

RBI Sustainability Bond Framework

11/2022

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1. Introduction

Sustainability Strategy

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 endeavor 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. Conducting our business 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 marks a further improvement to sustainability in our core business.

ESG Rating and initiatives

RBI holds an ESG Rating from all the market-leading providers of ESG Research.¹

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.

UN Sustainable Development Goals

In 2017, RBI worked with an external consultant to identify the SDGs that are most material to our business. In 2020, we conducted a similar analysis from a risk perspective, resulting in the identification of three further SDGs that are relevant for RBI.

Twelve SDGs RBI have been identified as being particularly relevant – both for the Group as a whole and for the core business:

¹ Further details: <https://www.rbinternational.com/en/sustainability/sustainability-ratings-and-indices.html>.



These SDGs are already given priority, and this will continue over the coming years.

A comprehensive impact analysis was conducted in 2021 whereby RBI identified two impact areas of strategic importance that are relevant in all RBI's business areas – climate protection (SDG 13) and resource efficiency (SDG 12).

2. RBI Sustainability Bond Framework

In 2018, RBI launched its green bond issuance program with the aim to promote sustainable lending in Austria and Central and Eastern Europe. RBI is² the country's largest green bond issuer and has established itself as a regular issuer of green bonds on the international capital markets and in the retail segment in both Austria and Central and Eastern Europe.

RBI first published a Green Bond Framework in 2018 which enabled the bank to finance and refinance a wide range of environmentally sustainable projects in alignment with the ICMA (International Capital Market Association) Green Bond Principles. To further strengthen the link between its sustainability and financing strategies and to expand the eligible assets to include social loans as well RBI has created a new Sustainability Bond Framework ("Framework"). Furthermore, RBI has supported several Network banks in development of their Green and Sustainability Bond frameworks, which reflect the local bank's business practices, processes and systems.

The Framework is aligned with the ICMA Green Bond Principles (GBP)³ ICMA, Social Bond principles (SBP)⁴ and ICMA Sustainability Bond Guidelines (SBG)⁵. These subsequently are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green, social and sustainable bond markets.

² As of August 2022, Bloomberg table.

³ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

⁴ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

⁵ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Social-Bond-Principles-June-2021-100621.pdf>

⁶ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-100621.pdf>

RBI Sustainability Bond Framework is designed as an umbrella framework that will allow the Bank to issue Green Bonds, Social Bonds, or Sustainability Bonds, as the case may be. For each Green, Social or Sustainability Bond issued, RBI asserts that it will adhere to (1) Use of Proceeds, (2) Project Evaluation and Selection, (3) Management of Proceeds and (4) Reporting, as set out in this Framework.

In formulating the Framework care was also taken to reflect both the United Nations Sustainable Development Goals (SDGs) and whenever is feasible, the technical screening criteria of European Taxonomy for sustainable activities (EU Taxonomy). Potential changes of the GBP or developments with regards to the EU GBS or EU Taxonomy will be reflected in future versions of the Framework, which will either keep or improve the current levels of transparency and reporting and will provide for external review by an entity which is eligible or accredited under any such prevailing principles or standards.

3. Use of Proceeds

An amount equivalent to the Green, Social and/or Sustainability Bond net proceeds will be used to finance and/or re-finance Eligible Loans in the countries mentioned in Annex B with a positive environmental and/or social impact. RBI intends to allocate the full amount of net proceeds of a Green, Social and/or Sustainability Bond issue to projects that have been financed within the 24 months prior to the allocation decision in relation to a specific Bond.

RBI will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Eligible Loans and will strive to replace maturing Eligible Loans with the new ones and will provide transparency on the Eligible Loan origination timeframe in its annual reporting.

This Sustainable Bond Framework will be a tool to stimulate the origination of new Green and Social Loans across the group, including the head office, its network banks, its leasing subsidiaries and Bausparkasse. Meanwhile, to ensure the immediate use of bond proceeds, RBI will start by refinancing existing Eligible Loans, as defined below.

Eligible Loans are loans to finance assets dedicated to the Eligible Categories depicted within the tables below. Eligible Loans may include loans (and similar lending structures) to private individuals, legal entities, municipalities and public sector.

Eligible Green Categories

Within the Eligible Green Categories listed below, substantial contribution criteria under the current⁶ version of the EU Taxonomy, to be considered where feasible.

⁶ Final Delegated Act on [Climate Change Mitigation](#), see [Commission Delegated Regulation \(EU\) 2021/2139 of 4 June 2021](#).

