

Sustainable Finance Framework

November 2023

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1

BANCA TRANSILVANIA IN BRIEF

2

BANCA TRANSILVANIA FINANCIAL GROUP SUSTAINABILITY STRATEGY

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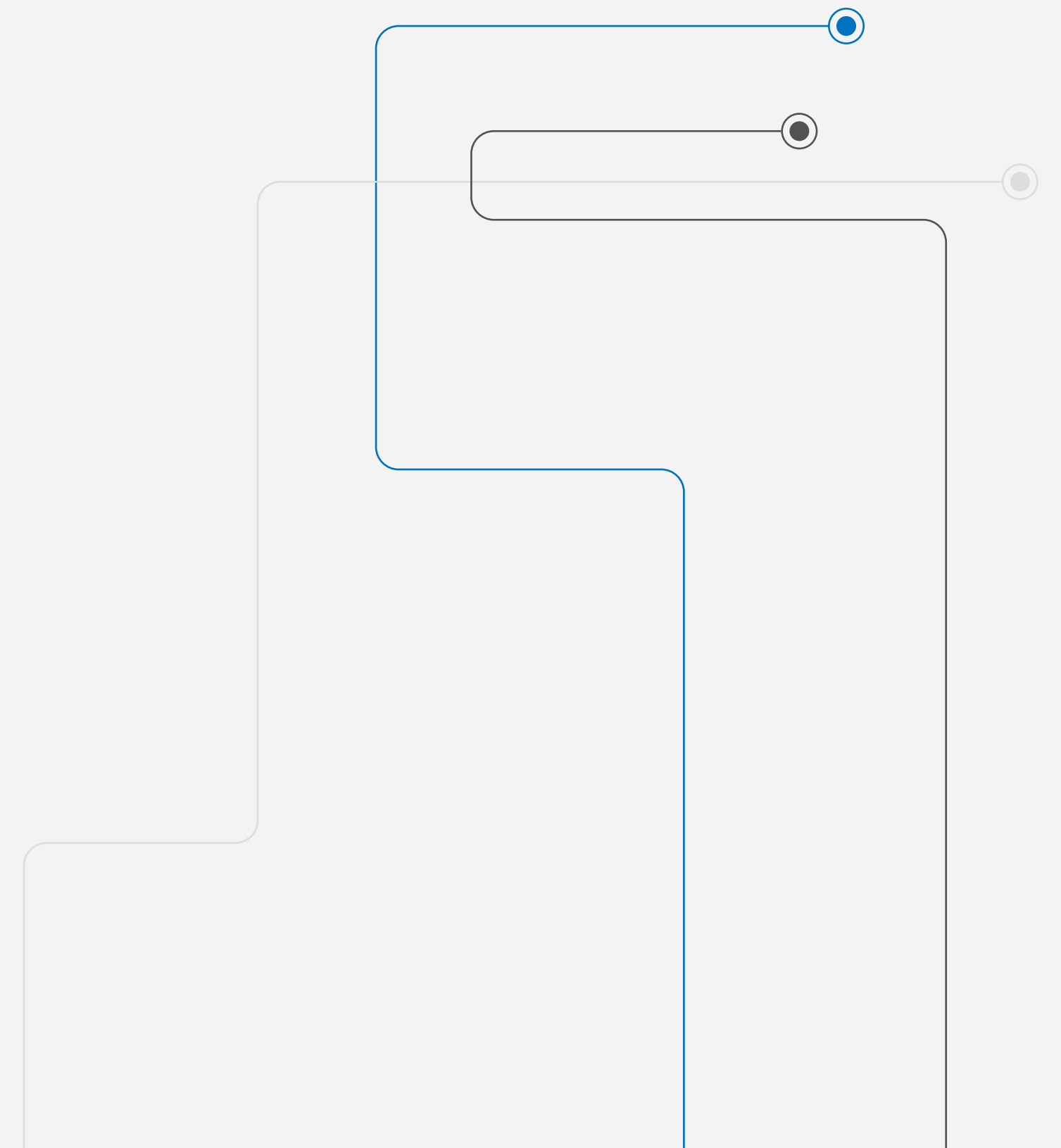
BANCA TRANSILVANIA FINANCIAL GROUP SUSTAINABLE FINANCE FRAMEWORK

- Banca Transilvania Financial Group's rationale for Sustainable Finance Framework
- Banca Transilvania Financial Group's Sustainable Finance Framework

- 3.1 Use of Proceeds
- 3.2 Process for Project Evaluation and Selection
- 3.3 Management of Proceeds
- 3.4 Reporting
- 3.5 External review

Appendix – Exclusion list
for Eligible SME Loans

Disclaimer



1 BANCA TRANSILVANIA IN BRIEF



Banca Transilvania S.A. (“BT” or “Banca Transilvania”) is a joint-stock banking institution headquartered in Cluj-Napoca, Romania. BT started its activity as a banking institution in 1993, under the license granted by the National Bank of Romania to carry out banking activities. Banca Transilvania S.A. is the parent company of Banca Transilvania Financial Group (“BT Group”), being the main shareholder of all its subsidiaries.

On December 31, 2018, Banca Transilvania became the largest bank in Romania and Southeast Europe in terms of total assets. Its mission, as a private bank with majority Romanian capital, is to support the business environment and the general public through innovative financial services and products offered by all the entities within the BT Group. The banking activity and product offering focus on retail and SME customers, while other financial services are provided by the subsidiaries of BT Group (leasing, microfinance for small companies and start-ups, consumer lending, asset management, financial intermediation services, etc.)

Serving millions of customers through a network of more than 500 branches and multiple digital channels, BT Group is the main financier of the Romanian economy. Banca Transilvania runs a third of the payments made by the local population and companies.

BT is the first banking institution in Romania to be listed on the Bucharest Stock Exchange. By gaining the confidence of private and institutional investors, Banca Transilvania Financial Group’s market value has grown to over EUR 3.5 billion.

As a local operator, BT Group has focused its strategy and business model on developing the national economy and communities. Financial inclusion, helping small businesses reach bankable standard levels, and encouraging the entrepreneurial environment in Romania has been the DNA of BT Group since its beginnings. Banca Transilvania is one of the first banks in Romania that, in partnership with international financial institutions, has launched green loan programs for both retail and corporate customers, especially in the field of energy efficiency and green mortgages. Developing specific in-house expertise, BT has focused its lending policy on sustainable agriculture, IT&C, infrastructure, industry, education, and health, areas that have been important growth drivers in the loan portfolio in recent years. Developing specific in-house expertise, BT has focused its lending policy on sustainable agriculture, infrastructure industry, education and health, IT&C - areas that have been important drivers of growth in the portfolio in recent years.

