

Second-Party Opinion

RBI Sustainability Bond Framework

Evaluation Summary

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



USE OF PROCEEDS The eligible categories for the use of proceeds¹ are aligned with those recognized by the Green Bond Principles and the Social Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to deliver positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 1, 2, 3, 4, 6, 7, 9, 10, 11, 12 and 15.



PROJECT EVALUATION / SELECTION Raiffeisen Bank International's Sustainability Bond Committee will evaluate and select eligible projects in line with the eligibility criteria. Raiffeisen Bank International has in place internal procedures that incorporate ESG factors and associated risks for all allocation decisions. Sustainalytics considers these risk management systems to be adequate and the project evaluation and selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Raiffeisen Bank International's Sustainable Finance Department will manage the net proceeds on a portfolio basis and will track the allocation of net proceeds using an internal green asset register. Raiffeisen Bank International intends to allocate all proceeds to eligible assets within 36 months of issuance. Pending allocation, Raiffeisen Bank International will temporarily hold proceeds in cash or cash equivalents. Sustainalytics considers this process to be in line with market practice.



REPORTING Raiffeisen Bank International intends to report on the allocation of proceeds and corresponding impacts in its allocation and impact report on an annual basis until full allocation. Allocation reporting will include the total amount of bonds issued, the amount of bond proceeds outstanding, the amount and number of eligible loans, the amount of proceeds allocated to eligible loans and the balance of unallocated proceeds. In addition, Raiffeisen Bank International commits to reporting on relevant impact metrics. Sustainalytics views Raiffeisen Bank International's allocation and impact reporting commitments as aligned with market practice.

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Issuer Location Vienna, Austria

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¹ The eligible categories are Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Agriculture and Forestry, Pollution Prevention and Control, Eco-Efficient Circular Economy Adapted Products, Production Technologies and Processes, Sustainable Water and Wastewater Management, Education and Vocational Training, Access to Essential Services, Affordable Housing, Employment Generation and Protection: Micro, Small and Medium Enterprises (MSME) Financing.

Introduction

Raiffeisen Bank International (“RBI” or the “Bank”) is a corporate, retail and investment bank headquartered in Vienna, Austria. As of August 2022, RBI employs approximately 44,000 staff members and serves 17 million customers through a network of approximately 1,700 business outlets. The Bank offers corporate and investment banking, trade and export financing, factoring solutions and leasing services across Central and Eastern Europe.²

RBI has developed the RBI Sustainability Bond Framework (the “Framework”), under which it intends to issue green, social and sustainability bonds and use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to deliver positive environmental and social impacts. The Framework defines eligibility criteria in eight green categories and four social categories:

Green Eligible Categories:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Clean Transportation
5. Agriculture and Forestry
6. Pollution Prevention and Control
7. Eco-Efficient Circular Economy Adapted Products, Production Technologies and Processes
8. Sustainable Water and Wastewater Management

Social Eligible Categories:

9. Education and Vocational Training
10. Access to Essential Services
11. Affordable Housing
12. Employment Generation and Protection: Micro, Small and Medium Enterprises (MSME) Financing

RBI engaged Sustainalytics to review the RBI Sustainability Bond Framework, dated November 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),³ Green Bond Principles 2021 (GBP) and Social Bond Principles 2021 (SBP).⁴ The Framework has been 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 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;
- 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/facts-figures.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 and 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 RBI Sustainability Bond Framework is available on Raiffeisen Bank International’s website at: <https://www.rbinternational.com/en/investors/information-for-debt-investors/green-bonds.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 management of proceeds and reporting aspects of the Framework. RBI representatives have confirmed (1) they understand it is the sole responsibility of RBI to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that 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 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. Upon twenty-four (24) months following the evaluation date set stated herein, RBI is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond 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 RBI Sustainability Bond Framework

Sustainalytics is of the opinion that the RBI Sustainability Bond Framework is credible, impactful and aligns with the four core components of the GBP, SBG and SBP. Sustainalytics highlights the following elements of RBI's Sustainability Bond Framework:

Use of Proceeds:

- The eligible categories⁷ are aligned with those recognized by the GBP and SBP. Sustainalytics expects the eligible projects to contribute to the decarbonization of RBI's investment portfolio, deliver positive environmental impact globally and social benefits for targeted populations in Europe.^{8,9}
- RBI has defined a look-back period of two years for the refinancing of operating expenditures, which Sustainalytics considers to be in line with market practice
- Under the Framework, RBI intends to use the proceeds for project-based lending and general-purpose financing for pure play companies that derive at least 90% of their revenue from the eligible categories identified in the Framework. Sustainalytics recognizes that the GBP and the SBP 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 and social bonds is commonly accepted as an approach that can generate positive impact.

⁷ The eligible categories are Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Agriculture and Forestry, Pollution Prevention and Control, Eco-Efficient Circular Economy Adapted Products, Production Technologies and Processes, Sustainable Water and Wastewater Management, Education and Vocational Training, Access to Essential Services, Affordable Housing, Employment Generation and Protection: Micro, Small and Medium Enterprises (MSME) Financing.

⁸ RBI may finance or refinance loans to positive environmental impact for targeted populations in countries such as EU member states; non-EU member European countries, including Albania, Bosnia and Herzegovina, Kosovo, Serbia and the UK; the US; Japan; China; and India.

⁹ RBI may finance or refinance loans to deliver social benefits for targeted populations in targeted countries in Europe, including 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, Albania, Bosnia and Herzegovina, Kosovo and Serbia.

- Sustainalytics notes that the RBI intends to finance R&D expenditures 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; improvement of solar panel performance; measurement and monitoring of CO₂ emission levels in transportation and infrastructure through control systems and processes; monitoring of life cycle and adaptability monitoring of tree species to site conditions through spatial technologies and remote sensing; and measurement of pollution levels in water and wastewater management processes through control systems. The Bank has confirmed to Sustainalytics that it will not allocate more than 10% of the net proceeds raised under the Framework to these activities. Sustainalytics considers this to be aligned with market practice.
- Under the Green Buildings category, RBI may finance or refinance loans to private individuals or legal entities for the acquisition, construction and renovation of commercial¹⁰ and residential buildings according to the following eligibility criteria:
 - Construction and acquisition of:
 - Buildings that have achieved or are expected to achieve the following minimum certification levels: LEED Gold,¹¹ BREEAM Excellent,¹² DGNB or ÖGNI Gold,¹³ or Edge Basic.¹⁴ Sustainalytics views the certification schemes specified in the Framework to be credible and the levels selected as aligned with market practice.
 - Buildings that belong to the top 15% of the low-carbon building stock at a national level based on primary energy demand (PED).¹⁵
 - Buildings that have a minimum energy performance certificate (EPC) rating of A where an assessment of the top 15% of low-carbon building stock is not feasible.
 - 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).¹⁶
 - Refurbishment of existing buildings that results in at least a 30% reduction in net PED or carbon emissions compared to prerenovation levels. RBI has confirmed to Sustainalytics that the PED or emission reduction will be achieved within 3 years of issuance. Sustainalytics notes that RBI will finance only the refurbishment costs under the Framework, such as those related to the insulation of walls, façades and roofs; or the replacement of boilers.
 - RBI may also finance building renovations that comply with the applicable requirements of the EPBD for major renovations related to the energy performance of the building or the renovated component. Sustainalytics notes that the EU Taxonomy requires meeting the relevant cost-optimal minimum energy performance requirements in accordance with the EPBD, which varies among EU member states.¹⁷ Therefore, Sustainalytics encourages RBI to report on the actual improvement in PED performance or energy savings achieved in comparison with the existing building stock in the area or region.
 - Installation, maintenance and repair of charging stations for electric vehicles in buildings. Sustainalytics notes the exclusion of charging stations in standalone parking facilities unless such parking spaces are within the building itself.
 - Installation, maintenance and repair of the following equipment and technologies in buildings: i) electric heat pumps, absorption heat pumps driven by solar- or geothermal-heated water and the ancillary technical equipment; ii) thermal or electric energy storage units and the ancillary technical equipment; iii) high-efficiency micro combined heat and

¹⁰ Commercial buildings may include office, industrial and logistic, hotels, retail, healthcare, residential properties.

