



GREEN BOND FRAMEWORK

OF RAIFFEISENLANDESBANK OBERÖSTERREICH

AS OF JUNE 2020



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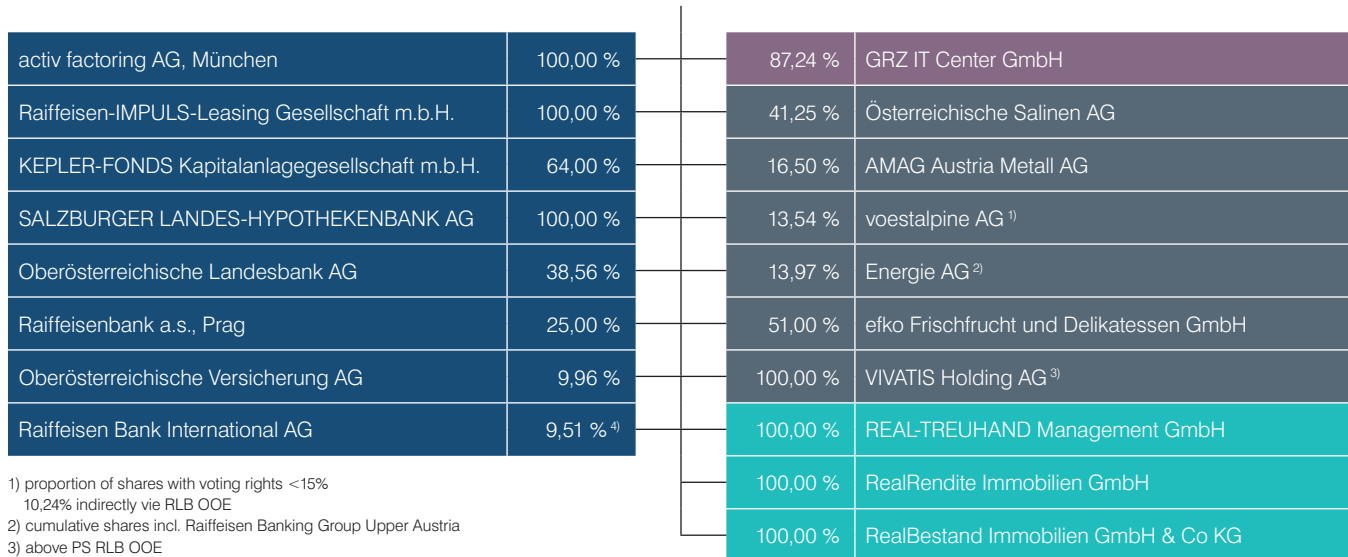
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1. RATIONALE

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft (RLB Oberösterreich) supports a variety of private, corporate and institutional clients with tailored financial services. The Bank was founded in 1900 and has had its head office in the city of Linz in Upper Austria ever since. Raiffeisen Banking Group Upper Austria is made up of RLB Oberösterreich together with the Upper Austrian Raiffeisen banks. In addition to its 950,000 customers, around 80 per cent of industrial enterprises and one in two small and medium-sized enterprises in Upper Austria also place their trust in the Bank. With its customer-oriented and sustainable business model, the RLB OÖ has also been highly successful through branch offices in southern Germany since 1991. The focus in southern Germany lies in particular on providing support to medium-sized enterprises.

As one of the most important export banks, RLB Oberösterreich provides professional support for clients' domestic and international investment and expansion projects, namely through the comprehensive expertise of a team of specialists in combination with a global network of partner banks. The RLB Oberösterreich Group includes many strong subsidiaries and further stakes in companies held both directly as well as through private equity firms. The direct shares held include those in international companies and corporations such as voestalpine AG, AMAG Austria Metall AG, Energie AG Oberösterreich, VIVATIS Holding AG and efko Frischfrucht und Delikatessen GmbH. Here, RLB Oberösterreich primarily functions as a stable, domestic chief shareholder.

