RBI – Green Initiatives

September 2019
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Disclaimer

September 2019
For more than 130 years, Raiffeisen has combined financial success with socially responsible action.

We understand sustainability to mean responsible corporate activities for a long-term, economically positive result in consideration of key societal and environmental aspects. We therefore commit to aligning our policies and processes with this attitude, acting as a:

**Responsible Banker**

*Stimulating economic growth* while embedding both **environmental and social considerations** into our core business

**Fair Partner**

*Demonstrating fairness and transparency* towards employees, engaging with all stakeholders and *reducing our own resource footprint*

**Engaged Citizen**

*Helping to develop a sustainable civil society* by encouraging environmental sustainability and entrepreneurship

RBI’s activities contribute to the achievement of eight of the UN Sustainable Development Goals
Sustainability at RBI – Governance

**Commitments**

- **Multi-stakeholder Initiatives**
  - UN Global Compact
  - UN Environmental Programme Finance Initiative (UNEP FI)
  - Diversity Charter
  - Montreal Carbon Pledge
  - VfU (Association for Environmental Management and Sustainability)
  - respACT (Austrian business council for sustainable development)

- **Corporate Commitments and Targets**
  - 2030 Climate Goals

**Framework & Guidelines**

- Newly developed RBI Vision and Mission
- Communicated RBI Values as basic law of our actions
- Code of Conduct
- Environmental and Social Policies according to IFC standards (in seven NWUs)
- Exclusion policies on nuclear, coal, military goods & technologies, and gambling
- Supplier evaluation and purchasing
- Diversity Vision, Mission and Guiding Principles

**Governance**

- Supervisory Board of RBI AG: ultimately responsible for RBI’s sustainability management
- Chief Executive Officer and Managing Board of RBI: oversees sustainability management
- RBI’s Sustainability Council, Group Sustainability Management, and Sustainability Working Groups: develop sustainability priorities and operational measures
- Employees, specialist working groups, and Sustainability Officers in RBI network banks: responsible for implementation

**Monitoring & Reporting**

- Sustainability Report (in alignment with GRI Reporting Standards)
- CO2 emissions reporting (CDP)
Sustainable Ratings, Indices, and Awards

**Ratings, Indices and Certification**

- **“C+”** Prime status in sustainability rating by ISS-oekom research (June 2019)
- Overall ESG score 72 – **Outperformer** 51th out of 344 (April 2018 – update expected soon)
- Included in **STOXX Global ESG** Leaders, inclusion to which is determined by means of transparent and structured procedures
- Included since 2015 in the **FTSE4Good Index Series**, which is designed to measure the performance of companies that have effective ESG practices

**Awards**

- **Austrian Sustainability Reporting Award (ASRA 2018)** for the best report 2017 by a large company as well as overall winner
- One of four Austrian companies included in the **leadership list** for 2018, and best Austrian financial sector company 2014–2018
A responsible company that is committed to sustainable finance

- **Sustainability** and **corporate responsibility** are key components of our identity and corporate culture

- We strive to offer the **clearest, most comprehensible information** possible concerning our loan products and to conclude loans to our customers under equally **transparent conditions**

- We **support the development of the regions** in which we operate and benefit from their success

- A Green Bond will allow us to originate **new Green Lending** across all our Network Banks and in Head Office
Green Bond Portfolio

Summary

- Green loan portfolio amount for the envisaged green bond transaction has a total volume of EUR 1.064 mn as of Q2-2019.
- The reference portfolio includes EUR 825 mn (78%) of green buildings, of which EUR 435 mn are already built and EUR 390 mn are under development.
- Clean transportation projects account for the remaining EUR 239 mn (22%), mainly loans to suppliers of electric vehicles 91% (EUR 217 mn) and to electric vehicles.
- The average remaining term of loans across the portfolio is 3.4 years.

Green loan portfolio by country

Green buildings by property type

Certification Standards | EUR mn | %
--- | --- | ---
BREEAM Outstanding | 72 | 9%
BREEAM Excellent | 130 | 16%
BREEAM Very Good | 158 | 19%
LEED Platinum | 78 | 9%
LEED Gold | 245 | 30%
DGNB Platinum | 114 | 14%
DGNB Gold | 28 | 3%
Total | 825 | 100%
Four pillars of the Green Bond Framework – aligned to the Green Bond Principles

1. **Use of Proceeds**
   - Renewable Energy
   - Green Buildings
   - Energy Efficiency
   - Clean Transportation
   - Water Management and Waste Water Management

2. **Project Selection and Evaluation Process**
   - Standard Credit Process, including CSR Relevance Assessment and business exclusions
   - Pre-screening
   - Loan Analysis
   - Eligible Asset Approval in the Green Bond Committee
   - Monitoring and Reporting

3. **Management of Proceeds**
   - Green Bond Register maintained by the Cover Pool and Public Finance Department
   - Tracking of Green Bond Proceeds

4. **Reporting**
   - Annual allocation reporting on a portfolio level
   - Annual impact reporting on a portfolio level, on quantitative performance indicators

As per recommendation of the Green Bond Principles, RBI has also obtained an External Review from Sustainalytics
## 2019 Bond - Use of Proceeds

