

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

Raiffeisen Bank Czech Republic
12 May 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green bond Programme
Relevant standards	<ul style="list-style-type: none">• Green Bond Principles, as administered by ICMA
Scope of verification	<ul style="list-style-type: none">• Raiffeisen Bank Czech Republic Green Bond Framework (as of May 2021)• Raiffeisen Bank Czech Republic's Selection criteria (as of May 2021)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as the Raiffeisen Bank Czech Republic's Green Bond Framework does not change

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Scope of work

Raiffeisenbank a.s. (“Raiffeisenbank” or “the issuer”) commissioned ISS ESG to assist with its Green Bond programme by assessing three core elements to determine the sustainability quality of the instrument:

1. Green bond programme link to Raiffeisenbank’s sustainability strategy – drawing on Raiffeisenbank sustainability profile and issuance-specific Use of Proceeds categories.
2. Raiffeisenbank’s Green Bond Framework (May 2021 version) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBPs).
3. The Selection criteria – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 2).

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Green bond programme link to issuer’s sustainability strategy	<p>According to the ISS ESG Corporate Rating published on 18.06.2020, Raiffeisen Bank International AG² shows a high sustainability performance against the industry peer group on key ESG issues faced by the Commercial Banks & Capital Markets sector. Raiffeisen Bank International AG is rated 5th out of 287 companies within its sector.</p> <p>The Use of Proceeds financed through this bond are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing green bonds is clearly described by the issuer.</p>	Consistent with issuer’s sustainability strategy
Part 2: Alignment with GBPs	<p>The issuer has defined a formal concept for its Green bond programme regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles.</p>	Aligned
Part 3: Sustainability quality of the Selection criteria	<p>The overall sustainability quality of the Selection criteria in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG assessment. The Green bond programme will (re-)finance eligible asset categories including: green buildings, renewable energy, energy efficiency, clean transportation, agriculture and forestry. Those use of proceeds categories have a positive contribution to SDGs 3 ‘Good health and well-being’, 7 ‘Affordable and clean energy’, 11 ‘Sustainable cities and communities’, 12 ‘Responsible consumption and production’, 13 ‘Climate action’ and 15 ‘Life on land’. The environmental and social risks associated with those use of proceeds categories have been well managed.</p>	Positive

¹ ISS ESG’s evaluation is based on the Raiffeisenbank a.s.’s Green Bond Framework (May 2021 version), on the analysed Selection criteria as received on the 16.04.2021, and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 18.06.2020).

² As Raiffeisenbank a.s. is not part of the ISS ESG Universe and is a subsidiary of Raiffeisen Bank International AG, the parent’s ESG performance has been introduced for this assessment.

ISS ESG SPO ASSESSMENT

PART I: GREEN BOND PROGRAMME LINK TO RAIFFEISENBANK'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF RAIFFEISEN BANK INTERNATIONAL AG³'S ESG PERFORMANCE

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

COMPANY	SECTOR	DECILE RANK	TRANSPARENCY LEVEL
RAIFFEISEN BANK INTERNATIONAL AG	COMMERCIAL BANKS & CAPITAL MARKETS	1	VERY HIGH

This means that the company currently shows a high sustainability performance against peers on key ESG issues faced by the Commercial Banks & Capital Markets sector and obtains a Decile Rank relative to industry group of 1, given that a decile rank of 1 indicates highest relative ESG performance out of 10.

ESG performance

As of 12.05.2021, this Rating places Raiffeisen Bank International AG 5th out of 287 companies rated by ISS ESG in the Commercial Banks & Capital Markets sector.

Key challenges faced by companies in terms of sustainability management in this sector are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.

Key Issue Performance



Sustainability Opportunities

Through special product offerings in the areas of social and/or green financial services, as well as by offering socially responsible investment (SRI) products, financial institutions can promote investments in companies that contribute to the solution of global sustainability challenges. Raiffeisen Bank International Group (RBI) finances projects for water supply facilities, wastewater systems, schools and kindergartens. In addition, the company finances solar and wind power projects as well as energy efficiency technologies. The company also offers several SRI funds and provides information regarding the carbon emissions of the funds. However, the above-mentioned activities and products do not constitute the main business of the company.

