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OKB Sustainable Financing Framework

Version 2.0, March 2022

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1. Overview

Oesterreichische Kontrollbank Aktiengesellschaft (OKB) is Austria's central provider of financial and information services to the export industry and the capital market¹. Its shareholders are commercial banks domiciled in Austria.

Since 1946, OKB has supported the Austrian economy by providing numerous services to small, medium-sized and large companies and to the Republic of Austria. As a private company entrusted with mandates from the Republic of Austria, OKB focusses on five major areas: Export Services, Development Financing², Capital Market Services, Energy Market Services as well as Tourism Services.

OKB's activities comprise the administration of export guarantees as the agent of the Republic and the financing of Austrian exports by extending loans to banks which are in turn passed on to exporters. All borrowings by OKB in the capital markets for the funding of exports are guaranteed by the Republic of Austria. For the Austrian capital market OKB offers central infrastructure services and financial data. Furthermore, as the agent for Austrian Government Bonds, OKB also carries out the auction procedure on behalf of the Republic of Austria.

OKB's main subsidiaries and shareholdings include Oesterreichische Entwicklungsbank AG (OeEB, the Development Bank of Austria), Acredia Versicherung AG (Austria's leading credit insurance company), OeKB CSD GmbH (Austria's central securities depository), CCP-Austria (Austria's central clearing house) as well as Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H. (ÖHT, the Austrian Hotel and Tourism Bank).

As a private corporation with a government mandate, OKB sees itself entrusted with a special responsibility. Over 30 years ago, the OECD started to establish a level playing field for exports in order to support not only environmental but also social aspects in target export countries. OKB was part of this process from the outset and, as a consultant to the Ministry of Finance, worked on the Common Approaches of the OECD and their implementation into its export guarantees and financing scheme. In 2008, OeEB was founded as a 100% subsidiary of OKB. As the development bank of Austria, OeEB acts with a mandate from the federal government and is committed to the objectives of the Austrian Development Cooperation. OeEB finances and supports projects in developing countries and emerging markets that are economically sustainable and have positive impacts on development³.

OKB published its first environmental report according to EMAS (Eco Management Audit Scheme)⁴ in 2001, its first sustainability report in 2003, and since then, an externally audited report according to the current GRI (Global Reporting Initiative)⁵ standards on a yearly basis. The EMAS and ISO 14001 certifications are renewed and updated annually. When establishing Oesterreichische Entwicklungsbank AG and OeKB CSD GmbH, it was essential for both subsidiaries to be a part of OKB's sustainability strategy. Since 2019, Österreichische

¹ <https://www.oekb.at/en/>

² The list of countries that can be covered and follow the OECD country classification is defined in OKB's Cover Policy: <https://www.oekb.at/en/export-services/country-information.html>

³ <https://www.oe-eb.at/en/about-oeeb/oeeb-at-a-glance.html>

⁴ http://ec.europa.eu/environment/emas/index_en.html

⁵ <http://www.globalreporting.org>

Hotel- und Tourismusbank Gesellschaft m.b.H. has also been integrated into OKB's sustainability management system.

Both OKB and OeEB are participants in the UN Global Compact and cooperate actively with the Global Compact Network Austria. With the introduction of the Sustainable Development Goals in 2015, OKB and OeEB reviewed all of the goals in order to identify their potential contributions⁶. The reduction of poverty as a concern of development finance, climate protection and renewable energy are all goals that are an integral part of OKB's strategy. In 2019, OeEB replaced its old tool with KfW DEG's Development Effectiveness Rating (DERa)⁷ to measure the effectiveness of development financing. The DERa includes an assessment of contributions made to the SDGs for all projects in a structured manner. OKB also began implementing a high-level mapping of its projects to the SDGs as of 2019.

The above mentioned activities in the field of sustainability have been essential for OKB's decision to issue sustainable bonds as they reflect its commitment to sustainable development. In 2019, OKB elected to create a Sustainable Financing Framework which was in accordance with the last version of the Green Bond Principles (GBP), Social Bond Principles (SBP) and the Sustainability Bond Guidelines (SBG)⁸. Since then, we issued the first Sustainability Bond in 2019 and the second Sustainability Bond in 2021 and published the respective allocation and impact reports on our website.

