

FRAMEWORK EXTERNAL REVIEW SUSTAINABLE CORPORATE LENDING FRAMEWORK

Oberbank AG

20 February 2023

VERIFICATION PARAMETERS

Covered Instruments	<ul style="list-style-type: none">Green and Social Loans
Type of Framework	<ul style="list-style-type: none">Sustainable Corporate Lending Framework
Scope of verification	<ul style="list-style-type: none">Oberbank's Sustainable Corporate Lending Framework (as of January 11, 2023)Oberbank's Sustainable corporate lending classification system (as of January 11, 2023)Oberbank's Eligibility Criteria (as of January 11, 2023)
Validity	<ul style="list-style-type: none">Valid as long as the Framework remains unchanged

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SCOPE OF WORK

Oberbank AG ('Oberbank' or 'the Bank') commissioned ISS Corporate Solutions (ICS) to assist with its Sustainable Corporate Lending Framework ('SCLF' or 'the Framework') by assessing four core elements to determine the quality of its classification system for identifying sustainable corporate lending activities¹ and the sustainability quality of the eligibility criteria:

- Sustainable Corporate Lending Framework - benchmarked against market practices and guidelines² for loan markets contributing to environmental and social sustainability (see Annex 1).
- Oberbank's sustainable financing classification system - the soundness of the eligibility parameters to identify eligible sustainable financing activities - whether the eligible project categories contribute positively to the UN SDGs and whether the nominated eligible categories are eligible for alignment with the EU Taxonomy Technical Screening Criteria (Climate Change Mitigation and Adaptation Criteria only) of the Report on EU Taxonomy and associated Technical Annex (EU Taxonomy - Climate Delegated Act 2021) on a best effort basis (see Annex 1).
- ESG Risk Management - assessment of Oberbank's overarching risk management procedures considered relevant in the context of the Bank's sustainable financing activities (see Annex 1).
- Assessment of Oberbank's sustainability performance - drawing on the Bank's overall ESG profile and sustainable financing activities (see Annex 2).

Oberbank's Sustainable Corporate Lending Framework aims to set forth clear criteria for the definition and review of sustainable lending activities. Internally developed eligibility criteria for sustainable financing in force since 2020 as set forth in the Framework were re-evaluated and revised. For its eligible project categories, the bank relies on the EU Taxonomy Regulation (EU) 2020/852. Further, Oberbank considers financing of economic activities as sustainable, which provides a significant contribution to the transition pathways, in terms of environmental and social sustainable development, as well as responsible corporate governance. The Framework applies to Green and Social Loans transactions featuring sustainability objectives.

¹ The methodology of external reviews provided for sustainable financing or lending strategies has been developed based on our expertise in assessing a range of sustainable finance-related instruments and frameworks. In general, these types of external reviews are not to be treated as a "pass or fail" assessment of the sustainability quality of sustainable financing or lending strategies but rather as an overall assessment. Thus, obtaining an external review of an overarching financing framework does not imply a detailed assessment of the sustainability quality of each underlying transaction. A qualitative assessment of sampled eligible ESG products is not in scope of the verification procedures.

² The assessment is based on current market practices for sustainable capital markets referring to different market standards and voluntary guidelines including but not limited to the Loan Market Association's (LMA) [Green Loan Principles](#), [Social Loan Principles](#), the [UNEP-FI PRB](#), and the [Guidelines proposed by the European Banking Authority \(EBA\) with respect to environmentally-sustainable lending](#)

Oberbank AG

Oberbank engages in the provision of banking and financial services. It operates through the following segments: Corporate and Business Banking, Retail Banking, Financial Markets, and Other. The Corporate and Business segment offers services to corporates, businesses, and self-employed individuals. Oberbank is classified in the Public and Regional Banks sector, as per ISS ESG's sector classification.

The Retail Banking segment includes wage and salary earners and private individuals. The Financial Markets segment covers earnings from equity investments and trading activities as well as interest income from spread transactions and structural earnings. The Other segment is involved in the income and expense items such as administrative expenses, staff costs, and depreciation and amortization. The company was founded by Carl Franz Planck von Planckburg on July 1, 1869 and is headquartered in Linz, Austria.

ASSESSMENT SUMMARY

SECTION	EVALUATION SUMMARY
<p>Part I:</p> <p>Review of Oberbank's Sustainable Corporate Lending Framework</p>	<p>The Sustainable Corporate Lending Framework reflects market practices. Oberbank has set forth a formal methodology for defining and classifying transactions as sustainable, applying a set of environmental, social and governance criteria and an exclusionary policy. A quantitative target in a specific timeframe has been set by the Bank and made publicly available for its transactions classified as sustainable. The Framework may be further developed with regard to monitoring the expected and/or achieved impact of the Banks' sustainable financing activities on environmental and social outcomes and engaging its borrowers to regular use of proceeds and impact reporting, suggested by market principles, as data availability in terms of impact measurement improve.</p> <p>The sustainability strategy and objectives defined by Oberbank for its entire activities and for its financing activities specifically are credible and relevant to its sector and business model (as outlined in Part IV.B of this report). In its Sustainable Corporate Lending Framework, Oberbank puts forth a definition of sustainability objectives in line with the wider company strategy.</p> <p>Eligibility parameters have been defined to classify the Bank's products as sustainable if the use of proceeds is dedicated to satisfying green and social eligibility criteria, eligible for the purpose of financing EU Taxonomy-aligned activities, or its in-house developed green and social 'ESG criteria' considering generally accepted international and national standards and mapped to the United Nations Sustainable Development Goals (SDGs). The Bank applies minimum governance criteria and excludes industries, companies, and business practices where labor law and human rights violations, illegal and controversial business or environmental practices are known or become known in the course of the business relationship. Further, the Bank applies an exclusion list for economic activities and sectors with increased ESG risk potential that are not in line with the Bank's sustainability objectives.</p> <p>The evaluation and selection process is described based on the eligibility criteria. The classification process is initiated with the loan application and involves different stakeholders. The Bank relies on manual and automated controls.</p> <p>The Bank monitors whether financial transactions remain eligible during their lifecycle through a systematic and annual process and discloses the frequency with which ESG risks are monitored. This includes a reclassification process for products that cease to meet the eligibility criteria.</p> <p>Reporting on the development and share of sustainable financing occurs on an annual basis and is made publicly available being included in Oberbank's non-financial annual reporting. Since data availability in terms of impact measuring improves, further monitoring of the expected and achieved impacts of the Banks' sustainable financing activities on environmental and social objectives is recommended.</p>
<p>PART II:</p> <p>Assessment of Oberbank's</p>	<p>The Bank's sustainable financing classification system partially reflects market practice. Promoting transparency, disclosure, and reporting in the green and social loan market, the Framework may be further improved by ensuring the alignment of the transactions with the four core components of the LMA Green or Social Loan Principles on a deal-by-deal basis followed by an external review.</p>

Sustainable financing classification system

Oberbank has put forth multiple sets of eligibility parameters for its financing activities to be classified as sustainable:

Parameter 1 (Dedicated Purpose Financing – Activities that meet EU Taxonomy Technical Screening Criteria (EUT TSC) for Climate Change Mitigation and Adaption³ activities in Germany or Austria above EUR 1 million⁴

Parameter 2 (Dedicated Purpose Financing – Activities that meet eligibility ‘ESG criteria’): activities that meet the eligibility ‘ESG criteria’ set forth in Oberbank’s Framework⁵

Where applicable, the eligibility criteria for eligible green assets are assessed against the Technical Screening Criteria for Climate Change Mitigation and Adaption requirements of the EU Taxonomy (Climate Delegated Act of June 2021), on a best-effort basis. Oberbank assesses compliance with the Do No Significant Harm Criteria (DNSH) and the Minimum Safeguards (MS) on a best-effort basis. 57% of the environmentally sustainable activities defined in the Sustainable Corporate Lending Framework and their associated eligibility criteria fully align with the Technical Screening Criteria for a substantial contribution to Climate Change Mitigation and Adaption, while DNSH and MS are not evidenced or assessed at Framework level. Oberbank commits to securing the relevant information on whether the assets align with the DNSH criteria. The compliance against MS is assessed on a deal-by-deal and best-effort basis.

Oberbank has nominated project categories (eco-friendly buildings, renewable energy, energy efficiency, clean mobility, and circular economy) where the project selection criteria overlap with the EU Taxonomy activities, the Bank refers to activity-specific Technical Screening Criteria defined by the EU Taxonomy.⁶

83% of the selected ‘ESG criteria’ (counted as number of project categories) have either a limited or a significant contribution to the UN Sustainable Development Goals (SDGs). It is noted however that 3 activities are considered to have ‘No Net Impact’ on the SDGs, limiting the contribution to sustainability objectives for these particular criteria.