³ As Raiffeisen Bank Czech Republic is not part of the ISS ESG Universe and is a subsidiary of Raiffeisen Bank International AG, the parent's ESG performance has been introduced for this assessment.

Sustainability Risks

For its lending business, RBI has established some general environmental and social provisions. For instance, it excludes the financing of nuclear power plant construction projects or operators of nuclear power plants. The company is also committed to neither lending to mining, energy and trading companies that derive more than 25 percent of their revenues from thermal coal, nor providing financial or refinancing services to thermal coal power plants or mines. In addition, one of RBI's subsidiaries (Raiffeisen Romania) applies the International Finance Corporation's Performance Standards. For its mainstream mutual funds, the company excludes investments in agricultural commodities and controversial weapons. In the field of customer and product responsibility, the company has implemented several relevant measures to ensure responsible marketing and sales practices as well as responsible treatment of clients with debt repayment problems (e.g. pre-emptive actions and debt counseling). There is no indication of significant measures to ensure tax compliance of wealth management clients, though. In several locations, the company offers a high degree of workplace flexibility and supports access to childcare facilities. RBI has established a group-wide code of conduct covering important issues, such as corruption, antitrust violations, insider dealings, and conflicts of interest, in a varying degree of in detail. The company conducts comprehensive compliance trainings, risk assessments and third-party anti-corruption due diligence measures. It also offers its employees confidential channels to report on non-compliance issues as well as whistleblower protection.

Governance opinion

The majority of the members of the supervisory board is not independent⁴ including the chair of the board, Mr. Erwin Hameseder (as at January 8, 2020). The audit, remuneration, and nomination committees are primarily composed of non-independent directors as well. Many supervisory board members are representatives of regional Raiffeisen banks. The issue of independence of the board members may pose risks to the decision making of the company. The company discloses its remuneration policy for executives, including long-term components, which could incentivize sustainable value creation. The company has no supervisory-board-level sustainability committee and there seem to be no relevant sustainability performance targets considered in executive remuneration plans. In terms of business ethics and compliance, RBI has established a group-wide code of conduct covering important issues, such as corruption, antitrust violations, insider dealings, and conflicts of interest, in a varying degree of detail. The company conducts comprehensive compliance trainings, compliance risk assessments and third-party anti-corruption due diligence measures. It also offers its employees confidential channels to report on non-compliance issues as well as whistleblower protection.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of RBI's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along RBI production process.

⁴ The supervisory board independency is in line with local legislation. https://www.rbinternational.com/en/investors/corporate-governance/jcr_content/root/responsivegrid/contentcontainer_360169373/contentplus/downloadlist.download.html/0/Austrian%20Co de%20of%20Corporate%20Governance%20as%20amended%20in%20January%202021.pdf

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Product/Services portfolio	N/A	NO NET IMPACT	N/A

Breaches of international norms and ESG controversies

The company is not facing any severe controversy.

B. CONSISTENCY OF GREEN BOND PROGRAMME WITH RAIFFEISENBANK'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

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

In January 2021, RBI signed the global UN Principles for Responsible Banking⁵. Being the first Austrian banking group who signed the UN PRB, RBI has demonstrated its pioneering role particularly in Austria. The Principles for Responsible Banking set out the banking industry's role and responsibility and in aligning the banking sector with the objectives of the UN Sustainable Development Goals and the 2015 Paris Climate Agreement⁶. They also, importantly, enable a bank to embed sustainability across all its business areas, and to identify where it has the potential to make the most impact in its contributions to a sustainable world.

Furthermore, in March 2021 RBI has yet again highlighted its focus on renewable energy initiatives and the Management Board has adopted a guideline according to which the RBI Group's carbon finance portfolio, i.e. the sum of loans relating to thermal coal and thermal coal trading will be significantly reduced⁷. In the future, no business will be done with companies that generate more than 25 per cent of their revenues from thermal coal mining. The same applies by analogy to energy and trading companies. No new credit exposures will be entered into for existing such customers, and their outstanding balance must be repaid by 2030 at the latest. With this strategic decision RBI Group is taking an important step on the way to achieving the EU climate targets⁸ and Raiffeisen Bank Czech Republic as part of the RBI Group is committed to follow these guidelines.

