Second-Party Opinion

# Tatra Banka Green Bond Framework

## Evaluation Summary

Sustainalytics is of the opinion that the Tatra Banka 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 — Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Agriculture and Forestry, Water Management and Wastewater Management — are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals ("SDGs"), specifically SDG 2, 6, 7, 11, and 15.

**PROJECT EVALUATION / SELECTION** Tatra Banka intends to establish a Green Bond Committee that will be responsible for the ultimate review and selection of Green Loans for the Loan Portfolio, based on its assessment of their social and environmental impact. Sustainalytics considers the project selection process to be in line with market practice.

**MANAGEMENT OF PROCEEDS** Tatra Banka's Green Loan Portfolio Manager will be in charge of managing the net proceeds through the Loan Portfolio that will be tracked by an internal register. Tatra Bank will invest unallocated proceeds through its treasury, in money market instruments, cash or cash equivalent instruments. This is in line with market practice.

**REPORTING** Tatra Banka intends to provide allocation reporting on its website on an annual basis until full allocation. The allocation reporting is expected to include category-level details on the Loan Portfolio and the balance of unallocated proceeds. In addition, Tatra Banka intends to report on relevant quantitative impact where feasible, and has provided indicative metrics within the Framework. Sustainalytics views Tatra Banka's allocation and impact reporting as aligned with market practice.

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| **Evaluation Date** | March 24, 2021 |
| **Issuer Location** | Bratislava, Slovakia |

**Report Sections**




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# Introduction

Tatra Banka ("TBSK", or the "Bank") is a financial institution in Slovakia operating in the corporate banking, private banking, premium, student segments and mass retail. The Bank is part of the Raiffeisen Bank International Group (the "Group") which operates across 14 markets in the Republic of Austria, and Central and Eastern Europe. As of Q4 2020, the Bank's portfolio consisted of 806,000 private individual clients, 112,000 small and medium enterprises, and 8,100 corporate clients.

TBSK has developed the Tatra Banka Green Bond Framework (the "Framework") under which it intends to issue green bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future loans to projects that support the transition to an environmentally sustainable future. The Framework defines eligibility criteria in six areas:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Clean Transportation
5. Agriculture and Forestry
6. Water Management and Wastewater Management

TBSK engaged Sustainalytics to review the Tatra Banka Green Bond Framework, dated March 2021, and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).[1] This Framework will be published in a separate document.[2]

### Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent[3] opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2018, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.7, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of TBSK'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 the Framework. TBSK representatives have confirmed (1) they understand it is the sole responsibility of TBSK to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and TBSK.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market

[1] The Green Bond Principles are administered by the International Capital Market Association and are available at https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/.
[2] The Tatra Banka Green Bond Framework will be available on Tatra Banka's website at: https://www.tatrabanka.sk/en/about-bank/economic-results/green/
[3] When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that TBSK has made available to Sustainalytics for the purpose of this Second-Party Opinion.

# Sustainalytics' Opinion

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

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

- Use of Proceeds:
  - The eligible categories — Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Agriculture and Forestry, and Water Management and Wastewater Management — are aligned with those recognized by the GBP. Sustainalytics notes that the Bank has drawn from the EU Taxonomy to inform the thresholds of the renewable energy category, and additionally intends to align the criteria in two categories with those of the EU Taxonomy, on a best effort basis.
  - For the "Green Building" category, the Bank intends to invest in commercial and residential buildings that have (i) achieved a recognized green building certification, (ii) place within the top 15% of their country in terms of greenhouse gas ("GHG") emissions, or (iii) achieved at least 30% reduction of Primary Energy Demand in the case of refurbished buildings.
    - Sustainalytics views the schemes specified by the Framework – LEED ("Gold" or above), BREEAM ("Very Good"[4] or above), or other equivalent certification schemes such as DGNB or ÖGNI[5] ("Gold" or above), or Edge ("Advanced" or above) – to be credible and the levels selected to be indicative of positive impact and aligned with market practice. For Sustainalytics' assessment of these certifications please refer to Appendix 1.
    - TBSK may use Energy Performance Certificates[6] to demonstrate the "top 15%" criterion. Should the data not exist to substantiate a percentile-based evaluation, the Framework defines EPC "A" to be eligible. This approach is in line with that of the EU Taxonomy.
    - For financing of building refurbishments, Sustainalytics views positively the use of a threshold for energy performance improvement, and views 30% to be aligned with market practice. TBSK has disclosed that its intention is to focus on whole-building upgrades, not projects dedicated to fossil fuel appliances.
    - The Framework excludes financing towards buildings that are used for the purpose of occupation by fossil fuel extraction or manufacturing of fossil fuel activities, which Sustainalytics highlights positively.
  - Under the "Renewable Energy" category, the Bank may finance assets dedicated to the transmission and distribution of renewable energy sources, including wind, solar, hydropower,

