



Cordia International SE.
Green Finance Framework

April 2024

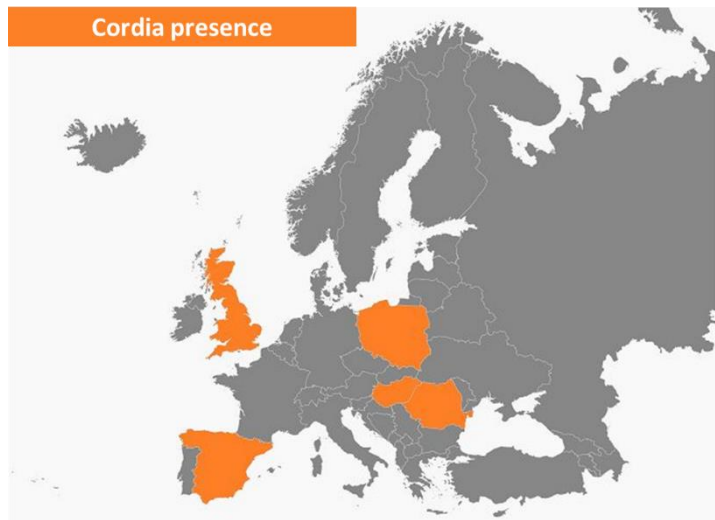
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1. Introduction

Cordia International SE. (hereinafter referred to as *Cordia* or *the Company*) has grown into an international residential real estate powerhouse in Central and Eastern Europe. Our core business is developing and selling medium and upper medium class residential properties across five countries, and we are undergoing continuous expansion. We believe our success so far has been the result of certain key ingredients: our outstanding team, our innovative, honest, ethical and responsible market behaviour, our financial strength, our local knowledge and our global relationships. Our growth is founded on reliability and we are committed to fulfilling our tasks and purpose. Becoming a leading developer in growth markets is the result of our hard work, which is something that we are incredibly proud of.

Over the last two decades, we have completed more than 10,000 apartments in Hungary, Romania and Poland, and we are currently developing an additional 1,700 units in 11 projects throughout the region, and have an additional 11,200 homes throughout Central and Eastern Europe, Spain and the United Kingdom in the development pipeline. Based on our core values, environmental and social sustainability are essential elements in Cordia's business strategy. Recognizing, that



habitation is fundamental in our well-being, our apartments are more than just harmonious homes: they offer outstanding quality of life and they are unique living spaces that organically fit the location and the surrounding community. Our properties represent an outstanding investment for sophisticated investors, as they provide long-term value and comfortable, secure rental yields that exceed market averages.

As a member of the Futureal Holding Group, one of the leading international real estate developers and investors in Central and Eastern Europe, Cordia's objective is to become the leading housing developer in the region. The Futureal Holding Group is engaged not only in residential development but also in large-scale mixed-use urban renewal projects, office and retail development, redevelopment projects, and commercial property investments, as well as providing structured finance solutions. Since its foundation, Futureal Holding Group's portfolio has encompassed more than 180 real estate projects, with a total value of EUR 5 billion across 3 million square meters. Currently, the group is managing 39 projects simultaneously, with a total value of EUR 1.2 billion and a net area of over 400.000 square meters.

The projects of Cordia

So far, Cordia has completed more than 10,000 apartments in Hungary, Romania and Poland, with a total gross area of 657,000 square meters. Building on that track record, we are currently developing 1,700 additional units and we are also planning to build further 11,200 homes throughout Central and Eastern Europe, Spain and the United Kingdom in the coming years.



To date, we have sold more than 7,700 homes and we are currently constructing 899 apartments, with a total area of more than 57,000 sqm in Budapest. In addition, our company has 21 projects in the pipeline in different stages of preparation, representing approximately 4,000 units, with a total area of cca. 238,000 sqm for future development in Budapest.



