

BAWAG GREEN FINANCE FRAMEWORK

July 2021



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1. ABOUT BAWAG

BAWAG Group AG is a publicly listed holding company headquartered in Vienna, Austria, serving 2.3 million retail, small business, corporate and public sector customers across Austria, Germany, Switzerland, the Netherlands and other developed markets. The Group operates under various brands and across multiple channels offering comprehensive savings, payment, lending, leasing, investment, building society, factoring and insurance products and services. Delivering simple, transparent and reliable financial products and services that address its customers' needs is the strategy across the Group. BAWAG P.S.K. is headquartered in Vienna, Austria and is the main operating entity of BAWAG Group.

2. BAWAG'S APPROACH TO SUSTAINABILITY

"Success and value creation are goals for every company. But for BAWAG Group, success does not mean doing business at the expense of an intact, peaceful and liveable world. With this in mind, we have developed an ethical framework that supports and guides us in pursuing our business strategies. This is how we embody and uphold our commitment to corporate social responsibility. CSR is not just about moral and ecological responsibility, but also about doing business in a modern, intelligent and sustainable way."

It is important to us to promote the development of sustainable, resource-saving and environmentally friendly business fields and technologies. Together with our partners, we want to provide our customers with a diverse range of products and services that are geared to ecological, economic and social requirements. We value dialogue with our stakeholders to identify where innovative and sustainable products are needed. Partnerships are an essential pillar of our retail strategy. Therefore, our cooperation partners are also committed to simple, transparent and best-in-class products and services as well as to responsible action, such as Amundi, Wüstenrot, BAWAG P.S.K. Versicherung, MediaMarkt Österreich, Metro Österreich, Generali Versicherung, as well as the cooperation partners the largest Austrian customer loyalty club jö led by REWE Group AG.

As a bank, we are in a unique position to shape sustainable and future-oriented development by granting loans, investing customer deposits and giving customers access to payment services. In the future, we therefore want to focus increasingly on products and services that create social, ecological and real economic benefits for society and the environment and minimise the range of products that pose risks or that are associated with negative impacts on society or the environment.

By focusing on the essential topic of "sustainability in core business", we are responding to changing customer requirements, which increasingly emphasise the use of sustainable products and services. At the same time, BAWAG Group wants to live up to its responsibility for sustainability – as opposed to achieving its economic goals at the expense of ecology and social contributions.

Financing Principles

The employees and business partners of BAWAG Group are required to use natural resources sparingly. We actively support measures to protect nature and the environment. The aim is to keep minimising the negative effects of our business activities to the greatest extent possible. The preservation of an intact environment as the basis of life for future generations is one of the fundamental principles of BAWAG Group. These requirements are anchored in the Group-wide Code of Conduct.¹

During the 2019 reporting period, BAWAG Group's strategy was updated and supplemented by an ESG approach. A stronger focus on ESG issues is planned for the coming years. By taking a broad view of the value chain from an ESG perspective, BAWAG Group aims to broaden its understanding of risk and exploit potential business opportunities for the benefit of its shareholders, customers and other stakeholders. In addition to the ESG risk management approach, BAWAG Group also sees certain ESG-related trends as business opportunities. We want to take advantage of specific growth opportunities that are linked to ecological and social developments. Examples include the transition to a resource-friendly economy and the need for greater environmental protection and social inclusion.

BAWAG Group is aware of the sensitivity of specific business segments and takes into account possible negative effects in its financing decisions. In addition to the management of operational risks, key objectives of the Group-wide compliance and non-financial risk management include the prevention of money laundering, the fight against the financing of terrorism, the monitoring of compliance with sanctions, fraud prevention, data protection, information security, securities compliance and the prevention of insider trading, market abuse and conflicts of interest. The risk culture is the general guideline for employees in dealing with the risks in their area of responsibility.

