

Sustainalytics Second Party Opinion

Czech Republic Social Finance Framework

21 August 2025

Framework owner and location:
Prague, Czechia

Sector:
Government

Overall Assessment

Sustainability Contribution



Principles Alignment

✓ **Aligned**

Social Bond Principles 2025
Social Loan Principles 2025

Contribution to SDGs



Assessment Summary

The government of Czechia has developed the Czech Republic Social Finance Framework dated August 2025, under which it intends to issue bonds, debt private placements and obtain loans to fund projects in Czechia in four social categories.

We have assessed the overall Sustainability Contribution of the Framework as **Significant**, based on the average Sustainability Contribution of the Framework's four use of proceeds categories. As per our methodology, we have applied equal weighting across categories.

The government of Czechia intends to finance expenditures in Access to Essential Services: Healthcare, Access to Essential Services: Education and Vocational Training, Socio-economic Advancement and Empowerment: Social Inclusion and Affordable Basic Infrastructure. Within the healthcare category, social care institutions target specific vulnerable groups with substantial unmet needs while expenditures related to healthcare facilities and medical equipment target the entire population. Although such general targeting does not focus on those who are most in need, they are nevertheless expected to make a significant contribution to improving access to healthcare services. Regarding education, some of the expenditures will target vulnerable populations and will be affordable and accessible to all or to the applicable target population. Therefore, these expenditures will significantly contribute to enhancing equitable access to education across Czechia.

Regarding social inclusion, access to essential facilities and services will be enhanced either through financial support or by ensuring they are provided free of charge to all or to the applicable target population. These expenditures are expected to make a strong contribution to supporting inclusive access to infrastructure, capital and social services across Czechia. The affordable basic infrastructure category includes expenditures to improve transportation and water management infrastructure, and restore infrastructure impacted by natural disasters. Although transportation infrastructure-related expenditures are not exclusively focused on areas with no or substantially inadequate access, expenditures within this category are nevertheless expected to make a significant contribution to improving access to basic infrastructure overall.

We have assessed the Framework as **Aligned** with the Social Bond Principles 2025 and Social Loan Principles 2025.

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Breakdown per Use of Proceeds Category

We have assessed the overall Sustainability Contribution of the Framework as **Significant**, based on the average Sustainability Contribution of the Framework's use of proceeds categories. As per our methodology, we have distributed weight equally across categories, as shown below.

Category	Sustainability Contribution Level	Weight
Access to Essential Services: Healthcare	 Neutral Moderate Significant Strong	25%
Access to Essential Services: Education and Vocational Training	 Neutral Moderate Significant Strong	25%
Socio-economic Advancement and Empowerment: Social Inclusion	 Neutral Moderate Significant Strong	25%
Affordable Basic Infrastructure	 Neutral Moderate Significant Strong	25%

Issuer Overview & Sustainability Strategy

The Czech Republic or Czechia is a country in Central Europe with a total area of 78,871 km², divided into 14 regions.¹ Prague is the capital and the largest city, with a population of 1.39 million as of March 2025.² As of 2024, the country had a total population of 10.9 million and a GDP of CZK 8.1 trillion (EUR 321 billion), driven primarily by the services and industrial sectors.^{3,4} Czechia became a member of the European Union in 2004.

Czechia's sustainability strategy is outlined in the Czech Republic 2030 Strategic Framework, developed in 2017, which includes the following pillars: i) social equity; ii) environmental stewardship; and iii) governance excellence. Under the social equity pillar, the country aims to reduce inequalities and improve access to healthcare, education and essential public infrastructure for its population.⁵ As part of its Strategic Framework for the Development of Healthcare until 2030, the government aims to enhance regional healthcare infrastructure and ensure availability of quality services for all.⁶ The Education Policy Strategy 2030+ aims to ensure equal access to education and early childhood development, reduce socioeconomic disparities and enhance vocational training to support employment of disadvantaged individuals.⁷ To address social exclusion, the government's Social Inclusion Strategy 2021-2030 aims to improve access to essential services for vulnerable groups, including homeless people and marginalized populations such as the Roma community.⁸ In addition, Czechia has implemented strategies to enhance the access and coverage of regional public transport, strengthen water management systems and support the development of disaster-resilient infrastructure.⁹

As part of its environmental objectives, the country aims to reduce total GHG emissions by 30% from 2005 levels and increase the share of renewable energy to 30% of final energy consumption, both by 2030. The government has also committed to preserving biodiversity by protecting at least 28% of the country's territory by 2030 and promoting sustainable farming and forest management practices.¹⁰

The Government Council for Sustainable Development, chaired by the Ministry of the Environment, coordinates the implementation of Czechia's 2030 strategic framework across the government, ensuring cross-ministry policy alignment. The Ministry of the Environment prepares an evaluation report every three years, assessing progress towards national goals based on information received from responsible ministries, while the Czech Statistical Office collects indicator data and publishes updates on the national SDG portal.¹¹

¹ European Union, "Czechia", at: https://european-union.europa.eu/principles-countries-history/eu-countries/czechia_en.

² Czech Statistical Office, "Capital City of Prague", at: <https://csu.gov.cz/pha/capital-city-of-prague/?pocet=10&start=0&razeni=-datumVydani>.

³ Czech Statistical Office, "Population change - year 2024", at: <https://csu.gov.cz/rychle-informace/population-change-4-quarter-of-2024>.

⁴ Czech Statistical Office, "Annual national accounts", at: <https://csu.gov.cz/rocní-národní-účet?pocet=10&start=0&podskupiny=053&razeni=-datumVydani>.

⁵ Government of the Czech Republic, "Strategic Framework Czech Republic 2030", (2017), at: https://vlada.gov.cz/assets/ppov/udrzitelny-rozvoj/projekt-OPZ/Strategic_Framework_CZ2030.pdf.

