

**HYPO NOE Landesbank
für Niederösterreich und Wien AG**

Sustainability Bond Framework

November 2023

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1. HYPO NOE at a glance

HYPO NOE Landesbank für Niederösterreich und Wien AG (referred to as ‘HYPO NOE’ or ‘the Bank’) is the largest and oldest established of Austria’s state mortgage banks¹, and has been a dependable commercial bank, stable state bank and specialist mortgage lender for over 130 years. Using its strong position in Lower Austria and Vienna as a springboard, the Bank operates primarily in Austria and Germany, but also has a presence in selected markets elsewhere in the European Union.

In line with its business model as a mortgage bank, HYPO NOE offers public sector, real estate and corporate customers one-stop shopping for a comprehensive range of financial services. The product portfolio focuses on funding for hard and social infrastructure, non-profit and commercial housing construction and other large property development projects. Retail customers benefit from the expert personal service provided through the branch network in the Bank’s home market Lower Austria and Vienna, with a focus on housing finance.

HYPO NOE concentrates on five business segments that reflect its core competencies: Public Sector, Real Estate Customers, Private & Corporate Customers, Treasury & ALM, as well as Real Estate Services. HYPO NOE also includes Leasing, which works with large state and local government customers.

As one of the largest issuers of Pfandbriefe in Austria, HYPO NOE is regularly present on the capital market through the issuance of secured and unsecured benchmark bonds. By providing a solid foundation for customer deposits and by strengthening cooperation with promotional banks, it is at the same time ensuring the diversification of its refinancing sources.

HYPO NOE is backed by a stable and reliable sole owner in the shape of Austria’s largest state, Lower Austria. The Bank’s owner takes a long-term view and ensures that it stays true to its strategy of organic growth in its core business, best-in-class digital solutions in its mortgage lending, and further improvements in profitability, whilst maintaining a conservative risk and capital profile.

The Bank’s sustainable approach to its core operations is underpinned and promoted by its clear ethical principles and business policies. The portfolio is strongly focused on sustainability with a large proportion of lending that provides environmental and social value.

2. HYPO NOE’s approach to sustainability

HYPO NOE launched its sustainability programme in 2013, rolling it out to the entire Bank in 2014, and has since then reported annually with reference to the GRI standards. Based on the Nachhaltigkeits- und Diversitätsverbesserungsgesetz (Austrian Sustainability and Diversity Improvement Act), which came into force in 2017 (in short: NaDiVeG), and which transposes EU Directive 2014/95/EU (NFI Directive) into national law, HYPO NOE produces a consolidated, audited non-financial statement (Group Operational and Financial Review; Lagebericht) in the annual report. On the basis of this, further information, also referring to the GRI standards, is made available in the ESG Supplement. Both the non-financial statement and the ESG Supplement are subject to an external review.

HYPO NOE has an ESG rating from ISS ESG with a Prime Status.

¹ Compared according to balance sheet total (average of the last three years of the consolidated financial statements 2020-2022) and establishment date

2.1 Sustainability strategy

The ESG strategy of HYPO NOE is an integral part of the business strategy and is based on three pillars:

- (1) Financing of projects with environmental and social added value²
- (2) acting as a responsible employer
- (3) Reduction of the own ecological footprint

(1) Financing of projects with environmental and social added value

As a publicly owned bank, HYPO NOE has always focused on projects with environmental and social value, and thus carries a special responsibility towards its stakeholders, society and future generations. Based on its more than 130-year history, HYPO NOE thinks about its business model ecologically, socially and over generations. HYPO NOE focuses on the financing of social infrastructure and (affordable) housing as well as the financing of companies. Around two thirds of the loan portfolio can be allocated to the UN's Sustainable Development Goals. HYPO NOE has further imposed strict ethical guidelines and business principles for its business activities (see chapter 2.2.-2.3.). In this way, the Bank ensures that only business relationships are entered into that are compatible with its philosophy and sustainability orientation.

To support the transformation to a climate-neutral economy, HYPO NOE offers a range of sustainable customer products. The product offering includes green housing loans and green account deposits to clients. The deposits are linked to projects that contribute to the UN Sustainable Development Goals 3, 6, 7, 8, 9, 11, 12 and 13. In addition, the Bank recently added a new product to its offering, a green investment loan. Investments that meet the requirements of HYPO NOE's Sustainability Bond Framework and/or the technical criteria of the EU Taxonomy can be financed with this green investment loan.

(2) Responsible employer

Within the scope of its personnel strategy, HYPO NOE places a special focus on health management and occupational health promotion, education and training as well as diversity. Employee participation is an essential part of the company development process. A wide variety of formats is used, such as anonymous surveys, working groups and workshops. HYPO NOE is a signatory to the "Charter of Diversity³", and the initiative promotes respect for all members of society, regardless of gender, age, origin, sexual orientation, belief or disability. HYPO NOE was awarded the "Leading Employer" certificate most recently in 2023 and the "workandfamily" ("Berufundfamilie") certificate in 2021.

(3) Reduction of the Bank's ecological footprint

HYPO NOE is certified according to ISO 14001 and is a member of the Climate Action Pact 2030, an initiative of the Federal Ministry for Climate Protection. In this way, HYPO NOE is committed to reducing its own CO₂ emissions from operations by at least 50 percent by 2030, compared to 2005. Annual external reviews and optimizations of the operational measures in the areas of energy saving & energy efficiency, construction & renovation, mobility, renewable energy sources, renewable raw materials &

² Statutes §2 (2) and (4) Purpose of the Society: Promoting the economic development of Lower Austria and pursuing social, scientific and cultural objectives.

