

Second-Party Opinion

Raiffeisen Bank Romania

Sustainability Bond Framework



Evaluation Summary

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



USE OF PROCEEDS The eligible categories for the use of proceeds¹ 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, 12 and 15.



PROJECT EVALUATION / SELECTION RBRO's internal process in evaluating and selecting projects is overseen by the Sustainability Bond Committee, comprised of representatives from the Bank's Board, Business, Risk 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 risk management system and project selection process 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 that will be tracked by an internal register. RBRO will invest unallocated proceeds within the treasury, in money market instruments and cash or cash equivalents instruments. This is in line with market practice.



REPORTING RBRO intends to provide allocation reporting 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.

Evaluation date	April 19, 2022 ²
Issuer Location	Bucharest, Romania

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¹ Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Agriculture and Forestry, Pollution Prevention & Control, Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, Sustainable Water and Wastewater Management, Access to Essential Services, Affordable Housing and Employment Generation and Retention – Micro and small enterprises

² This document is an update of a Second-Party Opinion, originally published in March 2021. In March 2022, RBRO engaged Sustainalytics to reassess the alignment of its Green Financing Framework. The following changes were made to the Framework: (i) The Framework has been updated to the Raiffeisen Bank Romania Sustainability Bond Framework, (ii) The addition of three new Green Use of Proceeds categories including Pollution Prevention & Control, Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes and Sustainable Water and Wastewater Management and (iii) The additional of social use of proceeds. The scope of Sustainalytics' update consists of assessing the alignment of the Framework to the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021 and re-evaluating the existing green use of proceeds categories to current market practice.

Introduction

Raiffeisen Bank Romania (“RBRO” or the “Bank”) is headquartered in Bucharest and offers a wide range of products and services such as banking units, ATM and EPOS networks, telephone-banking, mobile banking and internet banking to individuals, SMEs and large corporations, through multiple distribution channels.³ Present in the local market for almost 29 years, at the end of 2021 the Bank had a portfolio of over 2.25 million customers, private individual clients, SMEs and large companies.

The Bank is part of the Raiffeisen Bank International Group (the “Group”) that operates in 14 markets in Austria and Central and Eastern Europe.

Raiffeisen has developed the Sustainability Bond Framework (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 loans that support the transition to an environmentally sustainable future and positive social outcomes. The Framework defines eligibility criteria in eleven areas:

Green categories:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Clean Transportation
5. Agriculture and Forestry
6. Pollution Prevention & 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 - Micro and small enterprises

RBRO engaged Sustainalytics to review the Sustainability Bond Framework, dated April 2022, 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 2021 (SBP).⁴ This Framework has been published in a separate document.⁵

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the reviewed Framework with the 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 2021, 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 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

³ RBRO website, “Who We Are”, at: <https://www.raiffeisen.ro/despre-noi/cine-suntem/>

⁴ 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/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

⁵ The Sustainability Bond Framework is available on Raiffeisen Bank Romania’s website at: <https://www.raiffeisen.ro/despre-noi/guvernanta-corporativa/detinatori-de-obligatiuni/>

⁶ 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.

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 or 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 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. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written for a period of twenty-four (24) months from the evaluation date stated herein.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond 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 Sustainability Bond Framework

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

- Use of Proceeds:
 - The eligible categories – Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Agriculture and Forestry, Pollution Prevention & Control, Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, Sustainable Water and Wastewater Management, Access to Essential Services, Affordable Housing and Employment Generation and Retention - Micro and small enterprises– are aligned with those recognized by the GBP and SBP.
 - The Framework defines 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 the criteria mentioned above as aligned with market practice.
 - For the "Green Buildings" category, the Bank intends to invest in the construction, acquisition or ownership of commercial and residential buildings as well as expenditures related to the refurbishment of existing buildings with the following eligibility criteria:
 - Sustainalytics views the schemes specified by the Framework to be credible and the levels selected to be indicative of positive impact and aligned with market practice