Eligible Category	Eligibility Criteria
Green Buildings	<p>Finance or refinance Eligible Loans or investments in green assets or projects related to the construction, acquisition and ownership or renovation of buildings⁷ in the commercial and residential real estate sector⁸. Eligible loans and may include both loans to private individuals (mortgages) or to legal entities, fulfilling the criteria presented below:</p> <ul style="list-style-type: none"> ▪ Green commercial or residential buildings which meet at least one of the following criteria: <ul style="list-style-type: none"> - Building has a recognized international certification (at least applied or pre-certified)⁹ with a minimum certification level of LEED Gold, BREEAM Excellent, DGNB/ ÖGNI Gold or EDGE Basic¹⁰; - Building belongs to the top 15% of low carbon buildings at national level based on local building codes, building years and Energy Performance Certificate certificates (primary energy demand); <ul style="list-style-type: none"> ○ In cases where an assessment of the top 15% low carbon buildings is not possible, buildings with the EPC with a min. level A (primary energy demand) is considered eligible; - New buildings where the PED is at least 10% lower than the threshold set for the Nearly Zero Energy Building (NZEB) requirements in the relevant jurisdiction implementing the EU Energy Performance of Buildings Directive (EPBD). ▪ Refurbished buildings (e.g., insulation of walls and roofs, insulation of facades, roofs, replacement of boilers) leading to the fulfillment of at least one of the following criteria: <ul style="list-style-type: none"> - Reduction of Primary Energy Demand or carbon emissions of at least 30% compared to pre-renovation levels¹¹; - Refurbishments which comply with the applicable requirements for major renovations¹². ▪ Individual renovation measures including installation, maintenance or repair of following equipment and technologies in buildings: <ul style="list-style-type: none"> - Charging stations for electric vehicles¹³; - Electric heat pumps¹⁴, absorption heat pumps driven by solar-heated water or geothermal-heated water and the ancillary technical equipment;

⁷ Buildings that are used for the purpose of occupation by fossil fuel extraction or manufacturing of fossil fuel activities are explicitly excluded.

⁸ Sector may include office, industrial & logistic, hotels, retail, healthcare, residential properties.

⁹ In case of a denied certification or a not sufficient final certification the loan will be excluded from the Eligible Loan Portfolio.

¹⁰ EDGE Basic buildings achieving minimum energy savings of 30%.

¹¹ The PED or emission reduction will be achieved within 3 years of issuance; Financing is limited to refurbishment costs.

¹² As set in the applicable national and regional building regulations for 'major renovation' implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.

¹³ Charging stations in standalone parking facilities are excluded unless such parking spaces are within the building itself.

¹⁴ Refrigerants used for heat pumps will have a global warming potential (GWP) below 675.

Eligible Category	Eligibility Criteria
	<ul style="list-style-type: none"> – Thermal or electric energy storage units and the ancillary technical equipment; – High efficiency micro combined heat and power (CHP) plant powered by renewable energy; – Heat exchanger/recovery systems¹⁵.
Renewable Energy	<p>Finance or refinance Eligible Green Loans and/or investments to equipment, development, manufacturing, construction, installation, operation, distribution and maintenance of renewable energy projects:</p> <ul style="list-style-type: none"> ▪ On-shore and off-shore wind power¹⁶; ▪ Solar power (onshore photovoltaic generation and concentrated solar power (CSP) including solar thermal plants)¹⁷; ▪ Ocean power¹⁸; ▪ Hydropower, <ul style="list-style-type: none"> – Run-of-river without artificial reservoir or low storage capacity¹⁹; and – For all new projects, Environmental Impact Assessment (EIA) by a credible body is to be carried out with no significant risk, expected negative impact or controversy identified; ▪ Geothermal projects: with emissions < 100gCO₂/kWh according to GHG lifecycle assessment; ▪ Energy from biomass (generation of bioenergy from anaerobic digestion or composting of agricultural and forestry residues, sewage sludge and biowaste²⁰ such as biosoils and animal manure, fats and oils that will not be derived from intensive livestock operations farming²¹); ▪ Hydrogen: through electrolysis powered by renewable energy, and equipment for the production and use of hydrogen powered by renewable energy²²; ▪ Waste heat: process-related financings within carbon-intensive heavy industries (e.g., steel, cement, refining, etc.) are excluded. <p>Construction, operation, maintenance or refurbishment of pipelines and associated infrastructure for district heating and/or cooling distribution: distribution network financed will primarily (more than 50%) be powered by renewables, waste heat or</p>

¹⁵ The heat exchanger/recovery systems are not intended for use in fossil fuel systems.

¹⁶ Manufacturing or installation of wind power equipment will be limited to projects that source Programme for the Endorsement of Forest Certification (PEFC) or Forest Stewardship Council (FSC) certified balsa wood.

¹⁷ Financing of CSP projects will be limited to those where at least 85% of the electricity is generated from solar energy sources.

¹⁸ Fossil fuel backup is limited to power monitoring, operating and maintenance equipment, as well as resilience or protection measures and restart capabilities. Such expenditures are limited to 15% of the total electricity generated from these facilities.

¹⁹ Alternatively, hydropower facilities should either comply with power density above 5 W/m² or direct GHG emissions below 100gCO₂e/kWh. For hydropower facilities in operation after 2020, power density above 10W/m² or direct emissions below 50 gCO₂e/kWh apply.

²⁰ The source of bio-waste will be segregated and collected separately. Further, the produced digestate will be used as fertilizer or soil improver and applied directly or after composting.

