



mBank S.A. Group Green Bond Framework

May 2020

Contents

1. Our approach to sustainability	4
2. mBank S.A. Group Green Bond Framework	7
3. Use of proceeds	7
4. Process for project evaluation and selection	11
5. Management of proceeds	12
6. Reporting	13
7. External review	14

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1. Our approach to sustainability

Our sustainable strategy

At mBank, we want to conduct our business taking into account the principles of sustainable development. Our aim is to go beyond what we are lawfully obliged to, for the benefit of customers, the environment, employees and society. We aspire to be among the top three leaders of corporate social responsibility and sustainable growth in the banking sector in Poland. Corporate Social Responsibility and Sustainable Development Strategy is an integral part of Strategy of mBank Group for 2020-2023.

It is driven by three main targets

- mBank educates
- mBank cares about the climate and the environment
- mBank promotes prosperity

Our direction guidelines stem from the Sustainable Development Goals set by the United Nations (UN SDGs)¹ in its 2030 Agenda for Sustainable Development. We have chosen 9 UN SDGs to focus on in our business strategy for 2020-2023:



Within our climate and environment objectives, we concentrate on shaping both our direct and indirect impact.

Considering our indirect impact, we are aware of our influence on consumer attitudes. We also recognize our responsibility for the environment, including the climate. We want to encourage our clients to undertake activities that contribute to counteracting adverse climate and environmental changes. Under our strategy we will offer special programs on financing projects, e.g. renewable energy installations, as well as on the issue of sustainable / green bonds and mortgage bonds. By means of our credit policy we aim to support our clients who are looking for financing for proecological industrial, infrastructure and housing investments. We implement investment strategies in instruments based on ESG analysis. We aim to offer product solutions that build consumers' ecological awareness in each customer segment.

By decreasing our direct impact we understand measurement and reduction of our carbon footprint including the footprint of our car fleet. Moreover, we strive to provide for waste segregation and recycling, reduction of energy consumption, saving water, paper and office supplies. We want to continuously enhance suppliers' selection by ESG standards.

More information about mBank's CSR and sustainability strategy and objectives can be found in mBank Group Strategy for 2020-2023: https://www.mbank.pl/pdf/relacje-inwestorskie/strategy-ofmbank-group-for-2020-2023_eng_summary.pdf

Sustainability standards and key policies

We intend to facilitate transition into sustainable economy and support our clients in this process. We believe that through sustainable financing we may effectively support SDGs chosen in our strategy, but not limited to their scope. Under our first funding agreement with a climate finance component we have joined

¹ <https://sustainabledevelopment.un.org/?menu=1300>

forces with the European Investment Bank (EIB) to support Polish SMEs and improve climate quality by signing a loan agreement in the amount of EUR 125 million, of which at least 30% will account for green projects². We support projects in the field of renewable energy, energy efficiency, improvement of the quality of public transport, development of infrastructure for low-carbon transport and waste recovery / recycling. The total amount of support that will go to final beneficiaries will be twice the size of funding received. Eligible projects are evaluated according to the EIB's list of eligible sectors and eligibility criteria for climate action³.

mBank intends to operate according to the highest sustainability standards in its relations with all stakeholders.

Therefore we developed and follow number of policies, rules and regulations relevant to our business activity. Being a responsible creditor, we are cautious about providing financial services to clients or transactions, where reputational risk is identified. It includes in particular social or environmental risk understood as the risk of adverse impact on society or the natural environment by the client or an investment financed by mBank. We follow credit policies which incorporate ESG principles.



They comprise among others:

- mBank S.A. Credit Policy of Financing Renewable Energy Source (RES) Installations
The transformation of the energy sector and the reduction of GHG emission are crucial to reach the goals set in the Paris Agreement. To facilitate this transformation and actively promote proenvironmental solutions, mBank adopted a policy of lending to wind farms and photovoltaics (RES). In 2019 we declared PLN 1 billion to be spent on RES installations, with substantial exhaustion already in 2019, partially under the RES Policy. In 2020 we increased that limit to PLN 2 billion.
- Credit policy regarding industries relevant to the EU climate policy
Since April 1st, 2019 we do not finance new coal mines and coal-fired power units. In October 2019 we went further and approved a new, stricter policy of lending to mining, energy and heating, transport industries and entities operating in other industries that are heavy consumers of energy, binding since November 2019.
- Policy on providing services to sensitive branches in terms of mBank's reputation risk
This policy imposes restrictions on providing services to companies from sectors which are controversial from the social perspective and break the Ten Principles of UN Global Compact. The restrictions apply to opening accounts and granting loans to companies, including existing customers of the bank, that operate based on child labor, forced or otherwise grossly human rights abuses; are oriented towards economic exploitation of areas of high natural value; are threatening the global cultural heritage. We do not establish business relations with entities, regardless of the industry, which operate in countries covered by UN sanctions.
- The rules for financing defense entities.
mBank, by cooperating with companies from the defense sector, takes into account the political, social, ethical and environmental issues. In principal, mBank only engages in transactions in scope of the defense sector with state-owned companies, governmental agencies and state-controlled entities. We provide no financing of the supply of weapons or armaments intended for conflict zones or areas of tension. Also, we provide no financing of the supply of weapons unless all applicable laws, embargoes and regulations are respected. We do not finance controversial weapons and provide no financing of the supply of weapons to non-governmental recipients, such as arms dealers.

Our sustainability standards, including our key ESG policies, are available at our website:

<https://www.mbank.pl/pdf/CSR/mbank-sustainability-standards.pdf>

² <https://www.eib.org/en/projects/loans/all/20190028>

³ <https://www.eib.org/en/publications/climate-action-lending-eligibility-list.html>

The general exclusionary criteria from environmental perspective, outlined in mBank’s policies which are already in place, are described in the table below. Additionally, in order to be financed from the Green Bonds proceeds issued under this Framework, any project or asset must meet Eligibility Criteria listed in section 3. Use of proceeds. This refers also to exclusion of fossil-fuel related activities to be financed from Green Bonds.

Coal mining	<ul style="list-style-type: none"> ■ No financing of new hard coal and lignite mines; no financing of expansions of the capacity of existing mines
Energy & heating	<ul style="list-style-type: none"> ■ No financing of the construction of new blocks and boilers fired with hard coal or lignite (including suppliers of components, services and technologies for this construction) ■ No financing of projects that serve the modernization of boilers and power units based on coal technology that do not significantly reduce emissions of CO₂ or other air pollutants ■ No financing for new clients, where the share of electricity from hard coal or lignite (calculated on the basis of production capacity measurement) exceeds 50% ■ No financing of investments related to the construction and development of nuclear power plants ■ No financing of entities involved in the production or trade of radioactive materials (exception: medical equipment and equipment used in quality control) ■ No financing for energy companies with coal-fired power units or entities aimed at the development of coal energy, without a clearly defined financing goal
Oil and gas	<ul style="list-style-type: none"> ■ No financing of companies whose dominant activity is focused on exploration and extraction of shale gas ■ No financing of entities that conduct activities focused on the economic exploitation of valuable natural areas, protected (including the Arctic) and in other way grossly violating environmental protection regulations

mBank’s ESG recognition

We believe that sustainability should not be limited to selected actions, but incorporated in the business model. Therefore we are glad to be a member of WIG ESG⁴, an index of the Warsaw Stock Exchange. It covers companies that comply with the principles of socially responsible business, in particular in the field of environmental, social, economic and corporate governance issues.

We are positively reviewed by independent rating agencies with regard to ESG standards at mBank Group. We received strong ESG ratings from Sustainalytics⁵, comprising both our exposure to material ESG risks and its management. In 2020, mBank S.A. received a rating of A (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment.⁶ Up-to-date list and description of our ratings is available at our website: <https://www.mbank.pl/en/investor-relations/ratings-debt-instruments/>

⁴ <https://gpwbenchmark.pl/en-karta-indeksu?isin=PL9999998955>

⁵ <https://www.sustainalytics.com/>
<https://www.sustainalytics.com/sustainable-finance/our-work/>

⁶ The use by mBank S.A. of any MSCI ESG research LLC or its affiliates (“MSCI”) data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of mBank S.A. by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided ‘as-is’ and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

