

Sustainability Finance Framework

RLB Steiermark AG

12/2022

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1. Introduction

RLB Steiermark AG - Role of the bank and bank's business model

The RLB Steiermark AG operates as the central institution of the Raiffeisen Steiermark Group. In close collaboration with 45 independent Raiffeisen banks, the Raiffeisen Steiermark Group is the leading banking group in the south of Austria. Due to its regional ambitions, more than 750.000 retail customers and 67.000 institutional clients profit from the services provided by the Raiffeisen Steiermark Group.

As a "bank for the banks" one of the main tasks of the RLB Steiermark AG itself is to support the Raiffeisen Banks as both a source of liquidity and a funding opportunity. Furthermore, the RLB Steiermark AG takes responsibility for several tasks affecting the whole banking group and can hence be viewed as the service center for the Raiffeisen Steiermark Group.

Retail products and services offered by the RLB Steiermark AG reach from checking accounts, banking and credit cards, internet banking to saving, financing and investing. In Corporate banking our clients benefit from our services

focusing on liquidity, financing and cash management. Although the main market of the RLB Steiermark AG is Styria, it has expanded beyond the Styrian and Austrian borders over the last decades with activities in Vienna, Germany and the neighboring markets of Southern and Eastern Europe. Furthermore, the RLB Steiermark AG increased its engagement with young entrepreneurs and start-ups in order to enlarge the product line for the industry of the future.

The Raiffeisen community looks back at a prosperous and remarkable history with its principles still being present today. Raiffeisen, and so does the RLB Steiermark AG, dedicates its work to a sustainable future, in which helping each other out is notably valued as it assures long-lasting success. These principles pave the way to a future, in which the RLB Steiermark AG is simultaneously a pioneer and a role model taking responsibility in her own hands. The major mission of the RLB Steiermark AG is to help people realize their ambitions and dreams.

Sustainability of the bank's business model

The RLB Steiermark AG is aware of the fact, that the sustainable transformation is a crucial challenge for today's and future's economy, environment and society. The RLB Steiermark AG views providing for the regional economy, environment and people by operating in a sustainable way as one of its core duties. The intention is to prioritize the future and to pursue long-lasting solutions.

The RLB Steiermark AG adjusted its business model to upcoming trends and focuses on raising its core capital aiming at gaining independence and providing security for customers. We currently revised our sustainability strategy including environmental, social and economic aspects considered equally.

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From this strategy we derive three central roles:

- As a role model, we strive to act in accordance with ESG criteria at every customer meeting and to expand continuously our sustainable products portfolio. In accordance with the Raiffeisen idea, we consciously take on a leading role in Styria on the way to a sustainable future.
- As pioneers, we are going to network with experts and implement lighthouse projects in order to reduce incrementally the resource consumption of our clients and of course ourselves.
- As an enabler, we support customers and organizations in actively shaping a sustainable future in Styria with solutions from the RLB Steiermark ecosystem.

Furthermore we have set ourselves the following targets until 2027:

- Introduction of sustainable products
- Sustainability consulting

- Encourage Energy cooperatives
- Ecosystems and platforms for sustainability
- Increase the number of jobs with sustainability relevance
- Reduce our CO2 footprint
- Implement Mobility concepts and facilitate innovative ideas (Project "Hummelflug")
- Providing Financial education

The RLB Steiermark AG seeks to shape Styria in an environmentally conscious way and to convince the public of the importance of this issue for our future way of living. The successful efforts in this area are reflected in the business figures of the RLB Steiermark AG. 66% of retail customers and 53% of institutional customers have maintained their relationships with the RLB Steiermark AG for more than 10 years. This unambiguously demonstrates the fairness and the convincing suitability of our products.

Sustainable financing in the RLB Steiermark AG

The consideration of sustainability aspects gained significant importance among businesses. Over the last three years the RLB Steiermark AG made significant progress in this matter. The achievements are documented in the sustainability report containing not only the relevant economic numbers and figures but also the variety of environmental and social ambitions and actions of the RLB Steiermark AG.

Assets issued on the capital market follow an emerging trend towards sustainability. Due to the enormously growing demand, the RLB Steiermark AG strives to widen the range of products in this sector. As the RLB Steiermark AG strives to contribute in ecological and social

affairs, we endeavor likewise to provide opportunities to contribute to investors and customers via covered bonds as well as unsecured bonds or deposits.

