

2018/06

Green Bond Framework

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2. RATIONALE

Raiffeisen Bank International (“RBI” or “we”) has integrated comprehensive sustainability measures into its business. The underlying principles are derived from the ideas of Friedrich Wilhelm Raiffeisen for whom social solidarity, self-help and sustainability were guidelines for economic activity. We value sustainable corporate governance and the social responsibility that goes with it. Our role in the economy is characterized by practical responsibility towards our customers, employees, shareholders and society. Sustainability and corporate responsibility are key components of our identity and corporate culture. The company strives to act responsibly, extending beyond individual measures.

We therefore commit ourselves to aligning our management structures and processes with this attitude. In the three sustainability areas of responsibility, “Responsible banker,” “Fair partner” and “Engaged citizen,” which are closely linked to our business activities, we endeavour to optimally apply our values and competences to fostering sustainable development both in our companies and in society.

RBI supports the development of its core regions and benefits from this success story. That this is done in a sustainable way is part of our company principles. The introduction of an Environmental and Social Management System (“ESMS”) at multiple RBI network banks in accordance with the standards of the International Finance Corporation (“IFC”) marks a further improvement to sustainability in our core business.

RBI is a signatory of the UN Global Compact (UNGC) and shows its commitment to consistently complying with the ten UNGC principles of responsible business. In this context, global responsibility is expected of all employees and managers as well as from partners and suppliers of the RBI Group.

This Green Bond Framework is aligned with the Green Bond Principles, as held by the International Capital Market Association (ICMA). RBI has been a Member of the Green Bond Principles, as underwriter, since 2014.

A Green Bond, if any, issued by RBI will be in line with the above principles.

3. USE OF PROCEEDS

An amount equivalent to the Green Bond proceeds will be used to **finance** and/or **re-finance** Eligible Green Loans within RBI's core markets (European Economic Area, Southeast Europe, Central and Eastern Europe) with a positive environmental impact.




With this Green Bond Framework, RBI targets to stimulate the origination of new Green Loans across its network banks and in Head Office. In the meantime, to ensure investors the immediate use of the funds, RBI will start by refinancing existing Eligible Green Loans, as defined below. However, RBI will strive to replace the mature Eligible Green Loans with new ones and will provide transparency on the Green Loan origination timeframe in its annual Green Bond reporting.

Eligible Green Loans are loans to finance assets dedicated to the following Eligible Categories:

- Renewable Energy
- Green Buildings
- Energy Efficiency
- Clean Transportation
- Water Management and Waste Water Management

Alignment with United Nations' Sustainable Development Goals (UN SDGs)

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Eligible Category	SDG	SDG target
Water Management and Water Treatment	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.
Renewable Energy Energy Efficiency Green Buildings	7. Affordable and Clean Energy 	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.3 By 2030, double the global rate of improvement in energy efficiency
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.

Renewable Energy

The Eligible Green Loans are loans to finance equipment, development, construction, operation, distribution, infrastructure and maintenance of renewable energy projects such as:

- Wind offshore and onshore
- Solar Power
- Hydropower (up to 20MW)
- Geothermal projects (with direct emissions < 100gCO₂/kWh)
- Energy from biomass (excluding biomass from sources depleting biomass and carbon pools, sources grown on land with high biodiversity and sources that use land that competes with food sources)
- Waste-to-energy, including biogas

Green Buildings

The Eligible Green Loans are loans to finance:

- Green commercial and residential buildings:
 - With a **recognised certification (at least applied or pre-certified)**. with a minimum certification level LEED Gold, BREEAM very good or DGNB/ÖGNI Gold;
 - OR belonging to the top 15% most efficient buildings in a certain country based on local building codes, building years and EPC certificates
- Refurbished buildings (e.g. insulation of walls and roofs, replacement of boilers) with an improved energy efficiency one of two criteria below must be met:
 - Refurbished buildings with at least two steps of improvement in energy label
 - Refurbished buildings with at least a 30% improvement in energy efficiency (measured in kWh/m²).

