

GREEN BOND FRAMEWORK

Raiffeisen Bank Czech Republic

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1. Introduction

1.1. About Raiffeisen Bank Czech Republic

Raiffeisen Bank Czech Republic ("Raiffeisenbank a.s." or "Raiffeisenbank") is a member of the Austrian Raiffeisen Group with the majority shareholder being Raiffeisen Bank International Group which operates in 14 markets in the Republic of Austria, and Central and Eastern Europe. Raiffeisen Bank Czech Republic is the 5th largest bank in the Czech market. Raiffeisenbank serves clients at more than 110 branches and business client centers throughout Czech Republic. The bank also provides services of specialized mortgage centers, personal, corporate and business advisors.

From the very beginning, Raiffeisen Bank Czech Republic has offered its services with emphasis on the particular needs of clients in the various regions. Besides its business activities, Raiffeisenbank is also involved in a number of community service activities related to culture, education and charity, reflecting Raiffeisen's 140-year tradition.

1.2. Sustainability at Raiffeisen Bank Czech Republic

Our sustainability strategy is based on three pillars, deeply rooted in the Bank's organizational culture: We are a **Responsible banker**, **Fair partner** and an **Active corporate citizen** so that we can connect our business activity to sustainable development both in our society and in the public sphere.

To demonstrate our commitment, we have signed the Sustainable Finance Memorandum of the Czech banking association (CBA - Česká bankovní asociace). The banks are committed to assess their activities in the light of the requirements for environmentally and socially responsible business, and to align their objectives with the objectives stated in the relevant UN global agreements, EU programs and policies as well as with national sustainable policy frameworks. The CBA Sustainable Finance Memorandum is a follow-up to the UN Principles for Responsible Banking and binds the signing banks to apply sustainability principles in the business activities and also in relation to clients, suppliers and other stakeholders.

1.3. Sustainability at RBI Group

Raiffeisen Bank International (RBI) Group is a signatory of the UN Global Compact (UNGC) and shows its commitment to consistently complying with the ten UNGC principles of responsible business. In this context, global responsibility is expected of all employees and managers as well as from partners and suppliers of the RBI Group. In January 2021 RBI signed the global UN Principles for

Responsible Banking¹. Being the first Austrian banking group who signed the UN PRB RBI has demonstrated its pioneering role particularly in Austria. The Principles for Responsible Banking set out the banking industry's role and responsibility and in aligning the banking sector with the objectives of the UN Sustainable Development Goals and the 2015 Paris Climate Agreement². They also, importantly, enable a bank to embed sustainability across all its business areas, and to identify where it has the potential to make the most impact in its contributions to a sustainable world.

Furthermore, in March 2021 RBI has yet again highlighted its focus on renewable energy initiatives and the Management Board has adopted a guideline according to which the RBI Group's carbon finance portfolio, i.e. the sum of loans relating to thermal coal and thermal coal trading, will be significantly reduced³. In the future no business will be done with companies that generate more than 25 per cent of their revenues from thermal coal mining. The same applies by analogy to energy and trading companies. No new credit exposures will be entered into for existing such customers, and their outstanding balance must be repaid by 2030 at the latest. With this strategic decision RBI Group is taking an important step on the way to achieving the EU climate targets and Raiffeisen Bank Czech Republic as part of the RBI Group is committed to follow these guidelines.

The renewable energy initiative is consistent with RBI's ESG program, which aims to achieve strong growth in the green and social finance segment in Austria and Central and Eastern Europe (CEE).

1.4. Our contribution to the Sustainable Development Goals

The banking sector plays a vital role in mobilizing financial resources that contribute to building and developing a sustainable society in the Czech Republic.

Through the nature of our activity, we have undertaken the responsibility of supporting and contributing to the implementation of the 17 Sustainable Development Goals (SDGs) launched by the United Nations in 2015. The Bank's operations and projects can significantly contribute to meeting the following targets:



The SDGs we aim to target within our green bond program can be found in the use of proceeds section below.