[4] TBSK has disclosed that it will ensure that all BREEAM "Very Good" buildings which are financed will achieve a minimum score of 70% in the Energy category, which is aligned with the minimum requirements of BREEAM Excellent. Sustainalytics views this to be aligned with good practice.
[5] The ÖGNI certifies sustainable buildings and quarters according to the European DGNB quality certificate, as such a ÖGNI "Gold" is viewed as equivalent to DGNB "Gold".
[6] EPCs play a central role in the context of the Article 20 (2) EPBD, which asks (EU) Member States to provide information on the energy performance certificates and the inspection reports, on their purpose and objectives, on the cost-effective ways and, where appropriate, on the available financial instruments to improve the energy performance of the building to the owners or tenants of the buildings. Further details available at: European Commission, EPC distribution per energy label, at: https://ec.europa.eu/energy/en/content/epc-distribution-energy-label

geothermal, biomass, and waste-to-energy projects. Sustainalytics views the criteria to be aligned with market practice and to be informed by the EU Taxonomy, and notes the following:

- Hydropower projects are limited to those with capacity below 20 megawatts; for projects with power density below 5 W/m$^2$, Sustainalytics notes positively that the Framework restricts financing to those with lifecycle emissions verified to be below 100g $CO_2$ per kWh. TBSK has confirmed that it does not intend to finance new construction or expansion of hydropower projects and that the projects with potential environmental impact will undergo Environmental Impact Assessment ("EIA"), per the EU regulations.[7]
- Geothermal facilities are limited to those with direct emissions less than 100g $CO_2$ per kWh.
- The Framework's criteria for biomass aim to ensure the sustainability of feedstocks and excludes investments in feedstock from sources depleting biomass and carbon pools, sources grown on land with high biodiversity, and sources that use land that competes with food sources. While recognizing this ambition, Sustainalytics notes that the Framework allows for the use of first-generation biofuels (e.g., "energy crops") without any verification around lifecycle emissions or induced land use changes, and therefore considers this to be a limitation of the Framework.
- For Waste-to-energy projects, Sustainalytics recognizes that energy from waste could take out of circulation potentially recyclable materials and undermine the objectives of zero-waste circular economy, i.e. waste prevention and recycling. Additionally, it is noted that the composition of residual waste, particularly fossil carbon content, is a crucial consideration for the emissions intensity. However, it is recognized that energy from waste can offer better residual waste management option than landfills in many cases, and that all financed projects will be in the EU, which has enacted regulations on recycling and waste management.[8] Sustainalytics encourages TBSK to monitor thermal efficiency of the financed facilities.

– Under the "Energy Efficiency" category, the Framework allows for investments in (i) energy efficient lighting and energy storage projects, (ii) projects improving the energy efficiency of industrial production process in a factory, and (iii) smart grid solutions for energy transmission.
  - Sustainalytics views investments in energy efficient lighting and energy storage to be aligned with market practice.
  - Regarding energy efficient industrial processes, the Bank intends to achieve at least 30% improvement in energy efficiency and will exclude financing towards improvements of fossil fuel-powered equipment or carbon-intensive heavy industries including steel, cement, refining, etc. which Sustainalytics considers to be aligned with market practice.
  - While noting the variety of definitions and applications of "smart grid" technology, Sustainalytics views positively investments that are designed to improve grid efficiency and encourages the Bank to select projects that are clearly anticipated to deliver tangible efficiency improvements.
– For the "Clean Transportation" category, the Bank intends to invest in zero direct emission or low-carbon vehicles, and low-carbon transportation infrastructure.
  - Zero direct emission, and electric vehicles are automatically eligible. For hybrid vehicles, the issuer considers investments in those with emission intensity below 75g $CO_2$ per km as eligible.
  - Sustainalytics considers financing of clean transportation with associated thresholds and low-carbon infrastructure to be aligned with market practice.
– For the "Agriculture and Forestry" category, the Framework contemplates investments in certified forest operations, and sustainable agricultural practices.
  - Eligible forest certification schemes include Forest Stewardship Council ("FSC"), and Programme for the Endorsement of Forest Certification ("PEFC"). Sustainalytics views these certifications as credible and robust. Refer to Appendix 2 for more a detailed overview of these schemes.
  - The Framework defines two areas of agricultural financing as eligible:
    - Financing may be provided to certified organic[9] farms. Sustainalytics considers the financing of such assets to be aligned with market practice, see Appendix 3 for a summary of the EU Organic scheme.

[7] The Bank has communicated that investments in hydropower projects will be limited to "a small percentage" of the Loan Portfolio.
[8] European Commission website, "Waste and recycling", at: https://ec.europa.eu/environment/topics/waste-and-recycling_en "
[9] Organic farms will be certified as such under either the EU Organic scheme or equivalent national regulations.