A comprehensive assessment of the sustainability quality of the eligible categories defined under the Framework comprising an impact assessment against the SDGs and an assessment against the EU Taxonomy Technical Screening Criteria for Climate Change Mitigation and Adaption can be found in this section.

Part III:

ESG Risks relevant in the context of the Bank’s sustainable financing activities are considered to be well managed.

ESG Risk Management

Oberbank has defined ESG risk assessment procedures applicable to its sustainable financing activities. Sectorial exposures are taken into consideration. The Bank has set forth measures ensuring the management of environmental, social, and governance-related risks. However, the Bank is not transparent about the volumes of fossil carbon-related financing throughout all the business units and subsidiaries but has committed to public targets to scale these down and track its financed emissions across various sectors.

³ The Do No Significant Harm (DNSH) is verified and Minimum Safeguards (MS) compliance is performed, where feasible the Bank requires its beneficiaries to disclose necessary information to meet MS.

⁴ Activities in sector 3 Production of renewable energy technologies: activity 3.1 to 3.6, sector 4 Energy in full, sector 6 Transport Activities 6.1 to 6.9 and 6.13 to 6.16, sector 7 Construction and real estate in full and sector 9 Activity 9.1 Market-oriented research, development, and innovation

⁵ Derived from EU Taxonomy TSC for Climate Change Mitigation and Adaption, the ICMA Green Bond Principles eligible categories or existing sustainable funding criteria applied by the European Investment Bank or national funding bodies. Such as energy efficiency, circular economy, non-profit housing, and access to essential services

⁶ Alignment with the Do No Significant Harm and Minimum Safeguards criteria is not assessed at Framework level.

PART IV:

The Sustainable Corporate Lending Framework is consistent with the group's Sustainability strategy.

The Framework's link to the Bank's Sustainability strategy

The Sustainable Corporate Lending Framework is considered consistent with the Bank's Sustainability strategy. The rationale for developing a Sustainable Corporate Lending Framework is described by Oberbank. At the date of publication and leveraging ISS ESG Research, no severe controversies in which the Bank would be involved have been identified.

FRAMEWORK EXTERNAL REVIEW ASSESSMENT

PART I: REVIEW OF THE SUSTAINABLE CORPORATE LENDING FRAMEWORK

In its Sustainable Corporate Lending Framework, Oberbank defines its methodology for classifying eligible financing transaction as sustainable for the purpose of tracking and disclosing the performance against its sustainable finance target. These processes are reviewed against current market practices for sustainable loan markets derived from market standards and voluntary guidelines. The assessment is based on derived key principles for transparency, disclosure and non-contamination of sustainable labeled products, such as proposed by the Loan Market Association Green and Social Loan Principles and the TEG final report on the EU Taxonomy and Technical Annex.

CRITERIA	SUMMARY OF SCLF AND OPINION
0. Objectives, Targets & Progress	<p>Oberbank established a Sustainable Corporate Lending Framework to enable classification and tracking of its eligible sustainable finance transaction performance. For the year 2023, a moving target of EUR 250 million was defined for Oberbank sustainable financing in new customer business and for the increase of existing loans. By 2025, more than 50 percent of all new Oberbank issuances will also comply with ESG Criteria (green/social bonds). The Bank defines financing exclusively as investment and project financing. The Bank commits to implementing strategies and actions to bring portfolio in line with a with a 1.5-degree target path, discloses its greenhouse gas emissions of the loan portfolio (PCAF method) and developed a roadmap for decarbonizing the loan portfolio.</p> <p>Oberbank acknowledges that sustainable financing is essential for:</p> <ul style="list-style-type: none"> ▪ The sustainability strategy at Oberbank and contribution to the achievement of the Paris climate target by reducing the CO2 impact of financial products ▪ Covering fund for sustainable products for corporate and retail clients pursuant to Article 8 and Article 9 SFRD ▪ The public perception of Oberbank’s contribution to mitigating the impacts of climate change ▪ Managing the target of Oberbank’s sustainable development <p>The Framework applies to corporate financing activities and at a group level.</p> <p>Opinion: <i>The sustainability strategy and objectives defined by Oberbank for its corporate lending activities is relevant to its sector (as outlined in Part IV.B of this report). In its Sustainable Corporate Lending Framework, Oberbank puts forth a definition of sustainability objectives in line with the wider company strategy. Further information on the Bank’s sustainability strategy and management is available in the annual Sustainability Report established in line with the Global Reporting Initiative (GRI)-standards published on the Bank’s website⁷.</i></p>

⁷ Sustainability Report 2021 (Nachhaltigkeitsbericht 2021) Oberbank, https://www.oberbank.at/documents/20195/559187/irglokal_nachhaltigkeit21.pdf/13698355-02a1-34c4-e412-a142e1e816ec?t=1655443454579

1. Definition of Sustainable financing activities

Under Oberbank’s Sustainable Corporate Lending Framework, ‘sustainable financing’ includes financing of economic activities that make a significant contribution to environmental and social sustainable development, responsible corporate governance and contributes to transition paths.

Oberbank’s Sustainable Corporate Lending Framework sets out 2 eligibility parameters of financing that the Bank sets as eligible as sustainable lending for tracking its performance, which include:

- **Dedicated purpose financing** where the use of proceeds satisfies EU Taxonomy criteria Technical Screening Criteria for Climate Change Mitigation and Adaption⁸ for a substantial contribution, activities in Germany or Austria above EUR 1 million⁹
- **Dedicated purpose financing** where the use of proceeds satisfies ‘ESG Criteria’: eligibility ‘ESG Criteria’ as outlined in the underlying Framework¹⁰

In addition to the above requirements, lending will not be eligible as sustainable for the purpose of its target if it is outlined in Oberbank’s exclusion criteria.

Classification of sustainable corporate lending

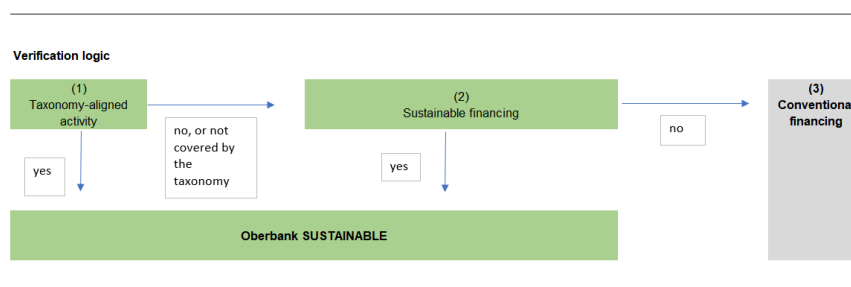


Figure 1 Oberbank’s Sustainable Financing Classification Process

Product Scope

The Bank is including financing activities in the scope of the Framework. The Bank defines financing exclusively as project and investment financing. The Framework applies to corporate lending activities and at a group level. The product offering includes:

⁸ The Do No Significant Harm (DNSH) is verified and Minimum Safeguards (MS) compliance check is conducted, where feasible the Bank requires beneficiaries to disclose the necessary information to meet MS.

⁹ Alignment for activities in sector 3 Production of renewable energy technologies: activity 3.1 to 3.6, sector 4 Energy in full, sector 6 Transport Activities 6.1 to 6.9 and 6.13 to 6.16, sector 7 Construction and real estate in full and sector 9 Activity 9.1 Market-oriented research, development, and innovation

¹⁰ For the criteria definition, the Bank relates to the ICMA Green Bond Principles criteria, existing sustainable funding criteria applied by the European Investment Bank or national funding bodies, or the EUT Technical Screening Criteria for Climate Change Mitigation and Adaption.

