

# Second-Party Opinion

## Bankinter Green Bond Framework



### Evaluation Summary

Sustainalytics is of the opinion that the Bankinter Green Bond Framework is credible and impactful and 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 are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments into renewable energy and green buildings will lead to positive environmental impacts and advance the UN Sustainable Development Goals 7 and 11.



**PROJECT EVALUATION / SELECTION** Bankinter's internal process in evaluating and selecting projects is managed by a Green Bond Committee. Projects will be pre-selected by the Investment Banking Department and Commercial Department and presented to the Green Bond Committee who evaluates the projects against eligibility criteria and makes the final decision. The Committee will meet at least twice a year to review project eligibility. Sustainalytics views this process as aligned with market practice.



**MANAGEMENT OF PROCEEDS** Bankinter's processes for management of proceeds is handled by the Green Bond Committee. Loans will be tracked by the committee and a register will be managed by the Treasury Department. Unallocated proceeds will be invested in green bonds of European issuers that are in line with the Bank's investment guidelines. Sustainalytics views this process as aligned with market practice and positively highlights the temporary allocation of unallocated proceeds into green bonds.



**REPORTING** Bankinter intends to report allocation proceeds on its Corporate website on an annual basis until full allocation. In addition, Bankinter is committed to reporting on relevant impact metrics. Sustainalytics views Bankinter's allocation and impact reporting as aligned with market practice.

<b>Evaluation date</b>	November 19, 2019
<b>Issuer Location</b>	Madrid, Spain

### Report Sections

Introduction.....	2
Sustainalytics' Opinion .....	3
Appendices .....	7

### For inquiries, contact the Sustainable Finance Solutions project team:

**Evan Bruner (Amsterdam)**  
Project Manager  
evan.bruner@sustainalytics.com  
(+31) 20 205 0027

**Charles Cassaz (Amsterdam)**  
Project Support  
charles.cassaz@sustainalytics.com  
(+31) 20 205 02 09

**Jean-Claude Berthelot (Amsterdam)**  
Client Relations  
susfinance.emea@sustainalytics.com  
+44 20 3880 0193

## Introduction

Headquartered in Madrid, Bankinter (the “Bank”) provides retail and corporate banking services and financial services throughout Spain. The Bank offers mortgage loans, pension funds, life insurance, lease financing, credit cards, mutual funds, online stock brokerage, private banking and Internet banking services

Bankinter has developed the Bankinter Green Bond Framework (the “Framework”) under which it intends to issue multiple green bond(s) and use the proceeds to finance and/or refinance, in whole or in part, loans to existing and/or future green building and renewable energy projects. The Framework defines eligibility criteria in the following areas:

1. Renewable Energy
2. Green Buildings

Bankinter engaged Sustainalytics to review the Bankinter Green Bond Framework dated November 2019 and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).<sup>1</sup> This Framework has been published in a separate document.<sup>2</sup>

As part of this engagement, Sustainalytics held conversations with various members of Bankinter’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 Bankinter’s Green Bond Framework. Sustainalytics also reviewed relevant public documents and non-public information.

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

---

<sup>1</sup> 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/>

<sup>2</sup> The Bankinter Green Bond Framework is available on Bankinter’s website at: <https://webcorporativa.bankinter.com/www2/corporativa/es/sostenibilidad/informe>

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Bankinter Green Bond Framework

#### Summary

Sustainalytics is of the opinion that the Bankinter Green Bond Framework is credible and impactful and aligns with the four core components of the GBP 2018. Sustainalytics highlights the following elements of Bankinter's Green Bond Framework:

- Use of Proceeds:
  - The use of proceeds categories of the Bankinter Green Bond Framework (i) renewable energy and (ii) green buildings are aligned with the those recognized by the Green Bond Principles. The proceeds will be used to finance and/or refinance eligible wind power and solar photovoltaic projects as well as green building related projects. Sustainalytics views these projects as contributing towards a low-carbon economy and finds them to be credible and impactful.
  - Regarding financing for green buildings, for the acquisition of buildings that have been built after December 2018, the building must have an Energy Performance Certificate (EPC) label of A. For buildings built prior to 2018, buildings may have an EPC label of A – C, Bankinter has provided evidence to Sustainalytics that these buildings fall within the top 15% of building stock, which is aligned with market practice.
  - Bankinter has established a lookback period of up three-years for the refinancing of projects.
- Project Evaluation and Selection:
  - The project evaluation and selection process is managed by the Green Bond Committee (the "Committee"), which is comprised of the Head of Funding & ALM, the Head of Sustainability, the Head of Project Finance, Head of Funding, Head of Investor Relations, Head of Product Department, Head of Risk Department and a member of the Treasury Coordination Desk. The Investment Banking Department and Commercial Department will pre-select and present potential eligible loans to the Committee, which is then ultimately responsible for evaluating the alignment against the eligibility criteria and determining asset eligibility. This process is overseen by the Sustainability Committee, which is headed by the Chairman of Bankinter. Sustainalytics positively highlights the broad representation of different departments in the Committee and views this process as robust and aligned with market practice.
- Management of Proceeds:
  - The Committee is responsible for the management of proceeds. Proceeds will be managed on a portfolio basis and loans will be tracked via a register managed by the Treasury team. Bankinter will strive to ensure that the value of portfolio assets match/exceed the total value of the bond. Unallocated funds will be invested in green bonds of European issuers that are in line with the bank investment guidelines. Sustainalytics positively highlights the temporary investment of unallocated proceeds in other green bonds and views this process as aligned with market practice.
- Reporting:
  - On an annual basis, until full allocation, Bankinter will provide allocation and impact reporting on its Corporate website. Regarding allocation of proceeds, Bankinter will disclose the total outstanding amount of green bonds, the total allocation of green bond proceeds to green loan categories, the share of financing vs refinancing, performance reporting on the positive environmental impact attributed to Bankinter's share of financing and, where possible additional information on green projects. Additionally, Bankinter will report on relevant key performance indicators, including total renewable energy generation (MWh/yr), installed renewable energy capacity (MW), GHG savings (tonnes CO<sub>2</sub>-e/yr), EPC label information and reduction in energy use (MWh/yr). The Bank may hire an external auditor to verify allocation reporting. Sustainalytics views this process as aligned with market practice.

## Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Bankinter's Green Bond Framework aligns to the four core components of the GBP 2018. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

## Section 2: Sustainability Performance of the Issuer

### Contribution of framework to Bankinter's sustainability strategy

Bankinter established a Sustainability Policy in January 2016, which is based on a strategic plan for 2016 – 2020 called "Three in a row".<sup>3</sup> The plan is based on three dimensions: economic, social and environmental, and aims to address challenges related to production model changes (economic), demographic changes (social) and climate change (environmental). The activities financed by this framework will contribute to the economic and environmental dimensions. For example, regarding the economic dimension, Bankinter has incorporated environmental criteria in its investment and financing policies and considers the promotion of clean energy sources, specifically photovoltaic and wind power, as a key objective; in 2018, Bankinter financed nine renewable energy projects under these principles in Spain.<sup>4</sup>

The Bank also offers a wide range of sustainable finance products, including the Bankinter Sustainability Fund, which invests in equities that are on the main social and environmental responsibility indices; Bankinter also has a dedicated Energy Efficiency and Environment Fund to invest in green projects, including electricity storage, renewable energies and water and waste management and a range of other sustainable finance products.<sup>5</sup>

In relation to the environmental dimension, the Bank's Environmental policy is broadly aimed at enhancing the positive impacts and minimizing the negative effects of its activity on the environment. This includes monitoring the impacts generated by the Bank's activities, both direct and indirect. Sustainalytics notes that the Bank has not established any time-bound quantitative targets related to its sustainable financing activities, which is encouraged. However, Sustainalytics is of the opinion that the Bank has a robust sustainability strategy and the activities financed under this Framework will contribute to that strategy.

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

Sustainalytics notes the overall importance of the activities that will be financed under this Framework and their contribution towards sustainability. However, the development of large-scale renewable energy or buildings projects can lead to potential environmental and social risks, such as land use change, worker health and safety and related biodiversity risk.

Bankinter is not directly responsible for the environmental and social risks associated with the projects financed under the framework. However, through its Risk Management and Control Framework, the Bank has defined Investment Sustainability Principles based on a wide range of recommendations including The United Nations Global Compact, to which the Bank has adhered since 2008. Bankinter is committed to ensure that direct and indirect environmental impacts of its activities are identified, measured and controlled.<sup>4</sup> Bankinter's financing and lending decisions include environmental and social criteria. However, Sustainalytics notes that it is not entirely clear what environmental and social criteria are considered during the investment decision-making process. Nevertheless, Bankinter has implemented an exclusion policy,<sup>6</sup> including specific activities from controversial sectors, such as the Extractive Sector's activities located in areas considered by UNESCO to be World Heritage sites or wetlands included in the Ramsar list. In addition, Bankinter adheres to the Equator Principles, an internationally recognized risk management framework, which intends to provide a minimum standard for due diligence.