To date, in Poland (Warsaw, Krakow, and TriCity) we have built more than 2,700 properties. We are currently constructing over to 500 apartments with a total net area of almost 30,000 sqm. In addition, our company has further projects in different stages of preparation, with approximately 4,400 units scheduled for future development in Warsaw, Krakow, Gdansk, Sopot and Poznan.



Cordia entered the UK market in September 2020, by acquiring the Birmingham-based PRS (Private Rented Sector) specialist Blackswan Property. Today, Cordia UK is one of the most active residential developers in the West Midlands, with a pipeline of almost 600 homes in Birmingham alone. Having completed The Gothic, a collection of 14 high-end apartments in an ambitious reanimation of heritage listed buildings, as well as The Bank, a fully refurbished 1,500 sqm office complex in a grade II listed heritage building that also serves as the company's UK headquarters, Cordia UK is now focusing on the delivery of its exciting build to rent pipeline, like the 148-apartments Lampworks scheme, in Birmingham's Jewellery Quarter and City Centre.



To date, in Romania we have built 485 residential properties in our 2-stage landmark project Parcului 20. In addition, currently our company has further projects in different stages of preparation, with approximately 1,500 units for 101,000 sqm scheduled for future development in Bucharest.



Cordia Spain has currently under construction our first sea-view project Jade Tower for 116 luxury units with over 13,000 sqm. Our pipeline for future includes two multistage projects for approximately 750 units, with area over 79,000 sqm. All our projects are located in the most elegant resorts of the Spanish Riviera, the Costa del Sol.

Cordia (non-green) bonds are listed either on the X-Bond platform of the Budapest Stock Exchange (BSE) or on the Warsaw Stock Exchange (WSE) as well, which means that the Company

intends to operate in line with the existing ESG strategy of each stock exchange, including environmental aspects such as climate risk, resource management and clean energy, greenhouse gas (GHG) emissions and waste management. The Company would like to incorporate the sustainability principles in its business strategy to achieve long-term efficiency and success.¹ This Green Finance Framework is also part of this effort and it fits well into the holistic sustainability strategy of the Company. In addition, this commitment creates not only a higher shareholder value but also benefits the stakeholders of Cordia.

The sustainability strategy of Cordia

In 2019, the European Union initiated the Green Deal to cut emissions by at least 55% by 2030. Moreover, the EU aims to become the first climate-neutral continent by 2050. In July 2021, the Commission presented several proposals on how it intends to achieve climate neutrality by 2050, including greenhouse gas emission targets for sectors such as buildings.²

According to the European Commission, buildings are responsible for 36% of Europe's GHG emissions in 2020, mainly coming from construction, usage, renovation and demolition.³ In addition, 40% of the European energy consumption can be attributed to buildings, which makes them the single largest energy consumers in the continent. About 85% of the EU building stock was built before 2000, and almost $\frac{3}{4}$ of them have a poor energy performance, meanwhile, only about 1% of the building stock is renovated each year. The European Commission estimates that the renovation of existing buildings can lead to significant energy savings, as it could reduce the EU's total energy consumption by 5-6% and lower CO₂ emissions by about 5%, and it can also stimulate the construction industry, which provides 18 million direct job opportunities within the EU.⁴

According to the latest data (from year 2021), in the EU, 5.8 % of GDP was invested in housing. This share varies among the Member States: the highest is in Cyprus with 8.3%, while the lowest is Greece with 1.3%. All of Cordia's markets (Spain: 5.8%, United Kingdom: 4%, Hungary: 3.9%, Romania 3.1%, Poland 2.3%) lag behind the EU-28 average, which means there is still a lot of room for real estate developments, and Cordia can contribute to the expansion of available green real estates in these countries.⁵