³ <https://www.wko.at/site/Charta-der-Vielfalt/index.html>

resource efficiency as well as raising the awareness among our employees and customers ensure that the defined goals are achieved and transparency is guaranteed.

Furthermore, as part of the implementation of the EU's Corporate Sustainability Reporting Directive (CSRD) requirements, HYPO NOE plans to publish the CO2 emissions of the loan portfolio (Scope 3 emissions) as well as reduction targets.

Table: HYPO NOE sustainability strategy: Objectives and implementation

	Objectives	HYPO NOE implementation	Medium-term objectives
Environment	Reduction of the bank's own ecological footprint	<ul style="list-style-type: none"> Environmental and climate strategy (own ecological footprint) Environmental management system ISO 140001 	<ul style="list-style-type: none"> The environmental and climate strategy has defined binding targets for 2025, compared to a 2015 base year: <ul style="list-style-type: none"> Waste: reduction of paper consumption by 50% Energy: reduction 50%(included in the total reduction of CO2 emissions) Mobility: Reduction of the vehicle fleet by number of vehicles by 50% and successively switching to E-Mobility Buildings: Reduction of space consumption by 30% CO2 emissions: Reduction of greenhouse gas emissions by 37.5%
	Exclusion and positive criteria	<ul style="list-style-type: none"> At least annual review of ethical guidelines and business principles 	<ul style="list-style-type: none"> Ongoing evaluation of further exclusion and positive criteria
Social	Responsible employer	<ul style="list-style-type: none"> Code of conduct Operational health management Focus on continuing training Working according to life stages Focus on diversity 	<ul style="list-style-type: none"> Implementation of a diversity strategy Regular employee surveys including resulting measures) Regular fitness and health checks for employees
	Financing with social value added	<ul style="list-style-type: none"> Focus on public sector financing and affordable housing Financing of the strategic business segments public sector, real estate and corporates is assessed for sustainability and in the core banking system 	<ul style="list-style-type: none"> All financing is checked for sustainability and recorded in the core banking system
Governance	Fight against corruption, money laundering or anti-competitive practices, among others Diversity (see also Social)	<ul style="list-style-type: none"> Handbooks and mandatory training in the following areas: <ul style="list-style-type: none"> Compliance Money laundering and terrorist financing Corruption Conflicts of interest Investment advice and conduct of business rules Code of conduct Signatory of the Diversity Carter ("Charta der Vielfalt") Diversity concept 	<ul style="list-style-type: none"> Training of all employees in the area of compliance on a minimum yearly basis Compulsory training for managers in the field of diversity Fit & Proper training for identified staff

2.2 Ethical business principles

In general, HYPO NOE employees must bear in mind the Bank's ethics guidelines and business principles, as well as reputational risk and any risks associated with specific transactions. Reputational risks can arise in connection with loans to borrowers operating in industries that are not compatible with the image and values of HYPO NOE or its owner, the State of Lower Austria. The ethics guidelines and business principles comprise inclusion and exclusion criteria, which are the basis for initiating new business throughout HYPO NOE.

Positive criteria help the Bank to promote activities that it believes generate the greatest possible benefit for society. In contrast, exclusion criteria help to identify sectors where the Bank chooses not to operate, in the interest of fulfilling its social and environmental responsibilities.

In addition, the Bank has defined certain sectors as environmentally or socially sensitive – financing in these sectors is subject to strict standards of care, and in case of doubt the Bank refrains from doing business in the sector concerned.

2.2.1. Positive screening

HYPO NOE is committed to international and national climate targets and, as part of its environmental and climate strategy, is guided by the current climate and energy strategy ("Mission 2030") of the Republic of Austria. These form the basis for the positive criteria regarding any initiation of new business relations and simultaneously act as the strategic guidelines for the entire HYPO NOE organization.

This includes financing of social infrastructure and the creation of housing: in particular, businesses for the construction of socially and ecologically compatible housing are supported.

A further focus is the promotion of the use of renewable energy and environmental protection as well as the promotion of education and culture.

Furthermore, HYPO NOE aims to identify business opportunities that have a positive impact on climate change and/or CO² Reduction potential.

2.2.2. Negative screening

For HYPO NOE, the principle applies to all financing operations that subsequent areas are excluded from financing.

- Financing of nuclear power plants (as well as nuclear component suppliers and related infrastructure)
- Financing of operations involving environmental hazards
- Financing of arms trade
- Financing of pornography and prostitution-related activities
- Financing to warring countries according to OeKB coverage guidelines⁴
- Financing of operations involving human rights abuses as defined by the United Nations Universal Declaration of Human Rights

⁴ HYPO NOE only finances countries with an unlimited coverage according to the coverage guidelines of Austria's state bank OeKB, <http://www.oekb.at/de/exportservice/absichern/exportgarantien/deckungspolitik/seiten/liste-der-laender.aspx>

- Financing of transactions involving labour rights violations in accordance with ILO core labour standards (including freedom of assembly/association, forced labour, child labour, discrimination)
- Financing of transactions that contradict the bank's own rules of business ethics and compliance and transactions involving suspected corruption
- Financing of coal-fired power plants or coal mining

Reputational risks may arise in particular in the case of loans to borrowers operating in sectors that are not compatible with the image or values of HYPO NOE or the owner, the Federal State of Lower Austria. A particular standard of care must also be applied in this respect. In case of doubt, a business relation must be avoided.