Raiffeisenlandesbank Oberösterreich



1) proportion of shares with voting rights <15%
 10,24% indirectly via RLB OÖE
 2) cumulative shares incl. Raiffeisen Banking Group Upper Austria
 3) above PS RLB OÖE
 4) share of total capital

■ Banks & financial institutions ■ Opportunity / partner capital ■ Property ■ Outsourcing & bank-related investments

As at 12/2019

The company also promotes links with “young” business ideas, with RLB Oberösterreich for instance a financing partner of PIER4, a multi-corporate venturing project run by tech2b and the province of Upper Austria. This arrangement links major leading companies with start-ups in order to design new solutions and prototypes together for the industry of tomorrow. RLB Oberösterreich is also a partner of the “capital300” venture capital fund, which provides new growth capital for start-ups onto the domestic market.

KEPLER-Fonds Kapitalanlagegesellschaft, a subsidiary of RLB Oberösterreich, has been involved in “green financial investments” for around 20 years. The first sustainable mutual fund was launched in 2002. Sustainably managed customer deposits currently account for 1.7 billion euros, which corresponds with around one tenth of the total volume managed. The strategy represents a combination of a

best-in-class approach (companies are among the leaders in their industry and meet industry-specific minimum criteria) and exclusion criteria (e.g. violation of human rights, nuclear energy, genetic engineering, etc.). This approach also applies to government bonds within this context.

Working with international sustainability agency ISS ESG, KEPLER-Fonds KAG contacts companies on an ongoing basis to draw their attention to the potentials for ecological and social improvement. Since the beginning of 2019, KEPLER has also adapted its ethics funds to the criteria of the Austrian and German Bishops’ Conferences. This means that in addition to church institutions, religious communities, foundations etc., private investors also have an efficient investment solution in shares and/or bonds available to them which meet the requirements from both Bishops’ Conferences.

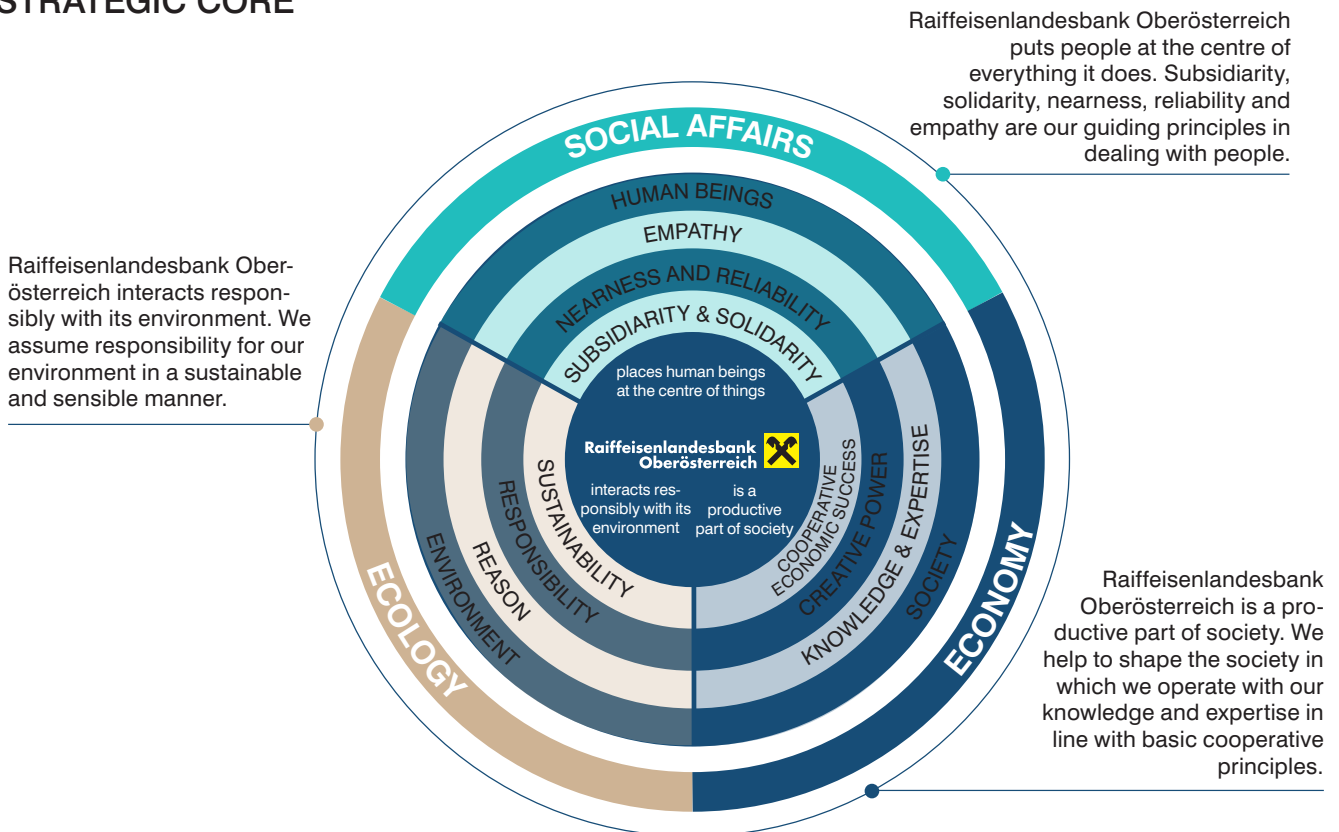
TAKE RESPONSIBILITY? – OF COURSE WE DO!