¹ BSE ESG

<https://www.bse.hu/Issuers/corporate-governance-recommendations/bse-esg>

² EU climate action and the European Green Deal

https://ec.europa.eu/clima/policies/eu-climate-action_en

³Energy Performance of Buildings Directive

https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

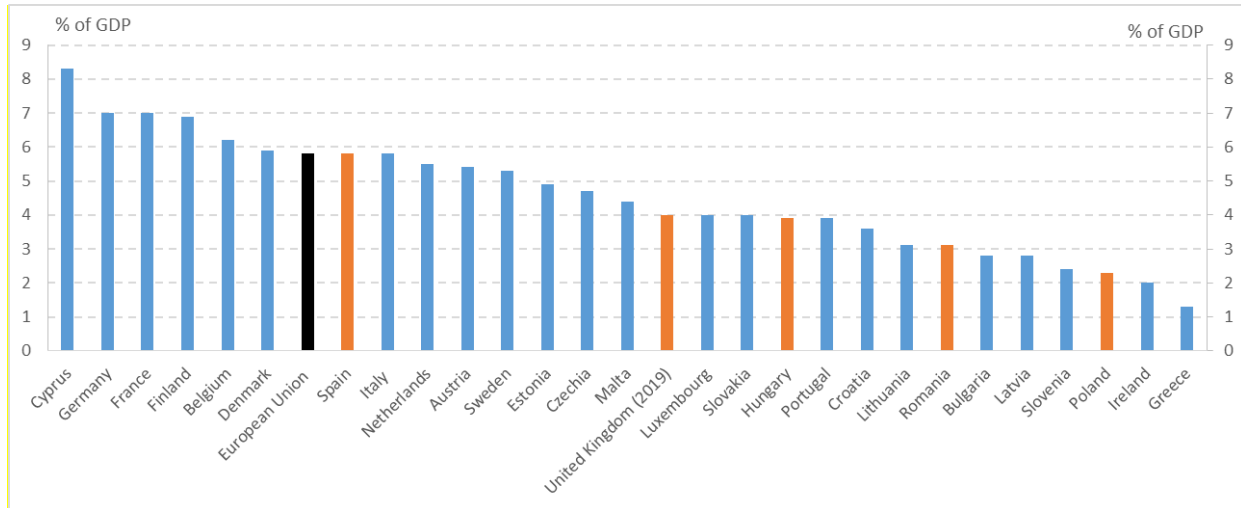
⁴ European Commission: Energy performance of buildings directive

https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

⁵European Commission: Construction

<https://ec.europa.eu/eurostat/cache/digpub/housing/bloc-3a.html?lang=en>

Chart 1- Investment in housing in EU countries, in percentage of Gross Domestic Product (2021)



Source: Eurostat

As a major CEE real estate developer, Cordia can significantly contribute to the goals of the EU’s Green Deal to decrease the GHG emission of buildings in the region.

Cordia endorses all of the 17 Sustainable Development Goals ("SDG"s)⁶ as defined by the United Nations for the period 2015 -2030, as well as the 2015 Paris Agreement within the United Nations Framework Convention on Climate Change. The Company can contribute to the fulfillment of the following SDGs in its operations:



As an ambitious corporation in the area of sustainability, Cordia published its very first Green Finance Framework in November 2021. Eager to keep up with the latest expectations and market best practices of sustainability efforts, in April 2024 we hereby release the updated version of our Framework.

⁶ United Nations: The 17 Goals
<https://sdgs.un.org/goals>

Compliance with the EU Taxonomy⁷

The existing EU Taxonomy is a classification system that lists environmentally sustainable economic activities. The standardised approach can play an important role in helping the EU scale up sustainable investment and implement green initiatives in Europe. The clear definitions help companies, investors and policymakers in considering environmentally sustainable activities.

For an economic activity to be sustainable, it must contribute to at least one of the 6 environmental objectives, established by the Taxonomy Regulation, while Doing No Significant Harm (DNSH) to the other ones. Furthermore, the Company must comply with the minimum social safeguards and the technical screening criteria. The 6 environmental objectives are the following:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Cordia monitors the Construction and real estate activities sector of the EU Taxonomy with a special attention, and aims to incorporate the relevant recommendations into its sustainability policy.