- namely LEED (“Gold” or above),⁷ BREEAM (“Very Good”⁸ or above),⁹ DGNB or ÖGNI (“Gold” or above),^{10,11} or Edge (“Advanced” or above).¹²
- RBRO may further finance residential projects certified under the Romania Green Business Council (“RoGBC”) Green Homes certification scheme (“Certified” level or above).¹³ Sustainalytics considers this certification at the specified level to be aligned with market practice.
 - Buildings that fall within the top 15% in terms of lowest carbon emissions at the national level will be identified based on local building codes, building years and Energy Performance Certifications.¹⁴ Should the data not exist to substantiate a percentile-based evaluation, the Framework defines EPC “A” to be eligible. This is aligned with market practice.
 - For building refurbishments, RBRO intends to finance only refurbishments that result in a reduction of the PED or carbon emissions of at least 30% over the performance of the building before the renovation or an improvement of at least two classes in a building’s energy EPC label must be achieved.¹⁵ Sustainalytics views these criteria to be aligned with market practice. RBRO has disclosed that its intention is to focus on whole-building upgrades, not projects dedicated to fossil fuel appliances.
 - In addition to meeting the criteria above, the Bank intends to use the following eligibility criteria as per the EU Taxonomy,¹⁶ on a best-effort basis. For buildings constructed after 31 December 2020, they 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 financing towards buildings that are used for the purpose of occupation by fossil fuel extraction or manufacturing of fossil fuel activities, which Sustainalytics highlights positively.
- Under the “Renewable Energy” category, the Bank may finance the development, manufacturing, construction, installation, operation, distribution and maintenance of renewable energy projects and equipment including wind, solar, hydropower, geothermal, biomass, and waste-to-energy. Sustainalytics notes the following:
- Hydropower projects financed will be run-of-river without an artificial reservoir or with low storage capacity. For new facilities, an Environmental Impact Assessment will be conducted by a credible body with no significant risk or expected negative impact identified. Eligible facilities that have been operating since before 2020 will have a power density greater than 5 W/m² or carbon emissions intensity lower than 100 gCO₂e/kWh. Eligible facilities in operation after 2020 will have a power a density greater than 10 W/m² or carbon emissions intensity less than 50 gCO₂e/kWh. Sustainalytics considers these criteria for hydropower projects as aligned with market practice.
 - Geothermal facilities are limited to those with direct emissions less than 100g CO₂ per kWh, which Sustainalytics considers to be aligned with market practice.

⁷ LEED, “LEED Rating System”, at: <https://www.usgbc.org/leed>

⁸ RBRO has disclosed that it will ensure that all BREEAM “Very Good” buildings which are financed will achieve a minimum score of 70% in the Energy category, which is aligned with the minimum requirements of BREEAM Excellent. Sustainalytics views this to be aligned with good practice.

⁹ BREEAM, “Scoring and Rating BREEAM assessed buildings”, at:

https://www.breeam.com/BREEAM2011SchemeDocument/Content/03_ScoringRating/scoring.htm

¹⁰ The ÖGNI certifies sustainable buildings and quarters according to the European DGNB quality certificate, as such a ÖGNI “Gold” is viewed as equivalent to DGNB “Gold”.

¹¹ DGNB GmbH, “DGNB”, at: <http://www.dgnb-system.de/en/>

¹² EDGE, “Certify”, at: <https://www.edgebuildings.com/certify/>

¹³ RoGBC, “Green Homes certified by RoGBC”, at: <http://rogbc.org/en/projects/green-homes>¹⁴ 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>

¹⁴ 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>

¹⁵ 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.

¹⁶ European Commission, “Sustainable Finance Taxonomy – Regulation (EU)”, at: https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852_en