¹ UN PRB is a single framework for a sustainable banking industry developed through an innovative partnership between banks worldwide and United Nations Environment's Finance Initiative: <https://www.rbinternational.com/en/media/2021/rbi-becomes-signatory-of-the-global-principles-for-responsible-banking.html>

² <https://www.unepfi.org/banking/bankingprinciples/>

³ <https://www.rbinternational.com/en/who-we-are/governance-and-compliance/>

2. The Green Bond Framework

Raiffeisenbank a.s. has established this Green Bond Framework (“the Framework”) as a part of its broader sustainability strategy with the aim to focus on assets with a positive environmental impact in order to support the necessary transition to an environmentally sustainable future.

The Framework is aligned with the ICMA Green Bond Principles (GBP)⁴, which are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market. The Framework as such consists of the following components:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting
- External review

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 Climate Delegated Act⁵ presented by the European Commission. Potential changes of the GBP or developments with regards to the EU GBS or EU Taxonomy will be reflected in future versions of the Framework, which will either keep or improve the current levels of transparency and reporting and will provide for external review by an entity which is eligible or accredited under any such prevailing principles or standards.

2.1. Use of Proceeds



An amount equivalent to the net proceeds raised by the issuance of Green Bonds shall be used to finance or re-finance, in part or in full, new or existing Eligible Loans providing distinct environmental benefits (“Eligible Green Loans”). Eligible Loans can be loans provided by Raiffeisenbank a.s. or loans/ leases provided by its subsidiary Raiffeisen – Leasing s.r.o..

Eligible Green Loans may include loans or leases to private individuals (mortgages), legal entities, municipalities and public sector (project finance or investment finance). Raiffeisenbank will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Eligible Green Loans and will strive to replace maturing Eligible Green Loans with the new ones and will provide transparency on the Green Loan origination timeframe in its annual reporting.

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

⁵ EU Taxonomy Climate Delegated Act (April 2021): https://ec.europa.eu/info/publications/210421-sustainable-finance-communication_en#taxonomy

Eligible Green Loans are loans to finance assets dedicated to the following Eligible Categories:

Eligible Category	SDG mapping	Eligibility Criteria
Green Buildings	 	<p>Finance or refinance Eligible Green Loans or investments in green assets or projects related to the construction of new buildings, acquisition and ownership of existing buildings or renovation of existing buildings (with a minimum energy efficiency upgrade) in the commercial and retail real estate sector⁶:</p> <p>Green commercial and residential buildings will meet at least one of the following criteria:</p> <ul style="list-style-type: none"> ▪ Building has a recognized certification (at least applied or pre-certified) and a minimum certification level of LEED Gold, BREEAM Very Good⁷, DGNB/ÖGNI Gold or Edge Advanced, ▪ OR building belongs to the top 15% of low carbon buildings in the respective country based on local building codes, building years and EPC certificates (if an assessment is possible) ▪ OR in cases where an assessment of the top 15% low carbon buildings is not possible, Raiffeisenbank will define buildings with the EPC with a min. level A as eligible <p>Refurbished buildings (e.g. insulation of walls and roofs, insulation of facades, roofs, replacement of boilers) leading to reduction of Primary Energy Demand of at least 30% in comparison with the energy performance of the building before the renovation.</p> <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><u>Eligibility criteria under the current⁸ version of the EU Taxonomy to be considered on a best effort basis:</u></p> <ul style="list-style-type: none"> ▪ For buildings built until 12/2020: the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock. ▪ Buildings built after 12/2020: Primary Energy Demand (PED) of the building must be at least 10% lower than the threshold set in the national nearly zero-energy building (NZEB) requirements⁹.

⁶ may include office, warehousing & logistic, hotels, retail, healthcare, residential

⁷ BREEAM "Very Good" buildings achieving a minimum score of 70% in the Energy category

⁸ EU Taxonomy Climate Delegated Act (April 2021): https://ec.europa.eu/info/publications/210421-sustainable-finance-communication_en#taxonomy

⁹ https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings_en

Renewable Energy



Finance or refinance Eligible Green Loans and/or investments to equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy projects such as:

- Wind onshore
- Solar Power
- Hydropower (up to 20 MW), where
 - the power density must be >5 W/m² OR
 - max life-cycle GHG emissions must be <100g CO₂/kWh and life-cycle assessment must be verified by an independent third party
- Geothermal projects (with direct emissions < 100gCO₂/kWh according to GHG lifecycle assessment)
- Energy from biomass (excluding biomass from sources depleting biomass and carbon pools, sources grown on land with high biodiversity and sources that use land that competes with food sources)
- Waste-to-energy¹⁰ (including biogas) using only 2nd and 3rd generation biomass

Energy Efficiency



Finance or refinance Eligible Green Loans related to the development and implementation of products or technology that reduce energy consumption. Examples include, but are not limited to:

- Energy efficient lighting (e.g. LEDs)
- Projects improving the energy efficiency of industrial production process in a factory, excluding fossil fuel-powered equipment or improvements within carbon-intensive heavy industries (e.g., steel, cement, refining, etc.), aiming to achieve at least 30% improvement in energy efficiency
- Energy storage projects (e.g. fuel cells),
- Smart grid solutions for more efficient transmission/distribution of energy

Eligibility criteria under the current version of the EU Taxonomy to be considered on a best effort basis:

Energy efficiency is mentioned across various activities within EU Taxonomy, as such no general threshold can be applied, and decisions need to be made on a case-by-case basis depending on the sector and activity specific background

¹⁰ Where the main goal for waste incinerations is to produce renewable energy and a ‘substantial’ reduction in net GHG emissions is achieved, compared to the alternative of waste management and disposal.

Clean Transportation



Finance or refinance Eligible Green Loans **for zero direct emission vehicles as well as** infrastructure for low carbon transport. The eligibility criteria are:

For public transport and freight rail transport:

Manufacturing, acquisition as well as modernization of zero direct emissions land transport activities (e.g. light rail transit, metro, tram, trolleybus, bus and rail, electric locomotives) are eligible

For commercial and retail vehicles:

Zero tailpipe emission vehicles (e.g. electric vehicles, hydrogen fuel cell vehicles)

For infrastructure:

Financing of low carbon transport infrastructure such as, but not limited to, electric charging points, electricity grid connection upgrades, hydrogen fueling stations or electric highways, rail networks, highspeed railway lines, electric railway lines, pavements, bike lanes and pedestrian zones

Agriculture and Forestry



Eligible Green Loans to finance or refinance environmentally sustainable management of living natural resources and land use including:



Environmentally sustainable forestry¹¹: including afforestation or reforestation, and preservation or restoration of natural landscape providing compliance or alignment with international forest certification standards (e.g. FSC/PEFC) evidenced by a copy of the certification or an audit report by a reputable consulting company confirming alignment with certification standards

Environmentally sustainable agriculture¹²:

- Acquisition, maintenance and management of organic farming as certified in compliance with the EU and national regulation
- Improvement or maintaining of existing carbon pools: Changes in cropping patterns on agricultural land from annual to perennial crops

Eligible Green Categories respond to the following EU Taxonomy Objective: **Climate Change Mitigation.**

¹¹ Excluded activities: Transformation of rain fed agricultural land into irrigated land; Commercial concessions over and logging on tropical natural forest; Purchase of logging equipment for use in tropical natural forests or high nature value forest in all regions; and activities that lead to clear cutting and/or degradation of tropical natural forests or high nature value forest; Palm oil or tobacco plantations; Destruction of Critical Habitat; Establishment of permanent irrigation systems; Purchase of agricultural or forest land; Conversion of natural forest to a plantation.

¹² Excluded activities: Transformation of rain fed agricultural land into irrigated land; Purchase of agricultural or forest land

2.2. Process for Asset Evaluation and Selection

The evaluation and selection process for Eligible Green Loans is a key process in ensuring that the amount equivalent to the net proceeds from Green Bonds is allocated to assets and activities which meet the criteria in the Framework.