In accordance with the risk-averse strategy of BAWAG Group, the majority of the loan portfolio is geared to Western economic areas with stable legal systems. As of 31 December 2020, the DACH/NL-region (which is comprised of Germany, Austria, Switzerland and the Netherlands) comprises over 75% of BAWAG Group's customer business. As an Austrian bank, BAWAG Group generates 63.1% of its core revenues in Austria.

¹https://www.bawaggroup.com/BAWAGGROUP/IR/EN/Corporate_Governance/Code_Reports_Articles/443744/codeofconduct.html

Products and Services

Product introduction process: ESG criteria mandatory part of every decision on new products and services

Since the beginning of 2020, it has been mandatory to include ESG criteria in the product introduction process. Specifically, this means that potential positive impacts of the product launch on environmental, social and governance aspects are to be assessed and cited by the responsible product managers. The impacts are queried and presented using a statement on sustainability aspects (CSR/ESG statement), which is integrated into the document template for product launches:

- Environmental: Positive aspects include the expansion of green energy or electromobility, increasing energy efficiency or reducing the use of natural resources, such as paper.
- Social: Positive aspects include the opportunity for people with special needs to participate, the reduction of discrimination, the fight against poverty, and the expansion of educational opportunities.
- Governance: Conformity with internal guidelines such as the Code of Conduct, the Anti-Corruption Guideline or the Data Protection Guideline was defined as a mandatory requirement for a product launch and must be met in any case. Conformity of new products with internal guidelines was already mandatory before the introduction of the CSR/ESG statement. As the Code of Conduct contains a clear commitment to environmental protection and social responsibility, the product managers undertake to pay attention to these two sustainable aspects when launching products.

Lending with added value for the region

Numerous companies, municipalities and public sector entities place their trust in BAWAG P.S.K. when it comes to financing and implementing projects. Of the infrastructure projects that the Bank has co-financed in recent years, a large number accelerated the expansion and improvement of infrastructure in rural areas throughout Austria. The individual loans extended in 2019 ranged between €0.5 million and €20 million and went to the following projects:

- Education: BAWAG P.S.K. finances many educational institutions in Austria. These include various facilities ranging from educational campuses to schools and Day-care centres
- The second major area is water management, where both water supply and wastewater treatment filtration systems, decarbonisation are financed
- Health care: hospital financing and public and private care facilities
- Social infrastructure: sports halls, regional indoor swimming pool
- Social housing: contribution to securing affordable housing largest project: refinancing of state loans in the amount of €50 million, with which the rent level for some 1,000 – 1,200 apartments in Salzburg could be sustainably reduced
- Public transport: working capital financing for the two major railway companies, financing of locomotives for a private-sector rail operator
- Wood processing
- Waste separation plants and recycling

BAWAG P.S.K.'s corporate customers also include companies that promote the expansion of alternative energy generation facilities, build important health care facilities, contribute to the preservation of Austria's flora and fauna, drive the progress of electromobility and provide continuing education and training for handicapped and hard-to place people.

Sustainable investment funds

As a bank, it is important to assume social and ecological responsibility, especially with regard to investments. With the "Amundi Ethik Fonds", "Amundi Öko Sozial Rent" and "Amundi Öko Sozial Stock" from our cooperation partner Amundi Austria, BAWAG P.S.K. offers three investment funds that focus on ethical, ecological and social aspects. The selection of individual securities and international issuers in the funds is based on strict ethical and ecological exclusion criteria to ensure the sustainable, ecological and social orientation of the investments. All three funds bear the EUROSIF transparency logo for sustainability funds and have been awarded the Austrian Ecolabel for sustainable financial products.

Savity Green: green, digital asset strategy

Since 2019, BAWAG P.S.K. and easybank customers have been able to choose a digital and sustainable asset management product based on the advisory software provided by Savity. Savity has been awarded one of the best robo advisors in the DACH region (Capital

test 2020/08).

