

# Impact Report for Bonds and Loans

## ČSOB Sustainable Finance Framework

### Impact Summary

**Evaluation Date** June 17, 2024

**Issuer Location** Prague, Czech Republic

Sustainalytics has calculated the estimated impact achieved by the green bonds issued by Československá obchodní banka's in May, September and November 2023. Since issuance, CZK 2 billion have been allocated in the category of Green Buildings. The projects are located in the Czech Republic. For a representative year of the bond's term to maturity, Sustainalytics has calculated 1,473 tonnes of avoided GHG emissions in CO<sub>2</sub>e.



**2B**  
Allocated amount, CZK

**1.5K**  
Annual emissions avoided (tCO<sub>2</sub>e)

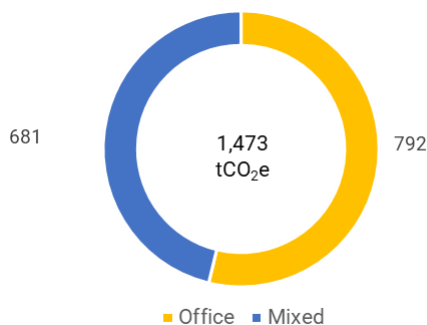
**3**  
Projects

**320**  
Cars driven for one year

**1**  
Country

**97K**  
Trees, yearly sequestration

### Avoided GHG emissions by Use of Proceeds and Location of Projects by Country



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## Introduction

Československá obchodní banka (“ČSOB” or the “Bank”) is a commercial bank headquartered in Prague, the Czech Republic. The Bank is a member of ČSOB Group, one of the largest financial services groups in the Czech Republic and provides daily banking, home financing, building savings, company and affluent client banking, investments, financial markets operations, brokerage, leasing and other services. ČSOB is a subsidiary of KBC Group NV, (“KBC” or the “Group”), a Belgian banking and insurance group founded in 1998. The Bank has 8,035 employees and 4.3 million clients as of December 2023.<sup>1</sup>

ČSOB engaged Sustainalytics in May 2024 to quantify the environmental benefits of the projects financed with the proceeds from ČSOB’s green bonds, which finances Green Building<sup>2</sup> projects. This report covers the allocation of CZK 2 billion raised during the 2023 issuances. Using established methodologies, Sustainalytics has estimated avoided emissions from ČSOB’s projects. This report presents the details of our findings, including a description of the methodology used to calculate the impacts.

## Scope of Work and Limitations

ČSOB has engaged Sustainalytics to calculate the environmental impacts of the projects financed with proceeds from the 2023 Green Bonds. For this work, Sustainalytics relied on the data provided by ČSOB on the allocated amount and the technical data on the projects financed.

Sustainalytics’ impact reporting is aligned with ICMA’s June 2023 Harmonised Framework for Impact Reporting.<sup>3</sup> The methodology and assumptions made for the impact calculation are outlined in the methodology chapter.

As part of this engagement, Sustainalytics exchanged information with ČSOB’s representatives to understand the sustainability impact of its projects. Through these exchanges, ČSOB’s representatives have confirmed that:

- (1) They understand it is the sole responsibility of ČSOB to ensure that the information provided is complete, accurate and up to date;
- (2) They have provided Sustainalytics with all relevant information;
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information.

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<sup>1</sup> ČSOB, Annual Report 2023, (2024), at: <https://www.csob.cz/documents/10710/550083/ar-ČSOB-2023.pdf/b2539568-de5b-d6aa-0c32-43e229a30f51?version=1.0&t=1714126426893>

<sup>2</sup> The label “Green Buildings” is associated with meeting the green criteria as defined in ČSOB, “Green Bond Framework”, (2022), at: <https://www.csob.cz/documents/10710/25791461/green-bond-framework.pdf>

<sup>3</sup> ICMA, “Handbook - Harmonised Framework for Impact Reporting”, (2023), at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>

## Impact Findings

For reporting, Sustainalytics follows the ICMA Harmonised Framework for Impact Reporting,<sup>4</sup> which synthesizes market expectations and outlines recommendations for impact reporting to create a standardized reporting structure and to enhance the understanding of the impact to all stakeholders, including investors.

Table 1 below provides a summary of the impact at the portfolio level, which Sustainalytics calculated from the allocation of proceeds from ČSOB's 2023 Green Bonds. Table 2 provides building type level details and Appendix 1 provides impact data at the project level. These metrics correspond to a representative year during the bond's term to maturity and are based on the share of project financing.

**Table 1: Summary of Impact – Portfolio Level**

| Allocated Amount | Bond Tenor | Financed Emissions Avoided | Financed Emissions Avoided/M CZK |
|------------------|------------|----------------------------|----------------------------------|
| CZK              | Years      | tCO <sub>2</sub> e/year    | tCO <sub>2</sub> e/year/M CZK    |
| 2,000,000,000    | 3          | 1,473                      | 0.74                             |

**Table 2: Impact of Green Building by Building Type**

| Building Type | Allocated Amount | Gross Building Area | Energy Reduction | Financed Emissions Avoided | Financed Emissions Avoided/M CZK |
|---------------|------------------|---------------------|------------------|----------------------------|----------------------------------|
|               | CZK              | m <sup>2</sup>      | MWh/year         | tCO <sub>2</sub> e/year    | tCO <sub>2</sub> e/year/M CZK    |
| Mixed         | 1,000,000,000    | 32,195              | 4,712            | 681                        | 0.68                             |
| Office        | 1,000,000,000    | 43,410              | 2,326            | 792                        | 0.79                             |

