

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

Raiffeisen Schweiz Genossenschaft
06 January 2022

VERIFICATION PARAMETERS

Type(s) of Framework contemplated	<ul style="list-style-type: none">• Green Bonds Program
Relevant standards	<ul style="list-style-type: none">• Green Bond Principles (June 2021), administered by ICMA
Scope of verification	<ul style="list-style-type: none">• Raiffeisen Green Bonds Program (03.01.2022)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as no material changes are made to Raiffeisen's Green Bonds Program

CONTENTS

Scope of work	3
ISS ESG ASSESSMENT SUMMARY	3
ISS ESG SPO ASSESSMENT	4
PART I: GREEN BOND LINK TO RAIFFEISEN'S SUSTAINABILITY STRATEGY.....	4
A. ASSESSMENT OF RAIFFEISEN'S ESG PERFORMANCE.....	4
B. CONSISTENCY OF GREEN BOND ISSUANCE WITH RAIFFEISEN'S SUSTAINABILITY STRATEGY....	6
PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES	8
PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE.....	12
A. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs.....	12
B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA.....	13
ANNEX 1: Methodology	15
ANNEX 2: ISS ESG Corporate Rating Methodology	16
ANNEX 3: Quality management processes.....	18
About ISS ESG SPO.....	19

Scope of work

Raiffeisen Schweiz Genossenschaft (“the Issuer” or “Raiffeisen”) commissioned ISS ESG to assist with its Green Bonds by assessing three core elements to determine the sustainability quality of the instruments:

1. Green Bond’s link to Raiffeisen’s sustainability strategy – drawing on Raiffeisen’s overall sustainability profile and the issuance-specific Use of Proceeds category.
2. Raiffeisen’s Green Bonds Program (as of 03.01.2022) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP) (June 2021).
3. The Selection criteria – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 2).

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Green Bonds link to issuer’s sustainability strategy	<p>According to the ISS ESG Corporate Rating published on 16.12.2021, the issuer shows a high sustainability performance against the industry peer group on key ESG issues faced by the Public & Regional Banks sector. The issuer ranks 26th out of 276 institutions within its industry.</p> <p>The Use of Proceeds financed through these bonds are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing Green Bonds is clearly described by the issuer.</p>	Consistent with issuer’s sustainability strategy
Part 2: Alignment with GBP	<p>The issuer has defined a formal concept for its Green Bond Program regarding Use of Proceeds, Processes for Project Evaluation and Selection, Management of Proceeds and Reporting. This concept is in line with the Green Bond Principles.</p>	Aligned
Part 3: Sustainability quality of the Selection Criteria	<p>The overall sustainability quality of the Selection criteria in terms of sustainability benefits, risk avoidance and minimization is good based upon the ISS ESG assessment. The Green Bonds will (re-)finance eligible asset categories which include: Green Buildings.</p> <p>This use of proceeds category has a significant contribution to SDGs 11 ‘Sustainable cities and communities’ and 13 ‘Climate action’. The environmental and social risks associated with this category have been well managed.</p>	Positive

¹ ISS ESG’s evaluation is based on the Raiffeisen’s Green Bond Program (as of January 3rd, 2022), and on the ISS ESG Corporate Rating updated on the 16.12.2021 and applicable at the SPO delivery date.

ISS ESG SPO ASSESSMENT

PART I: GREEN BOND LINK TO RAIFFEISEN'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF RAIFFEISEN'S ESG PERFORMANCE

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

INSTITUTION	INDUSTRY	DECILE RANK	TRANSPARENCY LEVEL
RAIFFEISEN SCHWEIZ GENOSSENSCHAFT	PUBLIC & REGIONAL BANK	1	VERY HIGH

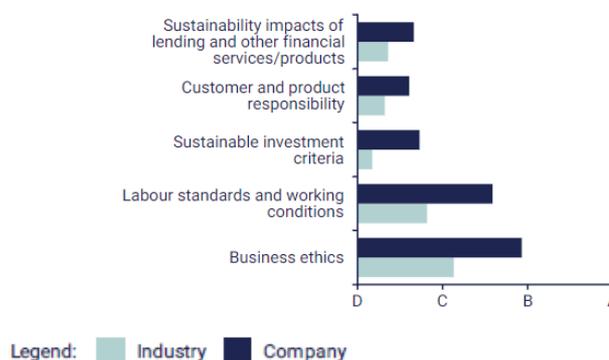
This means that the issuer currently shows a high sustainability performance against peers on key ESG issues faced by the Public & Regional Bank industry as it obtains a Decile Rank relative to its industry group of 1, given that a Decile Rank of 1 indicates highest relative ESG performance out of 10.

