

Second-Party Opinion

Framework for Green and Social Loans in RBI Retail Banking



Evaluation Summary

Sustainalytics is of the opinion that the Framework for Green and Social Loans in RBI Retail Banking is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, and Social Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The seven eligible categories for the use of proceeds¹ are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics believes that investments in the eligible categories can deliver positive environmental and social impact, and advance the UN Sustainable Development Goals, specifically SDGs 2, 6, 7, 8, 9, 10, 11, and 15.



PROJECT EVALUATION/SELECTION Raiffeisen Bank International's Network Banks (NWBs) will appoint relevant business units for evaluating and selecting eligible projects that are in line with the eligibility criteria. Raiffeisen Bank International monitors and manages ESG risks associated with eligible projects and assets through its Retail Credit Policy and the policy is applicable to all allocation decisions. Sustainalytics considers these risk management systems to be adequate. Sustainalytics considers this process to be in line with market practice.



MANAGEMENT OF PROCEEDS Raiffeisen Bank International's Network Banks will be responsible for the management and allocation of proceeds to eligible projects. The Network Banks will track net proceeds using an internal tracking system and intend to allocate all proceeds to eligible instruments within 36 months of issuance. Pending allocation, proceeds may be temporarily held in cash or other short-term instruments. Sustainalytics considers this process to be in line with market practice.



REPORTING Raiffeisen Bank International intends to report on allocation of proceeds in its ESG retail report on an annual basis until full allocation. Allocation reporting will include the number and amount of loans allocated to eligible categories, loan types, and Network Banks, corresponding retail segments and the origination date and type of products in the portfolio. In addition, Raiffeisen Bank International is committed to reporting on relevant impact metrics. Sustainalytics views Raiffeisen Bank International's allocation and impact reporting as aligned with market practice.

Evaluation Date	July 21, 2022
Issuer Location	Vienna, Austria

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¹ This includes Green Buildings, Clean Transportation, Energy Efficiency, Renewable Energy, Sustainable Agriculture and Forestry, Water and Wastewater Management and Employment Generation and Retention – Micro, small and medium enterprises

Introduction

Raiffeisen Bank International (“RBI” or the “Bank”) is a corporate, retail and investment bank headquartered in Vienna, Austria. As of April 2022, RBI employs around 45,000 staff members and serves 17.7 million customers through a network of approximately 1,800 business outlets.² The Bank offers corporate and investment banking, trade and export financing, factoring solutions, and leasing services across Central and Eastern Europe.

RBI has developed the Framework for Green and Social Loans in RBI Retail Banking (the “Framework”) under which RBI and its network banks may issue sustainability bonds and loans, and use the proceeds to finance or refinance, in whole or in part, existing or future projects that will lead to positive environmental outcomes and social advancements in Europe. RBI may finance loans to private individuals, small and medium-sized enterprises (SMEs) and pure-play companies that derive at least 90% of their revenues from eligible activities under the Framework. The Framework defines eligibility criteria in one social and six green categories:

Green Eligible Categories:

1. Green Buildings
2. Clean Transportation
3. Energy Efficiency
4. Renewable Energy
5. Sustainable Agriculture and Forestry
6. Water and Wastewater Management

Social Eligible Categories:

7. Employment Generation and Retention - micro, small and medium enterprises

RBI engaged Sustainalytics to review the Framework for Green and Social Loans in RBI Retail Banking, dated July 2022, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP)³, Green Loan Principles 2021 (GLP), and Social Loan Principles 2021 (SLP)⁴. This Framework is published in a separate document.⁵

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021 and Social Loan Principles 2021, as administered by LMA, APLMA, and LSTA;

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.

² Raiffeisen Bank International, “Who we are”, at: <https://www.rbinternational.com/en/who-we-are.html>

³ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks>

⁴ The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

⁵ The Raiffeisen Bank International Sustainability Loan Framework will be available on Raiffeisen Bank International’s website at: <https://www.rbinternational.com/en/sustainability.html>

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

As part of this engagement, Sustainalytics held conversations with various members of RBI's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. RBI's representatives have confirmed that: (1) they understand it is the sole responsibility of RBI to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information; and (3) 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 RBI.

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 and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written for a period of twenty-four (24) months from the evaluation date stated herein.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond and loan 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 RBI has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Framework for Green and Social Loans in RBI Retail Banking

Sustainalytics is of the opinion that the Framework for Green and Social Loans in RBI Retail Banking is credible, impactful and aligns with the four core components of the GBP, SBP, GLP and SLP. Sustainalytics highlights the following elements of RBI's Sustainability Finance Framework:

Use of Proceeds:

- The eligible categories – Green Buildings, Clean Transportation, Energy Efficiency, Renewable Energy, Sustainable Agriculture and Forestry, Water and Wastewater Management, and Employment Generation and Retention - micro, small and medium enterprises – are aligned with those recognized by the GBP, SBP, GLP, and SLP. Sustainalytics expects the projects to create meaningful environmental impacts and social benefits for targeted populations in the Bank's European market.
- RBI has defined a look-back period of three years for the refinancing of operating expenditures, which Sustainalytics considers to be in line with market practice.
- Under the Framework, RBI intends to use proceeds for project-based lending and for general purpose financing for pure play companies that derive at least 90% of their revenues from eligible categories as identified in Table 1 in section 5.2 of the Framework. Sustainalytics recognizes that the GBP, GLP SBP, SLP and SBG favour project-based lending and financing, and there is less transparency in general with non-project-based lending. Nevertheless, Sustainalytics recognizes that the financing of pure play companies through green bonds and loans is commonly accepted as an approach that can generate a positive impact.
- Under the Green Buildings category, RBI may finance or refinance loans for the acquisition, construction and renovation of buildings, the installation of energy efficient equipment in buildings financed under this category and on-site renewable generation, according to the following eligibility criteria:

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- Loans to private individuals and SMEs for (i) the construction and acquisition of buildings that have achieved or are expected to achieve the following minimum certification levels: LEED Gold,⁷ BREEAM Excellent⁸ or DGNB and/or ÖGNI Gold.⁹ Sustainalytics views the schemes specified in the Framework to be credible and the levels selected as aligned with market practice; or (ii) buildings that belong to the top 15% of the low-carbon building stock at a national level based on primary energy demand or have received an Energy Performance Certificate (EPC) rating of A, where assessment of the top 15% of low-carbon building stock is not feasible.
- Loans to private individuals and SMEs for the refurbishment of existing buildings that results in: (i) at least a 30% reduction in net primary energy demand or carbon emissions compared to pre-renovation levels; (ii) a two-step improvement in the EPC label as well as a reduction of at least 20% in the net primary energy demand or carbon emissions compared to pre-renovation levels, or renovation that complies with the applicable requirements for major renovations. Sustainalytics notes that the EU Taxonomy¹⁰ requires companies to meet the relevant cost-optimal minimum energy performance for major renovations, in accordance with the Energy Performance Building Directive, which varies among EU member states. Sustainalytics therefore encourages RBI to report on the actual improvements in primary energy demand performance or energy savings achieved in comparison with the existing building stock in the area or region.
- RBI may also finance loans to private individuals and SMEs, for the installation, maintenance and repair of: (i) energy efficiency equipment such as LED lighting and energy-saving windows and doors, heating, ventilation and air-conditioning systems, water heating systems and water/energy-efficient kitchen and sanitary fittings excluding those powered by fossil fuels; (ii) charging stations for electric vehicles; (iii) instruments used to measure, regulate and control the energy performance of buildings such as zoned thermostats, building automation and control systems and smart meters (excluding for gas); and (iv) on-site renewable energy technologies, including solar photovoltaic systems.
- Loans to pure play companies that derive at least 90% of their revenue from the installation, maintenance or repair of the following: (i) electric vehicle charging stations that are attached to buildings; (ii) instruments or devices used to regulate or control building energy performance such as thermostats and smart meters, excluding the application of such smart meters for gas; and (iii) on-site renewable energy technologies such as solar photovoltaic systems, wind turbines, electric heat pumps, absorption heat pumps that are driven by solar or geothermal-heated water and combined heat and power facilities solely driven by renewable energy.
- Sustainalytics considers these investments to be in line with market practice.
- Under the Clean Transportation category, RBI may finance or refinance the following low-carbon transport activities:
 - Loans to private individuals and SMEs for the production, purchase, operation, rental and leasing of zero-emission vehicles. RBI has informed Sustainalytics that financing will be limited to passenger vehicles for private individuals, and passenger vehicles and freight trucks for SMEs.
 - Loans to private individuals and SMEs for the purchase, operation, rental and leasing of personal mobility devices such as bicycles and e-scooters, as well as associated infrastructure such as electric vehicle charging points.
 - Loans to pure play companies that derive at least 90% of their revenue from the following activities: (i) dedicated infrastructure or operation of personal mobility devices and cycle logistics such as bike lanes and pedestrian zones; (ii) infrastructure that enables low-carbon road transport or public transport such as electric charging points and signaling systems for metro, tram and rail systems, excluding the

⁷ LEED certification is a globally recognized symbol of green buildings. More information can be accessed at: <https://www.usgbc.org/leed>

⁸ Standing for Building Research Establishment Assessment Method, BREEAM is a certification for a sustainable built environment. More information can be accessed at: <https://www.breeam.nl/>

⁹ DGNB is a German sustainable building certification that is adapted to the Austrian Society for Sustainable Real Estate Management (ÖGNI). More information can be accessed at: <https://www.dgnb.de/en/index.php>

¹⁰ The European Commission, "Energy performance of buildings directive", at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

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- construction of road infrastructure, parking facilities and fossil fuel filling stations;¹¹ (iii) infrastructure enabling low-carbon water transport such as electric charging points and terminal infrastructure, excluding infrastructure related to the transport of fossil fuels; and (iv) low-carbon airport infrastructure such as electric charging and green hydrogen refueling stations.
- Sustainalytics considers these investments to be in line with market practice.
 - Under the Energy Efficiency category, the Bank may finance or refinance loans related to the development and implementation of technologies and products that enable improvement in energy efficiency. This may include:
 - Loans to private individuals for the acquisition of household appliances and financing of loans for SMEs that install, maintain and repair appliances that belong to the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 of the European Parliament,¹² and registered in Green Technology selector.¹³ Such appliances may include fridges, freezers, dishwashers, washing machines, televisions and lamps, and are designed specifically to enable an increase in energy efficiency through demand management and non-motorized electric components. Sustainalytics notes that RBI's reliance on EU energy labels to define eligibility in this category is consistent with the technical screening criteria under the EU Taxonomy Climate Delegated Act.
 - Loans to private individuals for the acquisition of devices to reduce electricity consumption. This may include smart home solutions to optimize heat consumption by automatically reducing the temperature, controlling blinds and automatically switching off appliances. The Framework excludes financing of devices that are not specifically designed to reduce electricity consumption.
 - Loans to SMEs and pure-play companies for projects such as membrane filtration, electric heat pumps, mechanical and thermal vapour recompression technology, mechanical and thermal vapor recompression, intelligent manufacturing systems such as smart design, smart machines, smart monitoring, smart control and smart scheduling that lead to a 30% improvement in energy efficiency. Sustainalytics notes that the Framework excludes the financing of fossil-fuel powered equipment or improvements within carbon-intensive heavy industries such as steel, cement and refining.
 - RBI may finance distributed heating/cooling projects which may include construction, operation or refurbishment of pipelines and associated infrastructure. Such projects may also include modification to lower temperature regimes and advanced pilot systems related to energy management and control, and internet of things such as mobile network upgrades and modernization of broadband networks. Sustainalytics notes that financing for district heat/cool generation systems would be limited to those with 100% electricity generation from renewable sources and/or industrial waste heat. In case of financing only distribution networks, energy will be powered primarily (more than 50%) by renewables and/or waste heat as defined by the Energy Efficiency Directive 2012/27/EU.¹⁴ Regarding district heat/cool systems powered by industrial waste heat, RBI has confirmed to Sustainalytics that recyclables will be segregated before energy conversion for projects related to incineration of municipal solid waste. Sustainalytics recognizes that energy from waste could take out of circulation potentially recyclable materials and undermine two of the main objectives of a zero-waste circular economy, i.e. waste prevention and recycling. Additionally, for such projects to have low emissions intensities, the composition of residual waste, particularly fossil carbon content, is a crucial consideration. However, Sustainalytics also notes that due to constraints on recycling in many parts of