2. mBank S.A. Group Green Bond Framework

Under this mBank S.A. Group Green Bond Framework (“Framework”). mBank S.A. Group may issue debt instruments (“Green Bonds”) to finance and re-finance eligible assets (“Eligible Assets Portfolio”), defined, selected and reported in accordance with this Framework. This framework may apply to any securities issued by mBank S.A. and/or its subsidiaries. In particular, it may apply to the covered bonds (“Green Covered Bonds”) issued by mBank Hipoteczny, the mortgage bank subsidiary of mBank S.A. It may also be used to govern other green financing for which the use of proceeds is intended for an Eligible Assets Portfolio, compliant with selection criteria (“Eligibility Criteria”) defined in accordance with this Framework.

This Framework is aligned with the Green Bond Principles (GBP), updated in 2018⁷. The GBP are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond.

They provide guidelines in the following four key areas:

- a. Use of Proceeds
- b. Process for Project Evaluation and Selection
- c. Management of Proceeds
- d. Reporting

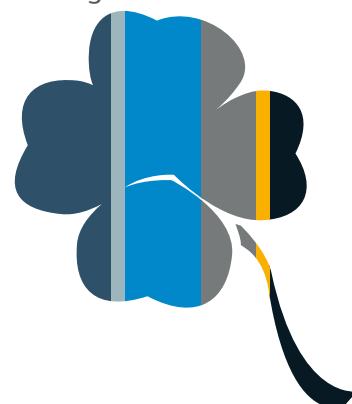
In addition to the GBP’s four core principles listed above, this Framework follows the recommendation for External Review.

This Framework may be occasionally updated, if necessary. It is our intention that any future updated version of this Framework will keep or enhance current quality of transparency and disclosures. In particular, we intend to make the Green Bonds issued in accordance with this Framework compliant with the TEG Proposal for an EU Green Bond Standard⁸. Substantial amendments shall be subject to an updated Second Party Opinion.

3. Use of proceeds

mBank Group intends to allocate the net proceeds of the Green Bonds issued under this Framework to new and existing loans of the Eligible Assets Portfolio, which are identified to have positive environmental impact. The Eligible Assets Portfolio is to be funded in whole or in part by an allocation of the Green Bonds proceeds. The Eligible Assets may be extended with other sectors and categories, providing environmental benefits, subject to external review.

The underlying Eligible Categories for the use of proceeds and the corresponding Eligibility Criteria are set out below. Eligibility Criteria are designed to comply with the recommendations of the Taxonomy: Final report of the Technical Expert Group on Sustainable Finance (TEG), together with updated methodology and Technical Screening Criteria as in its publication from March 2020 (“EU Taxonomy”), which indicates on standards for defining environmentally sustainable activities⁹. Corresponding SDGs and EU Environmental Objectives¹⁰ supported by particular asset classes, are marked by each Eligible Assets Category.




⁷ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

⁸ Usability Guide TEG Proposal for an EU Green Bond Standard, March 2020

⁹ https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/190618-sustainablefinance_teg-report-taxonomy_en.pdf

¹⁰ As described in Articles 5-11 of Regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, <https://eur-lex.europa.eu/legalcontent/EN/TXT/PDF/?uri=CELEX:52018PC0353&from=EN>

1. Green Buildings	Supported EU Environmental Objective (1) climate change mitigation: (b) improving energy efficiency	UN SDGs Alignment 
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Green buildings: defined as financing and refinancing of buildings that meet regional, domestic and international regulations, standards and certifications:

a. Residential real estate:

I. New or existing residential buildings built after December 31st, 2020, complying with 20% reduction in Primary Energy Demand (PED) of Nearly-Zero-Energy-Building (NZEB) Standard in Poland.

II. New or existing residential buildings built before December 31st, 2020, complying with the requirements in Primary Energy Demand (PED) of Nearly-Zero-Energy-Building (NZEB) standard in Poland.

III. New or existing residential buildings built before December 31st, 2020, belonging to top 15% low carbon buildings in Poland.

IV. Refurbished existing residential buildings with primary energy savings of at least 30% against the building performance before the renovation.