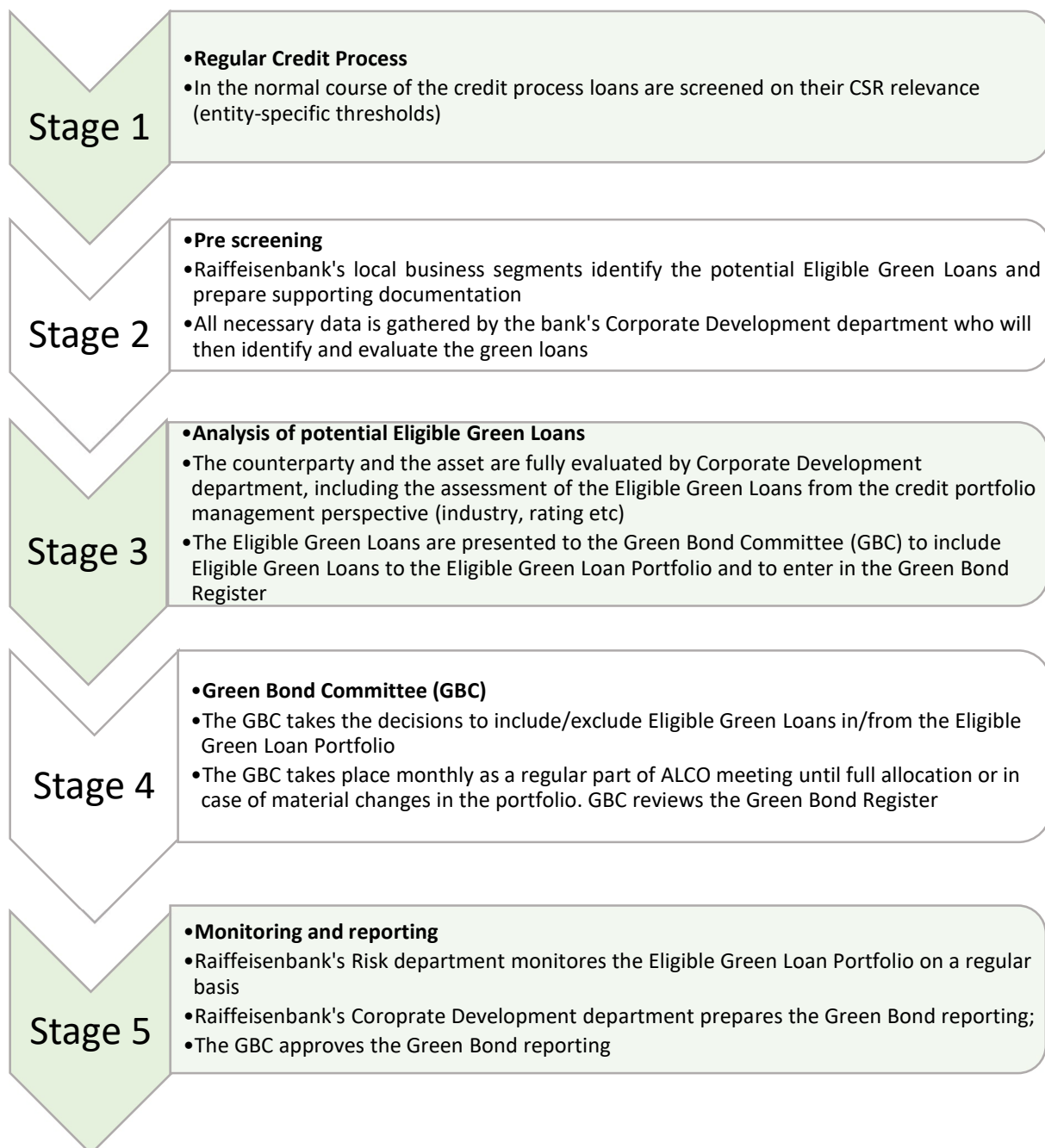
All potential Eligible Green Loans are subject to Raiffeisenbank's standard credit process in line with the normal course of business and only loans that have been approved through this process can be considered for Green Bond eligibility.

Raiffeisenbank's Green Bond Committee ("GBC") is responsible for ensuring that allocations are made to Eligible Green Loans as specified in the use of proceeds section above and to oversee the entire issuance process. The GBC is composed of members of the local Asset Liability Management Committee (ALCO) which includes representatives from Risk, Business, Treasury. Hence GBC represents a sub-committee of ALCO and meets on a monthly basis in the frame of the ALCO meeting and until full allocation of the proceeds.