In 2020, OKB as well as OeEB and OeKB CSD became official supporters of the Task Force on Climate-related Financial Disclosure (TCFD)-Recommendations and included the TCFD-reporting in its yearly Sustainability Report. In the same year, the Austrian government's Covid support programs were implemented under which OKB has played an important role by extending financial support to companies.

In accordance with recent developments regarding the publication of the ICMA Green Bond Principles 2021, Social Bond Principles 2021 and Sustainability Bond Guidelines 2021, as well as further clarity on the EU taxonomy for sustainable activities and in order to reflect its mandate as Austria's export credit agency, OKB decided to publish an updated version of its Sustainable Financing Framework in March 2022 by incorporating the categories "Circular economy adapted products, production technologies and processes" and "Green Buildings". The updated Framework is in accordance with the ICMA principles and guidelines mentioned above.

Under this Framework, OKB can issue three types of bonds:

1. Green Bonds – for which the funds raised are exclusively allocated to Green Projects Categories;
2. Social Bonds – for which the funds raised are exclusively allocated to Social Projects Categories; and
3. Sustainability Bonds – whereby the funds raised are allocated to Green and / or Social Projects Categories.

⁶ <https://www.oekb.at/en/oekb-group/our-claim/corporate-social-responsibility.html>

⁷ Development Effectiveness Rating (DERa), developed by KfW DEG to measure impact and link results to the SDGs (<https://www.deginvest.de/international-financing/DEG/Über-uns/Was-wir-bewirken/Wir-messen-Wirksamkeit/>)

⁸ <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

For each Green, Social or Sustainability Bond issued, OKB asserts that it will adhere to (1) Use of Proceeds (2) Project Evaluation and Selection (3) Management of Proceeds and (4) Reporting, as set out in this Framework.

Loans to Eligible Green or Social Projects may be provided by OKB via commercial banks or OeEB's lending programmes. These include OeEB's corporate loans⁹ and project financing as well as intermediary lending. Intermediary lending can either be bank loans to specified end-users (e.g. a credit line to a bank to on-lend to small and medium sized enterprises) or participation in funds with a specific purpose¹⁰. In order for intermediary lending to qualify for the Sustainability Bond, the criteria for end-users of bank loans or the fund's specific purpose need to fall exclusively under the Sustainability Bond categories.

Under this Framework, OKB commits itself to the following principles:

1. OKB is following the on-going progress of the EU taxonomy for sustainable activities and intends to align itself to the technical screening criterias outlined by the taxonomy in a stepwise manner.
OKB as an internationally active export credit agency and OeEB as a development bank currently apply own "Do-No-Significant-Harm" checks regarding international environmental and social safeguards to every project which is being considered for refinancing, as outlined in detail in 3.1.1 and 3.1.2.
2. As part of OKB's commitment to the objectives of the Paris Agreement, the proceeds of any OKB sustainable bond issuance will not be used to finance Eligible Green Projects which would lead to fossil fuel production and distribution or projects that provide a fossil fuel lock-in in highly carbon intensive industries¹¹.

⁹ The corporate loans are project specific loans.

¹⁰ We make investments in funds in the form of debt funds or private equity investments. Public equity investments are excluded in the Bond.

¹¹ Production of iron, steel and cement are considered high carbon intensive industries.

2. Use of Proceeds

Eligible Green Project Categories are:

— **Renewable energy:**

- Construction or refurbishment of renewable energy sources generation facilities and infrastructure; and
- the generation, development, or distribution of energy from renewable sources such as solar, wind and hydropower^{12 13},
- the generation, development, or distribution of energy from geothermal, biomass¹⁴/biofuel¹⁵ and waste-to-energy¹⁶ which are limited to 100g CO₂/kWh.

— **Energy efficiency:**

- Development and implementation of products or technology that significantly reduce the energy consumption of the underlying asset, technology, product or system(s) by at least 20% and also lead to an increase of energy efficiency of at least 20%¹⁷.

Possible projects include but are not limited to replacement or optimization of lighting (LED), HVAC systems (heating, ventilation and air conditioning), hardware systems and/or software applications aimed at reducing power consumption, or logistic systems (electric fork lifts or solar shuttles).