V. Refurbished existing buildings or renovations designed to fulfill the cost-optimal minimum energy performance requirements of national or regional requirements for ‘major renovation’ as defined in the Energy Performance of Buildings Directive¹¹.

Thresholds for i.-v. are subject to change, based on EU Taxonomy.

VI. New or existing residential buildings with an Energy Performance Certificate (EPC) in compliance with Climate Bonds Initiative (CBI’s)¹² established Residential Proxy based on year of bond issuance and bond duration:

- Single-Family House with an annual energy consumption or demand less than or equal to 95 kWh per square meter per year.
- Multi-Family House with an annual energy consumption or demand less than or equal to 85 kWh per square meter per year.

Threshold for vi. is subject to change, based on year of bond issuance, bond duration and is mandatory to comply with established 2050 zero-carbon linear trajectories for single-family or multi-family house in compliance with CBI’s criteria for low carbon buildings

VII. New or existing residential buildings with year of construction in compliance with CBI’s established Residential Proxy based on year of bond issuance and bond duration:

- Single-Family or Multi-Family House built after December 31st, 2016, based on the year of construction.

Threshold for vii. is subject to change, based on year of bond issuance, bond duration and is mandatory to comply with Climate Bonds Initiative’s criteria for low carbon buildings.

VIII. Refurbished existing residential buildings with an improved energy efficiency reducing carbon emissions of at least 30% based on bond term.

¹¹ Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings.

¹² Climate Bond’s Initiative, <https://www.climatebonds.net/>

More detailed requirements apply and are going to be listed on the website of mBank Hipoteczny¹³.


b. Commercial real estate, such as office, hotel, retail and other buildings meeting at least one of the following criteria:

- I. New or existing buildings built after December 31st, 2020, complying with 20% reduction in Primary Energy Demand (PED) of Nearly-Zero-Energy-Building (NZEB) Standard in Poland.
- II. New or existing buildings built before December 31st, 2020, complying with the requirements in Primary Energy Demand (PED) of Nearly-Zero-Energy-Building (NZEB) standard in Poland.
- III. New or existing buildings built before December 31st, 2020, belonging to top 15% low carbon buildings in Poland.
- IV. Refurbished existing buildings with primary energy savings of at least 30% against the building performance before the renovation.
- V. Refurbished existing buildings or renovations designed to fulfill the cost-optimal minimum energy performance requirements of national or regional requirements for ‘major renovation’ as defined in the Energy Performance of Buildings Directive.

Thresholds i.-iv. is subject to change, based on EU Taxonomy.

- VI. New, existing and refurbished commercial buildings which received at least one of the following certifications: LEED® "Gold" and above together with 30% improvement above the levels in ASHRAE 90.1.¹⁴, BREEAM "Very Good" and above, HQETM "Excellent" and above, DGNB® "Gold" and above, or equivalent or higher level of other certification.

Apart from the technical criteria for the funded buildings, they shall not be located on protected natural areas such as Natura 2000 or UNESCO World Heritage and equivalent, unless supporting dedicated infrastructure such as visitor centres or technical facilities.

2. Renewable energy	Supported EU Environmental Objective	UN SDGs Alignment
	(1) climate change mitigation: (a) generating, storing or using renewable energy or climate-neutral energy (including carbon-neutral energy), including through using innovative technology with a potential for significant future savings or through necessary reinforcement of the grid;	

Renewable energy: defined as financing or refinancing for development, acquisition, maintenance and operations of renewable energy sources, understood as i.a. manufacturing of equipment/appliances, development, expansions and maintenance of infrastructure, technology and processes related to smartgrids, energy storage and district heating¹⁵, connection of renewable energy production units to the electricity grid, transportation through the network etc. Specific eligibility criteria comprise in particular energy generation and equipment manufacturing for:

- a. Onshore and offshore wind energy
- b. Solar energy, including photovoltaic
- c. Small scale hydro power (20MW and under) or refurbishment or refinancing of large scale hydro power


¹³ <https://www.mhipoteczny.pl/>

¹⁴ 6 year limit on bond tenor. Date of LEED certification must be within 5 years before bond issuance. Threshold is subject to change to comply with Climate Bonds Initiative’s criteria.