PRODUCT	DESCRIPTION	CRITERIA
Green Loans	<p>Green Loan transactions that align with the Technical Screening Criteria for Climate Change Mitigation and Adaption of the EU Taxonomy, the DNSH and MS¹¹, including but not limited to activities:</p> <ul style="list-style-type: none"> ▪ Sector 3 Production of renewable energy technologies: Activity 3.1 to 3.6 ▪ Sector 4 Energy in full ▪ Sector 6 Transport Activities 6.1 to 6.9 and 6.13 to 6.16 ▪ Sector 7 Construction and real estate in full ▪ Sector 9 Activity 9.1 Market-oriented research, development and innovation 	<ul style="list-style-type: none"> ▪ EU Taxonomy¹² ▪ Oberbank's Framework 'ESG Criteria'¹³ ▪ LMA/APLMA/ LSTA Green Loan Principles
Green and Social Loans	<p>Green and Social Loan transactions aligned with Oberbank's 'ESG Criteria' e.g., with a funding purpose that contributes to one of the EU Taxonomy's environmental objectives or contributes to green or social criteria, including but not limited to:</p> <ul style="list-style-type: none"> ▪ Circular Economy ▪ Energy Efficiency ▪ Social Categories 	<ul style="list-style-type: none"> ▪ Oberbank's Framework 'ESG Criteria'¹⁴ ▪ LMA/APLMA/ LSTA Green or Social Loan Principles

Table 1 Oberbank's Sustainable Product Scope

The Bank claims to check all project and investment financings for taxonomy compatibility and conformity through an internal process. Further, Oberbank breaks down non-EUT-aligned activities into two main categories – industrial sector activities and social sector activities and has outlined its methodology/criteria for screening activities in each of these sectors. For industrial activities, it requires the activities to contribute to one of the six objectives outlined by the EUT. For social sector activities it finances, Oberbank requires the activities to fit into one of the four areas outlined in its Framework (i.e., education and training, social and healthcare, non-profit housing and social support), and in addition, the borrowers and the eligible assets must meet the EUT requirements on Minimum Safeguards assessed by the Bank.

Oberbank considers activities that cannot be aligned with the EUT TSC for Climate Change Mitigation and Adaption, which it refers to as activities fulfilling 'ESG Criteria'. It states that these activities do not fulfil EU Taxonomy due to 1) very strict technical evaluation criteria of the EU Taxonomy, which cannot currently be proven (e.g., missing

	<p>information on the company side) or 2) activities relating to the EUT environmental objectives 3-6, for which technical screening criteria are yet to be developed¹⁵.</p> <p>Oberbank considers the following economic activities and industries to have an increased ESG risk potential and excludes them: nuclear energy, illegal substances (narcotics), harmful substances, gems, and conflict minerals. Fishing, trade in protected animals or export leather, as well as animal testing, high volume fracking, and extraction of oil sand. crude oil, coal, controversial and heavy weapons, embryo research, pornography (adult entertainment).</p> <p>Opinion: <i>Oberbank presents a definition of what it considers sustainable corporate lending and refers to the EU Taxonomy and a set of internally developed criteria that take into account international standards and guidelines. Thus, eligible categories have been defined to classify transactions as sustainable if the underlying activity is dedicated to satisfying green or social criteria, in accordance with the technical screening criteria of the relevant EU Taxonomy categories, or its internally developed ‘ESG criteria’. Oberbank’s refers to the six objectives of the EU Taxonomy as a basis for its own ‘ESG criteria’. It is noted that the Technical Screening Criteria for four objectives are yet to be defined by the regulatory body. Where applicable, the Bank assesses full alignment with the EU Taxonomy, assessing compliance with the Do No Significant Harm and Minimum Safeguards criteria on a deal-by-deal basis and through an internal process. A detailed analysis of the ‘ESG criteria’ and EU Taxonomy eligibility can be found in Part II B and C of this report. The soundness of the eligibility parameters to identify eligible sustainable financing activities is further analyzed in Part II A of this report.</i></p>
<p>2. Evaluation & Selection Process</p>	<p>Oberbank’s process for evaluating and selecting eligible sustainable activities includes two steps. The first step is to screen against the relevant technical screening criteria of the EU Taxonomy, and it defines eligibility for sustainable financing as when activities comply with these relevant EUT TSC for Climate Change Mitigation and Adaption. Oberbank specifies that it assesses EU Taxonomy alignment for activities that are above EUR 1 million in loans amount, are located in Germany or Austria and align with the EU Taxonomy categories listed in the Framework.</p> <p>An initial review of the financing is carried out by the responsible advisor when the application is submitted, and subsequently the sustainability of the project is supplemented or confirmed by the specialist review in the dedicated department Corporate International Finance. The final verification of whether a financing is sustainable under the criteria set forth in the Framework is thus carried out by the specialist department in Corporate International Finance (CIF). If a financing cannot be clearly assigned as sustainable, it is assigned to the steering committee for a decision. This process is implemented IT-based and initiated with the application process. In the Central and Eastern Europe (CEE) markets, a notification by email replaces digital</p>

¹¹ Where feasible and data availability is given, the Bank assesses compliance with DNSH and MS to fully align transactions to the EU Taxonomy. Exclusively for activities in Germany or Austria above EUR 1 million.

¹² TEG final report on the EU Taxonomy and its Technical Annex, https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800_en.pdf

¹³ For the criteria definition, the Bank relates to the ICMA Green Bond Principles criteria, existing sustainable funding criteria applied by the European Investment Bank or national funding bodies, or the EUT Technical Screening Criteria for Climate Change Mitigation and Adaption

¹⁴ For the criteria definition, the Bank relates to the ICMA Green Bond Principles criteria, existing sustainable funding criteria applied by the European Investment Bank or national funding bodies, or the EUT Technical Screening Criteria for Climate Change Mitigation and Adaption

¹⁵ Technical Screening Criteria for EUT objectives 3-6 are under development by the regulatory bodies.

	<p>identification in the application process. This identification or registration is evaluated by the specialist department and each financing is approved after a case-by-case review and recorded in the system as sustainable financing.</p> <p><i>Opinion: The process for the transaction’s evaluation and selection is described. Oberbank uses both EU Taxonomy Technical Screening Criteria for Climate Change Mitigation and Adaptation and a set of internally developed eligibility ‘ESG criteria’ to classify transactions eligible and specifies that it will not finance projects which do not meet the governance criteria set forth in its Framework. The Bank has a documented process in place ensuring that the funded projects align with the eligibility criteria for sustainable financing instruments. The classification process is initiated with the loan application and involves different stakeholders. The Bank relies on manual and automated controls.</i></p>
<p>3. Governance & Monitoring</p>	<p>Oberbank’s management of sustainability-related matters is embedded within its governance structure. Oberbank established an ESG unit in January 2022, which bears the responsibility for setting the sustainability strategy and carrying out the implementation. The ESG unit is part of the department ORG Organization, Digitalization & IT, and members including the sustainability team in the department CIF have a diverse range of skills and expertise including finance, renewable energy, business administrations, law and social economics. The ESG unit is the first point of contact for all sustainability related issues, and whenever necessary it will distribute tasks to relevant sustainability officers located in other departments. This unit also keeps track of ESG related regulatory updates, and coordinate ESG officers in other departments to facilitate the ESG reporting of implementation status of ESG strategy to the Sustainability Steering Committee (which consists of the Bank’s full Executive Board and involves various department heads). In addition, the ESG Unit is also responsible for the ongoing involvement of external stakeholders and the organization of the sounding board.</p> <p>The diagram¹⁶ below demonstrates how the ESG unit sits within the group’s structure, and its responsibility for ESG-related issues.</p>

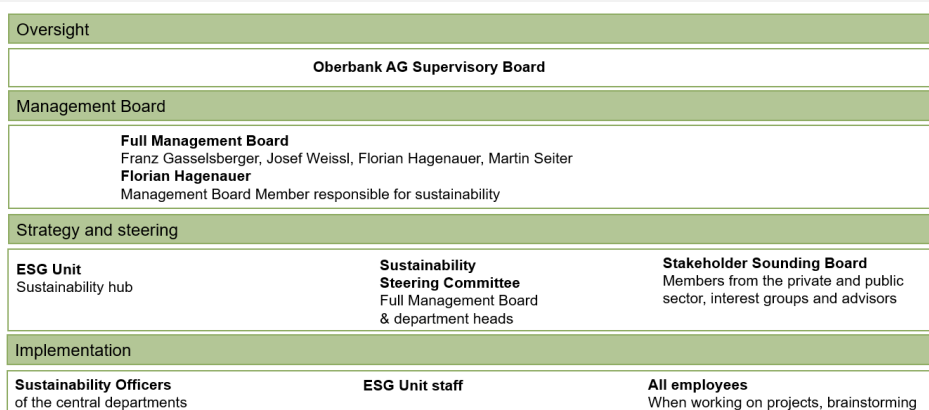


Figure 2 Oberbank Organizational Chart

Oberbank uses an ESG risk heatmap to do semi-annual monitoring of its portfolio of loans to ensure they continue to meet eligibility criteria and disclose this information in its annual sustainability report. Oberbank applies a policy that customers' are required to inform the Bank if the intended use of the loan proceeds change. Loans classified as sustainable are removed from the Oberbank Sustainable portfolio in the event of (early) repayment, redemption, sale or loss of eligibility criteria.

