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Second Party Opinion

# Wingholding Zrt. Green Finance Framework

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Primary contact

**Sofia Singh Digpaul**
London
+442071766750
sofia.singh.digpaul
@spglobal.com

| **Location:** Hungary | **Sector:** Real estate |
|---|---|

## Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✕

✓ Green Bond Principles, ICMA, 2025

✓ Green Loan Principles, LMA/LSTA/APLMA, 2025

See Alignment Assessment for more detail.

Light green

Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term low-carbon climate resilient solutions.

Our Shades of Green Analytical Approach >

## Strengths

**Wingholding Zrt. will invest in the renovation of some of its existing buildings in Hungary.** These types of projects are important for the decarbonization of the real estate sector because they do not entail climate and environmental risks inherent to new construction. The issuer has developed solid energy performance criteria for its renovation projects, though we note that buildings with direct fossil fuel heating are eligible.

## Weaknesses

**The use of fossil fuel powered heating systems in new buildings may curtail potential emission reductions.** The long useful life of properties locks in the greenhouse gas emissions from these systems.

**Eligible green projects include buildings with in-use certifications**. These may result in lower energy consumption but they do not specify minimum energy-saving thresholds. This limits our insight into the projects' overall environmental benefits.

## Areas to watch

**Eligible new construction projects are associated with high emissions and entail biodiversity risks.** Wing has yet to address embodied emissions from its new construction and renovation projects. It undertakes biodiversity sensitivity assessments, but its current practices may not fully account for the complexities of biodiversity and climate risks.

## Shades of Green Projects Assessment Summary

Over the three years following issuance of the financing, Wingholding expects to allocate 45% of proceeds to green buildings, 45% to energy efficiency, 6% to clean transportation, and the remaining 4% to biodiversity.

The issuer does not currently have visibility on the breakdown of proceeds to be allocated to refinancing projects and those that will be directed to finance new projects.

Based on the project categories' Shades of Green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in Wingholding's Green Finance Framework, we assess the framework as Light green.

| **Green buildings** | **Light green** |
|---|---|
| Investment in new projects: residential, office, and commercial properties | |

| **Energy efficiency** | **Light green** |
|---|---|
| Refurbishment of existing buildings to achieve higher efficiency | |
| Design and installation of building management systems based on renewable energy sources | |

| **Clean transportation** | **Dark green** |
|---|---|
| Design and construction of electric vehicle (EV) charging stations related to real estate developments | |
| E-carsharing availability and support for real estate projects | |

| **Biodiversity** | **Medium green** |
|---|---|
| Natural landscape restoration through the establishment of green roofs, green facades, and roof gardens | |

See Analysis Of Eligible Projects for more detail.

# Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

## Issuer Description

Wingholding Zrt. (the group) is a privately held real estate developer focused on the construction, acquisition, refurbishment, and management of offices and industrial and commercial buildings. Most of its operations are in Hungary through its company Wing, with a total leasable area (without parking lots) of 488,054 square meters and a development portfolio of 525,688 square meters in 2025. In the same year, it increased its reach in Hungary with the acquisition of a majority stake in asset manager AKKO Invest Nyrt. In recent years, it has also expanded its activities to other markets in Central and Eastern Europe. In 2019, it purchased a majority interest in Polish real estate developer ECHO Investment and in 2023 it acquired Bauwert AG in Germany. In 2025, the group generated Hungarian Forint (HUF) 304 billion (about €839 million) in revenue. The group headquarters is in Budapest and the company had 1,799 permanent employees as of 2025. Proceeds issued under this framework will be used exclusively to finance projects in Hungary that will be operated and implemented by the subsidiary Wing.

## Material Sustainability Factors

### Climate transition risk

Increased energy use in buildings has been a major contributor to climate change, representing about a third of global greenhouse gas emissions on a final-energy-use basis, according to the International Energy Agency (IEA). This leaves the sector highly susceptible to growing public, political, legal, and regulatory pressure to accelerate climate goals. Building occupiers and operators may face higher energy bills as power prices rise and higher capital expenditure as upgrades are required to accommodate the energy transition and meet more-stringent efficiency standards. This could affect household purchasing power and the competitive strengths of commercial and industrial properties. Incremental climate-related investments can require significant capital outlays but could reduce the risk of obsolescence due to regulatory changes or updated climate goals. Low-carbon properties may achieve higher cost efficiencies or attract premium rents in the longer term, enhancing their value. Embodied emissions from building materials are a major source of emissions when looking at the carbon footprint of a building over its life cycle. Hungary’s National Energy and Climate Plan was updated in 2024 and includes an ambition to reduce greenhouse gas emissions by at least 50% by 2030 relative to 1990. Hungary has already achieved a 32.5% reduction from 2005 to 2023.