RLB Oberösterreich launched its own sustainability management system for the Group in the middle of 2013. The individual Raiffeisen organisations in Upper Austria operate within a strong network across the whole of Austria based on these timeless values. Raiffeisen is an organisation that has enshrined sustainability firmly within its organisational DNA since its inception and acts in line with it. The three dimensions of sustainability related to the social, ecological and economic aspects are served in a balanced way in this cooperative business model.

RLB Oberösterreich is conscious of its social responsibility and remains committed to these values and principles. As part of its sustainability vision, Raiffeisenlandesbank Oberösterreich aims to become the leading sustainable regional bank in Austria in the medium term and to set an example as a bank that is prepared to assume socio-political responsibility.

Raiffeisenlandesbank Oberösterreich's sustainability strategy is based on the three dimensions of sustainability:

STRATEGIC CORE



The sustainability management approach attempts to promote integrated measures in these areas of activity within the Raiffeisenlandesbank Oberösterreich Group, such as an energy management system in accordance with ISO 50.001. The VIVATIS and efko corporate groups are exempt from this rule because of the fundamental difference in their business activities within the food industry as compared with the financial industry, although there are regular discussions in this regard and these corporate divisions are included in the consolidated sustainability report.

Since 2017, Raiffeisenlandesbank Oberösterreich has been signatory to the UN Global Compact, the world's largest network for corporate responsibility. The company is committed to the ten principles of the Global Compact. These have been incorporated as central elements of sustainability activities. The Sustainability Report also presents the progress report (CoP) within the framework of the UN Global Compact by communicating all measures taken aimed at continuously improving incorporation of the Global Compact and its principles into the business strategy, corporate culture and daily operations.

Raiffeisenlandesbank Oberösterreich's sustainability efforts are currently rated by three agencies. Ratings by Sustainalytics and rfu (Reinhard Friesenbichler Unternehmensberatung) have also been added to supplement the existing rating by the international rating agency ISS ESG. RLB Oberösterreich has been awarded PRIME status by ISS ESG since 2016. All of the current details on the ratings can be found in the relevant latest sustainability report and on the website www.rlbooe.at/nachhaltigkeit.

RLB Oberösterreich is certainly striving to make further improvements in view of the latest developments at the European level in the area of sustainable finance and is seeking above all to promote a sustainable transformation in its core business. The issue of a green bond is seen as one of the central pillars of a sustainable core business.

With its own sustainability report, Raiffeisenlandesbank Oberösterreich provides an overview of the Group's entire spectrum and of the sustainable performance within the individual parts of the Group. Further detailed information on sustainability activities can be found on the RLB Oberösterreich website at www.rlbooe.at/nachhaltigkeit.