Reputational risk assessment is generally based on a 4-eyes-principle (market unit and risk management). If reputational risk is estimated as "high", the first votum (normally by market unit) must include a deeper reputational risk analysis additionally to the standard questionnaire. "High reputational risk" cases always have to be decided by Management Board Members.

2.2.3. Sensitive environmental and social sectors

According to HYPO NOE Group's risk guideline on reputational risk, a special precautionary principle applies to financing in the ecologically and socially sensitive sectors "energy production", "mining", "forestry" and "agriculture". The avoidance of environmental and social risks in these areas is considered by HYPO NOE to be essential for the responsible and sustainable development of its target markets. This includes preventing large-scale, long-term intervention in social and environmental structures, and promoting water conservation.




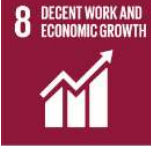




The Bank takes steps to identify lending that will intensify the effects of climate change or increase CO₂ emissions, raises these issues with its customers, and in this way tries to reduce the overall carbon footprint.

Due to above mentioned risk guideline a potential financing in ecologically and socially sensitive sectors automatically implies a reputational risk assessment of 'medium/yellow' at least.

2.3 UN SDG implementation within HYPO NOE

The business model of HYPO NOE, with its focus on public financing and real estate financing, makes a significant contribution to the United Nation Sustainable Development Goals (UN SDG). A special focus is on financing public projects with added-value in the areas of adaptation to climate protection, health, education, culture and infrastructure.

In its own area, HYPO NOE has implemented a comprehensive environmental management system ISO 14001 and defined an environmental and climate strategy with clear targets. As a socially responsible employer, HYPO NOE focuses on continuing education and occupational health management.

HYPO NOE's contribution to the UN SDGs	Description ⁵	Contribution by HYPO NOE
	Ensuring a healthy life for all people of all ages	<ul style="list-style-type: none"> • Financing of health infrastructure projects (hospitals, nursing homes, medical and research centers) • Operational health management
	Ensuring the availability and sustainable management of water and sanitation for all	Financing of municipal water and wastewater treatment projects
	Ensuring access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> • Financing renewable energy, increasing energy efficiency • Reduction of the own ecological footprint: own environmental and climate strategy (ISO 14001)
	Promoting sustained economic growth, full and productive employment and decent work for all	As a regional bank, HYPO NOE contributes to value creation and secures job in Lower Austria and Vienna
	Building a resilient infrastructure, promoting sustainable industries, investing in scientific research and supporting innovation	Financing of public projects that bring social added value in the areas of health, education and infrastructure being important building blocks for a sustainable development
	Making cities and settlements inclusive, safe, resilient and sustainable	Financing of public projects in municipalities, regions and cities: kindergartens, schools, universities, hospitals and care centers
	Ensuring sustainable consumption and production patterns	Financing or refinancing the equipment, development, construction, operation and maintenance of waste collection and waste recycling facilities
	Taking immediate action to combat climate change and invest in low-carbon development	Environmental and climate strategy with clear, measurable targets, greening of the Car Policy, ethical guidelines and business principles including exclusion criteria

⁵ Source: UN General Assembly Resolution adopted on 25 September 2015, link: <https://www.un.org/depts/german/gv-70/band1/ar70001.pdf?OpenElement>

2.4 Rationale for HYPO NOE's Sustainability Bond Framework

HYPO NOE established its inaugural Green Bond Framework in June 2020, and has since then issued several Green Bonds in the market. Nevertheless, in the recent years the sustainable finance market has evolved rapidly, with especially the development of the EU Taxonomy. As a response, HYPO NOE has decided to update its framework to better align with market expectations and practices, but also to include Social Loans to be able to besides Green Bonds issue Social and Sustainability Bonds. For the existing Green Bonds that HYPO NOE has outstanding, the existing Green Bond Framework dated 2020 will continue to apply.

The creation of this Sustainability Bond Framework ('Framework') is a consistent and tangible step to illustrate HYPO NOE's financing strategy and its mission, objectives and sustainability targets. The Framework will support the Group's ambition of development with an integrated sustainability approach. This Framework allows HYPO NOE to increase the transparency of its financing and develop quality relationships with its long-term investors, as well as creating synergies internally between its different departments on sustainability topics.

3. HYPO NOE's Sustainability Bond Framework

HYPO NOE's Sustainability Bond Framework is based on the Green Bond Principles (GBP) (2021 version with June 2022 appendix)⁶, the Social Bond Principles (SBP) of ICMA 2023⁷, the Sustainability Bond Guidelines (SBG) of ICMA 2021 Edition. In addition, HYPO NOE intends to consider the Substantial Contribution Criteria of the EU Taxonomy for the Eligible Green Project Categories of this Framework, to the extent possible. This includes the Delegated Act for Climate Change Mitigation⁸ and the Delegated Act for Climate Change Adaptation⁹ published in June 2021.

On a best-effort basis, HYPO NOE also intends to take into account the Do No Significant Harm (DNSH) criteria as well as the Minimum Social Safeguards.

The Sustainability Bond Framework allows HYPO NOE to issue Green, Social and/or Sustainability Senior Bonds and other debt instruments ((e.g. Pfandbriefe (Covered Bonds), Schuldscheine or Subordinated Instruments)).