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

⁵ UN PRB is a single framework for a sustainable banking industry developed through an innovative partnership between banks worldwide and United Nations Environment's Finance Initiative: Raiffeisen Bank International becomes Signatory of the global Principles for Responsible Banking - <https://www.rbinternational.com/>

⁶ Principles for Responsible Banking – United Nations Environment – Finance Initiative <https://www.unepfi.org/>

⁷ Focus on renewable energy_ phase-out of thermal coal.pdf <https://www.rbinternational.com/>

⁸ https://ec.europa.eu/clima/policies/strategies/2030_en

Concentrating on Raiffeisen Bank Czech Republic sustainability strategy, the bank has based its strategy on three pillars: Responsible banker, fair partner and active corporate citizen, which are deeply rooted in the group’s organizational culture, with the aim to connect business activity to sustainable development both in society and in the public sphere. Raiffeisen Bank Czech Republic has signed the Sustainable Finance Memorandum of the Czech banking association (CBA - Česká bankovní asociace), where banks are committed to assess their activities in the light of the requirements for environmentally and socially responsible business, and to align their objectives with the objectives stated in the relevant UN global agreements, EU programs and policies as well as with national sustainable policy frameworks. The CBA Sustainable Finance Memorandum is a follow-up to the UN Principles for Responsible Banking and binds the signing banks to apply sustainability principles in the business activities and also in relation to clients, suppliers and other stakeholders.

Rationale for issuance

The banking sector plays a vital role in mobilizing financial resources that contribute to building and developing a sustainable society in the Czech Republic. Raiffeisenbank a.s. has established this Green Bond Framework (“the Framework”) as a part of its broader sustainability strategy with the aim to focus on assets with a positive environmental impact in order to support the necessary transition to an environmentally sustainable future. The use of proceeds categories included in the bank’s Green Bond Programme are renewable energy, energy efficiency, green buildings, agriculture and forestry. All the selected proceeds categories are aligned with the categories eligible under the ICMA Green Bond Principles and aligns with Raiffeisen Bank Czech Republic’s sustainability strategy.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Green bond programme with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Commercial Banks & Capital Markets sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Renewable Energy	✓	✓	Contribution to a material objective
Energy efficiency	✓	✓	Contribution to a material objective
Green Buildings	✓	✓	Contribution to a material objective
Agriculture and Forestry	✓	✓	Contribution to a material objective

Opinion: *ISS ESG finds that the Use of Proceeds financed through this bond are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry.*

PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES

1. Use of Proceeds

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

Raiffeisenbank will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Eligible Green Loans and will strive to replace maturing Eligible Green Loans with the new ones and will provide transparency on the Green Loan origination timeframe in its annual reporting.

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

ELIGIBLE CATEGORY	ELIGIBILITY CRITERIA
Green Buildings	<p>Finance or refinance Eligible Green Loans or investments in green assets or projects related to the construction of new buildings, acquisition and ownership of existing buildings or renovation of existing buildings (with a minimum energy efficiency upgrade) in the commercial and retail real estate sector⁹:</p> <p>Green commercial and residential buildings will meet at least one of the following criteria:</p> <ul style="list-style-type: none"> • Building has a recognized certification (at least applied or precertified) and a minimum certification level of LEED Gold, BREEAM Very Good¹⁰, DGNB/ÖGNI Gold or Edge Advanced, • OR building belongs to the top 15% of low carbon buildings in the respective country based on local building codes, building years and EPC certificates (if an assessment is possible) • OR in cases where an assessment of the top 15% low carbon buildings is not possible, Raiffeisenbank will define buildings with the EPC with a min. level A as eligible <p>Refurbished buildings (e.g. insulation of walls and roofs, insulation of facades, roofs, replacement of boilers) leading to reduction of Primary Energy Demand of at least 30% in comparison with the energy performance of the building before the renovation.</p> <p>Buildings that are used for the purpose of occupation by fossil fuel extraction or manufacturing of fossil fuel activities are explicitly excluded.</p>

⁹ May include office, warehousing & logistic, hotels, retail, healthcare, residential.

