imparts knowledge on accident prevention during this training, including the proper utilization of personal protective equipment. The second training initiative is an annual event aimed at disseminating updates such as new processes and showcasing past accidents as illustrative case examples. Additionally, whenever new technologies are introduced, Kometa provides specialized health and safety training for employees who will be working with these innovations.
403-9 Work-related injuries	§ Towards a health & safety culture The method used to calculate the rates in the disclosure is *1,000,000.
403-10 Work-related ill health	§ Towards a health & safety culture

Water management

GRI 3: Material Topics – 2021	
3-3- Management of material topics	§ Pioneering innovative solutions

GRI 303: Water and Effluents – 2018	
403-5 Worker training on occupational health and safety	§ Water management Kometa implements several initiatives related to water management. These include: • continuously monitoring the water pipe system to detect and address any leaks promptly; • providing training to employees on efficient water usage practices; • conducting regular monitoring of discharged water in collaboration with an external laboratory to ensure compliance with environmental standards; • annual groundwater monitoring to check for any pollutants that may impact groundwater quality
303-2 Management of water discharge-related impacts	§ Water management
303-3 Water withdrawal	§ Water management
303-4 Water discharge	§ Water management
303-5 Water consumption	§ Water management

KOMETA

ANNO 1999

Nourishing all generations

Sustainability Report 2022