

Second-Party Opinion

mBank S.A. Group Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the mBank S.A. Group Green Bond Framework aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Clean Transport, Energy Efficiency and Waste Management – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11 and 12.



PROJECT EVALUATION / SELECTION mBank Group’s internal process for evaluating and selecting projects is managed by the Sustainable Finance Committee (the “Committee”). The Committee of each entity reports to a Group-wide Sustainable Finance Committee (“Group Committee”), comprised of representatives from Treasury, Financing & Product Development, Risk, Investor Relations and Communication and Marketing responsible for CSR. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS mBank Group’s process for management of proceeds is handled by the Committee, which will strive to ensure that the allocation of proceeds into the eligible assets pool matches or exceeds the total proceeds raised from the bond. The Group will monitor the use of net proceeds with its internal information systems. In the event of unallocated proceeds, they will be invested at mBank Group’s discretion in cash and/or cash equivalent and/or short-term liquid instruments. This is in line with market practice.



REPORTING mBank Group intends to report allocation proceeds on its website on an annual basis until full allocation. Allocation reporting will include notional amount and maturities of the outstanding Green Bonds Issues, total amount of proceeds allocated to eligible assets/projects, year of allocation of the proceeds to the portfolio and the balance of unallocated proceeds. In addition, mBank Group is committed to reporting on relevant impact metrics on an annual basis until full allocation of proceeds. Sustainalytics views mBank Group’s allocation and impact reporting as aligned with market practice.

Evaluation date	May 7, 2020
Issuer Location	Warsaw, Poland

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Introduction

Created in 1986, mBank S.A. Group (“mBank Group”, or the “Group”) is a Polish bank offering retail, corporate and investment banking as well as other financial services. This Framework may apply to any securities issued by mBank S.A. and/or its subsidiaries.

mBank Group has developed the mBank S.A. Group Green Bond Framework (the “Framework”) under which it intends to issue debt instruments and use the proceeds to finance and refinance, in whole or in part, existing and future projects that contribute to a transition towards a low-carbon economy. The Framework defines eligibility criteria in five areas:

1. Green Buildings
2. Renewable Energy
3. Clean Transport
4. Energy Efficiency
5. Waste Management

mBank Group engaged Sustainalytics to review the mBank S.A. Group Green Bond Framework, dated May, 2020 and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).¹ This Framework will be published in a separate document.²

As part of this engagement, Sustainalytics held conversations with various members of mBank Group’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of mBank S.A. Group Green Bond Framework. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the mBank S.A. Group Green Bond Framework and should be read in conjunction with that Framework.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² The mBank S.A. Group Green Bond Framework is available on mBank S.A. Group’s website at: <https://www.mbank.pl/en/investor-relations/ratings-debt-instruments/> and on mBank Hipoteczny’s website: <https://www.mhipoteczny.pl/en/investor-relations/>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the mBank S.A. Group Green Bond Framework