According to Appendix I of the ICMA Principles, Green and Social Pfandbriefe are to be classified as Secured Green and Social Collateral Bonds and all other refinancing instruments as Standard Green, Social and Sustainability Use of Proceeds Bonds.

As soon as an asset is classified as social or green, this financing can only be allocated once to a green/social asset pool. This eliminates the risk of double counting.

⁶ [Green-Bond-Principles-June-2022-060623.pdf \(icmagroup.org\)](#)

⁷ [Social-Bond-Principles-SBP-June-2023-220623.pdf \(icmagroup.org\)](#)

⁸ [taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf \(europa.eu\)](#)

⁹ [taxonomy-regulation-delegated-act-2021-2800-annex-2_en.pdf \(europa.eu\)](#)

The Framework will be presented along the following five components:

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

3.1 Use of proceeds

The net proceeds from HYPO NOE's Green, Social and/or Sustainability Bonds are used exclusively for the proportional or complete (re-)financing of corresponding "suitable Green and/or Social Loans". Taken together, the "Eligible Green and Social Loans" constitute the "Green or Social Asset Portfolio". Green and Social Pfandbriefe proceeds are allocated to Eligible Green and Social Loans that are included in the public sector or mortgage cover pool.




A description of the estimated proceeds allocation per project category will be given to the extent possible at the time of the issuance or at the latest in the publication of the allocation report.

Furthermore, a mapping against the UN Sustainable Development Goals as well as the Economic Activities and Environmental Objectives under the EU Taxonomy will be provided for each category, to the extent possible and where relevant.

'Eligible Green or Social Loans' can include credit claims, investments and/or other projects that belong to one of the categories in chapter 3.1.1. and 3.1.2..

3.1.1. Eligible Green Project Categories

To qualify as Eligible Green Loans under this Framework, loans need to meet the criteria for one of the following categories in below table.



ICMA GBP Categories	Definition	Eligibility Criteria	Examples of EU Taxonomy objectives & economic activities	Contribution to UN SDG
Green Buildings	Financing or refinancing of energy efficient and green buildings	<p>a. New buildings built after 31.12.2020: The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an Energy Performance Certificate (EPC)¹⁰.</p> <p>b. Acquisition and ownership of buildings built between 1.1.2016 until 31.12.2020: The building is one of the top 15% of the national building stock and has an energy certificate of at least B or better.</p> <p>c. Properties that have received at least one (or more) of the following classifications:</p> <ul style="list-style-type: none"> - LEED: Platinum or Gold - BREEAM: Excellent or Very Good - DGNB Family, according to DGNB, - ÖGNI or SGNI: Platinum or Gold - klimaaktiv: Gold or Silver <p>d. The building renovation complies with the applicable requirements for major renovations; alternatively, it leads to a reduction of primary energy demand (PED) of at least 30 %¹¹</p>	Climate change mitigation 7.1. Construction of new buildings 7.2. Renovation of existing buildings 7.7. Acquisition and ownership of buildings	  

¹⁰ https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf
(EU Taxonomy: TSC 7.1.; Substantial contribution to climate change mitigation)

Buildings larger than 5000m², upon completion, must be tested for air-tightness and thermal integrity or quality control processes are in place during the construction process;


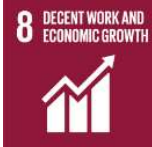




The Primary Energy Demand mentioned in the taxonomy is the Primary Energy Demand not renewable (PEB HEB,zul,n.ern). According to the OIB (Austrian Institute of Construction Engineering) document concerning the definition of the zero-energy building and setting intermediate targets in a national plan (February 2018) the minimum requirement for the primary energy demand of new buildings is 41 kWh/m²a. Deducting 10% the PED amounts 36.9 kWh/m²a.

¹¹ https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf
(EU Taxonomy: TSC 7.2.; Substantial contribution to climate change mitigation)

Renewable Energy	Financing or refinancing the production, appliances, establishment, acquisition, operation, distribution and products of renewable energy	<ul style="list-style-type: none"> a. Wind energy: wind power generation plants b. Solar energy: photovoltaic (PV), concentrated solar energy (CSP) and solar thermal facilities and solar thermal heating / cooling systems c. Bioenergy¹²: bioenergy facilities and bioenergy heating / cooling systems according to the biomass-energy-sustainability regulation of the Austrian Ministry of climate¹³ (limited to direct emissions of $\leq 100\text{g CO}_2\text{e/kWh}$) d. Geothermal energy: Geothermal power plants and geothermal heating/cooling systems (limited to direct emissions of $\leq 100\text{g CO}_2\text{e/kWh}$) 	Climate change mitigation 4.1. Electricity generation using solar photovoltaic technology 4.2. Electricity generation using concentrated solar power (CSP) technology 4.5. Electricity generation from hydropower 4.8. Electricity generation from bioenergy 4.10. Storage of electricity 4.21. Production of heat/cool from solar thermal heating 4.24. Production of heat/cool from bioenergy	 
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¹² A list of bioenergy sources is available in chapter 7.1.2 at https://climate.ec.europa.eu/system/files/2022-10/gd3_biomass_issues_en.pdf





¹³ Biomass energy sustainability regulation of the Austrian climate ministry, https://climate.ec.europa.eu/system/files/2022-10/gd3_biomass_issues_en.pdf