- The Framework’s criteria for biomass aim to ensure the sustainability of feedstocks.¹⁷ While recognizing this ambition, Sustainalytics notes that the Framework allows for the use of first-generation biofuels (e.g., energy crops) without any verification around lifecycle emissions or induced land use changes, and therefore considers this to be a limitation of the Framework.
 - For waste-to-energy projects, Sustainalytics recognizes that energy from waste could take out of circulation potentially recyclable materials and undermine the objectives of zero-waste circular economy, i.e. waste prevention and recycling. Additionally, it is noted that the composition of residual waste, particularly fossil carbon content, is a crucial consideration for the emissions intensity. However, it is recognized that energy from waste can offer better residual waste management option than landfills in many cases, and that all projects financed will be in Romania, which has enacted regulations in line with EU directives on recycling and waste management. Sustainalytics encourages RBRO to promote the removal of increasing amounts of recyclables, particularly plastics and metals, and to monitor thermal efficiency of the financed facilities.
- 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 30% improvement in energy efficiency and will exclude financing towards improvements of fossil fuel-powered equipment or carbon-intensive heavy industries including steel, cement, refining, etc. 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 to fibre-optic networks with minimal environmental impact to be aligned with market practice.
- For 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 CO₂ per km until the end of 2025 and with zero direct emissions thereafter as eligible.
 - Low-carbon transportation infrastructure includes electric charging points, hydrogen fueling 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 themselves. Given this, Sustainalytics considers investments to be aligned with market practice.
- For 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”),¹⁸ and Programme for the Endorsement of Forest Certification (“PEFC”).¹⁹ 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 Organic.²⁰ 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

¹⁷ 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.

¹⁸ FSC, “Forest Stewardship Council”, at: <https://ca.fsc.org/en-ca>

¹⁹ PEFC, “Programme for the Endorsement of Forest Certification”, at: <https://www.pefc.org/>

²⁰ EU Organic label as approved by control bodies and authorities in Romania, regulated by EEC No. 834/2007 which was replaced in Jan 2022 by Regulation (EU) 2018/848.

- 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 practices²¹ 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 plantation of palm oil or tobacco, 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, reduction and recycling, as well as the reduction of industrial air emissions and GHG control.
 - 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.
 - The “Eco-efficient and/or Circular Economy Adapted Products, Production, Technologies and Processes” includes investments 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.²² Sustainalytics views this certification scheme to be credible and the above-mentioned expenses to be in alignment with market practice.
 - 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 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.
 - Under the “Sustainable Water and Wastewater Management” 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 issue social loans to finance or refinance expenditures for healthcare, education and affordable basic infrastructure projects.
 - Healthcare projects include the financing the acquisition, construction or maintenance of public and private healthcare facilities offering free or subsidized healthcare services specific to general public benefiting from national social insurance. RBRO has confirmed to Sustainalytics that this will ensure access regardless of ability to pay. In 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

²¹ Conservation Agriculture is a set of management practices that helps maintaining the soil health, enhance biodiversity and natural biological processes above and below the ground 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/>

²² Roundtable on Sustainable Biomaterials (RSB), “The RSB Standard”, at: <https://rsb.org/the-rsb-standard/>

- for youth, unemployed and elderly, in addition to investments in childcare facilities. 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.²³ Expenditures may finance infrastructure projects such as public transport and roads in underserved 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 underserved 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. In addition to affordable housing projects, RBRO may finance mortgages to individuals and households.
 - RBRO has confirmed to Sustainalytics that the investments will be under the Romanian government scheme²⁴ targeting first-time homebuyers. The Framework defines the target population as the borrowers whose income is lower than the national average net wage calculated by the National Institute of Statistics²⁵.
 - Sustainalytics further notes that mortgages financed under the scheme are subject to interest rate restrictions²⁶ 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 EU²⁷ located in underserved and underdeveloped regions in Romania.²⁸ Those SMEs which have faced disruptions across their supply chain due to conflicts or economic crises may be additionally prioritized.
 - 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/child labor, and impinging on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.
 - Project Evaluation and Selection:
 - RBRO’s Sustainability Bond Committee, which comprises of representatives from the Bank’s Board, Business, Risk 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 in place 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:

²³ Underdeveloped areas in Romania are defined as those regions (NUTS2) where the GDP per capita (i) is less than 75% of EU- 27 average and (ii) is also below Romania’s average. RBRO will assess eligibility based on latest available annual data from Eurostat.

²⁴ Prima Casa or the First House program (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>

²⁵ The Romanian National Institute of Statistics defined the national net monthly wage to be RON 3543 in 2021, subject to change annually. More details can be found at: <https://insse.ro/cms/en/content/earnings-1991-monthly-series>

²⁶ RBRO has communicated to Sustainalytics that interest rates are restricted to a maximum of 2% for RON loans following the national regulation to cap interest rate margin.

