



Second-Party Opinion

Cordia International Zrt. Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the Cordia International Zrt. Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency, Renewable Energy and Clean Transportation – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories could reduce the carbon footprint of Cordia’s business activities while advancing the UN Sustainable Development Goals, specifically SDG 7 and 11.



PROJECT EVALUATION / SELECTION Cordia’s internal process for evaluating and selecting eligible projects will be managed by its Green Finance Committee. The Committee will meet on an annual basis to review eligible projects and assets in compliance with the Framework. Cordia’s environmental and social risk management processes are applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the Company’s process for project selection to be in line with market practice.



MANAGEMENT OF PROCEEDS Cordia’s process for management of proceeds is overseen by its Green Finance Committee. The Company intends to allocate the proceeds to a dedicated green account or to maintain a green portfolio that matches or exceeds the net proceeds from green bonds issued under the Framework. Pending full allocation, proceeds will be invested in short-term liquid interest-bearing securities such as European government bonds or cash and cash equivalents in line with Cordia’s investment criteria and sustainability policy. The Company intends to fully allocate the proceeds within 24 months from the date of issuance. This is in line with market practice.



REPORTING Cordia intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include total amount of proceeds allocated, balance of unallocated proceeds, the remaining balance of the green portfolio, the share of financing and refinancing, and geographical distribution of eligible projects/assets. Cordia has also committed to reporting on relevant impact metrics. This is in line with market practice.

Evaluation date	December 20, 2021
Issuer Location	Budapest, Hungary

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Introduction

Cordia International Zrt. (“Cordia”, or the “Company”) is a real estate company based in Hungary, with core business operations in the development of residential real estate located in Poland, Budapest, the UK, Romania, and Spain. The Company has built over 7,000 apartments and is planning to develop 11,200 apartments throughout Central and Eastern Europe, Spain and the UK.

Cordia has developed the Cordia International Zrt. Green Finance Framework (the “Framework”) under which it intends to issue green bonds and green loans and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that aim to reduce the carbon footprint of the Company’s business activities through developing green buildings, energy-efficient technologies, renewable energy generation and clean transportation infrastructure. The Framework defines eligibility criteria in four areas:

1. Green Buildings
2. Energy Efficiency
3. Renewable Energy
4. Clean Transportation

Cordia engaged Sustainalytics to review the Cordia International Zrt. Green Finance Framework, dated November 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).¹ This Framework has been published in a separate document.²

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ 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 Green 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.

As part of this engagement, Sustainalytics held conversations with various members of Cordia’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. Cordia’s representatives have confirmed (1) they understand it is the sole responsibility of Cordia 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 Cordia.

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

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The Cordia International Zrt. Green Finance Framework is available on Cordia’s website at: [Investor Relations – Cordiahomes \(donebox.hu\)](https://www.cordiahomes.com/investor-relations)

³ 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.

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

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Cordia International Zrt. Green Finance Framework

Sustainalytics is of the opinion that the Cordia International Zrt. Green Finance Framework is credible and impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of Cordia's Green Finance Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Energy Efficiency, Renewable Energy and Clean Transportation – are aligned with those recognized by the GBP. Sustainalytics notes that projects financed and refinanced under this Framework are expected to reduce the carbon footprint of the Company's business activities in Hungary, Poland, UK, Romania and Spain.
 - Cordia has established a look-back period of 24 months for its refinancing activities. This is in line with market practice.
 - Within the Green Buildings category, Cordia may finance or refinance new and existing residential buildings.
 - Construction or acquisition of buildings that have achieved or are expected to achieve green building certifications with the following minimum certification levels: BREEAM (Excellent or above) or LEED (Gold or above). Sustainalytics views these schemes as credible, and the levels selected in line with market practice. For Sustainalytics' assessment of these schemes, please refer to Appendix 1.
 - Construction or acquisition of buildings that have achieved or are expected to achieve net primary energy demand (PED) that is at least 10% lower than the national Nearly Zero Energy Buildings (NZEB) for the respective countries.⁴ Sustainalytics considers this aligned with market practice.
 - Construction or acquisition of buildings that have met or are expected to meet the Climate Bonds Initiative's Location Specific Criteria for Residential Buildings⁵ criteria for the respective countries.
 - Renovation of buildings that achieve at least 30% improvement in energy consumption prior to the renovation or that achieve the energy efficiency standard of the national building codes⁶ for newly built properties. The issuer has confirmed with Sustainalytics the intention to meet cost-optimal minimum energy performance requirements in accordance with the Energy Performance of Buildings Directive (EPBD), in line with the EU Taxonomy.⁷ Sustainalytics notes that the EPBD minimum energy performance

⁴ European Commission, "Nearly Zero Energy Buildings", (2020), at: https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings_en

⁵ Climate Bond Standards, "Standard", at: <https://www.climatebonds.net/standard/buildings/residential/calculator>

⁶ Eurocodes, "European standards", at: <https://www.en-standard.eu/eurocodes/>

⁷ The EU Taxonomy is based on economic activities defined in NACE (Nomenclature des Activités Économiques dans la Communauté Européenne). The Taxonomy currently lists 70 economic activities which have been chosen due to their ability to substantially contribute to climate change mitigation or adaptation.