Sustainalytics is of the opinion that the mBank S.A. Group Green Bond Framework aligns with the four core components of the GBP 2018. Sustainalytics highlights the following elements of mBank S.A. Group Green Bond Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Renewable Energy, Clean Transport, Energy Efficiency and Waste Management – are aligned with those recognized by the GBP 2018. Projects will be located primarily in Poland.³
 - Regarding Green Buildings, mBank Group may finance and/or refinance the acquisition, development and/or refurbishment of residential and commercial buildings. Sustainalytics positively notes the alignment of the Framework's eligibility criteria with the Nearly-Zero-Energy-Building (NZEB) Standard in Poland, the Climate Bonds Standard criteria for Low Carbon Buildings⁴ and the establishment of minimum certification levels for relevant green building standards. For Sustainalytics' assessment of green buildings standards, please refer to Appendix 1: Green Buildings Certification Assessment.
 - Renewable Energy may include financing the development, acquisition, maintenance and operation of renewable energy generation facilities and equipment manufacturing for onshore and offshore wind, solar photovoltaic and small- and large-scale hydro power, as well as development and expansion of infrastructure including smart grids, energy storage and district heating ("DH"). For large-scale hydro (>20MW), Sustainalytics notes that, in order to be eligible, plants must comply with a lifecycle carbon intensity below 100gCO₂eq/kWh or a power density above 5W/m², they also must undergo an environmental impact assessment carried out by a credible body to determine no significant risk or impact, and finally there should be no significant controversy surrounding the project. For DH projects limited to distribution, the share of renewables must be at least 50%, as per the Energy Efficiency Directive 2012/27/EU.⁵ In the event of a DH project involving heat/cool generation and distribution, production must come exclusively from renewable sources and/or industrial waste heat. Sustainalytics is of the opinion that these projects can contribute to the decarbonization of the energy sector.
 - Within Clean Transportation, mBank Group may finance and/or refinance production, upgrades, maintenance and operation of low carbon vehicles and infrastructure. Passenger cars and trucks must be "zero-tailpipe emission vehicles"; until 2025, vehicles with tailpipe emissions <50gCO₂eq/km are eligible. Public transport and rail transport must have zero direct emissions, or until 2025, <50gCO₂eq/pkm for public transport and less than 50% of the reference CO₂ emissions of all vehicles in the same sub-group for freight transportation.⁶ mBank may also finance transportation infrastructure, such as rail transport networks expansion or charging stations.
 - In the Energy Efficiency category, mBank may finance projects that reduce total energy consumption and increase storage/transmission efficiency, such as smart grid appliances and products. Smart grid technologies could, for instance, enable final consumers to produce low-carbon electricity (e.g. via solar panels) and redistribute surplus electricity produced to the grid. mBank has clarified to Sustainalytics that energy efficiency solutions will be applied to assets running primarily on renewables.⁷ Projects financed under this category may improve energy efficiency and subsequently reduce energy consumption of the infrastructures concerned.
 - Waste Management may include the financing of waste sorting facilities, known as Material Recovery Facilities (MRFs) as well as transportation infrastructure, such as vehicles, however vehicles must meet the criteria outlined in the clean transportation category. Sustainalytics positively views investments into improving the recycling infrastructure.

³ 90%-95% of the portfolio is expected to be in Poland and the remaining 5-10% in the greater EU.

⁴ Climate Bonds Initiative, "Low Carbon Buildings", (2020), at: <https://www.climatebonds.net/standard/buildings>

⁵ The Directive defines efficient district heating and cooling networks if they use "at least 50 % renewable energy, 50 % waste heat, 75 % cogenerated heat or 50 % of a combination of such energy and heat."

EUR-Lex, "Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency", (2012), at:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32012L0027>

⁶ Freight transportation must exclude the use of fossil fuels to be eligible.

⁷ In the event of fossil-fuel back up, financing is excluded from the Framework.

- **Project Evaluation and Selection:**
 - mBank Group’s internal process in evaluating and selecting projects is managed by the Sustainable Finance Committee (the “Committee”). The Committee of each entity reports to a Group-wide Sustainable Finance Committee (the “Group Committee”), comprised of representatives from Treasury, Financing & Product Development, Risk, Investor Relations and Communication and Marketing responsible for CSR. Assets compliant with the Framework’s eligibility criteria are selected for the eligible assets’ portfolio after approval of the Committee. Based on these elements, Sustainalytics considers this process to be in line with market practice.
- **Management of Proceeds:**
 - mBank Group’s processes for management of proceeds is handled by the Committee, which aims at ensuring the total allocation of proceeds matches or exceeds the total value of the eligible assets’ portfolio. The Group will monitor the use of net proceeds via its internal information systems. mBank Hipoteczny runs a separate register of covered bonds asset pool, based on which assets eligibility will be monitored and reported. In the event of unallocated proceeds, they will be invested at mBank Group’s discretion in cash and/or cash equivalent and/or short-term liquid instruments. Pending allocation or reallocation, mBank Hipoteczny will hold and/or invest any unallocated Green Covered Bond net proceeds, at its own discretion, in its liquidity portfolio in money market instruments. Based on these elements, Sustainalytics considers this process to be in line with market practice.
- **Reporting:**
 - mBank Group intends to report allocation proceeds on its website, on an annual basis, until full allocation. Allocation reporting will include notional amount and maturities of the outstanding Green Bonds Issues, total amount of proceeds allocated to eligible assets/projects, year of allocation of the proceeds to the portfolio and the balance of unallocated proceeds. In addition, mBank Group is committed to reporting on relevant impact metrics on an annual basis until full allocation of proceeds, such as estimated energy savings in MWh/GWh (electricity) or estimated annual reduced and/or avoided emissions in tons of CO₂e. For an exhaustive list of impact metrics, please refer to Appendix 2: Green Bond / Green Bond Programme – External Review Form. Based on these elements, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the mBank S.A. Group Green Bond Framework aligns to the four core components of the GBP 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of mBank