¹¹ Sustainalytics notes that the Framework includes the following emission thresholds for such low-carbon road transport or public transport vehicles: (i) hybrid passenger vehicles at or below 75 gCO₂/km or 120.70 gCO₂/mile, (ii) buses with or without BRT systems and passenger rail that meet a direct emissions threshold of less than 50 gCO₂e/pkm or 80.47 gCO₂/pmi, and (iii) heavy trucks at or below 25 gCO₂/tkm or 40.23 gCO₂/tmi. This is in line with market practice.

¹² European Parliament, "Regulation (EU) 2017/136", at: <https://eur-lex.europa.eu/eli/reg/2017/1369/oj>

¹³ Green Technology Selector, "Green Technology Selector", at: <https://techselector.com/ts-en/>

¹⁴ European Parliament, "Energy Efficiency Directive 2012/27/EU - The Directive defines efficient district heating and cooling networks if they use at least 50% renewable energy, 50% waste heat, 75% cogenerated heat or a 50% combination of such energy and heat. EUR-Lex, "Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32012L0027>

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the world, energy from waste can offer a better residual waste management option than landfills in many cases. Sustainalytics recommends RBI to promote the removal of increasing amounts of recyclables, especially plastics and metals, and the monitoring of thermal efficiency of the financed facilities.

- RBI may also finance the installation and operation of electric heat pumps. Sustainalytics notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems. Nevertheless, Sustainalytics recommends RBI to exclude financing of heat pumps with high-GWP refrigerants, and to promote robust refrigerant leak control, detection and monitoring, while ensuring recovery, reclamation, recycling or destruction of refrigerants at end of life.
- The Bank has confirmed to Sustainalytics that it excludes financing fossil fuel powered equipment. Sustainalytics considers investments under this category to be in line with market practice.
- Under the Renewable Energy category, the Bank may finance or refinance loans or investments in SMEs for the development, manufacture, construction, operation, distribution, storage, maintenance and purchase of equipment for renewable energy projects related to wind energy, solar power and hydropower in accordance with the following criteria:
 - Run-of-river hydropower projects without an artificial reservoir or with low storage capacity. RBI may also finance the construction of: (i) facilities with a power density greater than 10 W/m² or an emissions intensity below 50 gCO₂e/kWh for facilities in operation after the end of 2019; or (ii) facilities with power density greater than 5 W/m² or life cycle carbon intensity below 100 gCO₂e/kWh for the refinancing of projects in operation before the end of 2019. Sustainalytics notes that all new hydropower projects will be subject to an environmental and social risk assessment to ensure that no significant risk, negative impact or controversy related to the project are identified.
 - Concentrated solar power technology where at least 85% of electricity generated is from solar energy sources.
 - Loans to pure-play companies that derive at least 90% of their revenue from the following activities:
 - Manufacture of components dedicated to renewable energy technology.
 - Manufacture of batteries dedicated to the storage of renewable energy and electric vehicle application.
 - Electricity generation from the following sources: (i) solar photovoltaic technology; (ii) concentrated solar power technology where at least 85% of electricity generated is from solar energy resources; (iii) wind power; (iv) ocean energy technologies including ocean thermal where fossil fuel backup is limited to monitoring and maintenance usage; (v) hydropower projects with defined emissions or power density thresholds,¹⁵ for which a prior environmental and social impact assessment has identified no significant risks; and (vi) geothermal energy projects with a life cycle emissions threshold of 100 gCO₂e/kWh.
 - The construction and operation of electricity storage from sources including pumped hydropower and chemical energy storage. Storage of electricity using hydrogen or ammonia will be restricted to green hydrogen.
 - Storage of thermal energy and green hydrogen.
 - Transmission and distribution networks for green hydrogen.
 - Cogeneration and production of heat/cooling from solar energy, thermal heating and waste heat where: (i) at least 85% of the energy generation is from renewable resources; (ii) waste heat projects do not utilize energy from fossil fuel related activities; and (iii) incineration of municipal solid waste, where recyclables are separated before conversion.
 - Sustainalytics considers investments under this category to be in line with market practice.
- Under the Sustainable Agriculture and Forestry category, RBI may finance or refinance loans to SMEs in accordance with the following criteria:
 - Sustainable forestry activities that have been certified under Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC),

¹⁵ Hydropower projects have either (i) a power density greater than 10 W/m² or emissions intensity below 50 gCO₂e/kWh for facilities in operation after the end of 2019; or (ii) power density greater than 5 W/m² or life cycle carbon intensity below 100 gCO₂e/kWh for refinancing of projects in operation before the end of 2019.

