



# mBank S.A. Group

## POST-ISSUANCE VERIFICATION LETTER

### LOW CARBON BUILDINGS, WIND ENERGY AND SOLAR ENERGY CRITERIA OF THE CLIMATE BONDS STANDARD

**Type of engagement:** Assurance Engagement

**Period engagement was carried out:** August 2024

**Approved verifier:** Sustainalytics

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### Scope and Objectives

In September 2023, mBank S.A. Group ("mBank") issued green bond series 12<sup>1</sup> (the "Green Bond") under the mBank S.A. Group Green Bond Framework<sup>2</sup> to finance and refinance residential buildings and renewable energy projects aimed at improving the sustainability performance of its real estate and renewable energy portfolios in Poland. In August 2024, mBank engaged Sustainalytics to review the projects financed through the Green Bond between September 2023 and July 2024 (the "Nominated Projects"), and provide an assessment as to whether the Nominated Projects meet the Post-Issuance Requirements of the Climate Bonds Standard Version 3.0.<sup>3</sup>

The Nominated Projects include:

- Low Carbon Buildings
  - Single-family houses
  - Multi-family houses
- Renewable Energy
  - Solar photovoltaics
  - Wind farms

Schedule 1 provides details of the Nominated Projects and disbursement of proceeds.

### Post-Issuance Evaluation Criteria

Post-issuance Requirements of the Climate Bonds Standard Version 3.0:

- Use of Proceeds
- Evaluation and Selection of Projects, including conformance with the relevant Sector Criteria
  - Low Carbon Buildings

<sup>1</sup> mBank S.A. Group green bond series 12 (ISIN XS2680046021), at: <https://www.mbank.pl/en/investor-relations/ratings-debt-instruments/green-bonds/>

<sup>2</sup> mBank S.A. Group Green Bond Framework (February 2022), at: <https://www.mbank.pl/en/investor-relations/ratings-debt-instruments/green-bonds/>

<sup>3</sup> Climate Bonds Initiative, Climate Bonds Standard Version 3.0, at: <https://www.climatebonds.net/files/files/climate-bonds-standard-v3-20191210.pdf>

- Residential Buildings<sup>4</sup>
- Renewable Energy
  - Wind Energy<sup>5</sup>
  - Solar Energy (Solar Photovoltaic)<sup>6</sup>
- Management of Proceeds
- Reporting

### **Issuing Entity's Responsibility**

mBank is responsible for providing accurate information and documentation relating to the details of projects, including description, total development cost of each project and disbursed amounts.

### **Independence and Quality Control**

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of mBank's Green Bond to provide an independent opinion on its conformance with the Post-Issuance Requirements of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by mBank with respect to the Nominated Projects. Sustainalytics is not responsible nor shall be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by mBank.

Sustainalytics makes all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over this assessment.

### **Verifier's Responsibility**

Sustainalytics conducted the verification in accordance with the Climate Bonds Standard Version 3.0 and with International Standard on Assurance Engagements 3000 (ISAE 3000).

The work undertaken as part of this engagement included conversations with relevant mBank employees and review of relevant documentation to assess conformance of mBank's Green Bond with the Post-Issuance Requirements of the Climate Bonds Standard Version 3.0.

### **Exceptions**

No exceptions were identified. All projects meet the Post-Issuance Requirements of the Climate Bonds Standard Version 3.0 and the Low Carbon Buildings, Wind Energy and Solar Energy criteria.

### **Conclusion**

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the allocation of EUR 750 million net proceeds from mBank's Green Bond is not in conformance with the Post-Issuance Requirements of the Climate Bonds Standard 3.0.

<sup>4</sup> Climate Bonds Standard, Low-Carbon Buildings Criteria under the Climate Standard, at:  
<https://www.climatebonds.net/files/files/Residential%20Proxy%20Poland%281%29.pdf>

<sup>5</sup> Climate Bonds Standard, Wind Energy Criteria under the Climate Standard, at:  
<https://www.climatebonds.net/files/files/standards/Wind/Sector%20Criteria%20-%20Wind%20Energy%20%28April%202023%29.pdf>

<sup>6</sup> Climate Bonds Standard, Solar Energy Criteria under the Climate Standard. See more, at:  
<https://www.climatebonds.net/files/files/standards/Solar/Sector%20Criteria%20-%20Solar%20%28April%202023%29.pdf>

## Schedule 1: Overview of Nominated Projects

In September 2023, mBank raised EUR 750 million under the Green Bond issuance. Of this, 75% (EUR 562.5 million) was allocated to refinancing existing projects and 25% (EUR 187.5 million) to financing new projects.