- requirements vary across EU Member States and therefore encourages Cordia to report on the actual primary energy demand performance level (or energy savings) achieved compared to the reference buildings as defined based on existing building stock within the region.
- Renovating and refurbishing existing buildings that result in a two letter EPC label improvement that result in a minimum 20% improvement in emission, energy performance or PED. Sustainalytics views these investments as aligned with market practice.
 - Regarding Energy Efficiency expenditures, Cordia may finance or refinance the following:
 - Operation, maintenance, research and development of energy-efficient equipment and technology. This may include: (i) battery energy storage, (ii) construction of district heating systems including pipelines and associated infrastructure that are powered by primarily (more than 50%) renewable energy and or waste heat, (iii) electric heat pumps, (iv) smart grids such as smart metering and energy management systems and (iv) energy-efficient lighting. Sustainalytics notes that Cordia intends to limit R&D expenditures as per the Framework to no more than 10% of overall proceeds and that all expenditures relating to operation and maintenance are aimed at extending the life of underlying assets.
 - Development or acquisition of new or existing buildings that fall within the top 15% best performing threshold of the total stock, as determined by EPC labels in Spain,⁸ UK,⁹ Hungary,¹⁰ Poland¹¹ and Romania. In the case of Romania, where there is insufficient data to determine the top 15% of building stock based on EPC labels, Sustainalytics encourages the Issuer to select buildings that have an EPC label A in order to provide sufficient assurance of positive environmental impact.
 - Improving energy efficiency in the transmission and distribution of electrical grid including energy management systems and smart metering. Sustainalytics views these investments as aligned with market practice.
 - Regarding Renewable Energy, Cordia may finance or refinance renewable energy projects including solar photovoltaic projects. In addition, the Company may also finance the development of renewable-powered infrastructure such as electrical grids and electric substations or networks. Cordia has confirmed to Sustainalytics that the grid-related projects will be dedicated to connecting renewable power to the national grid, which is in line with market practice.
 - Regarding Clean Transportation, Cordia may finance or refinance infrastructure such as bicycle ramps or electric vehicle charging stations. This is in line with market practice.
 - In accordance with the exclusionary criteria set out in the Framework, the bond proceeds will not be allocated to assets directly linked to fossil fuels, nuclear energy, R&D within weapons and defense industry, rare-earth elements, tobacco and gambling. Sustainalytics views positively the Framework's inclusion of exclusionary criteria.
 - Project Evaluation and Selection:
 - Cordia's internal process for evaluating and selecting eligible projects will be managed by its Green Finance Committee (the "Committee") comprised of the CEO, CFO, Technical Director, Head of Sustainability and Chief Architect of Cordia. The Committee will meet on an annual basis to review eligible projects and assets in compliance with the Framework.
 - Cordia has in place internal occupational health and safety policies that incorporate environmental and social risks, which are applicable to all allocation decisions made under the Framework. Sustainalytics considers these policies and processes to be adequate and to address environmental and social risks for all allocation decisions made under the Framework. For additional details see Section 2.
 - Based on these elements, Sustainalytics considers this process to be in line with market practice.

⁸ EPC Label C or better.

⁹ EPC Label B or better.

¹⁰ Expenditures are intended to finance buildings with the EPC label BB or better (rating since 2016) or with a rating of A or better (rating before 2016).

¹¹ Buildings complying with Technical Condition (TC) 2014 or TC2017/2021 or having PED less than 110.3 kWh/m²/year for single family houses and PED less than 96.5kWh/m²/year for multifamily houses.