⁶ Ministry of Health of the Czech Republic, "Strategic Framework for the Development of Healthcare in the Czech Republic until 2030", at: <https://zdravi2030.mzcr.cz/zdravi-2030-strategicky-ramec.pdf>.

⁷ Ministry of Education, Youth and Sports of the Czech Republic, "Education Policy Strategy of the Czech Republic until 2030+", at: <https://edu.gov.cz/dokumenty/strategie-msmt/s2030/>.

⁸ Ministry of Labour and Social Affairs of the Czech Republic, "Social Inclusion Strategy 2021-2030", at: <https://www.mpsv.cz/strategie-socialniho-zaclenovani-2021-2030>.

⁹ Ministry of Regional Development of the Czech Republic, "Regional Development Strategy of the Czech Republic 2021+", at: <https://mmr.gov.cz/cs/microsites/uzemni-dimenze/regionalni-rozvoj/strategie-regionalniho-rozvoje-cr-2021>.

¹⁰ Ministry of the Environment of the Czech Republic, "Report on the Environment of the Czech Republic", (2023), at: https://mzp.gov.cz/system/files/2025-03/Report%20on%20the%20Environment%20of%20the%20Czech%20Republic%202023_0.pdf

¹¹ Ministry of the Environment of the Czech Republic, "Government Council for Sustainable Development", at: <https://www.cr2030.cz/en/gcsd>.

Principles Alignment

We have assessed the Czech Republic Social Finance Framework as follows:

Social Bond Principles 2025 – **Aligned**

Social Loan Principles 2025 – **Aligned**

The government of Czechia intends to issue bonds, debt private placements and obtain loans¹² under the Framework.

Principles Alignment Detailed Evaluation

Use of Proceeds

Aligned

Alignment with core requirements

- ▶ The Framework describes eligibility criteria appropriately.
- ▶ The Framework identifies relevant target populations for social projects.
- ▶ All expenditures are expected to provide clear social benefits.

Additional considerations

- ▶ The government has committed to the following practices, which go beyond the core requirements:
 - ▶ The government has defined a look-back period of 24 months for refinancing activities.

Project Evaluation and Selection

Aligned

Alignment with core requirements

- ▶ The Framework describes a governance process for the evaluation and selection of eligible projects.
- ▶ The Framework communicates the social sustainability objectives of eligible projects.
- ▶ The Framework describes a process to identify and manage perceived environmental and social risks associated with eligible projects.

Additional considerations

- ▶ The government has committed to the following practices, which go beyond the core requirements:
 - ▶ The Framework describes how eligible projects are positioned within the context of the issuer's overarching sustainability strategies and policies.
 - ▶ The Framework identifies the SDGs to which eligible projects are expected to contribute.
 - ▶ The Framework excludes expenditures related to nuclear power, fossil fuels, alcohol, gambling, tobacco, weapons, ammunition and any product or activity considered illegal

¹² Loans will not include revolving credit facilities.

under national or international laws or regulations, conventions and agreements signed by the country.

Management of Proceeds

Aligned

Alignment with core requirements

- ▶ The Framework describes a governance structure for the management of proceeds.
- ▶ The Framework describes the processes and systems that will be used to track the proceeds.
- ▶ The Framework describes the intended temporary placement for the balance of unallocated proceeds.
- ▶ In the event of multi-tranching, the government will only label tranches that are exclusively allocated to social projects.

Additional considerations

- ▶ The government has committed to the following practices, which go beyond the core requirements:
 - ▶ Czechia will fully allocate these proceeds in the current budget year or, at the latest, in the budget year following the issuance.
 - ▶ Pending allocation, proceeds will be invested in money market instruments such as repo operations and deposits in accordance with its liquidity management policy, excluding investments related to carbon-intensive assets.
 - ▶ The government will obtain assurance from a third party for its internal tracking systems and allocation of proceeds.

Reporting

Aligned

Alignment with core requirements

- ▶ The government will provide an annual allocation report until full allocation of proceeds and renew it in case of material changes until maturity.

Additional considerations

- ▶ The government has committed to the following practices, which go beyond the core requirements:
 - ▶ The government will publish a category-level allocation report.
 - ▶ The government will report on the qualitative and quantitative impacts of projects using relevant metrics, where feasible.
 - ▶ The Framework indicates at least one impact metric for each category.
 - ▶ The government will publish annual allocation and impact reports on its website.

Sustainability Contribution

Czechia intends to use the proceeds from instruments issued under the Framework to finance and refinance projects, programmes, grants and activities expected to lead to social advancements in the country.

We have assessed the overall Sustainability Contribution of the Framework as **Significant** based on the average Sustainability Contribution of the Framework's use of proceeds categories. As per our methodology, we have distributed weight equally across categories.

Sustainability Contribution



Sustainability Contribution per Use of Proceeds Category

Access to Essential Services:
Healthcare



We have assessed the Sustainability Contribution of the Access to Essential Services: Healthcare category as **Significant**. The government of Czechia intends to finance expenditures to improve access to public health and social care facilities as well as medical equipment. Eligible social care institutions target specific vulnerable groups with substantial unmet needs. However, expenditures related to healthcare facilities and medical equipment are targeted to the general population, which limits their focus on populations with unmet needs. Nonetheless, as the facilities and equipment will be accessible to all regardless of their ability to pay, these investments are expected to make a significant contribution to improving access to these services for the broader population.

