

**BKS Bank**

**Sustainable Bond Framework**

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## **BKS Bank is committed to sustainable corporate governance**

Integrity and transparency form the foundation of our corporate culture. BKS Bank aligns itself with clear values, adheres to binding codes of conduct and pursues responsible corporate governance geared towards long-term stability. On this basis, consistent structures and processes are established to integrate sustainability systematically into business operations. This ensures that strategic goals are implemented effectively while also promoting economic success.

### **BKS Bank's sustainability strategy**

BKS Bank's sustainability strategy is rooted in its long-term positioning as a responsible universal bank and is designed to create sustainable added value for the region. Within the overall strategic framework, it complements the corporate strategy and the risk strategy. The corporate strategy defines long-term goals and the economic framework, while the risk strategy ensures the management of risks and opportunities in line with risk-bearing capacity and regulatory requirements. The sustainability strategy supplements these two strategies by systematically integrating environmental, social and governance aspects into all relevant areas. This link provides the basis for responsible, future-proof and stable corporate development.

Various influencing factors were taken into account when developing the sustainability strategy: Principles for responsible conduct in corporate governance, environmental matters and social impacts were defined based on a re-evaluation of the priority global Sustainable Development Goals (SDGs<sup>1</sup>) and the formulation of a sustainability vision and mission. This overarching sustainability policy was aligned with the results of the materiality assessment carried out in 2024 in accordance with the requirements of the CSRD<sup>2</sup> and the ESRS<sup>3</sup>.

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<sup>1</sup> <https://unric.org/en/united-nations-sustainable-development-goals/>

<sup>2</sup> Corporate Sustainability Reporting Directive (Directive (EU) 2022/2646)

<sup>3</sup> European Sustainability Reporting Standards

Over the next few years, BKS Bank will therefore focus on the following SDGs:

Goal	Description
	<p>Poverty is an issue that is often hidden and disproportionately affects women, older people and large families. We aim to <b>alleviate poverty</b> through our pension, savings and investment products as well as financial education and sponsorship initiatives.</p>
	<p><b>High-quality education</b> is relevant to us in many respects: The professional competence of our employees is a key competitive advantage for us. Equally, education is a key factor in achieving financial security for everyone. We make a significant contribution to high-quality education by supporting educational institutions and through our training and professional development programme.</p>
	<p>Through responsible lending policies and sustainable investment strategies, we make an active contribution to <b>inclusive and sustainable economic growth</b>. We support our customers in aligning their business operations in a forward-looking and resilient manner. We mobilise capital that is channelled specifically into economic development and innovation through our financial products and investments.</p> <p>As an employer, BKS Bank offers secure, high-quality jobs with fair working conditions. We promote decent work by providing targeted staff development, ensuring equal opportunities and appropriate remuneration. Furthermore, by paying wages, tax and social security contributions, we help strengthen economic stability and social development in our regions.</p>
	<p>Our bank supports businesses as a reliable partner in their sustainable transformation. Through responsible lending, we facilitate investment in innovative, resource-efficient technologies and <b>future-proof infrastructure</b>, thereby contributing to sustainable regional value creation.</p>
	<p>Access to affordable housing and the <b>climate-friendly development of cities and municipalities</b> are important societal tasks. With the right financing solutions, our bank can help deliver projects in the fields of energy-efficient construction, sustainable urban development and social infrastructure. In this way, we support initiatives that improve quality of life and promote resilient, future-proof structures in both urban and rural areas.</p>
	<p>Through green financing and sustainable investment products, we help our customers invest in environmentally friendly production processes, renewable energy and climate-friendly mobility solutions. By adopting this approach, we are working together to promote the transition to a <b>low-carbon and resilient economy</b>.</p>

Stakeholder engagement primarily took place as part of the materiality assessment. Key stakeholder groups considered here included employees, customers and representatives of wider society. Nature was taken into account as a silent stakeholder through a literature review and the involvement of the Green Finance Alliance. As part of our engagement activities, we generally interact with all key stakeholder groups:

Stakeholder groups	Representatives	Engagement
Owners	Investees, shareholders	<ul style="list-style-type: none"> <li>• Information</li> <li>- provided at the annual general meeting</li> <li>- in the form of reports and</li> <li>- ad hoc reports</li> </ul>
Employees		<ul style="list-style-type: none"> <li>• Empowerment through training</li> <li>• Involvement in projects</li> <li>• Regular employee surveys</li> </ul>
Customers	Retail customers, corporate customers, public sector	<ul style="list-style-type: none"> <li>• Information</li> <li>- through newsletters and</li> <li>- events</li> <li>• Regular customer satisfaction surveys</li> </ul>
Business partners	Cooperation partners, consultants, certification bodies, suppliers, subsidiaries	<ul style="list-style-type: none"> <li>• Regular engagement within cooperation projects</li> </ul>
Other stakeholders	Supervisory Board, Green Finance Alliance, supervisory authorities, legislators, representatives from sector-specific interest groups, NGOs, media	<ul style="list-style-type: none"> <li>• Information</li> <li>- Response to enquiries by the Communications Department as part of external corporate communications</li> <li>- Publications on the website</li> </ul>

BKS Bank's strategic areas of action are therefore as follows:

### Governance

Responsible governance starts with a strong, value-driven culture that promotes integrity and transparency and ensures the prevention of corruption and bribery through clear guidelines and consistent measures.

Material topics:

- Corporate culture
- Combating corruption and bribery

**Environment**

Through our environmental initiatives, we contribute to the following SDGs



With our sustainability strategy, we aim to combine sustainable growth with environmental responsibility and social progress. We promote innovation and infrastructure, champion sustainable cities and communities and drive forward effective climate change mitigation.

Material topics:

- Climate change mitigation
- Climate change adaptation
- Energy
- Biodiversity

**Social**

Through our social initiatives, we contribute to the following SDGs



We want to promote social inclusion and create fair opportunities for development. We are committed to overcoming poverty and ensuring access to quality education, promoting decent work and inclusive economic growth, and helping to shape sustainable cities and communities. In doing so, we support a society where social justice, economic opportunity and liveable environments go hand in hand.

Material topics:

- Working conditions
- Equal treatment and opportunities for all
- Social inclusion of consumers and/or end-users
- Equal opportunities across society

## **BKS Bank AG Sustainable Bond Framework**

As part of our sustainability strategy, this Sustainable Bond Framework aims to ensure that our customers have access to financing that helps them make the necessary transition to a sustainable future. This Framework therefore sets out how the proceeds from sustainable financial products are used. In line with our guiding principle “Acting responsibly for a future worth living”, this Framework covers not only environmentally sustainable aspects, but also aims to enable financing that has a positive impact on society and/or alleviates social challenges.

Instruments issued under this Framework may be of any seniority, but will in all cases rank pari passu with any other conventional (non-sustainable) instrument of similar status and subordination.

The Sustainable Bond Framework is aligned with internationally recognised sustainability standards for the issue of sustainable finance instruments, such as the ICMA Green Bond Principles (GBP<sup>1</sup>) and the ICMA Social Bond Principles (SBP<sup>2</sup>), which are voluntary guidelines recommending transparency and disclosure, and promoting integrity in the development of the market for sustainable finance instruments. The Framework itself comprises the following components:

- Use of proceeds
- Project evaluation and selection process
- Management of proceeds
- Reporting
- External review

In developing this Framework, we have ensured that it takes into account both the United Nation’s Sustainable Development Goals (SDGs) and current developments at European level regarding the EU taxonomy.

Developments affecting the above-mentioned guidelines and market practices are monitored on an ongoing basis. Significant changes will be evaluated and may lead to an adjustment of this Framework where necessary.

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<sup>1</sup> Green Bond Principles, June 2025 [Green Bond Principles-GBP-June-2025.pdf](#)

<sup>2</sup> Social Bond Principles, June 2025 [Social Bond Principles-SBP-June-2025.pdf](#)

## Use of proceeds

Defining suitable (project) categories for using the net proceeds from sustainable finance instruments is a core element of the Sustainable Bond Framework. (Re)financing of loan exposures related to the following categories is eligible for inclusion in BKS Bank AG's Sustainable Finance Pool.

The Pool comprises financing of corporate projects that have a positive impact on the environment and/or society and/or alleviate social challenges or support the transition to a clean, energy-efficient and environmentally sustainable economy and are in line with the requirements of this Framework.

BKS Bank aims to achieve full allocation within 24 months of each sustainable finance instrument being issued.

## Exclusion criteria for the Sustainable Finance Pool

As part of responsible governance, we focus primarily on regulating our business relationships. Restrictions arise from legislation (prevention of corruption and money laundering, combating terrorism, data protection, etc.), ethical considerations and our corporate values. Business relationships to be rejected are listed in the **Anti-Money Laundering policy**.