        - TBSK may finance projects intended to support carbon sequestration and the enhancement of carbon pools, specifically crop pattern changes to substitute perennial crops. Sustainalytics recognizes the potential positive impacts of such interventions and encourages TBSK to (i) promote the holistic deployment of conservation agriculture practices[10] through the projects financed, and (ii) provide details of projects financed and report on impact where possible.
      - Sustainalytics notes positively that the Framework excludes financing towards plantation of palm oil or tobacco, and activities that may lead to the destruction of critical habitat or degradation of tropical natural forests.
  - Under the Water Management and Wastewater Management category, the Bank intends to invest in water distribution, and wastewater collection and treatment projects.
      - Investments in water distribution projects are considered eligible if the average energy consumption of the water supply system is below 0.5 kWh per cubic meter (of supplied water) or if the infrastructure leakage index of the system is lower than 1.5.
      - For the wastewater projects, the Framework makes financing eligible to those that demonstrate net zero annual energy usage.
      - Sustainalytics notes positively the inclusion of these thresholds and considers investments in this category to be aligned with market practice.
- Project Evaluation and Selection:
  - TBSK's Green Bond Committee, which will comprise of representatives from the Bank's Board, Treasury, Business, and Risk departments, will be responsible for ensuring the alignment of the potential Eligible Green Loans ("Green Loans") with the Framework.
  - The Committee will make the final decision of selecting Green Loans for the Eligible Green Loan Portfolio (the "Loan Portfolio") based on its assessment of their social and environmental impact.
  - Based on the intent of establishing a formal committee and a well-defined selection process for Green Loans, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - TBSK's Green Loan Portfolio Manager will be in charge of managing the net proceeds through the Loan Portfolio.
  - TBSK intends to maintain a volume of the Green Loans in the Portfolio, at least equal to the proceeds and intends to achieve full allocation within 36 months of bond issuance.
  - The Bank will also establish an internal register to track Green Loans included in the Loan Portfolio and to assure that loans are not externally refinanced.
  - Pending the allocation or reallocation, TBSK will invest unallocated proceeds through its treasury in money market instruments, cash or cash equivalent instruments.
  - Based on the establishment of the Loan Portfolio and the handling of unallocated net proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - TBSK intends to report on the allocation and the impact of proceeds on its website on an annual basis until full allocation, and thereafter in case of any material changes to the Loan Portfolio, until bond maturity.
  - Allocation reporting is expected to include category-level details on the Loan Portfolio, proportion of financed and refinanced loans, and the balance of unallocated proceeds. Impact reporting is expected to provide category-wide impact of the Loan Portfolio against respective key performance indicators including (i) annual greenhouse gas emissions avoided ($tCO_2e$), (ii) annual energy savings (MWh), (iii) total land area certified by FSC and PEFC, and (iv) volume of wastewater treated (cubic meter).
  - Based on TBSK's commitment to allocation reporting and, where feasible, impact reporting, Sustainalytics considers this process to be in line with market practice.

[10] Conservation Agriculture is a set of management practices that helps maintaining the soil health, enhance biodiversity and natural biological processes above and below the ground surface, such as through conservation tillage; sowing of diverse cover crops; multiple crop rotation; soil restoration and management; nutrient and waste management; and no or minimal pesticides or synthetic fertilizers. FAO promotes the adoption of CA principles "that are universally applicable in all agricultural landscapes and cropping systems." Food and Agriculture Organization of the United Nations (FAO), Conservation Agriculture: http://www.fao.org/conservation-agriculture/en/

### Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Tatra Banka Green Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 4: Green Bond/Green Bond Programme External Review Form.

## Section 2: Sustainability Strategy of TBSK

### Contribution of framework to Tatra Banka's sustainability strategy

Sustainalytics is of the opinion that TBSK demonstrates its commitment to sustainability through its Group-level philosophy of positioning all economic activities on social solidarity, self-help, and sustainability.[11] In line with this philosophy, the Bank works to conduct its transactions in a manner that minimizes negative environmental impacts and reduces carbon emissions.

As of the end of 2019, the Group had financed EUR 185 million in renewable energy projects and TBSK specifically financed photovoltaic as well as small hydropower and biogas projects.[12] The Group also financed around EUR 1,153 million in green buildings, of which around 11% were reported to be in Slovakia which included buildings certified by LEED and BREEAM schemes.[13]

The Group has also identified key environmental topics that are material to the Bank and its stakeholders that include "commitment to society and environment" and "sustainable products and services". In line with this assessment, TBSK intends to achieve the following Group-level environmental goals by 2025:[14]

- Reduce greenhouse gas emissions resulting from energy consumption and employee transportation by 35% and 25%, respectively.
- Reduce consumption of paper and water by 25%.
- Increase the share of energy consumption from renewable sources to 35%, at Central and Eastern Europe level.

Sustainalytics recognizes the Bank's commitment to key sustainability initiatives and encourages it to include quantifiable environmental targets for its sustainable lending portfolio to further strengthen its sustainability practices, where feasible. In this context, Sustainalytics is of the opinion that the Framework is aligned with the Group's overall sustainability strategy and initiatives and will further the Bank's action on its key environmental priorities.

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

While Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are anticipated to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include land use, loss of biodiversity, occupational health and safety ("OH&S"), and community relations issues associated with large-scale infrastructure development. Additionally, as a financial institution, TBSK is exposed to the risk of financing businesses and projects which pose environmental and social risks. Sustainalytics is of the opinion that TBSK is able to manage and/or mitigate potential risks through implementation of the following processes, and legislations:

- TBSK is obliged to comply with the Group-level Code of Conduct,[15] which prohibits the Bank from financing or participating in any transactions or projects which have potential to cause negative environmental impact, including destruction of the rainforest, pollution of land, air or waters.[16]

[11] Tatra Banka website, "Annual Report 2019", at: https://www.tatrabanka.sk/files/archiv/en/about/economic-results/annual-reports/TB_AnnualReport_2019_web.pdf
[12] RBI Sustainability Report," Sustainable financing at the network banks", at: https://www.rbinternational.com/resources/RBI/raiffeisen-bank-international/sustainability/sustainability-report/RBI-Sustainability-Report-2019.pdf
[13] Ibid.
[14] Ibid.
[15] Tatra Banka website, "Annual Report 2019", at: https://www.tatrabanka.sk/files/archiv/en/about/economic-results/annual-reports/TB_AnnualReport_2019_web.pdf
[16] RBI document, "Code of Conduct", at: https://www.rbinternational.com/en/who-we-are/facts-figures/code-of-conduct/_jcr_content/root/responsivegrid/contentcontainer/contentbox/downloadlist.download.html/0/English.pdf