Category Expenditures

Expenditure	Description
Construction of public healthcare facilities	- Construction, renovation, expansion or maintenance of public healthcare facilities for the general population in Czechia, including: i) seven hospitals providing highly specialized healthcare services across six regions, accessible to patients from all regions; ii) testing and diagnostic centres; iii) laboratories; iv) mental health facilities; and v) emergency assistance facilities. - Eligible facilities will be accessible to all regardless of ability to pay.
Construction of public social care facilities	- Construction, renovation, expansion or maintenance of public social care facilities, such as rehabilitation centres, special regime homes and care centres. - The target population is: i) the elderly (aged 65 years or older); ii) people with disabilities; iii) people with reduced self-sufficiency;¹³ and iv) people with chronic illnesses and mental health conditions. - Eligible facilities will be accessible to the target groups free of cost.
Provision of medical equipment	- Acquisition, replacement and improvement of medical equipment for public healthcare facilities. - Eligible equipment will be accessible to all regardless of ability to pay.

¹³ A person with reduced self-sufficiency is legally defined in the Social Services Act as an individual who, due to a long-term adverse health condition, is no longer able to perform a certain set of basic daily activities and therefore requires varying levels of assistance, ranging from minimal support to complete dependence. Ministry of the Interior of the Czech Republic, "Zákon č. 108/2006 Sb.", at: <https://www.e-sbirka.cz/sb/2006/108/2025-01-01>

Analytical Commentary

Although Czechia has a well-established public healthcare system,¹⁴ it requires further improvements. In 2023, life expectancy remained 1.5 years below the EU average.¹⁵ The country faces regional disparities in healthcare access due to low physician density, an ageing workforce and the uneven distribution of specialist services, particularly in oncology and cardiology. In addition, socioeconomic health inequalities in Czechia are among the highest in the EU. In 2022, only 46% of low-income adults reported being in good health, compared to 86% in high-income groups.¹⁶ Mental health services also continue to face funding and staffing shortages. Long-term care for the elderly and people with disabilities remains fragmented between health and social care services, leaving many to rely on informal family support.^{17,18} Investments in health and social care are therefore critical to improving access to these services, especially in underserved areas.

The government's expenditures related to the construction of public healthcare facilities and the provision of medical equipment target the country's general population and do not focus on underserved areas or populations with substantially unmet medical needs. However, these expenditures support services provided through Czechia's universal national health system, which is accessible to all regardless of ability to pay. They are hence expected to significantly increase the availability of healthcare services in the country.

The expenditures on public social care facilities specifically target populations with heightened care needs, such as the elderly, people with disabilities and those with reduced self-sufficiency. Given the shortage of specialized care centres across Czechia and the need for better coordination between the health and social care systems,¹⁹ investments in such facilities are essential to effectively support vulnerable groups. However, because elder care facilities are unevenly distributed across the country, a broad focus on the elderly population offers relatively limited benefits compared to targeting areas with insufficient elder care services. Nonetheless, by ensuring that financed institutions are accessible to the target populations regardless of their ability to pay, these expenditures are expected to enhance access to social care services and help ease the burden currently placed on informal family caregivers.

Collectively, investments under this category are expected to make a significant contribution to improving the quality and accessibility of health and social care services across Czechia.

Access to Essential Services:
Education and Vocational
Training



We have assessed the Sustainability Contribution of the Access to Essential Services: Education and Vocational Training category as **Significant**. The government of Czechia intends to finance

¹⁴ WHO, "UHC Service Coverage Index," at: <https://www.who.int/data/gho/data/indicators/indicator-details/GHO/uhc-index-of-service-coverage>.

¹⁵ Eurostat, "Mortality and life expectancy statistics", (2025), at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Mortality_and_life_expectancy_statistics.

¹⁶ OECD, "State of Health in the EU: Czechia," (2023), at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/12/czechia-country-health-profile-2023_dde66b1d/24a9401e-en.pdf.

¹⁷ European Observatory on Health Systems and Policies, "Health Systems and Policy Monitor: Czechia", (2024), at: <https://eurohealthobservatory.who.int/monitors/health-systems-monitor/countries-hspm/hspm/hspm-czechia-2023/provision-of-services/long-term-care/>.

¹⁸ World Health Systems Facts, "Czechia: People with Disabilities", (2025), at: <https://healthsystemsfacts.org/czech-republic-people-with-disabilities/>.

¹⁹ OECD, "State of Health in the EU: Czechia," (2023), at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/12/czechia-country-health-profile-2023_dde66b1d/24a9401e-en.pdf.



expenditures to improve access to public education, vocational training and early childhood development. While some of the expenditures will directly address the needs of socially vulnerable populations, including children and youth with special educational needs and disabilities, other investments will be directed toward the general population, without targeting underserved areas or disadvantaged groups. Nevertheless, by ensuring that the financed facilities are affordable and accessible to all or to the target populations where applicable, regardless of their ability to pay, these expenditures are expected to significantly contribute to enhancing equitable access to education across Czechia.

Category Expenditures

Expenditure	Description
Construction of educational and childcare facilities	► The construction, renovation, expansion or maintenance of educational facilities and childcare services for the general population, including: i) childcare groups; ii) nursery schools; iii) kindergartens; iv) schools; v) vocational training centres; vi) universities; and vii) research centres. ► Includes the acquisition of educational support equipment, such as computers, books and educational tools. ► Educational facilities will be available to all regardless of ability to pay. ► Kindergartens will be accessible free of charge for low-income households and subsidized for others, with a monthly fee set at a maximum of 8% of the basic rate of the minimum wage. The last year of kindergarten before primary school will be free for all. ► Fees at childcare groups for children under the age of three will be capped at a maximum of CZK 318 (EUR 13) per day. Fees will be reduced by 50% for attendance less than five hours per day and can be increased by 10% for attendance of up to three days per week.
Provision of support for children and youth with special needs or disabilities	► The provision of support for the integration of students with special needs to access education at all levels. ► Eligible activities include: i) support for students provided by qualified teaching assistants in classrooms; ii) formation of study groups for students with special needs; iii) subsidies for adapted textbooks and special teaching materials; iv) provision of compensatory and rehabilitation equipment; v) access to counselling services; vi) hiring additional support staff; and vii) additional teaching in specialized subjects, such as speech therapy, sign language, stimulation techniques, orientation and mobility training. ► The target population comprises children and young people with special educational needs or disabilities. ► Eligible services and products will be available to target groups at no cost.
Provision of psychologists, special pedagogues and social educators	► The provision of psychologists, special pedagogues and social educators to support children with special educational needs. ► Social educators will support students from disadvantaged socioeconomic backgrounds, including children from Roma communities.²⁰ ► Eligible services will be available to target groups free of charge.
Measures to improve the quality of education and	► Measures aimed at improving the quality of education and childhood development services for the general population. Eligible activities include: i) subsidies to improve teacher-to-child ratio; ii) continuous education and training for teachers; iii) individual support, such as Czech language

