

# Second-Party Opinion

## Raiffeisen Bank Romania

### Sustainability Bond Framework

#### Evaluation Summary

Sustainalytics is of the opinion that the Raiffeisen Bank Romania 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, Agriculture and Forestry, Pollution Prevention and Control, Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, Sustainable Water and Wastewater Management, Access to Essential Services, Affordable Housing, Employment Generation and Retention – SME Financing and Inclusive Finance 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 SDGs 2, 3, 4, 5, 6, 7, 8, 9, 11, 12 and 15.



**PROJECT EVALUATION AND SELECTION** Raiffeisen Bank Romania (“RBRO”)’s internal process in evaluating and selecting projects is overseen by the Sustainability Bond Committee, comprising representatives from the Bank’s Board, Business, Risk, Treasury and Operations departments. The Committee is responsible for the final approval of eligible projects. RBRO has in place an environmental and social risk management process applicable to all allocation decisions in the Framework. Sustainalytics considers the project selection process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** RBRO’s Group Risk Control and Portfolio Management department will be in charge of managing the net proceeds through the Loan Portfolio, which will be tracked by an internal register. RBRO will invest unallocated proceeds within the treasury, in money market instruments and cash or cash equivalent instruments. This is in line with market practice.



**REPORTING** RBRO commits to report on the allocation of proceeds on its website on an annual basis until full allocation. In addition, RBRO is committed to reporting on relevant quantitative impact where feasible and has provided indicative metrics within the Framework. Sustainalytics views RBRO’s allocation and impact reporting as aligned with market practice.

Second-Party  
Opinion

Reviewed by:

SUSTAINALYTICS

<b>Evaluation date</b>	April 29, 2024 <sup>1</sup>
<b>Issuer Location</b>	Bucharest, Romania

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<sup>1</sup> This document is an update to the Second-Party Opinion originally provided in March 2021 and updated in April 2022.

## Introduction

Raiffeisen Bank Romania (“RBRO” or the “Bank”) is a universal bank headquartered in Bucharest, offering a range of products and services including banking units, ATM and EPOS networks, telephone banking, mobile banking and internet banking to individuals, SMEs and large corporations, through multiple distribution channels. Founded in 1994, the Bank has 4,800 employees and serves over 2.2 million customers as of 2024.<sup>2,3</sup> RBRO is a member of Raiffeisen Bank International Group (“RBI” or the “Group”).

RBRO has developed the Raiffeisen Bank Romania Sustainability Bond Framework dated April 2024 (the “Framework”), under which it intends to issue sustainability bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that support the transition to an environmentally sustainable future and positive social outcomes. The Framework defines eligibility criteria in 12 areas:

Green categories:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Clean Transportation
5. Agriculture and Forestry
6. Pollution Prevention and Control
7. Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes
8. Sustainable Water and Wastewater Management

Social Categories:

9. Access to Essential Services
10. Affordable Housing
11. Employment Generation and Retention – SME Financing
12. Inclusive Financing

RBRO 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).<sup>4</sup> The Framework has been published in a separate document.<sup>5</sup>

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>6</sup> 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 1.16, 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 RBRO’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as

<sup>2</sup> Raiffeisen Bank Romania, “Who we Are”, (2024), at: <https://www.raiffeisen.ro/ro/despre-noi/scurt-istoric.html>

<sup>3</sup> Raiffeisen Bank Romania, “Raiffeisen in Figures” (2024), at: <https://www.raiffeisen.ro/ro/despre-noi/raiffeisen-bank-in-cifre.html>

<sup>4</sup> 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/>

<sup>5</sup> The Sustainability Bond Framework is available on Raiffeisen Bank Romania’s website at: [raiffeisen.ro](https://www.raiffeisen.ro)

<sup>6</sup> 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.

well as management of proceeds and reporting aspects of the Framework. RBRO representatives have confirmed (1) they understand it is the sole responsibility of RBRO to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with 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 RBRO.

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 RBRO has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

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

Sustainalytics is of the opinion that the 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, Agriculture and Forestry, Pollution Prevention and Control, Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, Sustainable Water and Wastewater Management, Access to Essential Services, Affordable Housing, Employment Generation and Retention – SME Financing and Inclusive Financing, are aligned with those recognized by the GBP and SBP.
  - RBRO has established a lookback period of 36 months for all refinancing activities. This is aligned with market practice.
  - In addition to project-based lending, for the green categories, RBRO may finance pure play companies that are expected to derive 90% or more of their revenue from eligible green activities. The Framework specifies that the portion of the revenue that may not be green cannot come from activities listed in the exclusionary criteria of the Framework. Sustainalytics considers project and activity-based lending generally to result in more direct environmental and social benefits and improve compliance with the Framework criteria. However, Sustainalytics acknowledges that the financing of pure play companies through green and social bonds is a commonly accepted approach that is likely to generate positive impacts.
  - Under the Green Buildings category, the Bank intends to finance or refinance loans to private individuals and legal entities for investment in i) the construction, acquisition or ownership of commercial and residential buildings, and; ii) the refurbishment of existing buildings. Eligible projects will adhere to the following criteria:

- Buildings certified to the following minimum certification levels: LEED Gold;<sup>7</sup> BREEAM Excellent;<sup>8</sup> DGNB or ÖGNI Gold<sup>9</sup> or Edge (“Advanced” or above).<sup>10</sup>
  - Residential projects certified under the Romania Green Business Council (“RoGBC”) Green Homes certification scheme (“Certified” level or above).<sup>11</sup>
  - Buildings that fall within the top 15% in terms of lowest carbon emissions at the national level, which will be identified based on local building codes, building years and Energy Performance Certifications (EPC).<sup>12</sup> If there is no data to substantiate a percentile-based evaluation, the Framework defines EPC “A” as eligible.
  - In the case of green mortgages, where national building stock data is unavailable, the Bank may finance properties falling into the top 15% of buildings in the Bank’s own portfolio in terms of emissions intensity. Based on data provided by the Bank, Sustainalytics notes that its mortgage portfolio is large and that its average carbon intensity is below that of Romania’s residential building stock. On this basis, the Bank considers it likely that properties in the top 15% of its own portfolio are consistent with the top 15% at the national level.<sup>13</sup> Sustainalytics notes that there are substantial differences in the energy performance of individual buildings within a portfolio and that outliers may skew the portfolio’s average intensity such that a property in its top 15% cannot always be assumed to classify in the top 15% of the relevant national building stock. Sustainalytics encourages RBRO to prioritize the use of EPC labels or to ensure that properties are among the top 15% of the national building stock, where feasible, when determining eligible properties for financing, and encourages the Bank to report on the specific environmental impact of all financed assets.
  - For building refurbishments, RBRO intends to finance only refurbishments that result in a reduction of the Primary Energy Demand or carbon emissions of at least 30% over the performance of the building before renovation, or an improvement of at least two classes in a building’s EPC label must be achieved.<sup>14</sup>
  - In addition to meeting the criteria above, the Bank intends to use the following eligibility criteria as per the EU Taxonomy,<sup>15</sup> on a best-effort basis:
    - Buildings constructed after 31 December 2020 must be at least 10% lower, in terms of PED, than the threshold set forth in the national nearly zero-energy building (NZEB) requirement. This threshold has been informed by the EU Taxonomy under the Technical Screening Criteria for the construction of new buildings.
  - The Framework excludes the financing of buildings that are used to support fossil fuel extraction or manufacturing activities, which Sustainalytics considers to be positive.
  - Sustainalytics notes that investments in green buildings under this category are considered to be aligned with market practice.
- Under the Renewable Energy category, the Bank may finance the development, manufacture, construction, installation, operation, distribution and maintenance of renewable energy projects and equipment, including wind, solar, hydropower, geothermal, biomass, waste-to-energy and low-carbon hydrogen. Sustainalytics notes the following. Hydropower projects financed will be run-of-river without an artificial reservoir or with low storage capacity. Eligible facilities that began operating before 2020 will have a power density greater than 5 W/m<sup>2</sup> or carbon emissions intensity lower than 100 gCO<sub>2</sub>e/kWh. Eligible facilities that began operating after 2020 will have a power density greater than 10 W/m<sup>2</sup> or carbon emissions intensity less than 50 gCO<sub>2</sub>e/kWh. Sustainalytics notes that all new hydropower projects will be subject to an environmental and

<sup>7</sup> LEED: <https://www.usgbc.org/leed>

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

<sup>9</sup> DGNB: <https://www.dgnb-system.de/en/certification/certification-process/>

<sup>10</sup> EDGE, “Certify”, at: <https://www.edgebuildings.com/certify/>

<sup>11</sup> RoGBC, “Green Homes certified by RoGBC”, at: <http://rogbc.org/en/projects/green-homes>

<sup>12</sup> EPCs play a central role in the context of the Article 20 (2) EPBD, which asks (EU) Member States to provide information on the energy performance certificates and the inspection reports, on their purpose and objectives, on the cost-effective ways and, where appropriate, on the available financial instruments to improve the energy performance of the building to the owners or tenants of the buildings. Further details available at: European Commission, EPC distribution per energy label, at: <https://ec.europa.eu/energy/en/content/epc-distribution-energy-label>

<sup>13</sup> RBRO has communicated to Sustainalytics that an emissions intensity of < 22.2 kgCO<sub>2</sub>e/sqm/year would qualify as being in the top 15% of the portfolio.

<sup>14</sup> Sustainalytics notes that in the case of Romania, the improvement in any two classes of EPC labels would result in at least 30% energy efficiency improvement.

“Energy efficiency trends in buildings”, Zebra2020 – Data Tool, at: <https://zebra-monitoring.enerdata.net/overall-building-activities/share-of-residential-buildings-with-epc-labels-a-or-b.html>

<sup>15</sup> European Commission, “EU Taxonomy Navigator” at: <https://ec.europa.eu/sustainable-finance-taxonomy/>

social risk assessment to ensure that no significant risk, negative impact or controversy related to the project are identified.

