

Second-Party Opinion

Raiffeisen Bank Zrt.

Sustainability Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the Raiffeisen Bank Zrt. Sustainability Bond Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Sustainable Forestry and Agriculture, Student Loans, Access to Essential Services, and Employment Generation and Protection: Micro-, Small- and Medium-size Enterprises (MSME) Financing - are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 2, 3, 4, 6, 7, 8, 9, 11 and 15.



PROJECT EVALUATION AND SELECTION Raiffeisen Bank Zrt.'s Sustainability Bond Committee will be responsible for project evaluation and selection in accordance with the eligibility criteria of the Framework. The committee is composed of members of the Bank's local Asset Liability Management Committee, which includes representatives from the Risk, Business and Treasury departments. Raiffeisen Bank Zrt. has an environmental and social risk management process that applies to all allocation decisions in the Framework. Sustainalytics considers Raiffeisen Bank Zrt.'s risk management systems to be adequate and the project evaluation and selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Raiffeisen Bank Zrt.'s Sustainable Portfolio Manager will be responsible for the management and allocation of proceeds on a portfolio basis and will track the proceeds using a sustainability bond register. Raiffeisen Bank Zrt. intends to allocate bond proceeds in full within 36 months of issuance. Unallocated proceeds will be held in cash or cash equivalents, as per Raiffeisen Bank Zrt.'s liquidity policy. This is in line with market practice.



REPORTING Raiffeisen Bank Zrt. intends to report on allocation of proceeds on its website on an annual basis until full allocation. In addition, Raiffeisen Bank Zrt. intends to report on relevant impact metrics. Sustainalytics views Raiffeisen Bank Zrt.'s allocation and impact reporting as aligned with market practice.



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Issuer Location	Budapest, Hungary

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Introduction

Raiffeisen Bank Zrt. (“Raiffeisen” or the “Bank”), a subsidiary of Raiffeisen Bank International AG (RBI), is a bank headquartered in Budapest, Hungary, offering banking products and financial services, such as corporate and investment banking, SME and retail banking. Established in 1986, the Bank employs more than 2,000 people and has 72 branches throughout Hungary.

The Raiffeisen Bank Zrt. Sustainability Bond Framework dated March 2024 (the “Framework”) updates a previous framework of the Bank dated May 2022.¹ The Bank intends to use the Framework to issue sustainability bonds and use the proceeds to finance or refinance, in whole or in part, existing or future loans² to private individuals (such as mortgages), legal entities, municipalities, public sector entities and Schuldschein structures, which are expected to provide environmental and social benefits in Hungary.

The Framework defines eligibility criteria in five environmental areas:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Clean Transportation
5. Sustainable Forestry and Agriculture

The Framework defines eligibility criteria in three social areas:

6. Student Loans
7. Access to Essential Services
8. Employment Generation and Protection – Micro-, Small- and Medium-size Enterprises (MSME) Financing

Raiffeisen engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), and Social Bond Principles 2023 (SBP).³ The Framework has been published in a separate document.⁴

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.15, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Raiffeisen’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Raiffeisen representatives have confirmed (1) they understand it is the sole responsibility of Raiffeisen to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with

¹ Raiffeisen Bank Zrt., “Raiffeisen Bank Zrt. Sustainability Bond Framework”, (2022), at: https://www.raiffeisen.hu/documents/10165/12833/RB_Hungary_Sustainability_Bond_Framework.pdf

² Eligible loans can be loans originated by Raiffeisen or loans or leases originated by its majority-owned subsidiary Raiffeisen Corporate Leasing Ltd.

³ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁴ The Raiffeisen Bank Zrt. Sustainability Bond Framework is available on Raiffeisen’s website at: <https://www.raiffeisen.hu/befektetoi-kapcsolatok>

⁵ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Raiffeisen.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Raiffeisen has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Raiffeisen Bank Sustainability Bond Framework

Sustainalytics is of the opinion that the Raiffeisen Bank Sustainability Bond Framework is credible, impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Sustainable Forestry and Agriculture, Student Loans, Access to Essential Services, Employment Generation and Protection: Micro-, Small- and Medium-size Enterprises (MSME) Financing – are aligned with those recognized by the GBP and SBP.
 - The Framework has defined a look-back period of three years for the refinancing of operating expenditures, which Sustainalytics considers to be aligned with market practice.
 - Raiffeisen has confirmed to Sustainalytics that the Bank will avoid double counting of the allocated proceeds and their associated impacts.
 - Under the Framework, the Bank may finance or refinance project-based lending and general-purpose financing for pure play businesses that derive at least 90% of their revenue from activities identified in the eligible categories under the Framework. Sustainalytics notes that the GBP and SBP favour project-based lending and financing, which generally provides better transparency than non-project-based lending and financing. Nevertheless, Sustainalytics recognizes that the financing of pure play companies through green and social bonds is commonly accepted as an approach that can generate positive impacts.
 - Under the Green Buildings category, the Bank may finance or refinance loans for the construction, acquisition or renovation of commercial, industrial, logistics and residential buildings,⁶ including mortgage loans to individuals and legal entities, in accordance with the following criteria:
 - Commercial, industrial, logistics and residential buildings that meet one of the following criteria:

⁶ Raiffeisen Bank intends to finance buildings that belong to following sectors: office, industrial and logistics including manufacturing units and factories, logistic centres, hotels, retail and healthcare, excluding buildings used for the purpose of extraction, storage or transportation of fossil fuels.

- Certified or pre-certified buildings that have achieved one of the following minimum green building certification levels: i) LEED Gold;⁷ ii) BREEAM Excellent;⁸ iii) DGNB⁹ or ÖGNI Gold;¹⁰ iv) EDGE Advanced.^{11,12}
- Buildings in the top 15% of the national building stock based on primary energy demand (PED).
- In the absence of an assessment of the top 15% energy-efficient buildings, the Bank may finance or refinance buildings that have obtained an energy performance certificate (EPC) rated A for buildings built after 31 December 2023, and an EPC BB for buildings built before 31 December 2023.
- Refurbishment of existing buildings that result in one of the following: i) reduction in PED of at least 30% in relation to the pre-renovation level; ii) improvement in the EPC rating by two rating levels and at least a 30% improvement in energy efficiency; and iii) obtaining a certification at the levels considered eligible under the Framework.
 - Raiffeisen has confirmed to Sustainalytics that: i) only the costs associated with retrofitting will be financed and not the asset value; and ii) the asset value will be financed or refinanced only when the refurbishment or retrofit results in obtaining a certification at the level considered eligible under the Framework.
- Sustainalytics notes that the Framework excludes the financing of buildings used for the storage, extraction or manufacturing of fossil fuels.
- Sustainalytics considers the expenditures under this category to be aligned with market practice.
- Under the Renewable Energy category, the Bank may finance or refinance loans for the acquisition, development, manufacturing, construction, installation, operation, distribution or maintenance of renewable energy generation projects, according to the following criteria:
 - Wind energy projects.
 - Photovoltaic and concentrated solar power (CSP) projects where at least 85% of the electricity is generated from solar energy.
 - Hydropower subject to the following criteria:
 - For hydropower facilities that became operational before the end of 2019: i) have a life cycle carbon intensity below 100 gCO₂e/kWh; or ii) have a power density above 5 W/m²; or iii) are run-of-river plants without an artificial reservoir.
 - For hydropower facilities that became operational after the end of 2019: i) have a life cycle carbon intensity below 50 gCO₂e/kWh; or ii) have a power density above 10 W/m²; or iii) are run-of-river plants without an artificial reservoir.
 - For each new hydropower project, an environmental impact assessment will be conducted by a credible body to ensure that no significant environmental and social risks, negative impacts or controversies have been identified.
 - Raiffeisen has confirmed to Sustainalytics that the Framework will exclude new hydropower projects that are involved in significant environmental or social controversies.
 - Geothermal energy projects with life cycle GHG emissions from the generation of electricity lower than 100 gCO₂e/kWh.
 - Sustainable biomass for electricity generation and biofuel production using: i) waste feedstock, including agricultural or forestry residues, wastewater and sewage sludge; and ii) non-waste feedstock, such as corn. Sustainalytics notes the following:
 - The life cycle emissions intensity of electricity production processes will be below 100 gCO₂/kWh.

⁷ LEED <https://www.usgbc.org/leed>

⁸ BREEAM: <https://bregroup.com/products/breeam/>

⁹ DGNB GmbH, "DGNB", at: <http://www.dgnb-system.de/en/>

¹⁰ The ÖGNI certifies buildings and dwellings according to the DGNB certification system, therefore ÖGNI Gold corresponds to DGNB Gold.