— **Pollution prevention and control¹⁸:**

- Reduction of air emissions¹⁹,
- greenhouse gas control,
- soil remediation,
- waste collection and segregation,
- waste recycling.

— **Environmentally sustainable management of living natural resources²⁰ and land use:**

- Environmentally sustainable agriculture²¹,

¹² Hydropower projects larger than 25MW in size will comply with the IFC Performance Standards.

¹³ In line with the EU Taxonomy hydropower projects are assumed to emit less than the 100g CO₂/kWh if the electricity generation facility is a run-of-river plant and does not have an artificial reservoir, or power density of the facility is above 5 W/m². Hydropower projects that do not fulfil either of these criteria are only eligible if the 100g CO₂/kWh criteria is met.

¹⁴ Biomass and biofuel projects will take into consideration the sustainability of the feedstock used and the carbon intensity of the project. OKB and OeEB will not include any projects where the feedstock competes with food sources or forestry materials.

¹⁵ All Biofuel projects achieve at least a 65% life-cycle emissions lower than fossil fuel baselines according to EU RED II.

¹⁶ Waste to energy projects follow the waste hierarchy.

¹⁷ Energy efficiency improvements which result in increased use of fossil fuels or projects that provide a fossil fuel lock-in in highly carbon intensive industries are excluded.

¹⁸ Projects in the field of pollution prevention and control that are directly related to fossil fuel assets and high carbon intensive industries are excluded.

¹⁹ Air purification projects in highly carbon intensive industries are excluded.

²⁰ To ensure major environmental and social risks are addressed only RSPO certified related palm oil activities are eligible for intermediaries.

²¹ Activities include but are not limited to no-till farming, crop rotation or avoidance of synthetic fertilizers. Our financed activities are aligned with recognized certification schemes, such as FSC, MSC, Rainforest Alliance, ASC, or UTZ. All certification schemes are evaluated by OKB or OeEB according to the Environmental and Social Assessment Procedures described below in chapter 2.

- environmentally sustainable fishery and aquaculture (ASC²² and MSC certified),
- environmentally sustainable forestry, including afforestation or reforestation, and the preservation or restoration of natural landscapes.
- **Sustainable water management:**
 - Wastewater treatment,
 - water efficiency projects, such as sustainable irrigation management systems like drip irrigation.
- **Clean transportation:**
 - Vehicles for public transport, such as buses, trains, underground trains or trams, cable cars, including retrofits and modernisation limited to vehicles/modes with $\leq 50\text{g CO}_2/\text{km}/\text{passenger}$ ²³,
 - electric freight and passenger vehicles such as fully electric cars or fully electric trucks, as well as directly associated investments, such as charging stations, except where they are used primarily for the transport of fossil fuels,
 - construction of new metro and train lines and line extensions for public transport with zero direct tailpipe CO₂ emissions.
- **Climate change adaptation:** Projects that reduce the vulnerability of social or environmental systems to the effects of risks related to climate change by maintaining or increasing adaptive capacity, reducing sensitivity to climate change or increasing climate resilience, including:
 - flood protection (flood defences, waterway management, pumping stations and drainage improvement),
 - protection of ecosystem services e.g. reforestation and watershed management,
- **Circular economy adapted products, production technologies and processes:**
 - Expenditures (incl. R&D and procurement of materials) related to achieving substantial environmental improvements in clients products and activities, in areas such as packaging, material reduction, usage of recycled materials as well as chemical reduction in products.
 - The improved products outperform reference products (predecessor product in the particular product family) in one or more of the above mentioned areas.
- **Green buildings:**
 - The construction of buildings that are within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence.
 - Major renovations including improvements to the electrical equipment (eg. energy efficient light sources), insulation, heating systems or similar leading to at least a 30% reduction in the Primary Energy Demand (PED).

²² Certified without variance to the standard.

²³ In line with the current guidance by the EU Taxonomy this threshold will be reduced to 0g CO₂/ km/ passenger at the beginning of the year 2026.