Moreover, Bankinter has implemented an Environmental Management System ("EMS"), certified by the ISO 14001 standards, covering 45% of its workforce in Portugal and 42% in Spain.<sup>4</sup> The EMS also covers

<sup>3</sup> Bankinter, "Sustainability Plan", (2019), at: <https://webcorporativa.bankinter.com/www2/corporativa/en/sostenibilidad/informe>

<sup>4</sup> Bankinter, "Annual Report", (2018), at:

[https://webcorporativa.bankinter.com/www2/corporativa/en/inf\\_financiera\\_cnvm/informacion\\_financiera/memoria/2018](https://webcorporativa.bankinter.com/www2/corporativa/en/inf_financiera_cnvm/informacion_financiera/memoria/2018)

<sup>5</sup> Bankinter, "Socially responsible investing", (2019), at:

[https://webcorporativa.bankinter.com/www2/corporativa/en/sostenibilidad/eje\\_economico/principios\\_ecuador](https://webcorporativa.bankinter.com/www2/corporativa/en/sostenibilidad/eje_economico/principios_ecuador)

<sup>6</sup> Bankinter, "Principles and policies related to the sustainability of investment", (2019), at:

[https://webcorporativa.bankinter.com/stf/web\\_corporativa/responsabilidad\\_corporativa/politicas/principles\\_related\\_to\\_the\\_sustainability\\_of\\_investment.pdf](https://webcorporativa.bankinter.com/stf/web_corporativa/responsabilidad_corporativa/politicas/principles_related_to_the_sustainability_of_investment.pdf)

Bankinter's suppliers and subcontractors and includes environmental clauses and certification criteria for projects. Based on these policies, standards and assessments, Sustainalytics is of the opinion that Bankinter 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 two use of proceeds categories are recognized as impactful by GBP. Sustainalytics has focused below on where the impact is specifically relevant in local context.

#### The importance of renewable energy in Spain

The EU and its Member States (i.e. including Spain) have committed to a binding target through their Intended Nationally Determined Contribution ("INDC") of at least a 40% domestic reduction in GHG emissions by 2030 compared to 1990 level,<sup>7</sup> as well as increasing the proportion of renewables in gross final energy use to 32% by 2030.<sup>8</sup> Accordingly, Spain aims to reduce its GHG emissions by 20% by 2030,<sup>9</sup> compared to 1990, and is also committed to raise the proportion of renewables in the gross final energy use to 42%.<sup>9</sup> Knowing that the electricity sector is the second largest carbon emitter in Spain after mobility in transport, accounting for 22% of Spain's GHG emissions in 2015 (i.e. 74.051 MtCO<sub>2</sub>-eq), Bankinter's use of proceeds in renewable energy investments will help Spain in reaching its clean energy and GHG emissions reduction targets.

Spain's electricity production is still dominated by fossil-fuels. In 2018, fossil-fuels accounted for 39% of overall electricity generation, while renewables made up 32% (hydro included).<sup>10</sup> However, 46.7% of the installed capacity in the country is renewable,<sup>10</sup> highlighting the progress that has been made. The Spanish Integrated National Energy and Climate Plan ("PNIEC") aims at increasing the proportion of renewables in the electricity production to 74% in 2030, in accordance with 2050's target of 100% (i.e. carbon neutrality of electricity production).<sup>9</sup> Therefore, the PNIEC expects to cut emissions from electricity production down by 44 MtCO<sub>2</sub>-eq from 2015 to 2030.<sup>9</sup>

As such, Bankinter investments in renewable energy is viewed by Sustainalytics as impactful. Proceeds will contribute to the decarbonization of electricity production and the reduction of fossil-fuels in the gross final energy use in Spain and in the EU.