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Energy Efficiency</p>	<p>Financing or refinancing the establishment, acquisition, expansion and upgrade of transmission lines and energy storage facilities and/or the associated infrastructure</p>	<p>a. Energy efficiency projects aiming at energy savings (e.g. setting up PV plants, replacing outdated machinery or setting up more energy efficient production processes¹⁴)</p> <p>b. Energy storage for renewable energy (solar, wind, geothermal, hydro)</p> <p>c. Smart grid solutions¹⁵ for more efficient transmission/distribution of energy with clear link to renewable energy</p> <p>d. Infrastructure for the establishment of local energy communities¹⁶ (“Energiegemeinschaften”)</p> <p>e. Fiberglass expansion (e.g. more energy efficient data transfer compared to traditional transmission)</p>	<p>Climate change mitigation</p> <p>4. 9 Transmission and distribution of electricity</p> <p>4.10. Storage of electricity</p> <p>7.3. Installation, maintenance and repair of energy efficiency equipment</p> <p>7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings</p> <p>7.6. Installation, maintenance and repair of renewable energy technologies</p>	   
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Clean Transportation</p>	<p>Financing or refinancing public land transport and clean transportation loans</p>	<p>a. Public transport (e.g. electric subways, trains, trams, electric buses), including:</p> <ul style="list-style-type: none"> - Electric rolling stock - Development of public cycle paths - Infrastructure (e.g. rail networks, stations, park and ride facilities) <p>b. E-mobility solutions (e.g. electric lorry, electric fleets, electric automobiles, electric charging infrastructure)</p> <p>Infrastructures and vehicles dedicated to the transport of fossil fuels are excluded.</p>	<p>Climate change mitigation</p> <p>6.1 Passenger rail transport (interurban)</p> <p>6.2. Freight rail transport</p> <p>6.3. Urban and suburban transport, road passenger transport</p> <p>6.4. Operation of personal mobility devices, cycle logistics</p> <p>6.5. Transport by motorbikes, passenger cars and light commercial vehicles</p> <p>6.6. Freight transport services by road</p> <p>6.14 Infrastructure for rail transport</p> <p>6.15. Infrastructure enabling low-carbon road transport and public transport</p>	 

¹⁴ By replaced machinery or due to more energy efficient production processes an energy saving of -20% in comparison to former machinery/production process has to be achieved

¹⁵ Smart grids solutions infrastructure that allows integration of renewable energy sources and decentralize generation (e.g. PV storage, electromobility, heat). It would also be used to increase energy efficiency of the energy system by optimizing the infrastructure to allow fluctuations in energy supply.

¹⁶ Energy communities cover their energy consumption by renewable energy sources to the extent possible.

Water and Wastewater Management	Financing or refinancing the equipment, development, construction, operation and maintenance of water distribution and water recycling systems	a. Water distribution systems b. Water recycling and wastewater treatment plants	Climate change mitigation 5.1. Construction, extension and operation of water collection, treatment and supply systems 5.2. Renewal of water collection, treatment and supply systems 5.3. Construction, extension and operation of waste water collection and treatment 5.4. Renewal of waste water collection and treatment 5.6. Anaerobic digestion of sewage sludge	 
Climate Change Adaptation	Financing or refinancing the equipment, development, construction, operation and maintenance of infrastructure increasing the local resilience regarding the consequences of climate change ¹⁷	a. Infrastructure for fire brigades (e.g. fire stations incl. training facilities and equipment), civil defense and disaster management ¹⁸ b. Infrastructure that increases local resilience to the effects of climate change (e.g. dams and dikes/river basin management/ Infrastructure for flood prevention ¹⁹ c. Protection against forest fires ²⁰ and avalanche protection ²¹	Climate change adaptation	 






¹⁷ Disaster relief plans comply with the Disaster Relief Regulation, available at <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=LrNO&Gesetzesnummer=20001126>

¹⁸ Fire departments have to fulfill disaster relief services and preparatory measures according to the law on Disaster Protection Plan, <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=LrNO&Gesetzesnummer=20001126> and the fire brigades law, <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=LrNO&Gesetzesnummer=20001094>

¹⁹ Flood prevention projects comply with the Flood Risk Management in Austria, available at https://info.bml.gv.at/dam/jcr:fb23c4d1-4447-4ac0-80a6-929504498812/HWRM_%C3%96_2018_Barrierefrei_EN.PDF and in the EU, <https://eur-lex.europa.eu/EN/legal-content/summary/flood-risk-management-in-the-eu.html>, are located in the zones most at risk, https://www.noe.gv.at/noe/Wasser/NOe_Hochwasserschutzzonenplaene.html

²⁰ Risk identification and management measures of forest fires available at <https://info.bml.gv.at/themen/wald/wald-und-naturgefahren/waldbrand/risikokarte-gemeindeebene.html>

²¹ Avalanche protection projects comply with the national regulation on harmless discharge of mountain water, available at <https://info.bml.gv.at/dam/jcr:1c3d4eeb-64d1-486e-941e-d88f4b07bed3/Wildbachverbaueungsgesetz.rtf>

Pollution, Prevention and Control	Financing or refinancing the equipment, development, construction, operation and maintenance of waste collection and waste recycling facilities ²²	a. Waste collection facilities b. Waste recycling facilities c. Technologies, infrastructure and operations to support waste treatment d. Initiatives for waste prevention/reduction²³ (e.g. paper, waste, electrical waste ²⁴ , battery recycling)	Climate change mitigation 5.7 Anaerobic digestion of bio waste 5.8 Composting of bio waste 5.9 Material recovery from non-hazardous bio-waste	  
Environmentally Sustainable Management of Living Natural Resources and Land Use	Financing or refinancing environmentally sustainable management of living natural resources and land use projects	a. Forests and forestry: forest land certified according to the standards of the "Forest Stewardship Council" (FSC) and/or the "Programme for the Endorsement of Forest Certified" (PEFC) b. Agriculture: EU and/or Austrian certified organic farming ²⁵	Climate change mitigation 1.1 Aforestation 1.2 Rehabilitation and restoration of forests including reforestation and natural forest regeneration after an extreme event 1.3 Forest management 1.4 Conservation forestry	 

²² Financing of waste incineration facilities is excluded; Recycling of batteries is included.





