

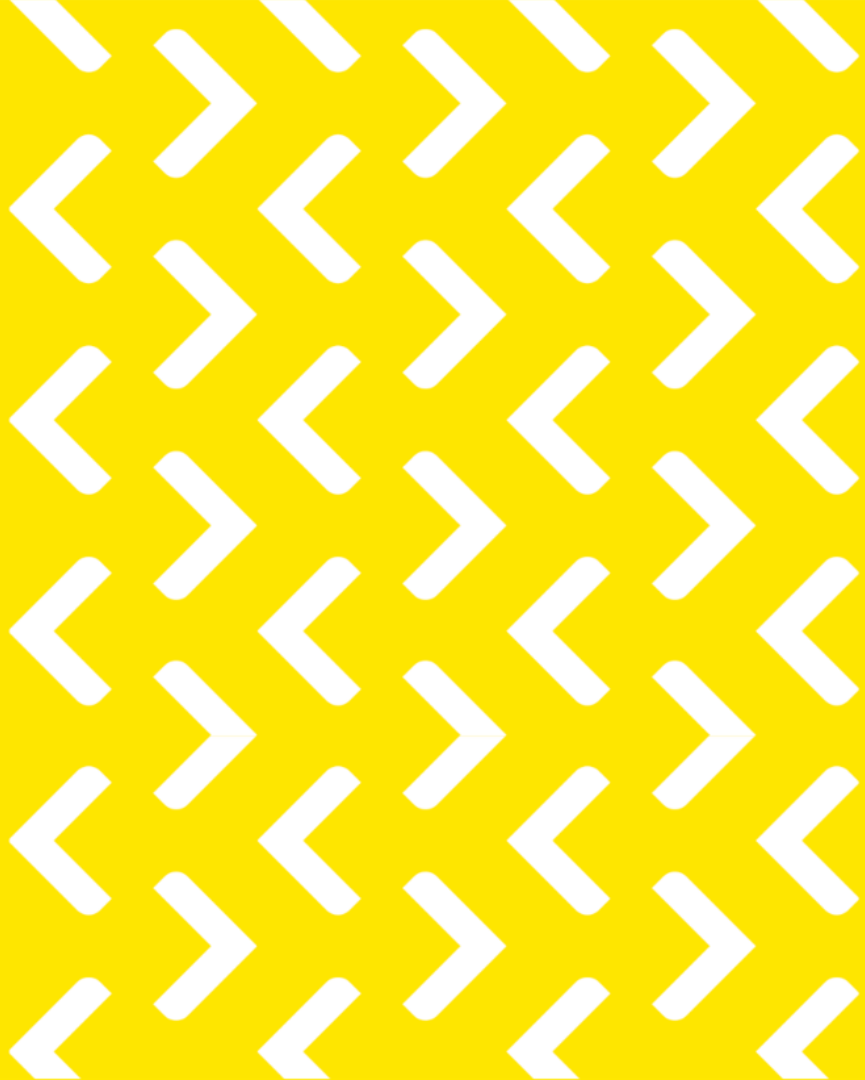


**Raiffeisen  
Bank**

# **Raiffeisen Bank Zrt. Allocation & Impact Report**

Reporting period: 31.12.2022.

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# Introduction



# Introduction

## Introduction

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**Raiffeisen Bank Zrt.** ("Raiffeisen Bank") is a member of the Austrian Raiffeisen Group whose majority shareholder is Raiffeisen Bank International Group.

The Group operates on **13 markets** in the Republic of Austria, and Central and Eastern Europe. Raiffeisen Bank is the **6th largest bank in the Hungarian market.** It serves clients at 72 branches and business client centers throughout Hungary.

**Raiffeisen Bank's** diverse portfolio of financial products and services are available to a wide range of clients including private individual clients, SMEs or large companies: from personal needs loans, deposits, current or savings accounts and shopping credit cards for private individual clients to varied financing and consultancy solutions for companies.

From the very beginning, **Raiffeisen Bank** has placed great emphasis on the needs of their clients from various regions.