The Green Finance Framework

Cordia established a Green Finance Framework in line with the International Capital Market Association's (ICMA) Green Bond Principles (GBP). The Framework's commitments are applied to green bonds used or issued, where proceeds will be allocated to finance/refinance – with a look-back period of 24 months for refinancing activities – , in part or in full, new and/or existing Eligible Projects and Assets with clear environmental benefits.

The Framework contains all of the components recommended by the GBP:

- Section 2: Use of Proceeds
- Section 3: Process for Project Evaluation and Selection
- Section 4: Management of Proceeds
- Section 5: Reporting

⁷ EU Taxonomy
https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en














In June 2022, the 2021 Green Bond Principles of the ICMA has received an appendix (Appendix I), which categorizes 4 types of green bonds. Out of the 4 categories, Cordia's framework primarily incorporates the Standard Green Use of Proceeds Bonds.⁸

Future changes in the Green Bond Principles and the EU Taxonomy may be implemented in updated versions of this Green Finance Framework. Any updated version of this framework will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external consultant.





2. Use of Proceeds

The use of green finance proceeds for the Cordia issuances within this Framework are intended to be in line with the ICMA GBP, therefore all Green Assets and Projects should provide clear environmental benefits and promote the transition to a low-carbon, climate-resilient and sustainable economy.

⁸ An unsecured debt obligation with full recourse-to-the-issuer only and aligned with the GBP.
<https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf>

GBP Eligible Category	Eligibility Criteria	SDG Contribution	EU Taxonomy Contribution
<p>Green Buildings</p> 	<p>Acquisition or construction of residential buildings that meet the following, recognized standards, such as:</p> <ul style="list-style-type: none"> • BREEAM (Excellent or above), or • LEED (Gold or above), or • At least 10% better than the minimum criteria for nearly zero energy buildings, or • CBS Residential building criteria for the target country⁹ <p>Financing of renovation or otherwise completed low-energy properties that have, or will, achieve at least a 30% decrease in overall energy consumption or achieve the required energy efficiency in line with the applicable national building code for newly-built properties, or a two-grade upgrade in the local energy performance label, if it results at least 20% improvement in emissions/energy performance/PED</p>	     	<ul style="list-style-type: none"> • Construction of new buildings; • Installation, maintenance and repair of energy efficiency equipment; • Renovation of existing buildings; • Acquisition and ownership of buildings
<p>Energy Efficiency</p> 	<p>Investment in/expenditures on the R&D, operation, distribution and maintenance of equipment or technology helping reduce energy consumption and increase energy savings, such as:</p> <ul style="list-style-type: none"> • energy storage, • district heating, • smart grids, • efficient lighting. 	  	<ul style="list-style-type: none"> • Construction of new buildings; • Renovation of existing buildings; • Installation, maintenance and repair of energy

⁹ Location Specific Criteria for Residential Buildings & Calculator
<https://www.climatebonds.net/standard/buildings/residential/calculator>

	<p>New or existing buildings belonging to the top 15% most energy-efficient buildings in the target country.¹⁰</p> <ul style="list-style-type: none"> • Hungary: At least A; • Poland: Polish technical condition TC2014 or TC2017/2021, or single-family houses with <110.3 kWh/m²/a and multi-family houses with <96.5 kWh/m²/a Primary Energy demand; • UK: EPC B or better; • Spain: EPC B or better. 		<p>efficiency equipment;</p> <ul style="list-style-type: none"> • Renovation of existing buildings; • Acquisition and ownership of buildings; • Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
<p>Renewable Energy</p> 	<p>Investments in or expenditures on the installation of solar power or heat pump or stand-alone solar farms, and related infrastructure investments (e.g. grid connections, electric substations or networks)</p>		<ul style="list-style-type: none"> • Installation, maintenance and repair of renewable energy technologies
<p>Clean Transportation</p> 	<p>Financing of/investments in supportive infrastructure services (charging stations for electric vehicles, bicycle storages or other investments supporting low-carbon transportation methods)</p>		<ul style="list-style-type: none"> • Installation, maintenance and repair of charging stations for electric vehicles in buildings

The net proceeds not yet allocated to any assets eligible with the above criteria may be held in the Issuer’s liquidity reserves (invested into cash, deposits, securities, investment funds and financial instruments).