²³ This includes repairing and re-using initiatives.

²⁴ Electrical waste refers to electrical and electronic devices, information & communications technologies, <https://www.bmk.gv.at/en/topics/climate-environment/waste-resource-management/ces.html>

²⁵ https://agriculture.ec.europa.eu/farming/organic-farming/organic-logo_en
<https://www.bio.austria.at/app/uploads/RiLiEnglish20121.pdf> and <https://info.bml.gv.at/en/topics/agriculture/organic-farming/labelling-of-organic-foods.html>

3.1.2. Eligible Social Project Categories



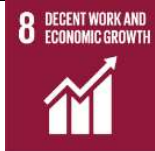


To qualify as Eligible Social Loans under this Framework, loans need to meet the criteria for one of the following categories in below table.

ICMA SBP category	Description	Eligibility Criteria	Social Objective & Target Population	Contribution to UN SDG
Affordable Housing	Financing or refinancing of affordable social housing according to local or regional subsidy criteria ²⁶	a. Affordable and social housing , according to local or regional income requirements as described in the footnote ²⁷ b. Housing for young families/young living c. Age-appropriate living/accompanying and barrier-free living d. Multi-generation housing e. Social/subsidised housing in rural areas (support for regional rebalancing and strengthening of rural areas and prevention of re-settlement)	Support access to housing supply for <ul style="list-style-type: none"> - Low-income population - Low-to-middle-income population 	 
Access to Essential Services	Financing or refinancing of social infrastructure with a focus on health	a. Hospitals, medical practices, pharmacies, laboratories, treatment facilities and health treatment resorts ("Kuranstalten") b. Care facilities: day care centers and nursing homes c. Assisted living ²⁸	Support access to essential health services for: <ul style="list-style-type: none"> - Ill or disabled people in need of care - General population 	 

²⁶ Affordable Housing subsidies and financing criteria differ among Austria's federal provinces and are summarized in an official website, https://www.oesterreich.gv.at/en/themen/bauen_wohnen_und_umwelt/wohnen/2.html

²⁷ Affordable Housing: Eligibility criteria are tied to the net household income and are different for each region. For example, in Lower Austria people with an annual net income below EUR 55k can benefit from subsidized housing loans. An overview of the different criteria for each federal province can be found under the following website, https://www.oesterreich.gv.at/en/themen/bauen_wohnen_und_umwelt/wohnen/2.html

²⁸ Assisted living subsidies and financing criteria differ among Austria's federal provinces and are summarized in an official website, https://www.oesterreich.gv.at/en/themen/bauen_wohnen_und_umwelt/wohnen/2.html

	Financing or refinancing, the establishment, acquisition, purchase, operation of social infrastructure with a focus on education	a. Kindergartens b. Schools and educational establishments c. Universities d. Municipal centers , inter alia, to promote regional cultural diversity	Support access to essential educational services for: <ul style="list-style-type: none"> - Children and families - School students - University students - People of different cultural backgrounds 	 
Access to basic infrastructure	Financing or refinancing of fiberglass expansion service	a. Fiber expansion service	Support access to digital infrastructure for general population	  

3.2. Project selection and evaluation process

HYPO NOE has established a Sustainability Bond Committee (“SBC”) to select and evaluate Eligible Green and/or Social Eligible Loans that comply with the Eligibility Criteria set out in the “Use of Proceeds” section of this Framework. The SBC will meet on at least twice a year or ad hoc, and is composed of the strategic business segments:

- Corporate Customers
- Real Estate Finance
- Public Sector
- Strategic Risk Management
- Credit Risk Management
- Sustainability Officers
- Treasury

The process for project evaluation and selection is as follows:

- Eligible funding will be identified on the basis of the above-mentioned Eligible Green and Social Project Categories (chapters 3.1.1. and 3.1.2.)
- The documents necessary for the impact assessment must be available and stored in the core banking system

- The assessment is made by the sustainability managers, and the allocation to the Green and Social Asset Portfolio is carried out by means of a decision-making process in the Sustainability Bond Committee
- Eligible Green and Social Loans only qualify if measurable and relevant social or environmental KPIs are available.

The dedicated assets are also subject to the strict ethical guidelines and business principles of HYPO NOE (see chapter 2.2), which are part of the internal lending guidelines.

They consist of positive and exclusion criteria and form the basis for the initiation of business within HYPO NOE (see 2.2.1 to 2.2.3.). In doing so, the Bank ensures that only business relationships are entered into that are compatible with its philosophy and sustainability orientation. Through these guidelines, HYPO NOE ensures that in case of doubt, it is possible to refrain from controversial financing, whether from a social or environmental point of view. Detailed knowledge of the business purpose of the financing is necessary in order to identify the risks for the bank and the customer on the one hand and to be able to determine the "impact" achieved on the other hand.