Opinion: Oberbank's ESG unit bears the responsibility of ESG strategy and implementation and acts as the first point of contact for ESG-related issues and considerations. It coordinates ESG activities of the Bank at group level for reporting of ESG implementation progress. The Bank monitors those transactions through an ESG risk heat map, which is updated semi-annually and published in the annual non-financial reporting. Classified as Green and Social transactions are tracked by the Bank separately and attested in a formal internal process. The Bank has a process to deal with products that cease to meet the eligibility criteria.

4. Reporting

For its Sustainable transactions Oberbank commits to report on environmental and social impact, being publicly available on its website. The Bank commits to regular allocation and impact reporting, which are carried out referring to core components and recommendations such as set out by ICMA Handbooks Harmonized Framework for Impact Reporting for Green Bonds (June 2022) and Harmonized Framework for Impact Reporting for Social Bonds (June 2022). Further the Bank establishes and publishes an annual Sustainability Report in line with the Global Reporting Initiative (GRI)-standards available on the Banks website¹⁷.

Opinion: Reporting occurs on a regular basis and is made publicly available being included in Oberbank's publicly available non-financial annual reporting, for single transactions in the stand-alone annual allocation and impact reporting. As data availability in terms of impact reporting improves, further development of the process of tracking the expected impact of Banks' sustainable financing activities on environmental and social objectives are recommended. External verifications of the transactions allocation and impact reporting are encouraged.

5. External Review

Oberbank has appointed ICS to provide an external review of the Sustainable Corporate Lending Framework and its alignment with the Bank's overall strategy. Both the

¹⁷ Sustainability Report 2021 (Nachhaltigkeitsbericht 2021) Oberbank, https://www.oberbank.at/documents/20195/559187/irglobal_nachhaltigkeit21.pdf/13698355-02a1-34c4-e412-a142e1e816ec?t=1655443454579

Oberbank Framework and the external review will be published on the Oberbank website. Oberbank's Sustainable Corporate Lending Framework is reviewed from time to time, at Oberbank's discretion, including aligning it with evolving market practices and guidelines. Updates (e.g., to eligibility criteria, product scope, and accounting basis, etc.) are effective from publication, unless otherwise specified, and are not applied retrospectively to prior years' sustainable finance performance against its targets.

Opinion: *Oberbank has sought an external review of its Framework at its launch, in line with best market practices.*

PART II: ASSESSMENT OF OBERBANK’S CLASSIFICATION SYSTEM

A. ASSESSMENT OF THE ELIGIBILITY CRITERIA OUTLINED IN OBERBANK’S SUSTAINABLE CORPORATE LENDING CLASSIFICATION SYSTEM

To provide an opinion on the sustainability credibility of each of the key sets of criteria defined by Oberbank, we evaluate the prevalence and robustness of the selection parameters, taking into account best market practices across different sustainable lending activities.

Oberbank has set the following sets of eligibility criteria for its lending activities to be classified as sustainable:

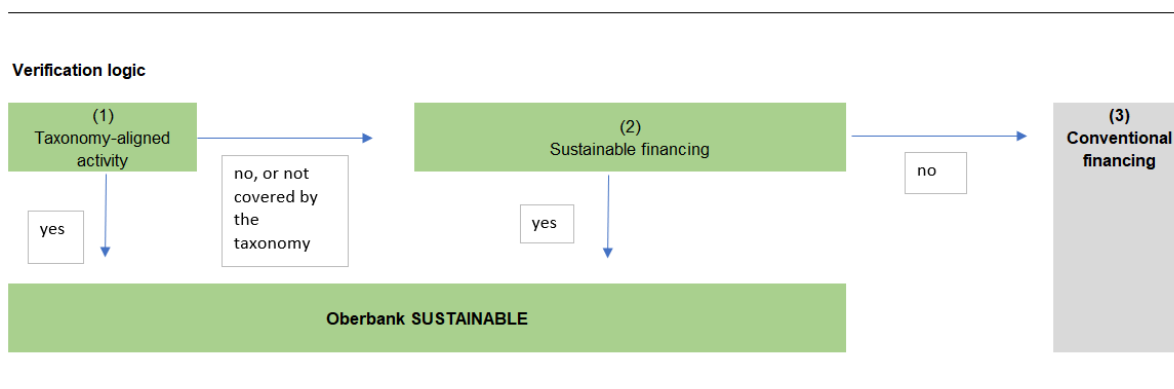


Figure 3 Oberbank’s Sustainable Corporate Lending Classification Process

In the below table, the parameters outlined in Oberbank’s Sustainable Corporate Lending Framework as ‘Dedicated-Purpose Financing’ are assessed. The evaluation has been conducted based on criteria, derived from market practices¹⁸.

PARAMETER	CRITERIA	ASSESSMENT OF OBERBANK’S SUSTAINABLE CORPORATE LENDING FRAMEWORK
Dedicated Purpose Financing (standard approach)	Dedicated Purpose Financing contributes to sustainability objectives if the proceeds are exclusively allocated to activities that are subject to specific and credible ESG-related eligibility criteria.	According to Oberbank’s Sustainable Corporate Lending Framework, projects that fulfil the Dedicated-Purpose Financing belong to two main categories – industrial sector activities and social sector activities and has outlined its methodology/criteria for screening activities in each of these sectors. For industrial activities, it requires the activities to be EU Taxonomy aligned ¹⁹ , contributes to one of the six objectives ²⁰ and the technical screening criteria set forth by the EUT or be aligned with the sustainable eligibility criteria set forth in the Framework. For eligible criteria definition the Bank refers to market guidelines such as the European Investment Bank or national

¹⁸ These include but are not limited to the GLP and SLP guidelines for sustainable lending as administered by the LMA.

¹⁹ For activities in Germany or Austria above EUR 1 million.

²⁰ Technical Screening Criteria for EUT objectives 3-6 are under development by the regulatory bodies.

	<p>funding agencies, including the European Investment Bank, and national funding agencies such as AWS for ERP loans²¹. Oberbank specifies that it will not finance projects that do not fulfil governance criteria, such as activities that involve labor law and human rights violations, or illegal and controversial business or environmental practices.</p> <p>A detailed EU Taxonomy Technical Screening Criteria for Climate Change Mitigation and Adaption and SDG assessment of the contribution of the eligibility criteria presented in the Sustainable Corporate Lending Framework can be found in Part II.B and C. Based on a proprietary methodology 83% (below 90%²²) of the eligible categories have either a limited, or a significant contribution to the United Nations Sustainable Development Goals with 3 categories being assessed having a ‘No Net Impact’, limiting the contribution to sustainability objectives for this category. 57% of the activities are in line with the Technical Screening Criteria for Climate Change Mitigation and Adaption as defined by the EU Taxonomy. At Framework level, no information is available on the future share of sustainable financing transactions to the eligible categories. We recommend ensuring the alignment of transactions with the four core components of the LMA Green or Social Loan principles on a deal-by-deal basis. Depending on the materiality of the loan, an independent third-party assessment enables the evaluation of the transaction and the compliance of the loan with the EU Taxonomy.</p>
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²¹ The ERP Fund provides ERP loans with low interest rates and long terms. The ERP Fund was established in 1962 using funds from the US Marshall Plan aid program and is jointly headed by Austria Wirtschaftsservice Gesellschaft mbH (aws). The yearly funding is between EUR 500 million and EUR 600 million. The ERP Fund supports the activities of Austrian enterprises and thereby promotes projects in innovation, technology, modernization, expansion measures, and the development/expansion of services and business fields, for example.

²² It is noted that at least 90% of the eligible categories considered under the underlying Framework (i.e., 100% that are classified as contributing to sustainable objectives) should contribute positively to the SDGs, in conformity with the ISS ESG SDGA methodology.

B. ASSESSMENT OF THE ELIGIBLE CATEGORIES AGAINST THE EU TAXONOMY CLIMATE DELEGATED ACT

For environmentally sustainable activities, we assess the activities against the TEG final report on the EU Taxonomy and its Technical Annex.

The compliance of environmentally sustainable activities²³ is assessed with international guidelines outlined in the EU Taxonomy. Furthermore, this analysis only displays how the EU Taxonomy TSC criteria for Climate Change Mitigation and Adaption of substantial contribution are fulfilled/not fulfilled. For ease of reading, the original text of the EU Taxonomy criteria is not shown. Readers can recover the original criteria at the following [link](#).