¹¹ USGBC, "LEED rating system", at: <https://www.usgbc.org/leed>

¹² BREEAM, "What is BREEAM-NL", at: <https://www.breeam.nl/>

¹³ DGNB, "DGNB certification: a systematic approach to sustainability", at: <https://www.dgnb.de/en/index.php>

¹⁴ EDGE Basic buildings that achieve a minimum energy savings of 30%.

EDGE, "Certification", at: <https://www.edgebuildings.com/certify/certification/>

¹⁵ The assessment to identify the top 15% of buildings will be based on local building codes, building years and EPCs.

¹⁶ European Commission, "Energy performance of buildings directive", (2018), at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

¹⁷ European Commission, "Sustainable Finance Taxonomy – Regulation (EU)", (2020), at: https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852_en

- power (CHP) plants powered by renewable energy; or iv) heat exchanger and recovery systems. Sustainalytics notes that the heat exchanger and recovery systems are not intended for use in fossil fuel systems and that refrigerants used for heat pumps will have a global warming potential (GWP) below 675. Sustainalytics notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems and encourages RBI to promote robust refrigerant leak control, detection and monitoring, while ensuring recovery, reclamation, recycling or destruction of refrigerants at end of life.
- Sustainalytics notes that the Framework excludes financing of buildings that are used for the storage, extraction or manufacturing of fossil fuels.
 - Sustainalytics considers investments under this category to be in line with market practice.
- Under the Renewable Energy category, RBI may finance or refinance loans or investments for the development, manufacturing, construction, installation, operation, distribution and maintenance of renewable energy projects and equipment related to wind, solar, hydropower, geothermal, biomass and waste heat in accordance with the following criteria:
- On-shore and off-shore wind-power generation. Manufacturing or installation of wind-power equipment will be limited to projects that source balsa wood certified by the Programme for the Endorsement of Forest Certification (PEFC)¹⁸ or the Forest Stewardship Council (FSC).¹⁹ In view of ongoing concerns regarding illegal logging in the Amazon Rainforest as a consequence of increasing demand for balsa wood for wind-power generation, Sustainalytics views positively the sourcing of PEFC- and FSC-certified balsa wood.
 - Solar-power projects will include onshore photovoltaic generation and concentrated solar power (CSP), including solar thermal plants. RBI has confirmed to Sustainalytics that financing of CSP projects will be limited to those where at least 85% of the electricity is generated from solar-energy sources.
 - Construction of buoys or turbines to generate electricity from ocean energy technologies. Sustainalytics notes that fossil fuel backup is limited to power monitoring, operating and maintenance equipment, as well as resilience or protection measures and restart capabilities. The Bank has confirmed to Sustainalytics that fossil fuel back up in such projects will be limited to 15% of the total energy produced.
 - Hydropower projects financed under the Framework will be either: i) run-of-river hydropower projects without an artificial reservoir or with low storage capacity; or ii) facilities with a power density greater than 10 W/m²; or iii) facilities with an emissions intensity below 50 gCO₂e/kWh.²⁰ For all new hydropower projects, a credible body will conduct an environmental impact assessment to ensure that no significant environmental and social risks, negative impacts or controversies have been identified.
 - Geothermal projects with emissions of less than 100 gCO₂e/kWh based on GHG life cycle assessments.
 - The Bank will limit financing of bioenergy projects under the Framework to the anaerobic digestion and composting of agricultural and forestry residues, sewage sludge and biowaste such as biosoils and animal manure, fats and oils²¹ that will not be derived from intensive livestock operations.²² RBI has confirmed to Sustainalytics that the Bank will not finance waste from non-RSPO certified palm oil operations. Sustainalytics is of the opinion that the use of livestock residue for biomass energy may improve the environmental performance of some agricultural operations, but large- and mid-scale livestock farming have significant carbon and water footprints, which is not addressed by the use of livestock byproducts in energy generation. Further, such farming techniques may contribute to land degradation, biodiversity loss and deforestation. Nevertheless, Sustainalytics considers the

¹⁸ PEFC, "Sustainable Forest Management – Requirements", (2018), at: <https://cdn.pefc.org/pefc.org/media/2019-01/b296ddcb-5f6b-42d8-bc98-5db98f62203e/6c7c212a-c37c-59ee-a2ca-b8c91c8beb93.pdf>

¹⁹ FSC, "The FSC National Forest Stewardship Standard of Canada", (2018), at: https://ca.fsc.org/sites/default/files/2022-03/FSC-STD-CAN-01-2018%20EN_V1.pdf

²⁰ For facilities in operation before 2020, power density will be greater than 5 W/m² or life cycle carbon intensity below 100 gCO₂e/kWh.

²¹ The Framework limits procurement of animal fats and oils by-products to existing livestock operations and excludes procurement from industrial meat production facilities.

²² RBI confirmed to Sustainalytics that 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.

- use of residues from day-to-day operations of existing facilities for energy generation as providing positive impacts in the short-term.
- The Bank may also finance the recycling of waste heat generating from industrial processes and has confirmed that it will exclude financing in carbon intensive industries.
 - Manufacture of hydrogen through electrolysis powered by renewable energy, and equipment for the production and use of hydrogen powered by renewable energy. Sustainalytics notes that financing will be limited to green hydrogen projects.
 - Construction, operation, maintenance and refurbishment of pipelines and associated infrastructure for district heating and cooling distribution. Sustainalytics notes that distribution networks financed will primarily (more than 50%) be powered by renewables, waste heat or both. The activities may include: i) modifications to lower district temperature, and ii) energy management systems (energy control systems and internet of things). Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Energy Efficiency category, RBI may finance or refinance loans related to the manufacture, development, installation, maintenance and repair of energy-efficient products and technologies, which may include:
- Projects that achieve at least a 30% energy-efficiency improvement in industrial production processes. Project examples include producing milk, grain, rice and bread with energy-efficient equipment.
 - Energy-efficient equipment may include: i) high-efficiency windows, doors and wall systems with low U-values; ii) roofs, lofts, basements and ground floors, including measures to ensure air-tightness; iii) insulating products; iv) household appliances, including refrigerators and washing machines, and cooling and ventilation systems that belong to the highest two populated classes of the relevant EU Energy Label; v) space heating and domestic hot water systems; vi) LEDs, smart lighting solutions and daylight controls; vii) electric heat pumps or absorption heat pumps driven by solar-heated or geothermal-heated water; viii) façade and roofing elements with a solar shading or solar control function; ix) building automation and control systems; x) building energy management systems; xi) zoned thermostats and sensing equipment; xii) products for heat metering and thermostatic controls; xiii) district heating exchangers and substations; and xiv) products for smart monitoring and heating systems and sensing equipment.²³ Other project examples may include activities related to the installation, replacement, maintenance and repair of heating, ventilation, air-conditioning and water-heating systems.
 - Energy storage projects, including: i) fuel cells; ii) pumped hydropower with large-scale reservoirs of energy with water, with an environmental and social impact assessment performed by a credible body; iii) hydrogen energy storage to store hydrogen converted from excess electricity through electrolysis; iv) thermal energy storage to capture heat and cold to create energy on demand or offset energy needs;²⁴ v) electrochemical batteries, including advanced chemistry batteries, flow batteries and capacitors; and vi) mechanical energy storage technologies to harness kinetic or gravitational energy.
 - Smart grid technologies, including control mechanisms, interfaces and monitoring systems; and smart grid components, such as transmission and distribution lines, interconnectors, transformers, advanced metering, grid flexibility measures and components for electricity storage facilities and general infrastructure dedicated to support smart grids. Sustainalytics considers these investments as aligned with market practice.
 - Construction, renovation and refurbishment of electricity grids that are dedicated to connecting renewables to the power grid, are part of the interconnected European system (i.e. the interconnected control areas of EU member states, Norway, Switzerland and the UK and subordinated systems); and fulfil one of the following criteria: i) electricity systems that comply with the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system divided by the total annual net electricity production in that system (below the emissions threshold of 100 gCO₂e/kWh), which is measured on a life cycle basis in accordance with electricity generation criteria,

²³ Sustainalytics notes that the Bank excludes financing of smart meters for gas.