Both RLB Steiermark AG and the Raiffeisen Steiermark Group contribute decisively to environmental goals such as the UN Sustainable Development Goals or the Paris Climate Agreement, due to their purposeful application of funds. The Raiffeisen Steiermark Group is mainly active in the sector of renewable energy as well as in the sector of retail and institutional housing. In association with the Land Styria, a funding program was designed and implemented in order to strengthen the protection of the

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environment and to widen the conservation of natural resources in Styria.

The energy-efficient construction of buildings contributes fundamentally to energy and carbon dioxide savings. Due to this reason, the RLB

Steiermark AG seeks to adjust their loan portfolio to sustainable principles. Accordingly, there is going to be an evolving evaluation and analysis of further categories of sustainable funds in order to allocate them to a “sustainable portfolio”.

Contribution of the RLB Steiermark AG to the goals of sustainable development

The banking sector plays a vital role in mobilizing financial resources, which contribute to building and developing a sustainable society in Austria.

The RLB Steiermark AG assumed responsibility of supporting and contributing to the implementation of the 17 Sustainable

Development Goals (SDGs) launched by the United Nations in 2015 through its business model. The RLB Steiermark AG identified 13 SDGs as particularly relevant. All of the SDGs the RLB Steiermark AG targets within its sustainable finance program can be found in the use of proceeds section below.

2. Sustainability Finance Framework

The RLB Steiermark AG strives to make a significant ecological and social contribution to the 17 Sustainable Development Goals of the United Nations defined in 2015 (UN Action Plan - Global Goals - Agenda 2030) and to the Climate Goals (COP21) also adopted in Paris in 2015. These contributions go hand-in-hand with the accomplishment of economic and regulatory targets such as maintaining independence, meeting equity ratios from its own resources and other goals.

The financial sector, and especially RLB Steiermark AG as the market leader in Styria, has a key function in achieving these ambitious goals. In its role as lender, investor, asset manager, financial services provider, risk manager and insurer, the financial sector achieves relevant leverage effects. This requires sustainable public and private investments.

In order to achieve these effects the RLB Steiermark AG has established this Sustainability Finance Framework (“the Framework”), to generate funding for assets with a positive environmental and social impact to support the necessary transition to a sustainable future.

As a matter of fact the selection of the eligible Use of Proceeds (UoP) categories plays a crucial role here. These were determined in coordination with our business model, our sustainability strategy and, in particular, the targets for 2027 defined therein (see chapter 1), and adjusted for EU taxonomy compliance.

The Framework is aligned with the ICMA Green Bond Principles (GBP)¹, the ICMA Social Bond principles (SBP)² and the ICMA Sustainability Bond Guidelines (SBG)³. These documents are a set of voluntary guidelines recommending transparency and disclosure and promoting

¹ [Source](#), 2022.

² [Source](#), 2022.

³ [Source](#), 2021.

integrity in the development of the Green, Social and Sustainable bond markets.

In formulating the Framework care was also taken to reflect both the United Nations Sustainable Development Goals (SDGs) and, on the best effort basis, the requirements of the EU Taxonomy for sustainable economic activities⁴ presented by the European Commission. Potential changes of the GBP, SBP, SBG, developments with regards to the EU Green Bond Standard (EU GBS)⁵ and EU Taxonomy for sustainable economic activities will be reflected in future versions of the Framework.

3. Use of Proceeds

An amount equivalent to the Green, Social and/or Sustainability products net proceeds will be used to finance and/or re-finance, in part or in full, new or existing Eligible Loans with a positive environmental and/or social impact. No proceeds of the Green, Social and/or Sustainability products will be used for our own investments.

RLB Steiermark AG intends to allocate the full amount of net proceeds of a Green, Social and/or Sustainability products to projects that have been financed within a 36 months look-back period to the allocation decision of a specific product. RLB Steiermark AG will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Eligible Loans and will strive to replace maturing Eligible Loans with the new ones and will provide transparency on the Eligible Loan origination timeframe in its annual reporting.