¹⁵ For DH projects limited to distribution, the share of renewables must be at least 50%, as per the Energy Efficiency Directive 2012/27/EU. For projects involving heat/cool generation, 100% generation has to come from renewable and/or industrial waste heat.




(20 MW and above, if lifecycle carbon carbon intensity is below 100gCO₂eq/kWh or a power density above 5W/m²) or run-of-river projects.

Each project shall be assessed from the perspective of its environmental and social impact as well as potential controversies.



3. Clean Transportation	<p>Supported EU Environmental Objective</p> <p>(1) climate change mitigation: (c) increasing clean or climate-neutral mobility</p>	<p>UN SDGs Alignment</p> 
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Clean transportation: defined as financing and refinancing of production, upgrades, maintenance and operation of low carbon vehicles and related infrastructure, such as and/or superior to:

- a. Zero-tailpipe (0g CO₂/km) emission vehicles, such as electrified, hydrogen or other low carbon passenger cars and trucks. Until 2025 vehicles with tailpipe emission intensity of max 50 g CO₂/km (WLTP - Worldwide Harmonized Light-Duty Vehicles Test Procedure) are eligible.
- b. Zero direct emissions public transport and freight rail transport (e.g. electrified or other low carbon) such as buses, trains, trams, subway. Public transport if direct emissions below 50gCO₂e/pkm (CO₂e emissions per passenger kilometre) may be eligible until 2025. Also until 2025 low-emission, excluding use of fossil fuels, heavy-duty vehicles with specific direct CO₂ emissions of less than 50% of the reference CO₂ emissions of all vehicles in the same subgroup may be eligible. Dedicated vehicles solely using advanced biofuels or renewable liquid and gaseous transport fuels of non-biological origin may be eligible upon further verification. For avoidance of doubt, rail dedicated to the transport of fossil fuels and its blends is not eligible;
- c. Transportation infrastructure upgrade, such as expansion of train/subway networks, projects improving capacity, improvement and upgrade of stations, projects related to electric transportation, including charging stations and electrified railways, infrastructure and equipment for active mobility (walking, cycling). Infrastructure dedicated to fossil or blended fuel transport is excluded.

4. Energy Efficiency	<p>Supported EU Environmental Objective</p> <p>(1) climate change mitigation: (b) improving energy efficiency</p>	<p>UN SDGs Alignment</p>   
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Energy Efficiency: defined as assets and projects that contribute to reduction of energy consumption and provide for better energy storage and transmission. These include smart grid investments for efficient energy distribution, including necessary appliances and products.

5. Waste Management	<p>Supported EU Environmental Objective</p> <p>(4) transition to a circular economy, waste prevention and recycling</p>	<p>UN SDGs Alignment</p>  
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Waste management: defined as facilities repairing and/or reusing products or components for same purpose for which they were conceived, facilities producing recycled glass, metal, paper, and plastic from post-consumer waste, facilities for segregating mixed recyclables into separate, saleable streams, e.g. material recovery facilities (MRFs). Funding of vehicles used within the waste facilities, used for collection and transfer of

waste are eligible when meeting criteria for clean transportation.

4. Process for project evaluation and selection

Sustainable Finance Committee

A dedicated Sustainable Finance Committee (“Committee”) has been established at the level of mBank Group issuing entity to ensure Eligible Assets evaluation and selection according to the provisions of this Framework. The coordination of this Framework’s consistent application shall also be ensured on a Group level by establishing a Group-wide Sustainable Finance Committee (“Group Committee”). The Committee of an issuing entity within mBank Group shall be reporting to the Group Committee, and/or keep its separate Eligible Assets Portfolio. In particular, given the organizational and regulatory environment, a separate Sustainable Finance Committee for mBank Hipoteczny (mBH SFC) was established at mBank Hipoteczny. Its tasks and responsibilities are described in the latter section Sustainable Finance Committee for mBank Hipoteczny.

The Committee is responsible for the content and implementation of this Framework, including Eligibility Criteria definition, selection of Eligible Assets Portfolio, management of proceeds, reporting and, where applicable, an external review. The Committee reviews assets eligibility and confirms allocation of proceeds in accordance with this Framework at least on an annual basis. The Committee ensures compliance of Green Bonds with best practices on its best effort basis and is responsible for constant monitoring of potential future changes in this area. The Committee is also responsible for addressing any remarks obtained from the Second Party Opinion Provider during the annual or other reviews.