²⁷ European Commission, Internal Market, Industry, Entrepreneurs, and SMEs at: https://ec.europa.eu/growth/smes/sme-definition_en

²⁸ According to EU definition a region is considered less developed if its GDP per capita is less than 75% of EU - 27 average. Based on latest available data from Eurostat, as of 2020 all NUTS2 regions in Romania were below that thresholds with 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.>)

- RBRO's Group Risk Control and Portfolio Management department, along with Treasury, and PR & Communication departments, will be in charge of managing the net proceeds through the Loan Portfolio.
- RBRO intends to add Eligible Loans to the Loan Portfolio and achieve full allocation of an amount at least equal to the proceeds until maturity of the respective bonds. The Bank has confirmed to Sustainalytics that it 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 in case of 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 for eligible category, geographic distribution of Eligible Loans and proportion of financed and refinanced loans.
 - Impact reporting is expected to provide category-wide impact of the Loan Portfolio against respective key performance indicators such as annual greenhouse gas emissions avoided (tCO₂e), 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 raw material/year), annual absolute (gross) water savings (m³ or in %), number of medical or education facilities acquired, build or upgraded, number of affordable buildings constructed acquired or renovated and number of jobs created/supported and split per region 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 Sustainability Bond Framework aligns with the four core components of the GBP and SBP. For detailed information please refer to Appendix 1: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Raiffeisen

Contribution of framework to Raiffeisen Bank Romania's sustainability strategy

Sustainalytics is of the opinion that RBRO demonstrates its commitment to sustainability through its stated mission to contribute to the development of sustainable and thriving communities.²⁹ Towards this goal, the Bank has developed a three-tiered sustainability strategy through which it commits to remain (i) a responsible banker, (ii) a fair partner, and (iii) an active corporate citizen.³⁰

RBRO has identified key environmental topics that are material to the Bank and its stakeholders and most relevant to eligible projects include (i) waste, (ii) energy, (iii) emissions, and (iv) materials.³¹ In line with this assessment, the Bank has committed to sustainability reporting, following the Global Reporting Initiative Standards, and intends to achieve the following Group-level environmental goals by 2025:³²

- Reduce greenhouse gas emissions resulting from energy consumption and employee transportation by 35% and 25%, respectively.
- Reduce paper waste and water consumption by 25%.

²⁹ Raiffeisen Bank, "More than banking: For the Next Decade of Sustainability – Sustainability Report 2020", (p9), at: <https://www.raiffeisen.ro/wps/wcm/connect/44c8a951-8f33-4dcd-b4c9-e9ccb38847b6/Sustainability-Report-2020-Raiffeisen-Bank.pdf?MOD=AJPERES>

³⁰ Raiffeisen Bank, "More than banking: For the Next Decade of Sustainability – Sustainability Report 2020"

³¹ Raiffeisen Bank, "More than banking: For the Next Decade of Sustainability – Sustainability Report 2020", (p25)

³² Raiffeisen Bank, "More than banking: For the Next Decade of Sustainability – Sustainability Report 2020", (p38)

- Increase the share of energy consumption from renewable sources to 35%, at Central and Eastern Europe level.

Key social topics material to RBRO and its stakeholders and most relevant to eligible projects include: (i) sustainable financing, (ii) employment, (iii) training and education, (iv) volunteering and community investments, (v) socioeconomic compliance, (vi) stakeholders and community engagement and (vii) financial education.³³ The Bank intends to achieve the following social goals at the Group-level by 2025:³⁴

- Define a dedicated sustainable financing strategy for private individuals, SMEs and corporate customers and develop a financing portfolio for projects that include ESG principles.
- Expand the factory by Raiffeisen Bank programme and provide support to the Romanian entrepreneurial environment.
- Continue financial education programmes for the public and the Bank's corporate and SME partnerships.
- Increase the share of education projects through the Group-level investment budget.