CLIMATE CHANGE MITIGATION				
SECTOR	FRAMEWORK SELECTION AND ELIGIBILITY CRITERIA	EU TAXONOMY ACTIVITY	COMMENT ON ELIGIBILITY CRITERIA	ALIGNMENT ²⁴
Manufacturing	Renewable energy (electricity, heating/cooling): Solar (PV, solar thermal), wind, hydro (hydroelectric power plant < 10 MW), biomass (e.g., wood, biogas, etc.), hydrogen from renewable sources, ambient heat (heat pumps), geothermal Production, transmission, storage, products and applications	3.1 Renewable energy technologies	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
		3.2 Equipment for the production and use of hydrogen	While eligibility criteria refer to applicable TSC as a guidance, no life cycle GHG emissions savings requirement has been defined by Oberbank for the production of hydrogen.	✗
		3.3 Low carbon technologies for transport	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy. Oberbank finances electric drive or hydrogen propulsion.	✓
		3.4 Batteries	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
		3.5 Energy efficiency equipment for buildings	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
		3.6 Other low carbon technologies	Oberbank finances manufacture of rubber, metal, electrical components, computers, optical products, electric motors, transformers, generators, and	✗

²³ For activities in Germany or Austria above EUR 1 million.

²⁴ Where the project eligibility criteria fully meet the EU Taxonomy Technical Screening Criteria for Climate Change Mitigation and Adaption requirements, a tick is provided

		machine equipment. While eligibility criteria refer to applicable TSC as a guidance, no life cycle GHG emissions savings calculation requirement has been defined by Oberbank for the production of hydrogen.	
Energy	4.1 Solar photovoltaic technology	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	4.2 Concentrated solar power (CSP) technology	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	4.17 Cogeneration of heat/cool and power from solar energy	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy	✓
	4.21 Production of heat/cool from solar thermal heating	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	4.3 Wind power	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	4.4 Ocean energy technologies	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	4.5 Hydropower	The activity complies with either of the electricity generation facility is a run-of-river plant and does not have an artificial reservoir, or the power density of the electricity generation facility is above 5W/m ² . The eligibility criteria conform with the activity specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	4.6 Geothermal energy	While the activities overlap with the applicable TSC, no specific eligibility criteria about life cycle GHG emissions are defined by Oberbank.	✗
	4.18 Cogeneration of heat/cool and		✗

	power from geothermal energy		
	4.22 Production of heat/cool from geothermal energy		×
	4.7 Renewable non-fossil gaseous and liquid fuels		×
	4.19 Cogeneration of heat/cool and power from renewable non-fossil gaseous and liquid fuels	While the activities overlap with the applicable TSC, no specific eligibility criteria (i.e., life cycle GHG emissions, abatement conformity, physical emission monitoring etc.) is defined by Oberbank.	×
	4.23 Production of heat/cool from renewable non-fossil gaseous and liquid fuels		×
	4.8 Bioenergy		×
	4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids	Oberbank finances bioenergy, and biogas and biofuels for use in transport and of bioliquids where requirement of agricultural biomass meets the TSC. However, no specific criteria is defined to fulfil all the activity-specific TSC (i.e. GHG emissions savings, digestate, energy efficiency etc.) defined in the Technical Annex of the EU Taxonomy.	×
	4.20 Cogeneration of heat/cool and power from bioenergy		×
	4.24 Production of heat/cool from bioenergy		×
	4.9 Transmission and distribution of electricity	While the activity overlaps with the applicable TSC, no specific eligibility criteria is defined by Oberbank.	×
	4.10 Storage of electricity	While the activity overlaps with the applicable TSC, no specific eligibility criteria is defined by	×

			Oberbank for chemical energy storage.	
		4.11 Storage of thermal energy	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
		4.12 Storage of hydrogen	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
		4.14 Transmission and distribution networks for renewable and low-carbon gases	While the activity overlaps with the applicable TSC, no specific eligibility criteria about methane leakage reduction is defined by Oberbank.	✗
		4.15 District heating/cooling distribution	While eligibility criteria refer to applicable TSC as a guidance, no system requirement referring to Article 2, point 41 of Directive 2012/27/EU has been defined by Oberbank for efficient district heating and cooling systems.	✗
		4.16 Installation and operation of electric heat pumps	While the activity overlaps with the applicable TSC, no specific eligibility criteria about refrigerant threshold and energy efficiency requirement are defined by Oberbank.	✗
		4.25 Production of heat/cool using waste heat	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
Transport	Clean mobility	6.1 Passenger interurban rail transport	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	Passenger and freight transport in road, water, operational and rail transport;	6.2 Freight rail transport	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	Charging infrastructure for e-mobility and hydrogen propulsion	6.3 Urban and suburban transport, road passenger transport	Activity provides urban or suburban passenger transport and its direct (tailpipe) CO ₂ emissions are zero conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓

	6.4 Operation of personal mobility devices, cycle logistics	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	6.6 Freight transport services by road	Vehicles of category N1, N2 and N3 have zero direct (tailpipe) CO ₂ emissions, and exclusion of transportation of fossil fuels conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	6.7 Inland passenger water transport	Vessels have zero direct (tailpipe) CO ₂ emissions conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	6.8 Inland freight water transport	Vessels have zero direct (tailpipe) CO ₂ emissions and exclusion of transportation of fossil fuels conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	6.9 Retrofitting of inland water passenger and freight transport	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	6.13 Infrastructure for personal mobility, cycle logistics	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	6.14 Infrastructure for rail transport	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	6.15. Infrastructure enabling low-carbon road	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓

		transport and public transport		
		6.16. Infrastructure enabling low carbon water transport	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
Construction and Real Estate	Environmentally friendly buildings	7.1 Construction of new buildings		
	New construction, acquisition: Residential and office buildings (category 1-2 as per OIB guideline 6)		Oberbank has defined the Primary Energy Demand threshold for Austria and Germany project that conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy, no specific eligibility criteria about buildings larger than 5000m ² are defined by Oberbank.	✗
	New construction, acquisition: Other conditioned buildings (category 13 as per OIB guideline 6) e.g. production hall			
	Environmentally friendly buildings	7.2 Renovation of existing buildings	While the activity overlaps with the applicable TSC, Oberbank does not conform with the cost-optimal minimum energy performance requirements in accordance to Directive 2010/31/EU due to unavailability of property reconstruction value from its customer.	✗
	Renovation (all building categories)			
	Renewable energy (electricity, heating/cooling): Solar (PV, solar thermal), wind, hydro (hydroelectric power plant < 10 MW), biomass (e.g. wood, biogas, etc.), hydrogen from renewable sources, ambient heat (heat pumps), geothermal	7.3 Installation, maintenance and repair of energy efficiency equipment	While the activity overlaps with the applicable TSC, no specific eligibility criteria are defined by Oberbank.	✗
	Production, transmission,	7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓

	storage, products and applications	7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
		7.6 Installation, maintenance and repair of renewable energy technologies	The eligibility criteria conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy.	✓
	Environmentally friendly buildings	7.7 Acquisition and ownership		
	New construction, acquisition: Residential and office buildings (category 1-2 as per OIB guideline 6)		Oberbank has defined the Primary Energy Demand threshold for Austria and Germany project that conform with the activity-specific TSC defined in the Technical Annex of the EU Taxonomy. However no specific eligibility criteria about buildings larger than 5000m ² are defined by Oberbank.	✗
	New construction, acquisition: Other conditioned buildings (category 13 as per OIB guideline 6) e.g. production hall			
Sustainable Research and Development	Sustainable research and development	9.1 Close to market research	Oberbank define eligibility criteria for solution not yet available on the market, that will lead to an overall reduction in life-cycle GHG emission, overlaps with the applicable TSC. Meanwhile, no specific eligibility criteria for dedicated research activity were defined.	✗
	Research, applied research and experimental development in the field of solutions, processes, technologies, business models and other products for the reduction and avoidance or elimination of greenhouse gas emissions. (see Appendix I			

Regulation (EU)
2020/852, S 199)

Opinion: 57% of the environmentally sustainable activities defined in the Sustainable Corporate Lending Framework and their associated eligibility criteria fully align with the Technical Screening Criteria for a substantial contribution to Climate Change Mitigation and Adaptation, being assessed as having a positive contribution to environmental objectives. The Bank confirms referring to the activity-specific Technical Screening Criteria for Climate Change Mitigation and Adaptation defined by the EU Taxonomy as a general standard to define eligible project categories. Further, the Bank classifies activities in the area of Energy Efficiency and Circular Economy, objectives, still under development for the TEG final report on the EU Taxonomy and its Technical Annex. The Bank commits to consider activities in areas for all objectives upon the update of the regulation.