By selecting the "Savity Green" investment strategy, they invest their money only in sustainable companies and sectors that take ESG principles into account, including criteria that disqualify companies from investments. With the stocks in its portfolio, the product has significantly lower CO₂ emissions than conventional globally diversified equity portfolios without ESG filters: For "Savity Green", the figure for Q4 2019 was around 90 tons of CO₂/\$ million turnover, while this figure was around 144 tons of CO₂/\$ million turnover for typical globally diversified equity portfolios without an ESG filter. The shares in the "Savity Green" portfolio therefore generate 38% less CO₂ emissions.

As of 31 December 2019, more than half of those BAWAG P.S.K. and easybank customers who have chosen a Savity product have chosen the green investment strategy. About 51% of these BAWAG P.S.K. customers and about 50% of these easybank customers have opted for the "Savity Green" product.

Easy green energy

The Austrian electricity and gas supplier easy green energy is a subsidiary of easybank that was founded in 2015. The company supplies around 125,000 customers throughout Austria with green electricity and gas. The company's offerings have been certified by the Austrian Ecolabel since the year of its foundation. easy green energy is a prime example of a Group company with a sustainable and award-winning product range.

In February 2019, employees of BAWAG Group again had the opportunity to receive an exclusive employee bonus when they switched their previous energy supplier to easy green energy.

"New Chance" account

The number of "New Chance" customers continued to rise slightly in 2019. BAWAG P.S.K.'s "New Chance" account is designed for people who would otherwise be excluded from payment transactions through a bank. Neither the account number nor the bank sort code indicate that this is a credit-based account. This prevents customers from being directly or indirectly stigmatised in the course of carrying out their financial transactions. Circa 3.4% of all current accounts with BAWAG P.S.K. are "New Chance" accounts and furthermore we offer our low-cost VZKG account option to enable everyone access to basic account facilities.

Mortgage loans

BAWAG P.S.K.'s "Förderlandkarte" funding map provides customers and interested parties with a simple overview of existing subsidy opportunities, including regional options. As a result, persons applying for construction permits are increasingly taking aspects such as multi-family buildings, the use of alternative energies, barrier-free designs and energy-saving measures into account. The "Förderlandkarte" is a fixed and indispensable component of financing advice. In addition, BAWAG P.S.K. will reimburse its customer for the costs of an energy certificate up to €250.

In addition, a pilot marketing initiative was started in 2020 promoting financing for energy efficient buildings. Austrian retail customers of mortgage loans for buildings with EPC label A or better (HWB) have been granted a bonus of €1000. The initiative is currently being assessed for establishment as an ongoing standard bonus feature or as a renewed temporary initiative.

Consumer loans

In 2020, BAWAG P.S.K. started a pilot marketing initiative incentivising highly energy efficient consumer electronics and white goods. Financing for the purchase of A+++ electrical equipment was awarded with bonus points in the loyalty club jö. The initiative is currently being assessed for establishment as an ongoing standard bonus feature or as a renewed temporary initiative.

Environmental loans

start:bausparkasse offers a special "environmental loan" without entry in the land register for the thermal refurbishment of buildings. This loan can be granted quickly and non-bureaucratically for optimal thermal insulation. Energy is therefore only used to the extent necessary and energy costs are reduced at the same time.

3. BAWAG GREEN FINANCE FRAMEWORK

BAWAG's Green Finance Framework is designed as an umbrella framework that will allow BAWAG Group and its subsidiaries, including BAWAG P.S.K., to issue green finance instruments to finance new and/or refinance existing loan instruments to its clients and projects

with environmental benefits.

Green Finance Instruments can include bearer and registered bonds, promissory notes and other debt or financing instruments, which might be issued publicly or as private placements and finance and/or refinance eligible green projects that conform to the green finance principles as mentioned below.

The BAWAG Green Finance Framework is aligned with the ICMA Green Bond Principles (GBP) 2021² edition and the LMA Green Loan Principles (GLP) 2021³ edition. Both GBP and GLP are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green instruments' market.

In alignment with these principles, BAWAG's Green Finance Framework is based on the following key pillars:

1. Use of Proceeds
2. Process for Loan Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External Review


For each Green Finance Instrument issued, (i) Use of Proceeds (ii) Project Evaluation and Selection (iii) Management of Proceeds, (iv) Reporting, and (v) External Review will be adopted subject to and in accordance with this Green Finance Framework as amended from time to time.