2. BASIS OF THIS GREEN BOND FRAMEWORK

The ICMA Green Bond Principles (GBP) are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuing a green bond. The RLB OÖ Green Bond Framework follows the ICMA Green Bond Principles (GBP) 2018¹ edition, which provides guidelines in the form of four core components:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

For each Green Bond issued, RLB OÖ asserts that it will adopt (i) Use of Proceeds (ii) Project Evaluation and Selection (iii) Management of Proceeds and (iv) Reporting as set out in this framework. The RLB OÖ Green Bond Framework follows the recommendations of the Green Bond Principles regarding External Review.

Future changes in the Green Bond Principles may be implemented in future versions of this Green Bond Framework. Any future updated version of this framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external consultant.

3. USE OF PROCEEDS

RLB OÖ intends to allocate the net proceeds of the Green Bond issued under this framework to a loan portfolio ('Eligible Loan Portfolio') of new and/or existing loans in the following categories. The eligible loans are to be funded in whole or in part by an allocation of the Green Bond proceeds. The use of proceeds categories can be summarized as follows:

- Green Bond:
 - Renewable energy
 - Green buildings
 - Environmentally sustainable management of living natural resources and land use
 - Energy efficiency
 - Clean transportation
 - Water and Waste Water Management

Eligibility Criteria

■ Renewable Energy

Defined as the financing or refinancing for the production, appliances, establishment, acquisition, operation, distribution and products of renewable energy, such as:

- **Wind energy:** Onshore and offshore wind energy generation facilities and other emerging technologies, such as wind tunnels and cubes
- **Solar energy:** Solar energy Photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities
- **Hydro power:** Small scale hydro power plants or investments in the refurbishment or refinancing of existing medium or large hydro power plants
- **Bio energy:** Facilities producing biofuel and/or biomass such as biofuel preparation, pre-treatment and bio-refinery facilities (limited to direct emissions of $\leq 100\text{g CO}_2\text{e/kWh}$)
- **Geothermal energy:** Geothermal power plants and geothermal heating/cooling systems (limited to direct emissions of $\leq 100\text{g CO}_2\text{e/kWh}$)

¹ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

■ Green buildings

Defined as the financing or refinancing of buildings which meet regional, national or internationally recognized energy label regulations, standards or certifications:

- Top 15% most energy-efficient buildings in a certain region based on the building construction date (based on building codes) and/or Energy Performance Certificates.
- Refurbished buildings with an energy efficiency improvement of at least 30% or two steps in energy performance label compared to original built quality
- New and / or existing buildings which have received at least one (or more) of the following classifications:
 - LEED: Platinum, Gold
 - BREEAM: Outstanding, Excellent, Very Good
 - DGNB-Family, meaning DGNB, ÖGNI or SGNi: Platinum, Gold
 - Other comparable international green building certifications

■ Environmentally sustainable management of living natural resources and land use

Defined as the financing or refinancing of environmentally responsible, economically viable and socially beneficial forest management, agriculture and fishery.

- **Forests and forestry:** Forest land certified in accordance with the Forest Stewardship Council (FSC) standards and/or the Programme for the Endorsement of Forest Certified (PEFC)
- **Agriculture:** Organic farming, certified in compliance with the EU and national regulation

■ Energy Efficiency

Defined as the financing or refinancing of the establishment, acquisition, expansion and upgrade of transmission lines and energy storage facilities or technologies and/or the associated infrastructure.

- Energy efficiency projects, e.g. improving the energy efficiency of industrial production process² in a factory, energy storage efficiency projects, smart grid solutions for more efficient transmission/distribution of energy

■ Clean Transportation

Defined as the financing or refinancing of public land transport and clean transportation loans such as:







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




■ Sustainable Water and Waste Water Management

Defined as the financing or refinancing of public (and corporate) loans dedicated to the equipment, development, construction, operation and maintenance of:

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

² Energy efficiency improvement in fossil fuel technologies are excluded from this Eligibility Category.