- Eligible geothermal facilities are limited to those with direct emissions less than 100g CO<sub>2</sub> per kWh.
  - The Framework's criteria for biomass aim to ensure the sustainability of feedstocks.<sup>16</sup>
  - Waste-to-energy projects, including biogas projects, will be limited to those relying on i) decommissioned or closed landfills with a high gas capture efficiency of 75% or more and ii) those relying on municipal solid waste, where the majority of recyclables are segregated before conversion. Sustainalytics notes that recovering methane produced from a closed landfill will not prolong the lifespan of the landfill and is a key strategy to reduce methane emissions from waste.
  - Eligible low-carbon hydrogen projects may include storage and production facilities. RBRO has confirmed to Sustainalytics that low carbon hydrogen refers to hydrogen that is produced using renewable energy, or low-carbon energy sources with the average carbon intensity at or below 100g CO<sub>2</sub>e/kwh.
  - Financing for the manufacture of components of renewable energy technology, which may include wind turbines and solar panels. Sustainalytics notes that financing will be limited to facilities that are wholly dedicated to manufacturing components for renewables.
  - Sustainalytics considers the Framework's renewable energy investments to be aligned with market practice.
- Under the Energy Efficiency category, the Framework allows for investments in (i) energy efficient lighting such as LEDs, (ii) projects improving the energy efficiency of industrial production process in a factory, (iii) energy storage projects, such as fuel cells, (iv) smart grid solutions for energy transmission or distribution and (v) fibre-optic networks that replace more energy intensive alternative networks.
    - Sustainalytics views investments in energy efficient lighting and energy storage to be aligned with market practice.
    - Regarding energy efficient industrial processes, the Bank intends to achieve at least a 30% improvement in energy efficiency and will exclude financing towards improvements of fossil fuel-powered equipment or carbon-intensive heavy industries including steel, cement and refining, which Sustainalytics considers to be aligned with market practice.
    - While noting the variety of definitions and applications of "smart grid" technology, Sustainalytics views positively investments that are designed to improve grid efficiency and encourages the Bank to select projects that are clearly anticipated to deliver tangible efficiency improvements.
    - Sustainalytics considers investments in fibre-optic networks with minimal environmental impact to be aligned with market practice.
  - Under the Clean Transportation category, the Bank intends to invest in zero direct emission or low-carbon vehicles, and low-carbon transportation infrastructure.
    - For non-zero direct emission vehicles, the Bank considers investments in commercial vehicles with tailpipe emission intensity below 50g CO<sub>2</sub> per km until the end of 2025 and with zero direct emissions thereafter as eligible.
    - Low-carbon transportation infrastructure includes electric charging points, hydrogen fuelling stations, rail networks, pavements, bike lanes, pedestrian zones as well as "electric highways" and associated electricity grid connection upgrades. RBRO has communicated that expenditures in electric highways will only be towards the electric charging infrastructure for electric vehicles and financing will not include the expansion of highways. Given this, Sustainalytics considers these investments to be aligned with market practice.
  - Under the Agriculture and Forestry category, the Framework contemplates investments in certified forest operations, and sustainable agricultural practices.
    - Eligible forest certification schemes include Forest Stewardship Council ("FSC"),<sup>17</sup> and Programme for the Endorsement of Forest Certification ("PEFC").<sup>18</sup> Sustainalytics views these certifications as credible and robust.
    - The Framework defines two areas of agricultural financing as eligible. The first area includes the financing of agricultural crop production practices certified to EU

<sup>16</sup> The Framework excludes investments in feedstock from sources depleting biomass and carbon pools, sources grown on land with high biodiversity and sources that use land that competes with food sources. Animal processing byproducts will also be excluded.

<sup>17</sup> FSC, "Forest Stewardship Council", at: <https://ca.fsc.org/en-ca>

<sup>18</sup> PEFC, "Programme for the Endorsement of Forest Certification", at: <https://www.pefc.org/>

- Organic.<sup>19</sup> Sustainalytics considers the financing of such assets to be aligned with market practice. Second, RBRO may finance projects intended to support carbon sequestration and the enhancement of carbon pools, specifically crop pattern changes to substitute perennial crops and the renewal of existing orchards. Sustainalytics recognizes the potential positive impacts of such interventions and encourages RBRO to (i) promote the holistic deployment of conservation agriculture practices<sup>20</sup> through the projects financed and (ii) provide details of projects financed and report on impact where possible.
- Sustainalytics notes positively that the Framework excludes financing towards palm oil or tobacco plantations, and activities that may lead to the destruction of critical habitat or degradation of tropical natural forests.
  - Under the Pollution Prevention and Control category, RBRO intends to finance the development, construction, operation and maintenance of projects related to waste prevention, collection, reduction and recycling, as well as the reduction of industrial air emissions and GHG control.
    - Projects include those aimed at waste prevention, waste collection, waste reduction and waste recycling, which may include the operation and upgrade of recycling plants and recycling activities for metal, plastics, textiles and paper. RBRO has confirmed to Sustainalytics that waste collection projects will be limited to those that support the source segregation of recyclables.
    - Waste recycling projects include the development, operation and upgrade of recycling plants for metals, plastic, paper and e-waste. Regarding plastic recycling, RBRO has communicated to Sustainalytics that it intends to exclude projects involving chemical recycling processes. This is aligned with market practice. For projects involving e-waste, RBRO has communicated to Sustainalytics that it will ensure clients have a robust waste management process to mitigate associated risks. Sustainalytics considers this process to be aligned with market practice.
    - Projects aimed at the reduction of industrial GHG emissions include investments in the purchase or refurbishment of equipment, technologies and facilities that provide at least a 20% reduction in carbon emissions and/or serve as fossil fuel replacement. RBRO has confirmed that projects aimed at the reduction of industrial GHG emissions exclude emissions-intensive heavy industries, oil recovery or other fossil fuel related activities. This is aligned with market practice.
  - Under the Eco-efficient and/or Circular Economy Adapted Products, Production, Technologies and Processes category, RBRO may invest in circular design and production projects and circular support projects and products.
    - Circular design and production projects include investments in the development of solutions that promote the reuse and repair of products. RBRO may also invest in production technologies that use recycled resources, such as bio-based materials certified to the RSB Standard.<sup>21</sup> Sustainalytics views this certification scheme to be credible and the above-mentioned expenses to be in alignment with market practice.
    - Circular value recovery projects are those that aim to maximize the recovery and recycling of a product after its end-of-life stage, and material recovery from separately collected waste.
    - Circular support and products, including tools and services such as sharing platforms and digital infrastructure to enable circular economy strategies and business models.
    - Circular support projects and products include investments in waste recovery projects and the financing of consultancy companies or NGOs that are involved in the shift to a circular economy or the R&D of technology that enable waste recovery and collection, and product life-cycle extension. RBRO has communicated to Sustainalytics that waste recovery projects will have source segregation of recyclables, any waste collection vehicles financed will meet the criteria under the Clean Transportation category, and the financing to consultancy companies and NGOs will only include loans to green pure play companies. Based on the above, Sustainalytics views investments in such projects as aligned with market practice.