- TBSK is compliant with EU Directive 2011/92/EU,[17,18] which is implemented in Slovakia by Law 24/2006,[19] requiring an EIA for projects associated with significant effects on the environment prior to development consent being given, ensuring the mitigation of environmental risks relevant with land use changes and infrastructure development.
- In regard to the occupational health and safety issues associated with large-scale development or construction projects, Sustainalytics notes that TBSK is not directly involved in the undertakings financed, and further that the Bank relies upon regulatory safeguards to ensure OH&S risks at construction sites are mitigated. Additionally, the Bank has communicated that it requests all borrowers to comply with national laws and regulations on environmental, social, labor, occupational health and safety for all projects financed by the Bank.
- As part of the Group, a signatory to the UN Global Compact,[20] TBSK commits to protecting environment and human rights while eliminating forced/child labor.
- Under the Framework, TBSK will exclude financing production, trade, or activities including, but not limited to, nuclear energy generation, and weapons and munitions.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that TBSK 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 six use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

### Impact of the renewable energy projects in Slovakia

As part of the European Green Deal, the EU has set the goal to be climate-neutral by 2050.[21] The EU has also set intermediary targets to achieve that goal. By 2030, it aims to reduce GHG emissions by 40% compared to 1990 levels and to increase the share of total energy coming from renewable energy sources to at least 32% by (year).[22]

In the case of Slovakia, by 2030, the country intends to reduce its GHG emissions by 12%, compared to 2005 levels, and increase its share of renewable energy to 18%.[23] In 2019, the country's renewable energy share stood at just 8.9%.[24] As per a study by the U.S. International Trade Administration, in Slovakia, the annual technical potential for various renewable technologies is as follows: the biomass technology has a technical potential for around 11,200 Gigawatt hours (GWh), geothermal for 6,300 GWh (currently only 145 GWh is being used), large-scale hydropower for 7,600 GWh (of which 62% is currently used), and solar has a potential for 5,200 GWh .[25]

Sustainalytics is of the opinion that the projects financed under the Renewable Energy category are impactful and could help the EU and Slovakia meet their environmental targets.

### Importance of promoting green buildings in Slovakia

As of February 2020, the building sector accounted for 36% of greenhouse gas emissions and 40% of the EU's total primary energy consumption, making it a key contributor to the EU's emissions profile.[26] Considering that heat and cooling makes up half of EU's final energy consumption, 80% of which comes from buildings, the EU's climate objectives are closely linked to the development of sustainable and energy efficient buildings.

[17] European Commission, "Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment Text with EEA relevance", (2012), at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32011L0092
[18] EU report, "35 years of EU Environmental Impact Assessment", at: https://ec.europa.eu/environment/eia/pdf/EIA_Directive_35_years.pdf
[19] EU report, "The Environmental Implementation Review 2019", at: https://ec.europa.eu/environment/eir/pdf/report_sk_en.pdf
[20] UN Global Compact "The Ten Principles of the UN Global Compact", at: https://www.unglobalcompact.org/what-is-gc/mission/principles
[21] European Commission, "European Climate Law", (2020), at: https://ec.europa.eu/clima/policies/eu-climate-action/law_en
[22] European Commission , 'Stepping Up Europe's 2030 climate ambition', at: EUR-Lex - 52020DC0562 - EN - EUR-Lex (europa.eu)
[23] EU report, "NECP Factsheet- Slovakia", at: https://ec.europa.eu/energy/sites/ener/files/documents/necp_factsheet_sk_final.pdf
[24] International Trade Administration, "Slovak Renewable Energy"", at: https://www.trade.gov/market-intelligence/slovakia-renewable-energy#:~:text=Approximately%2054.7%20%25%20of%20the%20total,and%208.9%20%25%20from%20renewable%20sources
[25] International Trade Administration, "Slovak Renewable Energy"", at: https://www.trade.gov/market-intelligence/slovakia-renewable-energy#:~:text=Approximately%2054.7%20%25%20of%20the%20total,and%208.9%20%25%20from%20renewable%20sources
[26] European Commission article, "In focus: Energy efficiency in buildings", at: https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-feb-17_en

Around 97% of the EU building stock is energy inefficient,[27] demonstrating the need for constructing buildings that integrate higher climate and energy efficiency requirements, such as the ones financed under this Framework. However, given that 85% of the EU's building stock was built before 2001 and 85-95% of those buildings will still be standing in 2050, renovations have a major role in decarbonising the buildings sector.[28] Estimations suggest that the renovation of existing buildings could reduce the total energy consumption and $CO_2$ emissions by approximately 5% to 6%.[29] Nevertheless, the current renovation speed is slow[30] and must triple from 1% to 3% annually to achieve a low-carbon building stock.[31]

In the case of Slovakia, in 2016, pollution from small sources of residential heating systems in Slovakia accounted for around 17.4% of the total GHG emissions. The country has set a target of achieving 30.3% energy efficiency[32] by 2030 and intends to improve on the energy savings achieved in building renovation from 30% to 60%, by 2050.[33] In 2019, the European Alliance for Innovation compared the building certification (from January 2017) in Slovakia with other "Visegrád Four" countries, and found the least number of LEED or BREEAM certified buildings in the country (21).[34] The study also identified "the greatest opportunity" in the renewal of existing buildings in Slovakia.[35]

Based on the above, Sustainalytics is of the opinion that TBSK´s financing of green buildings is expected to reduce the environmental footprint of the buildings sector in Slovakia.