4. USE OF PROCEEDS

An amount equivalent to the net proceeds of the Green Finance Instrument issuances ("the Net Proceeds") will be exclusively used to finance and/or refinance loan instruments of BAWAG with environmental (and social) benefits:

- Eligible Green Loans ("Green Loans"): loans and investments dedicated to the financing of Eligible Green Projects as defined in Section 3 with a positive environmental (and social) impact.
- Eligible Loan Portfolio ("Loan Portfolio"): is comprised of all Green Loans.







Green Eligibility Criteria

ICMA / LMA Green Eligible Category	Definition of Green Eligible Category	Description of Green Eligibility Criteria	Contribution to UN SDGs	UN SDG specific target(s) ⁴
Green Buildings	<ul style="list-style-type: none"> • Loans and/or investments to (re)finance new, existing or refurbished <i>public, commercial</i> and <i>residential</i> buildings 	<ul style="list-style-type: none"> • New and existing buildings that are within the top 15% performing by energy use in the country • Buildings that have undergone refurbishments resulting in an increase in energy of efficiency of at least 30% against a baseline or two label steps increase in energy performance certificate compared to original built quality • Energy Efficiency measures as defined in 		<ul style="list-style-type: none"> • Target 7.3: By 2030, double the global rate of improvement in energy efficiency • Target 11.c: Support least developed countries, including through financial and technical assistance, in building sustainable

² <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

³ <https://www.lsta.org/content/green-loan-principles/>

⁴ The mapping is line with the ICMA document "Green, Social & Sustainability Bonds: A High-Level Mapping To The Sustainable Development Goals". Link to the document: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2019/Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds06-2019-100619.pdf>





		7.3., 7.4., 7.5. and 7.6. of Annex 1 to the EU Taxonomy Climate Delegated Act, 21 April 2021 ⁵ [energy codes differ between each county in Austria]		and resilient buildings utilising local materials
Renewable Energy	<ul style="list-style-type: none"> Loans and/or investments to (re)finance generation and transmission of energy from renewable sources and manufacturing of the related equipment⁶ 	<ul style="list-style-type: none"> Onshore and offshore wind energy Solar (Photovoltaic) Small scale hydro power (<25 MW)⁷ Geothermal energy with direct emissions ≤ 100g CO₂e/kWh Construction, renovation or refurbishment of electricity grids that partly transmit renewable energy. Only assets aimed at increasing the share of renewables in the Austrian electricity grid are eligible 	 	<ul style="list-style-type: none"> Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Clean transportation	<ul style="list-style-type: none"> Loans and/or investments to (re)finance production, establishment, acquisition, expansion, upgrades, maintenance and operation of low-carbon vehicles and related private or public infrastructure 	<ul style="list-style-type: none"> Low-carbon transport vehicles and infrastructure including: <ul style="list-style-type: none"> Fully electrified or other low carbon (with direct emissions below 50 gCO₂e/p-km public transportation, such as buses, trains, trams or ferries Fully electrified, plug-in hybrid electric or hydrogen (with direct emissions below 50 gCO₂e/p-km⁸) passenger and freight vehicles, such as cars, trucks or vessels below 25gCO₂e/t-km . Infrastructure related to electric transportation of passengers and freight, such as electrified railways, charging stations for electric vehicles and bicycle paths 		<ul style="list-style-type: none"> Target 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Energy Efficiency	<ul style="list-style-type: none"> Loans and/or investments to (re)finance the establishment, acquisition, expansion and upgrade of transmission lines and energy storage facilities, smart technologies and / 	<ul style="list-style-type: none"> Refurbishment, rehabilitation and renovation investments in non-fossil fuel-based technologies, that are improving the efficiency of energy consumption at least by 15% and / or reducing greenhouse gas emissions at least by 15% Energy efficiency improvements and replacements in the grid including investments and / or expenditures to increase the flexibility and technical 	 	<ul style="list-style-type: none"> Target 7.3: By 2030, double the global rate of improvement in energy efficiency Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and

⁵ https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

⁶ All renewable energy products should have lifecycle carbon emissions less than 100g CO₂/kWh.