<table>
<thead>
<tr>
<th>Category</th>
<th>Eligibility Criteria</th>
</tr>
</thead>
</table>
| **Green Buildings**               | - Green commercial and residential buildings:  
  - A minimum certification level LEED Gold, BREEAM very good or DGNB/ÖGNI Gold; OR  
  - Belonging to top 15% most efficient buildings in a certain country based on local building codes, building years and EPC certificates  
  - Refurbished buildings (e.g. insulation of walls and roofs, replacement of boilers) resulting in:  
    - at least two steps of improvement in energy label; OR  
    - at least a 30% improvement in energy efficiency (measured in kWh/m²) |
| **Renewable Energy**              | - Wind (offshore and onshore)  
  - Solar power  
  - Hydropower  
  - Geothermal  
  - Energy from biomass  
  - Waste to Energy |
| **Energy Efficiency**             | - Energy efficiency projects, e.g. improving the energy efficiency of industrial production process in a factory, energy storage efficiency projects, smart grid solutions for more efficient transmission/distribution of energy |
| **Clean Transportation**          | - Public transport (e.g. subways, trains, trams, electric, biofuel or hybrid buses), including:  
  - Infrastructure (e.g. rail networks, station upgrade)  
  - Non-diesel rolling stock (excluding fossil fuel transportation)  
  - Commercial and retail electric vehicles (e.g. truck fleets, automobiles, charging infrastructure) |
| **Water Management and Waste Water Management** | - Water distribution systems with improved efficiency  
  - Water recycling and wastewater treatment plants  
  - Flood mitigation infrastructure |
All potential Eligible Green Loans are subject to RBI’s standard credit process, which includes KYC, Compliance, Credit Risk analysis, CSR relevance assessment, sector policies, and business exclusions.

Local business units identify the potential Eligible Green Loans. All necessary data gathered by Green Loan Portfolio Management (GPM) team.

The counterparty and the asset are fully evaluated by the GPM, including environmental impact assessment. Based on this assessment, GPM proposes to the Green Bond Committee (GBC) the Eligible Green Loans for entry in the Green Bond Register.

The GBC takes the decisions to include/exclude Eligible Green Loans in/from the Eligible Green Loan Portfolio. The GBC takes place quarterly until full allocation or in case of material changes in the portfolio and reviews the Green Bond Register.

GPM monitors the Eligible Green Loan Portfolio and monitors the projects to ensure that they remain in accordance with the Eligibility Criteria.
Management of Proceeds

- RBI’s Cover Pool and Public Finance Department will strive to maintain amount at least equal to the net proceeds of any outstanding RBI Green Bonds

- RBI will maintain a Green Bond Register which comprises all approved eligible assets

- Until maturity of the Green Bonds, RBI will strive to maintain a volume of Eligible Green Loans in the Eligible Green Loan Portfolio at least equal to the proceeds of the Green Bonds

- RBI will strive to substitute any redeemed or maturing Eligible Green Loans with other eligible Green Loans as soon as practicable once an appropriate substitution option has been identified

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

### Indicative impact reporting indicators

<table>
<thead>
<tr>
<th>Category</th>
<th>Reporting Indicators</th>
<th>UN Sustainable Development Goal Targets Contributed To</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Renewable Energy</strong></td>
<td>▪ Installed renewable energy capacity (MW)</td>
<td>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</td>
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<tr>
<td></td>
<td>▪ Expected annual renewable energy generation (MWh)</td>
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<td></td>
<td>▪ Estimated annual GHG emission avoided (tCO₂e)</td>
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<tr>
<td><strong>Green Buildings</strong></td>
<td>▪ Annual energy savings (MWh)</td>
<td>7.3 By 2030, double the global rate of improvement in energy efficiency</td>
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<tr>
<td></td>
<td>▪ Estimated annual GHG emission avoided (tCO₂e)</td>
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<td><strong>Energy Efficiency</strong></td>
<td>▪ Annual energy savings (MWh)</td>
<td>7.3 By 2030, double the global rate of improvement in energy efficiency</td>
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<td>▪ Estimated annual GHG emission avoided (tCO₂e)</td>
<td></td>
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<tr>
<td><strong>Clean Transportation</strong></td>
<td>▪ Number of people using public mass transportation</td>
<td>11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.</td>
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<tr>
<td></td>
<td>▪ Number of retail vehicles financed</td>
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<tr>
<td></td>
<td>▪ Estimated annual GHG emission avoided (tCO₂e)</td>
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<tr>
<td><strong>Water Management</strong></td>
<td>▪ Annual water savings (m³)</td>
<td>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.</td>
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<tr>
<td><strong>and Waste Water</strong></td>
<td>▪ Volume of wastewater treated (m³)</td>
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<tr>
<td><strong>Management</strong></td>
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1 as per Sustainalytics Second Party Opinion

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### Impact Reporting

On an annual basis, RBI will strive to report on the quantitative impact reporting indicators listed below.
Sustainalytics is of the opinion that Raiffeisen Bank International’s (RBI) Green Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2017. This assessment is based on the following:

**Use of Proceeds**
- The eligible categories for the use of proceeds for Renewable Energy, Green Buildings, Energy Efficiency, Clean Transportation, Water Management and Water Treatment are aligned with those recognized by the Green Bond Principles.
- Sustainalytics considers the use of proceeds as impactful. RBI uses recognized third party standards for green buildings, such as BREEAM, LEED and DGNB.

**Project Evaluation / Selection**
- RBI’s internal process in evaluating and selecting projects is aligned with market practices, including a dedicated Green Bond Committee comprised of senior representatives.

**Management of Proceeds**
- RBI’s process for management of proceeds is aligned with market practices, including a Green Bond Register to track the allocation of green bond proceeds.

**Reporting**
- RBI intends to report allocation proceeds in a report on an annual basis. In addition, RBI is committed to report on impact on an annual basis as part of the green bond reporting, including indicators such as installed renewable energy capacity, estimated annual GHG emissions avoided, and annual water savings.
- In Sustainalytics’ view reporting on these metrics is in line with market practice.