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Sustainable Forestry Initiative (SFI) and Forest Implementation. Sustainalytics views these certification schemes as robust and credible.

- Sustainable agricultural activities certified by EU Organic, IFOAM or equivalent national or international certifications. Sustainalytics notes that it is market expectation to specify all eligible schemes and encourages the Bank to report on any other schemes they intend to include. Additionally, RBI may finance activities that support the adoption, promotion, and implementation of conservation agriculture practices¹⁶ that meet the requirements of the Food and Agriculture Organization of the United Nations (FAO). The Framework excludes investments of such activities on lands with high biodiversity¹⁷ and on protected lands.¹⁸
 - Sustainable techniques and practices include crop rotation, permaculture, cover crops, soil enrichment, natural pest predators, integrated pest management, polyculture farming, no-till farming systems, agroforestry, biodynamic farming and water management.
 - Sustainalytics considers these expenditures to be in line with market practice.
- RBI may also provide loans to pure-play companies that derive at least 90% of their revenues from (i) afforestation, rehabilitation and restoration, and conservation of forests, and forest management activities certified under FSC or PEFC, and (ii) sustainable agriculture activities. Additionally, RBI has confirmed to Sustainalytics that such activities are conducted in accordance with the following:
 - Plants and tree species used for restoration and afforestation projects are well-adapted to the local conditions.
 - Afforestation projects will have an FSC or PEFC certified sustainable management plan in place.
 - Purchase, installation, maintenance of techniques and practices such as crop rotation, permaculture, cover crops, soil enrichment, natural pest predators, integrated pest management, polyculture farming, no-till farming systems, agroforestry, biodynamic farming and water management that meet the FAO requirements.
 - Sustainalytics considers this expenditure to be in line with market practice and the certifications as credible and robust.
- Under the Water and Wastewater Management category, RBI may finance or refinance loans to SMEs for the development, construction, operation and maintenance of water distribution systems that have demonstrated a 20% improvement in the net average energy consumption compared to the baseline performance averaged over three years, water recycling facilities, wastewater treatment facilities and flood mitigation infrastructure.
 - Flood mitigation infrastructure will be based on vulnerability assessments and adaptation plans to identify potential climate risks and relevant management strategies.
 - Additionally, RBI may originate loans to pure-play companies that derive at least 90% of their revenue from: (i) the collection and transport of non-hazardous waste in source segregated fractions; and (ii) anaerobic digestion of sewage sludge that excludes wastewater from fossil fuel operations.
 - Sustainalytics considers investments under this category to be in line with market practice.

¹⁶ Conservation Agriculture is a set of management practices that helps maintaining the soil health, enhance biodiversity and natural biological processes above and below the ground surface, such as through conservation tillage; sowing of diverse cover crops; multiple crop rotation; soil restoration and management; nutrient and waste management; and no or minimal pesticides or synthetic fertilizers. FAO promotes the adoption of CA principles “that are universally applicable in all agricultural landscapes and cropping systems.” Food and Agriculture Organization of the United Nations (FAO), Conservation Agriculture: <http://www.fao.org/conservation-agriculture/en/>. Conservation agriculture is promoted by FAO’s three main principles namely: (i) minimum tillage and soil disturbance (i) less than 15 cm or less than 25% of the cropped area, whichever is lower; (ii) permanent soil cover of at least 30% with crop residues and live mulches; and (iii) crop rotation and intercropping involving at least three different crop species.

¹⁷ UN Biodiversity Lab, “High biodiversity lands in Austria”, at:

https://map.unbiodiversitylab.org/location/UNBL/austria?basemap=grayscale&coordinates=47.717307,13.9764405,7&layers=wdpa-protected-areas_100

¹⁸ Protected Planet, “Austria”, at: <https://www.protectedplanet.net/country/AUT>

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- Under the Employment Generation and Retention – micro, small and medium enterprises, RBI may finance or refinance loans to micro, small, and medium sized enterprises (MSMEs) as defined by the European Commission,¹⁹ which are either: (i) located in underserved, underdeveloped and rural regions in Europe,²⁰ or (ii) are majority owned (at least 50%) by women. Sustainalytics considers these investments to be in alignment with market practice.
- In accordance with the exclusionary criteria set out in the Framework, the proceeds will not be allocated to assets directly linked to fossil fuels, defense and weapons, nuclear energy, mining, alcohol, tobacco and gambling. Sustainalytics views positively the Framework's inclusion of exclusionary criteria.

Project Evaluation and Selection:

- RBI's Network Banks (NWBs) will appoint different business units to evaluate and select eligible projects that are in line with the Framework's eligibility criteria. The business units will gather and verify data required for the evaluation and selection of eligible projects and ensure these expenditures are in line with the Bank's general policies.
- RBI has implemented a Retail Credit Policy that incorporates ESG factors and associated risks at a local, regional and global level and is applicable to all allocation decisions made under the Framework. This policy mandates the ESG risks for all assets to be monitored, reviewed and managed regularly. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail see Section 2.
- Sustainalytics considers this to be in line with market practice.

Management of Proceeds:

- RBI's Retail Banking department in the head office will be responsible for the management and allocation of proceeds at a group level where each NWB will manage proceeds at the subsidiary level. RBI will track the proceeds using an internal tracking system on a portfolio basis.
- RBI intends to allocate all proceeds to eligible assets within 36 months of issuance. The Bank has confirmed to Sustainalytics that pending allocation, proceeds may be temporarily held in cash, cash equivalents or other liquid instruments.
- Based on the use of a tracking system and disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.