Do No Significant Harm Criteria

Regarding Oberbank's policies to ensure that their portfolio and projects align with the relevant Do No Significant Harm Criteria, Oberbank will make its best efforts to secure the relevant information on whether the assets align with the criteria, including referring to compliance with national legislation and regulations as indicators.

Opinion: The environmental risks management established in the Sustainable Corporate Lending Framework address relevant EU Taxonomy environmental objectives. With regards to Do No Significant Harm, where applicable and feasible a formal process and due diligence process is put in place by the Bank to fully cover the 5 DNSH when related projects are identified and DNSH can be evidenced, when information is available. An opinion on the alignment is not provided at this stage, beyond acknowledging the Bank's commitment. Oberbank commits to securing the relevant information on whether the assets align with the DNSH criteria. Oberbank further confirms that EU Taxonomy-aligned activities will be reported on a portfolio level by disclosing the percentage from categories that are fully aligned with the EU Taxonomy criteria as part of its annual non-financial reporting.

Minimum Safeguards

The Minimum Safeguards criterion is assessed according to information provided by Oberbank international guidelines outlined in the EU Taxonomy as described in Article 18 of the Taxonomy Regulation²⁵.

Oberbank has embedded human rights in its internal guideline on exclusion criteria, such that the Bank does not enter into a business relationship or distance itself from companies if labor and human rights violations, ILO Convention, or the employment of children are known or become known in the course of the business relationship. Oberbank assesses MS for borrowers located in Germany, Austria, , nations that are signatories of the OECD Guidelines, and which have ratified the ILO Core Convention. Oberbank has risk management to identify and assess adverse impacts, which is integrated into Oberbank's code of conduct, strategic goal planning, and operational management and controlling.

²⁵ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852>

The Bank has a corresponding due-diligence process in line with the Corporate Governance Directive. The Bank assumes compliance with the UN Guiding Principles if it does not knowingly become aware of any contrary information or facts. Oberbank communicates publicly regarding its approach to human rights due diligence and risk management in the policy commitments of the sustainability report, which is available on its website.

Opinion: *The Minimum Safeguards are considered by the Bank as a criterion for activities aligning with the EU Taxonomy and its Technical Annex. The compliance with MS is assessed on a deal-by-deal and best-effort basis by Oberbank. In general, Oberbank distances itself from industries, companies, and business practices where labor law and human rights violations or illegal and controversial business or environmental practices are known or become known in the course of the business relationship. The Minimum Safeguards as defined in the TEG final report on EU Taxonomy are not assessed at this stage.*

C. CONTRIBUTION OF THE ELIGIBLE CATEGORIES TO THE UN SDGs

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the eligible categories by the bank in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.


1. Products and services

The assessment of eligible categories for (re)financing products and services are based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).



The assessment of eligible categories for (re)financing specific products and services is displayed on 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the eligible categories has been assessed²⁶ for its contribution to, or obstruction of, the SDGs:




ELIGIBLE ENVIRONMENTAL CATEGORIES	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p>New construction, and acquisition: residential and office buildings</p> <p>AT, DE: NZEB (Nearly Zero Emission Building) standard - 10 %, according to OIB RL 6 Austria. For residential buildings: at least 36.9 kWh/m²a PEB (HEB, n.ern.) and for office buildings: at least 75.6 kWh/m²a PEB (HEB,n.ern.).</p> <p>CZ, SK, HU: energy efficiency class A or better (in energy efficiency factor (fGGE) or PEBSK)</p> <p>AT, DE, CZ, SK, HU: activity eligible for taxonomy according to Regulation (EU) 2020/852 Annex I Sector Construction and Real Estate 7.1 and 7.7.</p>	Limited Contribution	


²⁶ Where AT, DE, CZ, SK, HU: Austria, Germany, Czech Republic, Slovakia and Hungary

<p>Green Buildings</p> <p>New construction, acquisition: other conditioned buildings</p> <p>AT: Requirements U-values fulfilled (acc. to OIB guideline 6)</p> <p>DE, CZ, SK, HU: energy efficiency class at least class C or better for HWB (ref SK) kWh/m²a</p> <p>AT, DE, CZ, SK, HU: Activity eligible for taxonomy according to Regulation (EU) 2020/852 Annex I 7.1 and/or 7.7.in sector 7 Construction and Real Estate</p>	<p>No Net Impact</p>	
<p>Renewable Energy</p> <p>Production, transmission, storage, products, and applications for electricity and heating/cooling from:</p> <ul style="list-style-type: none"> ▪ Solar (PV, solar thermal) ▪ Wind ▪ Geothermal sources ▪ Hydropower <10MW ▪ Hydrogen from renewable sources²⁷ 	<p>Significant Contribution</p>	
<p>Renewable Energy</p> <p>Production, transmission, storage, products, and applications for electricity and heating/cooling from biomass²⁸ (e.g., wood, biogas, etc)</p> <p>Feedstock is biomass meets following standards:</p> <ul style="list-style-type: none"> ▪ No peat or areas with high biodiversity, no primary forest ▪ Biomass from biogenic waste 	<p>Limited Contribution</p>	
<p>Renewable Energy</p> <p>Production, transmission, storage, products, and applications for electricity and heating/cooling from ambient heat (heat pump)</p>	<p>No Net Impact</p>	






²⁷ Renewable sources include solar (PV, solar heat), wind power, hydropower (hydroelectric power plant < 10 MW), biomass (e.g. wood, biogas, etc.), hydrogen from renewable sources, ambient heat (heat pumps), and geothermal.

²⁸ The review is limited to the examples of projects spelled out in the Framework.

<p>Clean Transportation</p> <ul style="list-style-type: none"> Passenger and freight transport in road, water, operational²⁹ and rail traffic. Charging infrastructure for e-mobility and hydrogen propulsion. <p>Electric or hydrogen drive; Excludes vehicles for the transport of fossil fuels (e.g., oil, coal, gas).</p> <p>Activity eligible for taxonomy according to Regulation (EU) 2020/852 Annex I Sector 6.1 to 6.16, except 6.10, 6.11, 6.12</p>	<p>Limited Contribution</p>	
	<p>Significant Contribution</p>	
<p>Sustainable research & development</p> <p>Applied research and experimental development in the field of solutions, processes, technologies, business models and other products for the reduction and avoidance or elimination of greenhouse gas emissions. (cf. Annex I Reg. (EU)2020/852, S 199):</p> <p>The economic activity is intended to bring to market a solution that is not yet available on the market. The implementation of the technologies, product or other solutions being researched will result in an overall reduction in net greenhouse gas emissions over their life cycle. (cf: Annex I, VO (EU) 2020/852; 9.1.3, p 200)</p>	<p>No Net Impact</p>	
<p>Circular Economy</p> <p>Production technologies and processes suitable for the circular economy:</p> <p>Collection and recycling services for the production and processing of secondary raw materials</p>	<p>Significant Contribution</p>	

ELIGIBLE SOCIAL CATEGORIES	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>School and vocational training</p> <p>Projects related to various types of schools: compulsory as well as vocational schools,</p>	<p>Significant Contribution</p>	

²⁹ Operational transport refers to transport vehicles in factories, for example, forklifts.

<p>universities, technical colleges, adult education and early education programs or kindergartens.</p>		
<p>Social and health care</p> <p>Projects related to childcare facilities, e.g. foster care, orphanages and social housing groups.</p> <p>Facility sponsors: federal, state, municipal institutions; nonprofit associations and private sponsors with health insurance contracts.</p>	<p>Limited Contribution</p>	
<p>Social and health care</p> <p>Projects related to homes for the elderly and nursing homes and hospices to provide basic health services.</p> <p>Facility sponsors: federal, state, municipal institutions; nonprofit associations and private sponsors with health insurance contracts.</p>	<p>Limited Contribution</p>	
<p>Social and health care</p> <p>Projects related to workshops for the disabled.</p> <p>Facility sponsors: federal, state, municipal institutions; nonprofit associations and private sponsors with health insurance contracts.</p>	<p>Significant Contribution</p>	
<p>Social Housing</p> <p>Projects in housing by non-profit housing associations³⁰</p>	<p>Significant Contribution</p>	
<p>Social grants (AT, DE)</p> <p>Social subsidies by the federal government or the Länder in the event of EU-wide emergencies in the areas of pandemics, natural disasters, political crises</p>	<p>Limited Contribution</p>	




³⁰ Targeted population: Families and low-income segments of the population

2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the eligible categories, as well as related UN SDGs impacted. The assessment displays how the eligible categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the issuer.