**Table 1. Details of Nominated Projects and allocation of proceeds**

Project Category	Project Type	Number of Loans	Committed Amount (PLN million) <sup>7</sup>	Committed Amount (EUR million) <sup>8</sup>
Residential Buildings	Multi-family house	2,784	1,273.83	295.20
	Single-family house	2,523	1,292.00	299.73
	<b>Total</b>	<b>5,307</b>	<b>2,565.83</b>	<b>594.93</b>
Renewable Energy	Wind Farm	7	345.11	80.02
	Solar Photovoltaic	13	474.75	110.07
	<b>Total</b>	<b>20</b>	<b>819.86</b>	<b>190.09</b>
<b>Total Amount Allocated (EUR million)</b>				<b>785.02<sup>9</sup></b>

<sup>7</sup> Polish zloty (PLN) is the official currency of Poland.

<sup>8</sup> EUR/PLN exchange rate of 4.3130 as of 28 June 2024, is used for calculating the committed amount.

<sup>9</sup> Sustainalytics notes that the committed amount (EUR 785.02 million) exceeds the amount raised under the Green Bond (EUR 750 million). mBank has communicated to Sustainalytics that the excess allocation amount (EUR 35.02 million) is from off-balance sheet assets that is yet to be disbursed as of June 28, 2024, and is expected to be covered by loan repayments.

## Schedule 2A: Post-Issuance Requirements of the Climate Bonds Standard

Use of Proceeds	<p>5.1 The Net Proceeds of the Bond shall be allocated to the Nominated Projects &amp; Assets.</p> <p>5.2 All nominated Projects &amp; Assets shall meet the documented objectives of the Bond as stated under Clause 6.1.1 and shall be in conformance with the requirements of Part C of the Climate Bonds Standard.</p> <p>5.3 The Issuer shall allocate the Net Proceeds to Nominated Projects &amp; Assets within 24 months of issuance of the Bond, or the Issuer shall disclose in post-issuance reporting as per clause 8.3 the estimated timeline for allocation of net proceeds to Nominated Projects &amp; Assets. Net proceeds may be reallocated to other Nominated Projects &amp; Assets at any time while the Bond remains outstanding.</p> <p>5.4 Nominated Projects &amp; Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated by the Issuer that:</p> <ul style="list-style-type: none"><li>5.4.1. distinct portions of the Nominated Projects &amp; Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments or;</li><li>5.4.2. the existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.</li></ul> <p>5.5 Where a proportion of the Net Proceeds of the Bond are used for refinancing, the Issuer shall track the share of the Net Proceeds used for financing and refinancing and identify which Nominated Projects &amp; Assets may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects &amp; Assets.</p> <p>5.6 The Net Proceeds of the Bond shall be tracked by the Issuer following a formal internal process which is documented in accordance with Clause 3.1.</p> <p>5.7 The Net Proceeds of the Bond shall be no greater than the Issuer's total investment exposure or debt obligation to the Nominated Projects &amp; Assets, or the relevant proportion of the total Market Value of the Nominated Projects &amp; Assets which are owned or financed by the Issuer.</p> <p>5.8 Additional Nominated Project &amp; Assets may be added to, or used to substitute or replenish, the portfolio of Nominated Project &amp; Assets as long as the additional Nominated Project &amp; Assets are eligible under Part C of the Climate Bonds Standard and are consistent with the Bond's objective as set out in Clause 6.1.1.</p> <ul style="list-style-type: none"><li>5.8.1. Where additional Nominated Projects &amp; Assets are covered by Sector Eligibility Criteria which were not included in the scope of either the Pre-Issuance Verification or the Post-Issuance Verification engagements, the Issuer shall engage a Verifier to provide a Verifier's Report covering at least the conformance of the additional Nominated Projects &amp; Assets with the relevant Sector Eligibility Criteria under Part C of the Climate Bonds Standard.</li></ul>
Process for Evaluation and Selection of Projects & Assets	<p>6.1 The Issuer shall document and maintain a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects &amp; Assets. This includes, without limitation:</p> <ul style="list-style-type: none"><li>6.1.1. A statement on the climate-related objectives of the Bond;</li><li>6.1.2. How the climate-related objectives of the Bond are positioned within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability;</li><li>6.1.3. The Issuer's rationale for issuing the Bond;</li><li>6.1.4. A process to determine whether the Nominated Projects &amp; Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard;</li></ul>