### Alignment with/contribution to SDGs

The SDGs were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the Tatra Banka Green Bond Framework advances the following SDGs and targets:

| Use of Proceeds Category | SDG | SDG target |
|---|---|---|
| Green Buildings | 11. Sustainable Cities and Communities | 11.3 Ensure inclusive and sustainable urbanization, planning and management |
| Renewable Energy | 7. Affordable and Clean Energy | 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix |
| Energy Efficiency | 7. Affordable and Clean Energy | 7.3 By 2030, double the global rate of improvement in energy efficiency |
| Clean Transportation | 11. Sustainable Cities and Communities | 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons |
| Agriculture and Forestry | 2. Zero Hunger | 2.4 by 2030 ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and |

[27] European Parliament, "Report on maximizing the energy efficiency potential of the EU building stock", (2020), at: https://www.europarl.europa.eu/doceo/document/A-9-2020-0134_EN.htm.
[28] European Commission, "A Renovation Wave for Europe" (2020), at: EUR-Lex - 52020DC0662 - EN - EUR-Lex (europa.eu)
[29] European Commission, "New rules for greener and smarter buildings will increase quality of life for all Europeans", (2019), at: https://ec.europa.eu/info/news/new-rules-greener-and-smarter-buildings-will-increase-quality-life-all-europeans-2019-apr-15_en
[30] European Parliament, "Report on maximizing the energy efficiency potential of the EU building stock", (2020), at: https://www.europarl.europa.eu/doceo/document/A-9-2020-0134_EN.htm
[31] European Commission, "Comprehensive study of building energy renovation activities and the uptake of nearly zero-energy buildings in the EU", (2019), at: https://ec.europa.eu/energy/sites/ener/files/documents/1.final_report.pdf
[32] Corresponds to 182,623 GWh of primary energy consumption in 2030 (ambitious scenario).
[33] UNFCCC website, "Low-Carbon Development Strategy of the Slovak Republic until 2030 with a View to 2050", at: https://unfccc.int/sites/default/files/resource/LTS%20SK%20eng.pdf
[34] Poland had the maximum number of certified buildings (127), followed by the Czech Republic (60), and Hungary (27).
[35] EAI study, "The overview of green building sector in Slovakia- Copyright © 2019 Julius Golej et al., licensed to EAI", at: https://media.proquest.com/media/hms/PFT/1/5JArB?_s=FF2L%2Bv6xs6e%2BSPiKJLDfCs%2FyNZ0%3D

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|---|---|---|
| | 15. Life on Land | other disasters, and that progressively improve land and soil quality<br><br>15.b Mobilize significantly resources from all sources and at all levels to finance sustainable forest management, and provide adequate incentives to developing countries to advance sustainable forest management, including for conservation and reforestation |
| Water Management and Wastewater Management | 6. Clean Water and Sanitation | 6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all<br><br>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally |

## Conclusion

TBSK has developed the Tatra Banka Green Bond Framework under which it will issue green bonds and the use of of proceeds to finance and/or refinance eligible green projects. Sustainalytics considers that the projects funded by the green bond proceeds are expected to have provide positive environmental impact.

The Tatra Banka Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN SDGs 2, 6, 7, 11, and 15. Additionally, Sustainalytics is of the opinion that TBSK has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

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

# Appendices

## Appendix 1: Summary of Referenced Green Building Certification Schemes

| | BREEAM[36] | LEED[37] | DGNB | EDGE[38] |
|---|---|---|---|---|
| **Background** | BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings. | Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC). | The German Green Building Certification or DGNB was developed in 2007 by the non-profit German Sustainable Building Council in partnership with the German Federal Ministry of Transport, Building, and Urban Affairs in order to actively encourage sustainable building. | EDGE (or "Excellence in Design for Greater Efficiencies") is a green building standard and certification system developed by the International Finance Corporation and applicable in 140 countries. |
| **Certification levels** | • Pass<br>• Good<br>• Very Good<br>• Excellent<br>• Outstanding | • Certified<br>• Silver<br>• Gold<br>• Platinum | • Bronze<br>• Silver<br>• Gold<br>• Platinum | • EDGE Certified<br>• EDGE Advanced<br>• EDGE Zero Carbon |
| **Areas of Assessment** | • Energy<br>• Land Use and Ecology<br>• Pollution<br>• Transport<br>• Materials<br>• Water<br>• Waste<br>• Health and Wellbeing<br>• Innovation | • Energy and atmosphere<br>• Sustainable Sites<br>• Location and Transportation<br>• Materials and resources<br>• Water efficiency<br>• Indoor environmental quality<br>• Innovation in Design<br>• Regional Priority | • Environment<br>• Economic<br>• Sociocultural and functional aspects<br>• Technology<br>• Processes<br>• Site | 1. Climatic Conditions<br><br>2. Building Type and Occupant Use<br><br>3. Design and Specifications<br><br>4. Building Orientation<br><br>Calculation of the End Use Demand Overall energy demand in buildings; heating ventilation and air conditioning demand; virtual energy for comfort, energy demand for hot water requirements; lighting energy demand; water demand in buildings; estimations on rainwater harvesting or recycled water onsite; embodied energy in building materials. |
| **Requirements** | Prerequisites depending on the levels of certification and credits with associated points<br><br>This number of points is then weighted by item[39] | Prerequisites independent of level of certification, and credits with associated points.<br><br>These points are then added together to obtain | Percentage-based performance index<br><br>The total performance index (expressed as a percentage) is calculated by adding the six key | Prerequisites depending on the level of certification. To achieve the minimum level, EDGE Certified, a building must demonstrate a minimum 20% reduction in |