Exclusion criteria in relation to the environment are defined in the current **"Climate and Engagement Strategy"**.

Companies that commit serious and/or systematic violations of one or more of the ten UN Global Compact principles are excluded. These ten core principles are divided into the following four areas:

- Violations of human rights
- Violations of labour rights (five ILO core labour standards)
- Violations of environmental legislation and widespread environmental destruction
- Corruption and bribery

Furthermore, companies operating in, or projects in the following business sectors are excluded from investment or financing under the Sustainable Bond Framework:

- Nuclear energy:
  - Extraction and processing of nuclear fuels
  - Power generation from nuclear fuels/operation of nuclear power plants
  - Production and supply of key components required for nuclear power generation
- Fossil fuels (peat, coal, oil, gas)
  - Exploration, extraction, processing and distribution of fossil fuels
  - Power generation from fossil fuels
  - Production of key components used in fossil fuel extraction
- Weapons and armaments
  - Manufacturers of controversial weapons and/or their essential components

- Manufacturers of conventional weapons and/or their essential components
- Production of military defence equipment other than weapons (non-weapons)
- Genetic engineering
  - Production and cultivation of genetically modified organisms or products
  - Research involving human embryonic stem cells
- Tobacco:
  - Tobacco production and trade

Projects directly related to the following are also excluded:






- Construction and expansion of fossil fuel infrastructure
- Operation of fossil fuel-powered technologies
- Efficiency improvements in the fossil energy sector
- Carbon capture and storage (CCS)
- Unsustainable logging
- Large-scale dams

### **Loans eligible for the Sustainable Finance Pool**

The Sustainable Finance Pool only includes loans that—based on the reporting date of December 31 of the financial year ended—were concluded largely within the last 24 months.

In addition, the loan categories listed in the following tables form part of the Sustainable Finance Pool. The criteria mentioned relate primarily to financing for the construction, refurbishment and maintenance of eligible projects.

**Green loan categories**







<b>Green loan categories</b>	<b>Green subcategories</b>	<b>Eligibility criteria</b>	<b>SDG</b>
Energy-efficient buildings	New construction: Residential buildings Office buildings	Construction and acquisition of buildings with: <ul style="list-style-type: none"> <li>• ÖGNI/DGNB certification to at least Gold standard or</li> <li>• BREEAM certification, at least excellent, or</li> <li>• LEED certification, at least Gold, or</li> </ul> the primary energy demand is 10% below the national plan <sup>1</sup>	  
	Renovation:	The renovation will lead to a reduction in primary energy demand of at least 30% or in line with the national plan <sup>2</sup>	
Renewable energy	Electricity generation from renewable energies	Construction, acquisition and modernisation of electricity generation facilities using: <ul style="list-style-type: none"> <li>• Photovoltaic technology</li> <li>• Concentrated solar power (CSP)</li> <li>• Wind turbines</li> <li>• Hydroelectric power plants</li> <li>• Biomass<sup>3</sup></li> <li>• Financing to renewable energy communities as defined in the Renewable Energy Expansion Act</li> <li>• “Energie &amp; Zukunft” loan from BKS Bank</li> </ul>	 
	Infrastructure related to renewable energy	Infrastructure → Expansion of electricity networks (including medium-voltage lines, substations, switching points and transformers, low-voltage lines, power boosters, smart meters)	
	Generation of heat/cooling from bioenergy	Biomass <sup>4</sup> , solar thermal energy, geothermal energy, renewable fuels, bioenergy, waste heat	

<sup>1</sup> Based on the technical screening criteria of the EU Taxonomy, Delegated Regulation (EU) 2021/2139, Annex I, Sections 7.1 and 7.7




<sup>2</sup> Based on the technical screening criteria of the EU Taxonomy, Delegated Regulation (EU) 2021/2139, Annex I, Section 7.2

<sup>3</sup> Based on the technical screening criteria of the EU Taxonomy, Delegated Regulation (EU) 2021/2139, Annex I, Section 4.8






<sup>4</sup> Based on the technical screening criteria of the EU Taxonomy, Delegated Regulation (EU) 2021/2139, Annex I, Section 4.21 – 4.25