¹¹ EDGE: <https://edgebuildings.com/certify/certification/>

¹² Eligible projects include those that have applied or pre-certified to the certification schemes. In case of a denied certification or a not-sufficient final certification, the loan will be excluded from Raiffeisen's Eligible Loan Portfolio

- Financing of biofuel production processes with improved life cycle emissions resulting in the following minimum emissions reduction over a fossil fuel baseline: i) 50% in installations in operation before 2015; ii) 60% in installations that became operational between 2015 and 2020; iii) 65% in installations that became operational between 2020 and 2025; and iv) 70% in installations that become operational after 2025.¹³
- Biomass will be of sustainable origin and will be certified according to Hungarian Government Decree 821/2021. (XII. 28.), which Raiffeisen has confirmed to Sustainalytics corresponds to the local implementation of the EU RED II Directive and also complies with Directive (EU) 2018/2001.¹⁴ Sustainalytics encourages the Bank to report, to the extent feasible, on the types of feedstocks used by the facilities and projects financed.
- Wastewater and sludge will not be sourced from fossil fuel operations.
- Feedstock production will not take place on land with high carbon-stock, high biodiversity, or peatland, that have been converted for feedstock production since January 2008, in line with EU RED II Directive.¹⁵
- Feedstocks will be subject to a food security impact assessment to demonstrate no competition with food or feed.
- The Bank has confirmed that: i) the financing of peat is excluded; and ii) it will ensure that all the feedstocks will be sourced from certified operations.
- Sustainalytics considers expenditures under this category to be aligned with market practice.
- Under the Energy Efficiency category, the Bank may finance or refinance loans for:
 - Development, manufacturing, infrastructure, installation, implementation and maintenance of products, energy-efficient equipment and technologies that provide at least a 30% improvement in energy efficiency compared to the initial performance. Products, equipment and technologies financed may include LED lighting, instruments and devices used for measuring, controlling and regulating the energy performance of buildings, including zoned thermostats, building automation and control systems, and smart meters.
 - Sustainalytics notes that the Framework excludes financing of products and technologies designed or intended for processes that are inherently carbon intensive, primarily driven or powered by fossil fuels, technologies intended for heavy industries, such as steel, cement, aluminium, oil- or gas-fired boilers, CHP, and cogeneration facilities.
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
- Under the Clean Transportation category, the Bank may finance or refinance loans for the development, manufacturing, acquisition, purchase and modernization of: i) zero emissions vehicles; ii) low carbon infrastructure; and iii) key components for EVs, in accordance with the following criteria:
 - Zero direct emissions vehicles, including: i) passenger cars; ii) light commercial vehicles, such as vans; and iii) public transport vehicles, such as buses, trucks and rails. The Bank confirmed that such expenditures will exclude vehicles used for the transportation of fossil fuels.
 - Low-carbon transport infrastructure, including electric charging points, electricity grid connection upgrades, hydrogen fuelling stations, rail networks, highspeed railway lines, electric railway lines, pavements, bike lanes and pedestrian zones.¹⁶ The Bank confirmed that such infrastructure projects will exclude: i) standalone parking facilities; ii) new construction of roads and existing road retrofits, including bridges; and iii) fossil

¹³ The Bank has confirmed that the fossil fuel baselines for biofuel production facilities will be: i) biofuels for transportation: 94 gCO₂e/MJ; ii) bioliquids for the production of electricity: 183 CO₂e/MJ; and iii) bioliquids for the production of heat: 80 CO₂e/MJ.

¹⁴ European Union, "Regulation (EU) 2018/2001 of the European Parliament and of the Council", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L2001>

¹⁵ Ibid.

¹⁶ For this Second Party Opinion, Sustainalytics has only assessed the certifications expressly listed in the Framework.

- fuel filling stations and other assets that may prolong the life or facilitate the use of fossil fuel-powered transport.
- Key components for EV such as copper foil for EV battery production. The Bank confirmed that it will exclude components which are wholly dedicated to or intended for ICE and CNG passenger cars and its supply chain.¹⁷
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
- Under the Sustainable Forestry and Agriculture category, the Bank may finance or refinance loans for projects related to sustainable forestry and sustainable agriculture.
- Sustainable Forestry projects may include afforestation and reforestation, preservation or restoration of natural landscapes and urban greening projects, such as parks and green areas. Sustainalytics notes the following:
 - Eligible projects will have in place a sustainable forest management plan certified by the Forest Stewardship Council (FSC)¹⁸ or Programme for the Endorsement of Forest Certification (PEFC).¹⁹
 - Plants and tree species used for afforestation or reforestation will be native or well adapted to local conditions.
 - Sustainalytics considers investments under this category to be aligned with market practice.
 - Sustainable Agriculture projects may include:
 - Acquisition, maintenance and management of certified agricultural practices, such as carbon sequestering through crop rotation, reducing tillage, decreasing bare fallow, cover cropping and diversifying crop, rotational grazing, and precision agriculture projects that have achieved, are expected to achieve or are pre-certified²⁰ under EU Organic or equivalent national certification schemes. Raiffeisen has confirmed that the certifications used will be based on approval by control bodies and authorities for equivalency and in compliance with regulation EU 2018/848. Sustainalytics notes that it is market expectation to specify all eligible schemes and encourages the Bank to report on any other schemes they intend to use.
 - Financing of sustainable agriculture products and raw materials certified by the Biomass Biofuel Sustainability Voluntary Scheme (2BSVs)²¹ or Farm Sustainability Assessment silver.²²
 - The Bank may also finance activities that support the adoption, promotion and implementation of conservation agriculture practices, such as soil enrichment through biological nitrogen fixation, integrated pest management, and no-till farming systems that meet the requirements of the UN Food and Agriculture Organization (FAO)²³ or equivalent requirements by certifications implemented at a national level. Sustainalytics notes that it is market expectation to specify all eligible schemes and encourages the Bank to report on any other schemes they intend to use.
 - Projects such as restoration of wetlands for treatment of invasive species, cleaning sediment sites, seeding, planting, maintenance and monitoring wetlands. The Bank has confirmed that the projects financed under this activity will exclude purchase and distribution of inorganic or synthetic fertilizers, pesticides and herbicides.
 - Land rehabilitation and remediation projects, including: i) preservation and conservation of biodiversity, natural habitats and landscapes, such as forests, marshes, creeks and coastal ecosystems; ii) promotion, restoration or