²⁴ Thermal energy storage projects may include underground thermal energy storage or aquifer thermal energy storage activities.

over a rolling five-year period, or (ii) more than 67% of the newly enabled generation installed capacity in the system is below the emission threshold of 100 gCO₂e/kWh, measured on a life cycle basis in accordance with electricity generation criteria over a rolling five-year period. Electricity transmission and distribution projects may include the following:

- Construction and operation of direct connection or expansion of existing direct connection of low-carbon electricity generation below the threshold of 100 gCO₂e/kWh measured on a life cycle basis for a substation or network.
- Installation of transmission and distribution transformers.
- Construction, installation and operation of equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation.
- Installation of equipment to increase the controllability and observability of the electricity system and enable the development and integration of renewable energy sources.
- Replacement of energy-intensive alternative networks with fibre-optic networks with minimal environmental impacts.
- Additionally, the Bank may finance data centres or equipment for data centres with annualized PUEs less than 1.5 for data processing, hosting and related activities.
- Sustainalytics notes that the Framework excludes financing fossil fuel-powered equipment and improvements in carbon-intensive industries, which is aligned with market practice.
- Sustainalytics considers investments under this category to be in line with market practice.
- Under the Clean Transportation category, RBI may finance or refinance loans for the manufacture, acquisition and modernization of low-carbon transport and associated infrastructure in accordance with the following criteria:
 - Zero direct emissions and low-carbon passenger vehicles, including passenger cars. Sustainalytics notes that the Framework limits financing of low-carbon passenger vehicles to those with an emission intensity at or below 50 gCO₂/km until December 2025, and 0 gCO₂/km from January 2026 onwards.²⁵ This is in line with market practice.
 - Zero direct emission and low-carbon light commercial vehicles and freight road transport vehicles, including trucks. Sustainalytics notes that the Framework limits financing of light commercial vehicles to those with an emission intensity at or below 50 gCO₂/km until December 2025, and 0 gCO₂/km from January 2026 onwards.²⁶ The Bank has confirmed to Sustainalytics that it will only finance heavy-duty freight vehicles with an emission intensity at or below 25 gCO₂/tkm. Additionally, RBI will not finance freight trucks dedicated to the transport of fossil fuels or fossil fuels blended with alternative fuels, and it will limit financing of non-road vehicles, such as cranes and excavators to electric vehicles.
 - Public transit road infrastructure, including BRT systems and zero direct emission and low-carbon vehicles, including passenger buses that meet the emissions threshold of 50 gCO₂/pkm.
 - Zero direct emission vehicles, such as mopeds, bicycles and scooters and related infrastructure including sidewalks and bike lanes and pedestrian zones.²⁷
 - Zero direct emission vehicles, including motorbikes, which have zero direct tailpipe CO₂ emissions.
 - Clean road transport infrastructure, such as electrical charging and hydrogen refuelling installations for personal mobility devices and electricity grid connection upgrades. The Bank has confirmed to Sustainalytics that it will limit financing to grids that: i) are dedicated to connecting renewables to the power grid, and ii) support or integrate at least 90% renewable electricity.²⁸
 - Zero direct emission and low-carbon passenger trains and related infrastructure. The Bank has confirmed that it will limit financing to passenger trains that meet the emissions

²⁵ 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.

ICCT, "World-Harmonized Light-Duty Vehicles Test Procedure", (2013), at: <https://theicct.org/publication/world-harmonized-light-duty-vehicles-test-procedure/>

²⁶ Ibid.

²⁷ Ibid.

²⁸ The Bank has confirmed to Sustainalytics that: (i) new construction and existing road infrastructure retrofits (including roads, road bridges and parking facilities), (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 facilitate the use of fossil fuel-powered transport will not be financed.

- threshold of 50 gCO₂e/passenger-kilometre (pkm), or 80.47 gCO₂/passenger-mile (pmi), and the manufacture or lease of unpowered passenger wagons that are neither designed nor used for the transportation of fossil fuels. The infrastructure and installations are dedicated to urban and suburban public passenger transport, including associated signaling systems for metro, tram and rail.
- Zero direct emission freight trains, coaches and wagons and related infrastructure.^{29,30} The Bank has confirmed that it will limit financing to freight trains that meet the emissions threshold of 25 gCO₂/tonne-kilometre (tkm), or 40.23 gCO₂/tonne-mile (tmi). Further, RBI has confirmed that it will exclude financing of freight trains that will be used to transport fossil fuel. The Bank has communicated to Sustainalytics that it will finance rail transport infrastructure projects, including the construction, modernization, operation and maintenance of railways and subways, bridges and tunnels, stations, terminals, rail service facilities and 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. Additionally, infrastructure financed under the Framework will not be dedicated to the transport or storage of fossil fuels.³¹
 - Low-carbon airport infrastructure that is dedicated to the following: i) the operation of aircraft with zero tailpipe CO₂ emissions (electricity charging and hydrogen refuelling); ii) zero direct emissions performance of the airports' own operations (electric charging points, electricity grid connection upgrades and hydrogen refuelling stations); and iii) the provision of fixed electrical ground power and preconditioned air to stationary aircraft that will be run by electricity generated from green hydrogen.
 - Manufacture and purchase of key components for clean transport such as batteries for electric vehicles. The Bank has confirmed to Sustainalytics that it will only finance specialized parts for electric vehicles and will not finance the manufacturing or purchase of steel.³²
 - Sustainalytics considers investments under this category to be in line with market practice.
 - Under the Agriculture and Forestry category, RBI may finance or refinance loans to promote the environmentally sustainable management of living natural resources and land use in accordance with the following criteria:
 - Sustainable forestry activities that include afforestation and reforestation, the rehabilitation and restoration of forests and the preservation or restoration of natural landscapes certified to the FSC, the PEFC or the Sustainable Forestry Initiative. Sustainalytics views these certification schemes as robust and credible. The Bank has further confirmed that plant and tree species used for afforestation or reforestation will be native or well adapted to local conditions.
 - Sustainable agricultural practices certified by EU Organic or equivalent certifications implemented at a national level. 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. Sustainable techniques and practices financed under the Framework may include: i) carbon sequestering (reducing tillage, decreasing bare fallow, cover cropping and diversifying crop); ii) rotational grazing and silvopasture and precision agriculture; and iii) certified rice cultivation.
 - The Bank has confirmed that the use of sustainable agriculture products and raw materials will be limited to those certified under the Biomass Biofuel Sustainability Association (2BSvs)³³ 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.³⁴
 - The Bank may also finance activities that support the adoption, promotion and implementation of conservation agriculture practices that meet the requirements of the UN

²⁹ Trains and passenger coaches and wagons that have zero direct tailpipe CO₂ emission when operated on a track with necessary infrastructure and use of a conventional engine where such infrastructure is not available (bimode).

³⁰ RBI has confirmed to Sustainalytics that trains and wagons will not be used to transport fossil fuels.

³¹ The Bank has confirmed to Sustainalytics that: (i) new construction and existing road infrastructure retrofits (including roads, road bridges and parking facilities), (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 facilitate the use of fossil fuel-powered transport will not be financed.

³² RBI has confirmed to Sustainalytics that batteries will be used to store renewable energy for electric-vehicle applications.