[36] BREEAM, "How certification works" at: https://www.breeam.com/discover/how-breeam-certification-works/.
[37] USGBC, "LEED rating system", at: www.usgbc.org/LEED.
[38] EDGE, "Certify", at: https://www.edgebuildings.com/certify/
[39] BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

| | | | | |
|---|---|---|---|---|
| | and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.<br><br>BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria. | the LEED level of certification<br><br>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance). | areas of assessment. The environmental, economic, socio-cultural and functional aspects and technical quality each account for 22.5% of the total, process accounts for 10% and the site quality is given a separate grade. | operational energy consumption, water use and embodied energy in materials as compared to typical local practices. |
| **Performance display** |  |  |  |  |
| **Qualitative Considerations** | Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications. | Widely recognized internationally, and strong assurance of overall quality. | DGNB certification is based on current European Union standards and norms and is being recommended by the German Federal Ministry of Transport, Building and Urban Development. DGNB System has partnerships in a number of countries, among which Bulgaria, Denmark, Austria, Thailand and Switzerland. | Strong assurance of overall quality due to the EDGE's development under the IFC umbrella. |

# Appendix 2: Overview of Referenced Forestry Certifications

| | FSC[40] | PEFC[41,42] |
|---|---|---|
| **Background** | Founded in 1993 after the 1992 Earth Summit in Rio failed to produce any international agreements to fight against deforestation, FSC aims to promote sustainable forest management practice. | PEFC was founded in 1999 in response to the specific requirements of small- and family forest owners as an international umbrella organization providing independent assessment, endorsement, and recognition of national forest certification systems. |
| **Basic Principles** | • Compliance with laws and FSC principles<br>• Tenure and use rights and responsibilities<br>• Indigenous peoples' rights<br>• Community relations and workers' rights<br>• Benefits from the forests<br>• Environmental impact<br>• Management plans<br>• Monitoring and assessment<br>• Special sites – high conservation value forests (HCVF)<br>• Plantations | • Maintenance and appropriate enhancement of forest resources and their contribution to the global carbon cycle<br>• Maintenance and enhancement of forest ecosystem health and vitality<br>• Maintenance and encouragement of productive functions of forests (wood and no-wood)<br>• Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems<br>• Maintenance and appropriate enhancement of protective functions in forest management (notably soil and water)<br>• Maintenance of socioeconomic functions and conditions<br>• Compliance with legal requirements |
| **Governance** | The General Assembly, consisting of all FSC members, constitutes the highest decision-making body.<br><br>At the General Assembly, motions are proposed by one member, seconded by two more, and deliberated and voted on by all members. Members are entitled to vote to amend the bylaws, initiate new policies, and clarify, amend or overturn a policy decision by the board.<br><br>Members apply to join one of three chambers – environmental, social, or economic – that are further divided into northern and southern sub-chambers.<br><br>Each chamber holds 33.3% of the weight in votes, and within each chamber the votes are weighted so that the North and South hold an equal portion of authority, to ensure influence is shared equitably between interest groups and countries with different levels of economic development.<br><br>The votes of all individual members in each sub-chamber represent 10% of the total vote of the sub-chamber, while the votes of organizational members make up the other 90%. | PEFC's governance structure is formed by the General Assembly (GA) which is the highest authority and decision-making body. It is made up of all PEFC members, including national and international stakeholders.<br><br>Members vote on key decisions including endorsements, international standards, new members, statutes and budgets. All national members have between one and seven votes, depending on membership fees, while international stakeholder members have one vote each.<br><br>The Board of Directors supports the work of the GA and together the GA and the Board make the formal approval of final draft standards. Standards are developed by working groups.<br><br>In general, PEFC's governance structure is more representative of industry and government stakeholders than of social or environmental groups, which gives industry and governments more influence in the decision-making process. However, the organization does include stakeholders from all sectors. |