#### The impact of green buildings in Spain

Building stock accounts for 40% of final energy consumption<sup>11</sup> and 36% of the GHG emissions in the EU.<sup>12</sup> In Spain, the building sector accounted for 31% of gross final energy use in 2015.<sup>13</sup> As such, greening the building sector is an important part of the energy transition. The EU has therefore put in place several guidelines, including the Energy Performance of Buildings Directive (EPBD)<sup>14</sup> and the Energy Efficiency Directive (EED),<sup>15</sup> based on which substantial progress has been achieved, including an average annual reduction of 1.5% for household energy consumption per dwelling since 2000.<sup>16</sup> Yet, around 35% of the EU's buildings are over 50

<sup>7</sup> United Nations Framework Convention on Climate Change (UNFCCC), "Intended Nationally Determined Contribution of the EU and its Member States", (2015), at: <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Austria%20First/LV-03-06-EU%20INDC.pdf>

<sup>8</sup> EUR-Lex, « Directive (EU) 2018/2001 », at: <https://eur-lex.europa.eu/eli/dir/2018/2001/oj>

<sup>9</sup> Instituto para la Diversificación y ahorro de la Energía, « Plan Nacional Integrado de Energía y Clima (PNIEC) 2021-2030 », (2019), at: [https://www.miteco.gob.es/es/cambio-climatico/participacion-publica/documentoresumendelborradorplannacionalintegradoeenergíayclima2021-2030\\_tcm30-487345.pdf](https://www.miteco.gob.es/es/cambio-climatico/participacion-publica/documentoresumendelborradorplannacionalintegradoeenergíayclima2021-2030_tcm30-487345.pdf)

<sup>10</sup> Red Eléctrica de España, « Informe del Sistema Eléctrico Español 2018 », (2019), at: <https://www.ree.es/es/datos/publicaciones/informe-anual-sistema/informe-del-sistema-electrico-espanol-2018>

<sup>11</sup> Bruhin, A., et al., (2018), "High energy performing buildings: Support for innovation and market uptake under Horizon 2020 energy efficiency", European Commission, at: <https://op.europa.eu/en/publication-detail/-/publication/d8e3702d-c782-11e8-9424-01aa75ed71a1/language-en/format-PDF/source-77709912>

<sup>12</sup> EUR-Lex, "Directive (UE) 2018/844 », (2018), at: <https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=CELEX%3A32018L0844>

<sup>13</sup> Ministerio de Fomento, "Actualización de la estrategia a largo plazo para la rehabilitación energética en el sector de la edificación en España", (2017), at: [https://www.fomento.gob.es/recursos\\_mfom/pdf/24003A4D-449E-4B93-8CA5-7217CFC61802/143398/20170524REVISIONESTRATEGIA.pdf](https://www.fomento.gob.es/recursos_mfom/pdf/24003A4D-449E-4B93-8CA5-7217CFC61802/143398/20170524REVISIONESTRATEGIA.pdf)

<sup>14</sup> European Commission, "Energy Performance of Buildings Directive (2010/31/EU)", at: <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings/energy-performance-buildings-directive>

<sup>15</sup> European Commission, "Energy Efficiency Directive (2012/27/EU)", at: <https://ec.europa.eu/energy/en/topics/energy-efficiency/targets-directive-and-rules/energy-efficiency-directive>

<sup>16</sup> Odyssee-Mure, "Energy Efficiency Trends and Policies in the Household and Tertiary Sectors", (2015), at: <https://www.odyssee-mure.eu/publications/br/energy-efficiency-in-buildings.html>

years old and almost 75% of the building stock is energy inefficient.<sup>17</sup> In Spain, 58% of the building stock was built before the first regulation was implemented,<sup>18</sup> introducing minimum criteria in energy efficiency.

Moreover, 55% of the Spanish building stock is anterior at 1980 and 21% is more than 50 years old, underlining the need for refurbishment. In fact, at the EU level only 0.4-1.2% of the building stock is renovated each year.<sup>19</sup> Renovation of existing building is therefore key to achieve energy savings: at the EU scale, it could lower the overall energy consumption by 5-6% and reduce CO2 emissions by approximately 5%.<sup>17</sup> In addition, retrofitting of the EU building stocks could lead to 33% energy saving.<sup>20</sup>

As such, the investment of part of the proceeds in the development of green buildings and in the renovation of residential, public and commercial buildings will help the EU and Spain to reduce the overall energy consumption and GHG emissions of the building sector and help achieve national climate targets.

### 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
Renewable Energy	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Green Buildings	11. Sustainable Cities and Communities	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

### Conclusion

Bankinter has developed a Green Bond Framework, under which it intends to issue multiple green bonds. The use of proceeds will finance loans for the acquisition and development of low-carbon buildings, renovation and refurbishment of buildings and renewable energy projects including wind and solar.