Reporting:

- RBI intends to report on the allocation of proceeds and corresponding impact in its ESG retail report which will be published on its website on an annual basis. Allocation reporting will include the number and amount of loans allocated to eligible categories and loan types, breakdown by NWBs, corresponding retail segments, and the origination date and type of products in the portfolio.
- Where feasible, impact reporting may include key performance indicators such as GHG emissions reduced or avoided (tCO₂e), energy savings (MWh), green building certification schemes and levels, and the number of financed MSMEs in the target region.
- Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Framework for Green and Social Loans in RBI Retail Banking aligns with the four core components of the GBP, SBP, GLP, and SLP. For detailed information please refer to Appendix 1: Sustainability Bond/Sustainability Bond Programme External Review Form.

¹⁹ European Commission, "Internal Market, Industry, Entrepreneurs, and SMEs", at: https://ec.europa.eu/growth/smes/sme-definition_en

²⁰ A region is defined as underserved, underdeveloped and rural if: (i) if the GDP per inhabitant at current market prices by NUTS 3 regions is lower than the country's GDP per inhabitant, and (ii) the country's GDP per inhabitant is less than 75% of EU average GDP per inhabitant. (<https://ec.europa.eu/eurostat/web/regions/background>). Sustainalytics notes that relevant data for Bosnia, Herzegovina, and Kosovo is not available under Eurostat Nomenclature of Territorial Units for Statistics Classification (NUTS 3). RBI has confirmed to Sustainalytics that, for these countries, it will apply country specific statistics and use the same definition to target underserved, underdeveloped and rural region.

Section 2: Sustainability Strategy of RBI

Contribution of Framework to RBI's Sustainability Strategy

Sustainalytics is of the opinion that RBI demonstrates a commitment to sustainability by integrating ESG considerations into its lending portfolio and focusing on investments by aiming to contribute to the achievement of the SDGs.²¹ Under its sustainability strategy, RBI is focused on being: (i) a responsible banker to reduce the environmental impact of its operations; (ii) a fair partner to its employees and business partner; and (iii) an engaged citizen to generate a positive impact on the communities where it operates.²²

In order to reduce the carbon footprint of its business operations, the Bank aims to reduce its total CO₂ emissions by 65% by 2050 from a 2011 baseline of 136,101 tCO₂e. Additionally, to address the environmental impact of its portfolio, the Bank has issued EUR 1.3 billion in green bonds in Austria since 2018 and had disbursed EUR 1.3 billion in green loans as of April 2021. RBI's green loan portfolio comprises investments in green buildings, clean transportation, energy efficiency and renewable energy.²³ The Bank had issued EUR 6.1 billion in sustainable financing instruments, which includes green financing of EUR 2.7 billion and ESG-linked financing of EUR 986 million as of 31 December 2021.²⁴ RBI has set a target to increase the share of corporate loans for ESG-compliant investments from approximately 10% as of December 2021 to 33% by 2025. Moreover, RBI has established a new policy under which it has committed to prohibiting any transaction with companies that generate more than 25% of their revenue from thermal coal mining and banning any new financial services to new or existing thermal coal power plants.²⁵

RBI participates in various international initiatives related to environmental and social sustainability such as the United Nations Environment Programme Finance Initiative's Principles for Responsible Banking, the Partnership for Carbon Accounting Financials and the Association for Environmental Management and Sustainability, which are reflective of the Bank's commitment to supporting projects that enable the transition to a low-carbon, climate-resilient economy required to limit global warming.²⁶ RBI also endorses transparent communication to investors with respect to assessments of climate-related risk. It formally supports the alignment of ESG-related disclosures with standards published in the Framework of the Task Force on Climate-related Financial Disclosures.²⁷

Sustainalytics is of the opinion that the Framework for Green and Social Loans in RBI Retail Banking is aligned with the Bank's overall sustainability strategy and initiatives and that it will further the Bank's action on its key environmental and social priorities.

Approach to Managing Environmental and Social Risks Associated with the Projects

Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have a positive environmental and social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include land use and biodiversity issues, occupational health and safety, business ethics and community relations. While the Bank plays a limited role in the development of the specific projects that it finances, by offering lending and financial services, it is exposed to risks associated with the companies or projects that it may finance.

Sustainalytics is of the opinion that RBI is able to manage or mitigate potential risks by implementing the following:

- In line with RBI's risk management approach, the Bank developed an ESG risk process. Within the process, the Bank identifies its potential ESG risks, measures these risks that pertain to its customers and portfolio dimensions, implements strategies to address these risks and then improves its existing governance and risk management processes.²⁸

²¹ RBI, "Responsible Banking", at: <https://www.rbinternational.com/en/sustainability.html>

²² RB, "Sustainability Strategy Framework", at: <https://www.rbinternational.com/en/sustainability/governance/sustainability-strategy-framework.html>

²³ RBI, "Allocation and Impact Report (2021)", at: <https://www.rbinternational.com/en/sustainability/sustainability-report.html>

²⁴ RBI, "Sustainability Report (2021)", at: <https://www.rbinternational.com/en/sustainability/sustainability-report.html>

²⁵ RBI, "Allocation and Impact Report (2021)", at: <https://www.rbinternational.com/en/sustainability/sustainability-report.html>

²⁶ RBI, "Responsible Banking", at: <https://www.rbinternational.com/en/sustainability.html>

²⁷ RBI, "Sustainability Report (2021)", at: <https://www.rbinternational.com/en/sustainability/sustainability-report.html>

²⁸ RBI, "Responsible Banking", at: <https://www.rbinternational.com/en/sustainability/responsible-banking.html>