¹⁰ BREEAM “Very Good” buildings achieving a minimum score of 70% in the Energy category.

	<p>Eligibility criteria under the current¹¹ version of the EU Taxonomy to be considered on a best effort basis:</p> <ul style="list-style-type: none"> • For buildings built until 12/2020: the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock. Buildings built after 12/2020: Primary Energy Demand (PED) of the building must be at least 10% lower than the threshold set in the national nearly zero-energy building (NZEB) requirements¹²
<p>Renewable energy</p>	<p>Finance or refinance Eligible Green Loans and/or investments to equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy projects such as:</p> <ul style="list-style-type: none"> • Wind onshore • Solar Power • Hydropower (up to 20MW), where <ul style="list-style-type: none"> - the power density must be >5 W/m² OR - max life-cycle GHG emissions must be <100g CO₂/kWh and life-cycle assessment must be verified by an independent third party • Geothermal projects (with direct emissions < 100gCO₂/kWh according to GHG lifecycle assessment) • Energy from biomass (excluding biomass from sources depleting biomass and carbon pools, sources grown on land with high biodiversity and sources that use land that competes with food sources) • Waste-to-energy¹³ (including biogas) using only 2nd and 3rd generation biofuels
<p>Energy efficiency</p>	<p>Finance or refinance Eligible Green Loans related to the development and implementation of products or technology that reduce energy consumption. Examples include, but are not limited to:</p> <ul style="list-style-type: none"> • Energy efficient lighting (e.g. LEDs) • Projects improving the energy efficiency of industrial production process in a factory, excluding fossil fuel-powered equipment or improvements within carbon-intensive heavy industries (e.g., steel, cement, refining, etc.), aiming to achieve at least 30% improvement in energy efficiency • Energy storage projects (e.g. fuel cells), • Smart grid solutions for more efficient transmission/distribution of energy

¹¹ EU Taxonomy Climate Delegated Act (April 2021): https://ec.europa.eu/info/publications/210421-sustainable-financecommunication_en#taxonomy

¹² https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings_en

¹³ Where the main goal for waste incinerations is to produce renewable energy and a 'substantial' reduction in net GHG emissions is achieved, compared to the alternative of waste management and disposal.

	<p><u>Eligibility criteria under the current version of the EU Taxonomy to be considered on a best effort basis:</u></p> <p>Energy efficiency is mentioned across various activities within EU Taxonomy, as such no general threshold can be applied, and decisions need to be made on a case-by-case basis depending on the sector and activity specific background.</p>
Clean transportation	<p>Finance or refinance Eligible Green Loans for zero direct emission vehicles as well as infrastructure for low carbon transport. The eligibility criteria are:</p> <p><u>For public transport and freight rail transport:</u></p> <p>Manufacturing, acquisition as well as modernization of zero direct emissions land transport activities (e.g. light rail transit, metro, tram, trolleybus, bus and rail, electric locomotives) are eligible</p> <p><u>For commercial and retail vehicles:</u></p> <p>Zero tailpipe emission vehicles (incl. hydrogen, fuel cell, electric)</p> <p><u>For infrastructure:</u></p> <p>Financing of low carbon transport infrastructure such as, but not limited to, electric charging points, electricity grid connection upgrades, hydrogen fueling stations or electric highways, rail networks, highspeed railway lines, electric railway lines, pavements, bike lanes and pedestrian zones</p>
Agriculture and Forestry	<p>Eligible Green Loans to finance or refinance environmentally sustainable management of living natural resources and land use including:</p> <p><u>Environmentally sustainable forestry</u>¹⁴: including afforestation or reforestation, and preservation or restoration of natural landscape providing compliance or alignment with international forest certification standards (e.g. FSC/PEFC) evidenced by a copy of the certification or an audit report by a reputable consulting company confirming alignment with certification standards</p> <p><u>Environmentally sustainable agriculture</u>¹⁵:</p> <ul style="list-style-type: none"> - Acquisition, maintenance and management of organic farming as certified in compliance with the EU and national regulation - Improvement or maintaining of existing carbon pools: Changes in cropping patterns on agricultural land from annual to perennial crops