²¹ Excluding waste from non-RSPO certified palm oil operations. The Framework limits procurement of animal fats and oils by-products to existing livestock operations and excludes procurement from industrial meat production facilities.

²² Financing will be limited to green hydrogen projects.

Eligible Category	Eligibility Criteria
	both. The activity may include i) modification to lower district temperature, and ii) energy management systems (energy control systems, Internet of Things).
Energy Efficiency	<p>Finance or refinance Eligible Green Loans related to the manufacture, development, installation, maintenance or repair of products or technology²³ that reduce energy consumption. Examples include, but are not limited to:</p> <ul style="list-style-type: none"> ▪ Projects improving the energy efficiency of industrial production process in a factory aiming to achieve at least 30% improvement in energy efficiency; ▪ Energy efficient equipment (e.g., LEDs); ▪ Energy storage projects (e.g., fuel cells); ▪ Smart grid technologies for more efficient transmission/distribution of energy as well as monitoring of energy consumption; ▪ Construction, renovation, or refurbishment of electricity grids that are dedicated to connecting renewables to the power grid (e.g. assets aimed at increasing the share of renewables in the national electricity grid are eligible); ▪ Replacement of energy intensive alternative networks with fibre-optic networks with minimal environmental impact; ▪ Data centers or equipment for data centers with annualized PUE less than 1.5 for data processing, hosting and related activities.
Clean Transportation	<p>Finance or refinance Eligible Loans for manufacturing, acquisition and modernization of transport vehicles, associated infrastructure²⁴ and development, manufacture or purchase of key components for clean transportation (e.g. batteries for electric vehicles)²⁵:</p> <p>Personal Mobility Devices and Vehicles²⁶</p> <ul style="list-style-type: none"> ▪ Personal mobility devices²⁷ (e.g. bicycles); ▪ Zero direct emission vehicles²⁸; ▪ Low-carbon passenger and light commercial vehicles: emissions intensity at or below 50 gCO₂/km until December 2025, and 0 gCO₂/km from January 2026 onwards; ▪ Low carbon freight road transport vehicles, including trucks: emissions intensity²⁹ at or below 25 gCO₂/km;

²³ Fossil fuel-powered equipment or improvements within carbon-intensive heavy industries (e.g., steel, cement, refining, etc.) are excluded.

²⁴ Eligible infrastructure does not include parking facilities.

²⁵ Financing is limited to specialized parts for electric vehicles and does not include the manufacturing or purchase of steel.

²⁶ Freight trucks/ trains dedicated to the transport of fossil fuels or fossil fuels blended with alternative fuels are excluded.

²⁷ Propulsion of personal mobility devices comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity.

²⁸ Financing of non-road vehicles, such as cranes and excavators, is limited to electric vehicles. Trains and passenger coaches and wagons that have zero direct tailpipe CO₂ emission when operated on a track with necessary infrastructure and use a conventional engine where such infrastructure is not available (bimode) are included.

²⁹ The emission intensity will be calculated based on the World Harmonized Light-duty Vehicle Test Procedure (WLTP) which uses real-driving data to replicate actual driving conditions.

Eligible Category	Eligibility Criteria
	<ul style="list-style-type: none"> ▪ Low carbon passenger trains: emissions intensity at or below 50 gCO₂e/p-km or 80.47 gCO₂/p-mi; ▪ Low carbon freight trains, coaches: emissions intensity at or below 25 gCO₂/t-km or 40.23 gCO₂/t-mi; ▪ Unpowered wagons: neither designed nor used for the transportation of fossil fuels. <p>The emission intensity will be calculated based on the World Harmonized Light-duty Vehicle Test Procedure (WLTP) which uses real-driving data to replicate actual driving conditions.</p> <p>Examples of infrastructure:³⁰</p> <ul style="list-style-type: none"> ▪ Pavements (sidewalks) and bike lanes and pedestrian zones; ▪ Electrical charging and hydrogen refueling installations for personal mobility devices, electricity grid connection upgrades; ▪ Signaling systems for metro, tram and rail systems; ▪ Construction, modernization, operation and maintenance of railways and subways, bridges and tunnels, stations, terminals, rail service facilities, safety and traffic management systems including the provision of architectural services, engineering services, drafting services, building inspection services and surveying and mapping services as well as the performance of physical, chemical and other analytical testing of all types of materials and products; ▪ Low-carbon airport infrastructure that is dedicated to the following: i) operation of aircraft with zero tailpipe CO₂ emissions (electricity charging and hydrogen refueling), ii) zero direct emissions performance of the airports' own operations (electric charging points, electricity grid connection upgrades, hydrogen refueling stations) and iii) the infrastructure is dedicated to the provision of fixed electrical ground power and preconditioned air to stationary aircraft that will be run by electricity generated from green hydrogen.
Agriculture and Forestry	<p>Eligible Green Loans to finance or refinance environmentally sustainable management of living natural resources and land use including:</p> <p>Environmentally sustainable forestry:</p> <ul style="list-style-type: none"> ▪ Including afforestation and reforestation³¹, the rehabilitation and restoration of forests, the preservation or restoration of natural landscapes providing compliance or alignment with international forest certification standards (FSC, PEFC, SFI) evidenced by a copy of the certification or an audit report by a reputable consulting company confirming alignment with

³⁰ Excluded infrastructure: (i) new construction and existing road infrastructure retrofits (rads, road bridges, parking facilities etc.), (ii) parking facilities (even if charging and alternative fuel infrastructure are included) and (iii) fossil fuel filling stations and other assets which prolong the life and/or facilitate the use of fossil-fuel powered transport.