¹⁷ Raiffeisen confirmed that suppliers from sectors in the exclusionary list of the Framework will also be excluded from this expenditure.

¹⁸ Forest Stewardship Council: <https://fsc.org/en/fsc-standards>

¹⁹ PEFC: <https://www.pefc.org/>

²⁰ Eligible projects include those that have applied or pre-certified to the certification schemes. In case of a denied certification or a not-sufficient final certification, the loan will be excluded from Raiffeisen's Eligible Loan Portfolio

²¹ 2BSVs: <https://www.2bsvs.org/what-is-the-2bs-association.html>

²² Sustainable Agriculture Initiative Platform, "Farm Sustainability Assessment", at: <https://saipplatform.org/fsa/>

²³ FAO, "Conservation Agriculture", at: <https://www.fao.org/conservation-agriculture/en>

- preservation of biological diversity in urban areas, such as green spaces and parks; and iii) soil remediation projects. The Bank has confirmed the following:
- Land rehabilitation projects will use tree species well adapted to the site's conditions and will have a sustainable management plan in place certified by FSC or PEFC.
 - Soil remediation projects will not be related to the contamination or negative environmental externalities from the Bank's or its borrowers' own activities.
- Sustainalytics considers expenditures under this category to be aligned with market practice.
- Under the Student Loans category, the Bank may finance or refinance student loans to all prospective students, regardless of their financial or social condition, who meet the following criteria: i) students must be aged between 18 and 44; ii) students must have domestic and primary residency in Hungary; iii) students must be enrolled in study programmes from a public or state-accredited university in Hungary; and iv) students must be enrolled in eligible study programmes, which are first undergraduate degree, second degree, master's (postgraduate studies) and doctorate studies. Sustainalytics notes the following:
- The loans will be limited to education-related expenses of the students and will be repaid over a long term, at a lower interest rate than conventional loans.
 - The Bank has confirmed that it has policies to enforce responsible lending practices to assess a potential borrower's financial situation, help them understand the terms of loans and avoid predatory lending.
 - Sustainalytics notes that the Bank intends to finance the student loans with the aim of enhancing access to tertiary education for the general population in Hungary and that the Framework does not limit financing of such loans for a specific target group such as socio-economically disadvantaged students. Sustainalytics further notes that Hungary has one of the lowest rates of tertiary education in the EU, particularly among individuals aged 25 to 34 years. In addition, only 3% of socioeconomically disadvantaged students in Hungary apply for tertiary education, consequently constraining the supply of highly skilled workers in the country.²⁴
 - Sustainalytics considers financing of student loans enabling access to tertiary education in Hungarian context to be socially impactful and encourages the Bank to limit these loans to socioeconomically disadvantaged individuals.
- Under the Access to Essential Services category, the Bank may finance or refinance loans related to healthcare and affordable basic infrastructure according to the following criteria.
- Healthcare expenditures:
 - Social loans provided for the construction, acquisition, renovation, expansion, and maintenance of not-for-profit healthcare facilities accessible to all and providing services free of cost or at subsidized rates, including: i) hospitals; ii) diagnostic and other laboratory services; iii) rehabilitation centres; iv) assisted living; and v) homes for the elderly. Such facilities may also include: i) assisted living and homes for elderly and people with diminishing autonomy who can no longer live alone or without assistance in their homes, dependent elderly people (aged 65 years or above) and people in need of medical care; ii) rehabilitation centres for people suffering from substance abuse.
 - Production and distribution of medical equipment and supplies for vulnerable groups, such as children, women and elderly people, aimed at addressing: i) a discernible need such as treatment of undertreated diseases; ii) a gap in availability of essential medicines; iii) major diseases. The Bank has confirmed that such equipment and supplies will be made affordable through public health systems or will be available to all regardless of their ability to pay. Further, the Bank has confirmed that the manufacturers financed under the Framework will be limited to those that generate at least 90% of their