### Physical climate risk

The geographically fixed nature of real estate assets exposes them to physical climate risks. These may include acute risks--such as wildfires, floods, and storms--which are becoming more frequent and severe, or chronic risks--such as long-term changes to temperature and precipitation patterns and rising sea levels. Specific risks vary by location, and both acute and chronic risks could damage properties or affect the health and safety of tenants. Investment may be needed to manage the impact; in severe cases, tenants may need to be relocated. Although the aggregate impact is moderate, some highly exposed regions may be subject to material physical climate risk exposure because the type, number, and magnitude of these risks varies by region. Most participants have some insurance coverage, but it could become more difficult to secure insurance for the most-exposed assets in future, unless adaptation measures are implemented. The main physical climate risks that Hungary is exposed to are floods and drought.

### Biodiversity and resource use

Any type of construction and development activity is exposed to risks related to water, land use, pollution, and biodiversity loss. The challenge is to mitigate the impacts of these risks and safeguard Hungary's natural environment. Preserving natural carbon stocks is key to meeting climate goals, and many habitats, such as bogs and organic soils, store large amounts of carbon. Disturbing these can lead to significant emissions. The natural environment also absorbs carbon dioxide, so conserving 30%-50% of land, sea, and fresh water (as the Intergovernmental Panel on Climate Change recommends) is central to reducing greenhouse gases and adapting to climate change. Some ecosystems, including bogs and topsoil, take a long time to recover, and certain changes are irreversible.

# Issuer And Context Analysis

**The projects listed in the framework address the sustainability factors that we consider to be most material for Wing's real estate activities in Hungary.** Proceeds will exclusively be dedicated to projects in Hungary undertaken by Wingholding's subsidiary Wing. Categories related to green buildings, energy efficiency, clean transportation, and biodiversity may contribute to mitigating the issuer's climate transition risk. Investments in the green buildings category may also impact its physical climate and biodiversity risk exposure, which are relevant in the context of this framework. Eligible categories will not address the climate and environmental exposures of Wingholding Zrt.'s Polish subsidiary ECHO, German subsidiary Bauwert, nor AKKO Invest Nyrt, since each company is responsible for developing its own sustainability strategy.

**Wing is in the process of updating its decarbonization strategy, with a continued focus on energy performance.** It has so far largely focused on improving the energy performance of its buildings through the provision of district heating and cooling. The issuer has set short-term targets to reduce the energy consumption of its buildings by 10% by 2025 and increase the share of heating from renewable sources to 100% by 2027. We consider this to be material because some of its buildings are directly powered by fossil fuels (coal, crude oil, and natural gas), as is the district heating and cooling network, to which the other buildings are connected. Wing's efforts are further supported by the deployment of energy monitoring, which will be expanded to gas and district heating systems, as well as the roll out of renewable electricity to 53% of its properties--it already reached 50% in 2025. That said, Wing has yet to define emissions reduction targets, though it plans to do so in the coming years.

**The group's subsidiaries outside Hungary have made progress in mitigating climate and environmental risks, though none have undertaken physical risk assessments of their portfolios.** ECHO, its Polish subsidiary, has the most advanced approach, with its sustainable development strategy targeting zero emissions for all its constructed buildings by 2030 and a commitment to separate strategies for its scope 1, 2, and 3 emissions. Bauwert, on the other hand, has yet to define a sustainability strategy, though it seeks to obtain German Sustainable Building Council (DGNB) certification for all its buildings. AKKO has yet to implement sustainability-related policies, though it has established a system to continuously monitor the energy consumption of its properties. The overall group has also undertaken biodiversity sensitivity assessments for all of its portfolio and mitigates such risks while complying with regulatory requirements. The group has yet to screen its portfolio for physical climate risks, though it will develop a process to do so for buildings financed under this framework.