The Green Bond Committee will be responsible for:

- Ensuring the potential Eligible Green 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 Loan Portfolio in the event that the Loans no longer meet the eligibility criteria;
- Ensuring the proposed allocations are aligned with the relevant general company policies and company's ESG strategy;
- Approving the Green Bond Reporting;

The loans are assessed in accordance with their social and environmental impact, thanks to a several stages selection process:



Exclusions

Raiffeisen Bank Czech Republic explicitly excludes financing loans for activities or projects involving: nuclear energy generation, weapons and munitions, mining, hazardous chemicals (gasoline, kerosene, and other petroleum products), tobacco, gambling, wood or other forestry products other than from sustainably managed forests, forced/child labor.

2.3. Management of Proceeds

An amount equivalent to the net proceeds of any Raiffeisenbank Green Bonds will be managed by the Risk department on a portfolio basis. Raiffeisenbank's Corporate Development department is responsible for collecting and monitoring all relevant data for the evaluation and selection of Eligible Green Loans which will then be presented to the GBC on regular basis.

Raiffeisenbank a.s. will strive to regularly add Eligible Green Loans to the Eligible Green Loan Portfolio so that a full allocation of an amount at least equal to the proceeds of the green bonds is achieved until maturity of the bonds. All Eligible Green Loans to be included in the Eligible Green Loan Portfolio are entered in Raiffeisenbank's Green Bond Register managed by the bank's Risk department. The Green Bond Register assures that the Eligible Green Loans are not externally refinanced. Raiffeisenbank a.s. aims to fully allocate the Green Bond proceeds within 36 months upon issuance.

On an annually basis, the issuer will check the eligibility and availability of the Eligible Green Loans in the Green Bond Register. Raiffeisenbank will strive to substitute any redeemed or maturing Eligible Green Loans with other eligible Green Loans and/or if any such loans cease to be an Eligible Green Loan, 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 Raiffeisenbank Green Bonds to the Eligible Green Loans, the bank will invest the balance of the net proceeds within the Raiffeisenbank treasury, in money market instruments, cash and/or cash equivalents instruments.

2.4. Reporting

Raiffeisenbank a.s. has the ambition to publish an annual report on the use of proceeds from any Green Bonds outstanding under this framework, including a description of its Eligible Green Loan Portfolio. Reporting will be provided on an annual basis until full allocation, and thereafter if there are any material changes to the Eligible Green Loan portfolio, until the maturity of Raiffeisenbank's Green Bonds.

The Raiffeisenbank Green Bond Report is expected to disclose the amount of the Green Bond proceeds outstanding, the total amount of the proceeds allocated to Eligible Green Loans and the unallocated amount. It shall also disclose, on an aggregated level, qualitative and where possible, quantitative indicators of the Eligible Green Loan Portfolio, such as:

- Total amount of green bonds issued
- Total amount and number of Eligible Green Loans
- Breakdown by Eligible Category (Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Agriculture and Forestry)
- Breakdown of Green Building loans (including type of building and building certificates)

- The geographic distribution of Eligible Green Loans
- Share of proceeds allocated and yet unallocated, if any
- Share of assets financed vs. re-financed¹³

Where feasible, and on a best effort basis, Raiffeisenbank intends to publish an impact report that will provide information on the environmental impact of its Eligible Green Loan Portfolio by category. Reporting is intended to be provided on an annual basis until full allocation, and thereafter if there are any material changes to the Eligible Green Loan portfolio, until the maturity of Green Bonds.

The following table summarizes examples of impact indicators that could be disclosed:

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

2.5. External review

2.5.1 Second party opinion (pre-issuance)

To confirm the transparency and robustness of Raiffeisenbanks's Green Bond Framework, it is verified and approved by an external second opinion provider, ISS ESG, confirming the alignment with the ICMA Green Bond Principles (2018). The Second Party Opinion will be published on the bank's webpage¹⁴.

¹³ Where feasible, the issuer will indicate the share of loans originated prior to the issuance (re-financed) and after the issuance (financed) within the Eligible Green Loan Portfolio

¹⁴ www.rb.cz

2.5.2 Audit of the Allocation Report (post-issuance)

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

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