Statement

on the verification of compliance of Greenhouse Gas Emission Reduction Calculations and Consistency of data provision related to the proper Generation of Carbon Credits

Background

Green Cross Hungary (short name: GCH; full name in Hungarian: '*Magyarországi Zöld Kereszt Egyesület*'; headquarter: H-1023 Budapest, Frankel Leo str. 42–22; registration number: 01-02-0006012; tax number: 18062465-1-41; website: https://www.magyarzoldkereszt.hu) was established in 1994 as a member organization of Green Cross International (short name: GCI; website: www.gcint.org). Green Cross International was founded in 1992 by Mikhail Gorbachev.

The mission of Green Cross is to promote the prevention of conflicts arising from environmental degradation and the increasing demand for increasingly scarce natural resources, and to address global water, energy and environmental sustainability challenges.

Their innovative program proposals, mainly to mitigate the climate crisis, would be difficult to classify in only one category. Green Cross aims to fully implement ecological sustainability and circular economy models and technologies. Green Cross organisations work on self-fund basis, with a focus on overall societal benefit.

International Carbon Cycle (iCC) – the Carbon Mitigation Brand of Green Cross Hungary

International Carbon Cycle (short name iCC; website: https://www.youandicc.com) is a carbon market think-tank established by the experts of Green Cross Hungary. iCC has developed and continuously refines the "QxyS" family of standards for the generation of high-quality Carbon Credits, designed to be compatible with the compliance rules of the Voluntary Carbon Market.

The carbon units generated under this framework (Voluntary Carbon Units – VCUs) are registered in international carbon registries, typically with OurOffset Nonprofit Ltd. (website: https://ouroffset.com), an internationally recognized Hungary-based carbon registry.

Project Developer: MITIGIA CARBON Zrt.

MITIGIA CARBON Zrt. (hereinafter referred to as Mitigia; headquarter: H-2800 Tatabánya, Szent Borbála tér 6, Building C; registration number: 11-10-001772; tax number: 27964671-2-11; website: https://www.mitigia.com) carries out carbon unit generation processes based on proprietary Carbon Crediting Procedures developed by Mitigia and affiliate partners, which serve as the basis for carbon accounting, greenhouse gas emission reduction calculations, and the required documentation.

These Carbon Crediting Procedures qualify as protected know-how and have been recorded as intellectual property with the Hungarian Intellectual Property Office under the voluntary register of works. Mitigia holds exclusive rights to use these Carbon Crediting Procedures without any limitations in time, geography, or manner

of use. As a result, Mitigia is duly authorized to generate compliant Verified Carbon Units on the Voluntary Carbon Market.

The relevant Carbon Crediting Procedure applicable to the present certification, together with its documentation details, is provided in the table below:

Name of Carbon Crediting Procedure	Voluntary IP Registration Number and Date	Carbon Market Verification Number and Date
Post-financing of Waste Recycling Investments through the Issuance of Carbon Credits	014224 / 13 August 2025	GCH-MIT-100915 / 15 September 2025

MPPR: Mitigia's Plastic Recycling–Based Carbon Credit Issuance Program

Within the framework of Mitigia's project development activities and based on the above-mentioned Carbon Crediting Procedure Carbon Units generated as a result of projects implementing plastic recycling in material by Mitigia's contracted partners are registered under the carbon credit issuance program entitled "**MITIGIA Program for Plastic Recycling**" (hereinafter referred to as MPPR).

MPPR is a purpose-built Carbon Credit issuance aggregation scheme established on the legal basis of a service commission arrangement. Based on this service commission structure, Mitigia acts in its own name on the Voluntary Carbon Market and operates as a single-entry-point aggregator, issuing and marketing Carbon Credits. Under the MPPR framework, Mitigia performs these activities for the benefit of its contracted partners, for those green investors who implemented their plastic recycling projects as subject to strict settlement and accounting.

Carbon Units generated under the individual Carbon Crediting Procedures are fully homogeneous, having been created under identical methodologies, calculation approaches, legal frameworks, and verification processes. As a Carbon Credit issuance program, MPPR therefore delivers significant efficiency gains compared to project-by-project standalone issuances for all stakeholders.

On one hand, it substantially reduces and distributes registration and transaction costs for green investors as principals; on the other hand, it enables Carbon Credit buyers to engage in a unified, certificate-based Carbon Offset transaction.

