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Sustainable Bond Framework Oberbank AG

Version 29 November 2024



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1 Background

Oberbank AG (“Oberbank”) was founded in 1869 as Bank für Oberösterreich und Salzburg and is an independent, Austrian regional bank headquartered in Linz. Its branch network covers Austria (Upper Austria, Salzburg, Lower Austria and Vienna), Germany, the Czech Republic, Slovakia and Hungary. Oberbank serves both retail and corporate customers and offers the full range of financial services. As an independent regional bank, we are well-established in our markets and provide local support to individuals and businesses. Thinking and acting in accordance with the principles of sustainability have always been an integral part of Oberbank’s value-based strategy.

Successful sustainability management and clear goals are of great importance for the development and future success of Oberbank. For this reason, our sustainability strategy is also a key element of our overall banking strategy.

Oberbank’s business policy and continuing success are guided by the principles of good corporate governance and transparency. Oberbank pursues sustainable and long-term objectives. As an exchange-listed company, Oberbank is committed to the Austrian Code of Corporate Governance (ÖCGK), as amended. In addition, compliance with the OECD Guidelines on Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the ILO Core Labour Conventions is explicitly respected.

The ownership structure and the strategic orientation of Oberbank as a listed, independent regional bank are clearly communicated to the public. Retaining independence is a priority goal of the Bank. Independence is secured by sustainable earnings and a sound risk policy. No single shareholder of Oberbank is in a position to acquire a direct or indirect controlling interest.

In the past, Oberbank’s strategy and business policy have included a clear commitment to ensuring a balance of interests of all stakeholders – customers, employees, shareholders and other stakeholders. This balance of diverse claims and needs contributes significantly to the stability and security of Oberbank, and is a decisive factor supportive of its independence and autonomy.

Sustainability at Oberbank

Oberbank’s sustainability strategy is based on ethical and environment stewardship values, and is regularly reviewed and updated. Oberbank is committed to the goal of the Paris Agreement to limit global warming to 1.5°C. All sustainability ambitions of Oberbank comply with the UN’s Sustainable Development Goals (UN SDGs).

As Oberbank, we take responsibility for sustainability and have defined ambitious strategic goals to contribute to the 1.5°C goal. To this end, we take action at various levels: in our core business of lending, we contribute to decarbonization by defining exclusion and positive criteria for commercial loans. We will calculate and publish annually how many tons of CO₂ we have helped to reduce through our lending policy.

Comprehensive information on our 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>.



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Oberbank has established an internal organizational sustainability structure to ensure the implementation of its sustainability strategy.

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 our sustainability goals and actions.

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 (from 2023 onwards integrated in the annual financial report) which provides information on the Group's sustainability priorities and activities.

The report is structured along the key fields of action of our sustainability strategy as identified by a materiality analysis. Measurable sustainability goals are linked to their SDG impact.

Oberbank will set itself science-based targets on the basis of the Science Based Targets initiative (SBTi). These targets are to be developed and submitted to the SBTi in the course of 2024.

Comprehensive information on our sustainability strategy, details and progress reports on all (planned) measures and projects, details on the internal sustainability organization, participation of stakeholders and membership in ESG initiatives are published on <https://www.oberbank.at/nachhaltigkeit>.

Sustainable lending policy

Oberbank believes that sustainability is inseparably linked to the management of a bank's risk exposure. For this reason, ESG criteria and sustainability risks (physical risks, transition risks) are also taken into account in addition to other economic factors when reaching decisions on loans. Credit management decisions are taken in accordance with the generally defined exclusion criteria for loans and comply with the processes defined for this purpose. When rating the creditworthiness of our customers, we also consider sustainability risks in the assessment of the business model.

Social aspects are also part of Oberbank's lending standards. In both corporate and retail banking, the capacity to service a loan is a mandatory requirement for granting a loan, irrespective of any collateral that may be made available. Moreover, Oberbank has always given priority to supporting long-time customers who find themselves in economic stress situations during challenging phases.

Oberbank does not pursue the widespread practice in the financial sector of selling non-performing loans to financial service providers. Non-performing borrowers continue to receive support directly from Oberbank.



2 Oberbank's Sustainable Bond Framework

Ambitious strategic sustainability objectives are creating demand for capital to fund projects supportive of sustainable and environmental goals. To this end, Oberbank has developed a **Green Bond Framework** in June 2021.

In 2024 the former Green Bond Framework was expanded to include further activities strongly based on the EU Taxonomy, already incorporating activities from the draft Environmental Targets 3 to 6 of the EU Taxonomy. It was further expanded from environmental to also including socially sustainable financing and therefore renamed "**Sustainable Bond Framework**". The Framework is now strongly based on the EU Taxonomy, including activities from the Environmental Targets 1 to 6 of the EU Taxonomy.

Environmental objectives of the EU Taxonomy:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

Furthermore, the framework takes into account the recommendations in the current version of the

- Green Bond Principles (GBP) 2021 (with June 2022 Appendix 1) and Social Bond Principles (SBP) 2023 issued by the International Capital Market Association (ICMA)
- as well as the EU Green Bond Standards (EUGBS).

The Framework defines the loans and investments eligible for financing from the proceeds of the green, social and sustainability bonds issued by Oberbank. Additionally, the Framework describes the process for identifying, selecting and reporting of loans which comply with the EU Taxonomy as well as the organization of the use of the proceeds from Oberbank's sustainable bonds. Under the Framework, Oberbank may issue green, social and sustainability bonds in various formats such as senior preferred debt, senior non-preferred debt, covered bonds and subordinated bonds (collectively, the "**Sustainable Bond Instruments**"). The documentation for all Sustainable Bond Instruments issued by Oberbank must include a reference to this Framework in the section on the use of the proceeds.

As both the Green Bond Principles and the green bond market are constantly evolving, the Framework may be updated, enlarged or adapted to meet the relevant regulatory requirements such as the EU Green Bond Standard or further publications in connection with the EU Taxonomy.