- RBI has implemented the Portfolio Impact Analysis Tool to evaluate the sustainability impact of its portfolio.²⁹ The Bank aims to develop its internal stress test projection by the end of 2022 in order to be align with European Central Bank's climate risk stress test³⁰ which will assess banks' climate-risk preparedness based on their climate stress test capabilities, their business models and exposure to emission-intensive companies.³¹
- RBI implemented a code of conduct, which provides guidance on the Bank's activities related to business ethics, compliance with laws and regulations, bribery and corruption, anti-money laundering and overall corporate responsibility.³² The Bank complies with all applicable health and safety regulations in the countries where it conducts its business operations. RBI has also developed a supplier code of conduct to ensure that its suppliers adhere to RBI's values and social and environmental commitments. In order to eliminate potential risks, RBI's supplier code of conduct addresses specific topics such as occupational health and safety, environmental protection, business integrity, compliance, monitoring and audits.³³
- Aligned with the European Convention on Human Rights and the Universal Declaration of Human Rights, RBI is committed to protecting human rights by avoiding financing any projects or parties that do not follow these human rights standards.³⁴ Additionally, as a signatory to the UNGC, RBI is committed to combating corruption, promoting environmental sustainability and protecting human rights by eliminating forced and child labour, and following the UN principles on labor standards.³⁵
- The Bank is headquartered in Austria which is recognized as a Designated Country under the Equator Principles, indicating the presence of robust environmental and social governance systems, legislation and institutional capacity to mitigate common environment and social risks associated with the projects financed under the Framework.³⁶

Based on these policies, standards and assessments, Sustainalytics is of the opinion that RBI has implemented adequate measures and is well positioned to manage and mitigate the environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All seven use of proceeds categories are aligned with those recognized by GBP, SBP, GLP or SLP. Sustainalytics has focused on three categories below where the impact is specifically relevant.

Importance of financing renewable energy and energy efficiency projects

The energy sector – both the production and use – is the most significant contributor of GHG emissions in the EU, accounting for approximately 75% of the EU's total GHG emissions in 2021.³⁷ The EU has set an objective to achieve climate neutrality by 2050, with an interim target to reduce GHG emissions by 55% by 2030 compared to the 1990 baseline. In this context, increasing the share of renewables in the EU's energy mix and reducing energy consumption has the potential to contribute significantly to meeting the EU's climate goals.³⁸ In 2018, the EU set a target to increase the share of renewable energy in its total energy use to 32% by 2030.³⁹ Subsequently, in 2021, the EU Commission proposed raising the target to 38-40%.⁴⁰ To achieve these objectives, the EU is focusing on a clean energy transition in key industries: electricity, heating and

²⁹ RBI, "Sustainability Report (2021)", at: <https://www.rbinternational.com/en/sustainability/sustainability-report.html>

³⁰ Ibid.

³¹ European Central Bank, "ECB Banking Supervision launches 2022 climate risk stress test", at: <https://www.bankingsupervision.europa.eu/press/pr/date/2022/html/ssm.pr220127~bd20df4d3a.en.html>

³² RBI, "Code of Conduct (2020)", at: https://www.rbinternational.com/en/who-we-are/governance-and-compliance/code-of-conduct/_jcr_content/root/responsivegrid/contentcontainer/contentbox/downloadlist.download.html/0/English.pdf

³³ RBI, "Code of Conduct for Suppliers", at: https://www.rbinternational.com/en/who-we-are/governance-and-compliance/code-of-conduct/_jcr_content/root/responsivegrid/contentcontainer_981732308/contentbox/downloadlist.download.html/0/RBI%20Group%20Supplier%20Code%20of%20Conduct.pdf

³⁴ RBI, "Code of Conduct (2020)", at: https://www.rbinternational.com/en/who-we-are/governance-and-compliance/code-of-conduct/_jcr_content/root/responsivegrid/contentcontainer/contentbox/downloadlist.download.html/0/English.pdf

³⁵ RBI, "Sustainability Report (2021)", at: <https://www.rbinternational.com/en/sustainability/sustainability-report.html>

³⁶ Equator Principles, "Designated Countries", at: <https://equator-principles.com/about-the-equator-principles/designated-countries/>

³⁷ European Commission, "Questions and Answers - Making our energy system fit for our climate targets", at: https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_3544

³⁸ European Commission, "European Green Deal", at: https://ec.europa.eu/clima/eu-action/european-green-deal_en

³⁹ European Commission, "Renewable energy directive 2018/2001/EU", at: https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive_en

⁴⁰ European Commission, "Proposal for an amending Renewable Energy Directive(EU) 2018/2001", at: https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive_en

cooling, and transport.⁴¹ In 2021, 34% of the EU's electricity was derived from renewable sources.⁴² According to the EU's 2020 renewable energy statistics, the majority of renewable electricity was generated from wind and hydropower sources, which accounted for 36% and 33% respectively, while the remaining 31% of total renewable electricity came from solar power (14%) and other renewable sources (17%).⁴³ Also, the total energy use for heating and cooling from renewable sources accounted for approximately 23%.⁴⁴ In line with its climate commitments, the EU focuses on increasing the share of renewable energy and continues to support research and innovation with a focus on various renewable energy sources such as wind, hydropower, photovoltaics, concentrated solar power, and solar heating and cooling.⁴⁵

The EU has prioritized the "energy efficiency first principle" under which it has committed to improving its energy performance by at least 32.5% relative to the projected energy use in 2030.⁴⁶ As part of the Fit for 55 Package, the European Commission has proposed increasing the energy efficiency target to 36% for final energy consumption and 39% for primary energy consumption.⁴⁷ In order to meet these targets, the EU aims to renovate existing buildings by equipping them with energy efficient technologies and switching from fossil fuel powered heating and cooling systems.⁴⁸