**Wing has not yet set targets for its scope 3 embodied emissions, which are the most material source of emissions for real estate companies that undertake construction and refurbishment activities.** The group has calculated the carbon footprint for each of its companies, though not all categories of scope 3 emissions have been included in the measurements. Purchased goods and services and capital goods constitute the largest sources of emissions for all companies in the group, according to the disclosed data. ECHO has launched a pilot project to design buildings with the use of materials and technologies that reduce emissions, but such measures have yet to be applied across the group's construction and renovation activities, including those managed by Wing. The group has focused on using locally sourced materials that do not contain hazardous chemicals and conducting supplier due diligence assessments that include environmental management systems in line with ISO 14001.

# Alignment Assessment

This section provides an analysis of the framework's alignment to Green Bond and Loan principles.

## Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✕

✓ Green Bond Principles, ICMA, 2025

✓ Green Loan Principles, LMA/LSTA/APLMA, 2025

### ✓ Use of proceeds

We assess all the framework's green project categories as having a green shade, and the issuer commits to allocating an amount equal to the net proceeds to exclusively finance and refinance existing and future eligible green projects. Please refer to the Analysis Of Eligible Projects section for more information on our analysis of the environmental benefits of the expected use of proceeds. The issuer commits to allocating the proceeds of any green bonds and loans within 24 months from the date of issuance/borrowing. The issuer commits to a look-back period of two years for any eligible refinanced projects.

### ✓ Process for project evaluation and selection

Wing has established a green bond committee that is responsible for selecting and monitoring eligible projects in line with its green and sustainability strategy. The committee is formed of representatives from different business functions within the company, including finance and controls, risk management, technical engineering and design, and development and legal, as well as the chairman and secretary. The identification of environmental and social risks is also part of its remit, with the company assessing each eligible projects' compliance with relevant regulations and international standards. Members of the committee received sustainability training in 2022, and an external sustainability expert provides advisory services for all eligible green investments. The framework includes a list of projects that are excluded from its scope, namely those connecting to highly polluting activities, nuclear energy generation, weapons and defense purposes, gambling or tobacco use, and potentially environmentally negative resource extraction.

### ✓ Management of proceeds

Wing will track the allocation of proceeds to eligible projects through a green register. The process will be executed and managed by its finance team, led by the CFO. The green register will contain identifying information, such as the project category, country, and details of the financial instruments. It will be reviewed on an annual basis by the board of directors and supervised by the green bond committee. Wing has committed to achieving, over time, a level of allocation that matches or exceeds the balance of the net proceeds from its outstanding green instruments. Unallocated proceeds will be used for temporary investments, such as cash, cash equivalents, or other liquid marketable instruments.

### ✓ Reporting

Wing commits to disclosing the allocation of proceeds and impacts of its financed projects in its green finance report, released on its website. It will do so one year after the issuance/borrowing of the financial instrument and annually thereafter, until full allocation of the green finance instrument proceeds and in the event of material changes to the allocation. The allocation report will include the amount of proceeds allocated to each eligible category, a list of eligible projects, the balance of unallocated proceeds, the breakdown between allocation to existing and new projects, their geographical distribution, and other industry-specific details. Its impact reporting will be at project level and will, on a best effort basis, be in line with the recommendations of International Capital Market Association (ICMA)'s Harmonized Framework for Impact Reporting.

# Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "Analytical Approach: Shades Of Green Assessments".

## Overall Shades of Green assessment

Based on the project category shades of green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in Wingholding Zrt.'s Green Finance Framework, we assess the framework as Light green.

Light green

Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term low-carbon climate resilient solutions.

Our Shades of Green Analytical Approach >

### Green project categories

**Green buildings**

**Assessment**

Light green

**Description**

Investments for new projects:

Residential building: The number of buildings compared to the total real estate portfolio that have met the following standards:

- Up to 68 kilowatt-hours annual consumption (Hungarian energy performance certificate [EPC] rating of at least A+A+).

Office building: The number of buildings compared to the total real estate portfolio that have met the following standards:

- BREEAM (Excellent) certification; or
- A primary energy demand (PED) that is 80% of the reference building.

Commercial property: Preparation, design, and construction, or acquisition of buildings that meet recognized standards:

- Logistics park:
  - A PED that is 80% of the reference building; or
  - BREEAM (Excellent) certification.