[Banca Transilvania Group’s objective includes supporting Romania’s transition towards a more sustainable economy](#), as described in Romania’s Sustainable Development Strategy 2030.

2 BANCA TRANSILVANIA FINANCIAL GROUP SUSTAINABILITY STRATEGY



As a leader in the Romanian banking system, we understand the critical importance of sustainability and long-term planning in the face of the social and environmental challenges.

Therefore, our sustainability strategy presents the way we think today for generations to come: [a plan that goes beyond a simple concern for regulatory compliance and is based on a deep sense of responsibility and duty we owe to the environment, our customers, employees, communities, and to the Romanian economy overall.](#)

We recognize that the complex and interconnected issues we seek to address through our strategy cannot be managed individually, but must be dealt with in an integrated way, with an emphasis on partnerships, collaboration, and, above all, the involvement of employees and all stakeholders.

All this cannot be achieved without a strong governance system and a solid foundation of values: we are committed to maintaining the highest standards of governance, transparency, and business ethics.

We have established and implemented robust internal systems to support us in achieving the goals and targets we have set for the sustainable development and growth of the financial ecosystem around BT Group.

**Our Sustainability Strategy
sits on three main pillars:**

1

Performance

We strive to create a fair banking and financial system that provides access to financial services for all businesses and people and promotes financial inclusion.

We integrate sustainability criteria into financing decisions and promote responsible financial principles.

We focus on developing our loan and investment portfolio in key sectors to support the transition to a more sustainable economy, sectors where we can drive innovation and support solutions that help address social and environmental challenges.

2

People

We believe that our employees are key to achieving our sustainability goals. We, therefore, prioritize their engagement, well-being, and professional development, while encouraging a diverse and inclusive workplace.

At the same time, we work closely with local communities to understand their needs and together create sustainable solutions to meet the challenges they face.

We also support social initiatives and non-governmental organizations that align with our sustainability vision.

3

Environment

We are committed to reducing our negative environmental impact, both directly generated and through our lending policies, we are committed to promoting the transition to a low-carbon economy, and we seek to implement solutions that support our responsible use of resources.

The sustainability strategy also considers the national priorities and objectives for the implementation of the SDGs such as eradicating poverty, doubling the share of agriculture in the country's GDP, increasing financial literacy, reducing gender inequality, improving recycling and reducing plastic, connecting households to running water, improving air quality.

Climate Change Adaptation and Mitigation

Responsible financing is ensured by promoting financial products that address the clients' needs while taking into consideration, in addition to financial factors, the environmental, social and governance aspects of the client's activity.

Climate change risk assessment and the implementation of appropriate mitigation measures, while identifying the business opportunities are essential elements in the sustainability strategy.

Risk Management

In terms of risk management, the measures implemented include assessment of the loan portfolio to identify climate change risks, development of risk management tools, and promotion of sustainable financing.

Climate risk is assessed from two perspectives:

1. at the client level, as part of the environmental and social risk analysis based on the principle of double materiality: the impact of climate risk on the company's activity and the extent to which its activity affects the environment (emissions to water, air, soil) and
2. at the portfolio level, based on a heat map reflecting the climate risk associated with the sectoral distribution of the loan portfolio.

To manage climate risks, Banca Transilvania has developed a tool that allows, depending on the company's activity and its location, to establish a level of climate risk, from "very low" to "very high". This tool considers aspects related to the historical level and trend of temperatures, precipitation, seismic events in the area, as well as the specific activity carried out.

The internal risk factors assessment models are in line with the best practice and are built on IFC performance standards. The internal lending rules provide for the possibility of impacting on the client's internal rating following the environmental and social risk analysis performed.

BT Group is continually refining and mapping the entire loan portfolio against environmental, social, and governance risks for each sector of activity (such as agriculture, construction, transport, etc.) to identify the necessary measures to mitigate the potential negative effects of climate change on outstanding loans. BT Group seeks to strengthen its skills in analyzing these risks by allocating specialized resources, such as a dedicated team of environmental experts and the training of credit analysts through courses held by internal experts or external specialists in this field. In addition, BT closely monitors all regulations that are or will come into force in the future and is actively involved in working groups at national and European levels.

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Details on Banca Transilvania's risk management are regularly provided via BT Group's Sustainability Report (e.g. *2022 Sustainability Report*, pages 98-105).

Identification of Opportunities

To capture the opportunities arising from climate change, Banca Transilvania identified **seven areas of focus in its sustainability strategy**:

- financing projects for renewable energy production and distribution,
- supporting companies of all sizes for higher energy efficiency,
- allocating capital to the area of sustainable mobility and transport and related projects (charging stations, etc.),
- crediting climate change adaptation projects,
- supporting projects that generate efficiency in terms of water quality and consumption,
- financing real-estate green building projects,
- special environmental transactions.

Targets and Objectives

Banca Transilvania set clear objectives in the sustainability strategy. Specifically,

- BT targets to grant RON 3.5 billion of financings to companies in areas of focus mentioned above during the period of 2023-2025;
- in terms of green mortgages granted to retail clients, BT aims to allocate 20% of the annual housing loans production to the acquisition of green mortgages.
- BT plans to develop a portfolio of blue loans of at least EUR 100 million, becoming the first institution in the local market to sign a financing agreement with IFC targeting the blue economy.

Measuring Impact

Responsible finance is also about measuring impact. BT Group has chosen the **Climate Assessment for Financial Institutions** to measure the avoided emissions generated by our green portfolio.

In 2022, Banca Transilvania received the “Leadership in climate financing” award from the IFC for contributing to the reduction of carbon emissions by 607.8 thousand tonnes through green finance. IFC also recognised BT Group’s leasing subsidiary (“BT Leasing”) as one of the top players in Central Europe with the most reported transactions.

Also in 2022, BT Group first estimated its financed emissions (scope 3, category 15) based on the **Partnership for Carbon Accounting** (PCAF) methodology.

In addition to determine the GHG emissions of our loan portfolio, we are also concerned about our own carbon footprint and have established targets to gradually reduce our Scope 1-2 emissions. Specifically, the BT Group aims to reduce by 20% the GHG emissions associated with the car fleet compared to the 2018 baseline, to replace all cards in circulation with cards made of recycled materials, to reach 90% share of renewable energy in total energy purchased etc.).