³³ 2BSvs, "Valid Certificates", at: https://www.2bsvs.org/cert_valides.html

³⁴ SAI platform, "Farm Sustainability Assessment", at: <https://saipatform.org/fsa/>

- Food and Agriculture Organization (FAO)^{35,36,37} or equivalent certifications implemented at a national level. 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. Project examples 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.
- Restoring wetlands for the treatment of invasive species, cleaning sediment sites, seeding, planting, and maintaining and monitoring wetlands.
 - Sustainalytics considers investments under this category to be in line with market practice.
 - Under the Pollution Prevention and Control category, RBI may finance or refinance loans or investments for the development, construction, operation and maintenance of waste management and recycling projects, activities and operations according to the following eligibility criteria:
 - Waste prevention, waste reduction and waste recycling projects, including the development, operation and upgrade of recycling plants and associated activities for metals, plastic and paper. The Bank has confirmed to Sustainalytics that: 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) segregation of waste will be carried out at source before waste collection; and iv) only zero direct emission waste collection vehicles will be financed.
 - Biogas capture from closed or decommissioned landfills with a gas capture efficiency of at least 75%. RBI has communicated to Sustainalytics that financing will be limited to projects with a high gas capture efficiency equal to or more than 75%. Sustainalytics notes that recovering methane produced from a closed landfill will not prolong the lifespan of the landfill and is a key strategy to reduce methane emissions from waste. The Bank has confirmed to Sustainalytics that it will not finance landfill gas capture for flaring.
 - The Bank has confirmed that projects intended for fossil fuel operations will not be financed under the Framework.
 - Sustainalytics considers investments under this category to be in line with market practice.
 - Under the Eco-Efficient Circular Economy Adapted Products, Production Technologies and Processes category, RBI may finance or refinance loans for the design of eco-efficient products and production activities that increase resource efficiency. These activities may include:
 - Projects that extend the product life cycle, such as product reuse, repair and product refurbishment and regeneration; integrate modular design or design for disassembly; and incorporate take-back schemes or reverse logistics.
 - Production technologies that use recycled resources, such as bio-based materials. The Bank has confirmed that the production of bio-based materials will be limited to those certified by the Roundtable on Sustainable Biomaterials,^{38,39} The Bank has communicated to Sustainalytics that it may finance the following technologies under the Framework: i) bio-based sorbents,⁴⁰ ii) waste sanitation,⁴¹ iii) production of bio-fertilizer from vines,⁴² and iv) the production of biofertilizer from fish waste.⁴³ The Bank further confirmed that virgin plastic-based solutions are excluded from the Framework.
 - The production of aluminium-based consumer and end products. The Bank has confirmed to Sustainalytics that at least 90% of input will be scrap or recycled aluminium, or at least 75% of input will be scrap or recycled aluminium and the remaining (primary) aluminium will have a carbon intensity below 2.5 tCO₂e/t. Additionally, financing will be limited to recycling facilities with robust waste management processes.
 - Sustainalytics considers investments under this category to be in line with market practice.

³⁵ FAO, "Conservation Agriculture", at: <https://www.fao.org/conservation-agriculture/en>

³⁶ Projects constructed on lands with high biodiversity or protected lands are excluded.

³⁷ Eligible projects include those that have applied or pre-certified to the certification schemes. In case of a denied certification or a not-sufficient final certification, the loan will be excluded from RBI's Eligible Loan Portfolio.

³⁸ Roundtable on Sustainable Biomaterials, "Why Choose RSB", at: <https://rsb.org/why-choose-rsb/>

³⁹ IEC, "Standards for circular economy", at: <https://www.iec.ch/blog/standards-circular-economy>

⁴⁰ This technology leverages sorbents to remove harmful toxins (PFAS) from water, which can be applied to: i) environmental remediation, ii) potable water, iii) industrial manufacturing facilities, or iv) commercial airports.

⁴¹ This technology sanitizes waste to produce alkaline biofertilizer, which can be applied to soils to improve soil fertility.

⁴² This technology enables the recovery of valuable fibres from vine pruning that would otherwise go to waste and also produces a product which in turn aims to improve the yield of grape vines.

⁴³ Fly larvae are able to rapidly convert fish waste into castings, which can be used for animal feed or fertilizer. This process recovers valuable resources that would otherwise go to waste to produce bio-based fertilizers that improve the growth response of plants.

- Under the Sustainable Water and Wastewater Management category, RBI may finance or refinance loans for the development, construction, extension, operation and maintenance of sustainable water and wastewater management projects and facilities:
 - Water systems that lead to improvements in energy efficiency by decreasing the net average energy consumption or average leakage by at least 20% compared to the baseline performance average over three years.
 - Wastewater collection and treatment facilities such as pumping stations, force mains, collectors, filtration systems and tertiary treatment systems. The Bank has confirmed that desalination plants financed under the Framework will be powered by low-carbon sources, such as renewables, and have reasonable assurances of appropriate waste management programmes for the disposal of brine.
 - Flood mitigation infrastructure will be based on vulnerability assessments and adaptation plans to identify potential climate risks and relevant management strategies.
 - Technologies that increase water use efficiency and water recycling and reuse, such as water-saving systems and water metering.
 - RBI has confirmed that the equipment and technology financed will not be dependent on fossil fuels and the systems and measures will not provide water for fossil fuel operations, fracking, nuclear and mining.
 - Sustainalytics considers investments under this category to be in line with market practice.
- Under the Education and Vocational Training category, RBI may finance or refinance loans related to educational activities in targeted areas in Europe in accordance with the following criteria:
 - The construction or upgrade of essential educational facilities and equipment that support access to public and publicly subsidized educational services for youth, the unemployed and the elderly population. The Bank may also finance or refinance loans for infrastructure to support childhood development, including kindergartens. The Bank has confirmed to Sustainalytics that financing will be limited to public and publicly subsidized schools and that facilities financed will be accessible to all regardless of the ability to pay. Sustainalytics views these investments as socially impactful.
- Under the Access to Essential Services category, RBI may finance or refinance loans related to healthcare and other infrastructure that enable regional development in targeted areas in Europe according to the following criteria:
 - Construction, renovation, expansion or maintenance of public or subsidized healthcare facilities, including hospitals, diagnostic and other laboratory services, rehabilitation centres, assisted living facilities and nursing homes for the elderly. The Bank has confirmed to Sustainalytics that: i) financing of elderly homes will be limited to those that are owned and operated by a publicly owned or a private not-for-profit company; and ii) all healthcare facilities and elderly homes financed under the Framework will be available for public use and, therefore, will be accessible to all regardless of the ability to pay.
 - Production and distribution of essential medicine, medical equipment and medical supplies for vulnerable populations such as children, women and the elderly in response to situations that result in public healthcare crises, such as the COVID-19 pandemic. The Bank has communicated to Sustainalytics that medical equipment and supplies will be accessible to target populations regardless of their ability to pay. This is in line with market practice.
 - The development of basic infrastructure in targeted underserved and underdeveloped regions in Europe. Financed projects will be located in regions with no or inadequate access to basic infrastructure and may include the following activities:
 - Electricity-related infrastructure in areas with either no or substantially inadequate access. Project examples include power transformers, voltage regulators, circuit breakers, switchgear, capacitors, fuses, controls, arresters, conductors and electric-vehicle charging infrastructure and associated grid control technologies, such as supervisory control and data acquisition systems in areas where such infrastructure is either not accessible or has very limited accessibility. The Bank has confirmed that expenditures related to transmission grids connected to a dedicated fossil fuel power plant (coal, oil or natural gas) will be excluded.