In case of a denied certification or a not sufficient final certification the loan will be excluded from the Eligible Green Loan Portfolio

Energy Efficiency

The Eligible Green Loans are loans to finance:

- Energy efficiency projects, e.g. improving the energy efficiency of industrial production process¹ in a factory, energy storage efficiency projects, smart grid solutions for more efficient transmission/distribution of energy

¹ Energy efficiency improvement in fossil fuel technologies are excluded from this Eligibility Category.

Clean Transportation

The Eligible Green Loans are loans to finance public land transport and clean transportation such as:

- Public transport (e.g. subways, trains, trams, electric, biofuel or hybrid buses), including:
 - Infrastructure (e.g. rail networks, station upgrade)
 - Non-diesel rolling stock (excluding fossil fuel transportation)
- Commercial and retail electric vehicles (e.g. truck fleets, automobiles, charging infrastructure)

Water Management and Waste Water Management

The Eligible Green Loans are loans to finance public (and corporate) equipment, development, construction, operation and maintenance of:

- Water distribution systems with improved efficiency
- Water recycling and wastewater treatment plants
- Flood mitigation infrastructure

4. ASSET EVALUATION AND SELECTION

Credit Process

All potential Eligible Green Loans are subject to RBI's standard credit process in line with the normal course of business, including:

- Know-Your-Customer (KYC) procedure
- Compliance
- Credit risk analysis
- CSR relevance assessment (all loans which pass through RBI's head office approval process)
- Sector policies (Sensitive business areas are regulated in individual sector policies, e.g. war material, nuclear power, coal, gambling)
- Code of conduct

Only loans that have been approved through RBI's standard regular credit process can be considered for Green Bond eligibility.

Exclusions

Business and projects that are involved in the following operations are excluded from RBI's activities:

- **Nuclear:** RBI explicitly excludes loans to companies engaged in nuclear sector. RBI aims to avoid the mobilisation and catalysing of nuclear energy and defence business (as to financing, advisory or other banking services, participation, investment funds focusing on nuclear energy or defence).
- **Defence and Weapons:**
 - RBI has implemented a complete restriction regarding the following entities and their relevant suppliers (key technologies and components):
 - Nuclear Power Plants (NPPs), companies mining, processing of and trading with nuclear fuel or managing nuclear waste (storage of spent fuel deriving from NPPs);
 - Companies manufacturing, maintaining or trading, moreover providing assistance services, technologies dedicated to controversial weapons, moreover wholesale arms merchants.
 - In general, RBI provides services for entities in defence or utility sector on a very selective basis with strict segregation from sensitive business fields and connected activities, moreover applies strict controls in transactions.