BT Group aims to continuously refine its impact measuring methodologies and tools employed in accordance to best practices in the market.

Continued Focus on Financial Inclusion

Access to financial products and services are key to the sustainable growth of a community. They contribute to poverty and inequality reduction, business development, job creation, and financial innovation.

BT Group’s growth is strongly linked with the development of the Romanian economy. [The bank and its subsidiaries have contributed and will continue to a more inclusive local economy.](#) Therefore, through its business model, its nationwide geographical coverage and the provision of access points even in economically underdeveloped or less populated areas, BT Group provides its customers with a range of dedicated solutions that support Romanian individuals, entrepreneurs, small business and SMEs regardless of their location or size of business, facilitating access to financial products and services for everyone, anywhere, anytime, including people and business in unbanked areas.

Small businesses and SMEs are the backbone of the Romanian economy. BT Group has established a microfinance subsidiary (“BT Mic”) to meet the needs of family businesses, micro and small companies and to sustain their growth. BT Mic targets to develop the entrepreneurial ecosystem and support the smaller business in the market reach bankable level. Thus, BT Mic offers financing both for starting entrepreneurs and for small companies with an annual turnover of up to RON 1 million..

BT Mic has a variety of clients that go beyond the classic commercial company, such as authorized private individuals, sole proprietorships, self-employed professionals, individual agricultural producers, and associations/foundations.

Inclusion through Digitalization

BT Group employs significant resources for digitalization, as it considers it to be a key element in the banking and financial sectors in the context of sustainable development. Digitalization sustains and promotes financial inclusion, reduces the carbon footprint of banking operations, and facilitates the transition to a low-carbon economy.

One of the main ways in which digitalization contributes to financial inclusion is by making banking services more accessible to people who may not normally have access to traditional banking channels. This can help promote responsible economic growth and poverty reduction, both important components of sustainable development.

In addition to promoting financial inclusion, digitalization can also help reduce the carbon footprint of banking operations. Replacing paper-based processes and migrating to digital transactions significantly reduces the amount of paper used and energy consumed.



Digital platforms can enable customers to access their banking services remotely, reducing the need to physically travel and further lowering the carbon footprint of banking.

BT Group monitors a range of digitalization KPIs, a selection of those being presented in the Annual Reports and Sustainability Report. The most important KPI is the share of digitised clients in total active clients (85% in 2022 vs. 75% in 2021).

Sectorial Focus

Banca Transilvania developed dedicated internal structures for financing sectors that have a significant social impact, such as:

Healthcare

Banca Transilvania is the largest lender to the medical sector, supporting over 60,000 medical doctors and medical businesses (50 per cent. of the medical market). BT has contributed significantly to the development of the Romanian private healthcare system especially in the last 15 years with the establishment of the Division for Medical Doctors.

In 2022 Banca Transilvania granted more than 5,900 new loans to the private healthcare system in Romania and had more than RON 3 billion in outstanding loans in the sector as of 31 December 2022, being the largest lender in the medical system. Similarly, Banca Transilvania recorded over RON 4 billion in deposits and resources in this sector as of 31 December 2022, being the bank of choice for medical doctors to keep their savings.

Agriculture

Banca Transilvania is one of the largest lenders in the agriculture sector in Romania, with over 20 per cent. market share and almost 40,000 agri customers across all segmentation.

In 2022, Banca Transilvania granted more than RON 950 million in agribusiness loans through Governmental and EU programmes. Banca Transilvania granted more than 6,000 new loans in the sector, amounting to approximately RON 4.4 billion in 2022.

Therefore, **financial inclusion is part of BT Group's DNA and at the heart of our business and sustainability strategy**, being naturally driven by our orientation towards retail and SMEs clients.

Corporate Governance

To put in place our sustainability and overall business strategy, we need a transparent and responsible corporate governance structure. The General Shareholders Meeting (“GSM”) is the authority that ensures strategic management of BT Group, responsible for setting the strategic organizational goals and for allocating the necessary resources for their achievement, including sustainability initiatives.

The duties of Board of Directors expressly include, through the Organizational and Administrative Regulations, the supervision of the implementation of and compliance with high sustainability standards (ESG), both in terms of lending and in day-to-day business. At the Board level, the BT Group’s sustainability strategy is set for a horizon of at least three years, and is closely aligned with the business strategy. The Chairman of the Risk Management Committee has ESG responsibilities, i.e., overseeing the implementation and related risks of the sustainability strategy at the bank and subsidiaries’ level, as well as the alignment of risk management policies with the BT Group’s sustainability standards.

At the executive management level, the CEO is responsible for coordinating the implementation of the ESG strategy at the level of Banca Transilvania Financial Group through the ESG & Investor Relations Department, in collaboration with the departments involved in this process and each business line.

- At the SME and Corporate business line level, each directorate assigned at least one person with sustainability responsibilities. Thus, the structures in charge of product development, specialized sectors, SMEs, and micro or mid-corporate customer segment coordination have specific resources allocated to implement strategic sustainability objectives;

- Within the Retail Banking business line, there are specific responsibilities for the implementation of objectives in the area of retail products and services, including those with green or sustainability components, as well as responsibilities for monitoring, implementing, and reporting on the relevant regulations that are or will come into force, such as the EU Taxonomy;
- Within the Large Corporate Clients business line there are responsibilities to meet and manage the expectations of the most sophisticated client segment with complex financings, including ESG aspects.

As part of the performance assessment, BT Group included specific ESG criteria in the assessment of the individual and collective suitability of the management body, including the committees at the level of the Board of Directors. Although the current suitability analysis process includes an ESG component, the addition of new objectives within this analysis will ensure a better ongoing verification of the management body’ expertise, so as to reflect the relevant changes at the level of the economic activity, sustainability / ESG strategies and the risk profile of the BT Group.

ESG objectives have been assigned to the management, as applicable, with the purpose to ensure the alignment between the BT Group’s remuneration practices and BT Group’s strategy. At least one ESG criteria is integrated in the list of individual performance objectives assigned to each top management body, as applicable in case of each member’s area of activity and expertise, in order to determine the paid variable remuneration.