²⁰ Roma are the largest and most marginalized ethnic minority in Europe, with a significant population in Czechia. They have historically faced systemic discrimination, exclusion and poverty, resulting in limited access to education, employment, housing and healthcare. European Union Agency for Fundamental Rights, "Roma in 10 European Countries: Main Results", at: https://fra.europa.eu/sites/default/files/fra_uploads/fra-2022-roma-survey-2021-main-results2_en.pdf.

childhood development	instruction for non-native speakers to facilitate integration into mainstream education; and iv) literacy-focused initiatives, including pedagogical interventions and personalized tutoring. ► These activities will be available to all regardless of ability to pay.
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Analytical Commentary

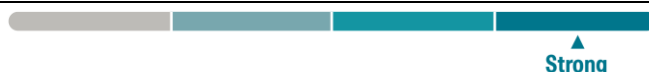
Despite overall strong academic performance, the Czech education system faces growing inequalities, particularly affecting students from disadvantaged backgrounds. According to the 2022 OECD PISA results, in Czechia, advantaged students outperformed their disadvantaged peers in mathematics by 116 points, equivalent to three years of schooling. Disadvantaged learners are also more likely to attend schools with fewer resources and less experienced staff.²¹ Roma students face additional challenges, including segregation and overrepresentation in special or low-performing schools.²² Limited access to pre-school education further exacerbates these disparities. In 2022, 85.3% of children were enrolled in early childhood education, below the EU average of 93.1% and the EU target of 96%.^{23,24} Investments are therefore needed to expand early education and improve the support available for disadvantaged students.

The government of Czechia intends to finance educational and childcare facilities across the country and implement measures to improve their quality. Given Czechia's already strong education system, such investments are likely to have relatively less impact than those that are addressing specific unmet needs. Nevertheless, by financing free public education institutions and subsidized childcare facilities, the government helps ensure affordability for all segments of the population. Therefore, these expenditures are expected to make a significant contribution to expanding universal access to education and early childhood development.

Support services, such as the provision of adapted learning materials, specialized equipment and counselling by special pedagogues and social educators, target students with special educational needs, disabilities or those from disadvantaged socioeconomic groups. Provided free of charge, these services are expected to facilitate the integration of these students into mainstream education by removing learning barriers, promoting inclusion and improving their academic performance. Therefore, these investments are expected to substantially improve access to education by aligning resources with the specific needs of vulnerable learners.

Collectively, investments under this category are expected to significantly support more equitable access to education and early childhood development for Czech residents, including vulnerable groups.

Socio-economic
Advancement and
Empowerment:
Social Inclusion



²¹ OECD, "Programme for International Student Assessment (PISA) 2022 Results (Volume I and II) – Country Notes: Czech Republic", (2023), at: https://www.oecd.org/en/publications/pisa-2022-results-volume-i-and-ii-country-notes_ed6fbcc5-en/czech-republic_4a597d07-en.html.

²² Romea.cz, "Czech Education Ministry presents measures to combat the segregation of Romani children", (2024), at: <https://romea.cz/en/czech-republic/czech-education-ministry-presents-measures-to-combat-the-segregation-of-romani-children>.

²³ OECD, "OECD Economic Surveys: Czechia 2025", at: https://www.oecd-ilibrary.org/en/publications/oecd-economic-surveys-czechia-2025_7a70af5c-en.html.

²⁴ European Commission, "Education and Training Monitor 2024: Czechia", at: <https://op.europa.eu/webpub/eac/education-and-training-monitor/en/country-reports/czechia.html>.



We have assessed the Sustainability Contribution of the Socio-economic Advancement and Empowerment: Social Inclusion category as **Strong**. The government of Czechia intends to finance expenditures to improve the social inclusion of vulnerable populations. The facilities and services intended for financing will be free or provided at a low cost. Financial and in-kind support is also planned for individuals and businesses affected by natural disasters. Support for businesses is broadly targeted and does not specifically prioritize micro, small and medium enterprises (MSMEs), which face the greatest challenges in accessing capital during shutdowns. Additional assistance will go to businesses employing persons with disabilities, foster care providers, and individuals with long-term health issues, along with financing for emergency services. Overall, investments in this category are expected to strongly improve access to infrastructure, capital and social services across Czechia, benefiting the entire population, including vulnerable groups.