¹⁴ Excluded activities: Transformation of rain fed agricultural land into irrigated land; Commercial concessions over and logging on tropical natural forest; Purchase of logging equipment for use in tropical natural forests or high nature value forest in all regions and activities that lead to clear cutting and/or degradation of tropical natural forests or high nature value forest, Palm oil or tobacco plantations; Destruction of Critical Habitat; Establishment of permanent irrigation systems; Purchase of agricultural or forest land; Conversion of natural forest to a plantation.

¹⁵ Excluded activities: Transformation of rain fed agricultural land into irrigated land; Purchase of agricultural or forest land.

Opinion: ISS ESG considers the Use of Proceeds description provided by Raiffeisenbank a.s.'s Green Bond Framework as aligned with the Green Bond Principles. Environmental benefits are described and quantified for some of the categories. Furthermore, the issuer will, on a best effort basis, select assets according to the eligible criteria as per the April 2021 version of the EU Taxonomy, reflecting good market practices.

2. Process for Project Evaluation and Selection

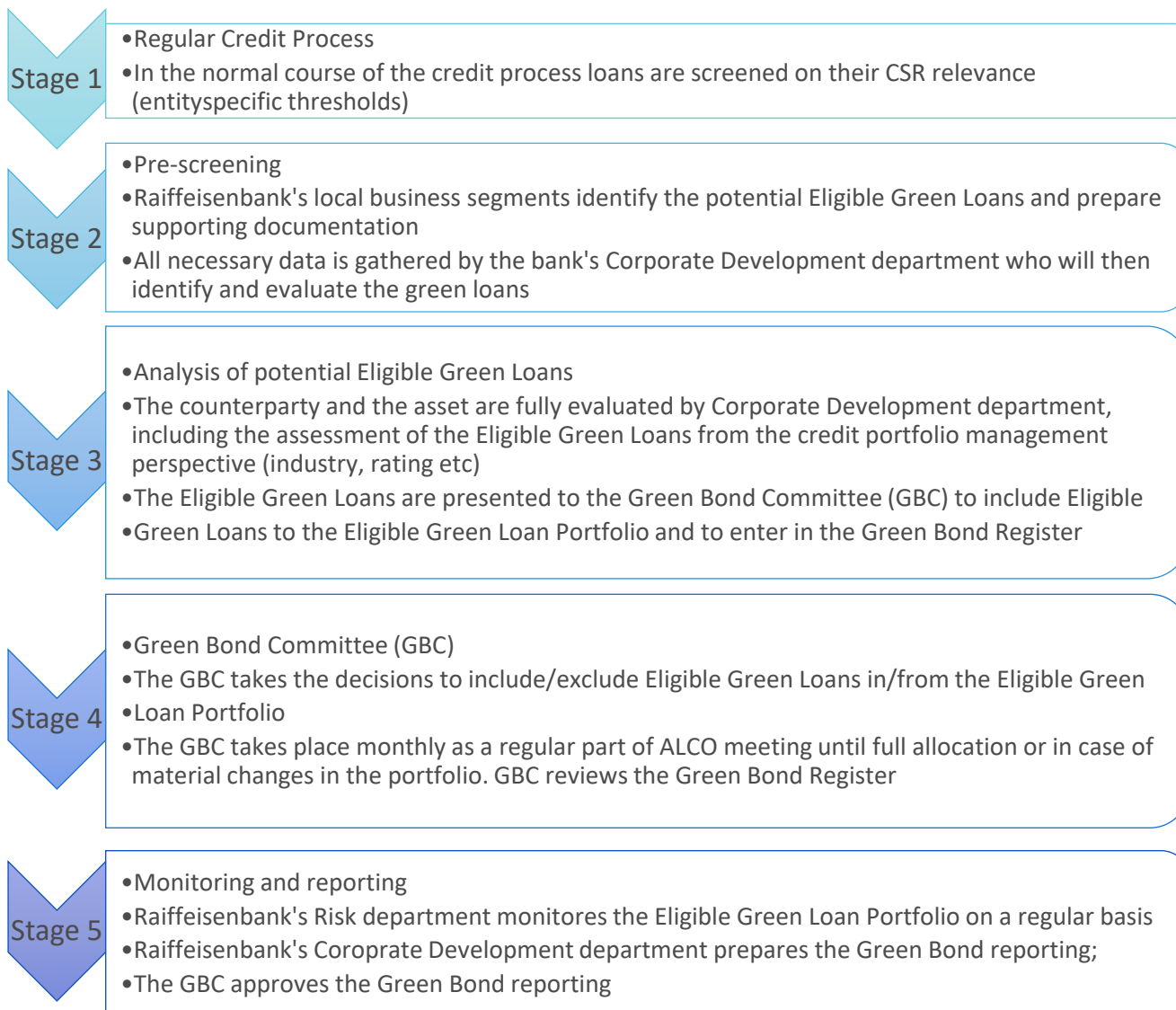
The evaluation and selection process for Eligible Green Loans is a key process in ensuring that the amount equivalent to the net proceeds from Green Bonds is allocated to assets and activities which meet the criteria in the Framework.