In 2020, the latest reporting year for the Bank, 47% of new mortgages were high energy performance buildings (EPC class A).³⁵ Meanwhile, 12.9% of the value of loans granted to corporate clients were directed towards sustainable real estate projects which included the construction of energy efficiency buildings, renovation with low resource consumption and certified with LEED, BREEAM and OGNi.³⁶ Furthermore, social performance included LEI 1.6 million in investments to sponsorships granted to 199 hospitals, ambulance services and emergency inspectorates across Romania.³⁷ The Bank made over LEI 8.7 million in community investments with 30% of that budget dedicated towards education projects.³⁸ In 2020, RBRO also funded 112 projects that promote entrepreneurship in Romania while continuing to develop its loan portfolio based on ESG requirements in terms of implementing the sustainable financing strategy for SME, private individual and corporate customers.³⁹

Sustainalytics recognizes the Bank's commitment to key sustainability initiatives and encourages it to include quantifiable environmental and social targets for its sustainable lending portfolio to further strengthen its sustainability practices, where feasible. In this context, Sustainalytics is of the opinion that the Framework is aligned with the RBRO's overall sustainability strategy and initiatives and will further the Bank's action on its key sustainable financing, environmental and social priorities.

Well-positioned to address common 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 are anticipated to have 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 the large-scale infrastructure development/construction. Additionally, as a financial institution, RBRO is exposed to risks associated with 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,⁴⁰ which is implemented in Romania by Law 292/2018, requiring 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.

³³ Raiffeisen Bank, "More than banking: For the Next Decade of Sustainability – Sustainability Report 2020", (p25)

³⁴ Raiffeisen Bank, "More than banking: For the Next Decade of Sustainability – Sustainability Report 2020", (p35)

³⁵ Raiffeisen Bank, "More than banking: For the Next Decade of Sustainability – Sustainability Report 2020", (p46)

³⁶ Raiffeisen Bank, "More than banking: For the Next Decade of Sustainability – Sustainability Report 2020", (p46)

³⁷ Raiffeisen Bank, "More than banking: For the Next Decade of Sustainability – Sustainability Report 2020", (p7)

³⁸ Raiffeisen Bank, "More than banking: For the Next Decade of Sustainability – Sustainability Report 2020", (p7)

³⁹ Raiffeisen Bank, "More than banking: For the Next Decade of Sustainability – Sustainability Report 2020", (p35)

⁴⁰ 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>

- RBRO follows the standards of the International Finance Corporation (IFC),⁴¹ which are reflected in the RBRO's Environmental and Social Policy ("E&S Policy"). Under the E&S Policy, the Bank 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.⁴²
- Regarding an occupational health and safety (OH&S) issue associated with large-scale development or construction projects, Sustainalytics notes that RBRO is not directly involved in the undertakings financed, and further 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. In case of construction projects, the Bank does not consider projects as eligible if they entail significant occupational health and safety risks.⁴² All legal entities (borrowers) are requested to apply national regulations on environmental, social, labor, occupational health and safety for projects financed by the Bank.⁴³
- In regard to a community relations issue, 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 the guidance, RBRO should conduct stakeholder engagement through public disclosure of information and documents, or meeting/interviews (e.g. public meetings, focus groups, household surveys). Affected communities will be included in all phases of resettlement planning and implementation while their complaints will be officially recorded, acknowledged and responded.⁴⁴
- As part of Raiffeisen Bank International (RBI) Group, a signatory to the UN Global Compact,⁴⁵ RBRO commits to protecting environment and human rights while eliminating forced/child labor.
- 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. 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 risks groups and devise strategies for issues that arise. This system is used to monitor certain non-retail and retail borrowing customers.⁴⁶

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.

Section 3: Impact of Use of Proceeds

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

Impact of renewable energy and energy efficiency projects in Romania

Romania has reduced its GHG emissions by approximately 62.19% (excluding land use, land use change and forestry) by 2018 compared to the 1990 baseline.⁴⁷ Furthermore, Romania met its 2020 target of renewable energy generation sources contributing to 24% of the gross final energy consumption, reaching 26.27% in

⁴¹ IFC/World Bank Group, "Performance Standards", (2012), at: https://www.ifc.org/wps/wcm/connect/c02c2e86-e6cd-4b55-95a2-b3395d204279/IFC_Performance_Standards.pdf?MOD=AJPERES&CVID=kTjHBzk

⁴² Sustainalytics has reviewed internal policies of RBRO, including its internal Environmental and Social Policy.