Identification of Eligible Green Loans

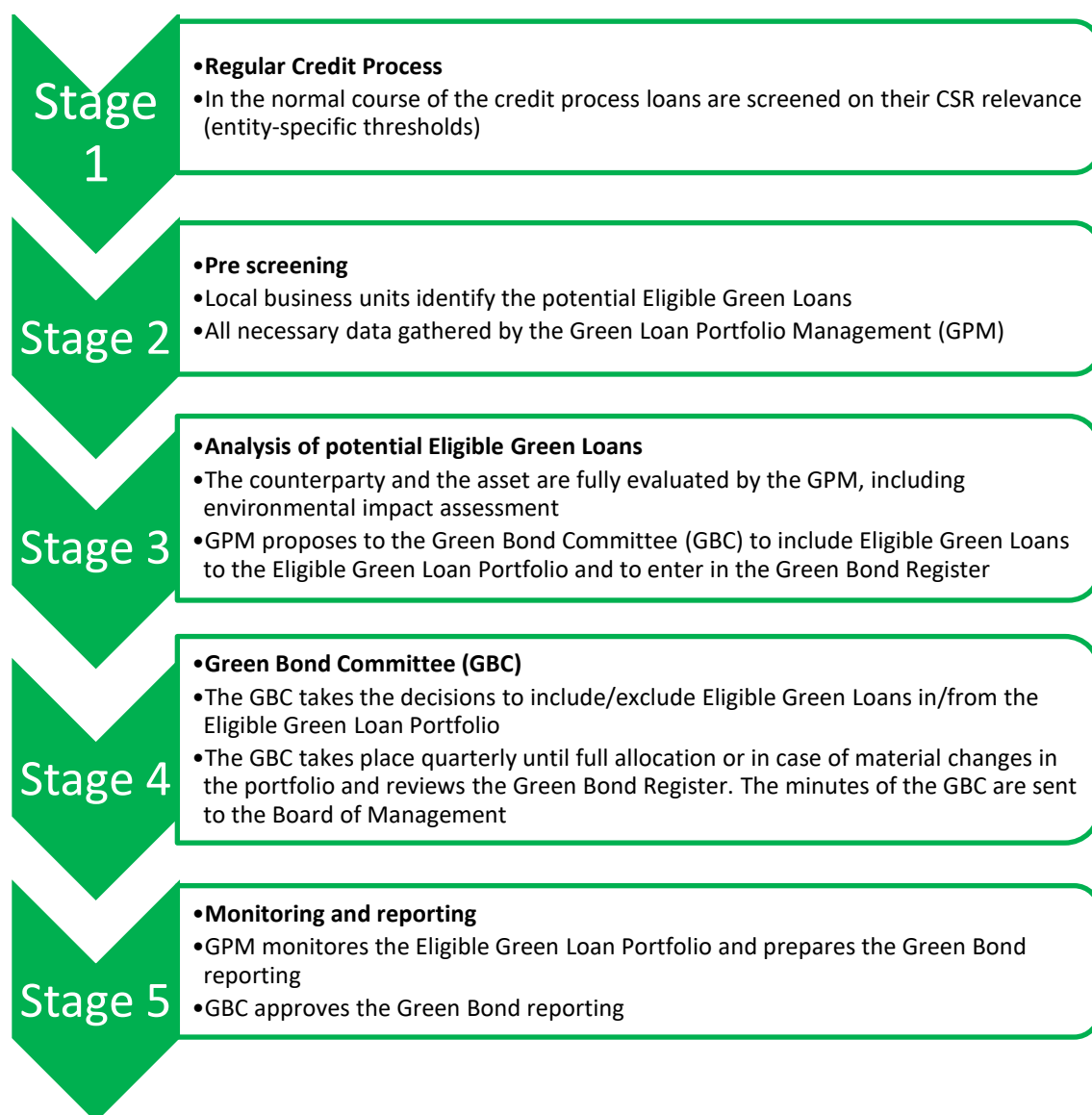
Eligible Green Loans are sourced from the various eligible sectors and result from the application of the eligibility criteria, under the responsibility of the Green Bond Committee ("GBC").

RBI's GBC is responsible for the selection of Eligible Green Loans. The GBC is part of the RBI Group Asset-Liability Committee and represents an extension of its management team. It is comprised of extended management and expert team of Corporate Finance, Group Corporate Credit Management, Group Treasury, Group Sustainability Management and Group Compliance, Group Investor Relation.

The GBC will review applications from local business units identifying potential Eligible Green Loans. The Green Bond Committee will document the selection process with the view to demonstrate to an independent auditor funded loans meet the Eligibility criteria listed above.

The Green Loan Portfolio Management ("GPM") is in charge of collecting and monitoring all data for the Green Bond evaluation and selection process. Department Cover Pool and Public Finance is in charge of the Green Loan Portfolio Management.

The loans are assessed in accordance with their social and environmental impact, thanks to a several stages selection process:



5. MANAGEMENT OF PROCEEDS

An amount equivalent to the net proceeds of any RBI Green Bonds will be managed by the Cover Pool and Public Finance Department of RBI on a portfolio basis. Until maturity of the Green Bonds, RBI will strive to maintain a volume of Eligible Green Loans in the Eligible Green Loan Portfolio at least equal to the proceeds of the Green Bonds and continue to finance and promote Green assets.