Verification of HOLOFON Zrt.'s Carbon Accounting and Data Provision

Mitigia, acting upon the mandate of **HOLOFON Zrt.** (headquarter: H-2086 Tinnye, Perbáli str 2; registration number: 13-10-041120; tax number: 12376540-2-13; represented by: Ádám Horváth, Chief Executive Officer), as the **Issuer** (hereinafter referred to as the Issuer), prepared the Carbon Unit generation calculations related to the Issuer's waste recycling activities.

On 8th October 2025, the Issuer and Mitigia, acting as a project developer service provider on the Voluntary Carbon Market, entered into an agreement entitled 'Generation of Carbon Units and Individual Contractual Terms of the Service Commission' (hereinafter referred to as the Agreement). Together with Mitigia's General Terms and Conditions (hereinafter: GTC, available at: https://mitigia.com/gtc), the Agreement governs the cooperative legal relationship between the Issuer and Mitigia. Based on the Agreement established between the parties under a service commission arrangement, Mitigia compiled the calculations, attached the supporting datasets, and made all contractual documents and relevant documentation fully available.
The objective of the cooperation between the Issuer and Mitigia is the transparent, traceable, and quality generation of Carbon Units based on the Issuer's green investment, as well as the provision of Carbon Credit Services derived from the Carbon Units generated based on the green investment for the purpose of carbon footprint offsetting by end-users.

To this end, the Issuer established a project (hereinafter referred to as the Project) with Mitigia, the purpose of which is to determine, document, certify, and generate Carbon Units on the Voluntary Carbon Market, corresponding to the CO_2-equivalent emission reductions (hereinafter referred to as the Carbon Emissions Reductions) casually resulting from the Issuer's green investment implementing plastic recycling activities during the Project's Settlement Period from 1st January 2021 to 30th September 2025.

Mitigia, acting as the contracting entity responsible for Carbon Project Development, **requested iCC to review the legal and accounting eligibility of the Carbon Unit Generation** related to material-recovery-based waste recycling, to validate the LCA-based mathematical calculations performed by Mitigia, and to verify the authenticity and completeness of the data and supporting documentation provided by the Issuer. This verification covered the plastic waste recycling technological value chain operating at the Issuer's both production sites located in Tinnye (H-2086 Tinnye, Perbáli str. 2, Hungary) and Annavölgy (H-2529 Annavölgy, land registry no. 0232/6, Hungary) for the above-defined Settlement Period.

Based on the present Verification, the Verified Carbon Units (VCUs) duly generated in compliance with applicable requirements of the Voluntary Carbon Market shall be registered by Mitigia under the Carbon Crediting Procedure entitled 'Post-financing of Waste Recycling Investments through the Issuance of Carbon Credits', within the 'MITIGIA Program for Plastic Recycling (MPPR)' Carbon Credit issuance program established for waste processing enterprises implementing plastic recycling in material.

The Project: Plastic Waste Recycling Investment Developed and Operated by HOLOFON Zrt.

The green investment forming the basis of the Project was implemented at the two locations specified above. Both implementation sites are official operating sites of the Issuer and hold valid regulatory permits authorizing the activity of 'collection and recovery of non-hazardous waste'. Copies of the relevant permits form an integral part of the Project documentation.

Project Boundary Conditions and Key Findings

1. Project Settlement Period covered by the present Verification: 1st January, 2021 – 30th September, 2025.

2. Methodology in use: Mitigia applied its and affiliate partners produced Carbon Crediting Procedure entitled “Post-financing of Waste Recycling Investments through the Issuance of Carbon Credits” for the purposes of Carbon Unit Generation.
3. Validation and ex-post review: iCC/ GCH conducted validation and post-implementation review in accordance with the requirements of the Quality Creative Utilization Standard® (QCUS) v1.
4. Rights to emission reductions: Based on the authenticated legal documentation provided, HOLOFON Zrt. holds the right to account for, utilize and monetize the achieved carbon emission reductions.
5. Operational status and impact: Based on the technological documentation submitted, the investments have been completed, are in continuous operation, and have demonstrably achieved CO_2e savings and displacement throughout the Settlement Period covered by the Carbon Credit issuance.
6. Quantification of the Project’s emission reductions: The CO_2e are clearly quantifiable through the applied calculation methods; accordingly, the volume of the Verified Carbon Units (VCUs) eligible for issuance on the Voluntary Carbon Market can be unambiguously determined based on the amount of avoided CO_2 emissions.

Technological Description

HOLOFON Zrt. collects plastic waste originating from industrial, commercial, and household sources across the hist country (Hungary) through duly licensed industrial, commercial, and public service partners, as well as by using its own waste transport vehicles. The collected waste is typically delivered to the processing sites by truck in baled, palletized, or bulk form.