[40] Forest Stewardship Council, FSC: https://ca.fsc.org/en-ca
[41] The Brazilian Forest Certification Program (CERFLOR) was formally endorsed by PEFC in 2005 and has since formed alignment. As such, Sustainalytics' analysis of PEFC's framework, guidelines and credibility can be applied to CERFLOR. See more, at: https://www.pefc.org/discover-pefc/our-pefc-members/national-members/brazilian-forest-certification-programme-cerflor
[42] Programme for the Endorsement of Forest Certification, PEFC: https://www.pefc.org/

| | | |
|---|---|---|
| | The members vote for the board of directors, which is accountable to the members. There is an international board elected by all members and a US board, elected by the US-based members. | |
| **Scope** | FSC is a global, multi-stakeholder owned system. All FSC standards and policies are set by a consultative process. There is an FSC Global standard and for certain countries FSC National standards. Economic, social, and environmental interests have equal weight in the standard setting process. FSC follows the ISEAL Code of Good Practice for Setting Social and Environmental Standards. | Multi-stakeholder participation is required in the governance of national schemes as well as in the standard-setting process. Standards and normative documents are reviewed periodically at intervals that do not exceed five years. The PEFC Standard Setting standard is based on ISO/IEC Code for good practice for standardization (Guide 59)[43] and the ISEAL Code of Good Practice for Setting Social and Environmental Standards. |
| **Chain-of-Custody** | • The Chain-of-Custody (CoC) standard is evaluated by a third-party body that is accredited by FSC and compliant with international standards.<br>• CoC standard includes procedures for tracking wood origin.<br>• CoC standard includes specifications for the physical separation of certified and non-certified wood, and for the percentage of mixed content (certified and non-certified) of products.<br>• CoC certificates state the geographical location of the producer and the standards against which the process was evaluated. Certificates also state the starting and finishing point of the CoC. | • Quality or environmental management systems (ISO 9001:2008 or ISO 14001:2004 respectively) may be used to implement the minimum requirements for chain-of-custody management systems required by PEFC.<br>• Only accredited certification bodies can undertake certification.<br>• CoC requirements include specifications for physical separation of wood and percentage-based methods for products with mixed content.<br>• The CoC standard includes specifications for tracking and collecting and maintaining documentation about the origin of the materials.<br>• The CoC standard includes specifications for the physical separation of certified and non-certified wood.<br>• The CoC standard includes specifications about procedures for dealing with complains related to participant's chain of custody. |
| **Non-certified wood sources** | FSC's Controlled Wood Standard establishes requirements to participants to establish supply-chain control systems, and documentation to avoid sourcing materials from controversial sources, including:<br>a. Illegally harvested wood, including wood that is harvested without legal authorization, from protected areas, without payment of appropriate taxes and fees, using fraudulent papers and mechanisms, in violation of CITES requirements, and others,<br>b. Wood harvested in violation of traditional and civil rights,<br>c. Wood harvested in forests where high conservation values are threatened by management activities,<br>d. Wood harvested in forests being converted from forests | The PEFC's Due Diligence System requires participants to establish systems to minimize the risk of sourcing raw materials from:<br>a. forest management activities that do not comply with local, national or international laws related to:<br>○ operations and harvesting, including land use conversion,<br>○ management of areas with designated high environmental and cultural values,<br>○ protected and endangered species, including CITES species,<br>○ health and labor issues,<br>○ indigenous peoples' property, tenure and use rights,<br>○ payment of royalties and taxes.<br>b. genetically modified organisms, |

[43] ISO, ISO/IEC Guide 59:2019: https://www.iso.org/standard/23390.html

| | | |
|---|---|---|
| | and other wooded ecosystems to plantations or non-forest uses,<br>e. Wood from management units in which genetically modified trees are planted. | c. forest conversion, including conversion of primary forests to forest plantations. |
| **Accreditation/verification** | FSC-accredited Certification Bodies (CB) conduct an initial assessment, upon successful completion companies are granted a 5-year certificate. Companies must undergo an annual audit every year and a reassessment audit every 5 years. Certification Bodies undergo annual audits from Accreditation Services International (ASI) to ensure conformance with ISO standard requirements. | Accreditation is carried out by an accreditation body (AB). Like a certification body checks a company meets the PEFC standard, the accreditation body checks that a certification body meets specific PEFC and ISO requirements. Through the accreditation process PEFC has assurance that certification bodies are independent and impartial, that they follow PEFC certification procedures.<br><br>PEFC does not have their own accreditation body. Like with the majority of ISO based certifications, PEFC relies on national ABs under the umbrella of the International Accreditation Forum (IAF). National ABs need to be a member of the IAF, which means they must follow IAF's rules and regulations. |
| **Conclusion** | Sustainalytics views both FSC and PEFC as being robust, credible standards that are based on comprehensive principles and criteria that are aligned with ISO. Both schemes have received praise for their contribution to sustainable forest management practices[44] and both have also faced criticism from civil society actors.[45,46] In certain instances, these standards go above and beyond national regulation and are capable of providing a high level of assurance that sustainable forest management practices are in place. However, in other cases, the standards are similar or equal to national legislation and provide little additional assurance. Ultimately, the level of assurance that can be provided by either scheme is contingent upon several factors including the certification bodies conducting audits, national regulations and local context. | |

[44] FESPA, FSC, PEFC and ISO 38200: https://www.fespa.com/en/news-media/blog/fsc-pefc-and-iso-38200
[45] Yale Environment 360, Greenwashed Timber: How Sustainable Forest Certification Has Failed: https://e360.yale.edu/features/greenwashed-timber-how-sustainable-forest-certification-has-failed
[46] EIA, PEFC: A Fig Leaf for Stolen Timber: https://eia-global.org/blog-posts/PEFC-fig-leaf-for-stolen-timber