- Management of Proceeds:
 - Cordia’s process for management of proceeds is overseen by the Committee. The Company intends to allocate the proceeds to a dedicated green account or to maintain a green portfolio that matches or exceeds the net proceeds from green bonds issued under the Framework. Additionally, the Company intends to fully allocate the proceeds within 24 months from the date of issuance. Cordia will remove any projects no longer meeting the Framework’s criteria and will replace them with other eligible projects as soon as reasonably applicable. Pending full allocation, proceeds will be invested in short-term liquid interest-bearing securities such as European government bonds or cash and cash equivalents in line with investment criteria and the sustainability policy of the Company.
 - Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Cordia is committed to reporting on the allocation and impact of proceeds through annual reporting published on its website¹² on an annual basis and until full allocation. Allocation reporting will include total amount of proceeds allocated, balance of unallocated proceeds, remaining balance of the green portfolio, share of financing and refinancing, and geographical distribution of eligible projects/assets. Impact reporting will include the estimated avoided GHG emissions (tCO₂e), energy savings (kWh/m²), renewable energy generation (MWh), total renewable energy capacity installed (MW) and number of electric vehicle chargers deployed.
 - Based on these elements, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Cordia International Zrt. Green Finance Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Cordia

Contribution of framework to Cordia’s sustainability strategy

Cordia does not currently have a publicly available sustainability strategy, targets, or commitments. The Company has communicated to Sustainalytics that it is currently developing a sustainability strategy and expects to make it publicly available in 2022. Sustainalytics notes that currently all the properties it has developed in Hungary have secured one of the green building certification schemes listed in the Framework.

While Sustainalytics notes Cordia’s plans to use green bond proceeds to finance green projects, ICMA’s Green Bond Principles 2021 recommend that Issuers communicate overarching objectives, strategy and policies relating to environmental sustainability. Sustainalytics encourages Cordia to disclose and report on its sustainability strategy, targets and objectives to ensure transparency.

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 expected to have a positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include occupational health and safety, emissions and waste generated in construction, and land use and biodiversity issues associated with large-scale infrastructure development.

Sustainalytics is of the opinion that Cordia is able to manage and/or mitigate potential risks through implementation of the following:

- Regarding occupational health and safety, Cordia has in place policies that ensure personnel are provided with personal protective equipment.¹³ To prevent accidents at work, the Company organizes annual trainings in fire and occupation safety for all its employees.¹⁴ In addition, Cordia

¹² The annual report will be available on Cordia’s website at: www.cordiahomes.com

¹³ Cordia, “Personal protective equipment allowance scheme”, provided by Cordia to Sustainalytics.

¹⁴ Cordia, “Educational material”, provided by Cordia to Sustainalytics.

uses its internal workplace risk assessment methodology and risk management plan that ensures work processes and work areas do not endanger the safety of life and property.¹⁵

- In addition to Cordia's policies, the EU Directive 89/391/EEC ensures minimum safety and health requirements throughout Europe. Employers "have a duty to ensure the safety and health of workers in every aspect related to the work."¹⁶ Necessary measures to be taken by employers include "prevention of occupational risks and provision of information and training, as well as provision of the necessary organization and means."¹⁷
- Regarding emissions and waste generated in construction, and land use and biodiversity issues, Hungary, Spain, UK and Poland are each classified within the Equator Principles as a "Designated Country", indicating the presence of robust environmental and social governance systems, legislation, and institutional capacity for protecting the environment and communities.¹⁸ Additionally, in accordance with EU regulation on construction and demolition waste, Cordia is required to follow guidelines set out by each of the Member States Cordia operates in.¹⁹ These regulations are aimed to ensure waste management is carried out without endangering human health or causing harm to the environment.
- Regarding land use and biodiversity risks, the EIA Directive 2014/52/EU aims at ensuring that projects, which are likely to have a significant impact on the environment, are adequately assessed before approval. The Directive requires that measures must be taken to "avoid, prevent, reduce and if possible, offset significant adverse effects on the environment, in particular on species and habitats." The EIA Directive also integrates land use issues associated with land-intensive projects. Large scale projects should limit their impact of land and on soil, "including as regards organic matter, erosion, compaction and sealing."²⁰ Additionally, the National Planning Policy Framework for the UK sets out how plans should consider habitat and biodiversity in relation to development on land, with the primary objective of conservation. Local governments are required to consider these guidelines when determining planning applications.²¹

Based on the regulatory context in which Cordia is operating, Sustainalytics is of the opinion that Cordia is adequately positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories. Additionally, Sustainalytics encourages Cordia to develop and disclose internal policies and standards.