All potential Eligible Green Loans are subject to Raiffeisenbank's standard credit process in line with the normal course of business and only loans that have been approved through this process can be considered for Green Bond eligibility. Raiffeisenbank's Green Bond Committee ("GBC") is responsible for ensuring that allocations are made to Eligible Green Loans as specified in the use of proceeds section above and to oversee the entire issuance process. The GBC is composed of members of the local Asset Liability Management Committee (ALCO) which includes representatives from Risk, Business, Treasury. Hence GBC represents a sub-committee of ALCO and meets on a monthly basis in the frame of the ALCO meeting and until full allocation of the proceeds.

The Green Bond Committee will be responsible for:

- Ensuring the potential Eligible Green Loans are aligned with the categories and eligibility criteria as specified in the Use of Proceeds section above, and approving any proposed changes to the eligible Green Loan Portfolio in the event that the Loans no longer meet the eligibility criteria.
- Ensuring the proposed allocations are aligned with the relevant general company policies and company's ESG strategy.
- Approving the Green Bond Reporting.

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



Exclusions

Raiffeisenbank Czech Republic explicitly excludes financing loans for activities or projects involving:

- nuclear energy generation, weapons and munitions, mining, hazardous chemicals (gasoline, kerosene, and other petroleum products), tobacco, gambling, wood or other forestry products other than from sustainably managed forests, forced/child labor.

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by Raiffeisenbank a.s.'s Green Bond Framework as aligned with the Green Bond Principles. Moreover, the projects selected show alignment with the sustainability strategy of the issuer. Furthermore, the issuer has created a green bond committee composed of different departments reflecting best market practices. Lastly, Raiffeisenbank has put in place exclusion criteria, reflecting best market practices.

3. Management of Proceeds

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

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

On an annually basis, the issuer will check the eligibility and availability of the Eligible Green Loans in the Green Bond Register. Raiffeisenbank will strive to substitute any redeemed or maturing Eligible Green Loans with other eligible Green Loans and/or if any such loans cease to be an Eligible Green Loan, as soon as practicable once an appropriate substitution option has been identified.

Pending the allocation or reallocation, as the case might be, of an amount equivalent to the net proceeds of Raiffeisenbank Green Bonds to the Eligible Green Loans, the bank will invest the balance of the net proceeds within the Raiffeisenbank treasury, in money market instruments, cash and/or cash equivalents instruments.

Opinion: *ISS ESG finds that Management of Proceeds proposed by Raiffeisenbank a.s.'s Green Bond Framework is aligned with the Green Bond Principles. The issuer has committed to track the proceeds in an appropriate manner and has disclosed the intended types of temporary investment instruments for unallocated proceeds.*

4. Reporting

Raiffeisenbank a.s. has the ambition to publish an annual report¹⁶ on the use of proceeds from any Green Bonds outstanding under this framework, including a description of its Eligible Green Loan Portfolio. Reporting will be provided on an annual basis until full allocation, and thereafter if there are any material changes to the Eligible Green Loan portfolio, until the maturity of Raiffeisenbank's Green Bonds.