ICMA GBP/SBP category	Eligible category description	UN SDGs	Core UN SDGs Target	EU Taxonomy Environmental Objective ³
Green Buildings	Loans to finance or refinance new or existing energy efficient residential buildings	  	<ul style="list-style-type: none"> ▪ Target 7.3: By 2030, double the global rate of improvement in energy efficiency ▪ Target 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 ▪ Target 11.3: By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries 	<ul style="list-style-type: none"> ▪ EU Environmental Objective (1): Climate Change Mitigation
Renewable Energy	Loans aiming at financing the equipment, development, manufacturing, construction, operation and maintenance of renewable energy generation sources	 	<ul style="list-style-type: none"> ▪ Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix ▪ Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries 	<ul style="list-style-type: none"> ▪ EU Environmental Objective (1): Climate Change Mitigation
Environmentally sustainable management of living natural resources and land use	The financing or refinancing of environmentally responsible, economically viable and socially beneficial forest management, agriculture and fishery		<ul style="list-style-type: none"> ▪ Target 15.a: Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems 	<ul style="list-style-type: none"> ▪ EU Environmental Objective (6): Protection and restoration of biodiversity and ecosystems

ICMA GBP/SBP category	Eligible category description	UN SDGs	Core UN SDGs Target	EU Taxonomy Environmental Objective ³
Energy Efficiency	Defined as the financing or refinancing of the establishment, acquisition, expansion and upgrade of transmission lines and energy storage facilities or technologies and/ or the associated infrastructure.		<ul style="list-style-type: none"> ▪ Target 7.3: By 2030, double the global rate of improvement in energy efficiency 	<ul style="list-style-type: none"> ▪ EU Environmental Objective (1): Climate Change Mitigation
Clean Transportation	Loans to finance public land transport and clean transportation		<ul style="list-style-type: none"> ▪ Target 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 	<ul style="list-style-type: none"> ▪ EU Environmental Objective (1): Climate Change Mitigation
Sustainable water and Waste Water Management	Defined as the financing or refinancing of the establishment, acquisition, capacity expansion and upgrades of sustainable water and waste water facilities and the associated infrastructure		<ul style="list-style-type: none"> ▪ Target 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 safe reuse globally ▪ Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity 	<ul style="list-style-type: none"> ▪ EU Environmental Objective (3): Sustainable use and protection of water and marine resources

³ The Taxonomy Regulation was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020. It establishes the basis for the EU taxonomy by setting out 4 overarching conditions that an economic activity has to meet in order to qualify as environmentally sustainable.

4. PROCESS FOR PROJECT EVALUATION AND SELECTION

A dedicated Sustainability Committee has been established to create this Green Bond Framework. RLB OÖ's Sustainability bond Committee is formed by members of Financial Management, Treasury, Investor Relation, and Sustainability Management department. The committee will manage any future updates to the Framework, including expansions to the list of Eligible Categories, and oversee its implementation. The eligible Green Bond Framework will be evaluated according to the use of ESG criteria and focusing on the relevant and the material issue.

In identifying eligible assets and their non-financial impacts RLB OÖ may rely on external consultants and their data sources.

The loan selection is based on the "Eligibility Criteria" defined in the section above (Use of Proceeds). RLB OÖ ensures that all eligible loans comply with official national and international environmental and social standards and local laws and regulations on a best effort basis. It is part of RLB OÖ's transaction approval process to ensure, that all its activities comply with internal environmental and social directives.

5. MANAGEMENT OF PROCEEDS

The net proceeds of the Green Bond issued under this framework will be managed by RLB OÖ in a portfolio approach.

RLB OÖ intends to allocate the proceeds from the Green Bond to a portfolio of loans that meet the use of proceeds eligibility criteria and in accordance with the evaluation and selection process presented above, the Eligible Loan Portfolio.

RLB OÖ will strive, over time, to achieve a level of allocation for the Eligible Loan portfolio which matches or exceeds

the balance of net proceeds from its outstanding Green Bond. Additional Eligible Loans will be added to the Eligible Loan Portfolio to the extent required to ensure that the net proceeds from outstanding Green Bond will be allocated to Eligible Green loans.