⁴ The eligibility criteria comply with the substantial contribution criteria acc. to the EU classification system for sustainable economic activities (the "EU Taxonomy") for Climate Change

RLB Steiermark AG's Sustainability Finance Framework is designed as an umbrella framework allowing the RLB Steiermark AG to refinance via Green Bonds, Social Bonds, Sustainability Bonds or deposits, as the case may be. For each Green, Social or Sustainability product, RLB Steiermark AG asserts that it will adhere to (3) Use of Proceeds, (4) Project Evaluation and Selection, (5) Management of Proceeds and (6) Reporting, as set out in this Framework. Furthermore, RLB Steiermark AG will either keep or improve the current levels of transparency and reporting and will provide an external review by an entity which is eligible or accredited under any such prevailing principles or standards.

Eligible Loans may be originated by RLB Steiermark AG itself or can be submitted by collaborating banks, e.g. of the Raiffeisen Steiermark Group. This Sustainable Finance Framework will be a tool to stimulate the origination of new Green and Social Loans across RLB Steiermark AG and the Raiffeisen Steiermark Group. Meanwhile, to ensure the immediate use of proceeds, RLB Steiermark AG will start by refinancing existing Eligible Loans, as defined below.

Eligible Loans may include loans (and similar lending structures) or leases to private individuals, legal entities, municipalities and public sector.


Eligible Loans are loans to finance assets dedicated to the Eligible Categories depicted within the tables below.

Mitigation and Climate Change Adaptation as published in the [Final Delegated Act](#).




⁵ [Source](#), 2021.

Eligible Green Categories


In the below table, the reference to the EU Taxonomy refer to the Climate Change Mitigation Delegated Act⁶.

Eligible Category	Eligible Category description	Eligibility Criteria	UN SDGs
<p>Green Buildings</p>	<p>Finance or refinance Eligible Loans or investments in green assets or projects related to the construction, acquisition and ownership or renovation of buildings in the commercial and residential real estate sector . Eligible loans and may include both loans to private individuals (mortgages) or to legal entities</p>	<p>For Construction of new buildings, the activity complies with the following criteria:</p> <ul style="list-style-type: none"> § The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as built Energy Performance Certificate (EPC). § For buildings larger than 5 000 m2, upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. § For buildings larger than 5 000 m2, the life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand. <p>For Renovation of existing buildings, the activity complies with the following criteria:</p> <ul style="list-style-type: none"> § reduction of Primary Energy Demand (PED) of at least 30% in comparison with the performance of the building before the renovation. The energy performance is certified using an as built Energy Performance Certificate (EPC). <p>For Acquisition and ownership of buildings, the activity complies with the following criteria:</p> <ul style="list-style-type: none"> § For buildings built before 12/2020: Buildings belong to the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED); § For buildings built after 12/2020: the building meets the criteria specified above for Construction of new buildings that are relevant at the time of the acquisition. § Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment <p>Buildings that are used for the purpose of occupation by fossil fuel extraction or manufacturing of fossil fuel activities are explicitly excluded.</p>	 <p>Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p>

⁶ See [Commission Delegated Regulation \(EU\) 2021/2139 of 4 June 2021](#)