<sup>19</sup> EU Organic label as approved by control bodies and authorities in Romania, regulated by EEC No. 834/2007, which was replaced in January 2022 by Regulation (EU) 2018/848.

<sup>20</sup> Conservation Agriculture is a set of management practices that helps maintain soil health, enhance biodiversity and natural biological processes above and below the ground's surface, such as through conservation tillage; sowing of diverse cover crops; multiple crop rotation; soil restoration and management; nutrient and waste management; and no or minimal pesticides or synthetic fertilizers. FAO promotes the adoption of CA principles "that are universally applicable in all agricultural landscapes and cropping systems." Food and Agriculture Organization of the United Nations (FAO), Conservation Agriculture: <http://www.fao.org/conservation-agriculture/en/>

<sup>21</sup> Roundtable on Sustainable Biomaterials (RSB), "The RSB Standard", at: <https://rsb.org/the-rsb-standard/>

- Under the Sustainable Water and Wastewater Management category, RBRO intends to finance the construction, operation and maintenance of sustainable water and wastewater management projects and facilities.
  - Sustainalytics views the eligibility criteria for activities and facilities under this category as aligned with market practice.
- Under the Access to Essential Services category, RBRO intends to finance or refinance expenditures for healthcare, education and affordable basic infrastructure projects.
  - Healthcare projects include financing the acquisition, construction or maintenance of public and private healthcare facilities offering free or subsidized healthcare services specific to the general public benefiting from national social insurance. RBRO has confirmed to Sustainalytics that this will ensure access regardless of ability to pay. In the case of private healthcare providers, the Bank will only finance on a pro-rata basis the share of public subsidized healthcare services being offered.
  - Education projects include the financing of construction or maintenance of facilities and equipment in facilities offering public and publicly subsidized education services for youth, unemployed and the elderly, in addition to investments that support childhood development. RBRO has confirmed with Sustainalytics that access will be regardless of ability to pay. Sustainalytics views expenditures in the above-mentioned activities as aligned with market practice.
  - Affordable basic infrastructure projects include those that promote the development of basic infrastructure in underserved and underdeveloped regions in Romania where it is currently inadequate or does not exist.<sup>22</sup> Expenditures may finance infrastructure projects such as public transport and related infrastructure in underdeveloped areas to increase connectivity, sanitation, highspeed internet, telecommunications, electricity, firefighting and rescue equipment, and access to clean drinking water. Based on the eligibility criteria targeting specific underdeveloped geographies in Romania, Sustainalytics views these expenditures to be aligned with market practice.
- For the Affordable Housing category, the Framework contemplates investments in the construction, acquisition, renovation, or maintenance of social and affordable housing in Romania by co-operative housing associations, building societies, non-profit organizations and public utility housing enterprises.
  - RBRO has confirmed to Sustainalytics that the investments will be under the Romanian government scheme “Prima Casa”,<sup>23</sup> which supports first-time homebuyers by providing guarantees of up to EUR 119,000 to cover the credit risk taken on by the financial institutions that provide the mortgages. The Framework further specifies that it will limit its financing to borrowers whose income is lower than the national average net wage calculated by the National Institute of Statistics.<sup>24</sup>
  - Sustainalytics further notes that mortgages financed under the scheme are subject to interest rate restrictions<sup>25</sup> and that the Issuer has in place responsible lending policies. For additional detail, see Section 2.
  - Based on a defined target population, restricted interest rates and the presence of responsible lending policies, Sustainalytics views the expenditures under this category to be aligned with market practice.
- The Employment Generation and Retention – SME Financing category limits expenditures to micro, small, and medium sized enterprises (MSMEs), as defined by the EU,<sup>26</sup> that are located in underserved and underdeveloped regions in Romania or that are majority-owned by women.<sup>27,28</sup> Those SMEs that have faced disruptions across their supply chain due to conflicts or economic crises may be prioritized.
- The Inclusive Financing category includes investments in mortgage financing for women who might otherwise be excluded or marginalized from obtaining financing.