Eligible Social Project Categories are:

- **Promoting employment creation** including through the provision of access to financial services for MSMEs: funding to micro, small and medium sized enterprises^{24 25,26}
- **Access to essential services:** loans dedicated to the purpose of enhancing affordable and accessible education, healthcare and emergency services to the public, including:
 - expanding access to education through the provision of loans for educational equipment²⁷, construction and upgrading of educational facilities, provision of vocational training amongst others,
 - expanding access to affordable and accessible health services through the construction or modernisation of medical infrastructure,
 - expanding access to emergency services (e.g. purchase of ambulances, fire services) in areas that are underserved.
- **Basic infrastructure in developing countries as defined by the OECD²⁸:** New construction, expansion or modernisation of infrastructure including:
 - drinking water infrastructure to increase access to drinking water for households, increase water quality and decrease leakages,
 - sewage and sanitation services,
 - transport (e.g. roads, bridges) to increase the connectivity of communities restricted in their development,
 - energy (including energy distribution)²⁹,
 - telecommunications, such as radio masts that are set up in regions lacking this kind of infrastructure.

Eligible Green and Social Projects contribute to the achievement of the UN Sustainable Development Goals (a mapping of the Eligible Category with the UN SDG is available in the Appendix)

²⁴OKB uses the definition for SMEs provided by the European Union: https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

OeEB uses IFC's definition for MSME:

https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/priorities/ifcs+definitions+of+targeted+sectors

²⁵ In so-called developed countries, like Austria, OKB considers only SMEs located in a region with an unemployment rate that is higher than the annual average national unemployment rate.

²⁶ For general exclusion criteria please refer to segment 3.1.1 for OeKB and 3.1.2 for OeEB. Further Appendix 2 gives a complete exclusion list for the financing of working capital of SMEs

²⁷ Loan provision is only considered for students from marginalised or disadvantaged backgrounds and must have interest payments below market rates.

²⁸ OECD Development Assistance Committee list of Official Development Assistance Recipients (current list can be downloaded here: <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm>), country needs to be defined as developing country by the effective list at time of commitment.

²⁹ Projects financed under this category exclude energy distribution infrastructure expansion or upgrades that are designed to or are likely to result in the connection of new fossil-fuel-based power generation to the grid.

3. Project Evaluation and Selection Process

The Project Evaluation and Selection Process will ensure that the proceeds of OKB Green, Social, or Sustainability Bond(s) are allocated to new lending or existing loans that meet the criteria and objectives set out above in section 1. Use of Proceeds (“Eligible Loans”).

3.1 Sustainability Assessment Process

The projects funded by OKB via commercial banks are assessed by OKB while OeEB applies their own assessment procedure. Both OKB and OeEB have a standard sustainability assessment process which will ensure that all Eligible Loans meet the corresponding environmental and social safeguards.

Important to OKB’s and OeEB’s activities is to support investments with the intent to “do no significant harm” to project stakeholders and the surrounding environment. This is supported by a thorough environmental and social risk assessment. Additionally, OeEB’s ambition is to “do good” on the project level through positive impacts stemming from its investments based on its mandate from the Republic.

3.1.1 Sustainability Assessment Process for OKB

All of OKB’s lending activities within the framework of officially supported export credits are subject to the OKB Environmental and Social Assessment Procedures. Factors to be taken into account include sustainability, human rights, and development aspects³⁰. OKB reviews every application made by a company for a federal government guarantee for various risks. In its capacity as a fiduciary, OKB is obliged to accept all applications for review. As per the Republic of Austria’s Sustainability Policy of Export Promotion Procedure, products that are subject to the War Material Act or the Nuclear Energy Security Monitoring Act are ineligible. OKB is not entitled to define its own exclusion criteria. After reviewing an application, OKB prepares a proposal that is submitted to the Advisory Board of the Federal Ministry of Finance for a final decision³¹.

An important foundation for the OKB Environmental and Social Assessment Procedure is the “Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence” of the OECD (also referred to as “Common Approaches”). The OECD Ministerial Council adopted these Common Approaches in order to create a level playing field for exporters from different countries.

In addition, projects which do not fall under the Common Approaches due to their scope or duration, but which will have an environmental and social impact, are evaluated separately using the “watchful eye” principle (see details below).