The Group Committee shall consist of the representatives from each of the following departments and competence areas: Treasury, Financing & Product Development, Risk, Investor Relations and Communication and Marketing responsible for CSR. In addition, the Group Committee shall include representatives of the relevant areas for Eligible Assets categories and/or other experts from the various sectors of allocated assets, in particular representatives of mBH SFC. The Committee of an Issuing Entity consists of at least representatives of Treasury, Risk and Assets origination/management areas.

The Committee may rely and/or be supported in its process of eligible projects identification and evaluation, including assessment of non-financial impact, by external parties and their relevant data sources.

Sustainable Finance Committee for mBank Hipoteczny

Sustainable Finance Committee for mBank Hipoteczny is responsible for selection and management of Eligible Assets Portfolio in scope of portfolio of mBank Hipoteczny. The mBH SFC is responsible in particular for:

- a. formal acceptance of the Eligibility Criteria with regards to the assets managed by mBank Hipoteczny, meaning real estate assets;
- b. decision on adding/removing Eligible Assets booked in mBank Hipoteczny to/from Eligible Assets Portfolio subject to proceeds allocation, at least on an annual basis,
- c. monitoring and forecasting proceeds allocation;
- d. reporting to the Group Committee, including information on proceeds allocation and potential threats to the planned allocation in case of shortage of Eligible Assets;
- e. proposing changes of the Eligibility Criteria to the Committee, further submitted to the Group Committee.

Matters outside of scope of mBH SFC shall be ruled and managed by the Group Committee.

Selection Criteria

Selection of projects and assets is performed according to the Eligibility Criteria, outlined in the section 3. Use of proceeds. Only projects which comply with our credit process and our policies, in particular Sustainability Standards¹⁶, are subject to further analysis from the perspective of Eligibility Criteria. The proceeds from Green Bonds will be allocated taking into account the exclusionary criteria obeyed at mBank Group, enlisted in section 1. Our approach to sustainability. In case of projects with partial eligibility, the exact Eligible Assets amount for the applicable components shall be decided by the Sustainable Finance Committee.

mBank Group ensures that selected assets comply with our internal regulations, aiming for alignment with official domestic and international ESG standards, laws and regulations on a best effort basis. Bearing in mind that regulatory environment and best practices are continuously evolving, we strive to take latest developments into consideration during projects/assets selection and evaluation. For the avoidance of doubt, any amendments to the eligibility criteria will not apply to Green Bonds issued prior to the date of decision on change.

Selection process

Assets compliant with Eligibility Criteria are deemed Eligible Assets Portfolio by decision of Sustainable Finance Committee based on the internal reports presented to the Committee by the entities responsible for projects in their applicable areas. Internal evaluation shall provide for comprehensive information for the Committee to take decision on including assets into Eligible Assets Portfolio. In specific cases, when internal expertise may be not sufficient, assets evaluation and selection may be supported by an external expert review.

5. Management of proceeds

Green Bonds issued under this Framework will be managed by mBank Group in a portfolio approach ("Eligible Assets Portfolio"). Green Bonds' proceeds will be assigned to Eligible Assets Portfolio based on the Eligibility Criteria and in compliance with selection and evaluation process described in section 4. [Process for project evaluation and selection](#).

mBank Group aims to ensure allocation of the Green Bonds proceeds into Eligible Assets Portfolio to the extent matching or exceeding these proceeds. Assets will be added to/removed from the Eligible Assets Portfolio with decision of the Committee, based on the Eligibility Criteria. In case a loan/project terminates prior to the maturity of a Green Bond, it will automatically be removed from the Eligible Assets Portfolio. mBank Group will monitor the use of net proceeds from Green Bonds with use of 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.

The proceeds from the issuance of Green Bonds will be allocated to the Eligible Assets Portfolio within 24 months after the issuance.

