Raiffeisen Bank

Sustainability Bond Framework

Raiffeisen Bank
Romania

April 2024

Contents

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Introduction

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About Raiffeisen Bank Romania

Raiffeisen Bank Romania (RBRO) is part of the Raiffeisen Bank International Group which operates in 14 markets in the Republic of Austria, and Central and Eastern Europe. Raiffeisen Bank, a leading universal bank with solid capitalization and liquidity, operates in the Romanian banking market and serves more than 2.2 million retail and corporate customers. The bank has more than 4,800 employees in 284 branches, 1,131 ATMs & MFMs) and over 27,800 POS.

Raiffeisen Bank has been supporting the Romanian economy for more than 25 years, offering products and financial services tailored to the needs of its customers. With responsibility as a guiding principle, we contribute to the development of society by financing the real and sustainable economy.

At the same time, we are involved in the community by supporting 5 pillars of development: education, urban ecology, sports as a healthy lifestyle, innovation, arts, and culture.

The Bank offers its clients a diverse portfolio of financial products and services, available to private individual clients, SMEs and companies: from personal needs loans, deposits, current or savings accounts and shopping cards for private individual clients to varied financing and consultancy solutions for companies.

1.2

Raiffeisen Bank Romania's Sustainability Contribution

The RBRO ESG & Sustainability Strategy integrates three strategic pillars:

1. **Responsible Banker**
2. **Fair Partner**
3. **Engaged Citizen**

and addresses the three main intervention areas – **economy**, **environment** and **society** – resulting in the following sustainability focus goals:

- → stimulating economic growth while considering climate, environmental and social aspects in our core business
- → supporting RBRO sustainable operation management and acting as a fair partner to our suppliers and employees
- → advising & supporting transition to sustainability & the ecosystem of communities that make it happen

Raiffeisen Bank S.A. (RBRO or Raiffeisen Bank Romania) has integrated comprehensive sustainability measures into its business. The underlying principles are derived from the ideas of Friedrich Wilhelm Raiffeisen for whom social solidarity, self-help and sustainability were guidelines for economic activity.

As of 2021, we have defined two governance frameworks to effectively manage and oversee the integration of ESG (Environmental, Social, Governance) aspects into Raiffeisen Bank Romania's business: Sustainability Board and Sustainability Steering.

Starting with 2023 RBRO is working on integrating the sustainability and ESG initiatives emerged in different areas of the organization within a unique ESG & Sustainability Strategy. As result a new organizational structure was set starting with H2 2023 for governing and steering the ESG and Sustainability matters and the nomination of the new managing position as Director ESG & Sustainability took place.

We believe that sustainability is essential for the long-term success of our business and we engage in leading the transition to a more sustainable future.

Since 2009, we annually publish and transparently communicate our sustainability results and performance, aiming to improve the process every year. Therefore, the decisions we make are based on thoroughly researched and monitored aspects, that offer us a real-time overview of our activity and its related impacts.

We have committed to financing responsibly, therefore RBRO performs a thorough analysis on every application it receives. The Bank has implemented a policy regarding social and environmental risk management in 2014. The policy applies to all sectors and is used to evaluate potential legal person clients. In addition, Raiffeisen Bank Romania uses all reasonable efforts to maintain its **Coal Related Activities Exposure[1] at zero** at all times.

Raiffeisen Bank Romania aims to create measurable impact supporting RBI's commitment United Nations Global Compact (UN GC), UNEP FI Principles for Responsible Banking (PRB), Science Based Targets Initiative (SBTi), Partnership for Carbon Accounting Financial (PCAF), Global Reporting Initiative (GRI), Taskforce on Climate-related Financial Disclosure Standards (TCFD), Diveristy Charta, The Valuable 500 and finally to the United Nations Sustainable Goals (SDGs).

[1] Coal Related Activities means activities which relate to long-term (more than 36 months) project finance and/or corporate finance for the development of new coal-related projects including coal mining, coal transportation, as well as infrastructure services exclusively dedicated to support any of these activities, and coal-fired power plants. It excludes captive coal-fired power plants used for industrial applications such as mining, smelters, cement or chemical industries, etc.

1.3

Our contribution to the Sustainable Development Goals

The banking sector plays a vital role in mobilizing financial resources that contribute to building and sustainably developing Romanian society.

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 specific SDG targets, according to its ESG and Sustainability strategy. RBRO's Sustainability Bonds will particularly support achieving the following targets mentioned next:

1.4

The Sustainability Bond Framework

RBRO has established this Sustainability 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), ICMA Social Bond principles (SBP) and ICMA Sustainability Bond Guidelines (SBG). These subsequently are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green, social and sustainable bond markets.

RBRO Sustainability Bond Framework is designed as an umbrella framework that will allow the Bank to issue Green Bonds, Social Bonds, or Sustainability Bonds, as the case may be. For each Green, Social or Sustainability Bond issued, RBRO asserts that it will adhere to (1) Use of Proceeds, (2) Project Evaluation and Selection, (3) Management of Proceeds and (4) Reporting, as set out in this Framework.

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 European taxonomy for sustainable activities (EU Taxonomy), prepared by the Technical Expert Group. Potential changes of the GBP or developments with regards to the 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.