Section 3: Impact of Use of Proceeds

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

Importance of energy efficiency in buildings in the EU

The building sector accounts for approximately 40% of total energy consumption in the EU and 36% of CO₂ emissions.²² In line with the commitments of the European Green Deal, the European Commission highlights the importance of improving energy efficiency in buildings and the sectors' key role in achieving its goal of carbon-neutrality by 2050.²³ Approximately 75% of EU building stock is estimated to be energy inefficient and currently about 35% of the EU's buildings are over 50 years old. Renovating buildings is expected to play a key role in improving energy efficiency of the existing building stock, potentially reducing the EU's total energy consumption by 5-6% and therefore lowering emissions by about 5%. Additionally, building renovation reduces the running costs of buildings both for users and owners as well as contributing to the decarbonization of the industry. New buildings constructed today consume approximately half the energy that similar buildings did 20 years ago.²⁴

While progress has been made in recent years, in part owing to the Energy Performance of Buildings Directive, currently, only 0.4-1.2% of building stock is renovated each year, highlighting the need for investment in

¹⁵ Cordia, "Workplace risk assessment", provided to Sustainalytics by Cordia.

¹⁶ Section II, Article 5. EUR-LEX, "Directive 89/391/EEC", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=FR>

¹⁷ Section II, Article 6. EUR-Lex, "Directive 89/391/EEC", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=FR>

¹⁸ The Equator Principles, "Designated Countries", at: <https://equator-principles.com/designated-countries/>

¹⁹ European Commission, "Directive 2008/98/EC on waste", (2008), at: [L_2008312EN.01000301.xml \(europa.eu\)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32008L0100&from=FR)

²⁰ EUR-Lex, "Directive 2014/52/EU", (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

²¹ UK Government, "National Planning Policy Framework", (2021), at: [National Planning Policy Framework \(publishing.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/544267/nppf-2021.pdf)

²² European Commission, "In focus: Energy efficiency in buildings", (2020), at: https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-feb-17_en

²³ European Commission, "A European Green Deal", (2021), at: https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

²⁴ European Commission, "Energy efficiency in buildings – renovation wave initiative", at: [Energy efficiency in buildings – consultation on 'renovation wave' initiative \(europa.eu\)](https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en)

renovation and energy efficiency in buildings.²⁵ In order for the EU to meet its climate neutral targets by 2050, the necessary energy savings required for buildings will need to double in the coming years. In 2020, the European Commission developed the 'Renovation Wave Initiative' which aims to double the annual energy renovation rates by 2030.²⁶ The initiative requires each EU nation to publish a long-term building renovation strategy and aims to stimulate volume and depth of renovation through regulatory and non-regulatory investment. The residential real estate sector accounts for two thirds of buildings in the EU and the European Commission estimates that an additional investment EUR 250 bn is required for residential buildings in order to meet EU targets of 55% GHG emission reduction by 2030.²⁷

Given this context, Sustainalytics views Cordia's inclusion of energy efficiency in green buildings in the Framework to positively contribute to environmental impact and thereby reduce the negative impacts of the residential real estate sector on climate change.

Impact of renewable energy in mitigating CO₂ emissions in the EU

The International Energy Agency estimates that the energy sector accounts for 75% of global GHG emissions.²⁸ While the EU has seen substantial investment in renewable energy in recent years, the road to achieving net zero by 2050 requires the share of low carbon energy sources to increase to 65-70% of worldwide PED by 2050.²⁹ To reduce GHG emissions, the European Green Deal has set targets of 55% emissions reduction by 2030 and carbon neutrality by 2050.³⁰ To meet these targets, the rate of deployment of renewable energy requires the share of renewables to increase from 29% in 2020 to over 60% by 2030. As highlighted by the International Energy Agency within the Net Zero by 2050 Report, an annual increase in solar and wind capacity between 2020 and 2050 is required to be five times higher than the average over the preceding three years in order to achieve EU climate targets. For solar photovoltaics, 630 GW of newly installed capacity is required per annum until 2050. Furthermore, not only does renewable energy require increased installed capacity but also requires increased system flexibility and energy storage capabilities. In 2020, the share of renewable energy in Europe was estimated to be 38%, an increase from 34.6% in 2019, yet despite this increase, significant growth is still required to achieve both short- and long-term EU climate targets.³¹

Sustainalytics is of the opinion that projects funded under the Framework may further help the EU in meeting its climate targets and views positively the inclusion of renewable energy investments within the Framework.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and formed an agenda for achieving sustainable development by the year 2030. The bonds issued under the Cordia International Green Finance Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impacts of cities, including by paying special attention to air quality and municipal and other waste management.
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency.
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Clean Transport	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible, and sustainable transport systems for all, improving road safety, notable by expanding public transport, with special attention to the needs of those in

²⁵ European Commission, "Energy performance of buildings directive", (2021), at: [Energy performance of buildings directive | Energy \(europa.eu\)](#)