ESG performance

As of 16.12.2021, this rating places Raiffeisen Switzerland 26th out of 276 institutions rated by ISS ESG in the Public & Regional Bank industry.

Key challenges faced by companies in terms of sustainability management in this sector are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.

Key Issue Performance



Sustainability Opportunities

Raiffeisen Schweiz Genossenschaft, its subsidiaries as well as the independent Raiffeisen banks (combined the Raiffeisen Group) provide banking products and services to private individuals and corporate clients in Switzerland. The company enables its clients to make socially responsible investment decisions through a broad range of sustainable investment solutions and informs mortgage customers on the potential to save energy and CO₂-emissions. However, these products and initiatives so far do not constitute the major business for the company.

Sustainability Risks

For financial companies, the most relevant sustainability issues are the systematic integration of environmental and social aspects into relevant business areas as well as the responsible treatment of clients and employees. In its lending business, Raiffeisen Schweiz Genossenschaft has implemented environmental and social guidelines. In addition, the group conducts risk assessments covering some relevant environmental and social aspects. Furthermore, the company has implemented an information security management system to protect client data. However, there is no evidence of responsible treatment of clients with debt repayment problems. Raiffeisen Group has taken some good measures to ensure employee well-being. Furthermore, the majority of employees are located in Switzerland, where high legal standards with regard to e.g. responsible redundancy processes exist. Finally, the company has established compliance guidelines and has taken several measures to ensure compliance. Yet, it remains unclear whether further measures such as whistleblower protection procedures are implemented.

Governance opinion

There is no indication of the existence of a board-level committee in charge of addressing sustainability issues and sustainability performance objectives are not integrated into the variable remuneration of members of the executive management team. As concerns business ethics, Raiffeisen Group has established compliance guidelines covering almost all relevant aspects including corruption. In addition, the company has taken several measures to ensure compliance, e.g. compliance training and relevant reporting mechanism. Yet, it remains unclear whether further measures such as whistleblower protection procedures are implemented.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of Raiffeisen bank's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along Raiffeisen bank's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Product/ Services portfolio	N/A	NO NET IMPACT	N/A

Breaches of international norms and ESG controversies

The company is not facing any controversy.

B. CONSISTENCY OF GREEN BOND ISSUANCE WITH RAIFFEISEN'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

The "Raiffeisen Group Strategy" aims to differentiate the bank as a sustainable cooperative as one of six strategic pillars. To this end, Raiffeisen Switzerland formulated a strategic framework for sustainability at the end of 2020. This identifies, among other things, the mitigation of climate change and the continuous strengthening of the range of proven sustainable products and services as key sustainability topics for Raiffeisen².

Related to climate, Raiffeisen is pursuing the goals of net zero in 2050 and net zero by 2030 in banking operations. Raiffeisen supports the Swiss government's energy transition, a climate-neutral Switzerland and the goals of the Paris climate agreement.

Rationale for issuance

From 2021, Raiffeisen has issued Green Bonds, the proceeds of which *are* used to finance environmentally sustainable, climate-compatible new and existing buildings in Switzerland and thus to mitigate climate change. This thematic focus was chosen for the following three reasons: First, in Switzerland, about 45% of energy demand and about 25% of greenhouse gas emissions are caused by the building stock. The largest share is accounted for by heating systems, which - especially in existing buildings - are mostly powered by heating oil and natural gas. With a market share of around 17%, the mortgage business thus holds an opportunity for Raiffeisen to play an active role in reducing Swiss GHG emissions. Second, Switzerland's country report on the implementation of the 2030 Agenda for Sustainable Development of June 2018 also explicitly mentions the reduction of GHG emissions (SDG 13) and energy consumption (SDG 7) as challenges for Switzerland to address. Third, climate change mitigation and sustainable products are strategic sustainability goals of Raiffeisen.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Green Bonds Program with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Public & Regional Bank sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Green Buildings	✓	✓	Contribution to a material objective

² www.raiffeisen.ch/analyse-klimavertraeglichkeit

Opinion: *ISS ESG finds that the Use of Proceeds financed through this bond are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green Bonds is clearly described by the issuer.*

PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES

1. Use of Proceeds

FROM ISSUER'S FRAMEWORK

Buildings financed through green bond issues must meet the criteria listed below.

Contribution to climate change mitigation: The buildings financed must be proven to be climate-compatible and thus make a substantial contribution to achieving the Paris climate targets and to climate change mitigation in general. This is essentially ensured by compliance with energy standards and the use of climate-friendly energy sources.