- Public transport and related infrastructure, such as buses, cycling rental services, bike lanes, parking stations, passenger shelters, electric-vehicle sharing systems and EV charging stations.
 - Sanitation infrastructure, such as flush or pour flush to piped sewer systems.
 - Infrastructure that supports access to drinking water that is potable for residential or public-access purposes.
 - Firefighting and rescue equipment. The Bank has confirmed to Sustainalytics that this will exclude the financing of helicopters.
 - Sustainalytics views investments under this category to be socially impactful.
- Under the Affordable Housing category, RBI may finance or refinance the construction, renovation and maintenance of affordable housing projects in targeted areas in Europe to increase access to affordable housing for low-income populations defined by respective national affordable housing programmes and in accordance with the applicable eligibility criteria specified by the respective governments.
 - In the absence of national affordable housing programmes or official government definitions of low-income socio-economic groups in the aforementioned target countries, the Bank will apply the definition of families whose incomes do not exceed 80% of the national median family income as the target population.
 - Sustainalytics notes that the role of RBI in affordable housing projects is limited to financing the development of housing units and the Bank does not have control on deciding the detailed criteria on low-income groups and affordability mechanisms. Sustainalytics further notes that it is market practice to clearly define low-income groups and affordability. As such, Sustainalytics encourages RBI, where feasible, to provide further disclosure on the affordable housing programmes financed and relevant beneficiaries defined by regional governments and to report on the social impact achieved.
 - Under the Employment Generation and Protection: Micro, Small and Medium Enterprises (MSME) Financing category, RBI may finance or refinance loans to MSMEs as defined by the European Commission.⁴⁴
 - MSMEs that are located in underserved, underdeveloped and rural regions in targeted areas in Europe.^{45,46}
 - In accordance with the exclusionary criteria set out in the Framework, the Bank will not finance any MSMEs that are engaged in business activities that are directly linked to fossil fuel energy, defence and weapons, nuclear energy, mining, alcohol, tobacco and gambling.
 - Sustainalytics views these investments as socially impactful.

Project Evaluation and Selection:

- RBI's Sustainability Bond Committee (SBC) will be responsible for evaluating and selecting eligible projects in line with the Framework's eligibility criteria. The SBC comprises members from the Corporate Finance, RBI Corporate Credit Management, Treasury, Sustainability Management and Compliance, and Investor Relation departments.
- RBI's Risk Department incorporates ESG risks into credit decision-making and underwriting processes based on ECB guidance. The Bank is currently developing strategies and policies to mitigate material ESG risks associated with projects. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional details, see Section 2. Based on the cross-functional oversight for project selection and the presence of risk management systems, Sustainalytics considers this process to be in line with market practice.

Management of Proceeds:

- RBI's Sustainable Finance Department will manage the net proceeds using a portfolio approach and will track the allocation of net proceeds using a green asset register.

⁴⁴ European Commission, "Internal Market, Industry and Entrepreneurship and SMEs", at: https://single-market-economy.ec.europa.eu/smes/sme-definition_en

⁴⁵ A region is defined as underserved, underdeveloped and rural if: (i) 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.

⁴⁶ The Bank intends to finance MSMEs that are located in underserved, underdeveloped and rural regions in Europe including the EU member states and non-EU states in Central and Eastern Europe, such as Albania, Bosnia and Herzegovina, Kosovo and Serbia.

- RBI intends to allocate all proceeds to eligible assets and projects within 36 months of issuance. Pending allocation, RBI will temporarily hold proceeds within its treasury, in cash or cash equivalents. Based on the use of an internal tracking system and disclosure of the 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 impacts in its allocation and impact report, which will be published on its website on an annual basis until full allocation.
- Allocation reporting will include the total amount of bonds issued, the amount of bond proceeds outstanding, the amount and number of eligible loans, the amount of proceeds allocated to eligible loans and the balance of unallocated proceeds.
- Where feasible, impact reporting may include key performance indicators such as GHG emissions reduced or avoided (measured in tCO₂e), energy savings (measured in MWh), the total land area certified by FSC and the PEFC, the annual water savings (measured in m³) and the number of financed MSMEs in the target regions.
- Based on the commitment to 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 RBI Sustainability Bond Framework aligns with the four core components of the GBP and SBP. For detailed information, please refer to Appendix 1: Sustainability Bond/Sustainability Bond Programme External Review Form.

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 that aim to contribute to the achievement of the SDGs.⁴⁷ 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 partners, and iii) an engaged citizen of the communities where it operates.⁴⁸

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, regarding 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 bond and loan portfolio comprises investments in green buildings, clean transportation, energy efficiency and renewable energy.⁴⁹ 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 2021.⁵⁰ RBI has set a target to increase the share of corporate loans for ESG-compliant investments from approximately 10% as of December 2021 to approximately 33% by 2025.⁵¹ Moreover, RBI has established a new policy under which it has committed to prohibiting any transactions 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.⁵²

RBI participates in various international initiatives related to environmental and social sustainability such as the UN 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 support projects that enable the transition to a low-carbon, climate-resilient economy required to limit global warming.⁵³ RBI also endorses transparent communication with investors regarding climate-related risk assessments; it formally supports the alignment of ESG-related disclosures with standards of the Task Force on Climate-related Financial Disclosures.⁵⁴

⁴⁷ RBI, "Responsible Banking", at: <https://www.rbinternational.com/en/sustainability.html>

⁴⁸ RBI, "Sustainability Strategy Framework", at: <https://www.rbinternational.com/en/sustainability/governance/sustainability-strategy-framework.html>

⁴⁹ RBI, "Allocation and Impact Report", (2021), at: <https://www.rbinternational.com/en/sustainability/sustainability-report.html>

⁵⁰ RBI, "Sustainability Report", (2021), at: <https://www.rbinternational.com/en/sustainability/sustainability-report.html>

⁵¹ RBI, "Allocation and Impact Report", (2021), at: <https://www.rbinternational.com/en/sustainability/sustainability-report.html>

⁵² Ibid.

⁵³ RBI, "Responsible Banking", at: <https://www.rbinternational.com/en/sustainability.html>

⁵⁴ RBI, "Sustainability Report", (2021), at: <https://www.rbinternational.com/en/sustainability/sustainability-report.html>

Sustainalytics is of the opinion that the RBI Sustainability Bond Framework is aligned with the Bank's overall sustainability strategy and initiatives and that it will advance 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 positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks commonly associated with the eligible projects could include issues related to land use and biodiversity, 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 and mitigate potential risks by implementing the following:

- RBI has communicated to Sustainalytics that all the ESG risk policies of RBI are applicable to the parent organization along with network banks. The policies are implemented through the central risk management unit at RBI's head office.
- RBI has developed an ESG risk management process, through which the Bank identifies and measures potential ESG 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.⁵⁵
- RBI uses the UNEP FI's Portfolio Impact Analysis Tool to evaluate the sustainability impact of its portfolio.⁵⁶ The Bank aims to develop its internal stress-test projection by the end of 2022 in order to align it with the European Central Bank's climate risk stress test,⁵⁷ and aims to assess banks' climate-risk preparedness based on their climate stress-test capabilities, their business models and exposure to emission-intensive companies.⁵⁸
- 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.⁵⁹ The Bank complies with all applicable health and safety regulations in countries where it conducts its business operations. RBI has also developed a supplier code of conduct to ensure that its suppliers and loan borrowers 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.⁶⁰
- 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.⁶¹ 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 labour standards.⁶²
- 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 environmental and social risks associated with the projects financed under the Framework.⁶³

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.

⁵⁵ RBI, "Responsible Banking", at: <https://www.rbinternational.com/en/sustainability/responsible-banking.html>

⁵⁶ RBI, "Sustainability Report", (2021), at: <https://www.rbinternational.com/en/sustainability/sustainability-report.html>

⁵⁷ Ibid.