<sup>22</sup> Underdeveloped areas in Romania are defined as those regions (NUTS2) where the GDP per capita (i) is less than 75% of the EU-27 average and (ii) is also below Romania’s average. RBRO will assess eligibility based on the latest available annual data from Eurostat.

<sup>23</sup> Prima Casa or the First House programme (also referred to as Noua Casa for the mortgage product), in accordance with the legislation art1/HG 717/2009. For additional information, see: <https://legislatie.just.ro/Public/DetaliiDocumentAfis/107177>

<sup>24</sup> The Romanian National Institute of Statistics defined the national net monthly wage to be RON 3,543 in 2021, subject to change annually. More details can be found at: <https://insse.ro/cms/en/content/earnings-1991-monthly-series>

<sup>25</sup> RBRO has communicated to Sustainalytics that interest rates are restricted to a maximum of 2% for RON loans following the national regulation to cap the interest rate margin.

<sup>26</sup> European Commission, Internal Market, Industry, Entrepreneurs, and SMEs at: [https://ec.europa.eu/growth/smes/sme-definition\\_en](https://ec.europa.eu/growth/smes/sme-definition_en)

<sup>27</sup> According to the EU definition, a region is considered less developed if its GDP per capita is less than 75% of the EU-27 average. Based on the latest available data from Eurostat, as of 2020, all NUTS2 regions in Romania were below those thresholds, with the exception of Bucharest.

(<https://ec.europa.eu/eurostat/web/regions/background#:~:text=less%20developed%20regions%20%28where%20GDP%20per%20inhabitant%20was,more%20than%2090%20%25%20of%20the%20EU%20average%29.>)

<sup>28</sup> Majority-owned is defined as at least a 50% ownership stake by a woman.

- RBRO has confirmed to Sustainalytics that it has policies in place to reduce risks associated with predatory lending, such as an assessment of the borrower's capacity to repay the loan, which considers cost of living and adverse market scenarios.
  - RBRO has further confirmed that lending rate benefits for financed loans are approximately 30 bps below market rate.<sup>29</sup>
    - Sustainalytics notes that discounted loan rates offer a financial advantage to underserved borrowers and encourages the Bank to report on the impact of lending activities under this category.
  - Based on the defined target population, the financial benefits to the borrowers and the presence of responsible lending practices, Sustainalytics views these expenditures to be aligned with market practice.
- In addition, Sustainalytics notes that the Framework excludes financing activities related to nuclear energy generation, weapons and munitions, mining, hazardous chemicals (gasoline, kerosene and other petroleum products), wood or other forestry products, other than from sustainably managed forests, forced or child labour, and impinging on the lands owned, or claimed under adjudication, by Indigenous Peoples, without the full documented consent of such peoples.
- Project Evaluation and Selection:
  - RBRO's Sustainability Bond Committee, which comprises representatives from the Bank's Board, Business, Risk, Treasury and Operations departments, is responsible for ensuring the alignment of the potential Eligible Loans with the Framework and makes the final decision of selecting loans for the Eligible Loan Portfolio (the "Loan Portfolio").
  - The decision is based on a multi-step assessment process that assesses loans for their social and environmental impact.
  - RBRO has a process in place that evaluates the environmental and social risks associated with eligible projects, in accordance with the Bank's Environmental and Social Risk Management Policy. The process is applicable to all loans and allocation decisions.
  - Based on the establishment of a formal committee, a well-defined selection process for loans and the presence of a risk management process, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - RBRO's Group Risk Control and Portfolio Management department will manage the net proceeds. The Bank's Treasury, and PR and Communication departments, will support the Group Risk Control and Portfolio Management department in monitoring the portfolio and preparing annual reporting.
  - RBRO intends to add Eligible Loans to the Loan Portfolio and achieve full allocation of an amount at least equal to the proceeds until the maturity of the respective bonds. The Bank intends to achieve full allocation within 36 months of bond issuance.
  - The Bank will also establish an internal register to track Eligible Loans included in the Loan Portfolio and to assure that loans are not externally refinanced.
  - Pending the allocation or reallocation, RBRO will invest unallocated proceeds within the treasury, in money market instruments, cash or cash equivalents instruments.
  - Based on the establishment of the Loan Portfolio and the handling of unallocated net proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - RBRO intends to report on the allocation and the impact of proceeds on its website on an annual basis until full allocation, and thereafter if there are any material changes to the Loan Portfolio, until bond maturity.
  - Allocation reporting is expected to include the amount of Green, Social and/or Sustainability Bond proceeds outstanding, the total amount of the proceeds allocated to Eligible Loans and the unallocated amount. Other quantitative indicators that will be reported on include total volume of bonds issued, total amount and number of Eligible Loans, breakdown by eligible category, the geographic distribution of Eligible Loans and proportion of financed and refinanced loans.
  - Impact reporting is expected to provide a category-wide impact of the Loan Portfolio against respective key performance indicators, such as: annual greenhouse gas emissions avoided (tCO<sub>2</sub>e); installed renewable energy capacity (MW); expected annual renewable energy generation (MWh); annual energy savings (MWh); total land area certified by FSC and PEFC; type and annual amount of recycled waste (tonnes); annual savings of relevant resources (tonnes

<sup>29</sup> Sustainalytics notes that this rate of discount for financed loans is derived from the blended level of the premiums received from the issuance of labelled bonds under the Framework and, as such, new loans financed under future issuances may be extended at rates that differ from those associated with currently outstanding loans (i.e., 30 bps).