³¹ Plant and tree species used for afforestation or reforestation will be native or well adapted to local conditions.

Eligible Category	Eligibility Criteria
	<p>certification standards. Plant and tree species used for afforestation or reforestation will be native or well adapted to local conditions.</p> <p>Environmentally sustainable agriculture³²:</p> <ul style="list-style-type: none"> ▪ Acquisition, maintenance and management of certified agricultural practices under sustainable certification schemes, such as EU Organic and/or equivalent national certification schemes³³ (at least applied or pre-certified)³⁴; ▪ Use of sustainable agriculture products and raw materials: certified under Biomass Biofuel Sustainability Association (2BSvs), or the Farm Sustainability Assessment, a tool from the Sustainable Agriculture Initiative Platform (SAI Platform) to engage, assess and improve the sustainability practices at a farm level; ▪ Support the adoption, promotion and implementation of conservation agriculture practices³⁵, ³⁶meeting the requirements of the Food and Agriculture Organization of the United Nations (FAO) or equivalent national or international standards; ▪ Restoration of wetlands for treatment of invasive species, cleaning sediment sites, seeding, planting, maintenance and monitoring wetlands.
Pollution prevention and control	<p>Eligible Green Loans to finance or refinance development, construction, operation and maintenance of sustainable waste management and recycling projects, activities and operations³⁷, such as:</p> <ul style="list-style-type: none"> ▪ Waste prevention, waste reduction and waste recycling. This includes the development, operation and upgrade of recycling plants and recycling activities such as for metals, plastic and paper; <p><i>(i) Chemical recycling of plastics will not be financed under the Framework, (ii) recycling of electronic waste will be accompanied by a robust waste management plan to mitigate associated risks, (iii) source segregation of waste will be carried out before waste collection, and (iv) only zero direct emission waste collection vehicles will be financed;</i></p> ▪ Biogas capture from closed or decommissioned landfills with gas capture efficiency of at least 75% (excl. landfill gas capture for flaring).

³² Excluded activities: Transformation of rain fed agricultural land into irrigated land; purchase of agricultural or forest land.

³³ Based on the approval by [control bodies and authorities for equivalency](#) and in compliance with EEC No. 834/2007 which was replaced in Jan 2022 by Regulation (EU) 2018/848.

³⁴ In case of a denied certification or a not sufficient final certification the loan will be excluded from the Eligible Loan Portfolio.

³⁵ [Conservation Agriculture](#) (CA) promoted by Food and Agriculture Organization of the United Nations (FAO)' main three principles: minimum tillage and soil disturbance [the disturbed area must be less than 15 cm wide or less than 25% of the cropped area (whichever is lower)], permanent soil cover with crop residues and live mulches [min. 30% cover], crop rotation and intercropping [min. 3 different crops].

³⁶ Projects constructed on land with high biodiversity [\[link\]](#) and/ or protected land [\[link\]](#) are excluded.

³⁷ Excluding projects intended for fossil fuel operations.

Eligible Category	Eligibility Criteria
Eco-efficient circular economy adapted products, production technologies and processes³⁸	<p>Eligible Green Loans to finance or refinance loans for the design of eco-efficient products and production activities that increase resource efficiency. These activities may include:</p> <ul style="list-style-type: none"> ▪ Projects that extend the product life cycle, such as product reuse, repair or product refurbishment and regeneration, integration of modular design or design for disassembly and incorporating take-back schemes or reverse logistics; ▪ Production technologies that use recycled resources such as bio-based materials (the latter being sustainable sourcing certifications for bio-based materials, such as the Roundtable on Sustainable Biomaterials (RSB) scheme); ▪ Production of aluminum-based consumer and end products: at least 90% of inputs will be scrap or recycled aluminum, or at least 75% of input will be scrap or recycled aluminum and the remaining (primary) aluminum will have a carbon intensity below 2.5 tCO₂e/t. Financing will be limited to recycling facilities with robust waste management processes.
Sustainable Water and Wastewater Management	<p>Eligible Green Loans to finance or refinance development, construction, extension, operation and maintenance of sustainable water and waste-water management projects and facilities³⁹, such as:</p> <ul style="list-style-type: none"> ▪ Water collection, treatment and supply systems with improved energy efficiency - by either decreasing the net average energy consumption of the system or improving the average leakage, by at least 20% compared to own baseline performance averaged for three years; ▪ Wastewater collection and treatment facilities such as pumping stations, force mains, collectors, filtration systems, tertiary treatment. Desalination plants will be powered by low-carbon sources such as renewables and have reasonable assurance of an appropriate waste management program for the disposal of brine. ▪ Flood mitigation infrastructure: based on vulnerability assessments and adaptation plans to identify potential climate risks and relevant management strategies. ▪ Technologies that increase water-use efficiency, water recycling and reuse, water saving systems and technologies and water metering.