⁵⁸ 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>

⁵⁹ 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

⁶⁰ 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

⁶¹ 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

⁶² RBI, "Sustainability Report", (2021), at: <https://www.rbinternational.com/en/sustainability/sustainability-report.html>

⁶³ Equator Principles, "Designated Countries", at: <https://equator-principles.com/about-the-equator-principles/designated-countries/>

Section 3: Impact of Use of Proceeds

All twelve use of proceeds categories are aligned with those recognized by the GBP and the SBP. Sustainalytics has focused on three categories below where the impact is specifically relevant.

Importance of financing renewable energy projects

Globally, emissions from the electricity and heat generation sectors increased by more than 900 megatonnes, accounting for nearly 46% of global CO₂ emissions in 2021.⁶⁴ Global electricity demand is expected to have increased by 4.5% in 2021 due to increased economic activity and rapid growth in major emerging economies.⁶⁵ In this context, increasing the share of renewable energy generation has the potential to have significant impact on meeting global climate goals. A study from the International Energy Agency and the International Renewable Energy Agency estimates that 65-70% of global primary energy demand would need to be met by low-carbon energy sources by 2050 to meet the 2°C target.⁶⁶ Between 2019 and 2020, there was a 2% increase in the share of renewable energy in the electricity mix.⁶⁷ However, the global rate of renewable energy implementation needs to increase significantly to achieve international long-term goals to meet the 2°C target by 2050.⁶⁸

The energy sector – both 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 2021.⁶⁹ In 2018, the EU set a target to increase the share of renewable energy to 32% by 2030.⁷⁰ Subsequently, in 2021, the European Commission proposed raising the target to 38-40%.⁷¹ To achieve these objectives, the EU focuses on increasing the share of renewable energy and supports research and innovation with a focus on various renewable energy sources, such as wind, hydropower, photovoltaics, concentrated solar power heating and cooling.⁷² The EU has prioritized the “energy efficiency first principle”, under which it has committed to improving its energy efficiency by at least 32.5% relative to the projected energy use for 2030.⁷³ 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.⁷⁴ 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.⁷⁵

In the US, electricity production was the second-largest source of GHG emissions, accounting for 25% of the total GHG emissions in 2020,⁷⁶ with fossil fuels representing 79% of the country's energy production and renewables 13%.⁷⁷ The US Energy Information Administration noted an energy-related CO₂ emissions increase

⁶⁴ IEA, “Global Energy Review: CO₂ Emissions in 2021”, (2022), at: <https://iea.blob.core.windows.net/assets/c3086240-732b-4f6a-89d7-db01be018f5e/GlobalEnergyReviewCO2Emissionsin2021.pdf>

⁶⁵ IEA, “Global Energy Review 2021: Electricity”, (2021), at: <https://www.iea.org/reports/global-energy-review-2021/electricity>

⁶⁶ International Energy Agency and International Renewable Energy Agency, “Perspectives for the Energy Transition” (2017), at: <https://www.irena.org/publications/2017/Mar/Perspectives-for-the-energy-transition-Investment-needs-for-a-low-carbon-energy-system>

⁶⁷ IEA, “Global Energy Review 2020”, at: <https://iea.blob.core.windows.net/assets/d0031107-401d-4a2f-a48b-9eed19457335/GlobalEnergyReview2021.pdf>

⁶⁸ Ibid.

⁶⁹ 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

⁷⁰ European Commission, “Directive of the European Parliament and of the Council amending Directive (EU) 2018/2001”, (2021), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021PC0557>

⁷¹ Ibid.

⁷² European Commission, “Energy research and innovation”, at: https://ec.europa.eu/info/research-and-innovation/research-area/energy-research-and-innovation_en

⁷³ European Commission, “Energy efficiency directive”, at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficiency-targets-directive-and-rules/energy-efficiency-directive_en

⁷⁴ 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/>

⁷⁵ European Commission, “Heating and cooling”, at: https://energy.ec.europa.eu/topics/energy-efficiency/heating-and-cooling_en

⁷⁶ US Environmental Protection Agency, “Sources of Greenhouse Gas Emissions”, at: <https://www.epa.gov/ghgemissions/sources-greenhousegas-emissions#electricity>

⁷⁷ US Energy Information Administration, “U.S. energy facts explained”, at: <https://www.eia.gov/energyexplained/us-energy-facts/>

of approximately 6% in 2021 and has predicted a further 1.5% rise in 2022.^{78,79} To further advance renewable energy adoption, the US government set a goal in April 2021 to reach 100% carbon-free electricity by 2035.⁸⁰

Asia accounts for almost half of global energy demand and is the world's highest emitting region, overtaking historical heavy emitters in North America and Europe.⁸¹ Although the Asia-Pacific region has witnessed significant growth in renewables, renewable energy accounted for only 6.8% of the region's total energy consumption in 2018.⁸² The Association of Southeast Asian Nations' energy ministers has set out a target to increase its renewable energy share to 23% by 2025 compared to 9.4% in 2014.⁸³

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

Importance of financing green building projects

Direct and indirect emissions from global building operations plummeted to approximately 9 gigatonnes in 2020 after having risen by an average of 1% per year since 2010.⁸⁴ In 2020, the building and construction sector accounted for 36% of the global energy consumption and 37% of energy-related CO₂ emissions.⁸⁵ According to the UN, direct CO₂ emissions from the building sector would need to decline by 50% and indirect emissions from the sector by 60% by 2030 to align with the Paris Agreement's 1.5°C scenario.⁸⁶ Regarding energy efficiency, carbon emissions related to heating, cooling and lighting buildings account for an estimated 28% of global carbon emissions.⁸⁷ According to the IEA, all new buildings and 20% of the existing building stock would need to eliminate carbon emissions by 2030 and the energy consumption per square metre of buildings must be reduced by 35% by 2030 from a 2020 baseline to stay on track towards reaching net zero emissions by 2050.^{88,89}

The building sector is a significant contributor of GHG emissions and the largest energy consumer in the EU, accounting for 36% of total CO₂ emissions and 40% of the energy consumption.⁹⁰ Therefore, decarbonizing the built environment is key to reducing energy consumption and GHG emissions in the EU. The European Commission proposes to reduce its GHG emissions by at least 55% by 2030 compared to 1990 levels and to achieve climate neutrality by 2050 under the 2030 Climate Target Plan.⁹¹ The building sector must reduce direct emissions by 50% and indirect emissions by 60% compared to 2015 by 2030.⁹² To achieve this, the EPBD requires all new buildings in the EU as of 2021 to be nearly zero energy buildings and all member states to establish a long-term strategy that supports the achievement of a highly energy-efficient and decarbonized

⁷⁸ US Energy Information Administration, "U.S. energy-related CO₂ emissions rose 6% in 2021", (2022), at: <https://www.eia.gov/todayinenergy/detail.php?id=52380>

⁷⁹ US Energy Information Administration, "Short-Term Energy Outlook – U.S. Economic Assumptions and Energy-Related Carbon Dioxide Emissions", (2022), at: https://www.eia.gov/outlooks/steo/report/renew_co2.php#:~:text=U.S.%20energy%2Drelated%20carbon%20dioxide,growing%20transportation%2Drelat%20ed%20petroleum%20consumption

⁸⁰ The White House, "FACT SHEET: President Biden Sets 2030 Greenhouse Gas Pollution Reduction Target Aimed at Creating Good-Paying Union Jobs and Securing U.S. Leadership on Clean Energy Technologies", (2021), at: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet-president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/>

⁸¹ WRI, "How Can Asia Achieve a Clean Energy Transition? Examples from 5 Countries", (2021), at: <https://www.wri.org/insights/asia-clean-energy-transition-examples-5-countries>

⁸² Openlink, "Impact of renewables on the Asian energy mix", at: <https://openlink.com/en/insights/articles/impacts-of-renewables-on-the-asian-energy-mix/>

⁸³ IRENA, "Renewable Energy Outlook for ASEAN", (2016), at: <https://www.irena.org/publications/2016/Oct/Renewable-Energy-Outlook-for-ASEAN#:~:text=Recognising%20this%2C%20the%20Association%20of,compared%20to%209.4%25%20in%202014>

⁸⁴ The Global Alliance for Buildings and Construction, "Global Status Report for Buildings and Construction", (2021), at: https://globalabc.org/sites/default/files/2021-10/GABC_Buildings-GSR-2021_BOOK.pdf

⁸⁵ Ibid.