Supporting regulations, standards, or frameworks for sustainability-related disclosure and reporting



Global Reporting Initiative (GRI)

BT Group’s Sustainability Report is aligned with the GRI standards

[more details here](#)



Task Force on Climate-related Financial Disclosures (TCFD)

Banca Transilvania and its subsidiaries follow the voluntary recommendations of the TCFD

[more details here](#)



Carbon Disclosure Project (CDP)

In 2023, BT Group participated, for the first time, to the climate change questionnaire from CDP

[more details here](#)



UN Sustainable Development Goals (UN SDGs)

BT Group’s sustainability strategy is consistent with the UN SDGs

[more details here](#)



UN Principles for Responsible Banking (UN PRB)

Banca Transilvania adheres to the UNEP FI PRB in 2022

[more details here](#)



Partnership for Carbon Accounting Financials (PCAF)

In 2022, BT Group estimated, for the first time, the financed emission of its loan and investment portfolio based on the PCAF standard

[more details here](#)

3 BANCA TRANSILVANIA FINANCIAL GROUP SUSTAINABLE FINANCE FRAMEWORK

BT Group rationale for Sustainable Financing

In line with its broader sustainability strategy, BT Group has established a **Sustainable Finance Framework** (hereinafter referred to as the “Framework”) to enable it to issue sustainable finance instruments to finance and refinance projects that enable the transition to a low-carbon and climate-resilient economy and/or have a positive social impact and alleviate social problems.

Banca Transilvania and its subsidiaries are committed to promoting sustainable business activities in the industry sectors and regions where the BT Group is operating. By issuing sustainable finance instruments, the BT Group will provide additional transparency around funded projects that carry environmental and social benefits.

In doing so, the BT Group hopes to encourage further investment in environmentally and socially sustainable projects that will contribute to achieving the goals of the Paris Climate Agreement and the UN Sustainable Development Goals (UN SDGs). In addition, sustainable finance instruments will help diversify Banca Transilvania’s investor base, broaden the dialogue with existing investors and contribute to the development of the sustainable finance market.



BT Group Sustainable Finance Framework



BT Group has established this Framework under which Banca Transilvania or any of its subsidiaries¹ can issue green and/or social finance instruments (such instruments hereinafter referred to as “**Sustainable Finance Instruments**”), which may include senior bonds (preferred and non-preferred), subordinated bonds, covered bonds, medium-term notes, commercial papers and loans to finance and/or refinance green and/or social eligible loans (such financings hereinafter referred to as “**Eligible Loans**”) with a positive environmental and/or social benefit.

The Sustainable Finance Instruments that can be issued under this Framework are defined below:

- Green Finance Instruments to finance and/or refinance Eligible Green Loans (as defined in the Use of Proceeds section under Green Eligible Categories)
- Social Finance Instruments to finance and/or refinance Eligible Social Loans (as defined in the Use of Proceeds section under Social Eligible Categories)

- Sustainable Finance Instruments to finance and/or refinance Eligible Green and Social Loans (as defined in the Use of Proceeds section under Green and Social Eligible Categories)

This Framework is based on the:

- ICMA Green Bond Principles 2021, including the updated Appendix I of June 2022²
- ICMA Social Bond Principles 2023³
- ICMA Sustainability Bond Guidelines 2021⁴
- LMA/APLMA/LSTA Green Loan Principles 2023⁵
- LMA/APLMA/LSTA Social Loan Principles 2023⁶

which provide guidance in the form of four key components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

The Framework also follows the recommendations of the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines regarding External Review⁷.

The Framework defines the loans (such loans hereinafter defined as “**Eligible Loan Portfolio**”) eligible to be funded by the proceeds of Sustainable Finance Instruments issued by Banca Transilvania or its subsidiaries, upon case.

For the avoidance of doubt, any future change to the eligibility criteria (e.g. future changes to the ICMA Green/Social Bond Principles, the LMA/APLMA/LSTA Green/Social Principles, and/or developments related to sustainable finance regulation) may not necessarily apply to Sustainable Finance Instruments issued under this Framework.

Notes:

¹ BT Group's subsidiaries which may be able to issue under this Framework are the following: Banca Transilvania, BT Mic, BT Leasing, Victoriabank, BT Leasing Moldova.

² www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf

³ www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf

⁴ www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf

⁵ www.lma.eu.com/application/files/4716/7715/0338/Green_Loan_Principles_23_February_2023.pdf

⁶ www.lma.eu.com/application/files/3716/7715/0338/Social_Loan_Principles_23_February_2023.pdf

⁷ www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/External-Review-Guidelines_June-2022-280622.pdf

Use of Proceeds

An amount equal to the (net) proceeds from Sustainable Finance Instruments issued by Banca Transilvania or its subsidiaries will be used to finance and/or refinance a portfolio of Eligible Loans as defined by the eligibility criteria (such criteria hereinafter referred to as “**Eligibility Criteria**”)¹ in this Framework.

The Eligible Loan Portfolio will exclude any financing or refinancing of debt which is funded by other entities (e.g. multilateral development banks, such as IBRD, EBRD, EIB, IFC, etc.) under green, social and/or sustainability labels to avoid double counting of the environmental or social impacts.

In alignment with Banca Transilvania’s broader sustainability strategy and support of the UN SDG 2030 agenda, the Eligibility Criteria contemplated under this Framework may directly contribute to the achievement of UN SDGs² and EU Environmental Objectives³.





¹ Banca Transilvania takes into account the main substantial contribution criteria for the economic activities under the EU Climate Delegated Act (Annex I).

² Mapping between ICMA Eligible Categories and UN SDGs based on ICMA High Level Mapping to the Sustainable Development Goals

³ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending regulation (EU) 2019/2088, see [here](#)



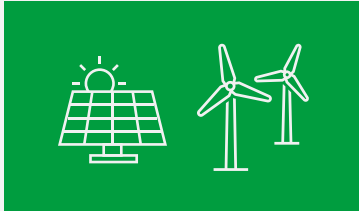


Green Eligible Categories

GBP/GLP Category	Eligibility Criteria	Contribution to UN SDGs	Contribution to EU Environmental Objective	EU Economic Activity ¹
<div>Green Buildings</div> <div>(Residential & Commercial)</div> <div></div>	<p>Financing and/or refinancing the construction, renovation and/or refurbishment of new and/or existing buildings, that meet at least one of the following criteria:</p> <ul style="list-style-type: none">● Buildings built before 31 December 2020 with EPC label ≥ “A”● Buildings built before 31 December 2020 belonging to the top 15% of the national building stock based on primary energy demand (PED)²● Buildings built after 31 December 2020 with energy performance , based on primary energy demand (PED) at least 10% better than the threshold for Nearly Zero-Energy Buildings (“NZEB”) in the local market²● Buildings that have been refurbished resulting in a reduction of primary energy demand (PED) of at least a 30%³● Buildings that have been refurbished meeting the criteria for major renovations under applicable building regulations● New, existing or refurbished commercial buildings which received at least one of the following certifications:<ul style="list-style-type: none">✓ BREEAM “Excellent” or above✓ LEED “Gold” or above✓ DGNB “Gold” or above✓ HQE “Excellent” or above✓ EDGE <p>Exclusion criteria: buildings designed for the purpose of extraction, storage, transportation and manufacture of fossil fuels</p>	<div></div> <div></div> <div></div>	<p>Climate Change Mitigation (Article 10), including but not limited to:</p> <p>1.b) Improving energy efficiency, except for power generation activities as referred to in Article 19(3)</p>	<p>7.1 - Construction of new buildings</p> <p>7.2 - Renovation of existing buildings</p> <p>7.7 - Acquisition and ownership of buildings</p>