⁴³ Sustainalytics has reviewed internal policies of RBRO, including its internal Environmental and Social Policy.

⁴⁴ EBRD, "How to implement our performance requirements", at: <https://www.ebrd.com/who-we-are/our-values/environmental-and-social-policy/implementation.html>

⁴⁵ UN Global Compact "The Ten Principles of the UN Global Compact", at: <https://www.unglobalcompact.org/what-is-gc/mission/principles>

⁴⁶ Raiffeisen Bank, "More than banking: For the Next Decade of Sustainability – Sustainability Report 2020", (p21)

⁴⁷ Ministry of Environment, Waters and Forests, "Romania's Fourth Biennial Report under the UNFCCC", (2020), at: https://unfccc.int/sites/default/files/resource/BR4_Romania.pdf

2015.⁴⁸ Romania was able to meet this target through large private wind and solar generation capacity in recent years supported by the Green Certificate subsidy scheme.⁴⁹

Under the 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 2020.⁵⁰ The NECP states that energy efficiency plays a key role in facilitating a transition to clean energy in Romania during the 2021-2030 NECP period.⁵¹ Error! Bookmark not defined. As such, the European Commission (“EC”) encouraged the government of Romania to implement more ambitious reduction targets for primary and final energy consumption by 2030 to be aligned with the EU’s 2030 energy efficiency objective (at least 27% improvement in energy efficiency compared to the 1990 level).⁵¹ Accordingly, the government of Romania aims to meet primary and final energy consumption of 32.3 Mtoe and 25.7 Mtoe, resulting in energy savings of 45.1% and 40.4% respectively by 2030 compared to the 2007 baseline scenario.^{52,53} It is, however, noted that investment in energy efficiency is still low in Romania, and therefore private financing is required to facilitate investment in energy efficiency.⁵⁴ In order to meet the target of NECP, around EUR 150 billion is projected to be needed, equivalent of approximately 7% of the current GDP of Romania.⁵⁵

RBRO intends to invest in renewable energy and energy efficiency projects in Romania. Sustainalytics is of the opinion that RBRO’s financing is expected to support the national energy-related targets, and therefore lead to the decarbonized economy in Romania.

Importance of promoting green buildings in Romania

Approximately 36% of the EU’s building stock is over 50 years old, of which approximately 75% is considered energy inefficient.⁵⁶ According to the EC, the renovation and retrofit of existing buildings can lead to significant energy savings, potentially reducing the EU’s total energy consumption by 5-6% and lowering total CO₂ emissions by about 5%.⁵⁷ Given this, the government of Romania aims to improve end-user energy efficiency in buildings as part of the strategic objectives of the National Climate Change Strategy for GHG emissions mitigation.⁵⁸ Additionally, the NECP provides the targets of residential and non-residential buildings for 2030 set by three (minimal, medium, maximum) renovation packages for the buildings located in three climate zones in Romania.⁵⁹ For example, Package 3 (maximum) includes renovation of building up to a level of nearly zero energy building (NZEB) through energy efficiency improvement and renewable energy solutions while Package 1 (minimum) includes renovation up to a level in line with the national law, equivalent to an Energy Performance Certificate (EPC) rating C.⁶⁰

Sustainalytics recognizes the importance of green building development in Romania and its impacts on reducing energy consumption and carbon emissions in the country. Sustainalytics expects that RBRO’s financing for green buildings projects may contribute to reducing GHG emissions from the built environment in Romania, thereby facilitating the transit to a decarbonized economy.