Besides its business activities, **Raiffeisen Bank** is also involved in several community service activities related in the fields of culture, education and charity, reflecting **Raiffeisen's 140-year tradition.**



# Our commitment to sustainable finance



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**We focus on areas where we can generate value and create change, constantly monitoring our activities and impact. As a member of Raiffeisen Bank International Group (RBI), we complement the Sustainability Report of Raiffeisen Bank International with our data and CSR activities, so our impact on society and environment can be measured not only on the Hungarian market, but also as a part of a larger impact in Central and Eastern Europe.**

**Our sustainability strategy is based on three pillars, deeply rooted in the Bank's organizational culture:**

- **We are responsible bankers,**
- **fair partners, and**
- **active corporate citizens, which is why we can connect our business activity to sustainable development both in our society and in the public sphere.**

Raiffeisen Bank supports the RBI Group commitment and is contributing to RBI Group goals on local market.

RBI Group is a signatory of the UN Global Compact (UNGC) and shows its commitment to consistently complying with the ten UNGC principles of responsible business. In this context, global responsibility is expected of all employees and managers as well as from partners and suppliers of the RBI Group.

Raiffeisen Bank policies are also in line (or will be until the predefined deadline) with the Hungarian National Bank's latest, 47/2021. (IV. 14.) recommendation on climate related and environmental risks and the integration of environmental sustainability considerations into the activities of credit institutions.

One RBI goal is to be the most recommended financial services group in the CEE region by 2025, with sustainability being one of the most crucial elements in RBI's strategy. Raiffeisen Bank's Sustainability Council, whose members include the top managers of the Bank, meets on a quarterly basis, discussing all sustainability related processes with the active facilitation of our risk management department. The current green asset portfolio of Raiffeisen Bank mainly includes loans and corporate bonds related to sustainable buildings, renewable energy, sustainable agriculture and clean transportation.

**Human Rights**

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- **Principle 2:** make sure that they are not complicit in human rights abuses.

**Labour Standards**

- **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4:** the elimination of all forms of forced and compulsory labour;
- **Principle 5:** the effective abolition of child labour; and
- **Principle 6:** the elimination of discrimination in respect of employment and occupation.

**Environment**

- **Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- **Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- **Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

**Anti-Corruption**

- **Principle 10:** Businesses should work against all forms of corruption, including extortion and bribery.

# Sustainability Bond Framework

As an integral part of Raiffeisen Bank's overall sustainability strategy, green and sustainability bonds play a crucial role in promoting and financing projects that generate positive environmental and social impacts.

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Raiffeisen Bank has established the Sustainability Bond Framework<sup>1</sup> (SBF or "the Framework") as part of its broader sustainability strategy with the aim to focus on assets with a positive environmental and social impact in order to support the necessary transition to a sustainable future.

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The Framework is aligned with the ICMA Green Bond Principles (GBP)<sup>2</sup>, ICMA Social Bond Principles (SBP)<sup>3</sup> and ICMA Sustainability Bond Guidelines (SBG)<sup>4</sup>.

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These consequently are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the Green, Social and Sustainability Bond markets. The Framework is based on the United Nations Sustainable Development Goals (SDGs) and on the best effort approach, the requirements of the EU Taxonomy for sustainable economic activities<sup>5</sup> presented by the European Commission.

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Potential changes in the GBP, developments with regards to the EU Green Bond Standard (EU GBS)<sup>6</sup> and EU Taxonomy for sustainable economic activities will be reflected in future versions of the Framework, which will either keep or improve the current levels of transparency and reporting, and provide for external review by an entity which is eligible or accredited under any such prevailing principles or standards.

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Raiffeisen Bank's Sustainability Bond Framework is designed as an umbrella framework that will allow Raiffeisen Bank to issue Green, Social and/ or Sustainability Bonds, as the case may be. The eligible loan categories under SBF 2022 are divided into two groups: the Green Categories, which include Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Sustainable Forestry and Agriculture, and the Social Categories, which comprise Access to Essential Services, and Employment Generation and Protection: Micro-, Small- and Medium-size Enterprises (MSME) Financing.