- raw material/year); annual absolute (gross) water savings (m3 or in %); number of medical or education facilities acquired, built or upgraded; number of affordable buildings constructed, acquired or renovated; square metres of affordable living space constructed or renovated; number of jobs created/supported and split per region; number and average amount of the MSME loans; number/value of loans made to MSMEs with a majority of women in senior management or ownership positions; number of loans financed; number of women provided access to affordable credit when available.
- Based on RBRO's commitment to allocation reporting 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 Romania Sustainability Bond Framework aligns with the four core components of the GBP and SBP.

## Section 2: Sustainability Strategy of RBRO

### Contribution of the framework to Raiffeisen Bank Romania's sustainability strategy

Sustainalytics is of the opinion that RBRO demonstrates a commitment to sustainability through its stated mission to contribute to the development of sustainable and thriving communities.<sup>30</sup> Towards this goal and in line with Raiffeisen Bank International Group (RBI)'s sustainability strategy, the Bank has developed a three-pillared sustainability strategy through which it commits to remain (i) a responsible banker, (ii) a fair partner, and (iii) an engaged citizen.<sup>31,32</sup>

RBRO has identified key environmental and social topics that are material to the Bank and its stakeholders. In line with this assessment, the Bank has committed to sustainability reporting following the Global Reporting Initiative Standards, and intends to achieve the following environmental goals: 1) reduce scope 1 and 2 GHG emissions from a 2022 baseline by 25% by 2030; 2) have 40% of the Bank's real estate loan volume comprise green mortgages (i.e. energy class A buildings); and 3) have 15% of its corporate lending portfolio by represented by sustainable project financing. Further to the Bank's GHG reduction targets, RBRO contributes to RBI's targets, which require a 25% reduction in scope 1 and 2 emissions by 2030 and 40% by 2040, from 2020 baselines, aligned with a well-below 2°C scenario.<sup>33</sup>

Regarding social impact, RBI has committed to achieving the following: 1) 42% women representation at the supervisory board, management board, and board-1 management levels of its organization; 2) have 25% of retail SME financing represented by ESG and social loans.<sup>34</sup>

Sustainalytics recognizes the Bank's commitment to key sustainability initiatives and targets, and encourages it to continually report on its progress towards quantifiable environmental and social targets, where feasible. Sustainalytics is of the opinion that the Framework is aligned with RBRO's overall sustainability strategy and initiatives, and will further the Bank's action on its key sustainable financing, environmental and social priorities.

### Approach managing environmental and social risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that they are anticipated to have a positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include land use and biodiversity associated with large infrastructure projects, hazardous chemicals, waste and emissions released during waste and wastewater management, and the development of eco-efficient products, occupational health and safety, community relations issues associated with large-scale infrastructure development/construction. Additionally, as a financial institution, RBRO is exposed to risks associated with

<sup>30</sup> Raiffeisen Bank International, "Make Sustainability Happen – Sustainability Report 2023", at: <https://www.rbinternational.com/content/dam/rbi/ho/home/sustainability-esg/governance/sustainability-reports/english/RBI%20Sustainability%20Report%202023.pdf.coredownload.pdf>

<sup>31</sup> Ibid.

<sup>32</sup> Raiffeisen Bank, "Banking with Impact: Our commitment to a sustainable future", at: <https://www.raiffeisen.ro/content/dam/rbi/retail/eu/ro/documents/rapoarte/sustenabilitate/2022-Sustainability-annual-report-Raiffeisen-Bank.pdf.coredownload.inline.pdf>

<sup>33</sup> Ibid.

<sup>34</sup> Ibid.

financing businesses and projects, such as predatory lending. Sustainalytics is of the opinion that RBRO is able to manage and/or mitigate potential risks through implementation of the following:

- RBRO is compliant with EU Directive 2011/92/EU,<sup>35</sup> which is implemented in Romania by Law 292/2018, requiring an environmental impact assessment (EIA) for projects associated with significant effects on the environment prior to development consent being given, ensuring the mitigation of environmental risks relevant with land use changes and infrastructure development.
- RBRO is currently integrating alignment with RBI Group standards, including the implementation of an Environmental and Social Policy (E&S), which categorizes the environmental and social risks of a project according to the level of potential environmental and social risks (low, medium or high) and conducts due diligence for all transactions of high and medium risk projects by considering work conditions, resource efficiency, environmental pollution, public health and safety, land acquisition and forced relocations, Indigenous Peoples, and cultural heritage.<sup>36</sup>
- Regarding occupational health and safety (OH&S) issues associated with large-scale development or construction projects, Sustainalytics notes that RBRO is not directly involved in the undertakings financed, and that the Bank relies upon regulatory safeguards to ensure OH&S risks at construction sites are mitigated. Additionally, the Bank has communicated that it mandates its borrowers to proactively report any project-related environmental or social incidents through the tenure of financing. For construction projects, the Bank does not consider projects eligible if they entail significant occupational health and safety risks.<sup>36</sup> All legal entities (borrowers) are requested to apply national regulations on environmental, social, labour, occupational health and safety for projects financed by the Bank in accordance with RBI standards.<sup>37</sup>
- With regards to community relations issues, RBRO complies with European Bank for Reconstruction and Development (EBRD) "Performance 5: Land Acquisition, Involuntary Resettlement and Economic Displacement", providing the Resettlement Guidance and Good Practice. Following that guidance, RBRO should conduct stakeholder engagements through public disclosure of information and documents, or meetings/interviews (e.g. public meetings, focus groups, household surveys). Affected communities should be included in all phases of resettlement planning and implementation while their complaints should be officially recorded, acknowledged and responded to.<sup>38</sup>
- To manage or mitigate risks associated with predatory lending, the Bank has implemented a standardized early warning system as part of its credit risk management policies, aligned with RBI standards. The system monitors the Bank's portfolio on a monthly basis to identify early warning signs. The Bank utilizes this information to sort its customer portfolio into risk groups and devises strategies for issues that arise. This system is used to monitor certain non-retail and retail borrowing customers.<sup>39</sup>