Any net proceeds remaining unallocated to Eligible Assets Portfolio will be invested at mBank Group's discretion in line with Treasury guidelines, in cash and/or cash equivalent and/or short-term liquid instruments. In particular, 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 described under the legally binding Act of 29 August 1997 on Covered Bonds and Mortgage Banks. mBank Group intends not to use the unallocated proceeds to finance GHG intensive activities nor controversial activities.

¹⁶ <https://www.mbank.pl/pdf/CSR/mbank-sustainability-standards.pdf>

6. Reporting

mBank intends to provide reporting for mBank Group's Green Bonds under the mBank Group Green Bond Annual Report. The report shall comprise information concerning each Green Bond issue separately as well as summarized information concerning all outstanding green issuances by mBank Group. Apart from aggregated reporting on mBank Group level, mBank Hipoteczny will provide investors with separate Green Covered Bonds reporting with regards to its issues, governed by the same rules as Group aggregated reporting.



mBank Group will provide investors with information on the allocation of proceeds from Green Bonds and on the impact of the assigned assets on a portfolio level. Portfolio level disclosure results from confidentiality considerations and portfolio granularity. The first allocation report shall be disclosed after a year from the issuance of the applicable Green Bonds at the latest, whereas subsequent annual reports shall be published regularly at the determined time of the year. After full allocation, a Final Allocation Report shall be published, subject to verification, and publically available as long as there is a Green Bond outstanding.

The impact report will be published annually until full allocation of the proceeds during the Green Bonds duration, and updated in case of major changes in allocation. mBank Group intends to provide reporting on Green Bonds in accordance with the approach described in “Handbook – Harmonized Framework for Impact Reporting (June 2019)” or more up-to-date recommendations when applicable. We will strive to provide comprehensive data to the investors.

Both allocation report and impact report will be made available on mBank Group website.

Allocation reporting:

The allocation reporting shall include the following information:

- the notional amount and maturities of the outstanding Green Bonds Issues
- the total amount of proceeds allocated to eligible assets/projects, and, where possible and relevant, divided into categories (e.g. wind, solar or water energy under renewable energy financing), number and location. In case of projects where only a portion of financing is eligible, only the eligible financing amount of mBank Group will be reported
- year of allocation of the Green Bonds to Eligible Assets Portfolio (representing seasoning of the portfolio) and changes in the portfolio compared to the previous report (new Eligible Assets added to the Portfolio, removed assets due to repayment of underlying loans, projects' termination, non-eligibility decision and others)
- the balance of unallocated proceeds

Additionally, when appropriate and subject to confidentiality obligations, mBank Group may provide specific examples of eligible assets refinanced through the proceeds of the Green Bonds.

Impact Reporting:

The impact reporting shall include information on the environmental impact of the Eligible Assets Portfolio as per each category, subject to the availability of information. Applied methodology may be described if necessary.

Impact report shall comprise aggregated results including only pro-rated share as percentage of mBank Group's financing of the total projects' results. Where applicable and feasible, the report may be supplemented with an estimated lifetime results and/or project economic life.

In case a project can be attributed to various categories, e.g. both energy efficiency and renewable energy, mBank Group may choose on the category it assigns the assets at its own discretion with an explanation attached.

The following indicators represent examples of impact indicator's disclosure which may be applied by mBank Group on the category level:

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.

7. External review

Second Party Opinion

This mBank Group Green Bond Framework has been reviewed by Sustainalytics, who has issued a Second Party Opinion. Sustainalytics confirmed the alignment of this Framework with the four core components of the Green Bond Principles 2018.

The Second Party Opinion is available along with this Green Bond Framework on mBank's website:

<https://www.mbank.pl/en/investor-relations/> and on the website of mBank Hipoteczny:

<https://www.mhipoteczny.pl/en/investor-relations>

Verification

mBank Group may request an assessment / limited assurance report on allocation of the Green Bond proceeds to eligible assets by an external auditor.

Annual review

Over the lifetime of a Green Bond issued under this framework, mBank Group may commission Sustainalytics or any other party selected as a successor for Sustainalytics, to annually assess the issued Green Bonds' compliance with this Framework.

Certification

mBank Group may also request a first Climate Bonds Initiative (CBI) Post-Issuance Verification and/or annual Subsequent Climate Bonds Initiative (CBI) Post-Issuance Verification.