⁸⁶ UNEP, "Building sector emissions hit record high, but low-carbon pandemic recovery can help transform sector", (2020), at: <https://www.unep.org/news-and-stories/press-release/building-sector-emissions-hit-record-high-low-carbon-pandemic#:~:text=To%20get%20on%20track%20to,emissions%20by%2060%20per%20cent>

⁸⁷ World Green Building Council, "New report: the building and construction sector can reach net zero carbon emissions by 2050", (2019), at: <https://www.worldgbc.org/news-media/WorldGBC-embodied-carbon-report-published>

⁸⁸ IEA, "Renovation of near 20% of existing building stock to zero-carbon-ready by 2030 is ambitious but necessary", (2022), at: <https://www.iea.org/reports/renovation-of-near-20-of-existing-building-stock-to-zero-carbon-ready-by-2030-is-ambitious-but-necessary>

⁸⁹ IEA, "Buildings", (2022), at: <https://www.iea.org/reports/buildings>

⁹⁰ European Commission, "In Focus: Energy Efficiency in Buildings", (2020), at: https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-lut-17_en

⁹¹ European Commission, "2030 Climate Target Plan", at: https://ec.europa.eu/clima/eu-action/european-green-deal/2030-climate-target-plan_en

⁹² UNEP, "Building sector emissions hit record high, but low-carbon pandemic recovery can help transform sector", (2021), at: <https://www.unep.org/news-and-stories/press-release/building-sector-emissions-hit-record-high-low-carbon-pandemic#:~:text=To%20get%20on%20track%20to,emissions%20by%2060%20per%20cent>

building stock by 2050, with a roadmap of clear milestones for 2030 and 2040.⁹³ Furthermore, as 75% of the building stock in the EU is energy inefficient, the European Green Deal targets at least double the annual energy renovation rate of buildings by 2030 compared to 2020 levels, fostering deep energy renovations resulting in 35 million building units renovated by 2030.⁹⁴ The increased rate and depth of renovation will have to be maintained after 2030 to reach EU-wide climate neutrality by 2050.⁹⁵

In 2021, the US launched a long-term decarbonization strategy with the commitment to help reduce global emissions by 40% by 2030 relative to a 1990 baseline and the aim to achieve net zero emissions by 2050.⁹⁶ Nevertheless, the construction of buildings is predicted to grow at an accelerated pace until 2050 and, thus, is expected to increase emissions significantly.⁹⁷ The emissions reduction pathways identified in the country's Nationally Determined Contribution to the Paris Agreement for buildings focus on energy efficiency, efficient electric heating and cooling, wider use of heat pumps and the adoption of modern energy codes for new buildings.⁹⁸

Approximately 60% of the world's population (4.3 billion people) is estimated to live in the Asia-Pacific region, with more than 2 billion people living in urban areas.⁹⁹ The urban population is expected to reach 3.3 billion by 2050, driving up demand for buildings.¹⁰⁰ In Asia, average temperatures across the region over the summer of 2021 were more than 1.5°C higher than the preindustrial average,¹⁰¹ and a number of cities had record-breaking temperatures¹⁰² which drove up the demand for air conditioning and put pressure on energy use.¹⁰³ The World Green Building Council prioritized the 2021 Asia Pacific Net Zero programme, which focuses on supporting actions such as organizing whole life carbon webinar series, designing a net zero regional award category, supporting companies in becoming Net Zero Carbon Building Commitment signatories, contributing regional insights into World Green Building Council's Beyond the Business Case report and Whole Life Carbon Vision to reduce carbon across the whole life cycle of buildings.¹⁰⁴

Based on the above context, Sustainalytics is of the opinion that financing of green buildings is expected to have positive environmental impact and contribute to the global efforts towards meeting short- and long-term climate targets.

Importance of financing circular economy projects

The 2021 Circularity Gap Report estimated that 70% of the GHG emissions are released by the extraction, processing, manufacturing and consumption of natural resources.¹⁰⁵ The report highlights the importance of shifting our global economic systems to a circular economy model to potentially reduce global emissions.^{106,107} Furthermore, a circular economic model also has significant potential to decrease biodiversity loss by reducing consumption and waste, ensuring the sustainable production of goods and services, and enhancing the conservation and restoration of ecosystems.¹⁰⁸ More than 90% of the land-use-related biodiversity loss is caused by resource extraction and processing.¹⁰⁹ The use of bio-based material

⁹³ European Commission, "Directive (EU) 2018/844 of the European Parliament and of the Council", (2018), at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2018.156.01.0075.01.ENG

⁹⁴ European Commission, "A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives", at: https://eurlex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC_1&format=PDF

⁹⁵ Ibid.

⁹⁶ US Department of State, "The Long-Term Strategy of the United States: Pathways to Net-Zero Greenhouse Gas Emissions by 2050", (2021), at: <https://www.whitehouse.gov/wp-content/uploads/2021/10/US-Long-Term-Strategy.pdf>

⁹⁷ Massachusetts Institute of Technology, "Predicting building emissions across the US", (2021), at: <https://news.mit.edu/2021/predicting-building-emissions-across-us-0921>

⁹⁸ UNFCCC, "The United States of America Nationally Determined Contribution", (2021), at: <https://unfccc.int/sites/default/files/NDC/2022-06/United%20States%20NDC%20April%2021%202021%20Final.pdf>

⁹⁹ World Green Building Council, "Asia Pacific Advancing to Net Zero", at: <https://www.worldgbc.org/asia-pacific-advancing-net-zero>

¹⁰⁰ Ibid.

¹⁰¹ National Centers for Environmental Information NOAA, "July 2021 Global Climate Report", at:

<https://www.ncei.noaa.gov/access/monitoring/monthly-report/global/202107>

¹⁰² Berkeley Earth, "Global Temperature Report for 2021", January 2022, at: <https://berkeleyearth.org/global-temperature-report-for-2021/>

¹⁰³ IEA, "Buildings", (2022), at: <https://www.iea.org/reports/buildings>

¹⁰⁴ World Green Building Council, "Asia Pacific Advancing to Net Zero", at: <https://www.worldgbc.org/asia-pacific-advancing-net-zero>

¹⁰⁵ Circle Economy, "Circularity Gap Report 2021", (2021), at: <https://www.circularity-gap.world/2021>

¹⁰⁶ According to the World Economic Forum, a circular economy is an industrial system that is restorative or regenerative by intention and design. It replaces the end-of-life concept with restoration, shifts towards the use of renewable energy, eliminates the use of toxic chemicals, which impair reuse and return to the biosphere, and aims for the elimination of waste through the superior design of materials, products, systems and business models.