²⁴ European Commission, "Education and Training Monitor 2022: Hungary", (2022), at: <https://op.europa.eu/webpub/eac/education-and-training-monitor-2022/en/country-reports/hungary.html>

revenue from affordable generic medication and will exclude financing of manufacturers in areas where there is a risk of prohibitive pricing for low-income populations.

- Sustainalytics considers investments activities enabling access to healthcare facilities and medical equipment where affordability is ensured for all to be socially impactful.
 - Affordable Basic Infrastructure may include projects (and related infrastructure) aimed at the development of underserved and underdeveloped regions that lack such infrastructure in Hungary.²⁵ Such projects and related infrastructure may include: public transport and related infrastructure, such as roads and bridges to increase connectivity in underdeveloped areas; sanitation infrastructure; high speed internet; telecommunications; electricity; and access to clean drinking water. The Bank has confirmed that it will exclude electricity-related infrastructure related to transmission grids connected to a dedicated fossil fuel power plant (coal, oil or natural gas). For roads and bridges, the Bank confirmed that such activities will exclude the upkeep and upgrade of major roads and highways. Sustainalytics considers investments in infrastructure development in underserved and underdeveloped regions to be socially impactful.
 - Under the Employment Generation and Protection - Micro-, Small- and Medium-size Enterprises (MSME) financing category, the Bank may finance loans to MSMEs: i) as defined in line with the definition of the European Commission;²⁶ ii) located in underserved and underdeveloped regions of Hungary;²⁷ and iii) entities that are not engaged in business activities on the exclusion list of the Framework.²⁸ Based on the this, Sustainalytics considers financing micro, small and medium enterprises focused on employment generation to be socially impactful.
- Project Evaluation and Selection:
 - The Bank's Sustainability Bond Committee will be responsible for project evaluation and selection in accordance with the eligibility criteria under the Framework. The committee consists of members from the Bank's local Asset Liability Management Committee, which includes representatives from the Risk, Business and Treasury departments.
 - The Bank has developed an ESG risk management process to assess the environmental and social risks associated with eligible projects and assets. The Bank has established an ESG risk management process to identify and mitigate environmental and social risks associated with projects and activities that may be financed under the Framework as part of its standard credit review process. Sustainalytics considers the environmental and social risk management system to be adequate and aligned with market practice. For additional details, refer to Section 2.
 - Based on the presence of a project evaluation and selection process and an environmental and social risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Raiffeisen's Sustainable Portfolio Manager will be responsible for the management and allocation of proceeds on a portfolio basis and will track the proceeds using a sustainability bond register.
 - The Bank intends to allocate net proceeds within 36 months of issuance. Pending allocation, proceeds will be temporarily held in cash and cash equivalents as per the Bank's liquidity policy.

²⁵ The Bank defines underserved regions as those that lack good quality access to essential goods and services in EU cohesion areas. A region is considered less developed if its GDP per capita is lower than 75% of the EU 27 average and lower than the average GDP of all regions in Hungary. As of 2020, all NUTS2 regions in Hungary were below these thresholds with the exception of Budapest. Eurostat, "Most EU regions record an increase in real GDP in 2022", (2024), at: <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20240220-2>

²⁶ European Commission, "SME Definition", at: https://single-market-economy.ec.europa.eu/smes/sme-definition_en

²⁷ The Bank defines underserved regions as those that lack good quality access to essential goods and services in EU cohesion areas. A region is considered less developed if its GDP per capita is lower than 75% of the EU 27 average and lower than the average GDP of all regions in Hungary. As of 2020, all NUTS2 regions in Hungary were below these thresholds with the exception of Budapest. Eurostat, "Most EU regions record an increase in real GDP in 2022", (2024), at: <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20240220-2>

²⁸ Sustainalytics notes that Raiffeisen excludes financing activities to businesses that are related to defense and weapons, nuclear energy, fossil fuel energy, mining, alcohol, tobacco and gambling activities, under the Framework.