The Green Bond Principles are a set of voluntary guidelines that recommend transparency and disclosure, and support integrity in the development of the market for green instruments.



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Oberbank's Framework is based on the following key pillars:

- (1) Use of proceeds
- (2) Process for project evaluation and selection
- (3) Management of proceeds
- (4) Reporting
- (5) External review

3 Use of proceeds

Use of net proceeds

An amount equal to the **net proceeds** of the Sustainable Bond Instruments will be used to finance or refinance, in whole or in part, loans or investments that promote the transition to a low-carbon, climate resilient and sustainable economy, therefore with a positive environmental impact and / or loans with a positive social impact (**Sustainable Loans**), each of which must meet the sustainable loan criteria as defined by Oberbank below.



Changes in the Eligibility Criteria under this Framework compared to the Green Bond Framework 2021 and potential future changes to the Framework's selection criteria will not affect the criteria defined for eligible green and/or social loans for bonds issued under the former versions of the Framework.

Financing and refinancing



The net proceeds will be used primarily to refinance sustainable loans. However, Oberbank will endeavour to increase the volume of new sustainable loans granted.



Eligible green project categories



Please see the detailed table for the green project categories in the Annex.

ICMA GBP Category	Investment occasions / economic activity	Further explanation (for details see Annex)	UN SDG
Green Building (Commercial & Residential)	Financing of new construction, acquisition and ownership of residential and non-residential buildings	<p>New construction and acquisition of energy-efficient residential and non-residential buildings (office, retail, etc.) that meet one of the following criteria:</p> <p>a) Buildings with a primary energy demand (PED), at least 10% below the national threshold for nearly zero energy buildings (NZEB)</p> <p>or</p> <p>b) buildings built before 31.12.2020</p> <ul style="list-style-type: none"> • corresponding to at least energy efficiency class A or • inside the top 15% of the most energy-efficient buildings of the regional building standard in terms of primary energy demand <p>or</p> <p>c) buildings certified to one of the following internationally recognized building standards:</p> <ul style="list-style-type: none"> • ÖGNI/DGNB: “Gold or above” • BREEAM: “Excellent or above” • LEED: “Gold or above” 	 
	Financing of major building renovations¹	After renovation, the building meets the national requirements for NZEB (PEBSK n.ern. or reduces the primary energy demand by at least 30% .	
	Individual renovation measures	Individual renovation measures that improve the energy efficiency of the building, financing the manufacture, installation, maintenance and repair of energy-efficient building equipment.	

¹ Major building renovations that improve energy efficiency: A major renovation includes the building envelope and heating systems, or if the renovation costs are more than 25% of the building's value.

<p>Renewable Energy</p>	<p>Financing or refinancing the production, appliances, establishment, acquisition, operation, distribution and products of Renewable Energy</p>	<p>Investments in Renewable Energies or production and operation equipment include the following activities:</p> <p>a) Financing for the construction, production and maintenance of renewable energy installations or</p> <p>b) Investments in equipment for the production of renewable energy and green hydrogen technologies or</p> <p>c) Investments (construction and operation) in the storage, transmission, distribution of renewable energy and the production of the necessary equipment</p> <p>d) Investments in district heating/cooling distribution networks and conversion to low-temperature profiles and/or for heating/cooling from renewable energy generation</p> <p>Renewable Energies eligible for funding are, for example:</p> <ul style="list-style-type: none"> • Power generation by means of photovoltaic (solar energy) • Power generation by means of wind energy • Heat generation by means of solar energy • Electricity generation from small hydropower • Electricity/heating/cooling generation from bioenergy, such as <ul style="list-style-type: none"> ◦ Bioenergy (e.g. wood) ◦ Biogas ◦ Biofuels ◦ Green hydrogen • Heat/cold generation from waste heat • Heating/cooling with electric heat pumps • Geothermal plants 	<div data-bbox="1809 488 1964 643"> <p>7 AFFORDABLE AND CLEAN ENERGY</p>  </div> <div data-bbox="1809 654 1964 809"> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  </div>
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<p>Clean Mobility</p>	<p>Financing or refinancing clean transportation loans</p>	<p>Loans for clean transportation include the following investment activities:</p> <p>a) Investments in electric or hydrogen-powered vehicles, for passenger and freight transport by road, water, company and rail including financing the purchase or leasing of vehicles with no direct CO2 emission. I.e. purely electric or hydrogen-powered vehicles like</p> <ul style="list-style-type: none"> • Cars, trucks (all classes), motorcycles, wheeled and cargo bicycles, devices for personal mobility (e.g. scooters), vehicles for intra company transportation or • Rail vehicles or • Inland water transport vehicles <p>or</p> <p>b) Investments in equipment for the production of electric or hydrogen-powered vehicles and their components</p> <p>or</p> <p>c) Investments in equipment for the manufacture of components of railway vehicles</p> <p>d) Investments in infrastructure for rail transport</p> <p>e) Investments in Electricity charging stations and hydrogen refuelling stations and equipment for their production</p> <p>Also included in b) and c) are plants for the production of automotive and mobility components for CO2-emission-free vehicles and rail vehicles.</p>	 
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<p>Circular Economy²</p>	<p>Investments in production technologies and processes suitable for the Circular Economy</p>	<p>Investments relating to Circular Economy concern the acquisition of suitable production technologies and processes for implementing the Circular Economy. Specifically, they include</p> <ul style="list-style-type: none"> • Waste and secondary raw materials: facilities for collection, transport, treatment, dismantling, sorting, de-pollution and recycling or • Investments in the production of electrical and electronic equipment with the EU Ecolabel 	 
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² Circular Economy is an economic model that aims, among other things, at sharing, leasing, reusing, repairing, refurbishing and recycling in an (almost) closed loop in order to obtain the highest benefit and value from products, components and materials. Cf. <https://www.europarl.europa.eu/>: Circular Economy: Definition and Benefits, page 2.

Eligible social project categories

Financing in this area contributes to sustainable social development that serves the common good and meets the requirements of the taxonomy for minimum social collateral.