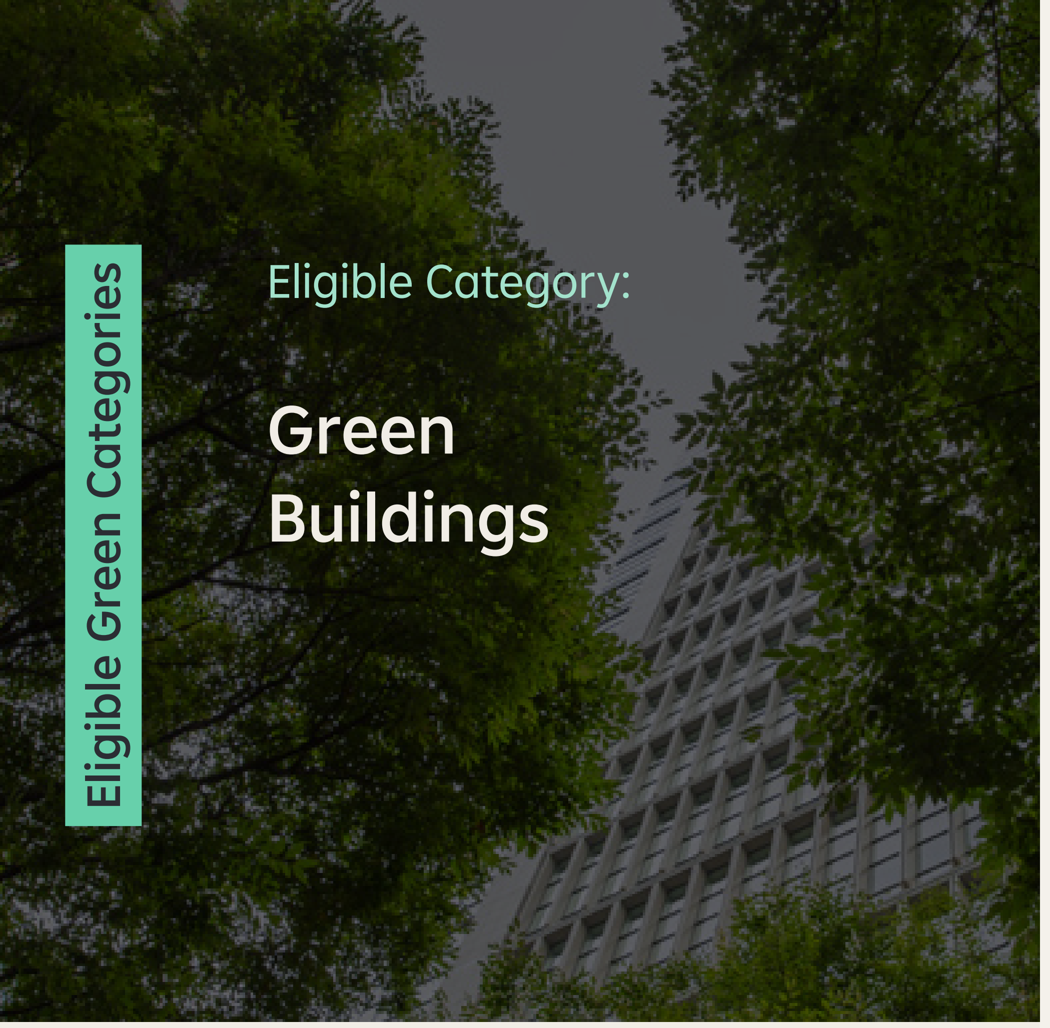
Use of Proceeds

An amount equivalent to the net proceeds raised by the issuance of Green, Social or Sustainability Bonds shall be used to finance or re-finance, in part or in full, new or existing Eligible Loans, providing distinct environmental and/or social benefits[1]. Eligible Loans can be loans originated by RBRO or Raiffeisen Leasing IFN, a wholly owned (99.99%) subsidiary of RBRO.

RBRO 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.

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

[1] Targeted look-back period: 3 years.



Eligible Green Categories

Eligible Category:

Green Buildings

SDG Target:

11.3
Ensure inclusive and sustainable urbanization, planning and management.

13.1
Strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries.

Eligibility Criteria:

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 sector[1]. Eligible loans may include both loans to private individuals (mortgages) or to legal entities, fulfilling the criteria presented below:

Green commercial and residential buildings will meet at least one of the following criteria:

- Building has a recognized international certification (at least applied or pre-certified) and a minimum certification level of LEED Gold, BREEAM Excellent, DGNB/ÖGNI Gold or Edge Advanced;
- OR building has the following recognized national certification: Green Homes of RoGBC[2] from Romania Green Building Council;
- OR building belongs to the top 15% of low carbon buildings at national level 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, RBRO will define buildings with the EPC with a min. level A as eligible. Additionally, in case of green mortgages, RBRO may consider, as an alternative criteria to EPC A, buildings that rank in the top 15% of its own portfolio as eligible[3].

Refurbished buildings (e.g. insulation of walls and roofs, insulation of facades, roofs, replacement of boilers) leading to the fulfillment of one of the following criteria:

- reduction of Primary Energy Demand or carbon emissions of at least 30% in comparison with the performance of the building before the renovation;
- OR at least two classes of improvement in energy EPC label (primary energy demand).

Buildings that are used for the purpose of occupation by fossil fuel extraction or manufacturing of fossil fuel activities are explicitly excluded.

Eligibility criteria under the current version[4] of the EU Taxonomy to be considered on a best effort basis:

- For buildings built before 31 December 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 expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence;
- 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) requirements.

[1] May include office, warehousing & logistic, hotels, retail, healthcare, residential.

[2] Green Homes by RoGBC is a comprehensive certification to assess and recognize the top performing residential projects utilizing sustainable construction principles. More details, here.

[3] The assessment will be made based on CO2 emission footprint from the EPC of all buildings in RBRO's portfolio of retail mortgages that were originated since 2021 and where an EPC is available.

[4] Final Delegated Act on Climate Change Mitigation.

Eligible Green Categories

Eligible Category:

Renewable Energy

SDG Target:

7.2
By 2030, increase substantially the share of renewable energy in the global energy mix.

[1] Alternatively, hydropower facilities should either comply with power density above 5 W/m[2] or direct GHG emissions below 100 gCO_2e/kWh. For hydropower facilities in operation after 2020, power density above 10 W/m[2] or direct emissions below 50 gCO_2e/kWh apply.

[2] 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

[3] The source of bio-waste will be segregated and collected separately. Further, the produced digestate will be used as fertilizer or soil improver and applied directly or after composting.