In Austria, the energy industries generated 13% of total GHG emissions in 2019.⁴⁹ In line with the EU's commitments, the government of Austria has committed to achieving carbon neutrality by 2040⁵⁰ and 100% renewable electricity by 2030.⁵¹ As per the Austrian National Energy and Climate Plan, electricity consumption is likely to grow by up to 23% in 2030 and 66% in 2050, compared to 2017 levels, indicating the need for a clean electricity supply to increase the share of renewable sources.⁵² Additionally, in line with its Clean Energy Package, the government is focusing on renovating its building stock to reduce the country's energy consumption.⁵³

In this context, Sustainalytics is of the opinion that RBI's financing of renewable generation and energy efficiency projects is expected to support the clean energy transition in Europe.

Importance of fostering clean transportation projects

In 2020, the transport sector accounted for 28.4% of final energy consumption in the EU⁵⁴ and generated almost 30% of the EU's CO₂ emissions.⁵⁵ Although the emissions released by the sector decreased during the COVID-19 pandemic, emissions are now expected to begin increasing again, due to the high demand for passenger and cargo transport.⁵⁶ The transport sector is powered largely by carbon-intensive energy sources,

⁴¹ Eurostat, "Renewable energy statistics", at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Renewable_energy_statistics#:~:text=The%20share%20of%20renewables%20in,compared%20with%209.6%20%25%20in%202004.

⁴² European Commission, "Questions and Answers - Making our energy system fit for our climate targets", at: https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_3544

⁴³ Eurostat, "Renewable energy statistics", at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Renewable_energy_statistics#:~:text=The%20share%20of%20renewables%20in,compared%20with%209.6%20%25%20in%202004.

⁴⁴ Ibid.

⁴⁵ European Commission, "Energy research and innovation", at: https://ec.europa.eu/info/research-and-innovation/research-area/energy-research-and-innovation_en

⁴⁶ European Commission, "Energy efficiency directive", at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficiency-targets-directive-and-rules/energy-efficiency-directive_en

⁴⁷ European Council, "Fit for 55", at: <https://www.consilium.europa.eu/en/policies/green-deal/fit-for-55-the-eu-plan-for-a-green-transition/#:~:text=Fit%20for%2055%20refers%20to%20the%20EU%E2%80%99s%20target,framework%20for%20reaching%20the%20EU%27s%20climate%20objectives%2C%20which%3A>

⁴⁸ Label 2020, "EU Regulations - Framework regulation for energy labelling", at: <https://www.label2020.eu/services/for-retailers-and-suppliers/eu-legislation/>

⁴⁹ European Parliament, "Climate action in Austria (2021)", at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/696186/EPRS_BRI\(2021\)696186_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/696186/EPRS_BRI(2021)696186_EN.pdf)

⁵⁰ Government of Austria, "Progress report 2020 in accordance with Article 24(1) of Directive 2012/27/EU", at: https://iea.blob.core.windows.net/assets/ea419c67-4847-4a22-905a-d3ef66b848ba/Austria_2020_Energy_Policy_Review.pdf

⁵¹ Bloomberg, "Austria Ends Coal Era and Commits to More Renewable Energy", 2020, at: <https://www.bloomberg.com/news/articles/2020-04-17/austria-ends-coal-era-and-commits-to-more-renewable-energy>

⁵² IEA, "Austria 2020 Energy Policy Review", at: <https://www.iea.org/reports/austria-2020>

⁵³ Government of Austria, "#mission2030 - Austrian Climate and Energy Strategy (2018)", at: https://gruenstattgrau.at/wp-content/uploads/2020/10/mission2030_oe_climatestrategy_ua.pdf

⁵⁴ Eurostat, "Energy statistics - an overview", at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Energy_statistics_-_an_overview

⁵⁵ IEA, "European Union 2020 - Energy Policy Review", at: https://iea.blob.core.windows.net/assets/ec7cc7e5-f638-431b-ab6e-86f62aa5752b/European_Union_2020_Energy_Policy_Review.pdf

⁵⁶ European Environment Agency, "Greenhouse gas emissions from transport in Europe", at: <https://www.eea.europa.eu/ims/greenhouse-gas-emissions-from-transport>

including fossil fuels, blended biofuels and biodiesels. Electrically powered transport represented approximately 10% of the energy consumed by the sector in 2020.⁵⁷

The EU aims to increase the share of renewable energy used in the transport sector. In 2018, in line with the Renewable Energy Directive, the EU set a target to increase the share of renewable energy used in the transportation sector to 14% by 2030.⁵⁸ Subsequently, under the Fit for 55 package, the EU proposed a new goal to cut CO₂ emissions from cars by 55% and from vans by 50% by 2030 compared to the 1990 baseline. Furthermore, the proposed plan includes the objective that emissions from cars and vans will be completely cut by 2035.⁵⁹ Moreover, the EU has set zero and low-emission vehicles sales targets of 15% for 2025 and 35% for 2030.⁶⁰

In Austria, the transportation sector was responsible for 30% of total emissions in 2019.⁶¹ As part of the country's national climate objectives, the Austrian government has set a goal to increase the share of renewable energy in this sector to 14% by 2030 and promote the use of biofuels and e-mobility. Moreover, through several initiatives, such as "zero-emission mobility" and "mobility of the future", the Austrian government has committed to supporting the clean energy transition in its transport sector including by fostering R&D and the adoption of new technologies within the sector.⁶²

Based on above context, Sustainalytics is of the opinion that RBI's financing of zero-emission vehicles and personal mobility devices are expected to support the decarbonization of the transport sector and the transition to a low-carbon economy.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds and loans issued and originated under the Framework for Green and Social Loans in RBI Retail Banking advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Energy Efficiency	7. Affordable and Clean Energy 9. Industry, Innovation, and Infrastructure	7.3 By 2030 double the global rate of improvement in energy efficiency. 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater

⁵⁷ European Environment Agency, "Use of renewable energy for transport in Europe", at: <https://www.eea.europa.eu/ims/use-of-renewable-energy-for>

⁵⁸ Ibid.