In the absence of a separate, specific social taxonomy at EU level, the criterion for socially sustainable financing is based on the public interest orientation of the investor or operator. The investment is classified as socially sustainable if the investor or operator is a public body (federal, state, local government) or a non-profit institution. The non-profit status must be proven in accordance with the national, tax law legislation on tax concessions based on the non-profit status.

ICMA SBP Category	Sub-category	Investment occasions / economic activity	Examples	Criterion	UN SDG
Access to essential services	Schooling and vocational training	Investments and projects related to various types of schools (compulsory as well as vocational), universities, technical colleges, adult education and early education programmes or kindergartens	New school building, kindergarten expansion, classroom equipment, digital teaching devices; Financing of training programmes	<u>Requirement:</u> Sponsor of the institution: federal, state and municipal institutions; non-profit associations; AT: apprentice workshop	
	Social & Health Care	Investments and projects related to childcare facilities, retirement and nursing homes, workshops for the disabled, health and rehabilitation centres, hospitals and hospices to ensure basic health care	medical equipment for public hospitals, construction of rehabilitation centers with health insurance contracts; Group practices, local medical care centre, medical practices with health insurance contracts	<u>Requirement:</u> Sponsors of the institution: federal, state, municipal institutions; Non-profit associations and private sponsors with health insurance contracts	



Exclusion criteria

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The net proceeds of Sustainable Bond Instruments will not be used for investments that do not comply with the restrictions described and defined in Oberbank's "Guidelines for Absolutely Excluded Transactions and Transactions requiring Anti-Money Laundering Authorization". All of the exclusion criteria defined refer to the full investment scope of the projects funded.

Absolutely excluded transactions³

Oberbank distances itself from industries, companies and business practices that, in its view, could result in unacceptable impacts on the environmental, social aspects and governance (ESG).

Financing and account business

The following exclusion criteria based on sustainability aspects are mandatory for new customer business as well as for new field of business that existing customers may enter into, and they are not subject to any option of approval.

Asset management

In the asset management, the following exclusion criteria do not apply, but rather special Minimum Standards tailored specifically to asset management.

Any products that do not fulfil the Minimum Standards defined in the Minimum Standards Manual are excluded. For sectors that entail higher sustainability risks – coal, controversial and conventional weapons, tobacco, adult entertainment and raw materials – the Minimum Standards define limits that must be complied with (e.g. no direct investment in companies whose share of revenue from coal mining exceeds 5%).

The Minimum Standards must be observed for discretionary asset management and active product recommendations from the product governance advisory universe. Therefore, only those securities that meet Oberbank's Minimum Standards are available to customers advisors.

Non-trading portfolio

In case of new investments by Oberbank, the following exclusion criteria must be fully observed. Compliance with the exclusion criteria in the area of own investments is also laid down in Oberbank's investment policy (Policy: Asset-Liability-Management).

Example of government bonds: Oberbank does not purchase government bonds from countries that have not ratified the Paris Climate Agreement. If a country withdraws from the Paris Climate Agreement, Oberbank does not acquire any new government bonds from this country as of this date; however, bonds acquired before the withdrawal are still held.

³ The exclusion criteria in this document will no longer be updated after the SPO of this framework has been carried out. However, the latest version of the exclusion criteria (<https://www.oberbank.com/strategy-and-guidelines>) is going to be applied for all Oberbank financing.



General exclusion criteria

Oberbank will not enter into business relationships and/or will distance itself from individual companies if labour law and human rights violations, illegal business practices or controversial environmental behaviour are known or become known in the course of the business relationship.

Criterion	Examples
Labour law violations	when at least one of the five fundamental principles set out in the <u>International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work</u> is violated <ul style="list-style-type: none">• Freedom of association and the recognition of the right to collective bargaining• Prohibition of forced and compulsory labour• Prohibition of child labour• Prohibition of discrimination in the workplace• Health and safety in the workplace
Human rights violations	when human rights are violated in the meaning of nationally and internationally recognised legal bases (e.g. European Convention on Human Rights and Fundamental Freedoms, Charter of Fundamental Rights of the European Union, UN Global Compact, OECD Guidelines for Multinational Enterprises, etc.)
Illegal business practices	Products or activities that are considered illegal under applicable laws, other provisions of the respective national legal system or international conventions and agreements (e.g. money laundering, fraud, corruption and bribery, financing of terrorism, etc.)
Controversial environmental behaviour	Controversial environmental practices that violate applicable national or international environmental laws and agreements (e.g. Bern Convention, Ramsar Convention, Convention on Biological Diversity) and are incompatible with general sustainable values and the preservation and promotion of biodiversity.

Sector-specific exclusion criteria

Additionally, Oberbank also considers the following economic activities and industries (review based on NACE codes) to have an increased ESG risk potential and excludes them.

Industry/Criterion	Exclusion of	Economic activity classification (ÖNACE)
Nuclear energy	<ul style="list-style-type: none">• Production and predominant distribution of nuclear energy• Construction of new and refurbishment of existing nuclear power plants• Mining of and enrichment with uranium, plutonium, thorium and mixed oxides of plutonium and uranium• Handling or trading in radioactive waste or hazardous waste or receiving commissions from such trading• Radioactive material, except for medical materials and quality control equipment, where the radioactive source is trivial and adequately shielded.	<ul style="list-style-type: none">• Mining of uranium and thorium ores• Generation of electricity