Contribution of framework to mBank S.A. Group’s sustainability strategy

mBank Group has developed a Corporate Social Responsibility and Sustainable Development Strategy (CSRSDS)⁸ which guides its operations based on three pillars: (1) education, (2) environment and climate action and (3) prosperity, with the goal of integrating environmental and SDG⁹ principles into decision making.¹⁰ The sustainability standards of mBank are continually revised. Coordination and supervision of sustainability standards is widely supported by the Ethics Officer.¹¹

In line with its sustainability strategy, mBank Group’s lending policy aims to finance industry, infrastructure, housing, energy and transportation projects that have positive environmental impact.² In 2018, mBank established its Credit Policy of Financing Renewable Energy Source (RES) Installations, focusing on solar and wind generation.¹² The Group committed to allocate PLN 500 mn (EUR 110.2 mn)¹³ to RES projects in 2018,

⁸ mBank, “Strategy of mBank Group for 2020-2023. Growth fuelled by our clients”, (2019), at: https://www.mbank.pl/pdf/relacje-inwestorskie/strategy-of-mbank-group-for-2020-2023_eng_summary.pdf

⁹ mBank, “Introduction to mBank Group”, (2020), at: <https://www.mbank.pl/pdf/relacje-inwestorskie/introduction-to-mbank-eng.pdf>

¹⁰ mBank, “Corporate Social Responsibility”, at: <https://www.mbank.pl/en/about-us/corporate-social-responsibility/>

¹¹ mBank, “Sustainability Standards”, at: <https://www.mbank.pl/pdf/CSR/mbank-sustainability-standards.pdf>

¹² mBank, “Respecting the environment – Integrated Report mBank 2018”, at: <https://www.mbank.pl/en/annual-report/2018/interesariusze/z-szacunkiem-dla-srodowiska/>

¹³ mBank, “Capital and the value creation model – Integrated Report mBank 2018”, at: <https://www.mbank.pl/en/annual-report/2018/o-grupie-mbanku/kapitaly-i-model-tworzenia-wartosci/>

doubled its commitment in 2019 and now, for 2020, the target is to finance PLN 2 bn (EUR 440.9 mn) for RES installations.² In 2019, mBank signed its first climate finance funding agreement with the European Investment Bank (“EIB”) for EUR 125 mn to support Small and Medium-sized Enterprises (SMEs) and mid-caps with a sizeable climate action component.¹⁴

Sustainalytics is of the opinion that the mBank S.A. Group Green Bond Framework is aligned with the Bank’s overall sustainability strategy and initiatives and will further the Bank’s action on its key environmental priorities.

Well positioned to address common environmental and social risks associated with the projects

While it is recognized that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are recognized by the GBP 2018, Sustainalytics acknowledges that the development of green buildings, renewable energy facilities, low-carbon transportation and waste management facilities have associated environmental and social risks. For example, worker health and safety, land use change and biodiversity disturbances due to infrastructure development. Sustainalytics is of the opinion that mBank is able to manage and/or mitigate potential risks through implementation of the following:

- mBank has instituted a Compliance Policy that sets the rules ensuring that all Bank’s operations comply with internal regulations, market standards, national and EU laws and regulations.¹¹
- Poland is classified as a “Designated Country” under the Equator Principles, implying the presence of robust environment and social governance systems, legislation, and institutional capacity for protecting the environment and communities.¹⁵
- Since 2016, the mBank has adopted a policy that introduces restrictions on opening accounts and granting loans to companies, including existing customers of the mBank, that operate oriented towards economic exploitation of areas of high natural value.¹⁶
- Project credit agreements usually include clauses relating to Environmental and Social Law aimed at reducing risks inter alia to: occupational health and safety, labour and employment conditions, and waste, pollution or protection of the environment.¹⁷
- Internal regulations require that projects financed by mBank have valid decisions and consents issued by relevant administrative bodies to prevent lending to projects without public consultations or environmental loss compensation.¹⁶
- mBank is a signatory of the UN Global Compact¹⁸ and is committed to incorporate principles to ensure environmental and labour standards.¹¹