- Based on the commitment to a tracking mechanism to allocate proceeds and the disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - The Bank intends to report on the allocation of proceeds and corresponding impact on its website annually until full allocation. In case of any material changes to the loan portfolio before the bond reaches maturity, Raiffeisen will reflect such changes in the allocation and impact reporting.
 - Allocation reporting will include the total volume of green, social and sustainability bonds issued, the total amount and number of eligible loans, the total amount of proceeds allocated to eligible loans, a breakdown by eligible categories and the balance of unallocated proceeds, if any.
 - Impact reporting may include performance indicators such as estimated annual energy savings (in MWh), estimated annual reduced or avoided GHG emissions (in tCO₂e), type of scheme and certification level, if applicable, installed renewable energy capacity (in MW), expected annual renewable energy generation (in MWh), number of people using public mass transportation, and total land area certified.
 - Based on the commitments to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Raiffeisen Bank Sustainability Bond Framework aligns with the four core components of the GBP and SBP.

Section 2: Sustainability Strategy of Raiffeisen

Contribution to Raiffeisen Bank Zrt.'s sustainability strategy

Raiffeisen integrates ESG considerations into its lending portfolio by aligning with RBI's group-wide Sustainability Strategy, which focuses on the following three pillars: i) reduce the environmental impact of operations; ii) being a fair partner to employees and business partners; and iii) being an engaged citizen of the communities where it operates.²⁹

To reduce environmental impacts of its own operations, RBI has set group-wide emissions reduction targets in line with Science Based Targets initiative (SBTi) to achieve 40% reduction in its scope 1 and 2 CO₂ related emissions by 2040, with an interim target of 25% reduction by 2030.³⁰ Since 2020, RBI has been accounting for emissions from its financed portfolio based on the PCAF standard, including business loans, sovereign debts, corporate bonds.³¹ Additionally, in 2021, RBI became an official signatory to the UN Principles for Responsible Banking. The Bank also reports its climate-related disclosures as per the recommendations of the TCFD and ESG disclosures in line with the requirements of the European Banking Authority.³²

Sustainalytics is of the opinion that the Raiffeisen Bank Sustainability Bond Framework is aligned with RBI's group-wide sustainability strategy and initiatives, and will further the Bank's actions on its key environmental priorities. Sustainalytics recognizes the Bank's commitment to further its sustainability initiatives and encourages RBI to develop and publicly disclose its sustainability roadmap, establish quantified time-bound targets and report on its progress towards them.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental or social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Raiffeisen plays a limited role in the development of the specific projects it finances, but by offering lending and financial services, it is exposed to environmental and social risks associated with the eligible projects. Some key environmental and social risks associated with the eligible projects may include

²⁹ Raiffeisen Bank International, "Sustainability Strategy Framework", at: <https://www.rbinternational.com/en/raiffeisen/sustainability-esg/strategy-governance/sustainability-strategy-framework.html>

³⁰ Science Based Targets initiative, "Raiffeisen Bank International AG", (2022), at: https://sciencebasedtargets.org/resources/files/Target-language-and-summary_Raiffeisen-Bank-International-AG.docx.pdf

³¹ Raiffeisen Bank International, "Sustainability Report 2023", (2023), at: <https://www.rbinternational.com/content/dam/rbi/ho/home/sustainability-esg/governance/sustainability-reports/english/RBI%20Sustainability%20Report%202023.pdf.coredownload.pdf>

³² Ibid.

issues related to: i) land use and biodiversity issues associated with infrastructure development; ii) effluents and waste generated in construction; iii) occupational health and safety; iv) business ethics and predatory lending; and v) community relations.

Sustainalytics is of the opinion that Raiffeisen is able to manage or mitigate potential risks through implementation of the following Bank or the Raiffeisen Bank International (RBI)'s group-wide policies:³³

- Regarding land use, biodiversity and waste generated during construction, the Bank complies with the Environmental Impact Assessment Directive EU 2014/52, which requires land-intensive projects to be adequately assessed and have mitigative measures to prevent, reduce and offset significant adverse effects on the environment, particularly on soil, species and habitats.³⁴ On resource efficiency and biodiversity, RBI established the Climate and Environmental Business Strategy in 2023, aiming to support funding for customers in green transition processes and reduce financed emissions.³⁵ In addition, the EU's Biodiversity Strategy for 2030 sets biodiversity protection and restoration as key elements of the European Green Deal, with overarching goals for each sector to strengthen implementation, monitoring and review processes.³⁶ Furthermore, the Bank manages its environmental systems in line with ISO 14001:2015.^{37,38}
- To address risks related to occupational health and safety (OHS), the Bank has an internal OHS management system in place that mandates compliance with all applicable regulations.³⁹ The OHS management system has processes to identify and report on hazards and incidents, including investigation of incidents, a grievance mechanism and training.⁴⁰ In addition, the Bank complies with Hungary's Act No. 93 of 1993 on Occupational Safety and Health, which is based on the EU Council Directive on Safety and Health at Work.^{41,42} The law requires employers to be responsible for minimum OHS risk management standards, including in relation to proper material handling and conducting regular on-site inspections.
- To address the business ethics risks and predatory lending, the Bank has a zero-tolerance policy towards illegal and unethical business practices, bribery and corruption, in line with RBI's Code of Conduct.⁴³ Raiffeisen adheres to RBI's Code of Conduct which requires the Bank to follow ethical principles, including providing clear and appropriate information to customers and investors, and refraining from any misleading practices and predatory lending.⁴⁴ To address risks pertaining to money laundering and terrorism funding, each RBI entity follows risk-based know-your-customer due diligence procedures that aim to prevent, detect and report suspicious transactions. Additionally, the code of conduct also prescribes severe penalties for violations such as insider trading and market manipulation, including termination of employment as well as civil and criminal prosecution.⁴⁵
- Regarding community relations and stakeholder participation, the European Commission's EIA Directive requires effective consultation and public participation as part of the EIA process.⁴⁶ In addition, RBI supports projects in the communities in which it operates, having invested EUR 1.5 billion in its community engagement programme in 2023.⁴⁷