¹⁰ It is important to note that according to the March 2024 proposals of the European Parliament, all new residential buildings have to be emission free.

Excluded projects and assets

Cordia will not allocate the green finance proceeds to fossil-based energy generation, nuclear energy generation, R&D within weapons and defence industries, potentially environmentally negative resource extraction (e.g. rare-earth elements or fossil fuels), gambling or tobacco.

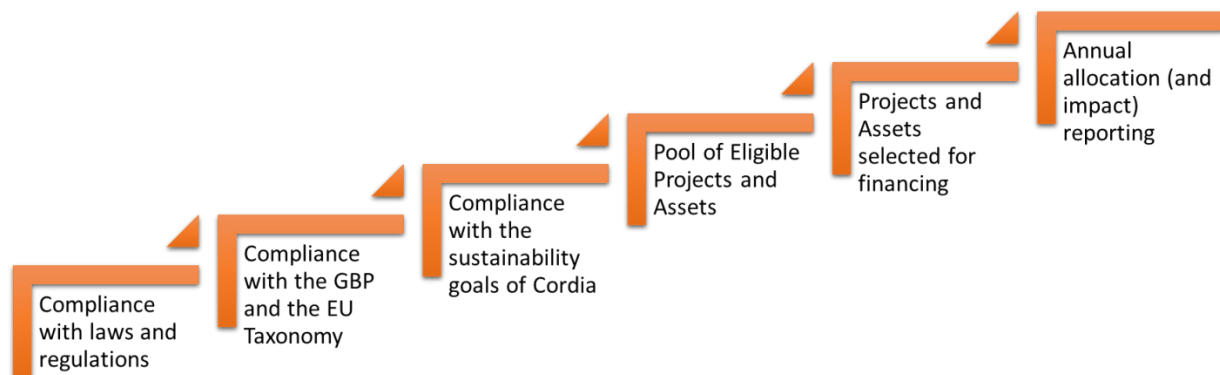
3. Process for Project Evaluation and Selection

Cordia's project evaluation and selection process ensures that the green bond proceeds will be allocated only to Eligible Projects and Assets that meet the criteria of the GBP and this Framework.

The Cordia Green Finance Committee (CGFC) will be established to monitor the sustainability finance processes of the Company. The GFC meets at least annually. The CGFC will consist of the following members:

- CEO of Cordia
- CFO of Cordia
- Technical Director of Cordia
- Head of Sustainability of Cordia
- Chief Architect of Cordia

The nominated Eligible Projects and Assets are selected based on the Section 2 (Use of Proceeds) of the Framework, such as external certifications (such as the green building certifications, the EPC label of the new or refurbished/renovated property) or the alignment with the GBP and the EU Taxonomy to ensure that the Eligible Projects and Assets contribute to at least one of the UN SDGs, and EU Taxonomy activities also considering the Do No Significant Harm (DNSH)¹¹ principle.



¹¹ Activities that do no significant harm to the following six environmental objectives: Climate change mitigation, Climate change adaptation, Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control, Protection and restoration of biodiversity and ecosystems.

The CGFC will monitor the development of the relevant green KPIs and targets. The Committee can also involve an external sustainability expert.

Regarding Environmental and Social (ES) risk management, Cordia considers the interest of stakeholders in the selection of Green Projects and Assets. The ES risks are managed by the CGFC. If a meaningful ES risk is identified, the Committee provides a mitigation proposal during the project evaluation and selection process.