Eligible Category	Eligible Category description	Eligibility Criteria	UN SDGs
<p>Renewable Energy</p>	<p>Finance or refinance Eligible Green Loans and/or investments to equipment, development, manufacturing, construction, installation, operation, distribution and maintenance of renewable energy projects</p>	<p>For Electricity generation using solar photovoltaic technology, the activity generates electricity using solar PV technology.</p> <p>For Electricity generation using concentrated solar power (CSP) technology, the activity generates electricity using CSP technology.</p> <p>For Production of heat/cool from solar thermal heating, the activity produces heat/cool using solar thermal heating.</p> <p>For Electricity generation from wind power, the activity generates electricity from wind power.</p> <p>For Electricity generation from hydropower, the hydropower plant has a maximum size of 20MW and the activity complies with either of the following criteria:</p> <ul style="list-style-type: none"> § the electricity generation facility is a run-of-river plant and does not have an artificial reservoir; § the power density of the electricity generation facility is above 5 W/m² ; § the life-cycle GHG emissions from the generation of electricity from hydropower, are lower than 100g CO₂e/kWh. The life-cycle GHG emissions are calculated using Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018, ISO 14064-1:2018 or the G-res tool . Quantified life-cycle GHG emissions are verified by an independent third party. <p>For Electricity generation from geothermal energy, life-cycle GHG emissions from the generation of electricity from geothermal energy are lower than 100g CO₂e/kWh. Life-cycle GHG emission savings are calculated using Commission Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018 or ISO 14064-1:2018. Quantified life-cycle GHG emissions are verified by an independent third party.</p> <p>For Production of heat/cool from geothermal energy, the life-cycle GHG emissions from the generation of heat/cool from geothermal energy are lower than 100g CO₂e/kWh. Life-cycle GHG emissions are calculated based on project-specific data, where available, using Commission Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018 or ISO 14064-1:2018. Quantified life-cycle GHG emissions are verified by an independent third party.</p>	 <p>Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.</p>  <p>Target 13.1: Strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries.</p>
<p>Clean Transportation</p>	<p>Finance or refinance Eligible Loans for manufacturing, acquisition and modernization of zero direct emission vehicles (e.g. trains, trams, commercial and retail electric vehicles) as well as related infrastructure (e.g. charging stations) and development, manufacture or purchase of key components for clean transportation.</p>	<p>For Passenger interurban rail transport, the activity complies with one of the following criteria:</p> <ul style="list-style-type: none"> § the trains and passenger coaches have zero direct (tailpipe) CO₂ emissions; § the trains and passenger coaches have zero direct (tailpipe) CO₂ emission when operated on a track with necessary infrastructure, and use a conventional engine where such infrastructure is not available (bimode). <p>For Urban and suburban transport, road passenger transport, the activity complies with one of the following criteria:</p> <ul style="list-style-type: none"> § the activity provides urban or suburban passenger transport and its direct (tailpipe) CO₂ emissions are zero; § until 31 December 2025, the activity provides interurban passenger road transport using vehicles designated as categories M2 and M3 that have a type of bodywork classified as 'CA' (single-deck vehicle), 'CB' (double-deck vehicle), 'CC' (singledeck articulated vehicle) or 'CD' (double-deck articulated vehicle), and comply with the latest EURO VI standard, i.e. both with the requirements of Regulation (EC) No 595/2009 and, from 	 <p>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.</p>

Eligible Category	Eligible Category description	Eligibility Criteria	UN SDGs
		<p>the time of the entry into force of amendments to that Regulation, in those amending acts, even before they become applicable, and with the latest step of the Euro VI standard set out in Table 1 of Appendix 9 to Annex I to Regulation (EU) No 582/2011 where the provisions governing that step have entered into force but have not yet become applicable for this type of vehicle. Where such standard is not available, the direct CO2 emissions of the vehicles are zero.</p> <p>For Operation of personal mobility devices, cycle logistics, the activity complies with one of the following criteria:</p> <ul style="list-style-type: none"> § The propulsion of personal mobility devices comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity. § The personal mobility devices are allowed to be operated on the same public infrastructure as bikes or pedestrians <p>For Transport by motorbikes, passenger cars and light commercial vehicles, the activity complies with one of the following criteria:</p> <ul style="list-style-type: none"> § for vehicles of category M1 and N1, both falling under the scope of Regulation (EC) No 715/2007: <ul style="list-style-type: none"> a) until 31 December 2025, specific emissions of CO₂, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are lower than 50gCO₂/km (low- and zero-emission light-duty vehicles); b) from 1 January 2026, specific emissions of CO₂, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are zero. § for vehicles of category L, the tailpipe CO₂ emissions equal to 0g CO₂e/km calculated in accordance with the emission test laid down in Regulation (EU) 168/2013. <p>For Infrastructure for personal mobility, cycle logistics, the infrastructure that is constructed and operated is dedicated to personal mobility or cycle logistics: pavements, bike lanes and pedestrian zones, electrical charging and hydrogen refuelling installations for personal mobility devices.</p> <p>For Infrastructure enabling low-carbon road transport and public transport,</p> <ul style="list-style-type: none"> § the activity complies with one of the following criteria: <ul style="list-style-type: none"> a) the infrastructure is dedicated to the operation of vehicles with zero tailpipe CO₂ emissions: electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric road systems (ERS); b) the infrastructure and installations are dedicated to transshipping freight between the modes: terminal infrastructure and superstructures for loading, unloading and transshipment of goods; c) the infrastructure and installations are dedicated to urban and suburban public passenger transport, including associated signalling systems for metro, tram and rail systems. <p>The infrastructure is not dedicated to the transport or storage of fossil fuels</p>	