Illegal substances (narcotics)	Production of or trade in narcotic drugs that are not permitted for consumption under the respective national legal system	-
Harmful substances	Prohibited chemical compounds or chemical compounds that are being gradually banned and other harmful substances (e.g. hazardous or highly hazardous pesticides or pharmaceuticals, such as unbound asbestos fibers).	-
Gems and conflict materials	Extraction (mining) of conflict materials or blood diamonds or similar ⁴	<ul style="list-style-type: none"> • Other mining and quarrying n.e.c. • Mining and quarrying n.e.c.
Fishery	Companies that are active in the fishing industry or process or sell fishery products and do not comply with nationally and internationally recognised standards (e.g. EU Species Protection Regulation, MARPOL Convention, Marine Stewardship Council, FAO Code of Conduct for Responsible Fisheries)	<ul style="list-style-type: none"> • Marine fishery
Trade in protected animals or export leather, as well as animal testing	<ul style="list-style-type: none"> • Trade in endangered or specially protected animal species or animal species covered by the Washington Convention on International Trade in Endangered Species (CITES), or trade in parts of such animals • Arranging hunts or the hunting for such animals • Activities with live animals carried out for research purposes (animal testing) to test end products in the area of consumer goods and other non-medical products (e.g. cosmetics, detergents) that involve the risk of causing harm and suffering to the animals involved and are not legally required according to the respective national legal system 	<ul style="list-style-type: none"> • Wholesale of live animals • Wholesale of hides, skins and leather • Retail trade in zoological supplies and live animals
High-volume fracking and extraction of oil sands Crude oil	<ul style="list-style-type: none"> • Companies whose business purpose is high-volume fracking • Extraction of oil sands • New purpose-bound business activities for new unconventional oil projects aimed at expanding the oil infrastructure (e.g. shale oil, oil sands, Arctic oil, ultra-deepwater oil) 	<ul style="list-style-type: none"> • Extraction of crude oil and natural gas • Extraction of crude oil • Extraction of natural gas
Coal	<ul style="list-style-type: none"> • Extraction (mining) and production of coal • Energy generation from coal • Construction of new and refurbishment of existing coal-fired power plants • New business with companies whose primary business purpose is trading in coal 	<ul style="list-style-type: none"> • Coal mining • Anthracite mining • Lignite mining

⁴ Gems: For example, tin, tantalum, tungsten or gold, which are mined in the Democratic Republic of Congo and its neighbouring states. This region is heavily affected by armed conflicts, with the warring parties often financing themselves through the control of mines. Blood diamonds: definition according to the Kimberley Agreement: Smuggled diamonds used to finance various wars in Africa.



Controversial and heavy weapons	Production of and trade in controversial and heavy weapons, e.g. biological/chemical weapons, cluster munitions, nuclear weapons, landmines.	<ul style="list-style-type: none"> • Manufacture of weapons and ammunition
Embryo research	Companies whose business activities are directed towards consumptive research on human embryos (this does not include in vitro fertilisation)	-
Pornography industry and comparable industries (“red light district”; adult entertainment)	<ul style="list-style-type: none"> • Unacceptable behaviour includes in particular the denigrating and degrading portrayal of individuals or sexual acts. • Among other things, the following are excluded: <ul style="list-style-type: none"> ◦ the production of pornographic content in any format (e.g. films, magazines, etc.), ◦ the offering of sex tourism, ◦ the operation of brothels and ◦ the distribution of pornographic content (revenue limit: 10%). 	-
Mining	Mining activities without a permission	-
Betting and gambling	Companies that operate in or offer illegal gambling	-

Exclusion criteria for countries

In keeping with the principle of regionalism, Oberbank focuses on companies in those countries, in which it is active or which have their registered office in the EU or belong to a UNIDO member state. In addition, we do not engage in proprietary transactions with central governments, which are excluded by the following criteria:

Criterion	The following are excluded
FATF list	Countries on the black, dark grey or grey list of the Financial Action Task Force on Money Laundering (FATF)
EU list of high-risk countries	Countries on the EU list of high-risk countries set out in the Regulation (EU) 2020/855
Climate protection	Countries that have not ratified the 2015 Paris Climate Agreement.
Freedom of the press and freedom of the media	Countries in which the freedom of the press and the media is massively restricted (blacklisted by “Reporters without borders”)
Sanctions	Countries subject to UN-, US- or EU-sanctions, unless Oberbank has specifically defined policies and procedures in place to mitigate the risks in question to an appropriate extent and in legally compliant manner

Dealing with corporate groups

Within a group, those companies whose business activities violate the above exclusion criteria are excluded or not financed. The other companies in the group remain eligible for financing.



4 Process for loan evaluation and selection

As with all Oberbank lending transactions, all potentially sustainable loans are subject to Oberbank's standard lending procedures, which ensure compliance with applicable national rules and regulations, know-your-customer processes, and Oberbank's policies and guidelines on lending, anti-money laundering and sanctions. In addition, potential environmental, social and governance (ESG) risks are assessed as part of the lending process. Sector-specific lending guidelines apply to certain sectors with high ESG risk.

Sustainability experts in Oberbank's lending units assess potential sustainable loans, their compliance with the sustainable loan categories outlined in this Framework and their impact on the environment. If an analysis is required, Oberbank procures additional information such as an environmental impact assessment or a life cycle analysis. Based on the analysis, credit units may nominate loans as potential sustainable loans.

Process description – evaluation of sustainable loans granted by Oberbank

Precise internal review processes and responsibilities have been defined at Oberbank to assess sustainability (according to Oberbank Sustainable Bond Framework) and the eligibility of loans granted by Oberbank for sustainable bonds funds.

Assessing EU Taxonomy contribution

According to the EU Taxonomy, certain thresholds (limits) must be complied with to classify as sustainable financing. In addition to being classified as sustainable financing, a loan must make a significant positive contribution to the attainment of at least one of the six environmental objectives of the EU Taxonomy.

The thresholds in the categories of this Sustainable Bond Framework are strongly based on the substantial contribution of the EU Taxonomy. Taxonomy-aligned financing is eligible and a substantial or in some cases a partial contribution or additional Oberbank criteria are accepted as eligible (see detailed criteria in the Annex).

For details on eligible green and social loans under this Framework and on the methodology for checking alignment with the EU Taxonomy, see Section 3 Use of proceeds.

Retail mortgages

Oberbank's existing business in the area of retail mortgages was analysed by an external partner and assessed for eligibility as sustainable financing for the first issue of a green bond under the Green Bond Framework. New business is being assessed internally according to the same logic.