Based on these policies, standards and assessments, Sustainalytics is of the opinion that mBank Group has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All five use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Improving Buildings Energy Performance in Poland

Buildings account for approximately 40% of the final energy consumption in the EU,¹⁹ highlighting the significance of buildings energy consumption and subsequent GHG emissions. Between 2006 and 2016, final energy consumption increased from 61 Mtoe to 65 Mtoe in Poland, at an annual average growth rate of 0.8%.²⁰ Nevertheless, savings of total final energy consumption were increased more than doubled, from 4.81 Mtoe in 2010 to 11.87 Mtoe in 2016.²⁰ In the households sector, annual final energy savings rose from 1.98 Mtoe in 2010 to 3.78 Mtoe in 2016.²⁰ In addition, Poland is committed to undertaking measures aimed at improving the energy performance of buildings in order to reach an expected savings target of 43,440 MWh between

¹⁴ EIB, “mBank loan for SMEs and mid-cap and climate action”, at: <https://www.eib.org/en/projects/pipelines/all/20190028>

¹⁵ The Equator Principles, “Designated Countries”, at: <https://equator-principles.com/designated-countries/>

¹⁶ mBank, “Ethics, values and Compliance – Integrated Report mBank 2018”, at: <https://www.mbank.pl/en/annual-report/2018/o-grupie-mbanku/etyka-wartosci-i-compliance/>

¹⁷ mBank

¹⁸ UN, “Global Compact”, at: <https://www.unglobalcompact.org/>

¹⁹ Odyssee-Mure, “Energy Efficiency Trends in Buildings”, (2018), at: <https://www.odyssee-mure.eu/publications/policy-brief/buildings-energy-efficiency-trends.html>

²⁰ Odyssee-Mure, “Energy Efficiency trends and policies in Poland in years 2006-2016”, (2018), at: <https://www.odyssee-mure.eu/publications/national-reports/energy-efficiency-poland.pdf>

2021 and 2030.²¹ For instance, Poland is targeting a 70% share of thermally insulated residential buildings in the total housing stock in 2030, compared to 58.8% in 2015.²² As such, projects financed through the Framework can assist Poland in increasing the energy efficiency of buildings. For instance, residential refurbishment projects could further help the country reach its thermally insulated residential buildings target.

Sustainalytics is of the opinion that the green buildings projects are impactful, contributing to a decrease in building energy consumption in Poland and helping the country meet its energy efficiency in buildings target.

Reducing the Energy Intensity of the Polish Economy

Between 2006 and 2016, the primary and final energy intensity of the Polish economy decreased respectively by 28% and 24%.²⁰ In 2015, the final energy intensity of the Polish GDP²³ was 13% higher than EU average.²⁰ However, Poland has been narrowing the gap. Between 2000 and 2015, the rate of efficiency improvements amounted to 2.7% per year in Poland, compared to 1.5% per year for the EU average.²⁰ Furthermore, the country is pursuing two policy objectives, namely (1) to achieve zero-energy economic growth (i.e. economic growth with no extra demand for primary energy), and (2) to reduce the energy intensity of Polish economy to the EU-15 level.²⁴ These policy objectives are completed with more specific objectives, such as limiting grid loss during transmission and distribution and replacing low efficiency transformers.²⁴ Projects funded through the Framework, such as smart grid investments for efficient energy distribution, could further assist Poland in reducing the energy intensity of its economy, and achieving economic growth without demand for primary energy.

Sustainalytics considers these projects impactful, contributing to improve Poland's economy energy efficiency and achieving economic growth without demand for primary energy.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.C Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Transport	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Energy Efficiency	7. Affordable and Clean Energy 9. Industry, Innovation and Infrastructure	7.3 By 2030, double the global rate of improvement in energy efficiency 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" – this goal can be supported by i.e. investments into improving efficiency of energy distribution network.

²¹ Ministry of Energy, "National Energy and Climate Plan for the years 2021-2030", (2019), at: https://ec.europa.eu/energy/sites/ener/files/documents/poland_draftnecp_en.pdf

²² Ministry of Energy, "National Energy and Climate Plan for the years 2021-2030", (2019), at: https://ec.europa.eu/energy/sites/ener/files/documents/poland_draftnecp_en.pdf

²³ With climatic correction, expressed in constant prices of 2005 and including purchasing power parity.