The use of proceeds categories specified in the Framework are aligned with Green Bond Principles 2018. Furthermore, the Bankinter 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. Bankinter's Green Bond Framework will contribute to the Bank's sustainability strategy by increasing the volume of sustainable assets that the Bank has invested into, specifically renewable energy and green building projects. In addition to contributing to the Bank's sustainability strategy, these projects will further contribute to Spain's national climate targets as well as the UN SDGs 7 and 11, as shown above.

Based on this, Sustainalytics is of the opinion that Bankinter is well-positioned to issue green bonds and the Bankinter Green Bond Framework is credible, impactful and aligned with the GBP 2018.

<sup>17</sup> European Commission, "Energy performance of buildings", (2019) at: <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings/overview>

<sup>18</sup> The building standard NBE-CT-79 on thermal conditions of buildings.

<sup>19</sup> European Commission, "Energy performance of buildings", (October 2019) at: <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings/overview>

<sup>20</sup> Berardi, U., (2015), "Building Energy Consumption in US, EU, and BRIC Countries", Procedia Engineering, at: <https://www.sciencedirect.com/science/article/pii/S1877705815020664>

## Appendices

### Appendix 1: Green Bond / Green Bond Programme - External Review Form Section 1. Basic Information

Issuer name:	Bankinter
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	Bankinter Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	19 November 2019
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

### Section 2. Review overview

#### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize 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 <sup>nd</sup> 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 are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments into renewable energy and green buildings will lead to positive environmental impacts and advance the UN Sustainable Development Goals 7 and 11.

#### Use of proceeds categories as per GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy   | <input type="checkbox"/> Energy efficiency   |
| <input 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 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)*:

Bankinter's internal process in evaluating and selecting projects is managed by a Green Bond Committee. Projects will be pre-selected by the Investment Banking Department and Commercial Department and presented to the Green Bond Committee who evaluates the projects against eligibility criteria and makes the final decision. The Committee will meet at least twice a year to review project eligibility. Sustainalytics views this process is aligned 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 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)*:

Bankinter's processes for management of proceeds is handled by the Green Bond Committee. Loans will be tracked by the committee and a register will be managed by the Treasury Department. Unallocated proceeds will be invested green bonds of European issuers that are in line with the Bank's investment guidelines. Sustainalytics views this process as aligned with market practice and positively highlights the temporary allocation of unallocated proceeds into green bonds.

#### 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)*:

Bankinter intends to report allocation proceeds on its Corporate website on an annual basis until full allocation. In addition, Bankinter is committed to reporting on relevant impact metrics. Sustainalytics views Bankinter'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): Total installed renewable energy capacity, renewable energy generation
**Means of Disclosure**
☐ Information published in financial report

☒ Information published in sustainability report

☐ Information published in ad hoc documents

☐ Other (please specify):

☐ 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.)

<https://webcorporativa.bankinter.com/www2/corporativa/en/sostenibilidad/informe>

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

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

**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 recognized 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 specialized 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.

## Disclaimer

© Sustainalytics 2019. All rights reserved.

The intellectual property rights to the information contained herein is vested exclusively in Sustainalytics. No part of this deliverable may be reproduced, disseminated, comingled, used to create derivative works, furnished in any manner, made available to third parties or published, parts hereof or the information contained herein in any form or in any manner, be it electronically, mechanically, through photocopies or recordings without the express written consent of Sustainalytics.

As the information herein is based on information made available by the issuer, the information is provided “as is” and, therefore Sustainalytics does not warrant that the information presented in this deliverable is complete, accurate or up to date, nor assumes any responsibility for errors or omissions and Sustainalytics will not accept any form of liability for the substance of the deliverable and/or any liability for damage arising from the use of this deliverable and/or the information provided in it. Any reference to third party names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner.

Nothing contained in this deliverable shall be construed as to make a representation or warranty on the part of Sustainalytics, express or implied, regarding the advisability to invest in companies, selection of projects or make any kind of business transactions. It shall not be construed as an investment advice (as defined in the applicable jurisdiction), nor be interpreted and construed as an assessment of the issuer’s economic performance, financial obligations nor its creditworthiness.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

## Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider". The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

Or contact us [info@sustainalytics.com](mailto:info@sustainalytics.com)