	6.1.5. Other information provided by the Issuer as described in Clause 2.2
Management of Proceeds	<p>7.1 The Net Proceeds of the Bond shall be credited to a sub account, moved to a sub-portfolio or otherwise identified by the Issuer in an appropriate manner, and documented.</p> <p>7.2 The Issuer of the Bond shall maintain the earmarking process to manage and account for allocation of Net Proceeds to the Nominated Projects &amp; Assets as described in Clause 3.1.3</p> <p>7.3 While the Bond remains outstanding, the balance of the tracked Net Proceeds shall be reduced by amounts allocated to Nominated Projects &amp; Assets. Pending such allocations to Nominated Projects &amp; Assets, the balance of unallocated Net Proceeds shall be:</p> <p>7.3.1. Held in temporary investment instruments that are cash, or cash equivalent instruments, within a Treasury function; or</p> <p>7.3.2. Held in temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or</p> <p>7.3.3. Applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Nominated Projects &amp; Assets.</p>
Reporting – Post-issuance	<p>8.1 The Issuer shall prepare an Update Report at least annually while the Bond remains outstanding.</p> <p>8.1.2. The Update Report shall be made available to holders of the Bond and to the Climate Bonds Standard Board.</p> <p>8.1.3. The Issuer should provide an Update Report to holders of the Bond on a timely basis in case of material developments.</p>

## Schedule 2B: Conformance to the Post-Issuance Requirements of the Climate Bonds Standard

Evaluation Criteria	Factual Findings	Error or Exceptions Identified
Use of Proceeds	<p>5.1 A list of Nominated Projects is provided in Schedule 1.</p> <p>5.2 The Nominated Project meets the documented objectives of the finance and are in conformance with the requirements of Part C of the Climate Bonds Standard.</p> <p>5.3 The Net Proceeds have been allocated to Nominated Projects within 24 months of issuance of the bond.</p> <p>5.4 mBank confirms that the Nominated Projects have not been nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds).</p> <p>5.5 mBank confirms that it has tracked the share of the Net Proceeds used for financing and refinancing.</p> <p>5.6 mBank's Green Bond Framework documents that the Net Proceeds are tracked following a formal internal process.</p> <p>5.7 mBank has confirmed that the Net Proceeds raised are no greater than the total investment exposure or debt obligation to the Nominated Projects &amp; Assets which are owned or financed by the Issuer.</p> <p>5.8 N/A</p> <p>5.9 N/A</p>	None
Process for Evaluation and Selection of Projects & Assets	<p>6.1 mBank's Green Bond Framework documents a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects. This includes, without limitation:</p> <p>6.1.1 A statement on the climate-related objectives of the green bond;</p> <p>6.1.2 How the climate-related objectives of the green bond are positioned within the context of the mBank's overarching objectives, strategy, policy and/or processes relating to environmental sustainability;</p> <p>6.1.3 mBank's rationale for issuing the green bond;</p> <p>6.1.4 A process to determine whether the Nominated Project meet the eligibility requirements specified in the Climate Bonds Standard;</p> <p>6.1.5 Other information provided by mBank as described in Clause 2.2</p>	None

Management of Proceeds	<p>7.1 mBank's confirmation that the Net Proceeds of the bond were credited to a sub account, moved to a sub-portfolio or otherwise identified by mBank in an appropriate manner, and documented.</p> <p>7.2 mBank confirmed that it maintained an earmarking process to manage and account for allocation of Net Proceeds to the Nominated Projects</p> <p>7.3 mBank has confirmed that while the financing remained outstanding, the balance of the tracked Net Proceeds were reduced by amounts allocated to Nominated Projects. Pending allocation, the Net Proceeds were invested in its liquidity portfolio in money market instruments.</p>	None
Reporting – Post-issuance	<p>8.1. mBank is committed to preparing an Update Report at least annually while the financing remains outstanding.</p> <p>8.1.2 The Update Report will be made available to the lenders and to the Climate Bonds Standard Board.</p> <p>8.1.3 mBank will provide an Update Report to the lenders on a timely basis in case of material developments</p>	None

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