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

<sup>35</sup> European Commission, "Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment Text with EEA relevance", (2012), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32011L0092>

<sup>36</sup> Raiffeisen Bank International, "Make Sustainability Happen – Sustainability Report 2023", at: <https://www.rbinternational.com/content/dam/rbi/ho/home/sustainability-esg/governance/sustainability-reports/english/RBI%20Sustainability%20Report%202023.pdf.coredownload.pdf>

<sup>37</sup> Ibid.

<sup>38</sup> EBRD, "How to implement our performance requirements", at: <https://www.ebrd.com/who-we-are/our-values/environmental-and-social-policy/implementation.html>

<sup>39</sup> Raiffeisen Bank International, "Make Sustainability Happen – Sustainability Report 2023", at: <https://www.rbinternational.com/content/dam/rbi/ho/home/sustainability-esg/governance/sustainability-reports/english/RBI%20Sustainability%20Report%202023.pdf.coredownload.pdf>

## Section 3: Impact of Use of Proceeds

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

### Importance of renewable energy and energy efficiency projects in Romania

To limit global warming to 1.5°C above pre-industrial levels, in accordance with the commitments of the Paris Agreement, global GHG emissions need to reach net zero by 2050.<sup>40</sup> The EU has committed to reducing GHG emissions by at least 40%, increasing energy efficiency by at least 32.5% and increasing the share of renewable energy to at least 32% by 2030 compared to 1990 levels.<sup>41</sup> In this context, increasing the share of renewables in the EU's energy mix and reducing energy consumption has the potential to contribute significantly to meeting the EU's climate goals.<sup>42</sup> In 2018, the EU set a target to increase the share of renewable energy in its total energy use to 32% by 2030.<sup>43</sup> Subsequently, in 2021, the EU Commission proposed raising the target to 38-40%.<sup>44</sup> To achieve these objectives, the EU is focusing on a clean energy transition in key industries: electricity, heating and cooling, and transport.<sup>45</sup>

Under its National Energy and Climate Plan (NECP), the government of Romania aims to achieve a renewable energy target of 34% by 2030, increasing from 24% in 2020, to support its achievement of EU aligned climate goals. Furthermore, the country has a target to achieve net zero emissions by 2050. With over 70% of Romania's total energy usage dependent on fossil fuels as of 2023, there are still considerable gaps that need to be closed to achieve the required emission reductions, while meeting growing energy demand within the country.<sup>46</sup>

Given the above context, Sustainalytics is of the opinion that RBRO's financing of renewable energy and energy efficiency projects in Romania is expected to support the national energy-related targets and support decarbonization of the Romanian economy.

### Importance of supporting affordable housing in Romania

The UN estimates that around 83.7% of Europeans will live in urban areas by 2050.<sup>47</sup> In parallel with urbanization, housing prices are rising at a faster rate than income across EU member states.<sup>48</sup> Housing becomes unaffordable when housing costs account for more than 40% of disposable household income, according to Eurostat.<sup>49</sup> Across the EU, 10.4% of urban populations and 6.2% of the rural populations live in such a household, as of 2021.<sup>50</sup> In many EU countries, the lack of affordable housing is widely viewed as the most important national issue. This is partly due to factors such as a mismatch between the demand for and supply of social housing stock, increased housing prices and rents relative to incomes, and the privatization of social housing units in recent years.<sup>51,52</sup> In recognition of access to affordable housing as a fundamental human right, the European Parliament has called for stronger action to end homelessness in the EU by 2030 and ensure legal provisions to keep housing affordable.<sup>53</sup>

<sup>40</sup> United Nations, "For a livable climate: Net-zero commitments must be backed by credible action", at: <https://www.un.org/en/climatechange/net-zero-coalition>

<sup>41</sup> European Commission, "Romania: Summary of the Commission assessment of the draft National Energy and Climate Plan 2021-2030", at: [https://energy.ec.europa.eu/system/files/2019-06/necp\\_factsheet\\_ro\\_final\\_0.pdf](https://energy.ec.europa.eu/system/files/2019-06/necp_factsheet_ro_final_0.pdf)

<sup>42</sup> European Commission, "European Green Deal", at: [https://ec.europa.eu/clima/eu-action/european-green-deal\\_en](https://ec.europa.eu/clima/eu-action/european-green-deal_en)

<sup>43</sup> European Commission, "Renewable energy directive 2018/2001/EU", at: [https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive\\_en](https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive_en)

<sup>44</sup> European Commission, "Proposal for an amending Renewable Energy Directive(EU) 2018/2001", at: [https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive\\_en](https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive_en)

<sup>45</sup> Eurostat, "Renewable energy statistics", at: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Renewable\\_energy\\_statistics#:~:text=The%20share%20of%20renewables%20in,compared%20with%209.6%20%25%20in%202004.](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Renewable_energy_statistics#:~:text=The%20share%20of%20renewables%20in,compared%20with%209.6%20%25%20in%202004.)