⁷ Eligible hydro projects to include an E&S risk assessment prior to taking on the project.

⁸ In line with Annex 1 to the EU Taxonomy Climate Delegated Act, 21 April 2021.

	or the associated infrastructure	<p>availability of the grid and investments aimed at reducing / minimising energy losses</p> <ul style="list-style-type: none"> • Smart grids, energy storage facilities⁹, metering systems, and other intelligent electricity systems decreasing the intermittency of renewable energy's share in total energy usage 		<p>greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> • Loans and/or investments to (re)finance environmentally responsible, economically viable and socially beneficial agriculture, land restoration, forest management and urban greening 	<ul style="list-style-type: none"> • Certified agricultural practices under sustainable certification schemes, such as EU Organic, Global G.A.P.¹⁰, ISCC (International Sustainability and Carbon Certification) for the biogas feedstock, and / or equivalent national or international certification • Sustainable agriculture, including the improvement and recovery of agricultural lands and local farming • Support the adoption, promotion and implementation of conservation agriculture techniques / practices, such as: no-till farming systems, soil recovery and restoration of degraded pasture, biological nitrogen fixation¹¹, minimal or no use of synthetic fertilisers and pesticides, biogas production¹², crop rotation for carbon sequestration and nitrogen accumulation purpose • Applicable forestry activities to be certified to FSC, PEFC or an equivalent standard • Urban greening projects, such as park and green areas¹³ development and restoration 	 	<ul style="list-style-type: none"> • Target 11.a: Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning • Target 15.A: Increase financial resources to conserve and sustainably use ecosystem and biodiversity
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Loans and/or investments to (re)finance development, construction, operation and maintenance of sustainable water and waste-water management projects and facilities 	<ul style="list-style-type: none"> • Water treatment facilities, activities and technologies that increase water quality, sanitation facilities • Upgrades to wastewater treatment plants to remove nutrients, wastewater discharge infrastructure • Technologies that increase water-use efficiency, water recycling and reuse, water saving systems and technologies and water metering 	 	<ul style="list-style-type: none"> • Target 11.5: By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related




⁹ Power-to-hydrogen is excluded at this point of time.

¹⁰ Livestock / poultry production is not eligible under this category.

¹¹ Processes that transform atmospheric nitrogen in assimilable forms by leguminous perennial grasses (alfalfa, clover etc.) with the help of symbiotic bacteria within nodules of their root systems.

¹² Projects constructed on land with high biodiversity and feedstock including peat, palm oil, non-certified crops are excluded.

¹³ Within the Austrian cities.

				disasters
Pollution prevention and control	<ul style="list-style-type: none"> Loans and/or investments to (re)finance development, construction, operation and maintenance of sustainable waste management and recycling projects, activities and operations 	<ul style="list-style-type: none"> Waste prevention, waste reduction and waste recycling. This includes the development, operation and upgrade of recycling plants and recycling activities such as for metals, plastic and paper 	 	<ul style="list-style-type: none"> Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Eco-efficient and / or circular economy adapted products, production technologies and processes¹⁴	<ul style="list-style-type: none"> Loans and/or investments to (re)finance resource use efficiency and circular and / or recyclable products 	<ul style="list-style-type: none"> Solutions that extend the product life cycle, such as applying modular design or design for disassembly, take-back schemes and redeploying products (reverse logistic), reuse, repair and / or products regeneration / refurbishment Production that uses renewable or recycled resources, such as products that substitute critical materials with biological or bio-based materials¹⁵, processes fuelled by energy from solar, wind or other renewable energy sources Products that can be recycled or composted, where the input feedstock derives from recycled/reused waste¹⁶ 		<ul style="list-style-type: none"> 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Exclusionary Criteria

Green Finance Instruments under this Framework will not be used to finance loans linked to fossil energy generation, nuclear energy generation, weapons and defence, mining, gambling, alcohol¹⁷ or tobacco.