Waste transported by road to the sites (partially pre-sorted and quality-controlled) is stored in covered storage areas, open concrete storage yards, paved areas in front of the processing halls, and, where necessary, inside the halls themselves. Efforts are made to ensure that incoming waste is processed as promptly as possible.

The first phase of recycling film-type plastic waste is agglomeration, during which the agglomerating equipment shreds the waste into smaller fractions. For solid waste streams consisting of larger and harder plastic components, recycling begins with direct pre-shredding.

For certain waste streams (primarily those received under municipal waste management services) wet cleaning and density-based separation are required following shredding. This washing and separation step removes contaminants and segregates materials by specific gravity.

To produce high-quality recycled plastic re-granulates (classified as secondary raw materials) the cleaned material is homogenized using masterbatches and other additives in accordance with the formulations applied at the facility.

Following homogenization, the dry blend is fed into screw extruders, where it is melted. The molten polymer is forced by the screw through filtration screens and a pelletizing die. The extruded strands are cooled in a water bath and subsequently cut to the required particle size by a granulator integrated into the pelletizing line, resulting in the production of re-granulate.

After granulation, the re-granulates (HDPE, LDPE, PP, PS) are typically packed into big-bag containers, after which it becomes suitable for the manufacture of plastic end products (e.g. detergent bottles, crates, boxes, films, bags, buckets, compressed posts and benches) by plastic processors.

HOLOFON Zrt’s recovery process qualifies as recycling in material, as a result of which the incoming waste materials undergo transformation both physically and legally and thereby cease to be classified as waste.

Technological recycling process is described in Figure 1. below.