⁵⁹ European Council, "Fit for 55", at: <https://www.consilium.europa.eu/en/policies/green-deal/fit-for-55-the-eu-plan-for-a-green-transition/#:~:text=Fit%20for%2055%20refers%20to%20the%20EU%E2%80%99s%20target,framework%20for%20reaching%20the%20EU%27s%20climate%20objectives%2C%20which%3A>

⁶⁰ International Council on Clean Transportation, "Policy Update (2019)", at: https://theicct.org/sites/default/files/publications/EU-LCV-CO2-2030_ICCTupdate_20190123.pdf

⁶¹ European Commission, "Climate Action in Austria", at:

[https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/696186/EPRS_BRI\(2021\)696186_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/696186/EPRS_BRI(2021)696186_EN.pdf)

⁶² European Commission, "Integrated National Energy and Climate Plan for Austria", at: https://energy.ec.europa.eu/system/files/2020-03/at_final_necp_main_en_0.pdf

		adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Sustainable Agriculture and Forestry	2. Zero Hunger 15. Life on Land	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality 15.A Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems 15.2 Sustainable management of forests, halt deforestation, restore degraded forests and increase afforestation and reforestation
Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Employment Generation and Retention - Micro, small and medium enterprises	8. Decent Work and Economic Growth 10. Reduced Inequalities	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Conclusion

RBI has developed the Framework for Green and Social Loans in RBI Retail Banking under which it may issue sustainability bonds and loans, and use the proceeds to finance or refinance, in whole or in part, existing or future projects. Sustainalytics believes that the projects funded by the sustainable finance proceeds are expected to provide positive environmental and social impact in Europe.

The Framework outlines a process for tracking, allocating, and managing the proceeds, and makes commitments for RBI to report on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the Bank and is expected to contribute to the advancement of the UN Sustainable Development Goals 2, 6, 7, 8, 9, 10, 11, and 15. Additionally, Sustainalytics is of the opinion that RBI has adequate measures to identify, manage and mitigate the environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainability is confident that RBI is well positioned to issue green and social bonds and loans and that the Framework for Green and Social Loans in RBI Retail Banking is robust, transparent, and in alignment with the four core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, and Social Loan Principles 2021.

Appendix

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

Section 1. Basic Information

Issuer name:	Raiffeisen Bank International
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Framework for Green and Social Loans in RBI Retail Banking
Review provider's name:	Sustainalytics
Completion date of this form:	July 21, 2022
Publication date of review publication: Original publication date <i>[please fill this out for updates]</i>:	

Section 2. Review overview

SCOPE OF REVIEW

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

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

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

ROLE(S) OF REVIEW PROVIDER

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

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

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

Please refer to Evaluation Summary above.

Section 3. Detailed review

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

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds – Green Buildings, Clean Transportation, Energy Efficiency, Renewable Energy, Sustainable Agriculture and Forestry, Water and Wastewater Management and Employment Generation and Retention – micro, small and medium enterprises – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics believes that investments in the eligible categories can deliver positive environmental and social impact, and advance the UN Sustainable Development Goals, specifically SDGs 2, 6, 7, 8, 9, 10, 11, and 15.

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

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

Use of proceeds categories as per SBP:

- | | |
|---|--|
| <input type="checkbox"/> Affordable basic infrastructure | <input type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Raiffeisen Bank International's Network Banks (NWBs) will appoint relevant business units for evaluating and selecting eligible projects that are in line with the eligibility criteria. Raiffeisen Bank International monitors and manages ESG risks associated with eligible projects and assets through its Retail Credit Policy and the policy is applicable to all allocation decisions. Sustainalytics considers these risk management systems to be adequate. Sustainalytics considers this process to be in line with market practice.

Evaluation and selection

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

Information on Responsibilities and Accountability

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

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Raiffeisen Bank International's Network Banks will be responsible for the management and allocation of proceeds to eligible projects. The Network Banks will track net proceeds using an internal tracking system and intend to allocate all proceeds to eligible instruments within 36 months of issuance. Pending allocation, proceeds may be temporarily held in cash or other short-term instruments. Sustainalytics considers this process to be in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Raiffeisen Bank International intends to report on allocation of proceeds in its ESG retail report on an annual basis until full allocation. Allocation reporting will include the number and amount of loans allocated to eligible categories, loan types, and Network Banks, corresponding retail segments and the origination date and type of products in the portfolio. In addition, Raiffeisen Bank International is committed to reporting on relevant impact metrics. Sustainalytics views Raiffeisen Bank International's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify): Loan types, breakdown by NWBs, corresponding retail segments, and the origination date and type of products in the portfolio. | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
|---|--|

- | | |
|--|---|
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |
| <input type="checkbox"/> Target populations | <input type="checkbox"/> Other ESG indicators (please specify): Green Building certification levels, renewable energy capacity, renewable energy generation, number of financed enterprises, number and average amount of MSME loan and number of jobs created. |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): RBI ESG Retail Report |
| <input type="checkbox"/> 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 (please specify): | |

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the

Framework for Green and Social Loans in RBI Retail Banking

issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.

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

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