Eligible Category	Eligible Category description	Eligibility Criteria	UN SDGs
<p>Sustainable Water and Wastewater Management</p>	<p>Eligible Green Loans to finance or refinance development, construction, operation and maintenance of sustainable water and waste-water management projects and facilities</p>	<p>For Construction, extension and operation of water collection, treatment and supply systems, the water supply system complies with one of the following criteria:</p> <ul style="list-style-type: none"> § the net average energy consumption for abstraction and treatment equals to or is lower than 0.5 kWh per cubic meter produced water supply. Net energy consumption may take into account measures decreasing energy consumption, such as source control (pollutant load inputs), and, as appropriate, energy generation (such as hydraulic, solar and wind energy); § the leakage level is either calculated using the Infrastructure Leakage Index (ILI) rating method and the threshold value equals to or is lower than 1.5, or is calculated using another appropriate method and the threshold value is established in accordance with Article 4 of Directive (EU) 2020/2184 of the European Parliament and of the Council. That calculation is to be applied across the extent of water supply (distribution) network where the works are carried out, i.e. at water supply zone level, district metered area(s) (DMAs) or pressure managed area(s) (PMAs). <p>For Renewal of water collection, treatment and supply systems, the renewal of the water supply system leads to improved energy efficiency in one of the following ways:</p> <ul style="list-style-type: none"> § by decreasing the net average energy consumption of the system by at least 20% compared to own baseline performance averaged for three years, including abstraction and treatment, measured in kWh per cubic meter produced water supply; § by closing the gap by at least 20% either between the current leakage level averaged over three years, calculated using the Infrastructure Leakage Index (ILI) rating method and an ILI of 1.5, or between the current leakage level averaged over three years, calculated using another appropriate method, and the threshold value established in accordance with Article 4 of Directive (EU) 2020/2184. The current leakage level averaged over three years is calculated across the extent of water supply (distribution) network where the works are carried out, i.e. for the renewed water supply (distribution) network at district metered area(s) (DMAs) or pressure managed area(s) (PMAs). <p>For Construction, extension and operation of waste water collection and treatment,</p> <ul style="list-style-type: none"> § The net energy consumption of the waste water treatment plant equals to or is lower than: <ul style="list-style-type: none"> a) 35 kWh per population equivalent (p.e.) per annum for treatment plant capacity below 10.000 p.e.; b) 25 kWh per population equivalent (p.e.) per annum for treatment plant capacity between 10.000 and 100.000 p.e.; c) 20 kWh per population equivalent (p.e.) per annum for treatment plant capacity above 100.000 p.e. Net energy consumption of the operation of the waste water treatment plant may take into account measures decreasing energy consumption relating to source control (reduction of storm water or pollutant load inputs), and, as appropriate, energy generation within the system (such as hydraulic, solar, thermal and wind energy). § For the construction and extension of a waste water treatment plant or a waste water treatment plant with a collection system, which are substituting more GHG-intensive treatment systems (such as septic tanks, anaerobic lagoons), an assessment of the direct GHG emissions is performed. The results are disclosed to investors and clients on demand. 	 <p>Target 6.4:</p> <p>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.</p>

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Eligible Category	Eligible Category description	Eligibility Criteria	UN SDGs
		<p>For Renewal of waste water collection and treatment,</p> <p>§ The renewal of a collection system improves energy efficiency by decreasing the average energy consumption by 20% compared to own baseline performance averaged over three years, demonstrated on an annual basis. That decrease of energy consumption can be accounted for at the level of the project (i.e. the collection system renewal) or, across the downstream waste water agglomeration (i.e. including the downstream collection system, treatment plant or discharge of waste water).</p> <p>§ The renewal of a waste water treatment plant improves energy efficiency by decreasing the average energy consumption of the system by at least 20% compared to own baseline performance averaged over three years, demonstrated on an annual basis.</p> <p>§ For the purposes of points 1 and 2, the net energy consumption of the system is calculated in kWh per population equivalent per annum of the waste water collected or effluent treated, taking into account measures decreasing energy consumption relating to source control (reduction of storm water or pollutant load inputs) and, as appropriate, energy generation within the system (such as hydraulic, solar, thermal and wind energy).</p> <p>§ For the purpose of point 1 and 2, the operator demonstrates that there are no material changes relating to external conditions, including modifications to discharge authorisation(s) or changes in load to the agglomeration that would lead to a reduction of energy consumption, independent of efficiency measures taken.</p>	

Financing or refinancing of project-based lending and general-purpose financing for Pure Players companies⁷ shall be considered eligible.