- The Environmental and Social Assessment Procedure refers to the following standards:
- Berne Union Guiding Principles
- IFC Performance Standards

³⁰ <https://www.oekb.at/en/export-services/about-oekb-export-services/environmental-and-social-aspects.html>

³¹ <https://www.oekb.at/en/oekb-group/our-claim/corporate-social-responsibility/social-responsibility.html>

- International Labour Standards of the International Labour Organization (ILO)
- Austrian Law (Export Guarantees Act, Export Financing Guarantees Act, War Material Law, Security Control Law, Sustainability Policy Export Promotion of the Federal Ministry of Finance)
- OECD Common Approaches
- OECD Recommendation on Bribery and Officially Supported Export Credits
- OECD Guidelines for Multinational Enterprises
- UN Global Compact
- UNHCR Guiding Principles on Business and Human Rights
- Agreement of participants in the United Nations Framework Convention on Climate Change
- World Bank EHS Guidelines (Environment, Health, Safety)
- World Bank Safeguard Policies

All applications for export guarantees issued by the Republic of Austria are to be screened by OKB in order to decide which assessment procedure is applicable. There are two types of procedures:

Type I: Environmental and Social Assessment in accordance with the OECD Common Approaches:

Investment goods projects that have a repayment period of two years or more and a value upon application of EUR 10 million and above or that are to be implemented in sensitive regions have to be reviewed in accordance with the OECD Common Approaches. The Environmental and Social Assessment Procedure based on the Common Approaches is governed by strict international standards. OKB then classifies the project as being Category A, B, C and E (existing operations).

Type II: Environmental and Social Assessment in accordance with the “Watchful Eye” Principle:

In the case of all other projects, OKB reviews the relevance of the project and decides whether due diligence is required – depending on the project size, location and sector. If due diligence is necessary, a report is prepared and a recommendation is made in the same manner as under the Type I Procedure; where applicable, further conditions may be imposed.

OKB also offers loans for ongoing export activities where the Republic of Austria can take over part of the risk. In these cases, a screening takes place by OKB's environmental and social due diligence experts regarding social, human rights and environmental aspects.

3.1.2 Sustainability Assessment Process for OeEB

As part of the European Development Finance Institutions (EDFI), OeEB adheres to the EDFI Principles for Responsible Financing³² and the Harmonized EDFI Exclusion List for all of its activities³³. All of the projects financed by OeEB are also subject to an in-depth environmental and social assessment. In addition to

³² <https://www.oe-eb.at/dam/jcr:68e32186-aa49-47cd-83f6-903a5bd569d2/EDFI-Principles-Responsible-Financing.pdf>

³³ <https://www.oe-eb.at/dam/jcr:322a53f4-2c8a-4d2e-90bb-244ff14b60a3/EDFI-Harmonized-Exclusion-List.pdf>

adherence to local and national environmental and social regulations of the respective country, OeEB also aligns to international environmental, social, and human rights standards when financing projects. As a fundamental benchmark, OeEB observes the IFC Performance Standards on Social and Environmental Sustainability³⁴, as well as the World Bank's Environmental, Health and Safety Guidelines³⁵ and the International Labour Organisation's eight Fundamental Labor Conventions³⁶.

In case of corporate loans and project financing, OeEB's environmental and social assessment is focussed on the entity to be financed and its environmental and social performance. Lending through financial institutions and funds leads to an assessment of the environmental and social management system (ESMS) of such intermediaries. These systems are to ensure that intermediaries themselves adhere to OeEB's requirements.

Where environmental and social risks are identified during the project assessment process, OeEB creates a catalogue of measures in the form of an action plan, which then becomes a binding condition in the loan agreement. Adherence to environmental and social standards is verified at regular intervals over the course of the project.

3.2 Sustainable Financing Project Selection Process

The evaluation and selection process for Eligible Projects for the Sustainability Bond will be carried out internally by OKB's Sustainability Team, which consists of designated persons of the following departments: International Relations & Analyses, Client Advisory Export Services, Product Export Services, OeEB (Oesterreichische Entwicklungsbank), Treasury and the Sustainability Manager. The process will be coordinated and chaired by OKB's Sustainability Manager.

On an ongoing basis, the Sustainability Team will review all proposed Eligible Use of Proceeds to determine their compliance with the OKB Sustainable Financing Framework in order to approve the allocation of proceeds.

The Sustainability Team will also review the allocation of the proceeds and determine if any changes are necessary (for instance, in the event that loans have been prepaid, sold or otherwise become ineligible).