Green loan categories	Green subcategories	Eligibility criteria	SDG
	Infrastructure related to the generation of heat/cooling from bioenergy	Construction, modernisation and operation of pipelines and associated infrastructures for heat and cooling distribution <sup>1</sup>	
	Electrical energy storage	Battery storage, heat storage, hydrogen storage	
Clean mobility	Motor vehicles, rail vehicles and charging infrastructure	<ul style="list-style-type: none"> <li>• Electric and hydrogen-powered motor vehicles, buses and commercial vehicles</li> <li>• Electric railway rolling stock</li> <li>• Development and expansion of e-charging and hydrogen charging infrastructure</li> </ul>	
Infrastructure	Local public transport infrastructure	<ul style="list-style-type: none"> <li>• Construction and maintenance of infrastructure for local public transport (excluding road works)</li> <li>• Cycle paths and footpaths</li> </ul>	
	Communication networks	<ul style="list-style-type: none"> <li>• Fibre optic network expansion</li> <li>• Modern communication networks in the context of digitalization</li> </ul>	
	Energy-efficient street lighting	<ul style="list-style-type: none"> <li>• LED or solar-powered lighting systems</li> </ul>	
	Water management	<ul style="list-style-type: none"> <li>• Construction and maintenance of sewer systems, wastewater and sewage treatment plants, water treatment plants, drinking water supply, closed-loop water systems (e.g., sustainable rainwater management)</li> </ul>	
Circular economy		<ul style="list-style-type: none"> <li>• Waste collection systems</li> <li>• Recycling and reuse systems</li> <li>• Investments that explicitly serve to improve the recyclability or reusability of a product</li> </ul>	  




<sup>1</sup> Based on the technical screening criteria of the EU Taxonomy, Delegated Regulation (EU) 2021/2139, Annex I, Section 4.15

<b>Green loan categories</b>	<b>Green subcategories</b>	<b>Eligibility criteria</b>	<b>SDG</b>
Climate change adaptation		<ul style="list-style-type: none"> <li>• Construction of protective measures against flooding, heavy rainfall, landslides, etc.</li> <li>• Measures that help reduce heat, such as greening</li> </ul>	 
Nature conservation		<ul style="list-style-type: none"> <li>• Renaturation</li> <li>• Protection of bodies of water</li> <li>• Creation and conservation of protected areas</li> </ul>	

**Social loan categories**

<b>Social loan categories</b>	<b>Eligibility criteria</b>	<b>Target group/group of beneficiaries</b>	<b>SDG</b>
Affordable housing	Subsidised rental and cooperative housing	<ul style="list-style-type: none"> <li>• People on low incomes<sup>1</sup></li> </ul>	  
Access to education	Construction and/or renovation of early childhood education institutions, primary and secondary schools, technical colleges, vocational training centres, colleges of higher education, universities	<ul style="list-style-type: none"> <li>• (Small) children and young people, students, especially low-income students</li> <li>• Adults who benefit from vocational training</li> </ul>	 
	Training/continuing education	<ul style="list-style-type: none"> <li>• Students, especially low-income students</li> <li>• Adults who are continuing their education or retraining</li> </ul>	

<sup>1</sup> Low income is defined by the net annual income thresholds that qualify households for subsidised rental or cooperative housing in the respective (federal) state

Social loan categories	Eligibility criteria	Target group/group of beneficiaries	SDG
	"Bildung & Zukunft" loan from BKS Bank	<ul style="list-style-type: none"> <li>• People who are undergoing training</li> </ul>	
Healthcare	Care facilities for the elderly, hospitals, medical centres, facilities for people with disabilities Assisted and supervised living	<ul style="list-style-type: none"> <li>• Medical care security</li> <li>• People with care needs</li> </ul>	 
Accessibility	<p>Installation of lifts and stairlifts, ramps and visual and acoustic guidance systems</p> <p>Installation or purchase of assistive technology for blind and visually impaired people</p> <p>Building renovations, to increase accessibility</p>	<ul style="list-style-type: none"> <li>• People with disabilities and care needs</li> </ul>	

In addition, any loan granted to charitable, not-for-profit institutions, i.e., entities whose business model contributes to addressing societal challenges (basic services, education, poverty reduction, equal opportunities etc.) is included in the Sustainable Finance Pool.