Further categories

An initial review of the financing takes place when the application is submitted by the responsible consultant. The final verification as to whether or not a financing is a sustainable financing pursuant to the above-mentioned framework is carried out by the specialist department in the corporate banking segment (Corporate & International Finance). If a financing cannot be clearly classified as sustainable, it is assigned to the Steering Committee for a decision.

This process is implemented digitally by marking the financing in the application process. Hungary is excluded from this process for technical reasons. Here, a notification by email replaces the digital identification in the application process. This identification or notification is evaluated by the specialist department and each financing is approved after a case-by-case review and stored in the system as sustainable financing in the sense of this framework.



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In order to achieve our strategic goals, these sustainable financings are also measured in our sales cockpit. This process complements the standardized loan application process according to internal guidelines (Oberbank Credit Standards Guideline, Disbursement Control Guideline, Guiding Principles on ESG Risks and Sustainable Financing).

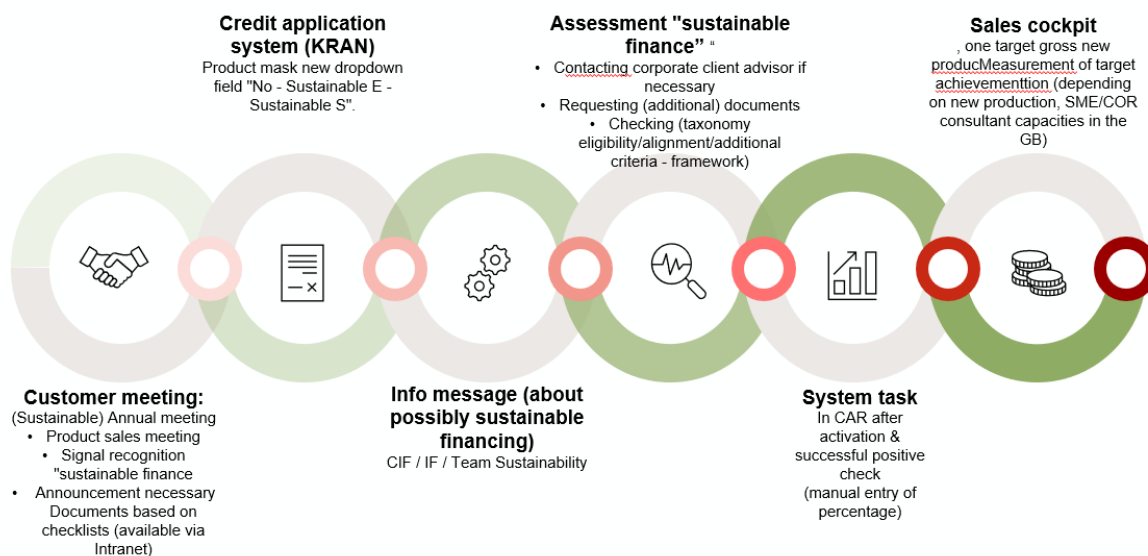


Figure 1 Credit process sustainable financing

Loans classified as sustainable will be removed from the sustainable portfolio in case of early repayment, redemption, sale or loss of eligibility status.
The use of funds over the term of the financing is contractually regulated and our customers are obliged to report any changes in the use of funds without delay.



The Asset Liability Management (ALM) Committee is responsible for the Management of Proceeds from Sustainable Bond Instruments.⁵

Decisions concerning changes of the Framework are taken in the Sustainability Steering committee.

Responsibilities for project evaluation and allocation of sustainable loans are as followed:

- Project evaluation and classification: Sustainable loans are identified in accordance with the aforementioned definition of sustainable loans by the specialist department corporate international finance CIF.
- Project allocation: The department Treasury is responsible (from September 2024 onwards) for allocating the eligible projects to the different frameworks.
- Identification and management of potential ESG risks of sustainable loans: bank consultants for direct customer contact and information management, department credit management (KRM) in collaboration with the other internal departments for the further development of ESG risk assessment
- Monitoring the distribution of net proceeds from Sustainable Bond Instruments: ALM Committee
- Review and updating of the Sustainable Bond Framework :
An update is not planned due to changes not being possible after emitting Bonds with the respective criteria. In the case of necessary changes due to unforeseen matters the specialist department in the corporate banking segment (Corporate & International Finance), ESG Unit and other product departments (Treasury, Private Banking & Asset management) would be responsible and approval by the sustainability steering committee would be necessary.

When identifying sustainable loans and their non-financial effects, Oberbank reserves the right to also use external consultants and their data sources.

5 Management of proceeds

The net proceeds of Sustainable Bond Instruments issued under this Framework are managed by the ALM applying a portfolio approach. Oberbank allocates the net proceeds from Sustainable Bond Instruments to a portfolio of eligible loans that meet the sustainable bond criteria as described in the section on Use of Proceeds. Eligible sustainable loans are flagged as such in the bank's internal system, and can therefore be represented in a portfolio.

Oberbank aims to fully allocate eligible sustainable loans to the portfolio (**Sustainable Portfolio**) until maturity, but at the latest 18 months after the issue, and to replace these loans if they are removed from the Sustainable Portfolio due to early repayment, redemption, sale or loss of status as eligible for the Sustainable Portfolio. If there is a shortfall in sustainable loans until maturity, Oberbank may – until full reallocation – hold the amount corresponding to the unallocated issuance proceeds in cash or in short-term liquid instruments in accordance with the exclusion criteria defined in Oberbank's "Guidelines for Absolutely Excluded Transactions and Transactions requiring Anti-Money Laundering Authorization".

As mentioned above, the management of the Sustainable Portfolio is the responsibility of the ALM Committee. The availability of eligible sustainable loans and compliance with sustainable bond criteria is reviewed on a quarterly basis. Oberbank may modify the composition of the sustainable portfolio at its discretion, provided the total volume of sustainable loans is at least equal to the net proceeds of the outstanding Sustainable Bond Instruments and the selected sustainable loans meet all sustainable bond criteria.