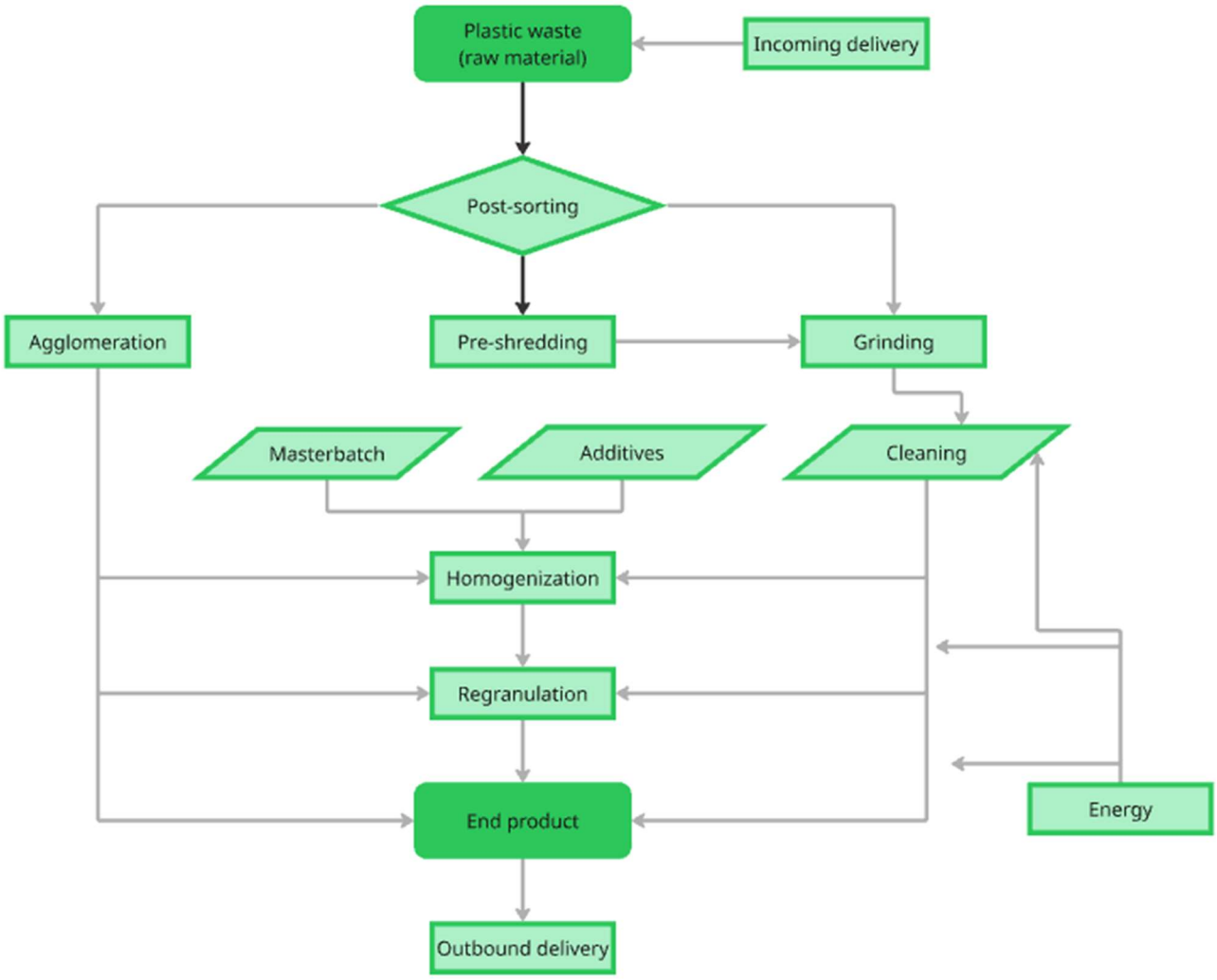

Figure 1: Technological Block Diagram of the Recycling procedure

Considerations Regarding Carbon Credit Generation from HOLOFON Zrt's Waste Recycling Process

The calculation of the Carbon Units to be issued is based on **comprehensive eligibility, accounting admissibility, and life cycle assessment (LCA) analyses**, applying sound economic principles as set out below.

In **calculating the total carbon emissions avoided by the Project**, Mitigia applied the following principles and calculations:

1) **Emission reduction entitlement**: Only those material flows were considered for which the Issuer had acquired ownership, or (in the case of contract work) where the original owner had expressly waived the right to account for the emission reductions in favor of the Issuer.

2) **Regulatory accounting admissibility**: Mitigia considered applicable legal constraints whereby, for material flows legally classified as waste, only recycling activities that voluntarily exceeded regulatory minimum requirements were eligible for accounting. Furthermore, following the entry into force of the Extended Producer Responsibility (EPR) regime, material flows received under the scope of EPR were excluded from carbon accounting. As a result, only 51.85% of the total quantitative output of the recycling activity was eligible for Carbon Unit Generation.

3) **Circular economy criteria**: In line with the definition of the circular economy, only those end products were accounted for where incoming waste materials underwent full physical and legal transformation, resulting in recycled re-granulates that achieved end-of-waste status. Secondary waste generated during the recycling process was excluded from carbon accounting; moreover, the carbon footprint of their alternative waste treatment pathways was deducted from the results. Likewise, materials re-sold without processing and without transformation were not accounted for.

4) **Economic adjustment for downcycling**: The average material and functional degradation of recycled material relative to virgin material (Downcycling) was considered through a market-price-based benchmarking, resulting in an average Downcycling factor of 39.40%.

5) **Avoided emissions calculation**: The total avoided carbon emissions were determined as the sum of

   (i) avoided virgin material production and

   (ii) avoided waste treatment emissions alternative to recycling, using verified GHG emission factors and authoritative public statistical databases. These calculations were supported by regularly verified on-site weighing records of the Issuer and inspection reports from external material testing laboratories and applying both general accounting admissibility correction factor and the downcycling factor.

6) **Completeness of material flow accounting**: During the comprehensive calculation covering all material streams, all incoming and outgoing materials were identified at document level, with no omissions. Given the very large volume of material in- and outflows (exceeding 30,000 individual records), iCC experts conducted document-level verification on a randomly selected sample. The sample-based review identified no documentation gaps or discrepancies relative to the data used in the calculations.

In determining the Project's net Carbon Emissions Gains, the full technological carbon footprint of the Issuer's plastic recycling activity was quantified and deducted from the gross avoided emissions. This operational (overhead) carbon footprint assessment covers the complete resource use of the recycling technology, as follows:

1) **Energy and fuel consumption**: Electricity consumption and fuel use for on-site material handling were documented at invoice level and form part of the Project documentation.
2) **Water use**: The Issuer did not use any piped drinking water in its recycling operations, as the process water demand is fully supplied by on-site wells. The electricity consumption associated with well operation was accounted for within the Project.
3) **Transportation emissions**: Incoming and outgoing material flows were predominantly transported by heavy-duty vehicles via road logistics. The total transport-related carbon footprint was deducted from the Carbon Emissions Gains based on benchmarking data provided by Mitigia.
4) **Process-related GHG emissions**: No additional process-related greenhouse gas emissions were generated during the Issuer's recycling operations.
5) **Management systems and certifications**: The technology and quality management system applied by the Issuer ("Collection and recovery of plastic waste; production of re-granulates") are certified in accordance with ISO 9001:2015 and ISO 14001:2015. Product technical specifications, process descriptions, ISO certificates, and their regular renewals form part of the Project documentation.
6) **Capital investments**: Capital expenditures (CAPEX) required for the recycling technology were fully disclosed. Their carbon footprint was calculated using verified international databases and accounted for in line with the EVA (Economic Value Added) methodology and the Issuer's depreciation policy reflecting actual asset utilization.
7) **Additives**: The use of additives during the recycling process was documented, and the carbon footprint of primary additives (masterbatches and peroxide) was fully included in the calculations.