**Analytical considerations**

- The IEA emphasizes that reaching net-zero emissions in buildings demands major energy efficiency strides and fossil fuel abandonment. All properties must achieve high energy performance. New properties should cut emissions from building materials and construction. Addressing physical climate risks is also key to strengthening climate resilience across all buildings.
- Wing expects to allocate about 50% of the proceeds issued under this framework to new construction projects, 80% of which will be for go toward residential buildings. We assign a Light green shade to all the subcategories included in this category.

This reflects how the criteria outlined in the framework address some of the most material climate and environmental impacts for the real estate sector, including energy performance and the use of brownfield land. The issuer has also not developed its approach to mitigating embodied emissions from the materials and equipment used in new construction projects, which is the largest climate impact for new construction projects.

- Wing has not excluded buildings with direct fossil fuel heating from the scope of the framework in cases where it is needed for operational efficiency. Fossil fuels accounted for about 66% of Hungary's total energy consumption in 2023, according to the IEA, so it is likely that a high proportion of financed buildings may be exposed to fossil fuels once operational. Due to the long useful life of these properties, the greenhouse gas emissions from fossil powered systems may be locked in.
- We consider the thresholds listed in the framework for residential, office, and commercial buildings to be solid commitments toward the real estate sector's transition to a low-carbon future. The targeted energy performance for residential buildings is equivalent to the top performing properties when compared to a pool of similar assets in Hungary. For office and commercial buildings, the energy criterion equates to a 20% improvement over a similar reference building calculated using the building code requirements.
- Office and commercial buildings may be eligible for financing if they achieve BREEAM In-Use "Excellent" certification. The issuer confirmed that the construction certification will be obtained for new developments, and the in-use version will be obtained once the properties are in operation as well as for renovation projects. The use of green building certifications may somewhat mitigate the climate and environmental impacts associated with the construction and operation of buildings. However, the robustness and ambition of any green building certification depends on the version used and the points obtained during the process. This is because a property can obtain certification without addressing the factors we consider to be most material for the sector. It is therefore positive that the criterion related to obtaining BREEAM certification is to the "Excellent" level, as it shows high ambition.
- Given the fixed nature of buildings, improving their resilience to physical climate risk is crucial in the transition to a low-carbon real estate sector. Although Wing has not screened of its entire portfolio for physical climate risk, it will assess the risk exposure of each building financed under this framework and will implement adaptation measures as needed. It is unclear what these assessments will entail and how robust they will be.
- Wing's construction projects are only undertaken on brownfield land. The company conducts biodiversity sensitivity assessments for each of its projects. For buildings that are identified as near areas of high biodiversity, it implements measures to minimize the environmental impact while aligning with regulatory requirements.

### Energy efficiency

| Assessment | Description |
|---|---|
| Light green | Investments for refurbishment projects--all kinds of property:<br>• An EPC at least two levels above pre-renovation status, unless pre-renovation is EPC B; or<br>• Refurbishment of existing buildings to achieve higher efficiency, 30% lower energy consumption (solar panels and heat pumps), lower greenhouse gas emissions (new heating system and thermal insulation), and BREEAM Excellent or above.<br>Design and installation of building management systems based on renewable energy sources. |

**Analytical considerations**

- Energy efficiency measures are necessary for the transition to a low-carbon economy, but their climate benefits and risks vary based on the sector and processes they are applied to. According to the IEA, energy efficiency measures are key levers to achieving net-zero emissions in buildings. This means that all buildings must achieve high energy performance and companies must address physical climate risk. Renovation projects are necessary in the decarbonization of the real estate sector, because they seek to improve the performance of existing buildings but do not entail climate and environmental risks that are inherent to new construction projects. However, proceeds issued under this framework may be used to finance specific measures or activities that are part of the overall renovation process but that are not themselves typically considered green.