³³ Raiffeisen has communicated to Sustainalytics that on topics not covered under Raiffeisen's policies, the Bank abides by the policies of Raiffeisen Bank International.

³⁴ European Parliament, "Directive 2014/52/EU on the assessment of the effects of certain public and private projects on the environment", (2014), at: <https://eurlex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

³⁵ Raiffeisen Bank International, "Make Sustainability Happen", (2023), at: <https://www.rbinternational.com/content/dam/rbi/ho/home/sustainability-esg/governance/sustainability-reports/english/RBI%20Sustainability%20Report%202023.pdf.coredownload.pdf>

³⁶ European Commission, "EU's Biodiversity Strategy for 2030" at: https://ec.europa.eu/environment/nature/biodiversity/strategy/index_en.htm

³⁷ ISO, "ISO 14001 – Environment Management Systems", at: <https://www.iso.org/iso-14001-environmental-management.html>

³⁸ Raiffeisen Bank International, "Make Sustainability Happen", (2023), at: <https://www.rbinternational.com/content/dam/rbi/ho/home/sustainability-esg/governance/sustainability-reports/english/RBI%20Sustainability%20Report%202023.pdf.coredownload.pdf>

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ International Labour Organization, "Act No. 93 of 1993 concerning Occupational Safety and Health" (1993) at: <http://www.ilo.org/dyn/natlex/docs/WEBTEXT/38155/64930/E93HUN01.htm>

⁴² Official Journal of the European Communities, "Council Directive of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work" (1989) at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=EN>

⁴³ Raiffeisen Bank International, "Code of Conduct", (2023), at: https://www.rbinternational.com/content/dam/rbi/ho/home/sustainability-esg/responsible-banking/code-of-conduct/coc-2023/coc-2023-updated/RBI_CodeOfConduct_Folder_EN.pdf.coredownload.pdf

⁴⁴ Ibid.

⁴⁵ Ibid.

⁴⁶ European Commission, "Focus on Environmental Impact Assessment" at: https://www.era-comm.eu/EU_Legislation_on_Environmental_Assessments/part_2/part_2_12.html

⁴⁷ Raiffeisen Bank International, "Make Sustainability Happen", (2023), at: <https://www.rbinternational.com/content/dam/rbi/ho/home/sustainability-esg/governance/sustainability-reports/english/RBI%20Sustainability%20Report%202023.pdf.coredownload.pdf>

- Hungary is classified as a Designated Country under the Equator Principles, indicating the presence of robust environmental and social governance systems, legislation and institutional capacity for protecting the environment and communities.⁴⁸

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Raiffeisen has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics has focused on one below where the impact is specifically relevant in the local context.

Importance of renewable energy in achieving Hungary's climate change targets

In 2021, the energy sector accounted for approximately 77% of the EU's total GHG emissions.⁴⁹ The EU has set a target to achieve climate neutrality by 2050, with a milestone to reduce its GHG emissions by at least 55% by 2030.⁵⁰ In 2022, the EU introduced the REPowerEU Plan aiming to achieve a 45% renewable energy in its energy mix share by 2030, almost doubling the existing share, by diversifying energy sources, reducing energy consumption and increasing renewable energy usage.⁵¹

Hungary was responsible for 1.7% of the EU's total GHG emissions in 2021. Hungary's energy sector accounted for 12% of its total emissions in 2022.⁵² According to the IEA, the energy sector plays the most significant role in reducing emissions in Hungary. In line with this, Hungary has committed to have a clean electricity mix of 90% by 2030 and phase out coal from power generation by 2025.⁵³ Additionally, in 2020, Hungary passed a law mandating carbon emissions reductions of at least 40% by 2030 compared with 1990 levels, aiming to achieve a 2050 carbon neutrality goal.⁵⁴