4. Management of Proceeds

Cordia (where Cordia shall include Cordia International SE itself and any of its subsidiaries – especially Cordia Polska Finance - potentially issuing bonds or borrowing senior financing) intends to allocate the green finance proceeds to a dedicated Green Account or otherwise tracked in the Green Portfolio of the Company. The Company will track the proceeds in a spreadsheet, maintained by the CGFC. This Green Account will contain information on the selected Eligible Projects and Assets and the Green Bonds, such as the project category, location, ISIN, maturity, amount outstanding. The Green Account will serve as a basis for the annual reporting.

The CGFC is responsible for the allocation of green bond and other green financing instrument proceeds¹² in line with the criteria mentioned above. If a Project or Asset no longer qualifies as eligible during the life of the green bond and other green financing instruments, the Project/Asset will be replaced by another Eligible Project or Asset as stated by this Framework.

While the Green Portfolio has a positive balance, the net proceeds may be invested or utilised following the sustainability policy of Cordia and the investment criteria. Such unallocated funds may be held in the Issuer's liquidity reserves (invested into cash, deposits, securities, investment funds and financial instruments).

5. Reporting

To be fully transparent, Cordia will publish an annual report on its website (www.cordiahomes.com) within 12 months of the green bond issuance and then annually until full allocation.

The report will contain information on the Eligible Projects and Assets that have been financed with green bonds and other green finance instruments, a summary of the activities of Cordia in

the past year relevant to green bonds as well as information, including examples, of the financed Eligible Projects’ and Assets’ adherence to the relevant criteria.

The planned annual green finance report will include

- the Allocation Report; and
- the Impact Report on a best effort basis (based on the availability of relevant data and KPIs).

Allocation Report


Allocation of green finance proceeds will be provided at a project level, unless confidentiality agreements, competitive considerations, or a large number of underlying qualifying projects limit the amount of detail that can be made available. In that case, the information will be provided at an aggregated level, with an explanation of why project-level information is not given. The Allocation Report will contain the following data:

- Total amount of green finance instrument proceeds allocated
- Remaining balance of unallocated bond and other green finance instrument proceeds
- The remaining balance of the Green Portfolio
- Share of financing/refinancing of new/existing projects
- Geographical distribution of the Eligible Projects/Assets

Impact Report




Cordia will provide impact reporting at the level of each Eligible Project Category which has been defined in the section of Use of Proceeds on a best effort basis. Impact reporting – if the relevant data are available – may contain metrics recommended by the 2021 Harmonised Framework for Impact Reporting.¹³

The following metrics are examples of indicators that are likely to be used by the Cordia in the Impact Reporting:

GBP Eligible Category	Impact Indicator
<p>Green Buildings</p> 	<ul style="list-style-type: none"> • Type of certification and degree of certification for buildings (e.g. LEED, BREEAM, EPC) • Estimated annual GHG emission avoided (tCO₂e) • Annual energy savings (MWh) – if any

¹³ Harmonised Framework for Impact Reporting June 2021

<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf>

<p>Energy Efficiency</p> 	<ul style="list-style-type: none"> • CO₂ emissions reduced/avoided in tCO₂ • Energy saving in kWh/m² • Water saving/reused in m³/m² • Amount of waste minimized, reused, or recycled in tons
<p>Renewable Energy</p> 	<ul style="list-style-type: none"> • Expected annual renewable energy generation (MWh) • Installed renewable energy capacity (MW) • Estimated annual GHG emission avoided (tCO₂e)
<p>Clean Transportation</p> 	<ul style="list-style-type: none"> • Number of clean (e.g. electric) vehicle chargers deployed • Annual Absolute (gross) GHG emissions in (tCO₂e) • EV charging station total power (MWh) • Geographical coverage of the EV charging stations in km²

6. External Review

In line with the 2021 GBP recommendations, Cordia appointed an external reviewer to assess through a pre-issuance external review (SPO) the alignment of the Company's Green Finance Framework with the four core components of the GBP.

Both the Framework and the SPO are published on the website of the Company.

Allocation report audit

Cordia also aims to obtain an annual review from an external auditor, based on the allocation of green bonds and other green finance instruments' proceeds to the Eligible Projects and Assets on an annual basis.