Eligible Social Categories

Eligible Category	Eligible Category description	Eligibility Criteria	UN SDGs
Education and vocational training	Eligible Social Loans to finance or refinance	Access to public and publicly subsidized educational services (e.g., for the youth, unemployed and elderly) as well as investments that support childhood development (e.g. Kindergartens) through the provision of loans for construction/upgrading of facilities and/ or equipment.	 <p>Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</p>

⁷ The dedicated businesses are expected to derive more than 90 % of their turnover from environmentally friendly activities, which are in line with the Eligible Green Categories from the Sustainability Finance Framework. Moreover, the part of the turnover that is not classified as “green” is not allowed to be in any of the excluded sectors that are on the Exclusion list of the current framework.

Eligible Category	Eligible Category description	Eligibility Criteria	UN SDGs
Access to essential services	Eligible Social Loans to finance or refinance	<p>Construction, renovation, expansion or maintenance of health care facilities for provision of free or subsidized healthcare services. For example: hospitals, pharmacies, diagnostic and other laboratory services, rehabilitation centers, assisted living, homes for the elderly⁸;</p> <p>§ Production and distribution of vital medication, medical equipment and medical supplies in relation to COVID-19 and/or similar public health emergencies, particularly common amongst a vulnerable group e.g., children, women, the elderly, etc.</p>	 <p>Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.</p>
Affordable Housing	Eligible Social Loans to finance or refinance	Financing the construction, renovation, or maintenance of social and affordable housing through co-operative housing associations, building societies, non-profit organizations and public utility housing enterprises, with the aim of providing suitable homes for individuals and families.	 <p>Target 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.</p>

4. Process Evaluation and Selection

General Process

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

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

- § Know-Your-Customer (KYC) procedure
- § Compliance
- § Credit risk analysis

- § CSR relevance assessment (all loans which pass through RLB Steiermark AG's approval process)
- § Sector policies (Sensitive business areas are regulated in individual sector policies, e.g., war material, nuclear power, coal, gambling)
- § Code of conduct

Only loans that have been approved through the standard regular credit process can be considered for Green or Social eligibility.

⁸ Only homes for elderly accepted by the national public social insurance (e.g. in case of Austria in accordance with federal states' local Sozialhilfegesetz or the Mindestsicherungsgesetz) are financed here, which insures the affordability.

Identification of Eligible Green and Social Loans

Eligible Green and Social Loans are sourced from the various eligible sectors and result from the application of the eligibility criteria, under the responsibility of the Sustainability Finance Committee (“SFC”). The SFC is part of the RLB Steiermark AG Management Board Sustainability and represents an extension of its management team. It is comprised of extended management and expert team of Corporate Finance, Risk/Credit Management, Treasury and Sustainability Management.

The Sustainability Finance Committee is responsible for:

- Ensuring the potential Eligible Loans are aligned with the categories and eligibility criteria as specified in the Use of Proceeds section above, and approving any proposed changes to the eligible Green/ Social Loan Portfolio if the loans no longer meet the eligibility criteria

- Replacing assets that no longer meet the eligibility criteria
- Ensuring the proposed allocations are aligned with the relevant general company policies and Bank’s ESG strategy
- Approving the Allocation and Impact Report.

RLB Steiermark AG’s Risk/Credit Management is responsible for collecting and monitoring all data required for the evaluation and selection of Eligible Green and Social Loans as well as for the management of the Green / Social / Sustainability products.

The departments of the Sustainability Finance Committee and in the process reflect the current status, but are subject to change

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



Environmental and Social Risk Assessment

According to the risk appetite of the RLB Steiermark AG, environmental, social and governance (ESG) risk factors are embedded in the risk strategy. Based on the risk strategy, the ESG risks are identified and managed. The RLB Steiermark AG is committed to constantly enhancing the internal ESG risk management

processes. As a basis for the assessment of the ESG factors, a questionnaire ("Questionnaire on ESG Soft Facts") was created for the customer meeting. In the case of an assessment that indicates a high ESG risk, the account manager must declare in the statement which risk-reducing measures are to be implemented.

Exclusions

General specifications on sustainable financing and exclusion criteria are contained in the document "Nachhaltigkeit: Ausschlusskriterien Raiffeisen-Landesbank Steiermark AG".