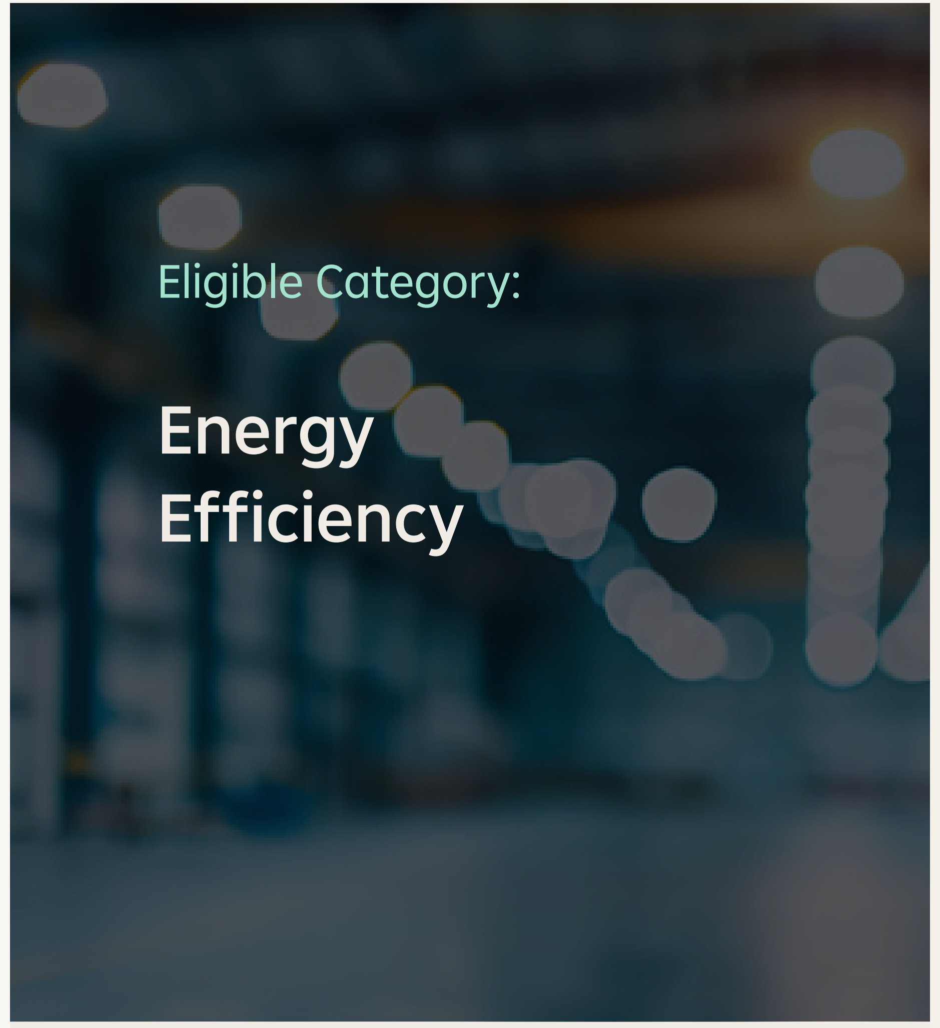
[4] Low carbon hydrogen refers to hydrogen that is produced using renewable energy, or low-carbon energy sources with the average carbon intensity at or below 100g CO_2e/kwh.

Eligibility Criteria:

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

- → Wind onshore power;
- → Solar power;
- → Hydropower:
  - Run-of-river without artificial reservoir or low storage capacity[1]; and

    For new projects subject to an Environmental Impact Assessment (EIA), EIA by a credible body is to be carried out with no significant risk or expected negative impact identified.
- → Geothermal projects (with direct emissions < 100 gCO_2/kWh according to GHG lifecycle assessment);
- → Energy from biomass[2] derived from anaerobic digestion, composting or cogeneration of heat/cool and power from agricultural and forestry residues, sewage sludge and biowaste[3] such as biosolids, fats and oils;
- → Waste-to-energy, including biogas, limited to i) those relying on decommissioned or closed landfills with high gas capture efficiency of 75% or more, or ii) those relying on municipal solid waste where the majority of recyclables are segregated before conversion.
- → Manufacture of components of renewable energy technology, examples include wind turbines, solar panels
- → Development, construction, installation and maintenance of low carbon hydrogen[4] production facilities
- → Construction and operation of facilities that store hydrogen:
- → Operation of low-carbon hydrogen storage facilities



Eligible Category:

Energy Efficiency

SDG 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, with all countries taking action in accordance with their respective capabilities.

Eligibility Criteria:

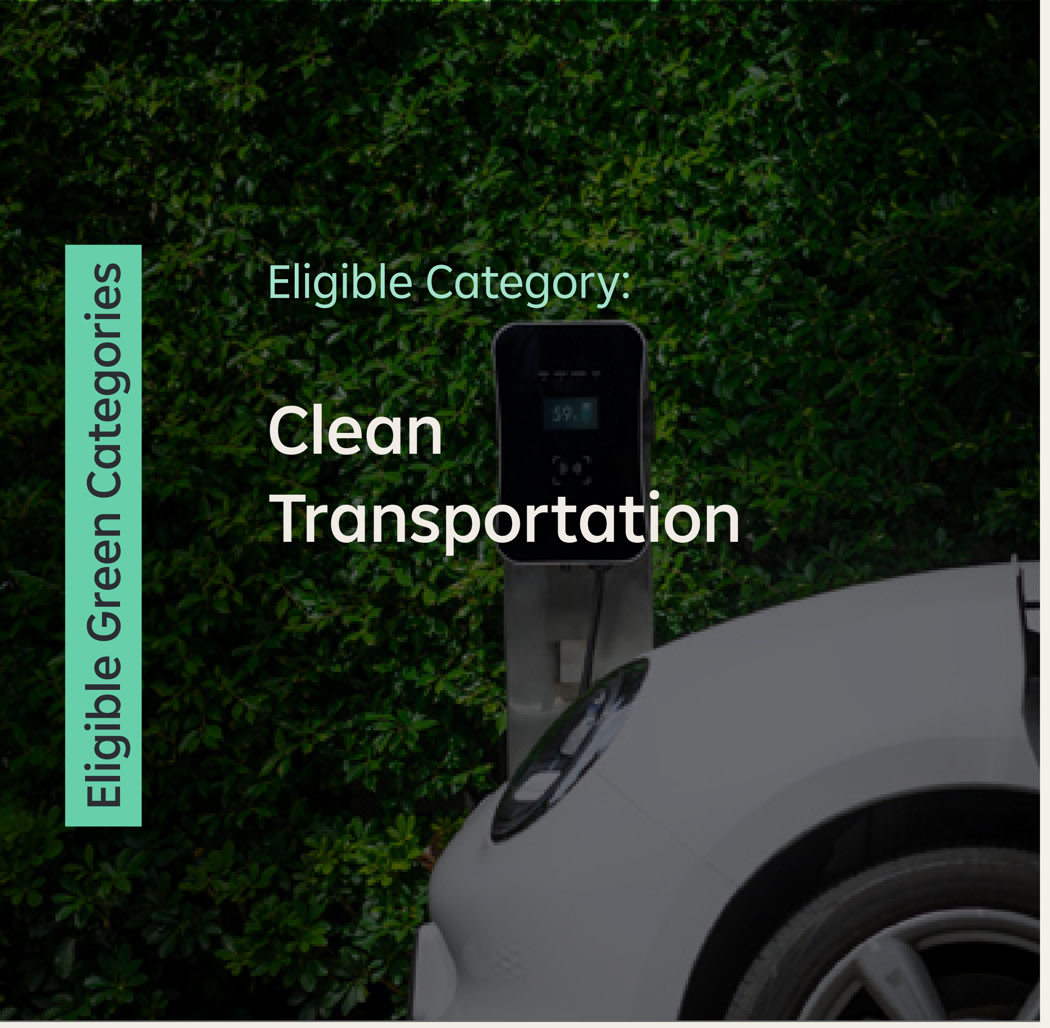
Finance or refinance Eligible Green Loans related to the development and implementation of **products or technology that reduce energy consumption**. Examples include, but are not limited to:

- → 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;
- → Fibre-optic networks with minimal environmental impact to replace more energy intensive alternative networks.

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.

Eligible Green Categories



Eligible Category:

Clean Transportation

SDG 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 person.

Eligibility Criteria:

Finance or refinance Eligible Green Loans for **zero** direct emission or **low-carbon** vehicles as well as infrastructure for low carbon **transport**.

Eligibility criteria for the category of clean transportation is aligned with the current version of EU Taxonomy:

Public Transport and Freight rail transport:

Zero direct emissions land transport activities (e.g. light rail transit, metro, tram, trolleybus, bus and rail) are eligible.

Commercial and retail vehicles:

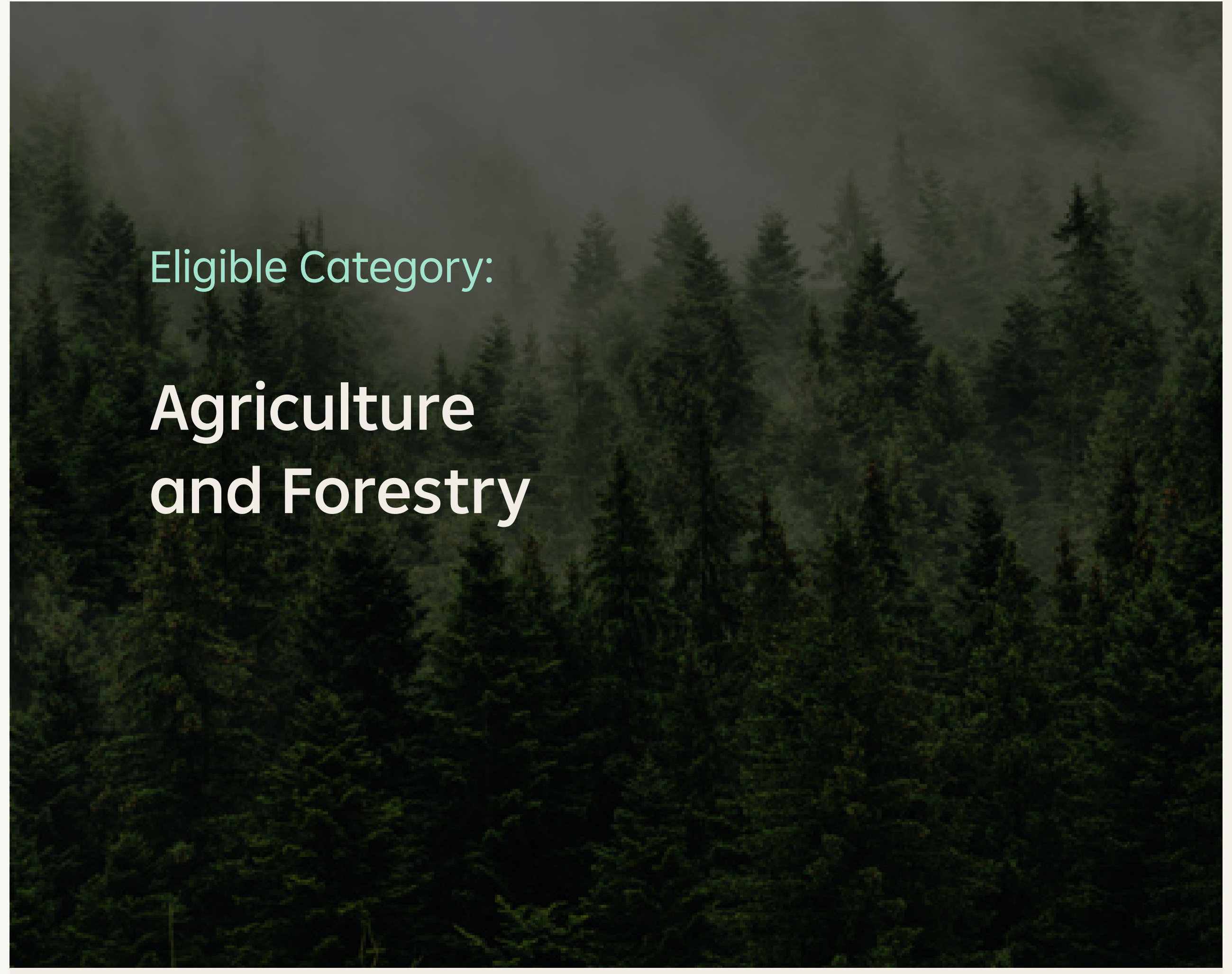
For passenger cars and light commercial vehicles:

- Zero tailpipe emission vehicles (incl. hydrogen, fuel cell, electric);
- Vehicles with tailpipe emission intensity of max 50 gCO_2/km (WLTP)[1] are eligible until 2025;
- From 2026 onwards only vehicles with emission intensity of 0 gCO_2/km (WLTP) are eligible.

Infrastructure for low carbon transport:

Examples: electric charging points, electricity grid connection upgrades, hydrogen fueling stations or electric highways, rail networks, pavements, bike lanes and pedestrian zones.

[1] WLTP: Worldwide Harmonized Light Vehicle Test Procedure



Eligible Category:

Agriculture and Forestry

SDG Target:

15.2
By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

2.4.
By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

Eligibility Criteria:

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

Environmentally sustainable forestry[2]: including afforestation or reforestation, and preservation or restoration of natural landscape providing compliance or alignment with international forest certification standards (FSC/PEFC) evidenced by a copy of the certifi cation or an audit report by a reputable consulting company confirming alignment with certification standards;

Environmentally sustainable agriculture[3]:

- Acquisition, maintenance and management of certified agricultural practices under sustainable certification schemes, such as EU Organic and/ or equivalent national certification schemes[4], (at least applied or pre-certified)[5];
- Improvement or maintaining of existing carbon pools: Changes in cropping patterns on agricultural land from annual to perennial crops; Renewal of existing orchard by replacing old with new.

[2] 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.

[3] Excluded activities: Transformation of rain fed agricultural land into irrigated land; Purchase of agricultural or forest land.

[4] Based on the approval by control bodies and authorities for equivalency for Romania and in compliance with EEC No. 834/2007 which was replaced in Jan 2022 by Regulation (EU) 2018/848

[5] In case of a denied certification or a not sufficient final certification the loan will be excluded from the Eligible Loan Portfolio.

Eligible Green Categories

Eligible Category:

Pollution prevention and control

SDG 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.

12.5
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Eligibility Criteria:

Eligible Green Loans to finance or refinance development, construction, operation and maintenance of **sustainable waste management and recycling projects, activities and operations**, such as:

- Waste prevention, waste collection, waste reduction and waste recycling. This includes the development, operation and upgrade of recycling plants and recycling activities such as for metals, plastic and paper.
- Reduction of industrial air emissions and greenhouse gas control: The purchase of new and refurbishment of existing equipment, technologies and facilities that provide at least a 20% reduction in carbon emissions and/or serve as fossil fuel replacements.

Eligible Category:

Eco-efficient and/ or circular economy adapted products, production technologies and processes[1]

SDG Target:

12.5
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Eligibility Criteria:

Eligible Green Loans to finance or refinance:

Circular Design and Production Projects:

- Solutions that extend the product life cycle, such as applying modular design or design for disassembly, take-back schemes and redeploying products (reverse logistic), reuse, repair and/ or products regeneration and refurbishment;
- Production technologies that use recycled resources such as bio-based materials[2];
- Circular Value recovery: projects that aim to maximise recovery and recycling of a product after its end-of-life stage, material recovery from separately collected waste

Circular Support and Products:

- Circular support through tools and services (e.g. sharing platforms and digital infrastructure/ software) that enable circular economy strategies and business models.

[1] Virgin plastic-based solutions are excluded.

[2] Sustainable sourcing certifications for bio-based materials, such as RSB or other equivalent scheme, are considered eligible: rsb.org/the-rsb-standard/about-the-rsb-standard/

Eligible Green Categories

Eligible Category:

Sustainable Water and Wastewater Management

SDG Target:

11.5
By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters.

Eligibility Criteria:

Eligible Green Loans to finance or refinance development, construction, operation and maintenance of **sustainable water and waste-water management projects and facilities**, such as:

- Water treatment facilities, activities and technologies that increase water quality, sanitation facilities;
- Include water pipes and collection Facilities to collect water/rainwater. Upgrades to wastewater treatment plants to remove nutrients, wastewater discharge infrastructure;
- Technologies that increase water-use efficiency, water recycling and reuse, water saving systems and technologies and water metering.

Financing or refinancing of project-based lending and general-purpose financing for Pure Players companies[1] shall be considered eligible.