The Sustainability Team will also review the management of proceeds (as described in Section 3) and facilitate reporting (as described in Section 4).

³⁴ https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards

³⁵ <http://documents.worldbank.org/curated/en/157871484635724258/Environmental-health-and-safety-general-guidelines>

³⁶ <https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>

4. Management of Proceeds

To manage the proceeds of OKB Green, Social, or Sustainability Bond(s), OKB will establish a Sustainable Finance Register. The proceeds of each OKB Green, Social or Sustainability Bond(s) will be deposited in the general funding accounts and earmarked for allocation in the Sustainable Financing Register. Until they are allocated to Eligible Projects (as described in Section 1), proceeds will be invested in working capital financing for SMEs. Working capital financing for SMEs in the area of weapons, fossil fuels, military goods, tobacco, palm oil³⁷, gambling, and adult entertainment is ineligible for the OKB's Green, Social, or Sustainability Bond(s)³⁸.

The Sustainable Financing Register will be reviewed on an ongoing basis to account for any asset divestment or other material changes.

Full allocation of proceeds for every bond issued under this framework will be achieved 2 years after issuance at the latest. Projects that cease to be eligible for a Green-, Social- or Sustainability Bond will be replaced in a timely manner.

³⁷ To ensure major environmental and social risks are addressed only RSPO certified related palm oil activities are eligible for SME financing via intermediaries

³⁸ For a detailed list of the SME activities which will be excluded as temporary use of proceeds, please see Appendix 2.

5. Reporting

5.1 Allocation Reporting

On an annual basis, OKB will provide information on the allocation of the net proceeds of all Green, Social, or Sustainability Bond(s) issued. This will be publicly available on OKB's website. Such information will be provided until all the net proceeds have been allocated. The information will contain at least the following details:

- I. Eligible Projects Categories financed through OKB's Green, Social or Sustainability Bond(s), including amounts allocated and region,
- II. The remaining balance of unallocated proceeds and
- III. The allocated proceeds by type of lending (lending via commercial banks and OeEB).

5.2 Indicative Reporting Metrics

Impact reporting will be provided based on available data, which varies between OKB and OeEB's lending programs.

5.2.1 OKB Loans via Commercial Banks & OeEB Corporate Loans and Project Financing

For loans via commercial banks as well as for all corporate loans and project financing, OKB and OeEB will strive to provide impact reporting under the metrics recommended by ICMA's Working Group on Impact Reporting³⁹, namely:

Project Category	Impact Reporting Metrics
Renewable energy	Renewable energy capacity added/rehabilitated (MW) Renewable energy produced (GWh) Annual GHG emissions reduced/avoided (in tons CO2)
Energy efficiency	Annual energy savings (MWh) Annual GHG emissions reduced/avoided (in tons CO2) Annual production input (resource/material) savings (in tons or kWh/ton)
Pollution Prevention and Control	Waste prevented, minimised, reused or recycled Annual reduction in waste to landfill Annual energy generation from non-recyclable waste in energy/emission-efficient waste to energy facilities in MWh/GWh (electricity) and GJ/TJ (other energy)

³⁹ <https://www.icmagroup.org/green-social-and-sustainability-bonds/resource-centre/>

	Energy recovered from waste (minus any support fuel) in MWh/GWh/KJ of net energy generated p.a. Absolute or % reduction in local pollutants
Environmentally sustainable management of living natural resources and land use	Land under sustainable forestry certification (in hectares) Number of trees planted (in hectare equivalent) Estimated land area with biodiversity management (in hectares) Total leased and owned land area with conserved native vegetation (hectares) Estimated annual reduction in water consumption (m3) Estimated annual GHG emissions reduced, avoided or captured (tCO2e)
Sustainable water management	Annual reduction in water consumption Measureable improvement in water quality Project-specific targets and results
Clean transportation	GHG emissions reduced through low emission transportation taking account of fuel production and electricity generation Number of clean vehicles deployed (e.g. electric cars) Estimated reduction in car/truck use in number of kilometres driven or as share of total transport ridership
Climate change adaptation	Project-specific targets and results
Promoting employment creation	Number of micro enterprises and/or SMEs funded Amount of financing provided to micro enterprises and/or SMEs Number of SMEs funded that are located in a region with an unemployment rate that is higher than the annual national average (annual unemployment rate)
Basic infrastructure in low and lower middle income countries developing countries as defined by the OECD	Number of beneficiaries Number/Quantity of equipment provided Number/Quantity of equipment provided Project specific results
Circular economy adapted products, production technologies and processes:	The % increase in materials, components and products that are reusable, recyclable, and/or certified compostable as a result of the project and/or in absolute amount in tonnes p.a. The expected extension of lifetime in years (compared to the equivalent linear product's expected lifetime) Increase in number of clients for tools or services enabling circular economy strategies The increase in number of products and/or the share of production awarded an internationally recognized eco-label, or energy, eco-efficiency or other relevant environmental certification Reduction in carbon intensity of service in tCO2 eq/unit of service
Green buildings:	kWh/m ² of GBA p.a.; and % of energy use reduced/avoided vs local baseline/building code ⁴⁰