Category Expenditures

Expenditure	Description
Provision of community facilities	▶ Construction, renovation, expansion or maintenance of facilities aimed at integrating and providing services to vulnerable populations, such as persons with disabilities, victims of gender violence, homeless people, children/youth, refugees and temporarily displaced people. ▶ Facilities will be provided for free to the target population or at a cost that is considered to present no barriers to access.
Provision of financial or in-kind support to persons and businesses in need	▶ Financial and in-kind support to persons in need such as emergency housing for people at risk of becoming homeless and victims of gender violence, and subsidies to help families in need to clear rent arrears and avoid evictions. ▶ Financial support for people in an unfavourable social situation due to a long-term adverse health condition. ▶ Financial support intended to provide and improve the quality of foster care, such as financial support for caregivers, foster families and the entrusted children, including educational and/or healthcare services for foster children, as well as financial support for at-risk families to care for their children to enable the children to remain in parental care. ▶ Financial support to employers who employ persons from vulnerable groups (NEET,²⁵ persons with disabilities) with the aim of integrating the persons from the respective target population into the labour market. ▶ Financial support for victims of natural disasters such as provisions for renovation of homes damaged during floods and other natural disasters, provisions to support other expenses and needs of natural disaster victims. ▶ Financial support to businesses directly and indirectly affected by a state of emergency and in the aftermath of a flood, such as wage compensation due to emergency-related work disruptions. ▶ Financial support refers to direct support in the form of cash benefit from the state budget.
Provision of social assistance services	▶ Services for people with special needs to be integrated into society, such as early support for parents of children with disabilities or children in a social adverse situation, grants for therapeutic services, psychological services, housing assistance, respite care, employment assistance and social educational assistance. The target population are people with various disabilities and special needs. Services will be provided for free to

²⁵ NEET refers to the share of young people who are not engaged in any form of employment, formal education or training activities.

OECD, "Youth not in employment, education or training (NEET)", at: <https://www.oecd.org/en/data/indicators/youth-not-in-employment-education-or-training-neet.html>.

	the target population or at a cost that is considered to present no barriers to access. ► Financial support for the multidisciplinary – social, psychological, medical, care and/or legal – assistance to persons at risk of being removed from their natural environment. The target population are people with reduced self-sufficiency.
Provision of emergency services	► Measures promoting the availability and quality of emergency services, and the support of services provided during a state of emergency as a result of natural disasters and in the aftermath of floods, including salaries covering overtime to emergency workers, police and rescue workers and expenses covering basic needs during a state of emergency. ► Emergency services will be available for free to the target population or at a cost that is considered to present no barriers to access.

Analytical Commentary

As of 2024, 11.3% of people were at the risk of poverty or social exclusion in Czechia.²⁶ Individuals who face the highest risks of income poverty or social exclusion include the unemployed, single parents, individuals aged 65 and older who are living independently, people with disabilities and Roma communities.²⁷ To address these challenges, Czechia has implemented a National Social Inclusion Strategy (2021–2030), focusing on social inclusion projects such as affordable housing, social services, employment support, education and training.²⁸ In addition, between 1980 and 2023, extreme weather and climate events caused over 700 fatalities and economic losses worth around EUR 18.5 billion, equivalent to 6% of Czechia's 2023 GDP.²⁹ Therefore, investments in social inclusion and disaster recovery measures are essential to protect populations at risk of social exclusion and enhance resilience to extreme weather events.

Community facilities that improve social inclusion include shelter centres for victims of gender violence, facilities for persons with disabilities and youth, accommodation for homeless people, and accommodation and service centres for refugees and the temporarily displaced. These facilities will be accessible free of charge to the target population or at a cost that is considered to present no barriers to access and will be financed through subsidies from the state budget. The specific targeting, together with affordability mechanisms, provides assurance that these expenditures will substantially support those facing socioeconomic vulnerability.

The government also intends to provide financial or in-kind support to persons and businesses in need in the event of a natural disaster. Assistance to individuals refers to direct financial support for victims of natural disasters; the amount of the benefit is determined based on the social and financial circumstances and income of the individuals and their family. Assistance to businesses refers to wage compensations due to emergency-related work disruptions. The government intends to provide subsidies to all businesses affected by the floods, to cover up to 50% of their wage costs, up to a maximum of CZK 18 400 (EUR 747) per month per employee. While providing financial support to businesses aids their recovery from floods and other natural disasters, the target group is broader than MSMEs, which face the greatest barriers to accessing capital and experience greater difficulty in maintaining payrolls during temporary shutdowns.

²⁶ Eurostat, "People at risk of poverty or social exclusion in 2024", (2025), at: <https://ec.europa.eu/eurostat/en/web/products-eurostat-news/w/ddn-20250430-2>.

²⁷ Ministry of Labour and Social Affairs, "Social Inclusion Strategy 2021–2030", (2023), at: https://www.mpsv.cz/cms/documents/440532dd-4248-769a-f118-75f5185e960d/Social%2BInclusion%2BStrategy%2B2021%E2%80%932030_aktualizace2023.pdf.

²⁸ Ibid.

²⁹ OECD, "OECD Economic Surveys: Czechia", (2025), at: https://www.oecd.org/en/publications/oecd-economic-surveys-czechia-2025_7a70af5c-en/full-report.html.

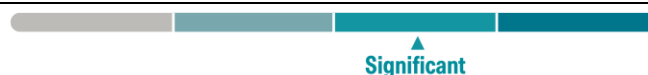
Other expenditures under the provision of financial or in-kind support to persons and businesses include financial assistance to the following: businesses employing persons with disabilities, foster care facilities to support children during periods when their parents are temporarily unable to provide care, including educational and healthcare services for foster children, and people in an unfavourable social situation due to a long-term adverse health condition. It is expected that these expenditures will contribute substantially to the social inclusion of vulnerable populations.

Social assistance services target people with disabilities or those with special needs due to adverse social situations. Services include early support for children up to seven years old who have disabilities or are at risk due to difficult social conditions. Expenditures focus on assisting the family and supporting the child's development based on their specific needs. These services will be accessible either free of cost or at a cost that is considered to present no barriers to access and are expected to positively contribute towards social inclusion of the vulnerable population.

Regarding financing of emergency services, these include measures to improve emergency services and rescue support during natural disasters, including overtime pay for emergency, police and rescue workers, and coverage of basic needs. Services will be available free of charge. The expenditure is expected to considerably improve rescue support and access to emergency services in case of floods for the general population and strengthen preparedness for future natural disasters.

Overall, investments under this category are expected to make a strong contribution to improving the access to essential infrastructure and capital, and social care services across Czechia, benefiting the entire Czech population, including vulnerable groups.