RBI intends to finance **R&D expenditures⁴⁰** under the following categories: Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Agriculture and Forestry, Pollution Prevention and Control and Sustainable Water and Wastewater Management. R&D activities will include those related to an increase in the production of green hydrogen, solar panels

³⁸ Virgin plastic-based solutions are excluded.

³⁹ Equipment and technologies financed will not be dependent on fossil fuels and systems and measures will not provide water for fossil fuel operations, fracking, nuclear and mining.

⁴⁰ RBI will not allocate more than 10% of the net proceeds raised under the Framework to these activities.

performance improvement, CO2 emission levels measurement and monitoring in transportation and infrastructure through control systems and processes, life cycle and adaptability monitoring of trees species in site condition through spatial technologies and remote sensing, and pollution levels measurement in water and wastewater management processes through control systems.

Financing or refinancing of **project-based lending and general-purpose financing for Pure Players companies**⁴¹ shall be considered eligible.

Eligible Social Categories

Eligible Category	Eligibility Criteria
Education and vocational training	Eligible Social Loans to finance or refinance: <ul style="list-style-type: none"> ▪ The construction or upgrade of essential educational facilities and equipment that support access to publicly-owned or a private not-for-profit, or publicly subsidized educational services (e.g., for the youth, unemployed and elderly) as well as investments that support childhood development (e.g. Kindergartens) through the provision of loans for construction/upgrading of facilities and/ or equipment.
Access to essential services	Eligible Social Loans to finance or refinance: <ul style="list-style-type: none"> ▪ Construction, renovation, expansion or maintenance of publicly owned or a private not-for-profit health care facilities for provision of free or subsidized healthcare services for public use and accessible by all regardless of ability to pay. For example: hospitals, diagnostic and other laboratory services, rehabilitation centers, assisted living, homes for the elderly; ▪ Production and distribution of essential medication, medical equipment and medical supplies in relation to COVID-19 and/or similar public health emergencies, particularly common amongst a vulnerable group e.g., children, women, the elderly, etc.; ▪ Regional development and/or basic infrastructure in underserved, underdeveloped regions in Europe⁴² (e.g., telecommunications and electricity-related infrastructure, public transport and related infrastructure, sanitation infrastructure, access to clean drinking water, high speed internet, firefighting and rescue equipment). Such infrastructure projects will be eligible only in underdeveloped regions where it is currently not present or is inadequate.
Affordable Housing	Eligible Social Loans to finance or refinance:

⁴¹ The dedicated businesses are expected to derive more than 90 % of their turnover from environmentally friendly activities, which are in line with the Eligible Green Categories from the Sustainability Bond Framework. Moreover, the part of the turnover that is not classified as “green” is not allowed to be in any of the excluded sectors that are on the Exclusion list of the current framework.

⁴² Underserved, owing to a lack of quality access to essential goods and services in underdeveloped regions (defined in Annex B for social use of proceeds).

Eligible Category	Eligibility Criteria
	<ul style="list-style-type: none"> Financing the construction, renovation, and maintenance of social and affordable housing through co-operative housing associations, building societies, non-profit organizations, and public utility housing enterprises with the aim of providing suitable homes for individuals and families. Social and affordable housing is defined as (below market) rents charged in accordance with the relevant regulated rent standards and the regulated consumer standards of housing service. It is highly regulated under national laws and entitled persons must comply with a set of socio-economic criteria to ensure that social and affordable housing is made available to vulnerable persons. <p><i>In the absence of national affordable housing programmes or official government definitions of low-income socio-economic groups in the aforementioned target countries, RBI will apply the definition of families whose income does not exceed 80% of the national median family income as the target population.</i></p>
Employment generation and protection: Micro-, Small- and Medium-size Enterprises (MSME) financing	<p>To be eligible, the loans must be owned by enterprises that meet all of the following criteria:</p> <ul style="list-style-type: none"> Meet the definition of Micro-, Small- and Medium-size Enterprises (in line with the European Union's definition of MSME⁴³); Micro- and Small-size enterprises and Medium-size enterprises located in underserved, underdeveloped and rural regions in targeted areas in Europe and <p><i>Areas defined in Annex B where the definition of underserved, underdeveloped areas apply: regions (NUTS3) meeting the following criteria: (i) the GDP per inhabitant 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. Assessment will be done based on latest available annual data from Eurostat.⁴⁴</i></p> <ul style="list-style-type: none"> Not be engaged in any of the business activities described in the Exclusions List.