²⁴ Ministry of Economy, "Energy Policy of Poland until 2030", (2009), at: <http://www.lse.ac.uk/GranthamInstitute/wp-content/uploads/laws/1564%20English.pdf>

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	12. Responsible Consumption and Production	12.2. By 2030, achieve the sustainable management and efficient use of natural resources.
Waste Management	11. Sustainable Cities and Communities 12. Responsible Consumption and Production	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 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Conclusion

mBank Group has developed the mBank S.A. Group Green Bond Framework under which it will issue green bonds and the use of proceeds to finance several projects ranging from energy efficient buildings to low-carbon transportation. Sustainalytics considers that the projects funded by the green bond proceeds will provide positive environmental impact, contributing to the transition towards a low-carbon economy in Poland and within the EU.

The mBank S.A. Group Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the mBank S.A. Group Green Bond Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that mBank Group has sufficient measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that mBank Group is well-positioned to issue green bonds and that the mBank S.A. Group Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

Appendices

Appendix 1: Green Buildings Certification Assessment

	BREEAM	LEED	HQE	DGNB
Background	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	The Haute Qualité Environnementale or HQE (High Quality Environmental standard) is a standard for green building in France, based on the principles of sustainable development first set out at the 1992 Earth Summit. The standard was launched in 2005 and is controlled by HQE and certificate is issued by Cerway/ Certivea/ Cerqual.	The German Green Building Certification or DGNB was developed in 2007 by the non-profit German Sustainable Building Council in partnership with the German Federal Ministry of Transport, Building, and Urban Affairs in order to actively encourage sustainable building.
Certification levels	Pass Good Very Good Excellent Outstanding	Certified Silver Gold Platinum	Pass Good Very good Excellent Exceptional	Bronze Silver Gold Platinum
Areas of Assessment: Environmental Project Management	Management (Man) addresses various aspects: project management, deployment, minimal environmental disturbance worksite and stakeholder engagement.	Integrative process, which requires, from the beginning of the design process, the identification and creation of synergies between the various project stakeholders regarding the construction choices and the technical systems.	Global management system	Technically, any project can be applied anywhere in the world through a tailored process of making appropriate local adaptations on a case-by-case basis.
Areas of Assessment: Environmental Performance of the Building	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation	Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority	<ul style="list-style-type: none"> • Energy • Environment (Site, Components, Worksite, Water, Waste, Maintenance) • Comfort (Hydrothermal, Acoustic, Visual, Olfactory) • Health (Spaces quality, Air Quality, Water Quality) 	<ul style="list-style-type: none"> • Environment • Economic • Sociocultural and functional aspects • Technology • Processes • Site
Requirements	Prerequisites depending on the levels of certification +	Prerequisites (independent of level of certification) +	Prerequisites (independent of level of certification) + Points-based	Percentage-based performance index

	<p>Credits with associated points</p> <p>This number of points is then weighted by item²⁵ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p> <p>BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>	<p>Credits with associated points</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>performance level: Performing and High Performing</p> <p>The Prerequisite level is obtained when all the minimum requirements for a target are met, while the Performing and High Performing levels are obtained based on a percentage of points given per target, allowing for flexibility.</p> <p>Based on the total number of stars obtained per area, an overall HQE level is then given.</p> <p>Environmental certificates are assigned at all stages of the building life cycle, and on-site audits are required.</p>	<p>The total performance index (expressed as a percentage) is calculated by adding the six key areas of assessment. The environmental, economic, socio-cultural, and functional aspects and technical quality each account for 22.5% of the total, process accounts for 10% and the site quality is given a separate grade.</p> <p>Depending on the total performance index, a DGNB award will be given to the project, starting from Silver (at least 50%), then Gold (at least 65%) and finally Platinum (at least 80%). Bronze is awarded for already existing buildings and is conferred as the lowest rank with a total performance index of at least 35%.</p>
Performance display				
Accreditation	<p>BREEAM International Assessor BREEAM AP BREEAM In Use Assessor</p>	<p>LEED AP BD+C LEED AP O+M</p>	<p>HQE Construction Certification Referent HQE Operations Certification Advisor</p>	<p>DGNB Auditor DGNB Compliance Testing Team DGNB Certification Committee</p>
Qualitative considerations	<p>Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than</p>	<p>Widely recognized internationally, and strong assurance of overall quality.</p>	<p>HQE certification has the greatest number of targets concerning individuals. The "Comfort" and "Health" related themes are the most developed in this scheme. The HQE scheme recognises European and international standards (in</p>	<p>DGNB certification is based on current European Union standards and norms and is being recommended by the German Federal Ministry of Transport, Building and Urban Development. DGNB System has partnerships in a number of countries, among which</p>