⁵ The former Green Bond Committee is now included in separate departments and meeting formats like the ALM.



6 Reporting

The allocation and impact reporting (in one document) are made available on the Oberbank website. This report also discusses the measurable contribution of these green or social loans to the climate goals set out in the EU Taxonomy and in the UN SDG.

Allocation reporting

Oberbank will prepare and make available a report on the allocation of the net proceeds to the Sustainable Portfolio ("Allocation Report") on a nominal equivalence basis one year after the issuance of the respective Sustainable Bond Instruments. This report will be updated annually until full allocation.

Oberbank intends to report on the allocation of the use of proceeds to the sustainable portfolio on an aggregate (portfolio) basis by category for all Sustainable Bond Instruments issued by Oberbank as set out below:

- Volume of the Sustainable Portfolio;
- Total amount of net proceeds allocated to the Sustainable Portfolio;
- Balance (if any) of unallocated net proceeds;
- Amount or percentage share of new loans and refinancing;
- Breakdown of allocated net proceeds by sustainable bond category;
- Total volume of outstanding Sustainable Bond Instruments
- Geographical breakdown of the Sustainable Portfolio

Impact reporting

Oberbank intends to align its external reporting with the approaches described in the ICMA Handbooks "Harmonised Framework for Impact Reporting for Green Bonds" (June 2023) and "Harmonised Framework for Impact Reporting for Social Bonds" (June 2023) and will report on the environmental and social impacts of the financed investments (impact reporting).

Oberbank intends to report, to the extent possible, one year after the issuance of the respective Sustainable Bond Instruments and then annually on the environmental impact of the sustainable loans financed with the net proceeds of the Sustainable Bond Instruments ("Impact Reporting").

As the sustainable bond categories include a number of different project types, the final key impact indicators may differ from those listed below. Energy generation/savings and reduction of greenhouse gas emissions are considered the most important indicators and are prioritised. Where this is not possible, or the data is not available, a qualitative description of the impact is used. Quantitative impacts are adjusted to the volume of funding used.

The impact factors in the area of social funding are based on training places on the one hand and the number of beds on the other. In the area of social funding, the volume of funding was selected as the impact factor.



Impact Indicators

Please find a list of indicative indicators below:

ICMA category	Impact indicators
Green Building	o saved to CO ₂ e/a in relation to average HWB according to Austrian building typology (cf. A typology of Austrian residential buildings, brochure Episcop, ed. Austrian Energy Agency, Vienna 2015).
Individual measures	o Individual renovation measures: kWh/a saved or to CO ₂ e/a, if data available; otherwise description of renovation measures.
Renewable energy	o Savings to CO ₂ e/a through the generation of renewable energy compared to the country-specific electricity mix. Biomass heat: Savings compared to use of natural gas
Manufacture	o Number and capacity of renewable energy technology and green hydrogen production facility(ies).
Storage	o Capacity of storage facilities for renewable energies in kWh/a
Transmission Networks	o Number and capacity of renewable energy plant(s) connected to the transmission networks (kW/a), if any.
Clean mobility	o Vehicles (Truck, passenger car): tons of CO ₂ e/a saved according to average mileage
	o Number of plants financed incl. description (production quantities, if available).
Circular economy	o Quantity (to) of produced Secondary raw materials or recycled starting material
Manufacture	Number of systems o for collection, transport, treatment, dismantling, sorting pollutant removal and material recycling o for the manufacture of electrical/electronic equipment
	o If available: Amount of material produced and/or description of positive environmental impact, such as raw material savings, energy savings, extension of product useful life, etc.
Research and development (reduction of greenhouse gas emissions)	o If available: Number of solutions placed on the market (e.g. products) o and description of the purpose of the research, including a description of the reduction in greenhouse gas emissions



ICMA SBP Category	Impact indicator
Access to essential services: School and vocational training	Prerequisite: Owner of the facility: Federal, state and municipal institutions; non-profit associations; exception: apprentice workshops in companies Indicator: <ul style="list-style-type: none">o Number of training places financed
Access to essential services: Social and health care	Prerequisite: Facility provider: federal, state, municipal institutions; non-profit associations and private providers with health insurance contracts Indicator: <ul style="list-style-type: none">o Number of beds or care places financed

7 External review

Second party opinion

Oberbank's Sustainable Bond Framework has been audited by Sustainalytics.

The Second Party Opinion as well as the Sustainable Bond Framework are available for investors and other stakeholders on Oberbank's website <https://www.oberbank.at/ratings-bondinvestoren>.

8 Annex

Financing contributes to the environmental objectives of the EU taxonomy in the following ways:

- **SC** (Substantial Contribution): fulfilment of the essential contribution to the environmental objective of the respective activity according to the EU taxonomy;
- **PSC** (Partly substantial contribution): Partial fulfilment of the essential contribution to the environmental objective of the respective activity according to the EU taxonomy
- **OBK criterion**: criterion defined by Oberbank

ICMA Category	Investment occasions / economic activity	Contribution to the environmental target and economic activity according to Taxonomy Regulation (EU) 2020/852 (SC, PSC, OBK criterion)	Green Activity/Criterion
Green Building (Commercial & Residential)	Financing of new construction and acquisition of residential and non-residential buildings	ET 1 7.1. Construction of new buildings PSC ET 1 7.7. Acquisition and ownership of buildings SC (buildings after 31.12.2020 according to 7.1 PSC)	<p><u>PSC in AT and DE:</u> New buildings or acquired buildings correspond to nearly zero-energy buildings (NZEB) - 10 % according to national specifications</p> <p>AT: Building category 13 (requirements U-values according to OIB RL 6 fulfilled)</p> <p>or purchase of a building built before 31.12.2020 has at least energy performance certificate class A or is among the top 15% of the most energy-efficient buildings expressed as operational Primary Energy Demand (PED) of the national building stock</p>
			<p><u>OBK criterion:</u></p> <p>buildings certified to one of the following internationally recognized building standards:</p> <ul style="list-style-type: none"> • ÖGNI/DGNB: "Gold or above" • BREEAM: "Excellent or above" • LEED: "Gold or above"