Energy standards and energy sources: The buildings financed by the carbon proceeds must comply with the following standards and use the following energy sources for heating and hot water:

Energy sources used	Building category	Adhered standards
Heat pump (possibly in combination with up to 10% direct electricity for hot water), Wood, pellets, solar energy	Single-family houses	Minergie from 2002, GEAK A or built according to MuKEn 2014
	Other building types	Minergie from 1998, GEAK A or B or built according to MuKEn 2000, 2008 or 2014
District heating based on non-fossil energy	All building types*	Minergie from 2009, GEAK A oder built according to MuKEn 2014

*Excluded are (1) single-family houses that draw district heating from heating centers with electric heat pumps, (2) multi-family houses that draw district heating from heating centers with electric heat pumps air/water (not relevant in practice). In these cases, Minergie will be required from 2017.

Buildings in Switzerland that meet these criteria are in the top 15% of their building category in terms of CO₂ emissions³, even in 2030. Due to their low emissions, these buildings help to mitigate climate change. A study was conducted to derive the criteria. It takes into account, first, the work of the EU Technical Expert Group on Sustainable Finance on the EU Taxonomy and, second, the Climate Bond Initiative's standard for buildings. The study is publicly available⁴.

Do No Significant Harm: The financed buildings must be located in Switzerland and accordingly comply with Swiss law. The Swiss location is required because the legal framework in place in Switzerland guarantees that buildings do not pose a risk of significant ecological harm ("Do No Significant Harm"). In particular, zoning regulations and SIA requirements guarantee resistance to climate change. The Federal Law on Environmental Protection and the Ordinance on the Prevention and Disposal of Waste promote the limitation, recycling and disposal of waste in construction. The Environmental Protection Act also regulates soil protection, and the publicly accessible cadaster shows polluted sites. The use of asbestos and other environmentally harmful materials is prohibited, and SIA requirements must also be observed with regard to water consumption. Finally, facilities that are potentially significantly harmful to the environment are subject to the Swiss environmental

³ These criteria are also in line with those put forward in the Climate Bond Standard for Green Buildings by the Climate Bond Initiative. However, it is noted that it does not equate to a formal assessment against the CBI standard.

⁴ www.raiffeisen.ch/studie-klimavertraeglichkeitgebaeude

impact assessment requirement. In general, buildings in nature conservation areas are prohibited or only permitted if there is an overriding public interest.

Compliance with minimum social safeguards: With the mandatory location of buildings in Switzerland, other minimum guarantees are also complied with, including those in the social sphere. Switzerland has world-leading labor and social conditions and has ratified UN Covenants I and II as well as all ILO core labor conventions. The labor and social standards in force in Switzerland are higher than the ILO (minimum) standards set out in the conventions. Provisions for the protection of the working population) can be found in particular in the Labor Act, the Ordinance to the Labor Act, the Federal Accident Insurance Act, the Construction Workers Ordinance, the Ordinance on Accident Prevention (VUV), and the EKAS Guideline on Work Equipment. Finally, Raiffeisen is also guided by the OECD Principles for Multinational Enterprises.

***Opinion:** ISS ESG considers the Use of Proceeds description provided by Raiffeisen's Green Bonds Program as aligned with the Green Bond Principles. Expected environmental benefits are clearly described and the issuer makes reference to risk management frameworks in the light of the EU Taxonomy Climate Delegated Act, to prevent potential environmental and social risks.*

2. Process for Project Evaluation and Selection

FROM ISSUER'S FRAMEWORK

Recording of bank loans in the core banking system: The selection of financed bank loans is made via the company's own core banking system ACS. In this system, the bank loans of the Raiffeisen banks and branches financed via green bonds are recorded and included in a separate register. Raiffeisen banks and Raiffeisen Switzerland including their branches include bank loans for buildings that meet the criteria listed under II.1. The climate compatibility of the buildings is part of the registration. In particular, information on the building standard and the energy source is recorded.

***Opinion:** ISS ESG considers the Process for Project Evaluation and Selection description provided by Raiffeisen to be aligned with the Green Bond Principles. Moreover, the projects selected show alignment with the sustainability strategy of the issuer.*

3. Management of Proceeds

FROM ISSUER'S FRAMEWORK

Passing on of issue proceeds to Raiffeisen banks and branches of Raiffeisen Switzerland: The proceeds of a Green Bond issue are initially passed on by Raiffeisen Switzerland Treasury & Markets to Raiffeisen banks in Switzerland in the form of loans. The term of these loans corresponds to the term of the Green Bond. The Raiffeisen banks use the corresponding loans from Raiffeisen Switzerland exclusively for the refinancing of bank loans for buildings that meet the criteria mentioned under II above. In the case of Raiffeisen Switzerland branches, whose bank loans are

recorded directly on the balance sheet of Raiffeisen Switzerland, the proceeds of the issue are used directly for the financing or refinancing of such bank loans.