All Eligible Green Loans to be included in the Eligible Green Loan Portfolio are entered in RBI's Green Bond Register.

The Green Bond Register assures that the Eligible Green Loans are not externally refinanced.

On an annually basis RBI will check the eligibility and availability of the Eligible Green Loans in the Green Bond Register. RBI will strive to substitute any redeemed or maturing Eligible Green Loans with other eligible Green Loans and/or if any such loans cease to be an Eligible Green Loan, as soon as practicable once an appropriate substitution option has been identified.

Pending the allocation or reallocation, as the case might be, of an amount equivalent to the net proceeds of RBI Green Bonds to the Eligible Green Loans, RBI will invest the balance of the net proceeds within the treasury of the group, in money market instruments, cash and/or cash equivalents instruments.

6. REPORTING

RBI has the ambition to publish an annual report on the use of proceeds from any Green Bonds outstanding under this framework, including a description of its Eligible Green Loan Portfolio. Reporting will be provided on an annual basis until full allocation, and thereafter if there are any material changes to the Eligible Green Loan portfolio, until the maturity of RBI's Green Bonds.

Each annual report will be reviewed and approved by the Green Bond Committee.

The RBI Green Bond report is expected to disclose the amount of the Green Bond proceeds outstanding, the total amount of the proceeds allocated to Eligible Green Loans and the unallocated amount. It shall also disclose, on an aggregated level, qualitative and where possible, quantitative indicators of the Eligible Green Loan Portfolio, such as:

- Breakdown by Eligible Category (Renewable Energy, Green Buildings, Energy Efficiency, Clean Transport, Water Management and Waste Water Treatment)
- Breakdown of Green Building loans (BREEAM Outstanding, BREEAM Excellent, BREEAM Very Good, LEED Platinum, LEED Gold, DGNB/ÖGNI Platin, DGNB/ÖGNI Gold, Retrofit)
- Breakdown of Renewable Energy loans by energy type (wind, solar, water, biomass, etc.)
- Breakdown by countries
- Origination timeframe, including the average age of Eligible Green Loans

RBI intends to publish an impact report that will provide information on the environmental impact of its Eligible Green Loan Portfolio by category. Reporting is intended to be provided on an annual basis until full allocation, and thereafter if there are any material changes to the Eligible Green Loan portfolio, until the maturity of RBI's Green Bonds.

The following table summarises examples of impact indicators that could be disclosed:

Eligible Categories	Examples of impact indicators
Renewable Energy	<ul style="list-style-type: none">• Installed renewable energy capacity (MW)• Expected annual renewable energy generation (MWh)• Estimated annual GHG emission avoided (tCO₂e)
Green Buildings	<ul style="list-style-type: none">• Annual energy savings (MWh)• Estimated annual GHG emission avoided (tCO₂e)
Energy Efficiency	<ul style="list-style-type: none">• Annual energy savings (MWh)• Estimated annual GHG emission avoided (tCO₂e)
Clean Transportation	<ul style="list-style-type: none">• Number of people using public mass transportation• Number of retail vehicles financed• Estimated annual GHG emission avoided (tCO₂e)
Water Management and Waste Water Management	<ul style="list-style-type: none">• Annual water savings (m³)• Volume of wastewater treated (m³)

RBI Green Bond reports will be made publicly available on: www.rbinternational.com

7. EXTERNAL REVIEW

7.1 Second Opinion

RBI has mandated Sustainalytics GmbH (“Sustainalytics”), a provider of environmental social and governance (ESG) research and analysis, to provide a second party opinion on RBI’s Green Bond Framework. Sustainalytics reviewed RBI’s Green Bond framework and confirmed its alignment with the Green Bond Principles (2018 Edition).

The Second Opinion can be found at www.rbinternational.com

7.2 External Audit

RBI’s auditor will verify on an annual basis that RBI duly applied the defined procedures of the defined procedures of approval of the Green Bond Committee and that all loans of the Eligible Green Loan Portfolio are already disbursed and entered in RBI’s Green Bond Register.