5. PROCESS FOR LOAN EVALUATION AND SELECTION

¹⁴ Virgin plastic-based solutions are excluded.

¹⁵ Sustainable sourcing certifications for bio-based materials, such as RSB, are considered eligible: <https://rsb.org/the-rsb-standard/about-the-rsb-standard/>

¹⁶ Recyclable or compostable products where the input feedstock is represented by virgin raw material are excluded.

¹⁷ In accordance with the IFC Exclusion List, production or trade in alcoholic beverages (except for beer and wine) is excluded. Link to IFC Exclusion List: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist

A dedicated Green Finance Committee (“GFC”) has been established to manage this Green Finance Framework. BAWAG’s GFC is formed by members of Retail & SME, Investor Relations, Risk Management, Human Resources, Corporate Legal, Treasury, Corporate Communications, and other parties to be nominated as subject matter experts. Green Loans (re)financed through Green Finance Instruments are evaluated and selected by the GFC based on compliance with the Green Eligibility Criteria above. The GFC will manage any future updates to the Framework, including amendments to the list of Eligible Green Categories, and oversee its implementation and meet at least once a year. The Green Finance Framework will be evaluated according to the Principles and Guidelines mentioned under “3. BAWAG Green Finance Framework”.

In identifying Green Loans and their non-financial impacts BAWAG may rely on external consultants and their data sources.

The loans selection is based on the “Green Eligibility Criteria” defined in the section above (Use of Proceeds). BAWAG ensures that all Green Loans comply with official national and international environmental and social laws and regulations and any standards on a best effort basis. It is part of BAWAG’s transaction approval process to ensure that all its activities comply with internal environmental and social directives. BAWAG has defined minimum environmental and social requirements for all lending businesses, including those financed with the proceeds of the Green Finance Instruments. These Eligibility Criteria, minimum requirements and ESG related matters are continuously developed and renewed in BAWAG’s external and internal policy frameworks. BAWAG’s environmental and social policies can be found on BAWAG’s website.

6. MANAGEMENT OF PROCEEDS

The Net Proceeds of the Green Finance Instruments issued under this Green Finance Framework will be managed by BAWAG in a portfolio approach. BAWAG intends to allocate the proceeds from the Green Finance Instruments to a portfolio of loans that meet the Use of Proceeds Green Eligibility Criteria and in accordance with the evaluation and selection process presented above.

BAWAG entities will strive, over time, to achieve a level of allocation of the Loan Portfolio which matches or exceeds the balance of Net Proceeds from its outstanding Green Finance Instruments. Additional Green Loans will be added to the Loan Portfolio to the extent required.

BAWAG aims to allocate the full amount of proceeds from each Green Finance Instrument within 36 months of the issuance of that Green Finance Instrument.

Whilst any Green Finance Instruments’ Net Proceeds remain unallocated, BAWAG will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short-term and liquid instruments, the balance of Net Proceeds not yet allocated to the Loan Portfolio.

Pending the allocation of the net proceeds of any Green Finance Instrument to the Loan Portfolio, all or a portion of the net proceeds may be used for the payment of outstanding indebtedness or other capital management activities.

7. REPORTING

BAWAG will make and keep readily available reporting on the allocation of Net Proceeds to the Loan Portfolio on a nominal equivalence basis one year from the issuance of the applicable Green Finance Instruments, to be renewed annually until full allocation.

BAWAG intends to issue reports on the allocation of the Use of Proceeds to the Loan Portfolio at least at the category level and on an aggregated (portfolio) basis for all Green Finance Instruments issued by BAWAG.

BAWAG intends to align, on a best effort basis, the impact reporting with the portfolio approach described in “Handbook - Harmonized Framework for Impact Reporting (June 2021)”¹⁸.

¹⁸ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf>

In any case, BAWAG will not double count the financing of any Green Loans.