Fall-back option: Should a mortgage loan be repaid early, the corresponding amount is held in cash by Raiffeisen Switzerland for the time being. Should it not be possible in the foreseeable future to allocate the corresponding amount to financing in accordance with the criteria defined in this framework, the amount would be invested in a green bond from another issuer.

Internal incentive system: Finally, it should be mentioned that participating Raiffeisen banks and branch offices can obtain additional refinancing from Raiffeisen Switzerland via Green Bond refinanced bank loans than would otherwise be the case. In this sense, the Green Bond program can also be understood as an internal "incentive system" for financing sustainable, climate-friendly buildings.

Opinion: ISS ESG finds that Management of Proceeds proposed by Raiffeisen's Green Bonds program is aligned with the Green Bond Principles. It is noted that the issuer is transparent on temporary investment instruments for unallocated proceeds.

4. Reporting

FROM ISSUER'S FRAMEWORK

Report name and place of publication: A "Green Bonds Performance" report is published on the homepage of Raiffeisen Switzerland⁵ for each bond issued under the Framework.

Frequency of reporting until full allocation: The report is published annually until the issue proceeds have been fully allocated. After full allocation, the report is updated only in the following cases: significant change in allocation or impact of the bond, material controversy related to the bond. Normally, 100% of the proceeds of the issue are allocated immediately after the issue.

Climate change mitigation metrics: The following metrics are used in reporting to show climate change mitigation:

- Number of buildings financed that meet the criteria defined in II above and are accordingly climate compatible;
- Distribution of energy standards met;
- Distribution of energy sources used;
- Expected minimum CO2 savings per m2 compared to the average building in 2030.

"Risk of significant environmental impacts" metrics: The following metrics are used in reporting at the portfolio level to exclude a risk of significant environmental impact from the financed buildings:

- Confirmation of the location of the financed buildings in Switzerland and thus compliance with the criteria defined under II;

⁵ <https://www.raiffeisen.ch/st-gallen/de/ueber-uns/markets/investor-relations/raiffeisen-schweiz-issuances.html>

- Confirmation of the location in no nature conservation area;
- Confirmation that the buildings are not used for the extraction, storage, production or transport of fossil fuels.

"Allocation" metric: The allocation of the emission proceeds is reported as follows:

- Allocation of issuance proceeds (in %) of issuance volume;

Portfolio-level reporting: the contribution to climate change mitigation is reported separately for each bond issued in the portfolio-level reporting. Specific information on individual building financings is not possible due to bank client confidentiality in Switzerland.

Opinion: *ISS ESG finds that the reporting proposed by Raiffeisen's Green Bonds Program is aligned with the Green Bond Principles. Raiffeisen is transparent on the level of reporting, on its frequency, scope and type of information reported. Moreover, the reporting will be conducted until full allocation of proceeds, in line with best-market practices.*

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

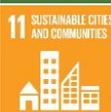
A. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green Bonds Selection criteria and using a proprietary methodology, ISS ESG assessed the contribution of the Raiffeisen's Green Bond to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 2 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
------------------------------------	--------------------------------	--------------------------	---------------------------------	-------------------------------------

Each of the Green Bonds Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Green buildings <i>belonging to top 15% of national building stock</i>	Significant Contribution⁶	 

⁶ This SDG assessment slightly differs from ISS ESG SDG Assessment Methodology due to the fact that the issuer has based the selection criteria on the technical screening criteria for a substantial contribution to Climate Change Mitigation of the EU Taxonomy Delegated Act (June 2021).

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA

As a Use of Proceeds category, Green Buildings have a positive contribution to the SDGs 11 “Sustainable cities and communities” and 13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the Selection criteria against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Prerequisite for Green Buildings

- ✓ 100% of assets underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency. All assets to be (re)-financed are among the top 15% of the respective national building stock.

Site selection

- ✓ 100% of assets have a policy on responsible site selection in place (e.g. brownfield development, exclusion of protected areas and sites of high environmental value). This is ensured by Swiss national legislation, in line with requirements for environmental impact assessments as mandated under Directive 2011/92/EU.
- There is limited or no information available what percentage of assets are located within 1 km from one or more modalities of public transport. However, assets are located in Switzerland exclusively, a country with highly efficient and adapted local modalities of public transport.