## Appendix 3: Overview and Assessment of Agricultural Certifications

| | EU Organic[47] |
|---|---|
| **Background** | The EU Organic Farming is a European wide label organised under the European Commission's Council Regulation (EC) no 834/2007. The regulation covers the organic production and labelling of organic products including live or unprocessed agricultural projects, processed agricultural products for use of food, feed, and vegetative propagating material and seeds for cultivation. |
| **Clear positive impact** | Promotion of a sustainable management system that respects nature's systems, contributes to biological diversity, uses energy responsibly, respects high animal welfare standards. |
| **Minimum standards** | The EU Organic Farming system prohibits the use of GMOs (minimum 95% GMO free), the use of ionising radiation and sets core requirements for plant production, production rules for seaweed, livestock production rules, production rules for aquaculture animals. |
| **Scope of certification or programme** | The EU Organic Farming system addresses key risks such as substance use (e.g. pesticides, soluble fertilisers, soil conditioners or plant protection products), the maintenance and enhancement of soil life, natural soil fertility, soil stability and biodiversity, preventing and combating soil damage (compaction, erosion). |
| **Verification of standards and risk mitigation** | Certified entities undergo audits to ensure compliance with criteria and continuous improvement at least once a year, or more often based on a risk assessment. |
| **Third party expertise and multi-stakeholder process** | The EU Organic Farming is a government-based standard resulting from public consultations and third-party deliberations in line with the European Commission's typical legislative approach. |
| **Performance Display** |  |

[47] European Commission, Organics at a glance: https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming/organics-glance_en

# Appendix 4: Green Bond / Green Bond Programme - External Review Form

## Section 1. Basic Information

| | |
|---|---|
| **Issuer name:** | Tatra Banka |
| **Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:** | Tatra Banka Green Bond Framework |
| **Review provider's name:** | Sustainalytics |
| **Completion date of this form:** | March 24, 2021 |
| **Publication date of review publication:** | |

## Section 2. Review overview

**SCOPE OF REVIEW**

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

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

| | | | |
|---|---|---|---|
| ☒ | Use of Proceeds | ☒ | Process for Project Evaluation and Selection |
| ☒ | Management of Proceeds | ☒ | Reporting |

**ROLE(S) OF REVIEW PROVIDER**

| | | | |
|---|---|---|---|
| ☒ | Consultancy (incl. 2nd opinion) | ☐ | Certification |
| ☐ | Verification | ☐ | Rating |
| ☐ | Other *(please specify)*: | | |

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

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

| |
|---|
| Please refer to Evaluation Summary above. |

## Section 3. Detailed review

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

**1. USE OF PROCEEDS**

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds — Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Agriculture and Forestry, Water Management and Wastewater Management — are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals ("SDGs"), specifically SDG 2, 6, 7, 11, and 15.

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

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

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

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Tatra Banka intends to establish a Green Bond Committee that will be responsible for the ultimate review and selection of Green Loans for the Loan Portfolio, based on its assessment of their social and environmental impact. Sustainalytics considers the project selection process to be in line with market practice.

**Evaluation and selection**

| | | | |
|---|---|---|---|
| ☒ | Credentials on the issuer's environmental sustainability objectives | ☒ | Documented process to determine that projects fit within defined categories |
| ☒ | Defined and transparent criteria for projects eligible for Green Bond proceeds | ☒ | 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)*:

Tatra Banka's Green Loan Portfolio Manager will be in charge of managing the net proceeds through the Loan Portfolio that will be tracked by an internal register. Tatra Bank will invest unallocated proceeds through its treasury, in money market instruments, cash or cash equivalent instruments. This is in line with market practice.

**Tracking of proceeds:**

☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner

☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds

☐ Other *(please specify)*:

**Additional disclosure:**

☐ Allocations to future investments only

☒ Allocations to both existing and future investments

☐ Allocation to individual disbursements

☒ Allocation to a portfolio of disbursements

☒ Disclosure of portfolio balance of unallocated proceeds

☐ Other *(please specify)*:

## 4. REPORTING

Overall comment on section (if applicable):

Tatra Banka intends to provide allocation reporting on its website on an annual basis until full allocation. The allocation reporting is expected to include category-level details on the Loan Portfolio and the balance of unallocated proceeds. In addition, Tatra Banka intends to report on relevant quantitative impact where feasible, and has provided indicative metrics within the Framework. Sustainalytics views Tatra Banka'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):

**Information reported (expected or ex-post):**

☒ GHG Emissions / Savings
☒ Energy Savings
☒ Decrease in water use
☒ Other ESG indicators (please specify): Total land area certified by FSC and PEFC, expected annual renewable energy generation (MWh)

**Frequency**

☒ Annual
☐ Semi-annual
☐ Other (please specify):

**Means of Disclosure**

☐ Information published in financial report
☐ Information published in sustainability report
☐ Information published in ad hoc documents
☒ Other (please specify): TBSK's website
☐ 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://www.tatrabanka.sk/en/about-bank/economic-results/green/

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

☐ Consultancy (incl. 2nd opinion)
☐ Certification

☐ Verification / Audit

☐ Rating

☐ Other *(please specify):*

**Review provider(s):**

**Date of publication:**

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

i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.

ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.

iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

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

# Disclaimer

# About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.



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**2017, 2018, 2019:** Most Impressive Second Opinion Provider

The Green Bond Principles