⁴⁰ Gross Building Area (GBA): Gross Building Area, also named Gross Floor Area ("GFA") corresponds to the total floor area contained in a building measured to the external walls. The physical environmental impact comes from the entire building, and therefore Gross Building Area is more relevant than Gross Letting Area, which is the amount of floor space available to be rented.

	Annual GHG emissions reduced/avoided in tonnes of CO2 equiv. vs local baseline/baseline certification level m ³ water/m ² of GBA p.a; and Annual absolute (gross) water use before and after the project in m ³ /a (for retrofitted buildings)
Access to essential services	Number of beneficiaries Number/Quantity of equipment provided Project specific results

5.2.2 OeEB's Intermediary lending

For most of the intermediary lending (i.e. lending through financial institutions to specific end-beneficiaries as well as lending through funds) OeEB will be able to provide impact reporting as defined above by project category. Since the debt funds OeEB invests in usually have a large number of portfolio institutions, OeEB will only ask for impact data for a representative sample of portfolio institutions and then extrapolate the effect for the entire portfolio.

In cases where the category specific indicators are not available, the following indicators will be reported instead:

For bank loans:

- Local Income Generated:
 - Sum of local income generated by the bank in EUR, including local personnel expenses, corporate income tax paid, local procurement

For investments through funds:

- Local Income Generated:
 - Sum of local income generated by the portfolio institutions in EUR, including local personnel expenses, corporate income tax paid, local procurement

For all renewable energy lending through intermediaries: OeEB will report on MW/GWh energy provided, as well as the estimated annual GHG emissions reduced, avoided or captured (tCO₂e).

6. External Review

6.1 Second Party Opinion

OKB will engage Sustainalytics to provide an External Review in the form of a Second Party Opinion on the OKB Sustainable Financing Framework, and confirm alignment with the GBP, SBP and SBG.

This Second Party Review will be made public on OKB's website.

6.2 Annual Reporting Review

OKB's annual reporting will also be subject to an independent external review, which will be made accessible on OKB's website.

7. Appendix

7.1 Appendix 1: SDG Alignment Appendix 1: SDG Alignment

Project Category

Alignment to Sustainable Development Goal Targets

Renewable energy



7.2. By 2030, increase substantially the share of renewable energy in the global energy mix

7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology

Energy efficiency



7.3. By 2030, double the global rate of improvement in energy efficiency

7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Pollution Prevention and Control



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

12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Environmentally sustainable management of living natural resources and land use



2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment

2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that

8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of

programmes on sustainable consumption and production, with developed countries taking the lead

12.2 By 2030, achieve the sustainable management and efficient use of natural resources

12.A Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production

15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species

Sustainable water management



6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

6.a By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies

14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution

14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans

Clean transportation



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

Climate change adaptation



2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

13.2 Integrate climate change measures into national policies, strategies and planning

13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

13.B Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States, including focusing on women, youth and local and marginalized communities

Circular economy adapted products, production technologies and processes:



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
12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Green buildings



6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
7.3. By 2030, double the global rate of improvement in energy efficiency
11.C Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials

Promoting employment creation



5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life
8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training
8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and, by 2025, end child labour in all its forms
8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
8.A Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries

9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

Basic infrastructure in developing countries as defined by the OECD



6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all

6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations

6.a By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies

6.B Support and strengthen the participation of local communities in improving water & sanitation management