## Project evaluation and selection process

BKS Bank AG has an extensive loan approval process in place. Every financing application goes through this loan approval process. Loans that fall into the green and/or social categories and meet the respective criteria are flagged and validated. Validation is carried out by the front office and back office departments and, where appropriate, by the ESG team. Only after successful completion of this process can a project be considered for sustainable finance products in accordance with the Austrian Ecolabel or similar standards. In this process, the respective customer relationship manager classifies the financing as “Environmental” and/or “Social” or as non-sustainable based on the stated criteria. This ensures a systematic selection of financing. Internal monitoring of volume and allocation is carried out on a monthly basis.

## Sustainable finance

of which Sustainable Finance Pool  
of which Sustainable Finance Pool/Social  
of which Sustainable Finance Pool/Environment  
of which Sustainable Finance Pool/Environment & Social

The review processes to ensure correct labelling are carried out in accordance with relevant internal policies. The risk policy principles for managing sustainability risks, and in particular climate-related risks, apply across different management levels and risk categories at BKS Bank. Social and environmental risks are considered both in the context of lending and monitored within the bank-wide risk management framework.

## Management of proceeds

The net proceeds of the financial instruments issued under the Framework are used to finance or refinance loan receivables in the Sustainable Finance Pool. To prevent double counting, the core banking system records only one purpose of use per loan receivable and flags the receivable as part of the Sustainable Finance Pool.

BKS Bank aims to ensure that the volume of the Sustainable Finance Pool exceeds the outstanding financial instruments, i.e., to maintain a safety buffer. Pending full allocation, unallocated proceeds may, at the bank’s discretion, be temporarily invested in cash and cash equivalents, such as green bonds, social bonds or sustainability bonds, in line with BKS Bank’s investment criteria.

To prevent shortfalls, scheduled loan repayments are anticipated in advance. Monitoring is performed using the monthly sustainability statistics produced by Sales Controlling. In the event of a shortfall, the statistics will be adjusted promptly upon identification.

Loan receivables in the Sustainable Finance Pool may also be used as collateral in the cover pools of BKS Bank AG.

## Reporting

BKS Bank prepares a report on the development of the net proceeds and makes it available to investors/customers on an annual basis, or until full allocation of the issue proceeds of all financial instruments under the Sustainable Finance Framework. This report covers both the allocation of net proceeds and impact reporting on the positive social and environmental added value generated by the loans.

## Use of net proceeds

The following items will be presented in relation to allocation:

- The total amount of outstanding sustainable financial instruments in the respective asset classes (bonds, deposits, etc.) and the share of proceeds used for financing or refinancing purposes.
- The share of net revenues allocated within each available social/green category, as well as the balance of net proceeds not yet allocated to green/social assets.

## Impact reporting

Impact reporting includes information on the environmental and social impact of the financing in the Sustainable Finance Pool. The Impact Report is published annually on the website [www.bks.at](http://www.bks.at). For example, the following information may be provided:

### *Green finance:*

#### Real estate

- Average primary energy demand (in kWh/m<sup>2</sup>) or reduction of primary energy demand after modernisation.

#### Renewable energy generation

- Annual generation of renewable energy

#### Motor vehicle and commercial vehicle financing

- Number of green vehicles

#### Social financing

- Number of homes built
- Number of educational institutions built and number of childcare places or training places
- Number of healthcare facilities built, including number of beds
- Number of accessibility projects funded

We provide information about BKS Bank's sustainable financial products on the website [www.bks.at](http://www.bks.at). For each product, the features of the sustainable financial product are described, including a description of how the funds are used.

**External review****Second party opinion**

BKS Bank has had this Framework reviewed by an independent body. The results are summarised in the Second Party Opinion (SPO) and are available on the BKS Bank website ([www.bks.at](http://www.bks.at)).

## **Forward-looking statements**

To the extent that this Framework contains forward-looking statements, such statements do not constitute facts and are identified by terms such as “expect”, “believe”, “estimate”, “intend”, “aim”, “assume” or similar expressions. Such statements reflect the intentions, opinions or current expectations and assumptions of BKS Bank AG. These forward-looking statements are based on current plans, estimates and forecasts that BKS Bank AG has prepared to the best of its knowledge, however they do not constitute a guarantee of future accuracy. Forward-looking statements are subject to risks and uncertainties that are difficult to predict and which BKS Bank AG is generally unable to influence. It should be noted that actual events or outcomes may differ materially from those contained or expressed in such forward-looking statements. BKS Bank AG assumes no obligation to update or revise the information contained herein, including forward-looking statements, or the conclusions set out herein, to reflect new events or circumstances or to correct inaccuracies that become apparent after the date of this publication.

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