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

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

¹⁶ www.rb.cz

- The geographic distribution of Eligible Green Loans
- Share of proceeds allocated and yet unallocated, if any
- Share of assets financed vs. re-financed¹⁷

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

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

ELIGIBLE CATEGORIES	EXAMPLE OF POSSIBLE KEY PERFORMANCE INDICATORS
Green buildings	<ul style="list-style-type: none"> • Annual energy savings (MWh) • Estimated annual GHG emission avoided (tCO₂e)
Renewable Energy	<ul style="list-style-type: none"> • Installed renewable energy capacity (MW) • Expected annual renewable energy generation (MWh) • Estimated annual GHG emission avoided (tCO₂e)
Energy Efficiency	<ul style="list-style-type: none"> • Annual energy savings (MWh) • Estimated annual GHG emission avoided (tCO₂e)
Clean Transportation	<ul style="list-style-type: none"> • Number of people using public mass transportation • Number of retail vehicles financed • Estimated annual GHG emission avoided (tCO₂e)
Agriculture and Forestry	<ul style="list-style-type: none"> • Total land area certified • Estimated annual GHG emissions avoided (tCO₂e)

Opinion: ISS ESG finds that the reporting proposed by Raiffeisenbank a.s.'s Green Bond Framework is aligned with the Green Bond Principles. Furthermore, the issuer has provided Key Performance Indicators for each use of proceeds categories as per ICMA's recommended harmonized framework for impact reporting.

¹⁷ Where feasible, the issuer will indicate the share of loans originated prior to the issuance (re-financed) and after the issuance (financed) within the Eligible Green Loan Portfolio

5. External review

Second party opinion (pre-issuance)

To confirm the transparency and robustness of Raiffeisenbank a.s.'s Green Bond Framework, it is verified and approved by an external second opinion provider, confirming the alignment with the ICMA Green Bond Principles (2018). The Second Party Opinion will be published on the bank's webpage¹⁸.

Audit of the Allocation Report (post-issuance)

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

¹⁸ www.rb.cz

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN BOND PROGRAMME TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green bond programme’s selection criteria and using a proprietary methodology, ISS ESG assessed the contribution of the Raiffeisenbank a.s.’s Green bond programme to the Sustainable Development Goals defined by the United Nations (UN SDGs).










This assessment is displayed on 5-point scale (see Annex 2 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the green bond programme’s Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Green Buildings <i>with sustainability labels and certifications</i>	Significant contribution	
Green Buildings <i>without sustainability labels and certifications</i>	Limited contribution	
Renewable Energy <i>Solar Power Wind Onshore Hydropower¹⁹ Geothermal Energy</i>	Significant contribution	 
Renewable Energy <i>Waste-to-energy</i>	Limited contribution	 

¹⁹ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer’s product and service portfolio on the SDGs.

Renewable Energy <i>Biomass</i>	Limited contribution		
Energy Efficiency	Limited contribution		
Clean Transportation	Limited contribution		
Agriculture	Significant contribution		
Forestry	Limited contribution		

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBLE USE OF PROCEEDS CATEGORIES

Assessment of the Green Eligible use of proceeds categories against ISS ESG's key performance indicators (KPIs).

ASSESSMENT AGAINST ISS ESG KPI

Biodiversity

- The issuer does not have policies in place regarding biodiversity management during operations.

Labour standards

- ✓ The issuer has policies in place ensuring that high labour and health and safety standards are complied with across all financed projects, including during construction and maintenance work. (e.g. ILO Core Conventions).

Health & Safety Standards

- ✓ The issuer has policies in place to implement Occupational health & safety management system.

Waste Management & Pollution Prevention

- The issuer does not have policies in place regarding hazardous waste management, reduction and recycling.

Impact on biodiversity at planning and construction phase

- ✓ Although the issuer does not have policies in place to ensure that Environmental Impact Assessments are conducted for each project at the planning phase, all infrastructure projects located in Europe are required to comply with the EU Directive 2011/92/EU²⁰ and to conduct an Environmental Impact Assessment.