<sup>46</sup> World Bank, "Romania Could Substantially Improve Living Standards while Decarbonizing its Economy by 2050: World Bank Group Report", at: <https://www.worldbank.org/en/news/press-release/2023/10/24/romania-could-substantially-improve-living-standards-while-decarbonizing-its-economy-by-2050-world-bank-group-report>

<sup>47</sup> UN Habitat, "World Cities Report: Envisaging the future of cities", (2022), at: [https://unhabitat.org/sites/default/files/2022/06/wcr\\_2022.pdf](https://unhabitat.org/sites/default/files/2022/06/wcr_2022.pdf)

<sup>48</sup> Kálmán, A. "Europe strains under rising prices as renters bear brunt of housing crisis", Investigate Europe, (2022) at: <https://www.investigate-europe.eu/posts/house-prices-and-rents-rising-across-europe>

<sup>49</sup> European Parliament, "Policies to Ensure Access to Affordable Housing", (2020) at: [https://www.europarl.europa.eu/RegData/etudes/STUD/2020/652729/IPOL\\_STU\(2020\)652729\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/652729/IPOL_STU(2020)652729_EN.pdf)

<sup>50</sup> European Commission, "Is housing affordable", (2021) at: <https://ec.europa.eu/eurostat/cache/digpub/housing/bloc-2b.html?lang=en>

<sup>51</sup> European Parliament, "Parliament calls for action to solve housing crisis", (2021), at: <https://www.europarl.europa.eu/news/en/headlines/society/20210114ST095643/parliament-calls-for-action-to-solve-housing-crisis>

<sup>52</sup> Euro Cities, "Housing affordability: A European crisis", (2020), at: <https://eurocities.eu/latest/housing-affordability-a-european-crisis/>

<sup>53</sup> European Parliament, "EU should set goal to end homelessness by 2030", (2020), at: <https://www.europarl.europa.eu/news/en/press-room/20201120IPR92124/eu-should-set-goal-to-end-homelessness-by-2030>

Romania has one of the most severe housing needs in the EU, with more than 35% of Romanians homes in need of urgent repairs and 41.2% of the population with no access to running water at home, according to 2018 data.<sup>54</sup> A World Bank Report in 2015 highlighted the need for further investments in order to support a national housing strategy and more recently, the World Bank is working with municipalities and the Romanian central government to establish urban development programmes and policies.<sup>55,56</sup>

RBRO intends to invest in social and affordable housing projects in Romania to support low income and underserved populations. In this context, Sustainalytics is of the opinion that RBRO's financing is expected to support the housing sector and contribute to improved social conditions and welfare in Romania.

### 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 under the 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 Ensure inclusive and sustainable urbanization, planning and management
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	7.3 By 2030, double the global rate of improvement in energy efficiency
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
Agriculture and Forestry	2. Zero Hunger 15. Life on Land	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.b Mobilize significantly resources from all sources and at all levels to finance sustainable forest management, and provide adequate incentives to developing countries to advance sustainable forest management, including for conservation and reforestation
Pollution Prevention and Control	12. Responsible Consumption and Production  9. Industry, Innovation and Infrastructure	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse  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

<sup>54</sup> Habitat for humanity, "Romania", (2018), at:

<https://www.habitatforhumanity.org.uk/country/romania/#:~:text=Statistics%20on%20housing%20poverty&text=According%20to%20the%20national%20statistics,on%20the%20strained%20social%20system.>

<sup>55</sup> The World Bank, Towards a National Housing Strategy, (2015), at: <https://documents1.worldbank.org/curated/en/552171468585744221/pdf/106856-REVISED-WP-RomaniaHousingRASOutputFinalHousingAssessment-PUBLIC.pdf>

<sup>56</sup> The World Bank, "Romania Urban Development", (2021), at: <https://www.worldbank.org/en/country/romania/brief/romania-urban-development>

Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes	12. Responsible Consumption and Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Access to Essential Services	3. Good Health and Wellbeing 4. Quality Education 9. Industry Innovation and Infrastructure	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  4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, nonviolent, inclusive and effective learning environments for all  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
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Employment Generation and retention – SME 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
Inclusive Financing	5. Gender Equality	5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws

## Conclusion

RBRO has developed the Raiffeisen Bank Romania Sustainability Bond Framework under which it may issue sustainability bonds and use the proceeds to finance projects that support the transition to an environmentally sustainable future and support positive social outcomes. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impacts.

The Framework outlines processes for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Framework is aligned with the overall sustainability strategy of the Bank and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals, specifically 2, 3, 4, 5, 6, 7, 8, 9, 11, 12 and 15. Additionally, Sustainalytics considers that RBRO 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 Romania is well positioned to issue sustainability bonds and that that Sustainability Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Social Bond Principles 2023.

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