⁴⁸ Government of Romania, “The 2021-2030 Integrated National Energy and Climate Plan”, (2020), at:

https://ec.europa.eu/energy/sites/default/files/documents/ro_final_necp_main_en.pdf

⁴⁹ Ministry of Environment, Waters and Forests, “Romania’s Fourth Biennial Report under the UNFCCC”, (2019), at:

https://www4.unfccc.int/sites/SubmissionsStaging/NationalReports/Documents/3791685_Romania-BR4-1-BR4-Romania.pdf

⁵⁰ EC, “Romania”, (2020), at: https://ec.europa.eu/energy/sites/ener/files/documents/necp_factsheet_ro_final.pdf

⁵¹ EC, “Romania”, (2020), at: https://ec.europa.eu/energy/sites/ener/files/documents/necp_factsheet_ro_final.pdf

⁵² EC, “Romania”, (2020), at: https://ec.europa.eu/energy/sites/ener/files/documents/necp_factsheet_ro_final.pdf

⁵³ Energy Industry Review, “Our Environment: Investing in a Healthy Planet”, (2020), at: <https://energyindustryreview.com/environment/our-environment-investing-in-a-healthy-planet/>

⁵⁴ EUR-lex, “Country Report Romania 2020: 2020 European Semester: Assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances, and results of in-depth reviews under Regulation (EU) No 1176/2011”, (2020), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1584543810241&uri=CELEX:52020SC0522>

⁵⁵ Government of Romania, “The 2021-2030 Integrated National Energy and Climate Plan”, (2020), at:

https://ec.europa.eu/energy/sites/default/files/documents/ro_final_necp_main_en.pdf

⁵⁶ European Commission, “Document on the energy performance of buildings in the European Union”, at: <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings>

⁵⁷ European Commission, “Document on the energy performance of buildings in the European Union”, at: <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings>

⁵⁸ Ministry of Environment, Waters and Forests, “Romania’s Fourth Biennial Report under the UNFCCC”, (2019), at:

https://www4.unfccc.int/sites/SubmissionsStaging/NationalReports/Documents/3791685_Romania-BR4-1-BR4-Romania.pdf

⁵⁹ Government of Romania, “The 2021-2030 Integrated National Energy and Climate Plan”, (2020), at:

https://ec.europa.eu/energy/sites/default/files/documents/ro_final_necp_main_en.pdf

⁶⁰ Government of Romania, “The 2021-2030 Integrated National Energy and Climate Plan”, (2020), at:

https://ec.europa.eu/energy/sites/default/files/documents/ro_final_necp_main_en.pdf

Importance of supporting affordable housing in Romania

More than 70% of European citizens live in urban areas, and this percentage is only set to increase. The UN estimates that around 83.7% of Europeans will live in urban areas by 2050.⁶¹ In parallel with urbanization, housing prices are rising at a faster rate than income in most EU member states.⁶² Housing becomes unaffordable when housing costs account for more than 40% of disposable household income, according to Eurostat.⁶³ 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 demand and supply of social housing stock, increased housing prices and rents relative to incomes, and the privatization of social housing units in recent years.^{64 65} 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.⁶⁶

Romania has one of the most severe housing needs in the EU, with more than 52% of Romanians living in overcrowded conditions and urgent repairs are needed in around 21.5% of the country’s houses.⁶⁷ A World Bank Report in 2015, highlighted the need for further investments in order to support a national housing strategy.⁶⁸

RBRO intends to invest in social and affordable housing projects in Romania to support low income and deprived population. Sustainalytics is of the opinion that RBRO’s financing is expected to foster the housing sector, and therefore lead to the wider social cohesion and welfare in Romania.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Sustainability Bond Framework advances 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

⁶¹ European Commission, “Urban population”, at: https://knowledge4policy.ec.europa.eu/foresight/topic/continuing-urbanisation/developments-and-forecasts-on-continuing-urbanisation_en

⁶² European Commission, “Urban agenda for the EU”, at: http://ec.europa.eu/futurium/en/system/files/ged/policy_guidelines_for_affordable_housing_2018.pdf

⁶³ European Parliament report, “Policies to Ensure Access to Affordable Housing”, 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)

⁶⁴ European Parliament, “Parliament calls for action to solve housing crisis”, at: <https://www.europarl.europa.eu/news/en/headlines/society/20210114ST095643/parliament-calls-for-action-to-solve-housing-crisis>