Oberbank finances operations/processes in a variety of third-party sectors. For clarity, ISS ESG does not display the exposure to negative externalities linked to the sectors of the operations/processes financed.

The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ³¹	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p>Renovation (all building categories)</p> <p>AT, DE, CZ, SK, HU: Energy efficiency class at least class A or better (in energy efficiency factor (fGGE) or PEBSK) or reduction of primary energy demand by at least 30 %.</p> <p>Activity eligible for taxonomy according to Regulation (EU) 2020/852 Annex I 7.2 Renovation of existing buildings</p>	<p>✓</p>	
<p>Energy Efficiency</p> <p>Replacement in machinery, operating and office equipment</p> <p>Energy efficiency increase of at least 25%</p>	<p>✓</p>	
<p>Circular Economy</p> <p>Production technologies and processes suitable for the circular economy</p> <p>Collection and recycling for the production and processing of secondary raw materials</p>	<p>✓</p>	

³¹ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

PART III: ASSESSMENT OF OBERBANK'S ESG RISK MANAGEMENT

The table below evaluates Oberbank's ESG-specific risk management measures and policies that are considered relevant in the context of a bank's sustainable financing activities. The KPIs emphasize sustainability-related risks considered relevant to the banks' operations. The KPIs are derived leveraging the ISS ESG Corporate Rating to identify the relevant topics based on its industry; these KPIs are then further integrated with additional elements derived from market principles such as the task force on Climate-Related Financial Disclosure³². The minimum requirements for a positive assessment are based on the number of sub-indicators (specific to each KPI) that are satisfied as part of any KPI.

ASSESSMENT AGAINST KPI

ESG guidelines into lending process

The Framework covers all Oberbank's corporate lending operations. Oberbank's borrowers are located in Germany, Austria, Slovakia, Hungary and the Czech Republic. When analyzing financings for their environmental sustainability, Oberbank refers to the EU Taxonomy assessment criteria since 2022. The bank implemented an ESG due diligence process applicable to lending products under this Framework. A group-wide policy including the sustainable lending transactions validation process is applicable at the group level. The process includes the identification as sustainable financing based on the Framework criteria, the transmission of the marked applications to the Sustainability/CIF team, a case-by-case review of marked loan applications by the Sustainability/CIF team, the review of sustainability and taxonomy alignment, a digital certification note on the loan application and the digital marking of financing, if applicable, after approval of loan application as environmentally and/or socially sustainable and/or taxonomy compliant, the recording the financing in a separate file noting the impact factors, the review of the loan disbursement and the verification of the proper use according to internal instructions. Further, the internal control system (ICS) of Oberbank complies with the internationally recognized Committee of Sponsoring Organizations (COSO) standard. Detailed descriptions of the ICS processes and uniform documentation of all risk-relevant processes of the bank and the control measures are in place.

Labor, Health and Safety



Oberbank provides internal policies ensuring high labor, health and safety standards. Further, the bank's borrowers are all located in Germany, Austria, Slovakia, Hungary and the Czech Republic, which have signed the ILO core convention agreement and are Equator Principles Designated Countries. .

Biodiversity



Oberbank has prescreening and relevant due diligence processes in place ensuring that relevant eligible categories financed under this Framework undergo an

³² Task force on Climate-related Financial Disclosures, 2022 Status report, <https://assets.bbhub.io/company/sites/60/2022/10/2022-TCFD-Status-Report.pdf>

environmental impact assessment. Further, eligible projects underly the respective laws and regulations in the countries.

Oberbank does not finance Group-wide projects located in protected areas unless they comply with the relevant legal requirements, including Natura 2000³³ and site management plans³⁴. Additionally, the countries in which Oberbank operates are Equator Principles Designated Countries. Although the bank does not have an overarching biodiversity concept for individual categories, it is planning on integrating it in the sustainability strategy.

Dialogue with local communities



The Bank has processes in place ensuring that community rights are featured in the process through enhanced due diligence. The bank relies on national legislation ensuring that high social standards are applied. However, these policies and processes are not covering all projects eligible under this Framework. The countries where Oberbank operates are Equator Principles Designated Countries.

Inclusion



The Bank provides information on policies and/or due-diligence mechanisms to check if borrowers have policies on inclusion and non-discriminatory access to eligible categories financed under this Framework (e.g., purely private healthcare projects are excluded).

Carbon-related financing



The Bank is not transparent about the amount/volume of fossil fuel-related financing throughout all business units/subsidiaries that are within the scope of this Framework.



The Bank is currently implementing a decarbonizing strategy based on the Partnership for Carbon Accounting Financials (PCAF) outcomes. In addition, it is noted that the Bank excludes the following economic activities: Exclusion of financing with companies with the business purpose of high-volume fracking or exclusion of financing for the extraction of oil sands, as well as no new earmarked business activities for new, unconventional oil projects aimed at the expansion of oil infrastructure (shale oil, oil sands, arctic oil) Coal³⁵, exclusion of financing relating to the extraction and production of coal and energy production from coal and exclusion of new business with companies whose primary business object is coal trading.

Data protection and information security

³³ Natura 2000 is an EU-wide network of protected areas to conserve endangered or typical habitats and species. It consists of the protected areas of the Birds Directive (Directive 2009/147/EC) and the protected areas of the Fauna and Flora Habitats Directive (Directive 92/43/EEC).

³⁴ Protected areas include Natura 2000 areas designated under EU law, as well as areas designated or planned for designation by the respective states, such as the Tyrolean Nature Conservation Act 2005 or the Tyrolean National Park Act Hohe Tauern.

³⁵ Sustainability Strategy and Guidelines, Oberbank, <https://www.oberbank.at/strategie>



The Bank has IT strategy in place that defines key issues relating to IT security and risk management. The bank has outsourced to 3 Banken IT GmbH, which is ISO 27001 certified, for Chief Information Security Officer, Chief Information Risk Officer and a Data Protection Officer to implement IT security and risk management issues. Moreover, Oberbank has fully implemented the General Data Protection Regulation (GDPR). There is due diligence process in place for new cloud provider to ensure protection of personal data.

Financed emissions



The Bank does measure its financed emissions in line with the Partnership for Carbon Accounting Financials (PCAF) methodology to publish greenhouse gas emissions data for relevant asset classes in its portfolio, which will be published in its sustainability report from 2023 on. Based on the outcomes, Oberbank commits to take further specific steps to decarbonize the portfolio.³⁶

Exclusion Policy

The Bank has put in place a list of exclusion criteria that applies across its operations. The Bank operates under a policy for the exclusion of entities and individuals found to have engaged in prohibited conduct. Oberbank distances itself from industries, companies and business practices that it believes could result in unacceptable environmental, social and governance (ESG) impacts. The bank has set forth exclusion criteria emanating from aspects of sustainability are mandatory for both new customer business and the new business fields of existing customers. Furthermore, specific areas which are subject to increased ESG potential are excluded.³⁷

³⁶ Sustainability Report 2021 (Nachhaltigkeitsbericht 2021) Oberbank, https://www.oberbank.com/documents/20195/559187/nachhaltigkeitsbericht_21+Kurz-EN.pdf

³⁷ Code of Conduct, Oberbank, https://www.oberbank.com/documents/20195/0/irglobal_obk_verhaltenskodex_englisch.pdf/d622320b-b526-9a7b-05e5-8b0bc58a7d97?t=1639042486201

PART IV: SUSTAINABLE FINANCE FRAMEWORK'S LINK TO OBERBANK'S OVERALL ESG PROFILE

A. CONSISTENCY OF SUSTAINABLE CORPORATE LENDING FRAMEWORK WITH OBERBANK'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Bank

Oberbank is an active member of the UN Global Compact, respACT - Austrian business council for sustainable development and ÖGUT - Austrian Society for Environment and Technology. Oberbank publishes an annual Sustainability Report which provides information on the Group's sustainability priorities and activities.³⁸

Oberbank is committed to the goal of the Paris Agreement to limit global warming to 1.5°C and compliance with the UN's Sustainable Development Goals (UN SDGs). Oberbank takes action at various levels: in their core business of lending, the bank contributes to decarbonization by defining exclusion and positive criteria for commercial loans.