The sustainability performance of companies, countries or other financing applicants is to be evaluated. Certain activities are seen as critical in

terms of sustainability and lead to exclusion criteria. This includes certain industries (e.g. tobacco industry, armaments industry) or certain activities (e.g. environmentally hazardous activities). All activities that meet the exclusion criteria are considered excluded products for the purposes of RLB Steiermark AG's credit policy.

5. Management of Proceeds

An amount equivalent to the net proceeds of any RLB Steiermark AG Green, Social or Sustainability products will be managed by RLB Steiermark AG's Risk/Credit Management on a portfolio basis. Up until the maturity of the products, RLB Steiermark AG will strive to maintain a volume of Eligible Loans in the Eligible Green and Social Loan Portfolio that is at least equal to the net proceeds of the products and will continue to finance and promote new Eligible Green and Social Loans.

RLB Steiermark AG intends to allocate the proceeds from the Green, Social and/or sustainable Products 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. All loans of the Eligible Loan Portfolio are flagged in our Core banking System and can be analyzed and monitored at any time.

On an annual basis, RLB Steiermark AG will check the eligibility of the Eligible Green and Social. RLB Steiermark AG will strive to substitute as soon as practicable any redeemed or maturing Eligible Green and Social Loans with other Eligible Green and Social Loans and/or if any such loans cease to be eligible replace them as soon as practicable once an appropriate substitution option has been identified.

Pending the allocation or reallocation, as the case might be, of an amount equivalent to the net proceeds of RLB Steiermark AG Green / Social / Sustainability products to the Eligible Green and Social Loans, RLB Steiermark AG will invest the balance of the net proceeds within the treasury, in cash and/or cash equivalents.

As this framework may evolve from time to time to consider the evolution of market standards and regulation, the loans must meet the

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eligibility criteria at the time they are flagged as Eligible Loans, but subsequent changes to the Framework will not apply to outstanding Green, Social or Sustainability products (grandfathering). Any new Green, Social or

Sustainability products shall be aligned with the most recent version of the Framework.

6. Reporting

RLB Steiermark AG has the ambition to publish an Allocation and Impact Report on portfolio basis that will provide information on the green and social impacts of the Eligible Green and Social Loan Portfolio highlighting the progress on allocation of use of proceeds. Reporting will be provided on an annual basis until full allocation of the proceeds, and thereafter if there are any material changes to the Eligible Green Loan portfolio, until the maturity of RLB Steiermark AG's Green/ Social/ Sustainability products.

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

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

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

Eligible Green Categories

Eligible Categories	Example of Possible Key Performance Indicators
Green Buildings	<ul style="list-style-type: none"> § Annual energy savings (MWh) § Estimated annual GHG emission avoided (tCO₂e)
Renewable Energy	<ul style="list-style-type: none"> § Installed renewable energy capacity (MW) § Expected annual renewable energy generation (MWh) § Estimated annual GHG emission avoided (tCO₂e)
Energy Efficiency	<ul style="list-style-type: none"> § Annual energy savings (MWh) § Estimated annual GHG emission avoided (tCO₂e)
Clean Transportation	<ul style="list-style-type: none"> § Number of people using public mass transportation § Number of retail vehicles financed § Estimated annual GHG emission avoided (tCO₂e)

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

Eligible Social Categories

Education and vocational training	<ul style="list-style-type: none"> § Number of education facilities § Number of individuals / students enrolled § Number of educational programmes or professional development measures § Number of students attaining standard for the targeted education level
Access to essential services	<ul style="list-style-type: none"> § Number of medical facilities § Number of patients reached with improved healthcare
Affordable Housing	<ul style="list-style-type: none"> § Number of individuals benefiting from affordable housing § Number of affordable buildings or dwellings constructed or renovated § m² of affordable living space constructed or renovated

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

7. External Review

To confirm the transparency and robustness of RLB Steiermark AG's Sustainability Finance Framework, it is verified and approved by an external second opinion provider, ISS ESG, confirming the alignment with the ICMA Green and Social Bond Principles (2022) as well as ICMA

Sustainability Bond Guidelines (2021). The Second Party Opinion is published on RLB Steiermark AG's website

8. External Audit

RLB Steiermark AG's external auditor will verify on an annual basis until full allocation of any Green, Social or Sustainability product under this Framework that RLB Steiermark AG duly applied the defined procedures of approval of the Sustainable Finance Committee and that an amount equal to the net proceeds of Green,

Social or Sustainability products has been allocated to Eligible Loans as defined in the present Framework.

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