²⁶ European Commissions, "Renovation wave", (2020), at: [Renovation wave | Energy, strategy \(europa.eu\)](#)

²⁷ European Commission, "Climate Action", (2021), at: [2030 Climate Target Plan \(europa.eu\)](#)

²⁸ International Energy Agency, "A Roadmap for the Global Energy Sector", (2021), at: [Net Zero by 2050 - A Roadmap for the Global Energy Sector \(windows.net\)](#)

²⁹ International Renewable Energy Agency, "Global Energy Transformation: A Roadmap to 2050", at: [Global Energy Transformation: A Roadmap to 2050 \(irena.org\)](#)

³⁰ European Commission, "Delivering the European Green Deal", (2021), at: [Delivering the European Green Deal | European Commission \(europa.eu\)](#)

³¹ EMBER Climate, "EU Power Sector 2020", (2021), at: [EU Power Sector 2020 - Ember \(ember-climate.org\)](#)

		vulnerable situations, women, children, persons with disabilities and older persons.
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Conclusion

Cordia has developed a Green Finance Framework under which it may issue green bonds and use the proceeds to finance Green Buildings, Energy Efficiency, Renewable Energy and Clean Transport. Sustainalytics considers that the projects funded by the green bond proceeds are expected to provide positive environmental impact.

The Cordia International Zrt. Green Finance 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 the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7 and 11. Additionally, Sustainalytics is of the opinion that Cordia is adequately positioned to mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics acknowledges that Cordia is adequately positioned to issue green bonds and that the Cordia International Zrt. Green Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021.

Appendices

Appendix 1: Summary of Referenced Green Buildings Certification Schemes

	LEED	BREEAM
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK, this scheme can be used for new, refurbished and extension of existing buildings.
Certification levels	<ul style="list-style-type: none"> • Certified • Silver • Gold • Platinum 	<ul style="list-style-type: none"> • Pass • Good • Very Good • Excellent • Outstanding
Areas of assessment	<ul style="list-style-type: none"> • Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority 	<ul style="list-style-type: none"> • Management • Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation
Requirements	Minimum requirements independent of level of certification; point based scoring system weighted by category to determine certification level. The rating system is adjusted to apply to specific sectors, such as: New Construction, Major Renovation, Core and Shell Development, Schools-/Retail/Healthcare New Construction and Major Renovations, and Existing Buildings: Operation and Maintenance.	Minimum requirements depending on the level of certification; scoring system weighted by category, producing a percentage-based overall score. The majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their performance score. BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.
Performance Display		

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Cordia International
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Cordia International Zrt. Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	December 2021
Publication date of review publication:	

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:

- | | |
|--|--|
| <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, Energy Efficiency, Renewable Energy and Clean Transportation – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories could reduce the carbon footprint of the Cordia's business activities while advancing the UN Sustainable Development Goals, specifically SDG 7 and 11.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input 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 type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input 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 GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Cordia's internal process for evaluating and selecting eligible projects will be managed by its Green Finance Committee. The Committee will meet on an annual basis to review eligible projects and assets in compliance with the Framework. Cordia's environmental and social risk management processes are applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and Company's process for project selection process in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input type="checkbox"/> Credentials on the issuer's environmental sustainability 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 Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
- In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Cordia's process for management of proceeds is overseen by its Green Finance Committee. The Company intends to allocate the proceeds to a dedicated green account or to maintain a green portfolio that matches or exceeds the net proceeds from green bonds issued under the Framework. Pending full allocation, proceeds will be invested in short-term liquid interest-bearing securities such as European government bonds or equivalent or cash or cash equivalents in line with investment criteria and sustainability policy of the Company. The Company intends to fully allocate the proceeds within 24 months from the date of issuance. This is in line with market practice.

Tracking of proceeds:

- Green 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):

Cordia intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include total amount of proceeds allocated, balance of unallocated proceeds, the remaining balance of the green portfolio, the share of financing and refinancing, and geographical distribution of eligible projects/assets. Cordia has also committed to reporting on relevant impact metrics. This is in line 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 Green Bond financed share of total investment
- Other (*please specify*): Balance of unallocated proceeds, remaining balance of the green portfolio, share of financing versus refinancing, geographical distribution of assets

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):

- GHG Emissions / Savings Energy Savings
- Decrease in water use Other ESG indicators (*please specify*): Type of certification and level, annual renewable energy generation, installed renewable energy capacity, number of elective vehicle chargers deployed.

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*):
- 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.)

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 INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green 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 Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental 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 environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally 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 Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green 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 Bond Scoring/Rating: An issuer can have its Green Bond, associated Green 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 performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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