- Wing has confirmed that it expects to use proceeds issued under this category to undertake major renovation projects, split evenly between residential and office and commercial buildings. The issuer has further stated that smaller renovation or investment items will not be financed using green funds. We assign a Light green shade to the projects listed in this category. Although we consider the targets for energy efficiency improvements in the framework as solid, we note that proceeds may be used to renovate buildings with direct fossil fuel heating, which may lock in the greenhouse gas emissions resulting from such systems. Moreover, the issuer has not yet defined an approach to screen and adapt eligible properties for physical climate risk.
- Environmental certifications can be useful indications that climate and environmental impacts have been addressed. However, this depends on the type and version of the certification. When completing a renovation project, Wing will seek to obtain BREEAM In Use certification. Points-based certifications do not always have ambitious energy efficiency criteria. It is positive that Wing has defined an energy performance threshold to use in conjunction with this criterion.
- Wing will assess physical climate risk exposure and proximity to areas of high biodiversity for each building financed under the framework, and it will implement measures to improve resilience or minimize environmental impacts accordingly. However, there is uncertainty over the robustness of the assessment.

## Clean transportation

| Assessment | Description |
|---|---|
| **Dark green** | Investment for the development of e-mobility:<br>• Design and construction of EV charging stations related to real estate developments.<br>E-car sharing availability and support for real estate projects. |

**Analytical considerations**

- Reducing the use of vehicles and switching to EVs is central to addressing road transport emissions and transitioning to a low-carbon future in accordance with the Paris Agreement. To reflect the role of the financed activities in contributing to these aims in Hungary, we assign a Dark green shade to this category.
- Wing will seek to support the use of low-carbon modes of transport by its tenants through investments in the scope of this category. EVs offer substantial reductions in life cycle emissions when compared to internal combustion engine vehicles, particularly when EVs are manufactured and powered by renewable electricity. Therefore, by increasing the availability of charging stations and car sharing schemes, the company will improve the accessibility of EVs and encourage their adoption. Wing increases its charging stations every year and dedicates at least 2% of commercial parking lots to such services.
- The life cycle savings from EVs depend on the energy mix of the grid that powers them. Although the largest sources of electricity generation in Hungary are low carbon and renewable, fossil fuels are still an important contributor. According to the IEA, in 2024 nuclear accounted for 42.3% of electricity generation, renewables (hydropower, solar, and wind) made up 26.5%, while fossil fuels, mostly natural gas, accounted for about 25%.
- Charging technology and other types of infrastructure might be exposed to supply-chain environmental and social risks. As noted in the renewable energy category, Wing is working to address such issues through its supply-chain due-diligence program and by evaluating the environmental risks of financed projects through its green bond committee.

## Biodiversity

| Assessment | Description |
|---|---|
| **Medium green** | Investments for new or refurbishment projects:<br>• Natural landscape restoration through the establishment of green roofs, green facades, and roof gardens. |

**Analytical considerations**

- Nature-based building solutions can reduce the environmental footprint of the built environment by lowering raw material use, improving resilience, and integrating ecological design. The issuer is aiming to finance projects that incorporate ecological features and deliver biodiversity or resource efficiency benefits.
- Though these measures, the issuer can contribute to improving the adaptive capacity of buildings. The climate benefits of such measures are determined by the types of materials used to support the green infrastructure (e.g. cement or steel) as well as the equipment used. To reflect the nature-related benefits of the projects eligible under this category, as well as the lack of criteria around potential embodied emissions from construction activities, we assign a shade of Medium green.
- Wing seeks to address any potential environmental impacts by assessing each project through its green bond committee and complying with relevant regulations and international standards, including for green building certifications such as BREEAM.

## S&P Global Ratings' Shades of Green

| Assessments | Dark green | Medium green | Light green | Yellow | Orange | Red |
|---|---|---|---|---|---|---|
| **Description** | Activities that correspond to the long-term vision of an LCCR future. | Activities that represent significant steps toward an LCCR future but will require further improvements to be long-term LCCR solutions. | Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions. | Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures. | Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets. | Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets. |
| **Example projects** | Solar power plants | Energy efficient buildings | Hybrid road vehicles | Health care services | Conventional steel production | New oil exploration |

Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

# Related Research

- Analytical Approach: Second Party Opinions, March 6, 2025
- FAQ: Applying Our Integrated Analytical Approach For Second Party Opinions, March 6, 2025
- Analytical Approach: Shades of Green Assessments, July 27, 2023
- S&P Global Ratings ESG Materiality Maps, July 20, 2022

# Analytical Contacts

Primary contact

**Sofia Singh Digpaul**
London
+44 2071766750
sofia.singh.digpaul
@spglobal.com

Secondary contacts

**Pierre-Brice Hellsing**
Stockholm
+46 84 40 5906
pierre-brice.hellsing
@spglobal.com