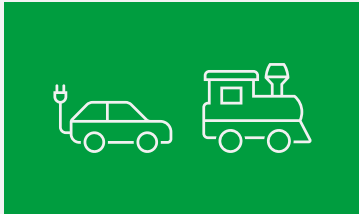

¹ Supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives, see [here](#)

² Banca Transilvania may engage external consultants to define the top 15% and NZEB-10% in the context of the national building stock in the countries where any eligible green building assets are located. In countries where there is no definition of NZEB or there is no practical solution to implement NZEB, Banca Transilvania may choose to rely on the top 15% approach.

³ The energy performance before the renovation can be based on actual or reference energy data, energy labels or estimated energy use based on the building regulation that was applicable in the building year of the building.

<div>Renewable Energy</div> <div></div>	<p>Financing and/or refinancing the construction and/or operation of renewable energy facilities:</p> <ul style="list-style-type: none">● Solar power: Photovoltaics (PV) facilities● Wind power: Onshore and offshore wind energy generation facilities	<div></div> <div></div>	<p>Climate Change Mitigation (Article 10), including but not limited to:</p> <p>1.a) Generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001, including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid</p>	<p>4.1 - Electricity generation using solar photovoltaic technology</p> <p>4.3 - Electricity generation from wind power</p>
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Green Eligible Categories

GBP/GLP Category	Eligibility Criteria	Contribution to UN SDGs	Contribution to EU Environmental Objective	EU Economic Activity ¹
<div><div>Clean Transportation</div><div></div></div>	<p>Financing and/or refinancing the purchase, renting and/or leasing of zero-emission vehicles and/or rail transport and/or the construction, modernization, maintenance and/or operation of related infrastructure:</p> <ul style="list-style-type: none">● Zero-emission vehicles (ZEVs): Battery electric, hydrogen or otherwise zero-emission passenger and/or ligh/heavy-duty vehicles● Zero-emission rail transport: Battery electric, hydrogen or otherwise zero-emissions passenger/freight trains and/or coaches/wagons● Infrastructure to support zero-emission vehicles (ZEVs): EV charging and hydrogen fuelling stations <p>Exclusion criteria: transport or storage of fossil fuels</p>	<div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>13 CLIMATE ACTION</div></div>	<p>Climate Change Mitigation (Article 10), including but not limited to:</p> <p>1.c) Increasing clean or climate-neutral mobility</p>	<p>6.1 - Passenger interurban rail transport</p> <p>6.2 - Freight rail transport</p> <p>6.5 - Transport by motorbikes, passenger cars and light commercial vehicles</p> <p>6.6 - Freight transport services by road</p> <p>6.15 - Infrastructure enabling low-carbon road transport and public transport</p>
<div><div>Environmentally Sustainable Management of Living Natural Resources and Land Use</div><div></div></div>	<p>Financing and/or refinancing sustainable agriculture:</p> <ul style="list-style-type: none">● Agriculture: Organic farming certified in compliance with EU or national regulation²	<div><div>15 LIFE ON LAND</div></div>	<p>Protection and Restoration of Biodiversity and Ecosystems (Article 14), including but not limited to:</p> <p>1.c) Sustainable agricultural practices, including those that contribute to enhancing biodiversity or to halting or preventing the degradation of soils and other ecosystems, deforestation or habitat loss</p>	<p>N/A</p>

¹ Supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives, see [here](#)

² Moldova will be excluded under this category.

Social Eligible Categories

SBP/SLP Categories	Eligibility Criteria	Contribution to UN SDGs	Social benefits	Target groups	Contribution to EU Social Objective ¹
<p>Employment Generation, and Programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, climate transition projects and/or other considerations for a «just transition» (including through the potential effect of SME financing and microfinance)</p> 	<p>Financing and/or refinancing MSMEs meeting the following criteria:</p> <ul style="list-style-type: none">● MSMEs as per EU Commission definition● MSMEs subject to negative screening as per MSMEs Loans Exclusion List (see appendix 1)● Either:<ul style="list-style-type: none">✓ Located in socioeconomically disadvantaged areas in the country the bank operates in, defined as NUTS 2 (2021) regions², meeting the following criteria:<ul style="list-style-type: none">(i) the GDP per capita is lower than the national average(ii) the GDP PPS³ per capita is lower than 75% of the EU-27 average.✓ Female-owned⁴✓ Youth-owned⁵✓ Start-ups no older than three fiscal years✓ Self-employed farmers, including those located in drought and/or flood prone areas^{6,7,8}, which are located in socioeconomically disadvantaged areas as defined above	   	<p>Employment generation and retention</p> <p>Reduction of social and economic inequalities</p> <p>Foster economic growth in deprived areas</p> <p>Resilient agricultural practices</p>	<p>MSMEs in socio-economically dis-advantaged areas</p> <p>Female-owned businesses</p> <p>Youth-owned businesses</p> <p>Start-up businesses</p> <p>Self-employed farmers, including those located in drought and flood prone area</p>	<p>Decent Work</p> <p>Inclusive and Sustainable Communities and Societies</p>

¹ Platform on Sustainable Finance's report on social taxonomy

² NUTS 2 (2021) regions: The NUTS classification (Nomenclature of territorial units for statistics) is a hierarchical system for dividing up the economic territory of the EU and the UK, and also of EU candidate countries. The currently valid NUTS 2021 classification is valid from 1 January 2021. See [here](#).

³ PPS: purchasing power standard, derived by dividing any economic aggregate of a country in national currency by its respective [purchasing power parities](#). See [here](#).

⁴ At least 51% ownership by female.






⁵ Entrepreneurs up to 30 years old are considered to be included in the «youth» eligible group. Banca Transilvania relies on the EU definition of young people who are not in employment, education, or training (NEETs). See [here](#).