Oberbank has made sustainability an integral part of its operations and engages in regular and open dialogue with its key stakeholders (public institutions, customers, investors and employees) as well as with representatives of the most effective organizations and key actors for sustainable development (e.g., NGOs, industry initiatives, sustainability rating agencies and regulators). In the spirit of stakeholder value, Oberbank also focuses on the needs of society and global requirements. Therefore, the interests and expectations of all stakeholders are reflected in their sustainability goals and actions.

Opinion: *The Sustainable Corporate Lending Framework is consistent with the Bank's sustainability strategy. The rationale for establishing a Sustainable Corporate Lending Framework is described by the Bank.*

³⁸ Comprehensive information on Oberbank's sustainability strategy as well as details and progress reports on all (planned) measures and projects are included in the most recent Sustainability Report available at <https://www.oberbank.at/nachhaltigkeit>

B. OBERBANK'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the bank is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Bank's industry

The Bank is classified in the Public & Regional Banks industry, as per ISS ESG's sector classification. Key challenges faced by financial institutions in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company-specific assessment but areas that are of particular relevance for financial institutions within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Business ethics
Labour standards and working conditions
Sustainable investment criteria
Customer and product responsibility
Sustainability impacts of lending and other financial services/ products


ESG performance of the Bank

Leveraging ISS ESG's Corporate Rating research, further information about the bank's ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.

Please note that the consistency between the issuance subject to this report and the Bank's sustainability strategy is further detailed in Part IV.A. of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, the contribution of the issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed as per the table below. This analysis is limited to the evaluation of final product characteristics and does not include practices along the bank's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE ³⁹	DIRECTION OF IMPACT	UN SDGS
Financing of buildings certified to a relevant sustainable building standard	4.2%	CONTRIBUTION	

Breaches of international norms and ESG controversies

At Bank level

At the date of publication and leveraging ISS ESG Research, no severe controversies in which the bank would be involved have been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Public & Regional Banks industry are as follows: Business ethics, Customer and product responsibility, Sustainability impacts of lending and other financial services/products and Sustainable investment criteria.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

³⁹ Percentages presented in this table are not cumulative.

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ANNEX 1: Methodology

PART I: REVIEW OF THE SUSTAINABLE CORPORATE LENDING FRAMEWORK

We consider relevant market guidelines in the assessment of the governance procedures for sustainable lending strategies. The analysis included criteria from a set of different market standards and voluntary guidelines and best practices e.g, the Loan Market Association’s Green Loan Principles, Social Loan Principles, the International Capital Market Association’s Green, Social Bond Principles, and Sustainability Bond Guidelines, the UNEP-FI PRB, Guidelines proposed by the European Banking Authority with respect to environmentally-sustainable lending. To promote integrity in the development of the green or social loan market the application of the ICMA and LMA principles, comprising voluntary guidelines is limited to the assessment of the characteristics of a specific transaction or issuance.

SECTION	ASSESSMENT CRITERIA
0. Objectives, Targets & Progress	For a financing strategy to be classified as sustainable, Banks should embed these within the context of their overarching sustainability objectives. The institutions should further include relevant qualitative and, where feasible, quantitative targets to measure the progress on its commitments. Banks provide transparency on how to increase positive impacts, reduce negative impacts and mitigate ESG risks. The sustainability strategy is expressed by referring to alliances such as the UN Sustainable Development Goals, the Paris Climate Agreement, or other national or regional frameworks.
1. Definition of Sustainable Financing Activities	The sustainable financing strategy should define clearly and comprehensively what financing products are deemed as sustainable based on precise parameters. Ideally, the Bank should provide an exhaustive list of eligible sustainable activities. Those criteria should ensure a positive contribution to relevant sustainability objectives and be sufficiently precise to ensure a minimum level of contribution to those objectives (e.g., clear definition, quantified threshold, or impact indicators) while ensuring that other objectives are not harmed.
2. Evaluation & Selection Process	Banks should have a comprehensive and documented process in place to ensure that the funded projects align with the eligibility criteria for sustainable financing instruments. Moreover, where applicable, information about climate and sustainability-related business objectives of the borrowers should be collected.
3. Governance & Monitoring	Clear governance mechanisms should be in place to ensure that the products classified as sustainable remain in line with the criteria for sustainable financing, or lending instruments throughout their lifecycle. This should include a process to deal with products that cease to meet the eligibility criteria. Monitoring systems and clear accountability should be established. With respect to borrowers and dedicated financing transactions, Banks should ensure that they diligently monitor the allocation of proceeds toward sustainable projects and activities.
4. Reporting	Relevant reporting should be conducted frequently and, where feasible, made publicly available to communicate on the allocation of proceeds, as well as the impact and progress of the sustainable financing strategy. Elements to be reported on should be communicated clearly at the inception of the strategy and capture the

	most significant areas of impact on environmental and social topics. Borrowers should make and keep readily available up-to-date information on the use of proceeds and a brief description of the projects, and the amounts allocated and their expected impact. Information need only be provided to those institutions participating in the loan. Issuers of Green, Social or Sustainability Bonds should make, and keep, readily available up-to-date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in case of material developments. The annual report should include a list of the projects to which Bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact.
5. Verification	It is recommended that the sustainable financing strategy for specific issuances should be reviewed by an external independent third party. The external reviews should be made available to the respective stakeholders involved.

PART II: ASSESSMENT OF OBERBANK’S CLASSIFICATION SYSTEM

This section examines the sustainability quality of each of the parameters included in Oberbank’s classification process and discusses the sustainability quality of the products complying with those. To corroborate this assessment and using a proprietary methodology, ISS ESG identifies the extent to which Oberbank’s eligibility criteria contribute to the UN SDG and meet the criteria listed in relevant activities in the EU Taxonomy Climate Delegated Act (June 2021).

EU Taxonomy

Whether the details of the nominated projects and assets or project selection eligibility criteria included in the Corporate Lending Framework meet the criteria listed in relevant activities in the EU Taxonomy Climate Delegated Act (June 2021) has been evaluated. The evaluation shows if Oberbank’s eligible categories are indicatively in line with the requirements listed in the EU Taxonomy Technical Annex. The evaluation was carried out using information and documents provided to ICS on a confidential basis by Oberbank. Further, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the bank.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, the extent to which Oberbank’s sustainable corporate lending products contribute to related SDGs has been identified.

PART III: ASSESSMENT OF OBERBANK’S ESG RISK MANAGEMENT

ESG Risk Management KPIs

The Risk Management KPIs serve as a structure for evaluating the sustainability quality - i.e., the social and environmental added value – of the proposed selection criteria as well as the bank’s overall financing operations.

It comprises firstly the definition of the selection criteria offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance can be clearly identified and described.

If a majority of the criteria fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks. In addition, the KPIs assess sustainability-related risks considered relevant to the financing operations of the Bank. The evaluation was carried out based on information and documents provided on a confidential basis by the bank (e.g., Due Diligence procedures).

PART IV: SUSTAINABLE FINANCE FRAMEWORK'S LINK TO OBERBANKS SUSTAINABILITY STRATEGY

This section provides an assessment of the sustainability quality of the Bank and how the underlying Sustainable Finance Framework contributes to its sustainability strategy. Drawing on the ISS ESG Corporate Rating, a focus is put on the Bank's overarching sustainability policies as well as the management of related ESG risks.

ANNEX 2: ISS ESG Corporate Rating Methodology

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments.

For more information, please visit:

<https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf>

ANNEX 3: Quality management processes

SCOPE

Oberbank commissioned ISS Corporate Solutions to compile a Sustainable Corporate Lending Framework External Review. The External Review process includes verifying whether the Sustainable Corporate Lending Framework aligns with market practices for sustainable finance and assessing its sustainability credentials, as well as the credibility of the bank's sustainable finance classification system.

CRITERIA

Relevant standards for this external review stem from key principles for transparency and non-contamination of sustainable labelled products, including:

- Loan Market Association's (LMA) Green Loan Principles, Social Loan Principles
- UNEP-FI PRB
- Guidelines proposed by the European Banking Authority (EBA) with respect to environmentally sustainable lending
- EU Taxonomy Climate Delegated Act (June 2021)

CLIENT'S RESPONSIBILITY

Oberbank's responsibility was to provide information and documentation on:

- Sustainable Finance Framework
- ESG Impact and Risk Management
- Governance procedures

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

ISS ESG has conducted this independent External Review of the Sustainable Finance Framework by Oberbank based on a proprietary methodology and in line with market practices and relevant market standards for sustainable finance.

The engagement with Oberbank took place from October 2022 to February 2023.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and financing frameworks and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent External Review so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

ISS ESG provides external review services for sustainable financing and responsible investment strategies by assessing the robustness of our client's frameworks.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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