²⁵ BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

	HQE and LEED certifications.		particular the ISO and ASHRAE standards).	Bulgaria, Denmark, Austria, Thailand and Switzerland.
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Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name: mBank S.A. Group

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: *[specify as appropriate]* mBank S.A. Group Green Bond Framework

Review provider's name: Sustainalytics

Completion date of this form: April 29, 2020

Publication date of review publication: *[where appropriate, specify if it is an update and add reference to earlier relevant review]*

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds, Green Buildings, Renewable Energy, Clean Transport, Energy Efficiency and Waste Management are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11 and 12.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

mBank Group's internal process in evaluating and selecting projects is managed by the Sustainable Finance Committee (the "Committee"). The Committee of each entity reports to a Group-wide Sustainable Finance Committee ("Group Committee"), comprised of representatives from Treasury, Financing & Product Development, Risk, Investor Relations and Communication and Marketing responsible for CSR. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- Summary criteria for project evaluation and selection publicly available Other (*please specify*):

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (*please specify*):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

mBank Group's process for management of proceeds is handled by the Committee, which will strive to ensure that the allocation of proceeds into the eligible assets pool matches or exceeds the total proceeds raised from the bond. The Group will monitor the use of net proceeds with its internal information systems. In the event of unallocated proceeds, they will be invested at mBank Group's discretion in cash and/or cash equivalent and/or short-term liquid instruments. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (*please specify*):

4. REPORTING

Overall comment on section (*if applicable*):

mBank Group intends to report allocation proceeds on its website on an annual basis until full allocation. Allocation reporting will include notional amount and maturities of the outstanding Green Bonds Issues, total amount of proceeds allocated to eligible assets/projects, year of allocation of the proceeds to the portfolio and the balance of unallocated proceeds. In addition, mBank Group is committed to reporting on relevant impact metrics on an annual basis until full allocation of proceeds. Sustainalytics views mBank Group's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project On a project portfolio basis

- Linkage to individual bond(s) Other (please specify):

Information reported:

- Allocated amounts Green Bond financed share of total investment

- Other (please specify):

Frequency:

- Annual Semi-annual

- Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
 Linkage to individual bond(s) Other (please specify):

Frequency:

- Annual Semi-annual

- Other (please specify):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
 Decrease in water use Other ESG indicators (please specify):

Eligible Assets Category	Potential Impact Indicators
Green Buildings	Residential Real Estate: <ul style="list-style-type: none"> ▪ Estimated energy savings in MWh/GWh (electricity) ▪ Estimated annual reduced and/or avoided emissions in tons of CO₂e Commercial Real Estate: <ul style="list-style-type: none"> ▪ Estimated energy savings in MWh/GWh (electricity) ▪ Overview of sustainable certificates and/or labels for eligible buildings ▪ Estimated annual reduced and/or avoided emissions in tons of CO₂e
Renewable Energy	<ul style="list-style-type: none"> ▪ Total installed capacity in MWh ▪ Estimated annual avoided emissions in tons of CO₂e
Clean Transportation	<ul style="list-style-type: none"> ▪ Estimated annual avoided emissions in tons of CO₂e
Energy Efficiency	<ul style="list-style-type: none"> ▪ Estimated energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings) ▪ Estimated annual avoided emissions in tons of CO₂e

Waste management	<ul style="list-style-type: none"> ▪ Waste that is separated, collected, treated and/or prevented, minimised, reused, recycled, before and after the project in % of total waste and/or in absolute amount in tons p.a.
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Means of Disclosure

- Information published in financial report Information published in sustainability report
 Information published in ad hoc documents Other (please specify): mBank Group Green Bond Annual Report
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**

- Consultancy (incl. 2nd opinion) Certification
 Verification / Audit Rating
 Other (*please specify*):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria,

and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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For more information, visit www.sustainalytics.com

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