⁶⁵ Euro Cities, “Housing affordability: A European crisis”, at: <https://eurocities.eu/latest/housing-affordability-a-european-crisis/>
⁶⁶ European Parliament, “EU should set goal to end homelessness by 2030”, at: <https://www.europarl.europa.eu/news/en/press-room/20201120IPR92124/eu-should-set-goal-to-end-homelessness-by-2030>

⁶⁷ UN Habitat, Romania Country Profile at: <https://www.habitat.org/sites/default/files/documents/Romania.pdf>

⁶⁸ The World Bank, Towards a National Housing Strategy, at: <https://documents1.worldbank.org/curated/en/552171468585744221/pdf/106856-REVISED-WP-RomaniaHousingRASOutputFinalHousingAssessment-PUBLIC.pdf>

		<p>change, extreme weather, drought, flooding and other disasters, and that progressively improve land and soil quality</p> <p>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</p>
Pollution Prevention & Control	<p>12. Responsible Consumption and Production</p> <p>9. Industry, Innovation and Infrastructure</p>	<p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p>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</p>
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	<p>3. Good Health and Wellbeing</p> <p>4. Quality Education</p> <p>9. Industry Innovation and Infrastructure</p>	<p>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</p> <p>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</p> <p>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</p>
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 - Micro and small enterprises	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

Conclusion

Raiffeisen has developed the Sustainability Bond Framework under which it may issue sustainability bonds and use the proceeds to finance 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 as well as access to essential services, affordable housing and employment generation and retention projects. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impact.

The Sustainability Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Sustainability Bond Framework is aligned with the overall sustainability strategy of the company and that the use of proceeds categories will contribute to the advancement of the UN SDG 2, 3, 4, 6, 7, 8, 9, 11, 12 and 15. Additionally, Sustainalytics is of the opinion that Raiffeisen has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

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 (2021).

Appendix

Appendix 1: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Raiffeisen Bank Romania
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	April 19, 2022
Publication date of review publication: Original publication date <i>[please fill this out for updates]:</i>	Original SPO – March 2021

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify):</i> | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Agriculture and Forestry, Pollution Prevention & Control, Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, Sustainable Water and Wastewater Management, Access to Essential Services, Affordable Housing and Employment Generation and Retention - Micro and small enterprises 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, 12 and 15.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input checked="" type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input checked="" type="checkbox"/> Other (please specify): Agriculture and Forestry |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|--|--|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |

- Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP
- Other (please specify):

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

RBRO's internal process in evaluating and selecting projects is overseen by the Sustainability Bond Committee, comprised of representatives from the Bank's Board, Business, Risk 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 risk management system and project selection process in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

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

Tracking of proceeds:

- Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner

- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

RBRO intends to provide allocation reporting on its website on an annual basis until full allocation. The 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, along with other quantitative indicators. 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

Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (please specify):

Information reported:

- Allocated amounts
- Sustainability Bond financed share of total investment
- Other (please specify): the amount of Green, Social and/or Sustainability Bond proceeds outstanding; the unallocated amount; total volume of bonds issued, total amount and number of Eligible Loans; breakdown for eligible category; geographic distribution of Eligible Loans; proportion of financed and refinanced loans.

Frequency:

- Annual Semi-annual
 Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
 Linkage to individual bond(s) Other (please specify):

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Number of beneficiaries |
| <input type="checkbox"/> Target populations | <input type="checkbox"/> Other ESG indicators (please specify): Total land area certified by FSC and PEFC; expected annual renewable energy generation (MWh); number of people using public mass transportation; number of retail vehicles financed; type and annual amount of recycled waste (tonnes), energy generation (MWh per year); annual savings of relevant resources (tonnes raw material/year); annual absolute (gross) water savings (m ³ or %); annual absolute (gross) amount of wastewater treated, reused, or avoided (m ³ or %); number of medical or education facilities acquired, built or upgraded; number of affordable buildings constructed, acquired or renovated; m ² of affordable living space constructed or renovated; number of jobs created/supported and split per region if available; number and average amount of the MSME loans |

Frequency:

- Annual Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
 Information published in ad hoc documents Other (please specify): RBRO's website

- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://www.raiffeisen.ro>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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