Eligible Green Categories respond to the following EU Taxonomy Objective(-s):

- **Climate Change Mitigation**
- **the Sustainable Use and Protection of Water and Marine Resources**
- **the Transition to a Circular Economy**
- **Pollution Prevention and Control**

[1] 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 Bond 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 Social Categories

Eligible Category:

Access to essential services

SDG Target:

11.1
By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

13.1
Strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries

Eligibility Criteria:

Eligible Social Loans to finance or refinance:

Healthcare:

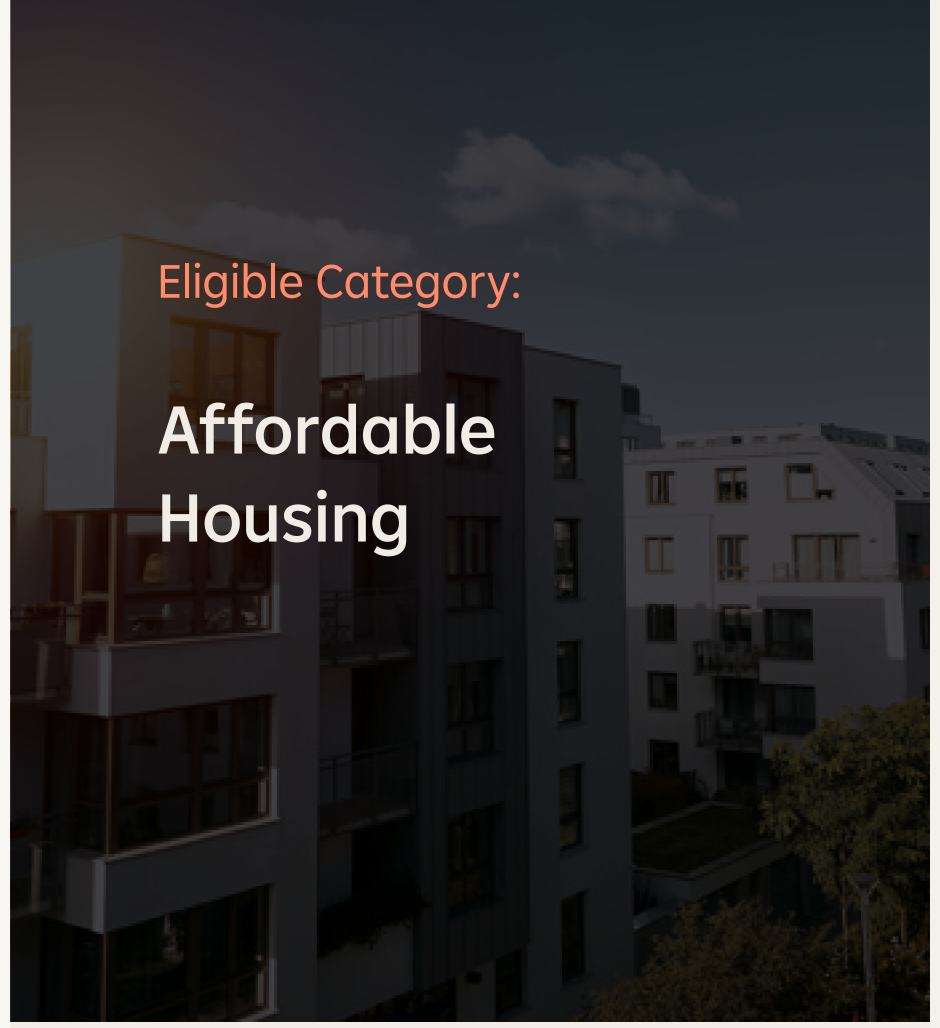
→ Construction, acquisition, renovation, expansion or maintenance of health care facilities for provision of free or subsidized health care services. For example: hospitals, diagnostic and other laboratory services, rehabilitation centres, assisted living, homes for the elderly.

Education:

→ 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.

Affordable basic infrastructure:

→ Regional development and/or infrastructure in underserved, underdeveloped regions in Romania (as defined below) (e.g. public transport and related infrastructure, sanitation infrastructure, high speed internet, telecommunications and electricity related infrastructure, fire-fighting and rescue equipment, access to clean drinking water); such infrastructure projects will be eligible only in underdeveloped regions where it is currently not present or is inadequate.



Eligible Category:

Affordable Housing

SDG Target:

11.1
By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

Eligibility Criteria:

Eligible Social Loans to finance or refinance:

→ Construction, acquisition, renovation, or maintenance of **social and affordable housing**[1] 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.

[1] Social and affordable housing is highly regulated under national laws and entitled persons must comply with a set of socio-economic criteria to ensure that social and affordable housing is made available to vulnerable persons. One such example is the Government Programme providing guarantees to eligible debtors when contracting a mortgage for acquisition of a new house (Programul Noua Casa). According to the regulation implementing this programme (art1/HG 717/2009), one of its main features is the social character, which justifies the intervention of the government in providing guarantees for eligible mortgage borrowers. Eligible social loans financed under Programul Noua Casa will target debtors with net earnings equal or lower than the annual net average earnings as estimated by National Institute of Statistics and this threshold will be revised annually. (Earnings - since 1991, the monthly series | National Institute of Statistics (insse.ro))

Eligible Social Categories

Eligible Category:

Employment generation and retention – SME Financing

Eligibility Criteria:

Within this category, RBRO aims to finance or refinance eligible SMEs (identified based on the below criteria), including but not limited to SMEs which have experienced disruption across their supply chains as a result of economic and/or financial crises as well as military conflicts;

All borrowers within this category have to comply with the following eligibility criteria:

→ Borrower has to be incorporated in Romania and meet the definition of Micro-, Small- and Medium-size Enterprises (in line with the European Union's definition of MSME), and

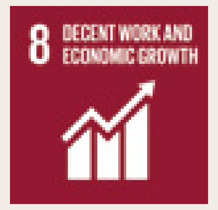
→ Borrowers are eligible only to the extent that they are located in underserved, underdeveloped (as defined below) regions;

Or:

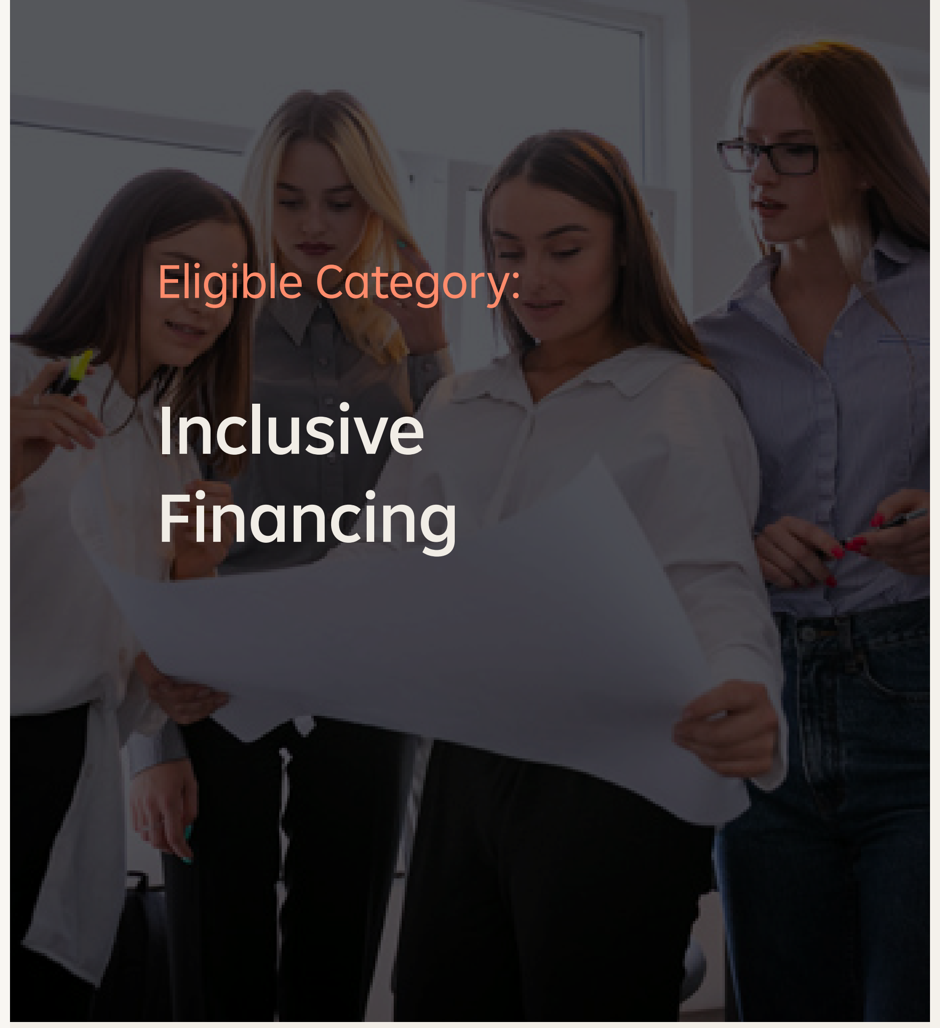
→ Micro-, Small- and Medium-size Enterprises are majority owned (at least 50%) by women.

Not be engaged in any of the business activities described in the Exclusions List (as described below in the Exclusion section).

SDG Target:



8.3
Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises including through access to financial services.



Eligible Category:

Inclusive Financing

Eligibility Criteria:

Financial inclusion for women, who might otherwise be excluded or marginalized from obtaining financing.

Examples of financing in this category include mortgage loans.

SDG Target:

5.5
Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

Underdeveloped areas in Romania are defined as those regions (NUTS2) meeting the following two criteria: GDP per capita

(i) is less than 75% of EU-27 average[1] and

(ii) is also below Romania's average.

Assessment will be done based on latest available annual data from Eurostat.

[1] Underserved, owing to a lack of quality access to essential goods and services in EU cohesions areas. Regions with the lowest GDP shall be supported with social projects designated to these regions having the most impactful outcome due to current socio-economic conditions. According to EU definition a region is considered less developed if its GDP per capita is less than 75% of EU 27 average. Based on latest available data from Eurostat, as of 2021 all NUTS2 regions in Romania were below that threshold with exception of Bucharest-Ilfov and West regions.

3.

Process for Asset Evaluation and Selection

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

All potential Eligible Loans are subject to RBRO'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 Sustainability Bond eligibility.

The Environmental and Social Risk Management Policy shall apply at the level of Raiffeisen Bank SA. The Policy shall serve as a framework for establishing the Environmental and Social Management System (ESMS). This management system will address environmental, social and labor issues and is embodied by an integrated model, covering both the internal perspective (issuer related) and the lending perspective (borrower related).

Before structuring any financing transaction, the potential and the existing customers (legal entities) are screened and those operating in industries that are on the Exclusion list are not further promoted. Additionally, during the screening stage, the level of environmental and social risk is classified based on the national and international Environmental and Social Risk Categorization List and activities, projects or actions within sectors are checked in order to ensure the compliance with the Environmental and Social National Laws and Regulations (requires relevant documents, permits and licenses).

All borrowers (legal entities) commit to respect and apply national regulations of environmental, social, labor, occupational health and safety, and security of their business operation by General Banking Business Terms for legal entities and contractual clauses. Also they have the obligation to inform the Bank of the occurrence of any event related to these risks, as soon as possible, by providing the Bank with official documentation regarding the incident reporting and investigation.

Environmental and Social Due Diligence (ESDD) is done on a periodic basis by on-site visits at client's premises, by requiring and verifying authorizations, licenses, permits, the latest monitoring reports and conformity plans issued by national institutions responsible for Social and Environmental activity, the latest environment and labor related reports sent by the client to these organizations as well documentation specifying actual environment and labor related incidents and/or accidents.

RBRO has established a Sustainability Bond Committee ("SBC") to ensure that allocations are made to Eligible Loans as specified in the use of proceeds section above and to oversee the entire issuance process. The SBC is composed of members of the local Asset Liability Management Committee (ALCO) which include representatives from the RBRO Board, Business, Treasury, Risk and Operations.

The Sustainability Bond Committee will be 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 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 Allocation and Impact Report.