## Disclaimer

Sustainalytics issued a Second Party Opinion on the Sustainability Bond Framework in May, 2022. The assessment concluded Sustainalytics to be of the opinion that the Raiffeisen Bank Sustainability Bond Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, the Green Bond Principles 2021, and the Social Bond Principles 2021.

<sup>1</sup> [RB Hungary: Sustainability Bond Framework, 2022.](#)

<sup>2</sup> [ICMA: Green Bond Principles, June 2021.](#)

<sup>3</sup> [ICMA: Social Bond Principles, June 2021.](#)

<sup>4</sup> [ICMA: Sustainability Bond Guidelines, June 2021.](#)

<sup>5</sup> The eligibility criteria comply with the substantial contribution criteria acc. to the EU classification system for sustainable economic activities (the "[EU Taxonomy](#)") for Climate Change Mitigation and Climate Change Adaptation.

<sup>6</sup> [EU Green Bond Standard, 2021](#)



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# Allocation Report



# Eligible loans

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An amount equivalent to the net proceeds raised by the issuance of Green, Social and/ or Sustainability Bonds shall be used to finance or re-finance<sup>1</sup>, in part or in full, new or existing Eligible Loans providing distinct environmental benefits. Eligible Loans can be loans originated by Raiffeisen Bank or loans / finance leases originated by its subsidiary Raiffeisen Corporate Leasing Ltd.

Eligible Loans may include loans or leases to private individuals (mortgages), legal entities, municipalities and the public sector as well as "Schuldschein" structures.

Raiffeisen Bank will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Eligible Loans and will strive to replace maturing Eligible Loans with the new ones and will provide transparency on the Eligible Loan origination timeframe in its annual reporting.

Eligible Loans are to finance assets dedicated to the Eligible Categories depicted within the tables below. Should a loan within the below described Eligible Categories fulfill the criteria of the EU Taxonomy for sustainable economic activities, it shall be identified as Eligible Loan.<sup>2</sup>

## Clean transportation

Eligibility criteria: We finance and refinance Eligible Loans for manufacturing, acquisition and modernization of zero direct emission vehicles<sup>3</sup> as well as related infrastructure and development, manufacture or purchase of key components for clean transportation<sup>4</sup>.

For infrastructure: Financing of low carbon transport infrastructure include, but are not limited to, electric charging points, electricity grid connection upgrades, hydrogen fueling stations or electric highways, rail networks, highspeed railway lines, electric railway lines, pavements, bike lanes and pedestrian zones.

<sup>1</sup> Targeted look-back period: 3 years.

<sup>2</sup> Excluding projects which would lead to fossil fuel production and distribution or projects that provide a fossil fuel lock-in in highly carbon intensive industries (e.g. production of iron, steel and cement).

<sup>3</sup> Excluding vehicles that are used for the purpose of transportation of fossil fuels

<sup>4</sup> Suppliers are not allowed to be in any of the excluded sectors that are on the Exclusion list of the current framework.





# Eligible projects

	<b>Borrower</b>	<b>Eligible project</b>	<b>Eligible Category</b>	<b>Disbursed amount in USD*</b>
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<b>Allocation Report</b>	Volta Energy Solutions Hungary Kft.	Production of copper foil	Clean Transportation	166 667
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# Clean transportation

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## **Borrower:**

Volta Energy Solutions Hungary Kft.

## **Eligible project:**

Production of copper foil

The loans are used to support Phase 2 expansion of Volta's battery copper foil factory.

This will enable the Borrower to deliver a stable supply of copper foil to clients and position the company favorably to reach the projected increase in battery copper as EV production ramps up in the EU.

Additionally, the Borrower's use of scrap copper as a base material supports circular economy and recyclability of the material. Therefore, Volta's battery copper foil supports the transition to electromobility, which in turn will help to decarbonize the transportation sector.<sup>1</sup>

This project has potential implications for SDG 11 (Sustainable Cities and Communities) as EVs can significantly improve urban air quality and health outcomes.