With these principles, HYPO NOE can ensure the measurement, assessment and management of potential ESG risks ²⁹associated with the Eligible Green and/or Social Loans.

Other topics of the SBC (prepared by the sustainability managers) comprise of:

- Monitoring the portfolio of Eligible Green and/or Social Loans over the entire term of the outstanding Green, Social, and/or Sustainability Bond(s)
- Review and approval of the Sustainability Bond Framework and any changes to it
- Review the annual Sustainability Bond Report

3.3. Management of proceeds

An amount equivalent to the sum of the net proceeds generated from the Green, Social and/or Sustainability Bonds will be managed by the HYPO NOE Sustainability Bond Committee under a portfolio approach. Until final maturity of the Green, Social and/or Sustainability Bonds, HYPO NOE will ensure that the Green and Social Asset Portfolio will be equal to proceeds of the Green, Social and/or Sustainability Bonds outstanding. For this purpose, HYPO NOE will identify Eligible Green and/Social Loans included in its Green and Social Asset Portfolio within HYPO NOE's internal systems.

Changes in the Eligibility Criteria under this Framework vs. the Green Bond Framework dated 2020 and potential future changes to the Framework's selection criteria will not affect the treatment of Eligible Green and/or Social Loans retroactively. In other words, Eligible Green Loans selected under the previous version of the Green Bond Framework that went successfully through the selection and validation steps will not be affected by the changes in this Framework and will remain in the Green and Social Asset Portfolio until maturity or sale of the asset. Removal (other than through maturity or sale of the asset) or substitution of assets from the Green and Social Asset Portfolio is generally possible if

²⁹ HYPO NOE's Credit Risk Policy stipulates that all financing must be screened for ESG risks. The review involves a 3-step process. Under this process, it must be ensured that no financing contradicts the exclusion criteria. If the financing does not contradict any exclusion criteria but can be assigned to one of the defined ecologically or socially sensitive sectors, it must be checked again and, in case of doubt, the financing must be rejected. In addition, an ESG-questionnaire is in place for Corporate and Real estate financing.

new information concerning Eligible Green and/or Social Loans emerge, that warrant their removal from the Green and Social Asset Portfolio.

If in any case net proceeds of HYPO NOE's Green, Social and/or Sustainability Bonds cannot be fully allocated to Eligible Green and Social Loans, HYPO NOE may, at its own discretion, temporarily invest the balance of the unallocated net proceeds in money market instruments, cash and/or cash equivalents ("substitute assets"), provided that such substitute assets are compliant with HYPO NOE's sustainability principles.

On an annual basis, HYPO NOE's Sustainability Bond Committee will review the suitability and availability of the Eligible Green and/or Social Loans and replace them with other Eligible Green and/or Social Loans and if they are repaid or matured or not satisfying the Eligibility Criteria anymore. HYPO NOE may at any time remove Eligible Green and/or Social Loans and from the Green and Social Asset Portfolio, provided that the total volume of the Green and Social Asset Portfolio always corresponds at least to the net proceeds of outstanding of Green, Social and Sustainability Bonds.

3.4. Reporting

HYPO NOE is committed to provide investors with transparent reporting about the issuance of Green, Social and/or Sustainability Bonds. An annual report, combining an allocation report and an impact report, will be published thereafter until full allocation of the Green, Social and/or Sustainability Bonds, or in case of any material changes to the Eligible Green or Social Loans. The reporting will be based on the requirements of the ICMA Principles and can be adjusted in the case of new requirements and developments regarding the content and type of reporting. The Bank will follow, to the greatest extent possible, the recommendations presented in the ICMA Harmonized Framework for Impact Reporting (June 2022), considering the updates associated with the guideline.

Each annual report is prepared by the sustainability managers and is reviewed and approved by HYPO NOE's Sustainability Bond Committee.

3.4.1. Allocation reporting

The allocation reporting will seek to demonstrate that the proceeds have been allocated in accordance with the present Sustainability Bond Framework's criteria for Eligible Green and/or Social Loans. To the extent feasible, the reporting will include the following information:

- The total amount of outstanding Green, Social and Sustainability Bonds issued
- The total amount of Green, Social and Sustainability Bond Proceeds allocated to the Green and Social Asset Portfolio per category
- Geographical distribution of Eligible Green and/or Social Loans
- The potential amount of unallocated proceeds, if any (substitute assets)

3.4.2. Impact reporting

The impact reporting will provide information on the Eligible Green and/or Social Loans based on existing publicly available data and subject to the availability of the relevant information. The approach to impact reporting may be updated over time to align with emerging reporting standards and depending on HYPO NOE's own information reporting and collection system. The impact reporting aims

to provide information on output indicators, but also impact indicators where possible. Methodologies used to calculate these impact indicators will be published in the annual report, on a best effort basis.

Impact indicators for Eligible Green Loans

HYPO NOE intends to provide information on the environmental outputs/impacts of its Eligible Green Loans by category. For illustration purposes, below are examples of indicators that HYPO NOE will report on a best effort basis (will depend on the allocation of proceeds).