¹⁰⁷ Circle Economy, "Circularity Gap Report 2021", (2021), at: <https://www.circularity-gap.world/2021>

¹⁰⁸ SITRA, "The circular economy is key to halting biodiversity loss", (2021), at: <https://www.sitra.fi/en/articles/the-circular-economy-is-key-to-halting-biodiversity-loss/>

¹⁰⁹ Ellen McArthur Foundation, "Completing the Picture: How the Circular Economy Tackles Climate Change", (2019), at: <https://emf.thirdlight.com/link/dcijanpohgkd-obltth/@/preview/5>

resources in industries such as food and petrochemical has a huge potential to transition towards circular economy.¹¹⁰

According to the World Economic Forum, the EU generated 505 kg of waste per capita, leading to a total 225.7 million tonnes of waste in 2020, an increase of 1% from 2019.¹¹¹ In 2020, the European Commission adopted the Circular Economy Action Plan under the European Green Deal with the aim to contribute to the EU's transition to a circular economy and reduce the pressure on natural resources to achieve the EU's 2050 climate neutrality target.¹¹² The action plan focuses on sectors that use the most resources and where the potential for circularity is high, such as electronics and ICT, batteries and vehicles, packaging, plastics, textiles, construction and buildings, food, water and nutrients.¹¹³ In 2021, the EU and the Bio-Based Industries Consortium established the Circular Bio-based Europe Joint Undertaking, a public-private partnership that funds projects advancing competitive circular bio-based industries under Horizon Europe, the EU's research and innovation programme.¹¹⁴ The programme aims to accelerate the innovation process and market deployment of bio-based solutions, develop novel solutions and ensure a high level of environmental performance by bio-based industrial systems.¹¹⁵

The US Environmental Protection Agency has established the National Recycling Strategy, the first part of a series on building a circular economy, which focuses on enhancing and advancing the national municipal solid waste (MSW) recycling system and identifies objectives and actions to create a stronger and cost-effective domestic system.¹¹⁶

Based on the above context, Sustainalytics is of the opinion that RBI's financing of circular economy projects is expected to help reduce global GHG emissions and enable waste reduction and mitigation.

Alignment with/contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The bonds issued under the RBI Sustainability Bond Framework are expected to advance 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
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	9. Industry, Innovation and Infrastructure	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	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable

¹¹⁰ Ellen McArthur Foundation, "What is the Role of Bio-based Materials in a Circular Economy", at: <https://ellenmacarthurfoundation.org/videos/video-plastics-what-is-the-role-of-bio-based-materials-in-a-circular-economy>

¹¹¹ World Economic Forum, "Here's how much waste people in the EU produced in 2020", (2022), at:

<https://www.weforum.org/agenda/2022/02/municipal-waste-european-union-eurostat-circular-economy/>

¹¹² European Commission, "Circular Economy Action Plan", (2020), at: https://environment.ec.europa.eu/strategy/circular-economy-action-plan_en

¹¹³ Ibid.

¹¹⁴ EU, "Circular Bio-based Europe Joint Undertaking (CBE JU)", at: https://european-union.europa.eu/institutions-law-budget/institutions-and-bodies/institutions-and-bodies-profiles/circular-bio-based-europe-joint-undertaking-cbe-ju_en

¹¹⁵ Ibid.

¹¹⁶ US Environmental Protection Agency, "National Recycling Strategy: Part One of a Series on Building a Circular Economy", at:

[https://www.epa.gov/recyclingstrategy/strategies-building-circular-economy-](https://www.epa.gov/recyclingstrategy/strategies-building-circular-economy-all#:~:text=A%20circular%20economy%20reduces%20material,government%20has%20pursued%20since%202009.)

[all#:~:text=A%20circular%20economy%20reduces%20material,government%20has%20pursued%20since%202009.](https://www.epa.gov/recyclingstrategy/strategies-building-circular-economy-all#:~:text=A%20circular%20economy%20reduces%20material,government%20has%20pursued%20since%202009.)

		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 Agriculture and Sustainable Management of Living Natural Resources	2. Zero Hunger	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. Life on Land	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 ¹¹⁷
Pollution Prevention & Control	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Eco-Efficient Products, Production Technologies, and Processes	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Sustainable 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
Education and Vocational Training	4. Quality Education	4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and preprimary education so that they are ready for primary education
Access to Essential Services	3. Good Health and Wellbeing	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all
Affordable Housing	1. No Poverty	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. Industry, innovation and infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support

¹¹⁷ Sustainalytics notes that this SDG target represents an interim goal established by the UN in 2015 as a pathway to achieve sustainable development by 2030 and has not since been updated. However, the UN reported that the world's forest area continues to shrink, although at a slightly slower pace than in previous decades. From 2015 to 2020, the annual rate of deforestation was estimated at 10 million hectares. Considering that the forest loss remains high, Sustainalytics recognizes the continued need for investment toward the achievement of this target and considers it to be relevant and impactful in the context of this Framework.

UN Statistics Division, "Progress summary for SDG targets with a 2020 deadline", at: <https://unstats.un.org/sdgs/report/2020/progress-summary-for-SDG-targets/>

		economic development and human well-being, with a focus on affordable and equitable access for all
	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Employment Generation - Micro and small enterprises	9. Industry, innovation and infrastructure	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

Conclusion

RBI has developed the RBI Sustainability Bond Framework, under which it may issue green, social or sustainability bonds and use the proceeds to finance or refinance, in whole or in part, existing or future projects that contribute to the decarbonization of RBI's investment portfolio and deliver positive environmental impact globally and social benefits for targeted populations 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 impacts 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 1, 2, 3, 4, 6, 7, 9, 11, 12 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, Sustainalytics is confident that RBI is well positioned to issue green, social or sustainability bonds and that the Framework for Sustainability Bond of RBI is robust, transparent, and in alignment with the four core components of the Sustainability Bond Guidelines, Green Bond Principles and Social Bond Principles.

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:	RBI Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	November 7, 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 summarise 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 proceeds¹¹⁸ are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to deliver positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 1, 2, 3, 4, 6, 7, 9, 10, 11, 12 and 15.

Use of proceeds categories as per GBP:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" 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 checked="" 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 checked="" type="checkbox"/> Access to essential services |
| <input checked="" 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 checked="" type="checkbox"/> Other (please specify): Education and vocational training |

¹¹⁸ The eligible categories are Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Agriculture and Forestry, Pollution Prevention and Control, Eco-Efficient Circular Economy Adapted Products, Production Technologies and Processes, Sustainable Water and Wastewater Management, Education and Vocational Training, Access to Essential Services, Affordable Housing, Employment Generation and Protection: Micro-, Small- and Medium-size Enterprises (MSME) Financing.

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 Sustainability Bond Committee will evaluate and select eligible projects in line with the eligibility criteria. Raiffeisen Bank International has in place internal procedures that incorporate ESG factors and associated risks for all allocation decisions. Sustainalytics considers these risk management systems to be adequate, and the project evaluation and selection 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 checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" 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 Sustainable Finance Department will manage the net proceeds on a portfolio basis and will track the allocation of net proceeds using an internal green asset register. Raiffeisen Bank International intends to allocate all proceeds to eligible assets within 24 months of issuance. Pending allocation, Raiffeisen Bank International will temporarily hold proceeds in cash or cash equivalents. 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 the allocation of proceeds and corresponding impact in its allocation and impact report on an annual basis until full allocation. Allocation reporting will include the total amount of bonds issued, the amount of bond proceeds outstanding, the amount and number of eligible loans, the amount of proceeds allocated to eligible loans and the balance of unallocated proceeds. In addition, Raiffeisen Bank International commits to reporting on relevant impact metrics. Sustainalytics views Raiffeisen Bank International's allocation and impact reporting commitments 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): total amount of bonds issued, the amount of bond proceeds outstanding, the amount and number of eligible loans and the balance of unallocated proceeds | |

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 checked="" type="checkbox"/> Decrease in water use

<input checked="" type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Number of beneficiaries

<input checked="" type="checkbox"/> Other ESG indicators (please specify): Installed renewable energy capacity, expected annual renewable energy generation, number of people using public mass transportation, number of retail vehicles financed, total land area certified by FSC and PEFC, type and annual amount of recycled waste, energy generation, annual savings of relevant resources (e.g. tonnes raw material/year, annual water savings), volume of wastewater treated, 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, number of medical facilities, number of patients reached with improved healthcare, number of individuals benefiting from affordable housing, number of affordable buildings or dwellings constructed or renovated, m ² of affordable living space constructed or renovated, 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 |
|---|---|

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): Raiffeisen Bank International's corporate website |
| <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 (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

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 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.

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.

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.

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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For more information, visit www.sustainalytics.com

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