Affordable Basic Infrastructure



We have assessed the Sustainability Contribution of the Affordable Basic Infrastructure category as **Significant**. The government of Czechia intends to finance infrastructure to improve access to transportation, and to support natural disaster prevention and recovery, such as flood protection infrastructure and restoration of infrastructure damaged during natural disasters. While transportation expenditures are not focused on regions or population segments that face inadequate access to transportation services, subsidies are nevertheless expected to make a significant contribution to improving access to transportation overall. Projects related to water infrastructure for natural disaster prevention will be identified based on a vulnerability assessment and will be supported by an adaptation plan, which will effectively contribute to protecting areas at risk.

Category Expenditures

Expenditure	Description
Provision of public transportation services	► Subsidies for state-mandated fare discounts for defined groups of passengers, such as children, students, people with disabilities and elderly people. ► Compensation for losses incurred by carriers for operating long-distance trains, when fare revenues do not cover the costs of providing services. ► Contribution from the state budget to regions for public services in rail passenger transport ensured by regions.

Development of water management infrastructure	► Expenditures related to flood protection such as the development of new retention areas, modification of existing water reservoirs, and implementation of measures along watercourses.
Restoration of public infrastructure	► Restoration of infrastructure such as roads, forest roads, bridges, drainage channels, and sports facilities damaged during floods and other natural disasters. ► Reinforcement measures to mitigate future damages from floods and other natural disasters.

Analytical Commentary

While Czechia has one of the densest railway networks within the EU, access to transportation across the country remains uneven, which in turn limits the growth of less developed regions. In Prague, over 88% of residents can travel up to 120 kilometres in less than 90 minutes, reflecting strong transport accessibility. However, in less developed areas, just slightly more than half of the population has the same level of access.^{30,31} As regards natural disaster-related expenditures, Czechia's population and the built-up area at risk of river flooding is higher than in most OECD countries.³² In September 2024, severe floods struck the entire country resulting in total direct damages at EUR 2.82 billion.³³ The Ministry of Environment estimates that climate change adaptation projects will require a total investment of EUR 11.1 billion, equivalent to 4% of Czechia's 2023 GDP, by 2030.³⁴

Within this category, the government of Czechia intends to provide transportation subsidies to public transport carriers for specific groups of passengers and to compensate carriers providing long distance or regional connectivity when revenues do not cover costs of operation. The intended expenditures will make fares more affordable and ensure a functioning transportation network across the country. However, the lack of further prioritization of investments to low-income populations for subsidies, or a specific focus on areas with inadequate or no access to transportation infrastructure, is expected to limit the positive impact of the intended expenditures.

Water management measures under the Framework such as flood protection measures will target areas at risk of flood and droughts, identified through climate risk and vulnerability assessments, and will be accompanied by adaptation plans. These measures are expected to effectively contribute to protect these target areas. Expenditures may also be directed toward the restoration of infrastructure damaged by natural disasters, such as transport and water infrastructure. Such financing may also include reinforcement measures to prevent future damages across the country. These investments are nonetheless expected to make a substantial contribution toward addressing damage caused by natural disasters.

Taking the above into consideration, these expenditures will significantly contribute to improving access to affordable transportation and flood protection infrastructure, and infrastructure damaged during natural disasters.

³⁰ OECD, "Optimising Public Infrastructure Investments in Czechia", (2024), at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/07/optimising-public-infrastructure-investments-in-czechia_e97e2f37/d4532316-en.pdf.

³¹ European Commission, "2025 Country Report – Czechia", (2025), at: https://economy-finance.ec.europa.eu/document/download/74ea3c3d-de80-4b48-8bd7-7f7c9a055b85_en?filename=CZ_CR_SWD_2025_203_1_EN_autre_document_travail_service_part1_v4.pdf.

³² OECD, "OECD Economic Surveys: Czechia", (2025), at: https://www.oecd.org/en/publications/oecd-economic-surveys-czechia-2025_7a70af5c-en/full-report.html.

³³ European Parliament, "Report - A10-0114/2025", at: https://www.europarl.europa.eu/doceo/document/A-10-2025-0114_EN.html?

³⁴ OECD, "OECD Economic Surveys: Czechia", (2025), at: https://www.oecd.org/en/publications/oecd-economic-surveys-czechia-2025_7a70af5c-en/full-report.html.

Environmental and Social Risk Management

We have identified the following areas of environmental and social risk associated with the expenditures eligible under the Framework: land use and biodiversity loss associated with large-scale infrastructure projects; emissions, effluents and waste generated during construction; occupational health and safety; community relations and stakeholder participation; and corruption. Czechia has the following measures in place to identify and mitigate such risks.

E&S Risk identified	Applicable policies, procedures and measures
Due diligence and risk management measures	▶ Czechia is recognized as a Designated Country under the Equator Principles. Designated countries are deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect people and the natural environment.³⁵
Land use and biodiversity	▶ Czechia's State Environmental Policy³⁶ outlines its commitment to protecting species and their habitats, entire ecosystems and the connections between them. This commitment is based on international treaties and laws in the EU, including the Convention on Biodiversity,³⁷ the Bern Convention,³⁸ the Convention on Council Directive 92/43/EEC³⁹ for the conservation of natural habitats and wild fauna and flora, and the International Trade in Endangered Species of Wild Fauna and Flora.⁴⁰ In addition, the Conservation of Nature and Landscape Act⁴¹ mandates safeguarding organisms, natural habitats and ecosystems. ▶ Additionally, Czechia adheres to EU Directive 2014/52/EU⁴² on environmental impact assessments, which requires projects that are likely to have a significant use of land and impact on the environment to be assessed prior to approval. It also requires measures to be in place to avoid, prevent, reduce and offset significant adverse effects on the environment, in particular on species and habitats.
Emissions, effluents and waste	▶ Czechia established the Waste Act⁴³ in 2021, which aligns with the EU Directive 2008/98/EC on waste management.⁴⁴ The act outlines measures to protect the environment and human health by preventing and reducing the adverse impacts of waste generation and management.⁴⁵ ▶ Additionally, Czechia's Ministry of Environment has developed the National Waste Prevention Plan,⁴⁶ which details the country's strategy for waste prevention, recovery, recycling, energy recovery and landfilling, and includes specifications on waste from food, textiles, packaging, reuse and infrastructure.