The loans are assessed in accordance with their social and environmental impact based on a several stages selection process:

STAGE 1

Regular Credit Process

- In the normal course of the credit process loans are screened on their CSR relevance (entity-specific thresholds);

STAGE 2

Pre screening

- RBRO local business segments (Corporate, SME, PI) (i) identify and review the potential Eligible Loans based on supporting documentation and (ii) flag correspondingly the Loans in RBRO's core systems;
- The Sustainability Loan Portfolio Management (SPM) will select the Eligible loans based on the existing flags in the Issuer's core system. RBRO Group Risk Control and Portfolio Management (GRPCM) Department is in charge of SPM;

STAGE 3

Analysis of potential Eligible Loans

- The counterparty and the asset are assessed by the SPM from the credit portfolio management perspective (industry, rating etc); defaulted and prepaid loans are excluded from the analysis;
- Based on the assesment from the local business segments and SPM credit portfolio, Treasury proposes to the SBC to include/exclude Eligible Loans to/from the Eligible Sustainability Loan Portfolio and to update the Sustainability Bond Register;

STAGE 4

Sustainability Bond Committee (SBC)

- The SBC takes the decisions to include/exclude Eligible Loans in/from the Eligible Loan Portfolio;
- The SBC takes place at least quarterly until full allocation or in case of material changes in the portfolio and reviews the Sustainability Bond Register. The minutes of the SBC are sent to the Board of Management;

STAGE 5

Monitoring and reporting

- Together with Treasury and PR, SPM monitores the Eligible Green Loan Portfolio and prepares the Green Bond reporting including environmental impact assessment;
- The SBC approves the Green Bond reporting;

Exclusions

Eligible Activities will exclude:

- Enterprises involved in production, trade or activities including, but not limited to, nuclear energy generation, weapons and munitions, mining, hazardous chemicals (gasoline, kerosene, and other petroleum products), wood or other forestry products other than from sustainably managed forests, gambling, casinos and equivalent enterprises,tobacco, other hazardous substances subject to international phase-outs or bans, forced/child labor, and impinging on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

4.

Management of Proceeds

An amount equivalent to the net proceeds of any RBRO Green Bonds will be managed by the Group Risk Control and Portfolio Management (GRPCM) department of RBRO on a portfolio basis. GRPCM is in charge of Sustainable Loan Portfolio Management (SPM). RBRO Treasury, PR & Communication departments will support GRCPM in monitoring the portfolio and preparing the annual reporting.

RBRO will strive to regularly add Eligible Loans to the Eligible Loan Portfolio so that a full allocation of an amount at least equal to the proceeds of the Green, Social and/ or Sustainability Bonds is achieved until maturity of the bonds, within 36 months after the issue. All Eligible Loans to be included in the Eligible Loan Portfolio are entered in RBRO's Sustainability Bond Register.

The Sustainability Bond Register assures that the Eligible Loans are not externally refinanced. Additionally, the approved Eligible Loans will be flagged in RBRO's core banking system accordingly.

On an annual basis RBRO will check the eligibility and availability of the Eligible Loans in the Sustainability Bond Register. RBRO will strive to substitute any redeemed or maturing Eligible Loans with other Eligible Loans and/ or if any such loans cease to be an Eligible 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 RBRO Green, Social or Sustainability Bonds to the Eligible Loans, RBRO Treasury will invest the balance of the net proceeds in money market instruments, cash and/or cash equivalents instruments.

5.

Reporting

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

Each annual report will be reviewed and approved by the Sustainability Bond Committee and will be made available on the issuer's website (raiffeisen.ro).

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

- Total volume of Green, Social and Sustainability bonds issued,
- Total amount and number of Eligible Loans,
- Breakdown by Eligible Category ,
- The geographic distribution of Eligible Loans,
- Balance of unallocated proceeds, if any, and
- Share of proceeds financed/ re-financed.

Within its annual Allocation and Impact report, when relevant and feasible, RBRO will report on several Key Performance Indicators (KPIs) in aggregate form at the Eligible Category level for RBRO's Green, Social and/ or Sustainability Bonds. A list of potential indicators is presented next.

Eligible Green Categories

Eligible Categories	Example of Possible Key Performance Indicators
Green Buildings	→ Annual energy savings (MWh) → Estimated annual GHG emission avoided (tCO_2e)
Renewable Energy	→ Installed renewable energy capacity (MW) → Expected annual renewable energy generation (MWh) → Estimated annual GHG emission avoided (tCO_2e)
Energy Efficiency	→ Annual energy savings (MWh) → Estimated annual GHG emission avoided (tCO_2e)
Clean Transportation	→ Number of people using public mass transportation → Number of retail vehicles financed → Estimated annual GHG emission avoided (tCO_2e)
Agriculture and Forestry	→ Total land area certified by FSC and PEFC → Estimated annual GHG emissions avoided (tCO_2e)
Pollution prevention and control	→ 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	→ Annual savings of relevant resources (e.g. tonnes raw material/year) → Estimated annual GHG emissions avoided or reduced (tCO_2e) and/or energy savings (MWh per year), if applicable
Sustainable Water and Wastewater Management	→ Annual absolute (gross) water savings (in m^3 or in %) → Annual absolute (gross) amount of wastewater treated, reused or avoided (in m^3 or in %)

Eligible Social Categories

Eligible Categories	Example of Possible Key Performance Indicators
Access to essential services	→ Number of medical or education facilities acquired, built or upgraded
Affordable Housing	→ Number of affordable buildings constructed, acquired or renovated → m^2 of affordable living space constructed or renovated
Employment generation and retention – SME Financing	→ Number of jobs created / supported and split per region if available → Number and average amount of the MSME loans → Number/Value Number of loans made to MSMEs with majority women in senior management or ownership positions
Inclusive Finance	→ Number of loans financed → Number of women provided with access to affordable credit

6.

External review

6.1

Second party opinion (pre-issuance)

To confirm the transparency and robustness of RBRO's Sustainability Bond Framework, it is verified and approved by an external second opinion provider, Sustainalytics, confirming the alignment with the ICMA GBPs, SBPs and SBGs and EU Green Bond Standard, where applicable. The Second Party Opinion is published on RBRO's website.

6.2

Audit of the Allocation Report (post-issuance)

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

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Sustainability Bond Framework

Raiffeisen Bank
Romania

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