4. Process Evaluation and Selection

The evaluation and selection process for Eligible Green and Social Loans is a key process in ensuring that the amount equivalent to the net proceeds from Green, Social or Sustainability Bonds is allocated to eligible loans which meet the criteria in the Framework.

⁴³ https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en.

⁴⁴ Relevant data for Bosnia, Herzegovina, and Kosovo is not available under Eurostat Nomenclature of Territorial Units for Statistics Classification (NUTS 3). For these countries, it will apply country specific statistics and use the same definition to target underserved, underdeveloped, and rural region.

All potential Eligible Green and Social 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 or Social Bond eligibility.

Identification of Eligible Green and Social Loans

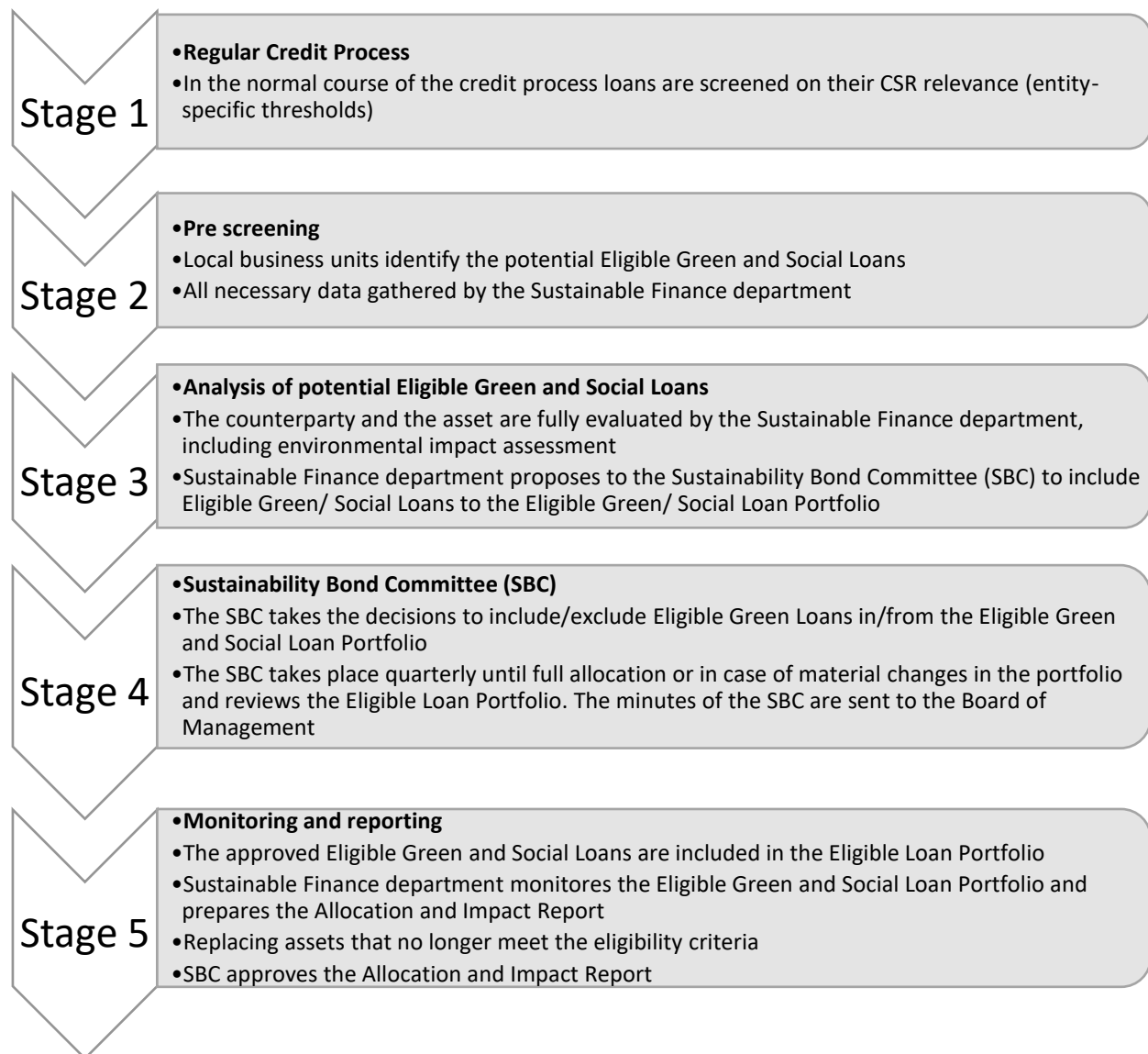
Eligible Green and Social Loans are sourced from the various eligible sectors and result from the application of the eligibility criteria, under the responsibility of the Sustainability Bond Committee ("SBC"). The SBC is part of the RBI Group Asset-Liability Committee and represents an extension of its 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 Sustainability Bond Committee is responsible for:

- Ensuring the potential Eligible Loans are aligned with the categories and eligibility criteria as specified in the Use of Proceeds section above, and approving any proposed changes to the eligible Green/ Social Loan Portfolio if the loans no longer meet the eligibility criteria
- Replacing assets that no longer meet the eligibility criteria
- Ensuring the proposed allocations are aligned with the relevant general company policies and Bank's ESG strategy
- Approving the Allocation and Impact Report.