³⁵ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>.

³⁶ Ministry of the Environment, "State Environmental Policy of the Czech Republic 2030 with outlook to 2050", (2021), at: <https://www.czechia.eu/wp-content/uploads/2021/12/State-Environmental-Policy-of-the-Czech-Republic-2030-with-a-view-to-2050.pdf>.

³⁷ Convention on Biological Diversity, "Introduction", at: <https://www.cbd.int/intro>.

³⁸ Council of Europe, "Bern Convention", at: <https://www.coe.int/en/web/bern-convention#:~:text=The%20Council%20of%20Europe's%20Convention,to%20act%20on%20nature%20conservation>.

³⁹ European Commission, "The Habitats Directive", at: [https://environment.ec.europa.eu/topics/nature-and-biodiversity/habitats-directive_en#:~:text=The%20Habitats%20Directive%20\(Council%20Directive,and%20outside%20Natura%202000%20sites](https://environment.ec.europa.eu/topics/nature-and-biodiversity/habitats-directive_en#:~:text=The%20Habitats%20Directive%20(Council%20Directive,and%20outside%20Natura%202000%20sites).

⁴⁰ World Trade Organization, "Convention on International Trade in Endangered Species of Wild Fauna and Flora", at: https://www.wto.org/english/res_e/booksp_e/int_exp_regs_part1_1_e.pdf.

⁴¹ Ministry of the Environment, "Conservation of Nature and Landscape Act", at: <https://mze.gov.cz/public/portal/mze/legislativa/ostatni/zakon-1992-114-ost>.

⁴² EU Commission, "Directive 2014/52/EU", (2014), at: <https://eur-lex.europa.eu/eli/dir/2014/52/oj/eng>.

⁴³ Zakony Pro Lidi, "Waste Act", (2020), at: <https://www.zakonyprolidi.cz/cs/2020-541>.

⁴⁴ EU Commission, "Directive 2008/98/EC", (2008), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32008L0098>.

⁴⁵ Zakony Pro Lidi, "Waste Act", (2020), at: <https://www.zakonyprolidi.cz/cs/2020-541>.

⁴⁶ European Commission, "Waste Management Plan of the Czech Republic", at: [https://commission.europa.eu/projects/waste-management-plan-czech-republic_en#:~:text=By%202035%2C%20at%20least%2065,\(EU\)%202018/851](https://commission.europa.eu/projects/waste-management-plan-czech-republic_en#:~:text=By%202035%2C%20at%20least%2065,(EU)%202018/851).

Occupational health and safety	▶ Czechia adheres to the EU Directive 89/391/EEC,⁴⁷ which establishes safety and health requirements and requires employers to implement necessary measures to prevent occupational risks, improve working conditions and provide adequate instructions and training, among other health and safety provisions at the workplace.
Community relations and stakeholder participation	▶ Czechia's Open Government Partnership 2025–2026 Action Plan includes commitments to increase stakeholder participation in public procurement, strategic planning and state grant allocation, fostering inclusive involvement of civil society, private sector and local authorities in public project financing and oversight.⁴⁸ In addition, Czechia's Building Act requires public consultation in spatial planning and development processes. Any large-scale infrastructure or public project must involve community input during environmental impact assessments and zoning procedures.⁴⁹
Corruption	▶ Czechia has implemented the Government Anti-Corruption Strategy for 2023-2026, which focuses on four key areas: a lack of external influence on the executive branch; transparency and accessibility to information; efficient management of state assets; and the development of civil society. This strategy is supported by the government's Action Plan to Combat Corruption for 2025-2026,⁵⁰ which outlines specific actions for each of the priority areas.⁵¹ Czechia is also a signatory to several international treaties and agreements, including the OECD Convention on the Suppression of Bribery of Foreign Public Officials in International Business⁵² and the UN Convention against Corruption.⁵³ ▶ In February 2025, a healthcare facility in Czechia faced allegations of bribery, embezzlement, money laundering and misuse of EU funds.⁵⁴ In response, the Ministry of Health launched an audit of the concerned hospital's internal controls and is preparing compliance programmes for state-funded hospitals to prevent similar incidents in the future. The government is also in the process of strengthening internal audit functions through updated guidance, methodologies and ethical standards. The concerned hospital will be excluded from financing under the Framework.

⁴⁷ EU Commission, "Council Directive", (1989), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=F>.

⁴⁸ Open Government Partnership, "Action Plan of the Czech Republic Open Government Partnership for 2025 to 2026", (2024), at: https://www.opengovpartnership.org/wp-content/uploads/2025/02/Czech-Republic-Action-Plan-2024-2026_EN.pdf#:~:text=The%20seventh%20Action%20Plan%20of%20the%20Czech,public%20participation%2C%20accountability%20and%20technology%20and%20innovation.

⁴⁹ Ministry of Regional Development, "Act 283/2021 Coll. – Building Act, as amended", (2024), at: <https://www.uur.cz/media/dlpcr4iz/stavebni-zakon-283-2021-novelizovany-en-11-2024.pdf>.

⁵⁰ Ministerstvo spravedlnosti České republiky, "Akční plán boje proti korupci na roky 2025 a 2026", (2024), at: <https://md.gov.cz/getattachment/Ministerstvo/Boj-s-korupci/Akcni-plan-boje-proti-korupci-na-roky-2025-a-2026.pdf.aspx?lang=cs-CZ>.