<sup>4</sup> ICMA, "Handbook - Harmonised Framework for Impact Reporting", (2023), at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>

## Methodology

Sustainalytics developed its own methodologies for quantifying GHG avoidance and other metrics, including leveraging publicly available best-in-class methodologies, protocols and frameworks that are currently industry best practice. Our estimation practices and general principles rely on the GHG Protocol.<sup>5</sup> Our methodologies are based on guidance provided by the International Financial Institutions<sup>6</sup> on calculation methodology and global emissions. In addition, we rely on the Partnership for Carbon Accounting Financials' Global Accounting Standard<sup>7</sup> for guidance on estimation where data is not readily available and assumptions must be made. Finally, the UN's Clean Development Mechanism<sup>8</sup> provides guidance and information, serving as the foundation for these and other methodologies, including those implemented in this report.

### Green Buildings

It is assumed that green buildings consume less energy than a mix of existing buildings and new construction. The avoidance of greenhouse gas emissions is then calculated using:

- a) The emissions of the green building projects. To the extent available, the reporting is based on metered energy consumption. If such information is not available, estimates for the relevant projects are based on the building certificates, standards or country-level averages.
- b) The baseline emissions, or emissions occurring in the absence of the projects. This figure is based on the estimated energy intensity of comparable buildings, or in the case of refurbishments, the prior emissions.
- c) Financed project avoided emissions are calculated by using the share of project financing of the total project emissions avoided from the above calculations.

### Data Sources and Assumptions

- For the projects included in this report, building data including gross building area, location and relevant green building certificates were provided by ČSOB and used as inputs for the calculations. Where relevant and available, Sustainalytics performed calculations based on the most recently available green building certificates or energy performance certificates for each property.
- Based on location and building characteristics such as type and size, the energy intensity of a baseline building is estimated using a combination of country averages and publicly available statistical models.<sup>9, 10</sup>
- The emissions factors for the project and baseline properties are based on the average energy mix for buildings in the relevant country.
- The grid emissions factors for the countries in which the projects are located were sourced from IFI.<sup>11</sup> To account for emissions from upstream activities, Sustainalytics applies an additional, indirect emissions factor.<sup>12</sup>

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<sup>5</sup> Greenhouse Gas Protocol, "About Us", (2023), at: <https://ghgprotocol.org/>

<sup>6</sup> International Financial Institutions (IFI), "Members of the International Financial Institutions on Greenhouse Gas Accounting", at: [https://unfccc.int/sites/default/files/resource/IFIs membership for UNFCCC %27white pages%27\\_0.pdf](https://unfccc.int/sites/default/files/resource/IFIs%20membership%20for%20UNFCCC%20white%20pages%200.pdf)

<sup>7</sup> Partnership for Carbon Accounting Financials (PCAF), "About", (2023) at: <https://carbonaccountingfinancials.com/>

<sup>8</sup> UNFCCC, "CDM Methodologies Booklet – Fourteenth edition", (2022), at: <https://cdm.unfccc.int/methodologies/documentation/index.html>

<sup>9</sup> IFC's EDGE model is used for statistical modelling of buildings, available at: <http://www.edgebuildings.com>

<sup>10</sup> Carbon Risk Real Estate Model, "CRREM Pathways", at: <https://www.crrem.eu/>

<sup>11</sup> UNFCCC, "IFI TWG – List of methodologies", at: <https://unfccc.int/climate-action/sectoral-engagement/ifis-harmonization-of-standards-for-ghg-accounting/ifi-twg-list-of-methodologies>

<sup>12</sup> UK Government, Department for Business, Energy & Industrial Strategy, "Government conversion factors for company reporting of greenhouse gas emissions", at: <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

## Appendix 1: Impact of Green Buildings Projects

| Project Name | Building Type | Country        | Gross Building Area | Allocated Amount | Average Share of Total Project Financing | Average Energy Intensity | Energy Reduction | Financed Direct Emissions | Financed Indirect Emissions | Financed Emissions Avoided | Financed Emissions Avoided/ M CZK |
|--------------|---------------|----------------|---------------------|------------------|--|--------------------------|------------------|---------------------------|-----------------------------|----------------------------|-----------------------------------|
|              |               |                | m <sup>2</sup>      | CZK              | %  | kWh/m <sup>2</sup>       | MWh/year         | tCO <sub>2</sub> e/year   | tCO <sub>2</sub> e/year     | tCO <sub>2</sub> e/year    | tCO <sub>2</sub> e/year/ M CZK    |
| Project 1    | Mixed         | Czech Republic | 32,195              | 1,000,000,000    | 40                                       | 34                       | 4,712            | 133                       | 27                          | 681                        | 0.68                              |
| Project 2    | Office        | Czech Republic | 19,146              | 700,000,000      | 100                                      | 82                       | 2,061            | 469                       | 94                          | 744                        | 1.06                              |
| Project 3    | Office        | Czech Republic | 24,264              | 300,000,000      | 50                                       | 183                      | 265              | 669                       | 135                         | 48                         | 0.16                              |

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