⁶ Livestock production excluded.

⁷ Drought prone areas are defined as those areas where the precipitation trend per decade is negative as per World Bank Group data.

⁸ Moldova will be excluded under this category.

Social Eligible Categories

SBP/SLP Categories	Eligibility Criteria	Contribution to UN SDGs	Social benefits	Target groups	Contribution to EU Social Objective ¹
<div>Access to Healthcare</div> <div></div>	<p>Financing and/or refinancing the construction and/or operation of healthcare, primary care palliative and/or dialysis and/or oncology facilities²:</p> <ul style="list-style-type: none">● Healthcare facilities: Private hospitals affiliated to the national healthcare system,● Primary care facilities: Primary care facilities, free of charge, affiliated to the national healthcare system● Palliative care facilities: Private palliative care facilities (hospices), affiliated to the national healthcare system● Dialysis and oncology facilities: Private dialysis and oncology centres affiliated with the national healthcare system	<div></div>	<p>Increase access to quality, timelyand accessible healthcare</p> <p>Enhance quality and accessible care for aging population</p> <p>Enhance quality of end-of-life care</p>	<p>Individuals in need of rehabilitation services</p> <p>General public</p> <p>Individuals in advanced stage of a chronic degenerative disease</p> <p>Individuals under dialysis and oncology treatment</p>	<p>Adequate Living Standards Wellbeing for End-users</p> <p>Inclusive and Sustainable Communities and Societies</p>
<div>Access to Education</div> <div></div>	<p>Financing and/or refinancing the construction and/or operation of education facilities and/or student housing:</p> <ul style="list-style-type: none">● Education facilities: Public education facilities such as schools, universities, student housing and 3rd level education facilities and vocational training centres	<div> </div>	<p>Increase access to quality and accessible education and vocational training</p> <p>Increase access to quality, safe and affordable student accommodation</p>	<p>Students, including low-income students</p> <p>Adults benefitting from vocational training</p>	<p>Adequate Living Standards Wellbeing for End-users</p> <p>Inclusive and Sustainable Communities and Societies</p>

¹ Platform on Sustainable Finance's report on social taxonomy

² Moldova will be excluded under this category.

Process for Project Evaluation and Selection

Banca Transilvania and its subsidiaries have established a clear decision-making process to determine the eligibility of the nominated Eligible Loans, in accordance with the description of the Eligibility Criteria in the Use of Proceeds section of this Framework.

Eligible Loans will be selected by a dedicated Sustainable Finance Working Group (hereinafter referred as to the “Working Group”) set up within Banca Transilvania. The Working Group is formed by members of: Green and Sustainable Loans Department, Data Analysis & BI Retail Lending, ESG Risk Analysis and Sustainable Financing, ESG Integration and Investor Relations, Reporting Department, Sustainable Corporate Governance and Capital Markets, Treasury Division, Risk Management Division, Data Science Department.

The Working Group is responsible for:

- Reviewing the content of Banca Transilvania’s Sustainable Finance Framework and updating it to reflect changes in corporate strategy, technology, market, or regulatory developments on a best effort basis;
 - Updating external documents such as Second Party Opinion (SPO) and related documents from external consultants and accountants;
 - Evaluating and defining the Eligible Loan Portfolio in line with the Eligibility Criteria as set out in the Framework; excluding projects that no longer comply with the Eligibility Criteria or have been disposed of and replacing them on a best efforts basis;
 - Overseeing, approving and publishing the allocation and impact reporting, including external assurance statements. Banca Transilvania may rely on external consultants and their data sources, in addition to its own assessment;
 - Monitoring internal processes to identify known material risks of negative social and/or environmental impacts associated with the Eligible Loan Portfolio and appropriate mitigation measures where possible;
 - Liaising with relevant business finance segments and other stakeholders on the above.
- The Working Group will meet at least on a quarterly basis.

Environmental and social risk assessment in lending policy

Eligible Loans will be first subject to the Environmental and Social risk assesment in lending policy. The environmental and social risk analysis is based on standards recommended by the EBRD and IFC (e.g., IFC’s Environmental and Social Performance Standards), adapted to national specifities. At the level of the entire group, an environmental and social risk management system is implemented, which applies to the entire portfolio, each transaction being evaluated from the perspective of environmental and social risk-taking into account the following aspects:

- List of exclusions¹ ([see appendix I](#))
- EBRD reference list ([see appendix I](#))
- Environmental Risk List (based on NACE code)
- High environmental/social risk projects checklist
- IFC E&S performance standards
- National environmental, health, and safety laws and regulations in force

¹ For the avoidance of doubt, exceptions under the exclusion list as per Banca Transilvania’s Sustainability Report 2022 (pag. 201) will not apply under this Framework.

The analysis of environmental and social risks is carried out using specific assessment forms based on best practices in the field that are submmitted to clients in order to collect necessary data for a robust analysis. Transactions above certain thresholds and involving a moderate or high degree of risk require additional advice from the specialized team in the bank’s headquarters.

In accordance with the provisions of the lending policy, environmental, social, and corporate governance risk analysis chapter, any client/ transaction will be analysed regarding the impact of non-financial factors on the business and on the proposed transaction.

Starting with June 2021, Banca Transilvania applies the EBA guidelines on loan origination and monitoring, which introduces the mandatory inclusion of environmental, social, and corporate governance (ESG) factors in credit and risk analysis.

Details on the environmental and social risk assesment in lending policy are regularly provided via [BT Group’s Sustainability Report](#) (e.g. *2022 Sustainability Report, pages 98-101*).

Furthermore, Banca Transilvania has stringent processes in place to ensure compliance with local laws and regulations, across all of its activities.

ESG Policies

Banca Transilvania’s Environmental and Social Risk policies define minimum standards for all its activities, including those financed with the proceeds of Sustainable Finance Instruments issued under this Framework. Below some examples of relevant codes and policies:

- [Remuneration Policy](#)
- [Environmental Policy](#)
- [Whistleblower Policy](#)
- Gender Equality Policy
- [CSR Policy](#)
- Competition Policy
- Waste Management and Handling Policy
- [Anti-Bribery and Corruption Policy](#)
- [Privacy Policy](#)
- Credit Policy
- [Code of Ethics and Conduct](#)
- [Corporate Social Responsibility Policy](#)

Management of Proceeds

The (net) proceeds from the Sustainable Finance Instruments will be managed in a portfolio approach. BT Group will allocate these proceeds to an Eligible Loan Portfolio, selected in accordance with the Eligibility Criteria and the Process for Project Evaluation and Selection presented above.