⁵¹ OECD, "Anti-Corruption and Integrity Outlook 2024 – Country Notes: Czechia", (2024), at: [https://www.oecd.org/en/publications/anti-corruption-and-integrity-outlook-2024-country-notes_684a5510-en/czechia_d819af8f-en.html#:~:text=Strategy%20and%20institutions%20on%20anti-Political%20Parties%20and%20Political%20Movements\).](https://www.oecd.org/en/publications/anti-corruption-and-integrity-outlook-2024-country-notes_684a5510-en/czechia_d819af8f-en.html#:~:text=Strategy%20and%20institutions%20on%20anti-Political%20Parties%20and%20Political%20Movements).)

⁵² OECD, Convention on Combating Bribery of Foreign Public Officials in International Business Transactions", at: <https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/fighting-foreign-bribery/Convention%20and%20commentaries%20booklet%202024.pdf>.

⁵³ United Nations Treaty Collection, "United Nations Convention against Corruption", (2003), at: https://treaties.un.org/pages/viewdetails.aspx?src=treaty&mtdsg_no=xviii-14&chapter=18.

⁵⁴ EPPO, "Czechia: EPPO uncovers heavy corruption and €160 million EU subsidy fraud in healthcare sector", at: <https://www.eppo.europa.eu/en/media/news/czechia-eppo-uncovers-heavy-corruption-and-eu160-million-eu-subsidy-fraud-healthcare>.

Annex 1: Assessment Framework Overview

The following is a brief overview of the [Assessment Framework](#) that we use to assess debt instruments and the frameworks that support them. Using this Assessment Framework, we provide two key signals in our Second Party Opinions: **Principles Alignment** and **Sustainability Contribution**.

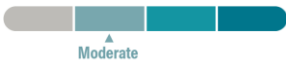
Principles Alignment indicates a framework's alignment with the requirements of applicable sustainable debt market Principles.⁵⁵ This assessment is structured according to the four components of the Principles: Use of Proceeds, Project Evaluation and Selection, Management of Proceeds and Reporting. Principles Alignment is expressed at one of following levels:

- **Aligned:** Meets all requirements across the four components.
- **Partially Aligned:** Meets requirements on two or three of the four components.
- **Not Aligned:** Does not meet requirements on most or all of the four components.

In addition, we provide commentary on any shortcomings as well as best practices.

Sustainability Contribution provides a clear and comparable signal of the expected contribution of the use of proceeds to one or more environmental or social objectives. We assess each expenditure defined in a framework by looking at the activities, assets and projects that they finance. This assessment is carried out using a set of factors that we have identified as driving the expenditure's contribution to a primary objective as well as its avoidance of harm to other objectives. The assessment results in one of the four levels of Sustainability Contribution described in the table below.

We determine the average contribution of the expenditures within each use of proceeds category (as defined by the issuer) to produce an expected Sustainability Contribution for each category. We then aggregate across categories to determine the Sustainability Contribution of a framework overall. In most cases, weight is distributed equally across use of proceeds categories. However, we adjust the weighting if information regarding percentage allocation is provided by the issuer.

Level of Sustainability Contribution	Description
	The expenditure finances an activity that makes a strong contribution to an environmental or social objective. The activity is well aligned with credible standards; there are no significant lock-in risks; and the risk of negative impact to other sustainability objectives is low.
	The expenditure finances an activity that makes a significant positive contribution to an environmental or social objective while having minor shortcomings compared to a strong contribution. This is either because the activity falls somewhat short of credible standards; there is some risk of lock-in (in the case of some environmental activities); there is a risk of negative impact to other sustainability objectives; or there is some ambiguity in the criteria for the expenditure.
	The expenditure finances an activity that represents a step towards an environmental or social objective but has substantial shortcomings compared to expenditures that make a strong contribution. Although the activity will result in benefit over a relevant baseline, either it falls substantially short of credible standards; there is significant risk of lock-in; there is significant ambiguity in the criteria; or there is a risk of significant negative impact to other sustainability objectives.
	The expenditure finances an activity that entails no net positive contribution to environmental or social objectives. Even in cases where there is some positive contribution to an objective, this is offset by shortcomings in other areas. Alternatively, the eligibility criteria may be unclear to the extent that contribution cannot be determined.

⁵⁵ These primarily include the Green Bond Principles and the Social Bond Principles, published by the International Capital Market Association (ICMA); and the Green Loan Principles and the Social Loan Principles, published by the Loan Syndications and Trading Association, the Loan Market Association, the Asia Pacific Loan Market Association (LSTA-LMA-APLMA), and the Association of Southeast Asian Nations (ASEAN).

Scope of Work and Limitations

This Second Party Opinion provides a point-in-time independent opinion of the Framework as of the Evaluation Date. Our opinion may consider additional documentation and information that the Framework owner may have provided during the engagement, in addition to public and non-public information. The owner refers to the entity featuring as an issuer, borrower, special-purpose vehicle or any other entity as described in the Framework.

As part of this engagement, we communicated with representatives of the Framework owner, who acknowledge that: i) it is the sole responsibility of the Framework owner to ensure that the information provided is complete, accurate and up to date; ii) they have provided us with all of the relevant information; and iii) that all of the information has been provided in a timely manner.

This Second Party Opinion provides our opinion of the Framework and should be read in conjunction with that Framework. Any update of this Second Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and the Framework owner.

Our Second Party Opinion provides our opinion on the alignment of the Framework with current market standards and practice but provides no guarantee of alignment nor warrants alignment with future versions of any such standards. In addition, it does not guarantee the realized allocation of proceeds towards eligible activities.

No information provided in this Second Party Opinion shall be considered as being a statement, representation, warrant or argument in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that the Framework owner may have made available to Sustainalytics for the purpose of this Second Party Opinion.

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