In its Issuer's Declaration, the **Issuer made the following statements**, which are necessary for the compliant generation of Carbon Units:

1) **Exclusion of Double Counting**: The Issuer declared that it refrains from accounting for the green investment under alternative accounting frameworks, in particular from including it in its ESG reporting, and that it does not permit any third party to do so.
2) **Fulfilment of requirements around Additionality**: The Issuer undertook a full reinvestment commitment, whereby all revenues derived from the provision of Carbon Credit Services (i.e. from the sale of Carbon Credits) shall be transparently reinvested into further climate action. Upon request by Mitigia or any relevant official authority, the Issuer is obliged to provide transparent supporting information regarding such reinvestments.

Results of Carbon Accounting

Based on the Project documentation provided by HOLOFON Zrt, the Project achieved the Carbon emissions Gains (avoided total greenhouse gas emissions) summarized in the table below for the Settlement Period from 1st January, 2021. to 30th September, 2025:

Definition	Description (abbreviation)	Result (kg CO_2e)
Total Carbon Emissions Gains	**Carbon Gain (CG)**	**29 014 922,71**
Avoided Carbon Footprint	**Avoided Carbon Footprint (av CFP)**	**41 440 673,63**
of which: Primary Emission Reduction	Primary Emission Reduction (PER)	31 315 957,64
of which: Avoided Waste Management	Avoided Alternative Utilization (AU)	10 124 715,99
Effective Carbon Footprint of the Project	**Effective Carbon Footprint (EF)**	**12 425 750,92**
of which: Inflow Carbon Footprint	Inflow Carbon Footprint (ICF)	2 140 919,6
of which: Technology Carbon Footprint	Technology Carbon Footprint (TF)	4 716 137,48
of which: Investment Carbon Footprint	Investment Carbon Footprint (INF)	5 568 693,83
Carbon Accounting Eligibility Rate	**Accountability (avg)**	**51,85%**
Volume Adjustment due to Material and Functional Degradation	**Downcycling Factor (avg)**	**39,40%**
Number of Voluntary Carbon Units Issued	**VCU (tCO_2e)**	***29 014,92***

Based on the submitted documentation, including detailed inbound and outbound material flow records and a randomly selected sample verification, it has been determined that **the total number of Voluntary Carbon Units (VCUs) generated by the Project amounts to 29,014.92** units for the period from 1st January, 2021 to 30th September, 2025.

The specific LCA-based calculations were performed by Mitigia using the proprietary Carbon Crediting Procedure entitled “Post-Financing of Waste Recycling Investments with Carbon Credit Issuance”, in conjunction with the requirements of the QCUS (Quality Creative Utilization Standard®) for quality carbon credit issuance. Calculations were carried out using Mitigia’s internally developed Microsoft Excel-based modeling tools. The complete calculation methodology, along with all supporting documentation, forms an integral part of the Project documentation.

Certification of Carbon Emission Reduction

Based on the above carbon accounting data, **the total carbon emissions reduction certified by iCC/GCH for the evaluated Project during the relevant period amounts to a total of 29,014 tCO_2e**.

Accordingly, iCC/GCH considers the issuance and carbon market registration of a total of 29,014 Voluntary Carbon Units (VCUs) as realistic. With this certification, Mitigia, as the Project Developer (or, in this case, the authorized

representative of the Issuer), may approach any Carbon Registry recognized under the Voluntary Carbon Market and, based on this certificate, initiate the registration of CO_2 savings in the form of Verified Carbon Units (VCUs).

Issued: Budapest, 16th December, 2025.

Prepared by:	Verified by:
Peter Galyasz Head of Carbon Division, iCC	Karoly Wisnovszky President, Green Cross Hungary

Note

iCC/GCH will retain the key figures supporting this expert opinion (but not the full input documentation) for 10 years from the date of Carbon Unit registration and will provide them to the competent authority upon official request. At the same time, the Issuer and Mitigia are requested to retain the full Project documentation and relevant data fields containing the input data and supporting records relevant to the Voluntary Carbon Units generated by HOLOFON Zrt. for the examined period of at least 10 years.