RBI's Sustainable Finance Department is responsible for collecting and monitoring all data required for the evaluation and selection of Eligible Green and Social Loans as well as for the management of the Green / Social / Sustainability Bonds.

Key steps in the evaluation and selection process of Eligible Green and Social Loans:



Environmental and Social Risk Assessment

RBI Risk function is actively working on implementation of ECB guidance on climate-related and environmental risks into business strategy and risk internal procedures: revising rating model and underwriting process to include ESG and EU Taxonomy for sustainable economic activities, considering ESG risk when thinking about market liquidity and operational risks, as well Bank's needs to find the ways how to measure and integrate ESG risk into the Bank's internal steering (KPIs). Process-wise, ESG risks have been clearly positioned as key factors for credit decision-making and are considered within the underwriting process from industry, country perspective and CO2 perspective. In addition, respective sectorial strategies and related special credit policies

for the ESG sensitive industries (e.g., real estate), such as the phase-out plan of thermal coal⁴⁵ as well as by the RBI's environmental and social responsibility commitments described in RBI's Code of Conduct⁴⁶, are currently under development, which will govern the lending practice and will be fully integrated in the underwriting process.

All borrowers (legal entities) commit to respect and apply national regulations of environmental, social, labor, occupational health and safety, and security of their business operation by General Banking Business Terms for legal entities and contractual clauses. Also, they have the obligation to inform the Bank of the occurrence of any event related to these risks, as soon as possible, by providing the Bank with official documentation regarding the incident reporting and investigation.

Exclusions:

General exclusions applied to all of RBI financing can be found in Annex A.

5. Management of Proceeds

An amount equivalent to the net proceeds of any RBI Green, Social or Sustainability Bonds will be managed by RBI's Sustainable Finance Department on a portfolio basis. Up until the maturity of the Bonds, within 36 months after the issue, RBI will strive to maintain a volume of Eligible Loans in the Eligible Green and Social Loan Portfolio that is at least equal to the net proceeds of the Bonds and will continue to finance and promote new Eligible Green and Social Loans.

All Eligible Green and Social Loans included in the Eligible Green and Social Loan Portfolio will be entered in RBI's Eligible Bond Portfolio.

On an annual basis, RBI will check the eligibility of the Eligible Green and Social. RBI will strive to substitute as soon as practicable any redeemed or maturing Eligible Green and Social Loans with other Eligible Green and Social Loans and/or if any such loans cease to be eligible replace them 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 / Social / Sustainability Bonds to the Eligible Green and Social Loans, RBI will invest the balance of the net proceeds within the treasury of the group, in cash and/or cash equivalents.

This framework completes and replaces the Green Bond Framework of 2018. Eligible Green Loans complying with the latest version of this Framework will be added to the existing Eligible Green Loan Portfolio. Eligible Social Loans will be included in a newly created Eligible Social Loan Portfolio.

⁴⁵ https://www.rbinternational.com/en/who-we-are/governance-and-compliance/renewable-energy-coal-exit/jcr_content/root/responsivegrid/contentcontainer_cop/contentbox/downloadlist.download.html/0/Focus%20on%20renewable%20energy%20phase-out%20of%20thermal%20coal.pdf

⁴⁶ 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

As this framework may evolve from time to time to consider the evolution of market standards and regulation, the loans must meet the eligibility criteria at the time they are flagged as Eligible Loans, but subsequent changes to the Framework will not apply to outstanding Green, Social or Sustainability Bonds (grandfathering). Any new Green, Social or Sustainability Bonds shall be aligned with the most recent version of the Framework.

6. Reporting

RBI has the ambition to publish an Allocation and Impact Report on portfolio basis that will provide information on the green and social impacts of the Eligible Green and Social Loan Portfolio highlighting the progress on allocation of use of proceeds. 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/ Social/ Sustainability Bonds.

The Allocation and Impact Report is expected to disclose the amount of the Green, Social and/or Sustainability Bond proceeds outstanding, the total amount of the proceeds allocated to Eligible Social Loans and the unallocated amount. It shall also disclose, qualitative and where possible, quantitative indicators of the Eligible Green and Social Loan Portfolio, such as:

- Total volume of green, social and sustainability bonds issued
- Total amount and number of eligible loans
- Total amount of proceeds allocated to Eligible Green and Social Loans
- Breakdown by eligible categories
- The geographic distribution of eligible loans
- Balance of unallocated proceeds if any

Within its annual Allocation & Impact report, when relevant and feasible, RBI will report on several Key Performance Indicators (KPIs) in aggregate at the eligible category level for RBI Green / Social / Sustainability Bonds. The following table below summarizes examples of impact indicators that could be disclosed.