In 2021, Hungary introduced the National Clean Development Strategy 2020-2050 (NCDS) as a long-term strategy to achieve carbon neutrality by 2050.⁵⁵ In order to achieve its own climate targets and contribute to the EU targets, Hungary has set out long term-goals under the NCDS. From the perspective of clean energy, Hungary aims to prioritize renewable energy investments and nuclear energy.⁵⁶ In 2020, Hungary surpassed its goal of having a 13% renewable energy share in gross final consumption by reaching a 13.9% share with solar power accounting for almost half of the electricity generation from renewables.⁵⁷ Hungary aims to further increase solar energy production aiming at a six-fold increase in the 10-year period between 2020 and 2030.⁵⁸

In the above context, Sustainalytics is of the opinion that Raiffeisen's financing of renewable energy projects under the Framework is expected to contribute to the GHG emissions targets of Hungary and the EU.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued

⁴⁸ The Equator Principles, "Designated Countries" at: <https://equator-principles.com/designated-countries/>

⁴⁹ UNFCCC, "Summary of GHG Emissions for European Union (Convention)", at: https://di.unfccc.int/ghg_profiles/annexOne/EUA/EUA_ghg_profile.pdf

⁵⁰ European Council, "Climate change: what the EU is doing", (2024), at: <https://www.consilium.europa.eu/en/policies/climate-change/>

⁵¹ European Commission, "REPowerEU", at: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/repower-eu-affordable-secure-and-sustainable-energy-europe_en

⁵² Békés, M. et al., "Carbon-neutral Hungary", McKinsey and Company, (2022), at:

<https://www.mckinsey.com/capabilities/sustainability/ourinsights/carbon-neutral-hungary>

⁵³ IEA, "Hungary 2022 Energy Policy Review", (2022), at: <https://iea.blob.core.windows.net/assets/9f137e48-13e4-4aab-b13a-dcc90adf7e38/Hungary2022.pdf>

⁵⁴ Ibid.

⁵⁵ Hungary Ministry for Innovation and Technology, "National Clean Development Strategy 2020-2050", (2021), at:

https://unfccc.int/sites/default/files/resource/LTS_1_Hungary_2021_EN.pdf

⁵⁶ Hungary Ministry for Innovation and Technology, "National Clean Development Strategy 2020-2050", (2021), at:

https://unfccc.int/sites/default/files/resource/LTS_1_Hungary_2021_EN.pdf

⁵⁷ IEA, "Hungary 2022 Energy Policy Review", (2022), at: <https://iea.blob.core.windows.net/assets/9f137e48-13e4-4aab-b13a-dcc90adf7e38/Hungary2022.pdf>

⁵⁸ IEA, "Climate and nature-protection action plan", (2021), at: <https://www.iea.org/policies/11625-climate-and-nature-protection-action-plan>

under the Raiffeisen Bank Sustainability Bond Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Sustainable Forestry and Agriculture	2. Zero Hunger	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
	15. Life on Land	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
Student Loans	4. Quality education	4.4. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
Access to Essential Services	3. Good health and wellbeing	3.8. Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
	6. Clean water and sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Employment generation and protection: Micro-, Small- and Medium-size Enterprises (MSME) financing	8. Decent work and economic growth	8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
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Conclusion

Raiffeisen Bank Zrt. has developed the Raiffeisen Bank Zrt. Sustainability Bond Framework, under which it may issue green and social bonds and use the proceeds to finance or refinance, in whole or in part, existing or future assets under the following categories: Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Sustainable Forestry and Agriculture, Student Loans, Access to Essential Services, and Employment Generation and Protection: Micro-, Small- and Medium-size Enterprises (MSME) Financing. Sustainalytics considers that the eligible projects are expected to generate positive environmental and social impacts.

Raiffeisen Bank Zrt. Sustainability Bond Framework outlines processes for tracking, allocation and management of proceeds and makes commitments for Raiffeisen Bank Zrt. to report on allocation and impact. Sustainalytics believes that the Raiffeisen Bank Zrt. Sustainability Bond Framework is aligned with the Bank's overall sustainability strategy and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 2, 3, 4, 6, 7, 8, 9, 11 and 15. Additionally, Sustainalytics considers that Raiffeisen Bank Zrt. has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Raiffeisen Bank Zrt. is well positioned to issue green and social bonds and that the Raiffeisen Bank Hungary Sustainability Bond Framework is robust, transparent and in alignment with the four core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023.

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