Dialogue with local communities

- ✓ Although the issuer does not have policies in place to ensure that dialogue with local communities is conducted, all infrastructure projects located in Europe are required to comply with the EU Directive 2011/92/EU²¹ and to conduct an Environmental Impact Assessment, to which dialogue with local communities is part of.

Safety of users (transmission lines)

- ✓ Data protection and security of end users is ensured as the assets are located in the European Union where EU GDPR policies apply.

Sustainability labels (green buildings)

²⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011L0092&from=EN>

²¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011L0092&from=EN>

- ✓ The issuer will select buildings that have obtained a minimum certification level of LEED 'Gold', BREEAM 'Very good', DNGB/OGNI Gold or Edge Advanced.

Safety of users (green buildings)

- ✓ Under this Green Bond Framework, the issuer is selecting buildings located in the European Union where health and safety standards are in place for users of the relevant infrastructure.

Water management (green buildings)

- The issuer does not have policies in place to ensure that there are measures in place to reduce water consumption (e.g. water metering, efficient appliances). However, the issuer has committed to exclusively select buildings that have obtained a minimum certification level of LEED 'Gold', BREEAM 'Very good', DNGB/OGNI Gold or Edge Advanced, where one of the criteria focus on water management.

Safety of users (transport/ vehicles)

- ✓ All vehicles are commercialized in the EU where a crash test (NCAP) is mandatory.

Environmental impact of agriculture

- ✓ The issuer will only select assets that have received an organic farming certification in compliance with the EU and national legislation.

Environmental impact of forestry

- ✓ The issuer will only include assets in compliance and alignment with international forest certification such as FSC and PEFC.

Exclusion of sectors and activities with a detrimental impact to the environment

- ✓ The issuer has excluded financing to any activity related to nuclear energy generation, weapons and munitions, mining, hazardous chemicals (gasoline, kerosene and other petroleum products), tobacco, gambling, wood or other forestry products other than from sustainability managed forests, forced/child labor.

DISCLAIMER

1. Validity of the SPO: As long as no significant changes are made to the Green Bond Framework.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
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ANNEX 1: Methodology

ISS ESG GREEN KPIS

The ISS ESG Green Bond KPIS serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Raiffeisenbank a.s.'s Green bond programme.

It comprises firstly the definition of the use of proceeds category 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 of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets 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.

To review the KPIS used in this SPO, please contact Federico Pezzolato (details below) who will send them directly to you.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIS.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIS.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by RAIFFEISENBANK (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

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, ISS ESG identifies the extent to which Raiffeisenbank a.s.'s Green bond programme contributes to related SDGs.

ANNEX 2: ISS ESG Corporate Rating Methodology

The following pages contain methodology description of the ISS ESG Corporate Rating.

Raiffeisen Bank International AG

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

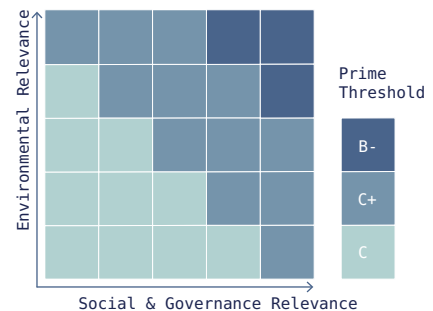
Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Raiffeisen Bank International AG

Methodology - Overview

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 3: Quality management processes

SCOPE

RAIFFEISENBANK commissioned ISS ESG to compile a Green bond programme SPO. The Second Party Opinion process includes verifying whether the Green Bond Framework aligns with the Green Bond Principles and to assess the sustainability credentials of its Green bond programme, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles
- ISS ESG KPI

ISSUER'S RESPONSIBILITY

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

- Framework
- Eligibility criteria
- Documentation of ESG risks management policies

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 the 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 Second Party Opinion of the Green bond programme to be issued by RAIFFEISENBANK based on ISS ESG methodology and in line with the ICMA Green Bond Principles.

The engagement with Raiffeisenbank a.s. took place in April and May 2021.

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 SPO

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 review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

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

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