Allocation reporting

The allocation report will provide, on an aggregated basis, indicators such as:

- the size of the Loan Portfolio;
- the total amount of proceeds allocated to the Loan Portfolio;
- the balance (if any) of unallocated proceeds;
- the amount or the percentage of new financing and refinancing;
- the amount or the percentage of encumbered and non-encumbered loans;
- the geographical distribution of the assets (at country level);
- the total volume of Green Finance Instruments outstanding

Impact reporting

Where feasible, BAWAG intends to report on the environmental impacts of the projects funded with the Green Finance Instruments' proceeds or refer to existing sustainability reporting of BAWAG. A list of potential indicators is presented below.

ICMA / LMA Green Eligible Category	Potential output and impact reporting indicators at category level
Green buildings	<ul style="list-style-type: none"> • Level of certification, if applicable • Level of Energy Performance Certificate (EPC), if applicable • Estimated annual reduced and / or avoided emissions (in tCO₂eq.) • Estimated annual energy consumption (in kWh/m²)
Renewable Energy	<ul style="list-style-type: none"> • Installed renewable energy capacity (in MW) • Estimated annual CO₂ emissions avoided (in tCO₂eq.)
Clean Transportation	<p>Low carbon public transportation and vehicles</p> <ul style="list-style-type: none"> • Number of vehicles • Greenhouse gas (“GHG”) savings (in tCO₂eq.) <p>Low carbon transportation infrastructure</p> <ul style="list-style-type: none"> • GHG savings (tonnes per year) due to the installed technology (direct), by transferring freight or passenger transport from road to, for example, railway (indirect) or both (as applicable) • Number of EV charging stations units installed, if applicable
Energy Efficiency	<ul style="list-style-type: none"> • Distance of transmission (km) • Energy transmitted (MWh per year) • Energy savings (MWh per year), if applicable • GHG savings (tonnes per year) • Number of smart meters installed, if applicable
Environmentally sustainable management of living natural resources and land	<ul style="list-style-type: none"> • Sustainable agriculture land area (hectares) • Sustainable agriculture / farming certification scheme, if available • Type of crop and its proportion, if available • Conservation agriculture techniques / practices and relative output figure, if available • Land restored (hectares)
Sustainable Water Management	<ul style="list-style-type: none"> • Annual absolute (gross) water savings (in m³ or in %) • Annual absolute (gross) amount of wastewater treated, reused or avoided (in m³ or in %) • No. of people with access to improved sanitation facilities

<p>Pollution prevention and control</p>	<ul style="list-style-type: none"> • Type and annual amount of recycled waste (tonnes) • Energy generation (MWh per year)
<p>Eco-efficient and/or circular economy adapted products, production technologies and processes</p>	<ul style="list-style-type: none"> • Annual savings of relevant resources (e.g. tonnes raw material/year) • Estimated annual GHG emissions avoided or reduced (tCO₂e) and/or energy savings (MWh per year), if applicable

Both the allocation report and the impact report will be made available on BAWAG’s website.

8. EXTERNAL REVIEW

Pre-issuance verification: Second Party Opinion

BAWAG’s Green Finance Framework has been reviewed by Sustainalytics who has issued a Second Party Opinion. Sustainalytics evaluated BAWAG’s Green Finance Framework and its alignment with relevant industry standards and has provided views on the robustness and credibility of the Green Finance Framework.

The Second Party Opinion as well as the Green Finance Framework will be made available to investors and other stakeholders on BAWAG’s website.

Post-issuance verification: Verification on the allocation of proceeds

BAWAG may request on an annual basis, starting one year after issuance and until maturity (or until full allocation), a limited assurance report of the allocation of the Green Finance Instruments proceeds to the Loan Portfolio, provided by its external auditor or reputable verifier.

9. AMENDMENTS TO THIS FRAMEWORK

The GFC will review this Framework on a regular basis, including its alignment to updated versions of the Principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of the Company and Second Party Opinion provider. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated Framework, if any, will be published on our website and will replace this Framework.

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