Construction standards

- ✓ 100% of assets are located in the Switzerland where high labour and health and safety standards are in place (e.g. ILO core conventions).
- There is limited or no information available on policies concerning sustainable procurement of building materials (e.g. recycled materials, third-party certification of wood-based materials).

Water use minimization in buildings

- ✓ 100% of assets provide for measures to reduce water consumption (e.g. water metering, high-efficiency fixtures and fittings, rainwater harvesting). This is based on Swiss national legislation SIA 385/1 "Domestic hot water in buildings", SIA 385/2 and SIA 2026/2017 “Efficient use of drinking water in buildings”.

Safety of building users

- ✓ 100% of the assets are located in Switzerland, where high safety standards are applicable for building users (e.g. emergency exits, fire sprinklers and alarm systems)

Sustainability labels⁷

- ✓ More than 90% of assets are certified with a MINERGIE (or equivalent) standard.

⁷ This assessment is based on the information of the asset pool that is to be (re)financed through the first issuance under this FW. For future issuances, the issuer states to disclose this information individually.

DISCLAIMER

1. Validity of the SPO: As long as no material changes are made to Raiffeisen's Green Bonds Program
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this SPO, certain images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are the property of ISS and are protected under copyright and trademark law. Any use of such ISS property shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

The issuer that is the subject of this report may have purchased self-assessment tools and publications from ISS Corporate Solutions, Inc. ("ICS"), a wholly-owned subsidiary of ISS, or ICS may have provided advisory or analytical services to the issuer. No employee of ICS played a role in the preparation of this report. If you are an ISS institutional client, you may inquire about any issuer's use of products and services from ICS by emailing disclosure@issgovernance.com.

This report has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While ISS exercised due care in compiling this report, it makes no warranty, express or implied, regarding the accuracy, completeness or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. In particular, the research and scores provided are not intended to constitute an offer, solicitation or advice to buy or sell securities nor are they intended to solicit votes or proxies.

Deutsche Börse AG ("DB") owns an approximate 80% stake in ISS HoldCo Inc., the holding company which wholly owns ISS. The remainder of ISS HoldCo Inc. is held by a combination of Genstar Capital ("Genstar") and ISS management. ISS has formally adopted policies on non-interference and potential conflicts of interest related to DB, Genstar, and the board of directors of ISS HoldCo Inc. These policies are intended to establish appropriate standards and procedures to protect the integrity and independence of the research, recommendations, ratings and other analytical offerings produced by ISS and to safeguard the reputations of ISS and its owners. Further information regarding these policies are available at <https://www.issgovernance.com/compliance/due-diligence-materials>.

© 2022 | Institutional Shareholder Services and/or its affiliates

ANNEX 1: Methodology

ISS ESG Green KPIs

The ISS ESG Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Raiffeisen’s Green Bond.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Raiffeisen (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Raiffeisen’s Green Bond contributes to related SDGs.

ANNEX 2: ISS ESG Corporate Rating Methodology

The following pages contain methodology description of the ISS ESG Corporate Rating.

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

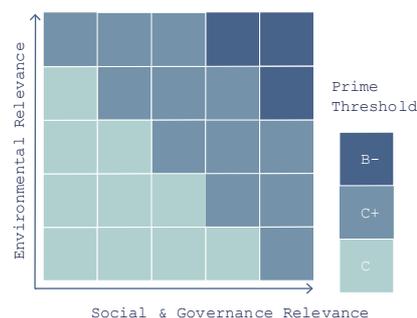
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 3: Quality management processes

SCOPE

Raiffeisen commissioned ISS ESG to compile a Green Bond SPO. The Second Party Opinion process includes verifying whether the Green Bonds Program aligns with the Green Bond Principles and to assess the sustainability credentials of its Green Bond, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories

ISSUER'S RESPONSIBILITY

Raiffeisen's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Bond to be issued by Raiffeisen based on ISS ESG methodology and in line with the ICMA Green Bond Principles.

The engagement with Raiffeisen took place from October 2021 to January 2022.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For Information about SPO services, contact: SPOsales@isscorporatesolutions.com

Federico Pezzolato

SPO Business Manager EMEA/APAC

Federico.Pezzolato@isscorporatesolutions.com

+44.20.3192.5760

For Information about this Green Bond SPO, contact: SPOOperations@iss-esg.com

Project team

Project lead

Rafael Heim
Analyst
ESG Consultant

Project support

Henrik Hopmann
Analyst
ESG Consultant

Project supervision

Viola Lutz
Executive Director
Head of ISS ESG Climate Services