7.1 By 2030, ensure universal access to affordable, reliable and modern energy services

9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

9.A Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States

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

11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

11.C Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials

Access to essential services



1.A Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions

3.1 By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births

3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

3.c Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States

4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

4.5 By 2030, eliminate gender disparities in education & ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations

7.2 Appendix 2: Excluded Activities for SME Financing

A1.1.5 - Growing of tobacco

A1.7 - Hunting, trapping and related service activities

A1.7.0 - Hunting, trapping and related service activities

B5 - Mining of coal and lignite

B5.1 - Mining of hard coal

B5.1.0 - Mining of hard coal

B5.2 - Mining of lignite

B5.2.0 - Mining of lignite

B6 - Extraction of crude petroleum and natural gas

B6.1 - Extraction of crude petroleum

B6.1.0 - Extraction of crude petroleum

B6.2 - Extraction of natural gas

B6.2.0 - Extraction of natural gas

B7 - Mining of metal ores

B7.1 - Mining of iron ores

B7.1.0 - Mining of iron ores

B7.2 - Mining of non-ferrous metal ores

B7.2.1 - Mining of uranium and thorium ores

B7.2.9 - Mining of other non-ferrous metal ores

B8 - Other mining and quarrying

B8.1.1 - Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate

B8.1.2 - Operation of gravel and sand pits; mining of clays and kaolin

B8.9.1 - Mining of chemical and fertiliser minerals

B8.9.3 - Extraction of salt

B8.9.9 - Other mining and quarrying n.e.c.

B9 - Mining support service activities

B9.1 - Support activities for petroleum and natural gas extraction

B9.1.0 - Support activities for petroleum and natural gas extraction

B9.9 - Support activities for other mining and quarrying

B9.9.0 - Support activities for other mining and quarrying

C11.0.1 - Distilling, rectifying and blending of spirits

C11.0.2 - Manufacture of wine from grape

C11.0.3 - Manufacture of cider and other fruit wines

C11.0.5 - Manufacture of beer

C12 - Manufacture of tobacco products

C12.0 - Manufacture of tobacco products

C12.0.0 - Manufacture of tobacco products

C14.1.1 - Manufacture of leather clothes

C14.2 - Manufacture of articles of fur

C14.2.0 - Manufacture of articles of fur

C15 - Manufacture of leather and related products

C15.1 - Tanning and dressing of leather; manufacture of luggage, handbags, saddlery and harness; dressing and dyeing of fur

C15.1.1 - Tanning and dressing of leather; dressing and dyeing of fur

C15.1.2 - Manufacture of luggage, handbags and the like, saddlery and harness

C19.1 - Manufacture of coke oven products

C19.1.0 - Manufacture of coke oven products

C19.2 - Manufacture of refined petroleum products

C19.2.0 - Manufacture of refined petroleum products

C20 - Manufacture of chemicals and chemical products

C20.1 - Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms

C20.1.1 - Manufacture of industrial gases

C20.5.1 - Manufacture of explosives

C20.5.3 - Manufacture of essential oils

C22.2 - Manufacture of plastics products

C22.2.1 - Manufacture of plastic plates, sheets, tubes and profiles

C22.2.2 - Manufacture of plastic packing goods

C22.2.3 - Manufacture of builders' ware of plastic

C22.2.9 - Manufacture of other plastic products

C24.4.6 - Processing of nuclear fuel

C25.4 - Manufacture of weapons and ammunition

C25.4.0 - Manufacture of weapons and ammunition

C28.9.4 - Manufacture of machinery for textile, apparel and leather production

D - Electricity, gas, steam and air conditioning supply

D35.2 - Manufacture of gas; distribution of gaseous fuels through mains

D35.2.1 - Manufacture of gas

D35.2.2 - Distribution of gaseous fuels through mains

D35.2.3 - Trade of gas through mains

G46.2.3 - Wholesale of live animals

G46.3.2 - Wholesale of meat and meat products

G46.3.5 - Wholesale of tobacco products

G47.2.6 - Retail sale of tobacco products in specialised stores

K64.1.9 - Other monetary intermediation

R92 - Gambling and betting activities

R92.0 - Gambling and betting activities

R92.0.0 - Gambling and betting activities

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