Eligible green categories	Objectives	Output Indicators	Impact Indicators
Green Buildings	<ul style="list-style-type: none"> • Energy-efficient building construction • Renovation of existing buildings 	<ul style="list-style-type: none"> • Total area financed (m²) • Housing units constructed (number) 	<ul style="list-style-type: none"> • Annual GHG emissions avoided (tCO₂) • Annual energy savings (MWh)
Renewable Energy	<ul style="list-style-type: none"> • Abandonment of fossil energy • Energy independence • Development of renewable energy sources 	<ul style="list-style-type: none"> • Number of enabled PV connections / infeeds • Number of financed renewable energy projects 	<ul style="list-style-type: none"> • Annual GHG emissions avoided (tCO₂) • Renewable energy production or capacity (MWh)
Energy Efficiency	<ul style="list-style-type: none"> • Reduction of energy consumption • Increasing energy efficiency 	<ul style="list-style-type: none"> • Energy efficiency projects • Outdated machinery replaced or more energy efficient production processes • Projects for energy storage for renewable energy (solar, wind, geothermal, hydro) • Smart grid solutions • Local energy communities (“Energiegemeinschaften”) supported • Fiberglass expansion projects 	<ul style="list-style-type: none"> • Annual GHG emissions avoided (tCO₂) • Annual energy savings (MWh) • Capacity of renewable energy storage (MWh) • Expanded fiberglass network in km
Clean Transportation	<ul style="list-style-type: none"> • Reversing fossil energy and attracting public transport 	Number of projects in: <ul style="list-style-type: none"> • Newly created and improved public transport projects (passenger/freight) • New railway infrastructure • E-mobility infrastructure 	<ul style="list-style-type: none"> • Annual GHG emissions avoided (tCO₂) • Created passenger- or tonne-kilometers • New railway infrastructure in km • Number of charging stations or e-mobility solutions
Water and Wastewater Management	<ul style="list-style-type: none"> • Supply of clean water and waste water treatment 	Number of projects in: <ul style="list-style-type: none"> • Newly created supply and waste water pipes • New or refurbished waste water treatment plants 	<ul style="list-style-type: none"> • Volume of water treated or avoided (m³/year) • Drinking water volume distributed (m³/year)
Adaptation to Climate Change	<ul style="list-style-type: none"> • Mitigation of physical sustainability risks 	Number of projects in: <ul style="list-style-type: none"> • Infrastructure built concerning fire brigade houses/facilities/cars/equipment • Flood and avalanche protection projects 	<ul style="list-style-type: none"> • Created flood prevention in km or in area or number of projects • Number of people benefiting from the newly created infrastructure in the relevant area
Pollution, Prevention and Control	<ul style="list-style-type: none"> • Collection/recycling / treatment / recovery of waste 	<ul style="list-style-type: none"> • Installed waste management technology/recycling center projects/facilities promoting the recovery of waste 	<ul style="list-style-type: none"> • Volume of treated, separated, collected, disposed or recycled waste (m³ or tonnes/year)
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> • Promoting biodiversity and ecosystems/afforestation of forests 	<ul style="list-style-type: none"> • Increasing afforestation projects • Certified organic farming projects 	<ul style="list-style-type: none"> • Increase in area under sustainable forest management (ha) • Afforestation in hectares • Surrounded area certified in hectares

Impact/Output indicators for Eligible Social Loans

HYPO NOE intends to provide information on the social outputs/impacts of its Eligible Social Loans by category. For illustration purposes, below are examples of indicators that HYPO NOE will report on a best effort basis (will depend on the allocation of proceeds).

Eligible social categories	Objectives	Impact/Output Indicators
Affordable Housing	<ul style="list-style-type: none"> • Affordable living • Age- appropriate living/barrier-free living • Intergenerative living • Strengthening rural areas with housing 	<ul style="list-style-type: none"> • Total area financed (m2) • Number of units created • Average rent subsidy for social housing vs. free market (estimate/federal state comparisons)
Access to Essential Services		
<i>Social infrastructure with a focus on health</i>	<ul style="list-style-type: none"> • Provision of local health infrastructure 	<ul style="list-style-type: none"> • Created bed capacity • Created medical departments/ordinations • Area in km2 or number of people benefiting from the newly created health institutions
<i>Social infrastructure with a focus on education</i>	<ul style="list-style-type: none"> • Residential care for young and older people with regard to their education and age-appropriate care • Promoting regional structures, diversity, culture and strengthening regional social cohesion 	<ul style="list-style-type: none"> • Number of persons benefiting • Newly created capacity for students • Number of population living / benefiting in the relevant area of the municipal center
Access to basic infrastructure	<ul style="list-style-type: none"> • Fiberglass expansion for general population providing a better connectivity and high-speed internet access 	<ul style="list-style-type: none"> • Connected population • Expanded fiberglass network in km

3.5. External review

3.5.1. Second party opinion

HYPO NOE has engaged a SPO provider to issue an independent second party opinion of HYPO NOE's Sustainability Bond Framework. The provider has reviewed HYPO NOE's framework and confirmed that it complies with the Green Bond Principles (version 2021, appendix 2022), the Social Bond Principles (version 2023) and the Sustainable Bond Guidelines (version 2021).

The Second Party Opinion is available at www.hyponoe.at/ir

3.5.2. External audit

An independent auditor will verify annually until maturity that HYPO NOE has duly applied the defined approval procedures of the Sustainability Bond Committee and that all Eligible Green and/or Social Loans have already been paid out and registered/recorded in the core banking system of HYPO NOE. The external audit will be publicly available on the Bank's website.

4. Disclaimer

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