Eligible Green Categories

Eligible Categories	Example of Possible Key Performance Indicators
Green Buildings	<ul style="list-style-type: none"> ▪ Annual energy savings (MWh) ▪ Estimated annual GHG emission avoided (tCO₂e)
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)
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)
Agriculture and Forestry	<ul style="list-style-type: none"> ▪ Total land area certified by FSC and PEFC ▪ Estimated annual GHG emissions avoided (tCO₂e)

Eligible Categories	Example of Possible Key Performance Indicators
Pollution prevention and control	<ul style="list-style-type: none"> Type and annual amount of recycled waste (tonnes) Energy generation (MWh per year)
Eco-efficient and / or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> Annual savings of relevant resources (e.g. tonnes raw material/year) Estimated annual GHG emissions avoided or reduced (tCO₂e) and/or energy savings (MWh per year), if applicable
Water Management and Wastewater Management	<ul style="list-style-type: none"> Annual water savings (m³) Volume of wastewater treated (m³)

Eligible Social Categories

Education and vocational training	<ul style="list-style-type: none"> Number of education facilities Number of individuals / students enrolled Number of educational programmes or professional development measures Number of students attaining standard for the targeted education level
Access to essential services	<ul style="list-style-type: none"> Number of medical facilities Number of patients reached with improved healthcare
Affordable Housing	<ul style="list-style-type: none"> Number of individuals benefiting from affordable housing Number of affordable buildings or dwellings constructed or renovated m² of affordable living space constructed or renovated
Employment generation and retention	<ul style="list-style-type: none"> Number of financed enterprises Breakdown by region and sector of MSME loans Number of MSME loans Average amount of the MSME loan Number of jobs created / supported and split per region when available

In addition, the report will include a number of case studies to highlight the qualitative impacts of some of the RBI's Eligible Green and Social Loans allocated to.

7. External Review

To confirm the transparency and robustness of RBI's Sustainability Bond Framework, it is verified and approved by an external second opinion provider, Sustainalytics, confirming the alignment with the ICMA Green and Social Bond Principles (2021) as well as ICMA Sustainability Bond Guidelines (2021). The Second Party Opinion is published on RBI's website www.rbinternational.com.

8. External Audit

RBI's external auditor will verify on an annual basis until full allocation of any Green, Social or Sustainability Bonds issued under this Framework that RBI duly applied the defined procedures of approval of the Sustainable Bond Committee and that an amount equal to the net proceeds of a Green, Social or Sustainability Bond has been allocated to Eligible Loans as defined in the present Framework.

9. Annex A – Exclusions List

RBI will not allocate proceeds received from the issuance of Green/Social/Sustainability Bond to loans for companies operating in the following sectors:

- Defence and Weapons
- Nuclear Energy
- Fossil Fuel Energy
- Mining
- Alcohol
- Tobacco
- Gambling

10. Annex B – Scope of Countries

Countries, eligible for green use of proceeds

EU Member States

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.

CEE

Albania, Bosnia and Herzegovina, Kosovo, Serbia.

Non-EU Members

China, India, Japan, United Kingdom, United States.

Countries, eligible for social use of proceeds








EU Member States









Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.


CEE

Albania, Bosnia and Herzegovina, Kosovo, Serbia.

11. Annex C – SDG Alignment

Eligible Category	Contribution to UN SDGs	UN SDGs specific target(-s)
Green Buildings		<ul style="list-style-type: none"> 11.6. By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.
Renewable Energy		<ul style="list-style-type: none"> 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix.
Energy Efficiency	 	<ul style="list-style-type: none"> 7.3. Double the global rate of improvement in energy efficiency by 2030. 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
Clean Transportation		<ul style="list-style-type: none"> 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.
Sustainable Forestry and Agriculture	 	<ul style="list-style-type: none"> 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

Eligible Category	Contribution to UN SDGs	UN SDGs specific target(-s)
		<p>other disasters and that progressively improve land and soil quality.</p> <ul style="list-style-type: none"> 15.2. By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.
Pollution prevention and control		<ul style="list-style-type: none"> 12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.
Eco-efficient and / or circular economy adapted products, production technologies and processes		<ul style="list-style-type: none"> 12.2. By 2030, achieve the sustainable management and efficient use of natural resources.
Sustainable Water and Wastewater Management		<ul style="list-style-type: none"> 6.4. By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.
Education and vocational training		<ul style="list-style-type: none"> 4.4. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
Access to essential services		<ul style="list-style-type: none"> 3.8. Achieve universal health coverage (UHC), including financial risk protection, access to quality essential health care services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all.
Affordable Housing	  	<ul style="list-style-type: none"> 1.4. By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance. 9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic

Eligible Category	Contribution to UN SDGs	UN SDGs specific target(-s)
		development and human well-being, with a focus on affordable and equitable access for all. <ul style="list-style-type: none"> 11.1. By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
Employment generation and retention		<ul style="list-style-type: none"> 9.3. Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

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