Banca Transilvania and its subsidiaries (as the case may be) will strive, over time, to achieve a portfolio of Eligible Loans the value of which matches or exceeds the balance of (net) proceeds from its outstanding Sustainable Finance Instruments within 24 months from the time of issuance of each instrument. Eligible Loans will be added to or removed from the Eligible Loan Portfolio to the extent required.

Unallocated (net) proceeds from Sustainable Finance Instruments will be held temporarily in BT Group's liquidity portfolio, in cash or other short term liquid instruments, at its own discretion.

Reporting

BT Group intends to publish a report on the allocation of proceeds to the Eligible Loan Portfolio as well as an impact report annually and at least until full allocation or until maturity.

BT Group intends to report the allocation and impact of the Green/Social use of proceeds to the Eligible Loan Portfolio at least at the category level and on an aggregated basis for all the Sustainable Finance Instruments outstanding.

BT Group intends to align its reporting with the approach described in the ICMA “Handbook – Harmonized Framework for Impact Reporting (June 2023)” and “Harmonized Framework for Impact Reporting for Social Bonds (June 2023)” on a best effort basis.



Allocation Reporting

The allocation report will include the following information, on an aggregated basis, for each eligible category:

- The size of the identified Eligible Loan Portfolio, per eligible category
- The total amount of proceeds allocated to the Eligible Loan Portfolio, per eligible category
- The balance (if any) of unallocated proceeds
- The number of Eligible Financings
- The amount or the percentage of new financing¹ and refinancing
- The geographic location of the loans, at regional level

¹ New financing refers to loans issued over the previous reporting period.

Impact Reporting

Where feasible, BT Group may, on a best effort basis, report yearly and until full allocation or until maturity on environmental and/or social impact associated to the Eligible Loans.

For each eligible category, the impact report may provide:

- A description of relevant sustainable projects
- The breakdown of sustainable projects by nature of what is being financed (financial assets)
- Metrics regarding projects’ environmental and social impact as described below:

Green Eligible Categories

GBP/GLP Category	Potential impact indicators
Green Buildings	<div>✓ Estimated annual reduced and/or avoided GHG emissions [tCO₂e/year]</div> <div>✓ Estimated annual reduced and/or avoided energy consumption [kWh/year]</div> <div>✓ Volume and number of buildings with Energy Performance Certificate (EPC)</div>
Renewable Energy	<div>✓ Total installed capacity [MW]</div> <div>✓ Estimated annual reduced and/or avoided GHG emissions [tCO₂e/year]</div>
Clean Transportation	<div>✓ Estimated annual reduced and/or avoided GHG emissions [tCO₂e/year]</div> <div>✓ Number and volume of clean transportation financings [#]</div>
Environmentally Sustainable Management of Living Natural Resources and Land Use	<div>✓ Area under certified organic agriculture [ha]</div> <div>✓ Certified organic products [types]</div> <div>✓ Number and volume of loans [#]</div>

Social Eligible Categories

SBP/SLP Category	Potential impact indicators
Employment Generation, and Programmes designed to prevent and/ or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance	
MSMEs located in socio-economically disadvantaged areas	
✓ Number and volume of MSMEs lent to	✓ Estimated number of jobs maintained or created/enabled
✓ Geographical distribution (by region) of the MSMEs financed	
✓ Industry breakdown of the MSMEs financed	
MSMEs to female-owned businesses	
✓ Number of female owned MSMEs lent to	✓ Estimated number of jobs created/ enabled
✓ Geographical distribution (by region) of the female-owned MSMEs financed	
✓ Industry breakdown of the female-owned MSMEs financed	
MSMEs to youth-owned businesses	
✓ Number of youth-owned MSMEs lent to	✓ Estimated number of jobs created/ enabled
✓ Geographical distribution (by region) of the youth-owned MSMEs financed	
✓ Industry breakdown of the youth-owned MSMEs financed	
Start-ups	
✓ Number of start-ups lent to	✓ Estimated number of jobs created/ enabled
✓ Geographical distribution (by region) of the start-ups financed	
✓ Industry breakdown of the start-ups financed	
Self-employed farmers	
✓ Number of self- employed farmers lent to	✓ Estimated number of jobs created/ enabled
✓ Geographical distribution (by region) of self-employed farmers financed	

Access to Healthcare	
Healthcare facilities	
✓ Number of hospitals covered	✓ Geographical distribution (by region) of the healthcare facilities
	✓ Estimated number of patients benefitting from healthcare facilities services on annual basis
Primary care facilities	
✓ Number of primary care facilities covered	✓ Number of recipients
✓ Geographical distribution (by region) of the primary care facilities	✓ Estimated improved proximity of primary care facilities
Palliative care facilities	
✓ Number of palliative care facilities covered	✓ Estimated number of patients benefitting from palliative care
✓ Geographical distribution (by region) of the palliative care facilities	
Dialisys and oncology facilities	
✓ Number of dialysis and oncology facilities covered	✓ Estimated number of patients benefitting from dialysis and oncology care
✓ Geographical distribution (by region) of the dialysis and oncology facilities	

Access to Education	
Education facilities	
✓ Number of schools, universities, student housing and 3rd level education facilities covered	✓ Geographical distribution (by country/ region) of the education facilities
✓ Number of vocational training centers covered	✓ Estimated number of students benefitted from educational and vocational services

Depending on availability and subject to confidentiality agreements, BT Group might seek to complement above indicators with relevant case studies.

BT Group may appoint specialized consultants to develop a methodology for the estimation and calculation of the impacts that was made publicly available.

Both the allocation report(s) and the impact report(s) will be made available on Banca Transilvania’s official webpage.

External Review

Second Party Opinion

Banca Transilvania has obtained an independent second party opinion from Sustainalytics to assess the alignment of the framework with the ICMA Green Bond Principles 2021 (including the updated Appendix I of June 2022), the ICMA Social Bond Principles 2023, the ICMA Sustainability Bond Guidelines 2021 and the LMA/APLMA/LSTA Green Loan Principles 2023 and the LMA/APLMA/LSTA Social Loan Principles 2023.

The independent second party opinion will be published on Banca Transilvania’s official webpage.

Verification

Banca Transilvania intends to request on an annual basis, starting one year after issuance and until maturity (or until full allocation), a limited (or reasonable) assurance report of the allocation of the proceeds to the Eligible Loan Portfolio, provided by its external auditor (or any subsequent external auditor).

