Raiffeisen Bank International

Business Policy on Thermal Coal Exit

Purpose of this publication: This statement summarizes RBI Group's approach to thermal coal-related business. This excerpt condenses the internal policy while preserving its substance.

1. Purpose and rationale

Raiffeisen Bank International (RBI) recognizes that thermal coal is among the most carbon-intensive sources of energy and is associated with significant climate, environmental, transition and reputational risks. RBI's Thermal Coal Exit Policy is designed to support the reduction and phase-out of thermal coal-related exposure and to align business activities with the objectives of among others the Paris Agreement and the principles of the United Nations Global Compact.

The policy establishes restrictions on thermal coal-related activities, sets expectations for customers with thermal coal exposure, and defines limited conditions under which financing may support decarbonization. It applies across RBI Group financial institutions.

2. Scope of application

The policy applies to thermal coal, also known as steam coal, used for power and heat generation. It does not apply to metallurgical coal, also known as coking coal, which is used in steelmaking and other metallurgical processes, or to coal used in industrial manufacturing processes such as aluminum, cement, bricks, ceramics or glass production.

The policy covers thermal coal mining companies, thermal coal utility companies, thermal coal trading companies, and suppliers of equipment or infrastructure providers dedicated to thermal coal-related assets.

3. Key definitions and assessment thresholds

For the purpose of this policy, thermal coal exposure is assessed by reference to the customer's revenues from thermal coal-related activities and, where relevant, by the nature of assets, services and expansion plans. A customer's strategy is considered credible only where it includes a clear and ambitious plan to reduce thermal coal reliance and CO2 emissions, a fixed coal exit date no later than 31 December 2030, and no increase in or new thermal coal business.

RBI distinguishes accepted and critical thermal coal customers using the following thresholds. These thresholds support consistent application of the policy and transparent engagement with customers.

Customer type	Accepted thermal coal customer	Critical thermal coal customer
Thermal coal utilities and mining companies	More than 5% of revenues from thermal coal and a credible strategy to phase out thermal coal reliance by 2030.	More than 5% of revenues from thermal coal and no clear strategy to phase out thermal coal reliance by 2030.
Thermal coal trading companies	Up to and including 25% of revenues from thermal coal.	More than 25% of revenue from thermal coal.
Suppliers and infrastructure providers	Up to and including 25% of revenues from thermal coal mining or utility-related equipment or services, excluding general transportation.	More than 25% of revenues from thermal coal mining or utility-related equipment or services, excluding general transportation.

4. Business principles and restrictions

RBI does not finance new or expanded thermal coal mines, new or expanded coal-fired power generation, retrofits or life-extension of existing thermal coal assets or dedicated thermal coal-related infrastructure where the purpose is to extend or enhance thermal coal operations.

RBI also applies a no-expansion principle to thermal coal companies. Customers in scope are expected not to acquire, construct, enlarge or otherwise develop new thermal coal capacity. This principle applies to both direct project-related business and to broader customer relationships where the customer does not demonstrate a credible thermal coal exit strategy.

The policy applies to relevant financial products and services, including lending, project and investment finance, general purpose financing, on- and off-balance sheet financing, trade finance, investment banking and capital market services, incl. fixed-income products, M&A and other advisory services, treasury-related products and standard banking services.

5. Summary of permitted, restricted and prohibited business

The following table summarizes RBI's Thermal Coal Exit Policy. Detailed internal controls, checks and approval workflows are governed by RBI's internal rules.

Activity or product type	All companies	Accepted thermal coal customers	Critical thermal coal customers
New or expanded thermal coal mines, coal power plants, retrofits, life-extension or dedicated coal infrastructure	Prohibited	Prohibited	Prohibited
General purpose financing and ordinary financing not ring-fenced to eligible renewable energy	Not in scope of the policy	Permitted if thermal coal-related revenues are ≤25%, otherwise prohibited	Prohibited
Non-thermal coal related project financing	Not in scope of the policy	Permitted	Prohibited
Ring-fenced renewable energy financing for wind, solar or battery storage directly linked to wind or solar assets	Permitted	Permitted	Allowed only where proceeds are ring-fenced and subject to enhanced due diligence*
Trade finance clearly directed to thermal coal business	Prohibited	Prohibited	Prohibited
Investment banking, capital markets and advisory services	Permitted, except buy-side thermal coal M&A and advisory is prohibited	Permitted where policy conditions are met, except thermal coal asset-related activities are prohibited	Prohibited, except narrowly defined renewable energy-related advisory where no additional reputational risk arises
Standard banking services such as current accounts, deposits, payments, cash management and clearing	Permitted	Permitted	Permitted

*For critical thermal coal customers, such support is limited to ring-fenced proceeds and is subject to enhanced due diligence, clear identification of eligible assets, and internal controls to ensure that funds are not used to support, maintain or expand thermal coal activities. General corporate purpose financing remains prohibited for critical thermal coal customers.

6. Governance, review and accountability

The policy has been prepared under a mandate from and has been approved by the Board of Management. Sustainable Finance is the department responsible for policy interpretation and assessment support, working with the relevant business, risk and compliance functions as appropriate.

Customer relationships in scope of the policy are reviewed at least annually, or more frequently where material changes occur in the customer's business activities or strategy to phase out from thermal coal reliance. Exceptions to the policy are subject to Board approval and are expected to remain limited, documented and consistent with the objective of reducing thermal coal exposure.

Publication notes

This external policy statement summarizes RBI's approach to thermal coal exit. It does not replace the internal Business Policy on Thermal Coal Exit or any applicable internal approval, risk, compliance or legal requirements. In case of divergence, the approved internal policy and applicable law prevail. While the internal policy is binding for RBI Group internally, neither the internal policy nor this external policy statement give rise to any rights or obligations of third parties towards the members of RBI Group. This document is current as at the date of its publication. RBI does not assume any duty to update.