Green Building (Commercial & Residential)	Financing of major building renovations: A major renovation includes the building envelope and heating systems, or if the renovation costs are more than 25% of the building's value.	ET 1 7.2. Renovation of existing buildings SC	SC AT: After renovation, the building meets the national requirements for NZEB (PEBSK n.ern.): Residential building: 44kWh/m ² a Office building: 87 kWh/m ² a or reduces the primary energy demand by at least 30 %. SC DE: Requirements for major renovations according to national specifications or reduces primary energy demand by at least 30%
	Individual renovation measures: financing the manufacture, installation, maintenance and repair of energy-efficient building equipment	ET 1 3.5 Manufacture of energy-efficient building equipment for buildings SC ET 1 7.3. Installation, maintenance and repair of energy efficiency equipment SC ET 1 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings SC	Building insulation, façade greening: thermal insulation products Lambda values not exceeding 0.06 W/mK Energy-efficient building equipment, such as: - Replacement of existing windows and exterior doors: windows U-value maximum 1.0 W/m ² K, doors U-value max. 1.2 W/m ² K - Installation and replacement of energy-efficient light sources*; - installation, replacement, maintenance and repair of heating, ventilation and airconditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies *: in the case of heat pumps, a relative global warming potential of 675 of the refrigerant not exceeded - Installation of water- and energy-saving kitchen and sanitary fittings that ensure maximum water flow rate not exceeding 6 litres/min, attested by an existing label in the Union market. - energy-efficient building automation and control systems for residential and non-residential buildings *Light sources, refrigeration and ventilation systems, space heaters and water heating systems are classified in the two highest energy efficiency classes

<p>Renewable Energy</p>	<p>Financing for the construction, production and maintenance of renewable energy installations* for the production of: electricity, heating/cooling, biogas, green hydrogen, biofuels and biofuels;**</p> <p>Investments in equipment for the production of renewable energy and green hydrogen technologies</p>	<p>ET 1 3.1 Manufacture of renewable energy technologies; SC ET 1 3.2 Manufacture of equipment for the production and use of hydrogen PSC ET 1 4.1 Electricity generation using photovoltaic technology SC ET 1 4.3. Electricity generation from wind power SC ET 1 4.5 Electricity generation from hydropower PSC ET 1 4.6 Electricity generation from geothermal energy PSC ET 1 4.8 Electricity generation from bioenergy PSC ET 1 4.16. Installation and operation of electric heat pumps SC ET 1 4.18. Cogeneration of heat/cool and power from geothermal energy PSC ET 1 4.20. Cogeneration of heat/cool and power from bioenergy PSC ET 1 4.21. Production of heat/cool from solar thermal heating ET 1 4.22. Production of heating/cooling from geothermal energy PSC ET 1 4.24. Production of heating/cooling from bioenergy PSC ET 1 4.25. Production of heating/cooling from waste heat SC ET 1 7.6 Installation, maintenance and repair of renewable energy technologies (on buildings) SC</p>	<ul style="list-style-type: none"> o Power generation using solar PV technology and plants for the production of photovoltaic technology o Heat generation using solar hot water panels and plants for the production of solar technology o Electricity generation from wind power and plants for the production of wind power turbines o Manufacture of equipment for the production and use of hydrogen; PSC* o Power generation using run-of-river power plant PSC: Run-of-river power plant without an artificial reservoir; the power density is at least 5 W/m² o Electricity generation and/or heating/cooling from geothermal energy PSC* o Production of electricity and/or heating/cooling from bioenergy and production of equipment for the generation of electricity from bioenergy. PSC** o Energy-efficient, electric heat pumps with a refrigerant whose relative global warming potential does not exceed 675 and equipment for the production (3.1) of these heat pumps o Production of heat/cold from waste heat, heat exchanger/recovery systems and production of systems (3.1) for heat/cold recovery from waste heat. <p>*The life cycle GHG emissions for RE products are < 100 g CO₂e /kWh</p> <p>**For the production of biofuels for transportation and for the production of liquid and gaseous biofuels, no food and feed crops are used that are still suitable for animal feed or human consumption. Production of digestate is in accordance with national regulations</p>
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<p>Renewable energy</p>	<p>Investments (construction and operation) in the storage, transmission, distribution of renewable energy and the production of the necessary equipment</p>	<p>ET 1 3.20. Manufacture, installation and maintenance of high-, medium- and low-voltage electrical equipment for electricity transmission and distribution that make or enable significant contributions to climate change mitigation PSC ET 1 4.9 Transmission and distribution of electricity PSC ET 1 4.10 Storage of electricity (construction and operation), including pumped storage power plants PSC ET 1 4.11 Storage of thermal energy SC ET 1 4.12 Storage of hydrogen PSC ET 1 4.14. Transmission and distribution networks for renewable and low-CO₂ gases PSC ET 1 4.15. District heating/cooling distribution PSC</p>	<p>o High-, medium-voltage and low-voltage lines, including connections to a substation, including equipment for the production of these lines <u>PSC</u>: Construction and operation of a direct connection or extension of an existing direct connection for low-CO₂ power generation to a substation or grid, including transmission and distribution transformers*</p> <p>o Electricity storage including pumped storage power plants <u>PSC</u>: The activity includes the construction and operation of electricity storage facilities including pumped storage power plants.</p> <p>o Heat storage: The activity includes the storage of thermal energy, including geothermal energy storage or aquifer heat storage.</p> <p>o Hydrogen storage <u>PSC</u>: construction of hydrogen storage facilities and conversion of existing underground gas storage facilities into hydrogen storage facilities;</p> <p>o District heating/cooling distribution networks <u>PSC</u>: conversion to low-temperature profiles and/or for heating/cooling from renewable energy generation</p> <p>o Transmission and distribution networks for renewable and low-CO₂ gases (especially hydrogen)</p> <p><u>PSC</u>: construction or operation of new transmission and distribution networks for hydrogen or other low-CO₂ gases; conversion/conversion of existing natural gas networks to 100% hydrogen; Retrofitting of gas transmission and distribution networks allowing for the integration of hydrogen and other low-carbon gases into the network, including all activities in the gas transmission or distribution system that allow for a higher blending of hydrogen or other low-carbon gases in the gas network.</p> <p>*Life cycle GHG emissions are < 100 g CO₂e/kWh</p> <p>**For the production of biofuels for transport and for the production of liquid and gaseous biofuels, food and feed crops that are still suitable for animal feed or human consumption shall not be used. Production of digestate is in accordance with national regulations.</p>
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Clean transportation	Investments in electric or hydrogen-powered vehicles, for passenger and freight transport by road, water, company and rail Equipment for the production of electric or hydrogen-powered vehicles and their components Equipment for the manufacture of components of railway vehicles	<p>ET1 3.18. Manufacture of automotive and mobility components for CO2 emission-free vehicles SC</p> <p>ET1 3.19 Manufacture of components of rolling stock SC</p> <p>ET 1 6.1. Passenger transport by interurban rail SC*</p> <p>ET 1 6.2. Freight rail transport SC*</p> <p>ET 1 6.3. Urban and suburban transport, road passenger transport SC</p> <p>ET 1 6.4. Operation of personal mobility devices, cycle logistics SC</p> <p>ET 1 6.5. Transport by motorbikes, passenger cars and light commercial vehicles SC*</p> <p>ET 1 6.6. Freight transport services by road (taxable) SC*</p> <p>ET 1 6.7. Inland passenger water transport SC *</p> <p>ET 1 6.8. Inland freight water transport SC *</p> <p>ET1 6.14. Infrastructure for rail transport SC*</p> <p>ET 1 6.15. Infrastructure for low-CO2 road and public transport PSC</p> <p>ET 1 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) SC</p>	<p>o Rail transport infrastructure (electrified, trackside infrastructure, stations, terminal infrastructure)</p> <p>o Plants for the production of vehicles with exclusively electric or hydrogen drives and their components</p> <p>o Equipment for the manufacture of components for rail vehicles</p> <p>o Electricity charging stations and hydrogen refuelling stations <u>PSC</u>: construction and operation of hydrogen refuelling stations and charging stations for electric vehicles and supporting electrical infrastructure for the electrification of transport.</p> <p>o Equipment for the production of electric charging stations</p> <p>*Excludes vehicles, ships, trains and freight wagons for the transportation of fossil fuels (e.g. oil, coal)</p> <p>**Vehicles includes (electric and hydrogen drive, no hybrid drive): Cars, trucks of all classes, buses, personal mobility devices (bikes, scooters, etc.) and additionally (OBK criterion) in-house vehicles (e.g. forklift trucks)</p>
			<p><u>OBK criterion</u>: Vehicles**, and inland waterway vessels without direct CO2 exhaust emissions and rail vehicles including dual-motor railcars for the purpose of personal mobility and passenger or freight transport.*</p> <p>o Rail infrastructure (electrified trackside infrastructure, rail stations and terminal infrastructure o Equipment for the production of vehicles with only electric or hydrogen propulsion and their components.</p> <p>o Equipment for the manufacture of components of rail vehicles</p> <p>*Excludes vehicles, ships, trains and freight wagons for the transport of fossil source(e.g. oil, coal).</p> <p>**Includes vehicles (electric and hydrogen, not hybrid): cars, trucks of all classes, buses, personal mobility devices (bicycles, scooters, etc.) and additionally (OBK criterion) intra company transport (e.g. forklifts)</p>