<sup>1</sup>[SPO issued by Moody's ESG Solutions.](#)



## **Greenhouse gas emissions savings for the allocated clean transportation loans**

as of 31 December 2022

➤ Amount of electric battery components (copper foil) produced (data from the client) **5,924 t/year**

➤ Gross tonnage sourced from scrap copper (data from the client) **11,845**

➤ Estimated annual GHG emissions avoided through the use of products (data calculated by the client) **16,249 tCO<sub>2e</sub>** equivalent to approximately **330 tCO<sub>2</sub> per EUR 1mn invested**

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# Methodology



# Methodology for selecting and allocating green eligible loans

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The evaluation and selection process for Eligible Loans is a key process in ensuring that the amount equivalent to the net proceeds from Green, Social and/ or Sustainability Bonds is allocated to assets and activities which meet the criteria in the Framework.

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All potential Eligible Loans are subject to Raiffeisen Bank's standard credit process in line with the normal course of business and only loans that have been approved through this process can be considered for Green, Social and/ or Sustainability Bond eligibility.

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Raiffeisen Bank acts in accordance with the highest ethical and professional standards and is committed to conducting lending business in a sustainable and responsible manner, and it does not enter into business relationships in sensitive areas that conflict with this claim. No business is conducted in environmentally or socially harmful sectors as defined in the Compliance Framework and Code of Conduct of Raiffeisen Bank.

Financed transactions must comply with environmental regulations as well as the European Convention on Human Rights and the Universal Declaration of Human Rights of the United Nations. According to the risk appetite of the association, environmental, social and governance (ESG) risk factors are embedded in the risk strategy. Based on the risk strategy, the ESG risk factors are also taken into account in the credit processes.

Raiffeisen Bank is committed to enhancing the internal ESG risk management processes constantly. Raiffeisen Bank's Sustainability Bond Committee ("SBC") is responsible for ensuring that allocations are made to Eligible Loans as specified in the use of proceeds section above and to oversee the entire issuance process. The SBC is composed of members of the local Asset Liability Management Committee (ALCO) which includes representatives from Risk, Business and Treasury. Hence SBC represents a sub-committee of ALCO and meets on a quarterly basis in the frame of the ALCO meeting and until full allocation of the proceeds.

**The Sustainability Bond Committee will be responsible for:**



Ensuring that the potential Eligible Loans are aligned with the categories and eligibility criteria as specified in the Use of Proceeds section above, and approving any proposed changes to the eligible Sustainable Portfolio in the event that the Loans no longer meet the eligibility criteria;



Ensuring that the proposed allocations are aligned with the relevant general company policies and company's ESG strategy;



Approving the Allocation and Impact report.

# Methodology for calculating the environmental impact (avoided emission)

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Estimated annual GHG emissions avoided through the use of products (tCO<sub>2</sub>e)

## Clean Transportation

CO<sub>2</sub> savings = Copper Foil Net Production / Average Copper Foil Used per Electric Vehicle \* (Average Carbon Impact of a Thermic Vehicle – Average Carbon Impact of an Electric Vehicle) \* Eligible share of financing \* RBHU share of financing \* Average copper foil (kg) used per EV / Average weight of an EV

## CARBON IMPACT METHODOLOGY

### COPPER FOIL FOR BATTERIES FOR ELECTRIC VEHICLES

Raiffeisen Bank Zrt. has developed the following methodology to estimate the total impact of the copper foil factory assuming that each battery is powering a single vehicle:

- The client provided the following data: copper foil net production, average copper foil used per EV, contribution in EV production of the company, average carbon impact of a standard gasoline vehicle, average carbon impact of an EV.
- Eligible share of financing is the share of financing which met the eligibility criteria described within the Sustainability Bond Framework.
- RBHU share of financing represents the share of RBHU loan in the whole project financing.
- The total CO<sub>2</sub> saving for electric vehicles is discounted by the copper foil and average electric vehicle weight ratio.

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