Whilst any Green Bond net proceeds remain unallocated, RLB OÖ will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments, the balance of net proceeds not yet allocated to the Eligible Loan Portfolio.

6. REPORTING

The Green Bond Principles requires RLB OÖ to provide information on the allocation of proceeds. In addition to information related to the projects to which green bond proceeds have been allocated, the Green Bond Principles recommend communicating on the expected impact of the projects.

RLB OÖ will align, on a best effort basis, the reporting with the portfolio approach described in “Handbook – Harmonised Framework for Impact Reporting”⁵.

The reporting basis for all RLB OÖ Green Bonds and other potential green funding [i.e. loans, private placements, schuldchein etc] is the Eligible Green Loan Portfolio and an aggregated reporting will be prepared for all of RLB OÖ 's Green Bonds and other potential green funding outstanding.

RLB OÖ will make and keep readily available reporting on the allocation of net proceeds to the Eligible Green Loan Portfolio after a year from the issuance of the applicable Green Bonds, to be renewed annually until full allocation of

the Green Bond net proceeds. Both the allocation report and the impact report are expected to form an integral part of the RLB OÖ annual report.

Allocation Reporting

The allocation report will provide, on an aggregated basis, on indicators such as:

- the size of the identified Eligible Green Bond Portfolio
- the total amount of proceeds allocated to Eligible ESG loans
- the balance (if any) of unallocated proceeds
- the amount or the percentage of new financing and refinancing

Impact Reporting

Where feasible, RLB OÖ intends to report on the environmental and social impacts of the projects funded with the Green Bond proceeds, or refer to existing Sustainability reporting. A list of potential indicators is presented below.

GBP Category	Indicator
Green Buildings	<ul style="list-style-type: none"> ▪ Estimated ex-ante annual energy consumption in KWh ▪ Estimated avoided/reduced carbon emissions (in tCO₂ eq) ▪ Overview of sustainable labels and certificates for eligible buildings
Renewable energy	<ul style="list-style-type: none"> ▪ Renewable energy generation (MWh per year) ▪ Installed renewable energy capacity (MW) ▪ Estimated avoided carbon emissions (in tCO₂ eq)
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> ▪ Forests and forestry <ul style="list-style-type: none"> – Forest area (hectares) – Forestry certification scheme (if applicable) – Net carbon sequestration (tonnes per year) (if available) ▪ Agriculture <ul style="list-style-type: none"> – Agriculture land area (hectares) – Organic farming certification scheme
Energy efficiency	<ul style="list-style-type: none"> ▪ Energy savings (MWh per year) ▪ Estimated avoided carbon emissions (in tCO₂ eq)
Clean Transportation	<ul style="list-style-type: none"> ▪ Low carbon public transportation and vehicles <ul style="list-style-type: none"> – Number of vehicles – Estimated avoided carbon emissions (in tCO₂ eq)
Water Management and Waste Water Management	<ul style="list-style-type: none"> ▪ Quantity of treated wastewater and/or supplied freshwater (cubic meters per year) ▪ Qualitative improvements in freshwater supply and/or wastewater treatment.

⁵ <https://www.icmagroup.org/sustainable-finance/impact-reporting/>

7. EXTERNAL REVIEW

Second party opinion

RLB OÖ will obtain an independent second party opinion from ISS Corporate Solutions, Inc. to confirm the validity of the RLB OÖ Green Bond Framework. SPO will review RLB OÖ's Green Bond Framework and issued a second opinion confirming the alignment of it with the Green Bond Principles and the framework's strong environmental and social credentials. The independent second party opinion will be published on the RLB OÖ website.

Verification

The external verification of the green bond allocation report is expected to form an integral part of the external verification process of the RLB OÖ annual report.

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IMPRINT

Owner, editor and publisher:

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

Europaplatz 1a, 4020 Linz

Phone: +43 732 65 96-0

FN 247579 m, Linz District Court

DVR: 2110419

www.rlbooe.at/impressum

Responsible for content:

RLB OÖ Group Communications

Layout: RLB OÖ Group Communications

Photos: gettyimages

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