Appendix – Exclusion list for Eligible SME Loans

The following activities, directly or indirectly, shall be excluded from the Eligible Loans:

- The production of or trade in any product or activity deemed illegal under Romanian laws or regulations, or international conventions and agreement, or subject to international phase-out or bans, such as:
 - Production of or trade in products containing polychlorinated biphenyls (PCBs)
 - Production of or trade in pharmaceuticals, pesticides/herbicides, and other hazardous substances subject to international phase-outs or bans¹
 - Production of or trade in ozone-depleting substances subject to international phase-out²
 - Trade in wildlife or production of or trade in wildlife products regulated under CITES³
 - Transboundary movements of waste prohibited under international law⁴

¹ Reference documents are EU Regulation (EEC) No 2455/92 Concerning the Export and Import of Certain Dangerous Chemicals, as amended; UN Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; WHO Classification of Pesticides by Hazard.

² Ozone Depleting Substances (ODSs): Chemical compounds which react with and deplete stratospheric ozone, resulting in widely publicised ‘ozone holes’. The Montreal Protocol lists ODSs and their target reduction and phase out dates. A list of the chemical compounds regulated by the Montreal Protocol, which includes aerosols, refrigerants, foam blowing agents, solvents, and fire protection agents, together with details of signatory countries and phase out target dates, is available from the EBRD.

³ CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora. The lists of CITES protected species are available at www.cites.org/eng/app/index.shtml.

⁴ Reference documents are: Regulation (EC) No 1013/2006 of 14 June 2006 on shipments of waste; Decision C(2001)107/Final of the OECD Council concerning the revision of Decision C(92)39/ Final on the control of transboundary movements of wastes destined for recovery operations; Basel Convention of 22 March 1989 on the control of transboundary movements of hazardous wastes and their disposal.

- Production or use of or trade in unbounded asbestos fibres or asbestos-containing products⁵
- Activities prohibited by Romanian legislation or international conventions relating to the protection of biodiversity resources or cultural heritage⁶
- Drift net fishing in the marine environment using nets in excess of 2.5 km in length
- Shipment of oil or other hazardous substances in tankers which do not comply with International Maritime Organization (IMO) requirements⁷
- Trade in goods without required export or import licenses or other evidence of authorization of transit from the relevant countries of export, import, and, if applicable, transit
- Production or activities involving harmful or exploitative forms of forced labour⁸ / harmful child labour⁹
- Production or trade in weapons and munitions¹⁰

- Production or trade in radioactive material. This does not apply to the purchase of medical equipment, quality control equipment, and any equipment where radioactive source is trivial and/or adequately shielded
- Tobacco cultivation
- Production of or trade in tobacco
- Production of or trade in wood and/or primary forestry other than from sustainably managed forests
- Production of or trade in alcoholic beverages (excluding beer and wine)
- Gambling, casinos and equivalent
- Logging operations in tropical forests¹¹
- Pawnbroking activities and currency exchange offices
- Pornography, prostitution, videochat

Further, the following environmentally or socially sensitive business activities which refer to EBRD reference list will be excluded as well. The indicated (in italic) Performance Requirement will represent the principal criteria to meet for the activities not being excluded:

- Activities involving involuntary resettlement – *EBRD Performance Requirement 5*
- Activities within, adjacent to, or upstream of designated protected areas under national law or international conventions, sites of scientific interest, habitats of rare/endangered species, fisheries of economic importance, and primary/old growth forests of ecological significance – *EBRD Performance Requirement 6*
- Activities within, adjacent to, or upstream of land occupied by Indigenous Peoples and/ or vulnerable groups including lands and watercourses used for subsistence activities such as livestock grazing, hunting, or fishing – *EBRD Performance Requirement 7*
- Activities which may affect adversely sites of cultural or archaeological significance – *EBRD Performance Requirement 8*
- Activities in the nuclear fuel production cycle
- Energy generation using nuclear fuels (excluding electricity import/export)
- Activities involving the release of Genetically Modified Organisms (GMO) into the natural environment – *EBRD Performance Requirement 6*
- Construction of mini-hydro cascades – *EBRD Eligibility Criteria for Small Hydro Projects*

⁵ This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is <20%.

⁶ Relevant international conventions include, without limitation: Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention); Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention); Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention); World Heritage Convention; Convention on Biological Diversity.

⁷ This includes: tankers which do not have all required MARPOL SOLAS certificates (including, without limitation, ISM Code compliance), tankers blacklisted by the European Union or banned by the Paris Memorandum of Understanding on Port State Control (Paris MOU), and tankers due for phase out under MARPOL regulation 13G. No single hull tanker over 25 years old should be used.

⁸ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

⁹ Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child’s education, or to be harmful to the child’s health, or physical, mental, spiritual, moral, or social development.

¹⁰ This does not apply to funders of a project who are not substantially involved in these activities. ‘Not substantially involved’ means that the activity in question is secondary to the primary operations of a project funder.

¹¹ Sustainable managed forests - the bank’s understanding of wood material from sustainable managed forests is wood that comes from legal harvesting and whose origin can be verified.

Disclaimer

The following disclaimer outlines the terms and conditions governing the use and interpretation of this Framework. This **Green and Social Bond Framework** (hereinafter “The Framework”) is intended for informational purposes only and should not be construed as financial or legal advice. It is not an offer to sell or a solicitation of an offer to buy any financial instrument. The Framework is designed to be flexible and adaptable to the specific needs and objectives of Banca Transilvania S.A. (hereinafter called “The Bank”), that retains the discretion to amend or modify the Framework as deemed necessary. Nothing in this Framework constitutes a legally binding commitment. The Framework outlines the criteria and procedures for assessing the environmental and social impacts of projects or financed activities. It is important to note that these assessments are subject to change based on evolving standards and guidelines. The bank does not guarantee or represent the accuracy, completeness, or adequacy of the information contained in this Framework.

The bank shall not have any responsibility or liability for any errors or omissions in the Framework, nor shall be liable for any direct or indirect, special, or consequential damages.

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The terms of this Framework may vary in different jurisdictions, therefore, potential investors should be aware of Romanian regulations and legal requirements. The issuer reserves the right to amend, modify or terminate this Framework at any time, and such amendments or terminations will be disclosed when required by the applicable legal provisions. This Framework shall be governed by the Romanian law and the exclusive jurisdiction of the Romanian applicable Courts. By accessing and using this **Green and Social Bond Framework**, any users and Potential Investors acknowledge and accept the terms and conditions outlined in this disclaimer.

Sustainable Finance Framework

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