Circular economy	Investments in production technologies and processes suitable for the circular economy o Waste (hazardous and non-hazardous), end-of-life products and secondary raw materials: facilities for collection, transportation, treatment, dismantling, sorting, pollutant removal and material recycling o Plants for the production of electrical and electronic equipment with the EU Ecolabel		o <u>OBK criterion</u> : Secondary raw materials are also included in all below mentioned activities.
		ET4 2.3 Collection and transport of non-hazardous and hazardous waste PSC ET4 2.4 Treatment of hazardous waste PSC ET4 2.6 Depollution and dismantling of end-of-life products PSC ET4 2.7 Sorting and material recovery of non-hazardous waste PSC	<p>o Non-hazardous waste: Facilities for separate collection, treatment, dismantling, sorting, de-pollution, recycling and transportation, including construction and modernization of these facilities.</p> <p>PSC:</p> <p>The economic activity dismantles and depollutes separately collected waste, in state-of-the-art facilities, from complex end-of-life products, such as automobiles, electrical and electronic equipment (EEE) or ships, in order to:</p> <ul style="list-style-type: none"> a) harvest parts and components that are suited for re-use; b) separate non-hazardous and hazardous waste fractions suited for material recovery including recovery of critical raw materials; c) remove hazardous substances, mixtures and components, so that these are contained in an identifiable⁶¹ stream or that are an identifiable part of a stream within the treatment process, and send them to facilities permitted for proper treatment including disposal of hazardous waste; d) enclose documentation of the materials that are sent for further treatment or reuse.

Circular economy			<p>o Hazardous waste: This includes the following streams:</p> <ul style="list-style-type: none"> a) solvent reclamation or regeneration; b) regeneration of acids and bases; c) recycling or reclamation of inorganic materials other than metals or metal compounds; d) recovery of components used for pollution abatement; e) recovery of components from catalysts; f) re-refining of oil lubricants and other industrial waste oils (excluding for use as fuel or incineration). <p>PSC:</p> <ol style="list-style-type: none"> 1. The activities consist of the material recovery of secondary raw materials (including chemical substances and critical raw materials) from source segregated hazardous waste. 2. The recovered materials are substituting primary raw materials, including critical raw materials, or chemicals in production processes. 3. The recovered materials comply with the applicable industry specifications, harmonized standards, or end-of-waste criteria, as well as relevant applicable Union and national legislation.
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